

26 February 2021

The Manager
Markets Announcements Office
ASX Limited
Level 4
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

Pivotal's Presentation on the 2020 results

Further to the announcement to the market today by Pivotal Systems Corporation ("Pivotal" or the "Company") (ASX: PVS) of its financial results for the year ended 31 December 2020, please find attached the presentation to be delivered to investors and analysts this morning.

This release has been authorised by the Pivotal Board of Directors.

Yours faithfully

Danny Davies ASX Representative

Encl.



FULL YEAR RESULTS PRESENTATION
26 February 2021
John Hoffman- Chairman & CEO
Dennis Mahoney- CFO

(ASX: PVS)

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Financial data - All dollar values are in US dollars (US\$) unless as otherwise presented.

Non IFRS financial measures

Pivotal Systems uses certain measures to manage and report on its business that are not recognised under Australian Accounting Standards or IFRS. These measures are collectively referred to in this document as 'non-IFRS financial measures' under Regulatory Guide 230 'Disclosing non-IFRS financial information' published by the Australian Securities and Investments Commission (ASIC). Management uses these non-IFRS financial measures to evaluate the performance and profitability of the overall business. The principal non-IFRS financial measure that is referred to in this document is EBITDA. EBITDA is earnings before interest, tax, depreciation and amortisation and significant items. Management uses EBITDA to evaluate the operating performance of the business prior to the impact of significant items, the non-cash impact of depreciation and amortisation and interest and tax charges.

Although Pivotal Systems believes that these measures provide useful information about the financial performance of Pivotal Systems, they should be considered as supplements to the income statement measures that have been presented in accordance with the Australia Accounting Standards and IFRS and not as a replacement for them.

Notice to U.S. persons: restriction on purchasing CDIs

Pivotal Systems is incorporated in the State of Delaware and its securities have not been registered under the U.S. Securities Act of 1933 or the laws of any state or other jurisdiction in the United States. Trading of Pivotal Systems' CHESS Depositary Interests ("CDIs") on the Australian Securities Exchange is not subject to the registration requirements of the U.S. Securities Act in reliance on Regulation S under the U.S. Securities Act and a related 'no action' letter issued by the U.S. Securities and Exchange Commission to the ASX in 2000. As a result, the CDIs are "restricted securities" (as defined in Rule 144 under the U.S. Securities Act) and may not be sold or otherwise transferred except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. For instance, U.S. persons who are qualified institutional buyers ("QIBs", as defined in Rule 144A under the U.S. Securities Act) may purchase CDIs in reliance on the exemption from registration provided by Rule 144A. To enforce the transfer restrictions, the CDIs bear a FOR Financial Product designation on the ASX. This designation restricts CDIs from being purchased by U.S. persons except those who are QIBs. In addition, hedging transactions with regard to the CDIs may only be conducted in compliance with the U.S. Securities Act.

PIVOTAL SYSTEMS SNAPSHOT

Pivotal Systems (Pivotal) designs, develops, manufactures and sells high quality and performance gas-flow controllers for both device manufacturers and equipment companies participating in the semiconductor capital equipment market

Australian Securities Exchange (ASX) Ticker	PVS
GICS¹ Code	4530 (Semiconductor Equipment)
Share Price (as at 23 February 2021)	\$1.10
52 week low / high	\$0.71 / \$1.59
Market Capitalisation ²	\$132.2M
Cash on hand ³	US\$7.5M
NTA per share ⁴	US\$0.13
Top 20 CDI ⁵ Holders	97.3%

¹ GICS – Global Industry Classification Standard











² Based on Share price on 23 February 2021, issued capital of 120.2M

³ As at 31 December 2020

⁵ CDI – Chess Depository Interests (1:1 ratio with common stock) as at 28 January 2021

PIVOTAL'S LEADERSHIP TEAM



John Hoffman
Chief Executive Officer

- >25 years of global high technology management experience
- 18 years at Applied Materials, Officer
- B.S., United States Military Academy at West Point and an Executive MBA (AEA), Stanford University





<u>Dennis Mahoney</u> Chief Financial Officer

- >30 years of experience, across public/private co., raising equity and debt, global M&A
- Former VP Finance, CFO and Corporate Secretary of ADAC Laboratories
- M.B.A from the Haas School of Business UC at Berkeley and a B.S. also from UC Berkeley





Joe Monkowski Ph.D Chief Technical Officer

- Founder of Pivotal Systems
- Extensive experience in the semiconductor industry focused on providing process equipment and metrology solutions
- Former CTO of Lam Research





Kevin Hill
Chief Operating Officer

- >25 years of global high technology management experience
- Apple New Product Operations with Foxconn
- B.S., United States
 Military Academy at
 West Point, MSBA
 Boston University, and
 Certified Product
 Manager







Kelly McDonough
VP Engineering

- Former engineer at Applied Materials
- B.S., Mechanical Engineering, Notre Dame and MSME, Mechanical Engineering, U. Wash.





<u>Terrell Gray Ph.D</u> VP Global Semiconductor Accounts



- Former engineer at AMAT, service leader at KLA-Tencor, sales director at Brooks Instruments
- B.S., Electronic
 Engineering, Southern
 U., MBA U. Phoenix,
 Ph.D Executive
 Leadership, U. Charlton



Nori Kobayakawa
VP Sales and Marketing

- >20 years experience in Asian markets driving increased market share and revenue
- Former Business
 Development Manager
 at KLA-Tencor





Collectively decades of experience across the semiconductor value chain



A HISTORY OF DEVELOPMENT, DELIVERY & MARKET EXPANSION



2011

Pivotal envisions that next-gen GFCs will be essential for the semiconductor industry Core architecture developed; key patents filed PIVOTAL HAS BEEN DEVELOPING AND MARKETING NEXT-GENERATION GAS FLOW CONTROLLERS FOR A DECADE, ENABLING ADVANCES IN SEMICONDUCTOR ETCHING & DEPOSITION-TO INCLUDE ALD



PIVOTAL SYSTEMS OVERVIEW



- Leading provider of innovative gas flow control solutions which are integral in the production of semiconductor devices (semiconductors)
- Pivotal's portfolio of gas flow controllers (GFCs) and Flow Ratio Controllers (FRCs) assist semiconductor manufacturers to stabilise and control the delivery of gases used to deposit or remove materials during the semiconductor manufacturing process



