



ASX / Media Release

Chairman's Address to 2021 Annual Meeting and Presentation

Fremont, California and Sydney, Australia; 21 May 2021 – Pivotal Systems Corporation (“Pivotal” or the “Company”) (ASX: PVS), a leading provider of innovative gas flow control (GFC) solutions to the semiconductor industry, today will be holding its virtual Annual Meeting of Shareholders at 9:00 am (AEST) today (4:00 pm, Thursday, 20 May 2021 PDT). Investors wishing to join the virtual meeting can do so by following this link: <https://agmlive.link/PVS21>.

A copy of the Chairman's address to the 2021 Annual Meeting and Investor Presentation are attached to this release.

THIS RELEASE DATED 21 MAY 2021 HAS BEEN AUTHORISED FOR LODGEMENT TO ASX BY THE BOARD OF DIRECTORS OF PIVOTAL SYSTEMS.

- ENDS -

For further information, interview and photos:

Investor Relations & Media (Australia):

Dr Thomas Duthy
Nemean Group
tduthy@pivotalsys.com
+61 402 493 727

Media Contact (US):

Pia Brandt
ANZU Partners
pjb@anzupartners.com

ASX Representative:

Danny Davies
Company Matters Pty Ltd
davies@companymatters.com.au

If investors wish to subscribe to Pivotal Systems' email alert service for ASX Announcements, please follow this [link](#).

Safe Harbor Statement

This press release and the accompanying presentation contains forward-looking statements, which address a variety of subjects including, for example, our statements regarding expected growth rates, expected product offerings, product development, marketing position and technical advances. Statements that are not historical facts, including statements about our beliefs, plans and expectations, are forward-looking statements. Such statements are based on our current expectations and information currently available to management and are subject to a number of factors and uncertainties, which could cause actual results to differ materially from those described in the forward-looking statements. The Company's management believes that these forward-looking statements are reasonable as and when made. However, you should not place undue reliance on any such forward-looking statements because such statements speak only as of the date when made. We do not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law or the ASX Listing Rules. In addition, forward-looking statements are subject to certain risks and

Pivotal Systems Corporation
ARBN 626 346 325
48389 Fremont Blvd. Suite 100, Fremont, CA, 94538
Phone +1 (510) 770 9125, Fax +1 (510) 770 9126
Web / <https://www.pivotalsys.com>



uncertainties that could cause actual results, events and developments to differ materially from our historical experience and our present expectations or projections.

About Pivotal Systems Corporation (ASX: PVS)

Pivotal Systems Corporation (ARBN 626 346 325), is a company incorporated in Delaware, USA, whose stockholders have limited liability. Pivotal Systems provides the best-in-class gas flow monitoring and control technology platform for the global semiconductor industry. The Company's proprietary hardware and software utilizes advanced machine learning to enable preventative diagnostic capability resulting in an order of magnitude increase in fab productivity and capital efficiency for existing and future technology nodes. For more information on Pivotal Systems Corporation, visit <https://www.pivotalsys.com/>.

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' CHES 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.



Chairman's Address to the 2021 Annual Meeting

Fremont, California - 20 May 2021 & Sydney, Australia - 21 May, 2021

Good afternoon for our US Investors and good morning for our Australian Investors.

Today we are very pleased to welcome those of you participating online through our virtual meeting platform provided by our share registrar Link Market Services Limited, and those in attendance. Due to the ongoing COVID-19 pandemic and associated government imposed restrictions and recommendations, this Annual Meeting is once again being held by way of a virtual meeting webcast and an online voting platform. We certainly look forward to being in a position to travel down to Australia once more, as per past practices, to meet with you in person.

My name is John Hoffman and I am the Executive Chairman and Chief Executive Officer of Pivotal Systems Corporation. On behalf of the Pivotal Board, it is my pleasure to address the shareholders at Pivotal's 2021 Annual Meeting, our third as a publicly listed Company on the Australian Securities Exchange.

It is now 4:00pm in Fremont, California on 20 May and correspondingly 9:00am in Sydney, Australia on 21 May. The Notice of the meeting was duly given and the meeting has been properly convened. We will turn to resolutions later in the meeting. Please note that only shareholders, proxy holders or shareholder company representatives may vote today.

I have been advised that a quorum is present for the matters to be considered at this meeting. I therefore declare this Annual Meeting of shareholders of Pivotal Systems open and welcome each of you to the virtual platform.