FINANCIAL POSITION

- Pivotal achieved record FY2020 revenues of \$22.1M, an increase of 44% (FY2019: \$15.3M)
- Operating Loss reduced by 11.6% to \$8.8M, Q-4 Gross Margin at 29.6%
- Cash balance of \$7.5M at 31 December 2020
- Secured \$14M in new equity capital during the year



POSITIONED WITHIN MULTIBILLION DOLLAR INDUSTRY

- The broader mass flow controller (MFC) market is forecast to grow to well above \$1 billion by 2022
- Pivotal's customer base includes some of the largest integrated device manufacturers (IDMs) and original equipment manufacturers (OEMs) in the world
- Opportunity for significant increase in customer penetration and expansion of overall market share



All amounts are expressed in US\$ unless otherwise indicated

MARKET OPPORTUNITY > US\$1Bn TOTAL ADDRESSABLE MARKET (TAM)

~50% of TAM IN SEMICONDUCTOR MANUFACTURING

Flow Controller Manufacturers

- Manufacturers of gas flow control devices
- Industry participants include:
 - Horiba, Ltd.
 - **Brooks Instruments**
 - Fujikin
 - Hitachi Metals





Source: Pivotal analysis based on public filings, market reports, Statista. TAM - total addressable market.

* Industry estimate only - not representative of Pivotal pricing structures

Original Equipment Manufacturers (OEMs)

- Designers and manufacturers of process tools used in the production of semiconductors
- Industry participants include:









2020 EST. GFC DEMAND (OEM NEW TOOL)

PVS GFCs are designed into OEM semiconductor processing tools sold to IDMs for use in FAB plants (95% of TAM)

376,000 Units @ ASP of \$1.200*

\$452M TAM by Value

16% Est. 2020 growth

19,000 Units @ ASP of \$1.200*

\$23M TAM by Value 16% Est. 2020 growth

\$475M MFC TOTAL ADDRESSABLE MARKET IN 2020

4.6% PIVOTAL IMPLIED PENETRATION @ 2020 REVENUES

Integrated Device Manufacturers (IDMs)

- Semiconductor and integrated device manufacturers
- A sample of industry participants include:





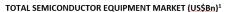


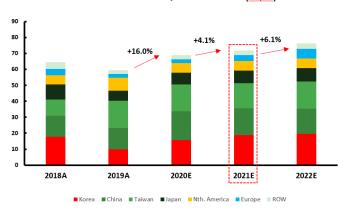


2020 EST. GFC DEMAND (IDM / RETROFIT)

Retrofits are approximately 5% of TAM and **Driven by OPEX Spending at FAB Level**

SEMICONDUCTOR CAPITAL EQUIPMENT MARKET GREW 16% IN 2020 & FORECAST TO GROW 4.1% in 2021, DESPITE COVID-19





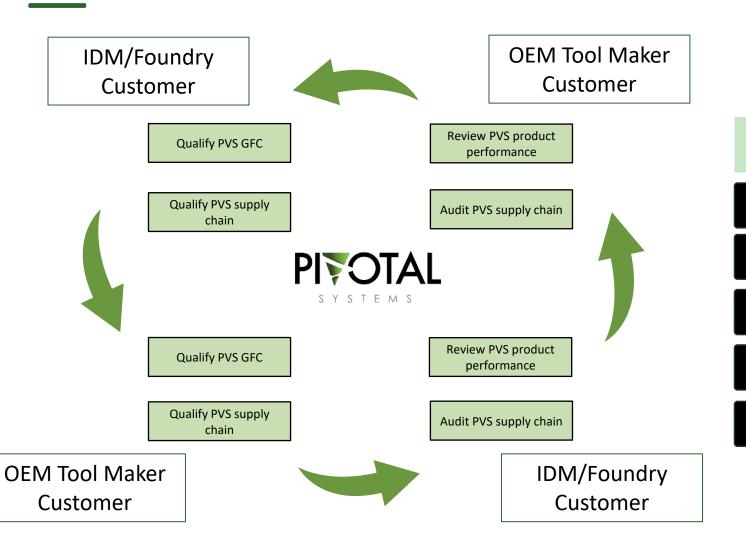
Forecast 2021 global semiconductor equipment sales of approximately \$72Bn with wafer fabrication equipment (WFE) > 4.1% up from 20201

Growth trajectory driven by advanced logic/foundry driven by investment in leading technologies and the memory market (DRAM, NAND)

According to data presented at the SEMI Industry Strategy Symposium (ISS)² semiconductor revenue is set to rise 8% in 2021, with equipment sales growing to \$200Bn in the early 2030s



DURABLE BARRIERS TO ENTRY & HIGH SWITCHING COSTS



Pivotal has mastered the "qualification and audit obstacle course" and has built a durable technical advantage

ISO 9001:2015 Re- Certified

Multiple Successful OEM / IDM Operational Audits Completed

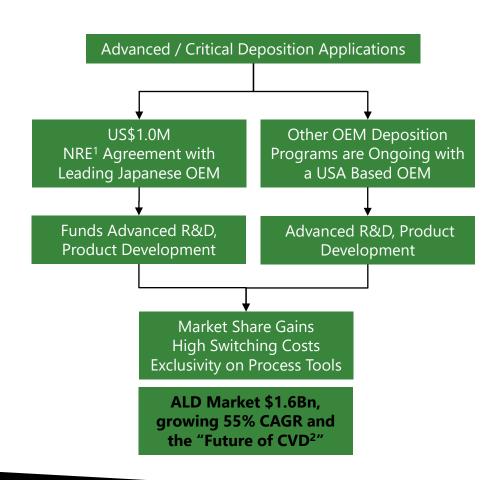
40 Qualified Customers / 46 Total Customers

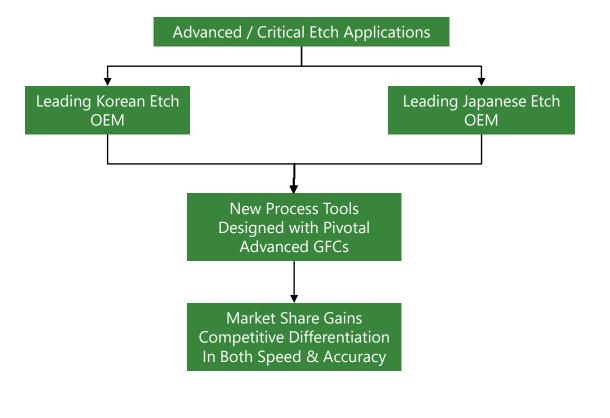
Large, Multi-Billion Dollar Blue Chip Customers

Multiple NRE Agreements, PVS Designed into New Leading-Edge Tools

LEADING-EDGE BARRIERS IN 2020, DRIVING VERY HIGH SWITCHING COSTS

Pivotal Has OEM-Lead Integration Programs in Place for both Leading-Edge Deposition and Etch Platforms







REVIEW OF 2020

Despite COVID-19, 2020 was a record year for Pivotal Systems, with record revenues of \$22.1 (up 44% versus the pcp - substantially ahead of competitor growth and industry growth) against a backdrop of increasing global footprint, new partnerships with leading OEMs and IDMs and a significant improvement in manufacturing efficiencies and margins as the Company exited 2020.

BUILT ON ESTABLISHED RELATIONSHIPS AND PENETRATED NEW CUSTOMERS

- Pivotal Qualified and Actively Selling in all major semiconductor regions
- Pivotal now qualified at all three of the major OEMs for either etch or deposition

EXPANDED GEOGRAPHIC .
FOOTPRINT AS
INDUSTRY RETURNED TO
GROWTH

- Achieved record bookings from Japanese, Korean and Chinese OEM's in 2020
- Established Korean Transformation Center in Q-3 for improved Efficiencies

CONTINUED NEW PRODUCT DEVELOPMENT & COMMERCIALISATION

- Expanded the relationship with a leading Japanese OEM with new Development Program
- Continued development program with a Leading USA OEM for Deposition

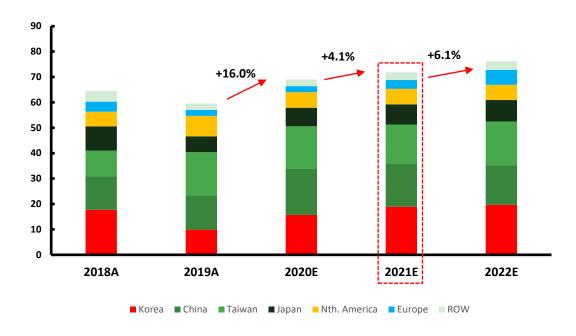


INDUSTRY DYNAMICS

SEMICONDUCTOR
CAPITAL EQUIPMENT
MARKET INCREASED
16% IN 2020,
FORECAST TO GROW
4.1% IN 2021, DRIVEN
BY KOREA MEMORY
AND LOGIC SPEND

- Most recent SEMI¹ data highlights substantial growth in 2020, continuing through 2021 and 2022: COVID-19 has accelerated demand
- Forecast 2020 global semiconductor equipment sales of US\$68.9Bn – an all-time record spend
- Forecast 2021 global semiconductor equipment sales reaching US\$72Bn
- According to VLSI data² presented at the SEMI Industry Strategy Symposium (ISS) semiconductor revenue is set to rise 8% as memory leads the recovery – DRAM and NAND are forecast to grow 13% and 12%, respectively
- Equipment sales are expected to grow to US\$200Bn in the early 2030s – substantial long term growth
- Late robust foundry and memory investment in China is expected to propel the region to the top of the total semiconductor equipment market for the first time in 2020
- The foundry and logic segments, will grow mid-teen percentage to reach US\$30Bn in spending driven by investments in leading-edge technologies
- Pivotal Systems uniquely positioned to capitalize on investments into leading-edge, with its range of industry leading products required for ALE, ALD

TOTAL SEMICONDUCTOR EQUIPMENT MARKET (US\$Bn)1



¹ https://www.semi.org/en/news-media-press/semi-press-releases/virtual-iss-2021

² https://www.semi.org/en/news-media-press/semi-press-releases/semiconductor-equipment-2020-year-end-forecast

GLOBAL FOOTPRINT

PIVOTAL HAS A MANUFACTURING AND SALES AND TECHNICAL SUPPORT PRESENCE ACROSS THE US, EUROPE AND ASIA



Pivotal technical, sales and distributor support



Pivotal Corporate HQ & R&D Center, Flex Capacity
As Required

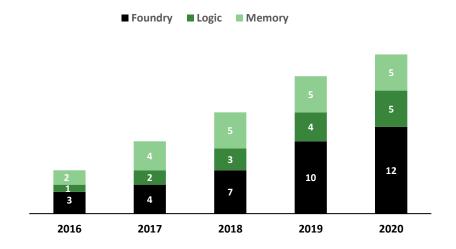
- Production Partnerships in Korea and China
- Korea Upgrade & Service Center
- R&D partnerships in US and Japan
- Support in all key IC markets globally

All software development and R&D is conducted and securely held in Pivotal's headquarters in Fremont, California.

CUSTOMER BY END SEMICONDUCTOR DEVICE- IDM

DURING 2020, PIVOTAL CONTINUED TO EXPAND ITS FOUNDRY CUSTOMERS

- Foundry customer growth of 20% in FY2020 reflected initiatives in Taiwan and the US
- Memory customers remained flat versus pcp
- Logic customers increased from 4 to 5 during the year, reflecting an additional leading Chinese IDM
- Continued diversification to reduce reliance on Korean Memory market for Pivotal revenues

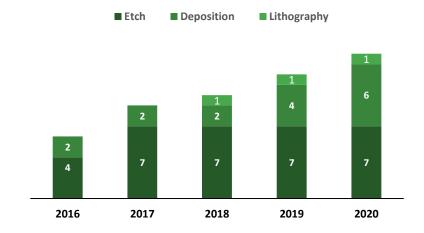




CUSTOMER BY PROCESS TECHNOLOGY - OEM

PIVOTAL
STRENGTHENED
RELATIONSHIPS
DURING 2020 WITH
ADDITIONAL
CUSTOMER ADDS IN
DEPOSITION

- Gained additional process gases at the Leading Japanese OEM
- Pivotal is now qualified at all three of the major OEMs for either etch or deposition applications
- Multiple, Repeat Purchase orders received from all three major OEMs in 2020
- Next Generation Process Tool Flow Control Solutions being developed with two of the three leading OEMs
- Significant Market Share Gains at the Leading Korean Etch OEM