Before I proceed with the business of the Meeting, I would like to introduce my fellow Directors:

- Dr Joseph Monkowski, our President and Chief Technology Officer, and an Executive Director;
- Ryan Benton; Independent Non-Executive Director;
- Kevin Landis; Non-Executive Director;
- David Michael; Non-Executive Director; and
- Peter McGregor; Independent Non-Executive Director

Also present today is Dennis Mahoney our Chief Financial Officer and also Gareth Few, from the Company's Auditor, BDO Audit Pty Ltd. Gareth will be available to answer questions you may have about the conduct of the audit and the auditor's report.

In relation to the procedure for the meeting, I will give a short address as Chairman and will then provide more detailed information on Pivotal's performance for the year and outlook via a slide presentation.

Voting on the resolutions will be conducted by way of poll.

Please note that shareholders will be able to vote online during the AGM and ask questions of Directors, Management and the Company's auditor. However, holders of CDIs will not be able to vote online during the AGM but will be able to ask questions. Please refer to the virtual annual meeting online portal guide or use the help line specified.



Following the voting, general business questions will be taken. Security holders participating online through the virtual meeting website - please click on 'Ask Question' button, type your question and click submit. I encourage Securityholders attending online, and who have questions, to send their questions through as soon as possible. Securityholder questions received prior to the meeting will be addressed during the general business questions.

As Chairman of the Annual Meeting today, I have been appointed as proxy for shareholders entitled to vote on the resolutions today. I will vote, where authorised, all undirected proxies in favour of each resolution.

The result of the polls will be declared and released to the ASX as soon as possible after the conclusion of the business of this Annual Meeting.

The 2020 financial year was a year of significant progress for Pivotal Systems, against the backdrop of the COVID-19 pandemic, which materially impacted the global economy during the entire calendar year and hampered business and investment activity.

However, I am pleased to report that throughout the pandemic, Pivotal maintained U.S. manufacturing operations despite shelter at home orders due to status as an essential business as a result of being a supplier to medical diagnostic and IT customers across the globe. In addition, the Company secured a US\$0.9 million loan from the US government that was guaranteed by the U.S. Small Business Administration or SBA and is part of a program created by the U.S. Coronavirus Aid, Relief, and Economic Security Act, known as the "CARES Act", which provided financial relief from the COVID-19 emergency. We were subsequently successful in having the loan forgiven in early 2021.

These actions effectively limited any disruption to our U.S operations and our valuable employees. Indeed, the Company ended the year with a full-time headcount of 45 persons, identical to how we commenced the 2020 financial year.

In addition to the pandemic, the Company has proactively and I believe decisively managed through the China-US trade war, which did impact semiconductor manufacturers in 2019 and 2020 with certain U.S Customs duties, along with restrictions on semiconductor equipment manufacturers selling to a number of Chinese chip manufacturers, including some of Pivotal's customers.

Pivotal established its Repair and Upgrade Center in Korea after reconfiguring the Company's global manufacturing activity in late 2019. The repair facility, which is operated by a Pivotal Certified Contract manufacturer or "CM" commenced operations providing both repair and software upgrades to both IDM and OEM customers globally. Also, The New Korean based Manufacturing Center was brought online by the same CM in Q-2 of 2020, and after passing numerous IDM and OEM audits, began shipping products in July. The Company was therefore able to expand gross margins by reducing Fremont manufacturing overhead, eliminating USA import duties and recovering approximately US\$1.2 million in previous duty charges. This resulted in the Company exiting the fourth quarter with margins of approximately 30%. This is yet another example of how Pivotal's lean operating model allows it to respond to changes swiftly and decisively in its macro environment, leading to a more effective organization as a whole.

As investors will recall, during the 2019 semiconductor downturn, Pivotal invested considerably in its customers and new product development initiatives as the pace of change in the industry was accelerating to require newer, faster and more reproducible flow controllers able to accommodate silicon wafer fabrication and manufacturing at sub 5nm scale. The older technology used by our competitors simply cannot operate at these new requirements without additional, expensive components used to compensate for their technology driven shortfalls. The effect of these initiatives in 2020 was a 21% increase in our



qualified customer base, six new customers evaluating our products, increased market share in Taiwan, Korea and China, which led to a 226% increase in new customer orders.

I am very pleased with our performance for the 2020 financial year which saw total recognized revenues grow 44% against an industry backdrop of 16% with further market share gains recorded and new customers with important and potentially transformational new product development initiatives well under way. We commence the 2021 financial year with a strong operating and financial outlook for the Company.

I will now provide shareholders with some further details on our FY20 performance, the latest industry information and our 2021 outlook.

Thank you.