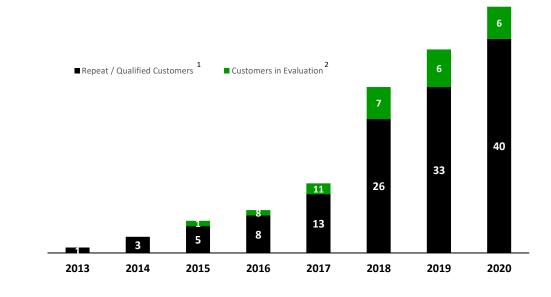
CUSTOMER SEGMENTATION

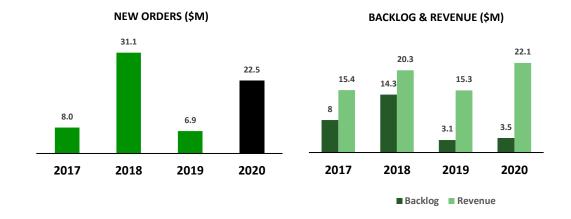
BREADTH OF CUSTOMER VALIDATIONS DRIVES REPEAT ORDERING BEHAVIOUR

- 7 additional customers qualified Pivotal's technology during FY2020
- 21% qualified customer increase
- 6 customers currently under evaluation

SIGNIFICANT
IMPROVEMENT IN
NEW ORDERS &
REVENUE DUE TO
INDUSTRY DEMAND
DESPITE COVID-19

- New orders were up 226% versus the prior corresponding period (pcp) due to strong customer demand
- Backlog increased 13%, reflecting a roll-off of existing orders received and shipped, with record revenues recorded
- Customer momentum into 2021 remains strong





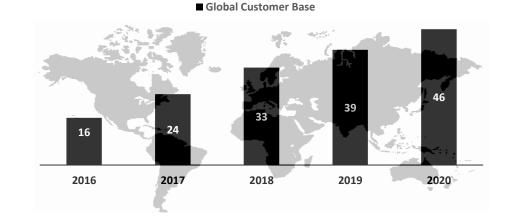
- 1. Repeat / Qualified customers defined as a customer who has qualified Pivotal GFCs on production tools & ordered a Pivotal product on more than one occasion.
- 2. Customers who are currently evaluating the Pivotal GFC Technology.
- 3. 4 "other" customers in Solar, HDD and University exist

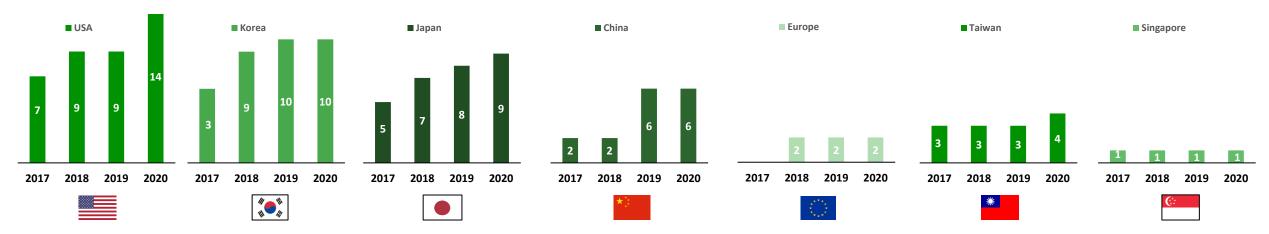


CUSTOMER TRENDS

CONTINUED
GROWTH IN PIVOTAL
CUSTOMERS AND
GEOGRAPHIC
DIVERSIFICATION

- Growth in global customers of 18% in FY2020 from 39 to 46
- Strategic growth in China and Korea in 2020
- Pivotal qualified for either etch or deposition at the Top 3 OEMs globally
- Pivotal increased market share at Korean and Chinese OEM's
- Pivotal increased market share in Taiwan





Note: Customers included in the global customer base include large multi-national semiconductor companies with regional operations who independently purchase GFCs from Pivotal



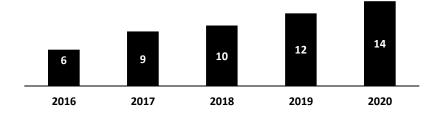
OEM & IDM CUSTOMER GROWTH CONTINUES

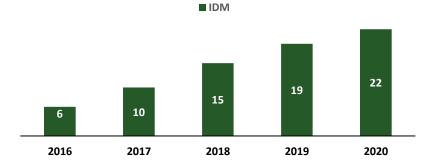
OEM

CONTINUED
GROWTH IN PIVOTAL
CUSTOMERS AND
GEOGRAPHIC
DIVERSIFICATION

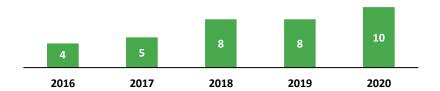
- OEM customer growth of 17% was recorded in FY2020, noting semiconductor OEMs who purchase GFCs are highly concentrated to two USA Based OEMs and one Japan based OEM who control the vast majority of the market
- 16% growth in IDM customers in 2020, driven by large expansion of customer base in Regions outside of Korea (memory and foundry/logic)
- Sales of Pivotal GFCs to Hard Disk Drive, Flat Panel and Solar Customers are a potential ~\$500M of TAM beyond Semiconductor – two additional customer adds in 2020











PRODUCT MIX METRICS

REVENUE CONTRIBUTION BY PRODUCT (%)

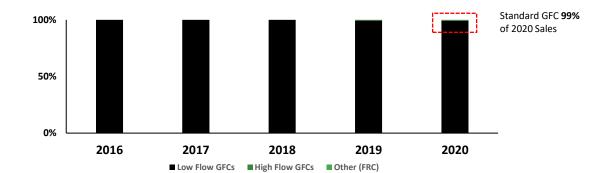
- Low flow (etch) GFC generated close to 100% of Pivotal sales mix from FY2016-FY2020 and continues to take share
- Low flow GFC market share in etch doubled in 2020
- Remote GFC counted as a Low Flow GFC
- High Flow GFC Fan Outs were slowed due to Covid

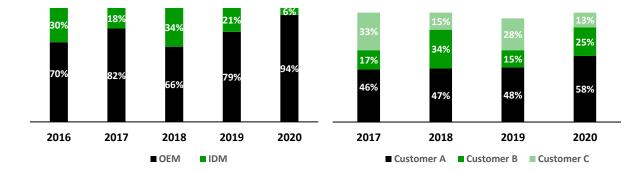
REVENUE CONTRIBUTION BY CUSTOMER (%)

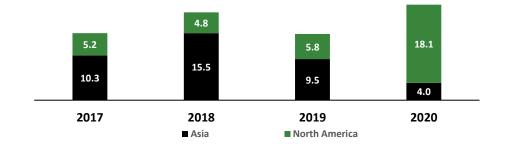
- OEM / IDM split of approximately 94% / 6%
- Significant demand from OEM customers, resulting from strong industry growth in 2020
- Top 3 Pivotal customers accounted for 96% of revenues
- New Korean Etch OEM growing in significance

REVENUE BY MARKET (\$M)

- North America Revenue based on two USA HQ'ed OEM's
- Approximately 98% of PVS revenue ultimately goes to Korea, Taiwan, Japan and China









PRODUCT INNOVATION

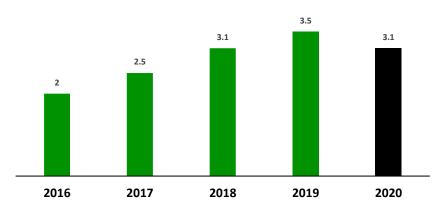
PIVOTAL TOTAL R&D
INVESTMENT REMAINS
STABLE, WITH
EXCEPTIONALLY
INNOVATIVE PRODUCT
CONCEPTS AND
DEVELOPMENT

- R&D expenditure was \$3.2M in FY2020 (FY2019: \$3.5M), down 8.3% versus the pcp.
- Total R&D investment (expensed + capitalized) was \$5.3M
- New \$1M NRE signed with leading Japanese OEM to focus on new leading-edge GFCs for ALD
- Continued focus on the High Temperature GFC, the 2 Channel Flow Ratio Controller (FRC) and New Valve & Control Volume Technology for other advanced applications.

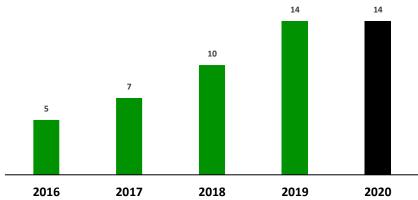
ALL NEW PRODUCT
DEVELOPMENT IS
DRIVEN BY STRATEGIC
CUSTOMERS

- Pivotal is currently viewed as the Flow Control Innovation Leader in the Semiconductor Industry
- Innovation is essential when working with Industry Leaders (OEM & IDM) to gain efficiency in an increasingly competitive global market – NRE Agreements create higher barriers to entry and even higher switching costs
- To meet the requirements of customers and remain at the forefront of flow control innovation, Pivotal continually invests into new product development.
- Pivotal exited 2020 with **five** new products in development

RESEARCH AND DEVELOPMENT EXPENDITURE (\$M)



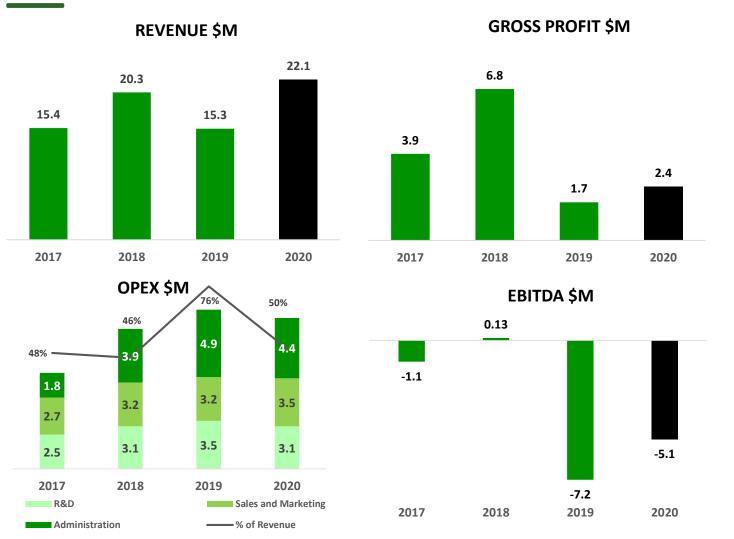
CUMULATIVE PRODUCTS LAUNCHED

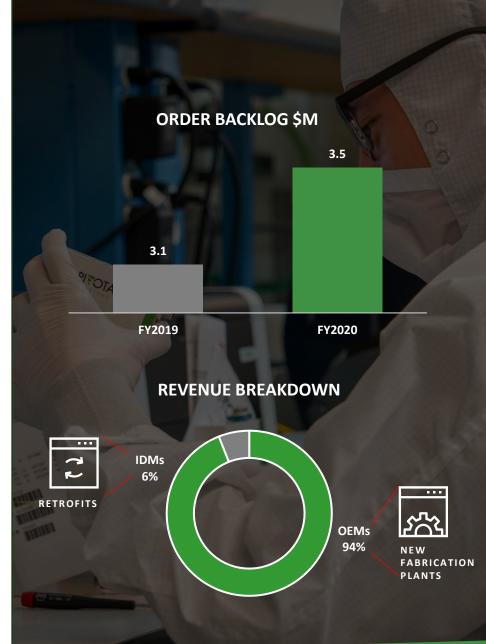






KEY FINANCIAL METRICS





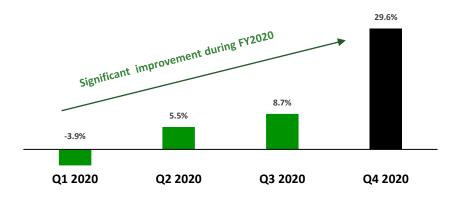


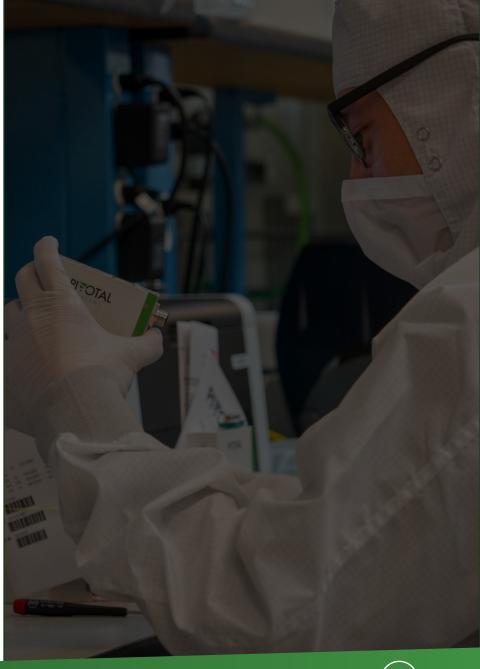
FY20 GROSS PROFIT MARGIN (GPM)