John Hoffman
Chairman & CEO
Fremont, CA
20 May 2021 (PDT)



Annual Meeting
20 May 2021 (USA)
21 May 2021 (Australia)

(ASX: PVS)



Welcome and Introductions



Chairman's Address

REVIEW OF 2020

Despite COVID-19, 2020 was a record year for Pivotal Systems, with record revenues of \$22.1 million (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

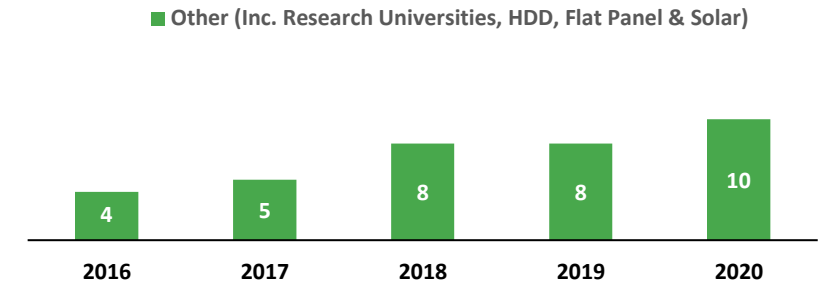
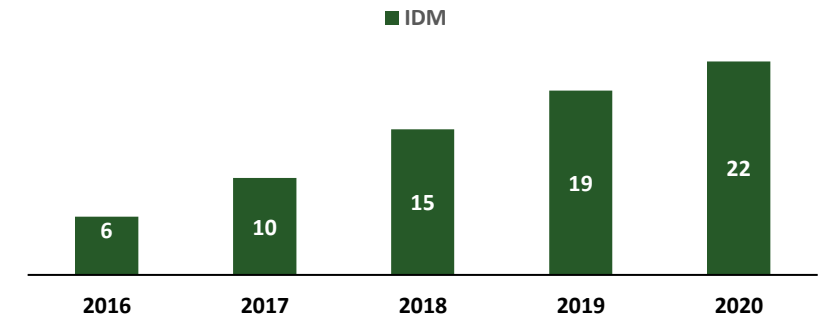
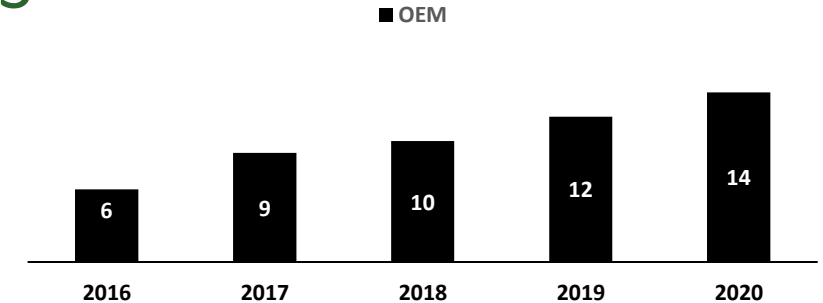
- Expanded the relationship with a leading Japanese OEM with new Development Program
- Continued development program with a Leading USA OEM for Deposition