PROGRESSIVE IMPROVEMENT IN QUARTERLY GPM, EXITED FY20 AT 29.6% in Q4 2020

- Reported FY2020 GPM of 11.1% impacted by a number of non-recurring (one-time) charges, principally during 1H:
 - Operations Overhead
 - Increased Labor Costs
 - Duty from China to USA
- Q1-Q2 2020 margins <u>impacted</u> by \$1.6 million in US duty charges relating to manufacturing transition back to Fremont, CA [\$1.2 million since recovered]
- Q3-Q4 2020 margins <u>benefited</u> from qualification of Korean contract manufacturer (CM), resulting in 50% reduction in manufacturing overheads, lower freight costs and lower labour costs
- Pivotal exited Q4 2020 with GPM of 29.6%
- Gross Margin Improvements are Sustainable and are expected to Continue in 2021

QUARTERLY GROSS MARGINS 2020







STATUTORY PROFIT AND LOSS

FINANCIAL INFORMATION	2019 (\$M)	2020 (\$M)	% change
Revenue	15.3	22.1	44.1%
Cost of goods sold	13.6	19.6	44.5%
Gross profit	1.7	2.4	41.0%
Gross margin	11.3%	11.1%	
Research and Development	3.5	3.2	-8.3%
Sales and Marketing	3.2	3.5	11.6%
General and Administration	4.9	4.4	-10.4%
EBIT	(9.9)	(8.0)	16.3%
EBITDA	(7.2)	(5.1)	18.8%

- Revenue increased 44.1% versus the pcp as a result of solid industry demand throughout 2020
- FY2020 Gross Margins of 11.1% reflecting a number of non-recurring (one-off charges); Q4 2020 margins of 29.6%
- Total Operating expenses declined 3.7% versus the pcp comprising:
 - R&D costs fell 8.3% due to higher capitalization of development projects
 - Sales and marketing expenses grew 11.6% reflecting higher commissions paid on greater revenue
 - General and Admin expenses decreased by 10.4% as a result of less travel and entertainment due to COVID 19
 - Full-time headcount was flat at 45 employees at end of December 2020



SUMMARY BALANCE SHEET

FINANCIAL INFORMATION	2019 (\$M)	2020 (\$M)
CURRENT ASSETS		
Cash and cash equivalents	5.4	7.5
Trade and other receivables	5.8	7.7
Inventory	8.7	8.4
Other current assets	0.3	0.3
Total current assets	20.3	24.0
NON-CURRENT ASSETS		
Intangible assets	10.3	12.0
Other non-current assets	1.5	2.1
Total non-current assets	11.8	14.1
TOTAL ASSETS	32.2	38.1
CURRENT LIABILITIES		
Trade and other payables	5.0	5.3
Financial liabilities	2.8	1.6
Other current liabilities	0.8	0.9
Total current liabilities	8.6	7.8
TOTAL LIABILITIES	9.6	9.7
NET ASSETS /(LIABILITIES)	22.5	28.5
EQUITY		
Contributed equity - Common	171.3	185.2
Share based payments reserve	1.7	2.9
Accumulated losses	-150.5	-159.5
TOTAL EQUITY	22.5	28.5

- At the end of 2020, the Company had \$7.5M in cash and \$1.8M in Bank Debt
- On 30 January 2020, Pivotal announced \$13M financing from Anzu Industrial RBI USA LLC, a fund organized by Anzu Partners LLC (Anzu) - \$10M received 24 February, \$3M optional tranche not drawn
 - No financial covenants (beyond liquidation preference) and no warrants/options
- Secured US\$4M in equity financing by way of a share placement in December 2020 to Viburnum Funds
- Inventories declined slightly increased inventory turns
- Receivables grew \$1.9M due to to 68% of revenue for the Quarter being shipped in December versus 55% in the pcp
- Intangible assets increased by \$1.7M during the period as a result of ongoing product development efforts



CASH FLOW

FINANCIAL INFORMATION	2019 (\$M)	2020 (\$M)
CASH FLOWS USED IN OPERATING ACTIVITIES		
Receipts from customers	13.1	20.9
Payments to suppliers and employees	-24.6	-28.9
Other cash flows from operating activities	0	-0.1
Net cash flows used in operating activities	-11.5	-8.1
CASH FLOWS USED IN INVESTING ACTIVITIES		
Payments for property, plant and equipment	-0.1	-0.8
Payments for capitalised research and development	-3.5	-2.7
Net cash flows (used in)/from investing activities	-3.6	-3.5
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from the issue of shares	0.5	14.0
Payment of share issue costs		-0.1
Receipts from the conversion of Preference Shares, Warrants and Options		0.1
Borrowings from bank loans	3.0	0.9
Repayment of loans to third parties / other	-0.3	-1.2
Net cash flows from financing activities	3.0	13.7
Net increase / decrease in cash and cash equivalents	-12.1	2.1
Cash at the beginning of the financial period	17.5	5.4
Cash and cash equivalents at the end of the period	5.4	7.5

- Cash outflow from operations was \$8.1M for the year, which was significantly improved compared to the pcp, due to higher customer collections
- Cash outflow from investing activities was \$3.5M due to payments for product development and increased investment into the Fremont, CA facility
- Cash flow from financing activities of \$13.7M reflects the Anzu \$10M preference stock issue and \$4M equity placement to Viburnum in December 2020



GROWTH STRATEGIES 2021 & BEYOND



WFE sector growing. Etch and deposition are fastest-growing segments of WFE



Growing installed base of Pivotal GFCs drives recurring revenue streams

- Software upgrades
- Retrofits



Market share gains and margins are growing, as Pivotal moves from qualified to preferred to exclusive supplier



Total Addressable Market (TAM) is growing as Pivotal expands product portfolio across the WFE value chain









INCREASED MARKET SHARE

INCREASED CUSTOMERS

HIGH BARRIERS

SUSTAINABLE COMPETITIVE ADVANTAGE



2021 OUTLOOK

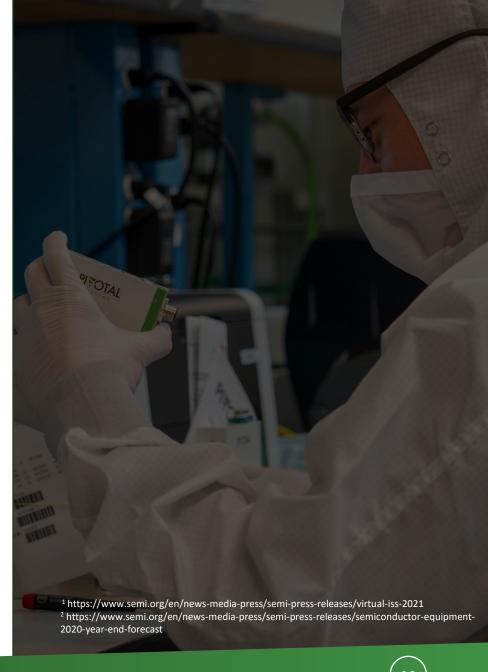
• International Data Corporation (IDC)¹ anticipates the return to economic growth is expected to spark an expansion of the semiconductor industry with worldwide semiconductor revenue set to rise as much as 7% in 2021