OEM & IDM CUSTOMER GROWTH CONTINUES

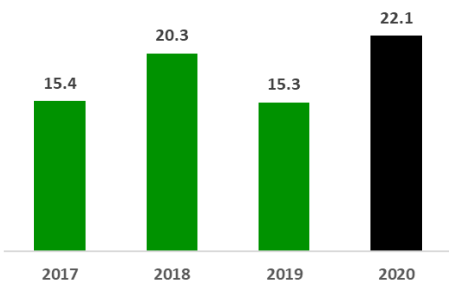
CONTINUED GROWTH IN PIVOTAL CUSTOMERS AND GEOGRAPHIC DIVERSIFICATION

- 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

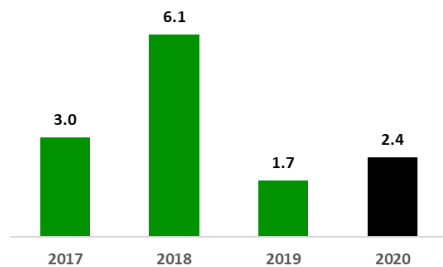


FY20 FINANCIAL HIGHLIGHTS

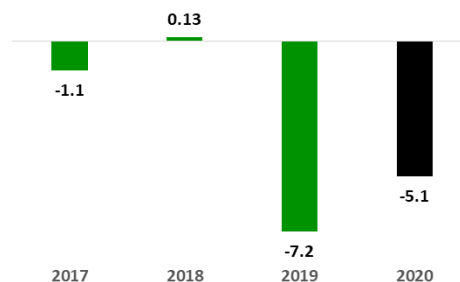
REVENUE \$M



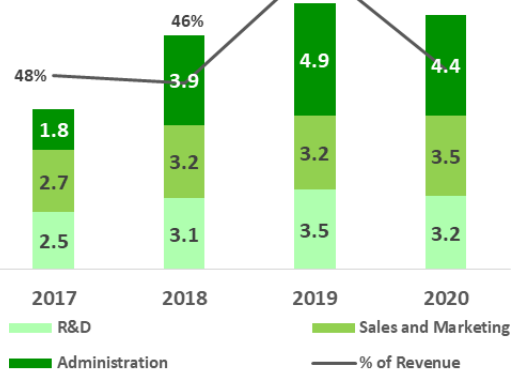
GROSS PROFIT \$M



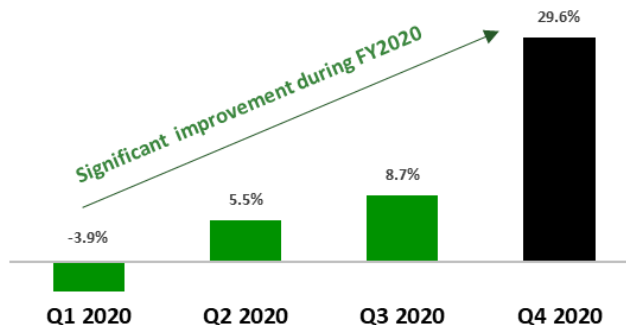
EBITDA \$M



OPEX \$M

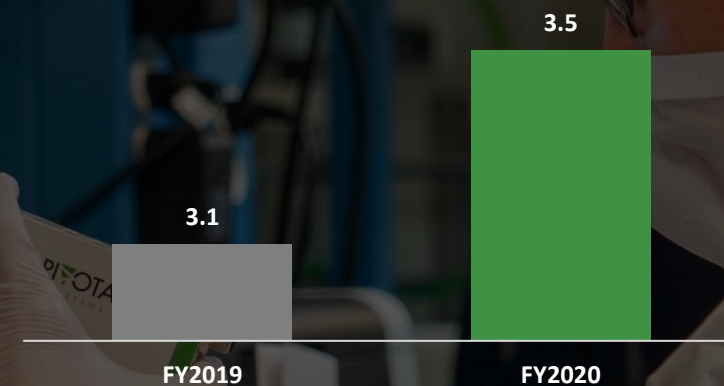


QUARTERLY GROSS MARGINS 2020

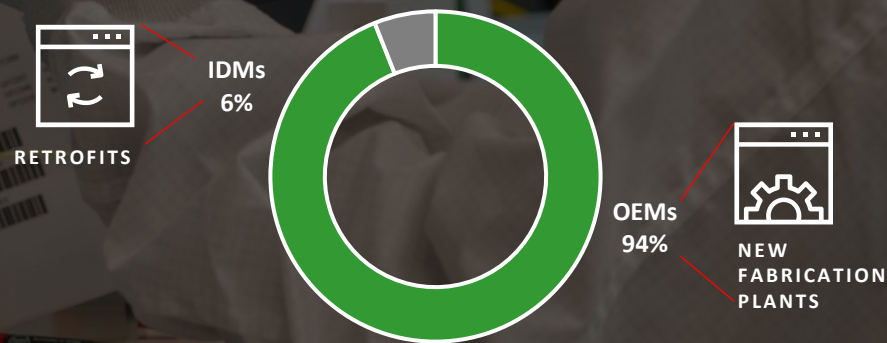


Gross Margin Improvements are Sustainable and are expected to Continue in 2021

ORDER BACKLOG \$M



REVENUE BREAKDOWN



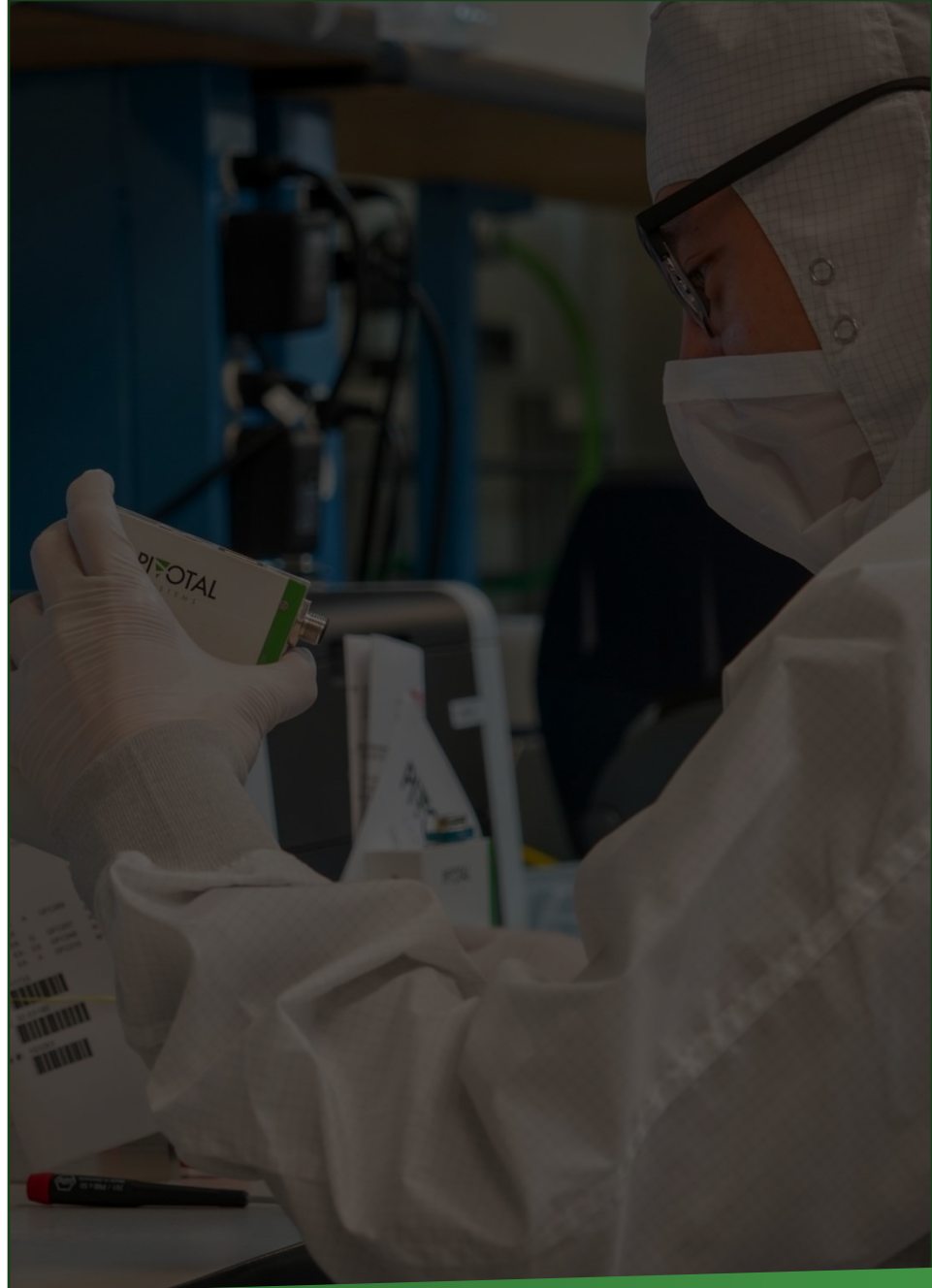
Q1 2021 HIGHLIGHTS

Q1 UNAUDITED REVENUES UP 45.4% VERSUS THE PCP & GROSS MARGINS AT 30.2%, ALSO UP SIGNIFICANTLY ON PCP

- Unaudited Q1 2021 revenue of US\$6.33 million was up 4.4% sequentially (Q4 2020: US\$6.06 million) and up 45.4% from the same period a year ago
- Unaudited Q1 2021 gross margins of 30.2% up from -3.9% in the pcg and up from 29.6% in Q4 2020
- Backlog (confirmed orders not yet shipped) at 31 March 2021 was US\$4.9 million up 40% from Q4 backlog of US\$3.5 million
- Cash US\$4.1 million (pro-forma cash US\$5.4 million following US\$1.3 million received early April)

NEW QUALIFICATIONS AND INCREASES IN PRODUCTION CAPACITY TO MEET FUTURE DEMAND

- Pivotal has initiated qualification of its standard GFC for etch applications at the leading Japanese OEM – very significant revenue potential
- New product development with new high temperature piezo developed by Pivotal – significant improvement over industry devices
- Maintained all manufacturing activity in China, Korea, and the United States during the reported period
- Pivotal continued to increase production to maintain pace with industry growth and beyond. The Company estimates that its existing aggregate capacity in its China and Korea based CM's is 4,000 units per month for 5 day, 2 shift production; sufficient to meet the 2021 upside demand requirements



SEMICONDUCTOR INDUSTRY UPDATE

LEADING ORIGINAL EQUIPMENT MANUFACTURERS (OEMs)



Q1 2021 Revenues up **54%** v pcg

*"Semiconductors are reaching new heights of strategic relevance, and Lam's differentiated ability to meet our customers' scaling challenges positions us well amid a strong wafer fabrication spending environment."*¹



Q1 2021 Revenues up **24%** v pcg

*"2021 outlook: Robust demand for semi equipment and services; foundry-logic investment strong in leading-edge and specialty nodes; Memory – spending increasing faster in DRAM than NAND."*²



29% forecast growth in semiconductor production equipment sales to 31 March 2022

*"robust increase in demand for semiconductors set against the backdrop of the transition to a data society due to the expansion of use of communications technologies such as IoT, AI, 5G."*³

94%

of Pivotal FY2020 revenues were from OEM customers

SEMICONDUCTOR INDUSTRY



SEMI⁵ reported North America-based manufacturers of semiconductor equipment posted US\$3.3 billion in billings worldwide for the third consecutive month in March 2021 (three-month average basis), representing growth of 48% over the pcg, driven by robust secular semiconductor demand for leading-edge technologies across diverse end-use markets and digitization of industries worldwide resulting in rising investments in semiconductor equipment.



Semiconductor Industry Association (SIA)⁶, growth in global semiconductor demand is projected to require a 56 percent increase in manufacturing over the next 10 years, driven by memory and logic spending.



SEMI Industry Strategy Symposium (ISS)⁷ predicted semiconductor equipment sales growing to US\$200 billion in the early 2030s up from approximately US\$70 billion today, driven by 5G, IT Infrastructure and memory capacity Buildout Among Key Drivers of Chip Industry Growth.

US\$100 Billion⁴

The value of semiconductor equipment market by 2025 up from US\$73 billion in 2021

IDM CAPEX ANALYSIS

Est. % Share
FY21 CAPEX

33



Feb 2021: Considering US\$17 Billion Fab investment in the US (Texas)
May 2021: Announces additional US\$34 billion in new Fab spending, total of US\$152 billion by 2030

28



April 2021: US\$100 Billion capacity expansion over next 3 years

17



March 2021: US\$20 Billion to Construct 2x new fabs in Arizona

9



April 2021: Modest increase in capacity, prioritise migration to advanced technology
May 2021: 4 new fabs to cost US\$106 billion, with additional US\$97 billion into capacity expansions at existing facilities

8



April 2021: Alignment of CAPEX / supply growth with industry growth

4



1



Source: FactSet Estimates, Pivotal Systems, data as at April 2021



March 2021: US Government semiconductor support doubles to US\$50 Billion under CHIPS Act: doubles US Fabs from 9 to 18

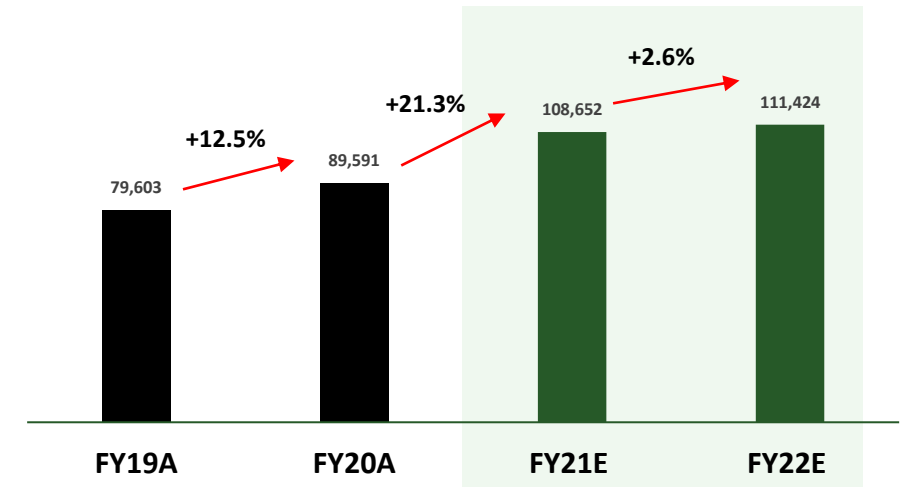


March 2021: European Union proposes to produce 20% of advanced semiconductors by 2030



May 2021: Korean government announces plans to invest US\$450 Billion (inc. Samsung & SK Hynix) & increase tax incentives for Korean semiconductor industry to 2030