SEMICONDUCTOR MARKET OUTLOOK FOR 2021 REMAINS STRONG

- Equipment and semiconductor sales are expected to reach US\$200 billion and US\$1 trillion, respectively, in the early 2030s
- SEMI² estimates the global semiconductor manufacturing equipment market reaching US\$71.9 billion in 2021 and US\$76.1 billion in 2022, highlighting the long-term growth expectations in this market. The majority of Pivotal's sales are to the semiconductor original equipment manufacturers (OEMs)
- Despite global economic headwinds from COVID-19 , Pivotal delivered record FY20 revenues of US\$22.1 million up 44% on the prior corresponding period

PIVOTAL EXPECTS SEQUENTIAL REVENUE GROWTH IN 1H 2021 VERSUS 2H 2020

- The Company anticipates that 1H 2021 revenues will increase from 2H 2020 revenues and maintains prior guidance of improving growth from 2020 to 2021
- The Company sees continued strengthening in the overall semiconductor industry where industry growth is anticipated to achieve record levels
- While COVID-19 still brings uncertainty, the Company continues to progress toward its growth goals. Pivotal maintains that its client-led new product development efforts are the key catalyst for future market share gains







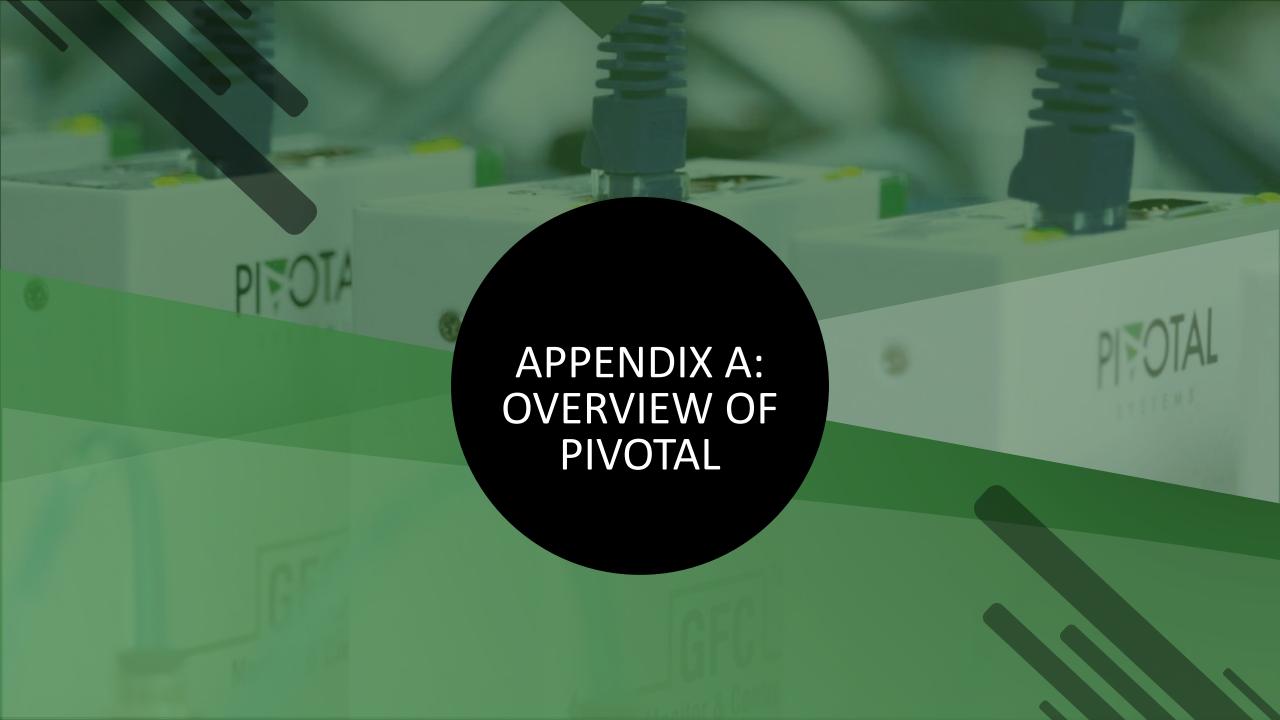
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BOARD OF DIRECTORS

John Hoffman

Executive Chairman and Chief Executive Officer
See previous page

Joseph Monkowski

Chief Technology Officer & Executive Director
See previous page

Kevin Landis

Non-Executive Director

Kevin is the CIO of Firsthand Capital Management, an investment management firm he founded in 1994. Kevin has over two decades of experience in engineering, market research, product management, and investing in the technology sector. Kevin holds a bachelor's degree in electrical engineering and computer science from the University of California at Berkeley and an MBA from Santa Clara University.

Ryan Benton

Independent Non-Executive Director

Ryan joined the Board in 2018 bringing over 25 years of finance, operations, and transaction experience. Ryan previously served as CFO of BrainChip Holdings Ltd (ASX: BRN) and CEO and Board Member at Exar Corporation (NYSE: EXAR), which was acquired by MaxLinear Corporation (NASDAQ: MXL) in May 2017. Previous roles included senior and consulting positions at ASM International NV (NASDAQ: ASMI), and eFunds Corporation (NASDAQ: EFDS).