Capital Expenditure (US\$M) by Major IDM/Foundry



Source: FactSet Estimates, Pivotal Systems, data as at April 2021

Excluding Govt. Stimulus Measures

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

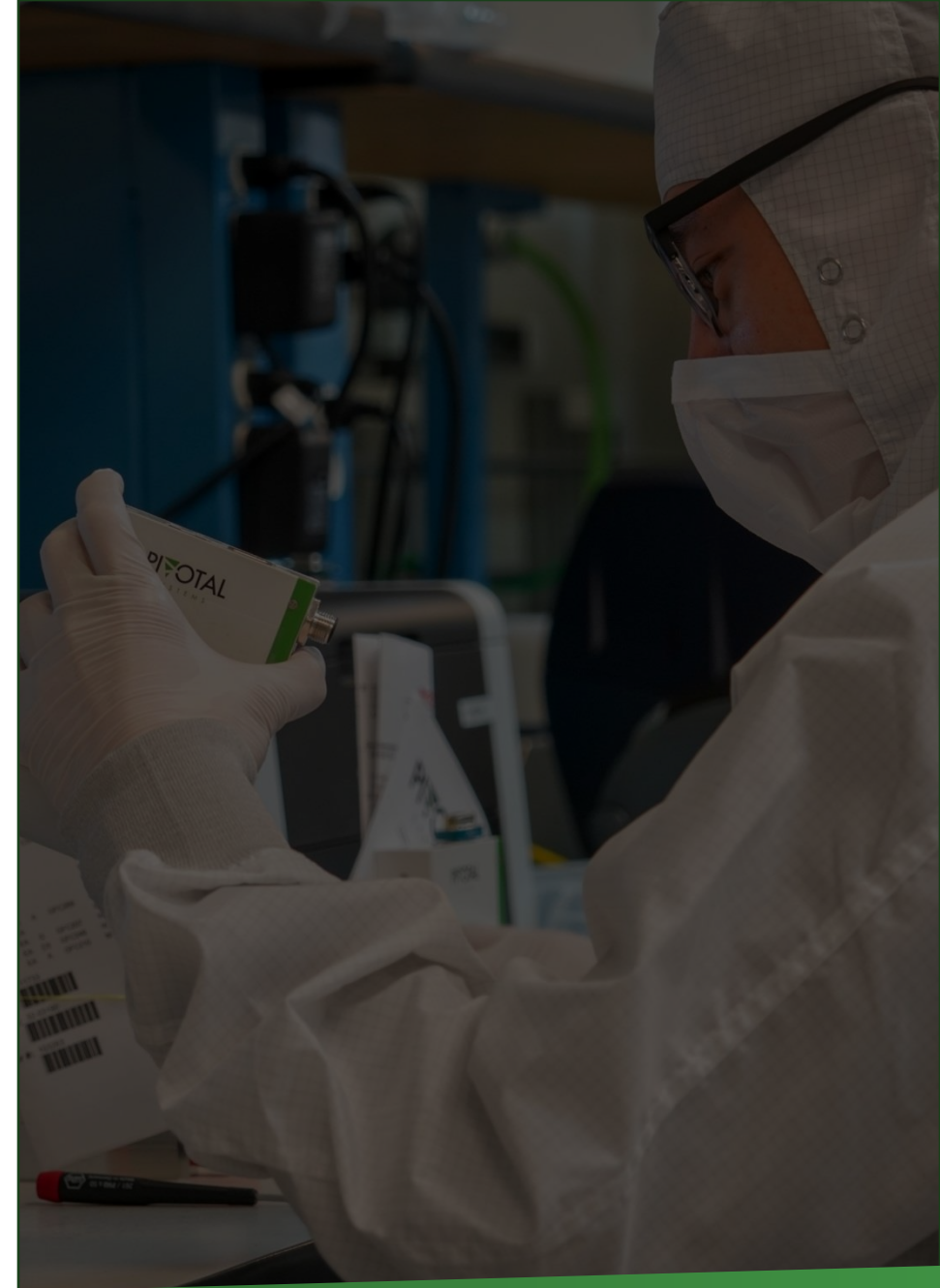
HIGH BARRIERS

SUSTAINABLE COMPETITIVE ADVANTAGE

2021 OUTLOOK

PIVOTAL EXPECTS FY2021 REVENUE GROWTH OF 35-45% OVER THE PCP

- Company has seen strengthening of the overall semiconductor industry and note global industry associations are forecasting growth to achieve record levels
- Pivotal continues to progress toward its growth goals and maintains that its client-led new product development efforts are the key catalyst for future market share gains
- Pivotal anticipates FY2021 revenues will increase from FY2020 revenues by 35-45% to US\$30-\$32 million