David Michael

Non-Executive Director

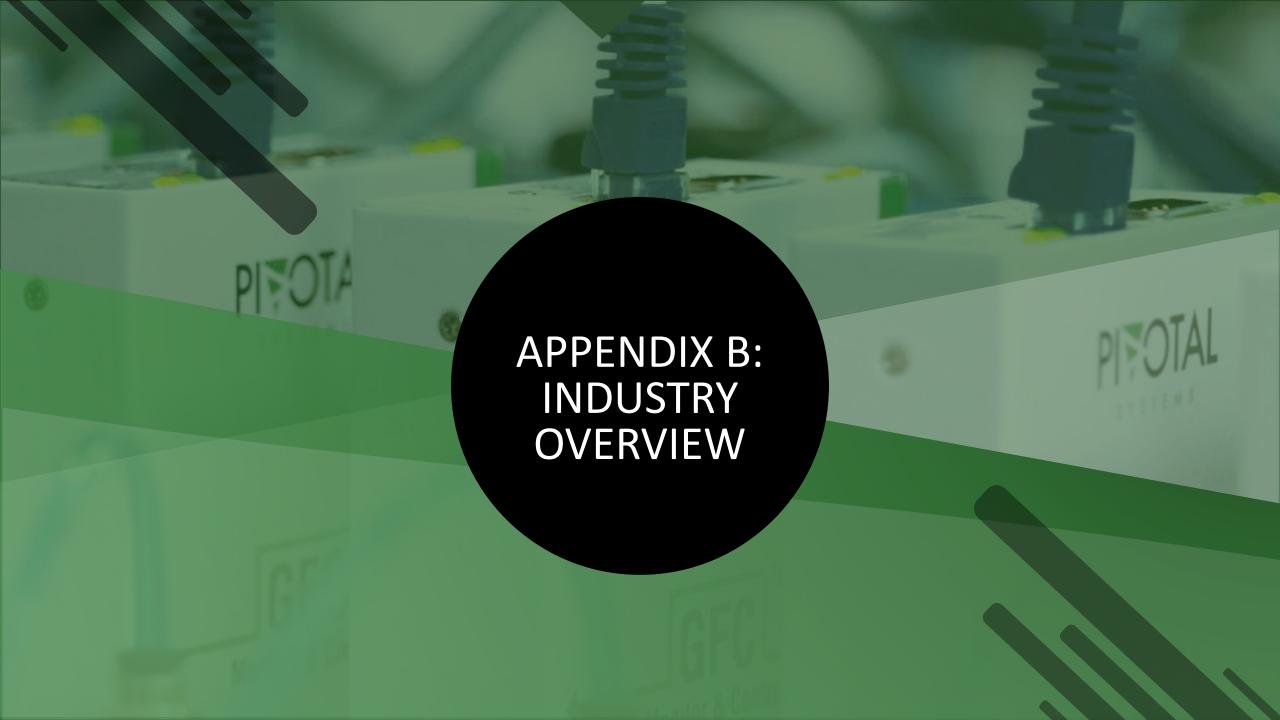
David is Managing Director at Anzu Partners, which invests in innovative industrial technology companies. He is also a Board member of Nuburu, OTI Lumionics, Niron Magnetics, and Terapore. David was formerly Senior Partner and Managing Director of The Boston Consulting Group (BCG). He led BCG's Greater China business and their Asia Technology Practice. He served a range of clients in semiconductors, components, hardware, software,

and services. He remains a Senior Advisor to the firm. David holds a B.A. in Economics from Harvard University and an M.B.A. from Stanford.

Peter McGregor

Independent Non-Executive Director

Peter has over 30 years' experience in senior finance and management roles, including having been CEO of tech company, Think Holdings, CFO of the ASX50 transport company, Asciano, and a partner in the Investment Banking firm of Goldman Sachs JBWere. He also spent time as a Managing Director within the Institutional Banking & Market division of CBA and was COO of Australian Infrastructure Fund (ASX:AIX). He holds a Commerce Degree from the University of Melbourne, is a Fellow of FINSIA and a Member of the AICD.



WHAT IS THE INDUSTRY PROBLEM?

THE PRODUCTION OF SEMICONDUCTORS IS EXPENSIVE, COMPLEX, AND HIGHLY COMPETITIVE, WITH A SMALL NUMBER OF BLUE CHIP MANUFACTURERS COMPETING LARGELY ON COST AND YIELD















Wide range of production yields due to difficulty in producing repeatable gas flows. Yields may vary in a wide range between 85-99% of total factory output.

The various gases that are used in the manufacturing process can be expensive and toxic. Wasted gas is expensive and not good for the environment.

Gas flow errors in the production process lead to expensive wafer materials being scrapped and potentially lower yields on "good" wafers.

Slow machine turnon and turn-off times (settling times) contribute to lower productivity and output. Maintenance costs involved with the manual recalibration of competitors' flow controllers are a double hit, labor and lost production time.

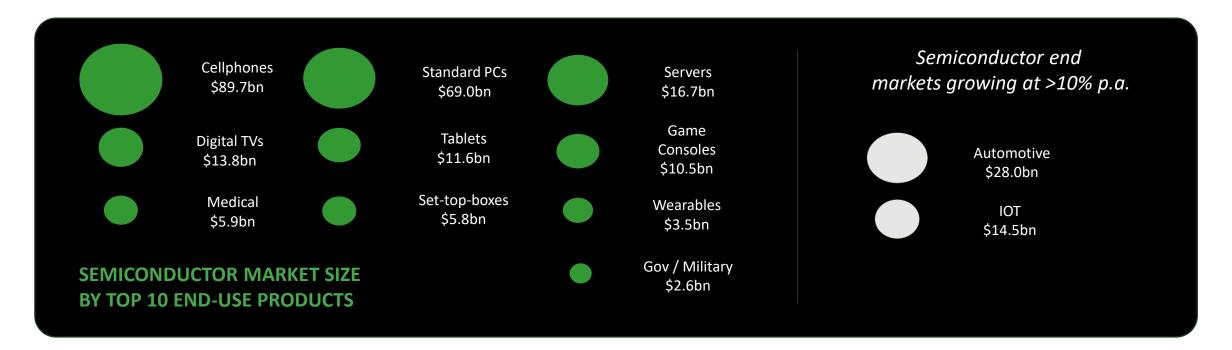
Limited gas flow intelligence and diagnostic capabilities.

Expensive upstream and downstream equipment (valves, regulators etc.) required to help stabilize gas flows.

One important issue for semiconductor manufacturers is variability in gas flows.

An inability to accurately measure and control gas flows creates a range of issues for semiconductor manufacturers.

SEMICONDUCTOR END MARKETS



GLOBAL SEMICONDUCTOR MARKET AND CAPITAL EXPENDITURE

- Global growth in the Semiconductor market is driven by growth in end-use products including communication devices, personal computers, artificial intelligence, self driving vehicles and Internet of Things.
- Technology trends require increasing number of semiconductors to be used per connected device, underpinning this consistent market growth.

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Source: IC Markets - 2018 McClean Report



• The core growth catalyst of the semiconductor capital equipment market is the pipeline of new fabrication plants being constructed by IDMs as they keep pace with Moore's Law which requires the number of transistor per sq. mm of silicon to double every 1-2 years.