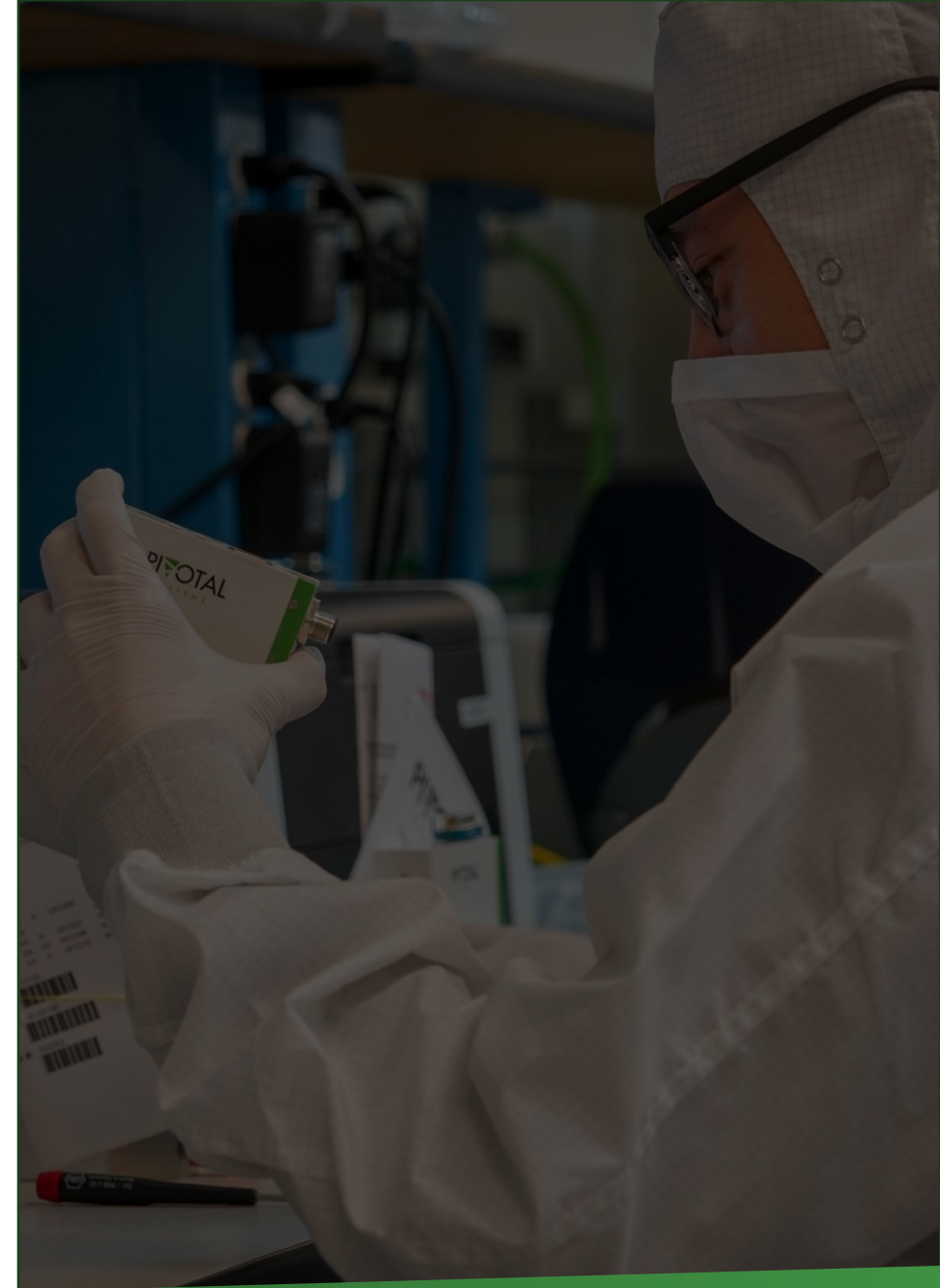


**Meeting Formalities,
Voting and Question Procedures**

RESOLUTION 1

Ratification of BDO Audit Pty Ltd as Auditor

“That, BDO Audit Pty Ltd having consented in writing to act in the capacity of Auditor, be appointed, ratified and confirmed as the Auditor of Pivotal Systems Corporation for the financial year ending 31 December 2021.”

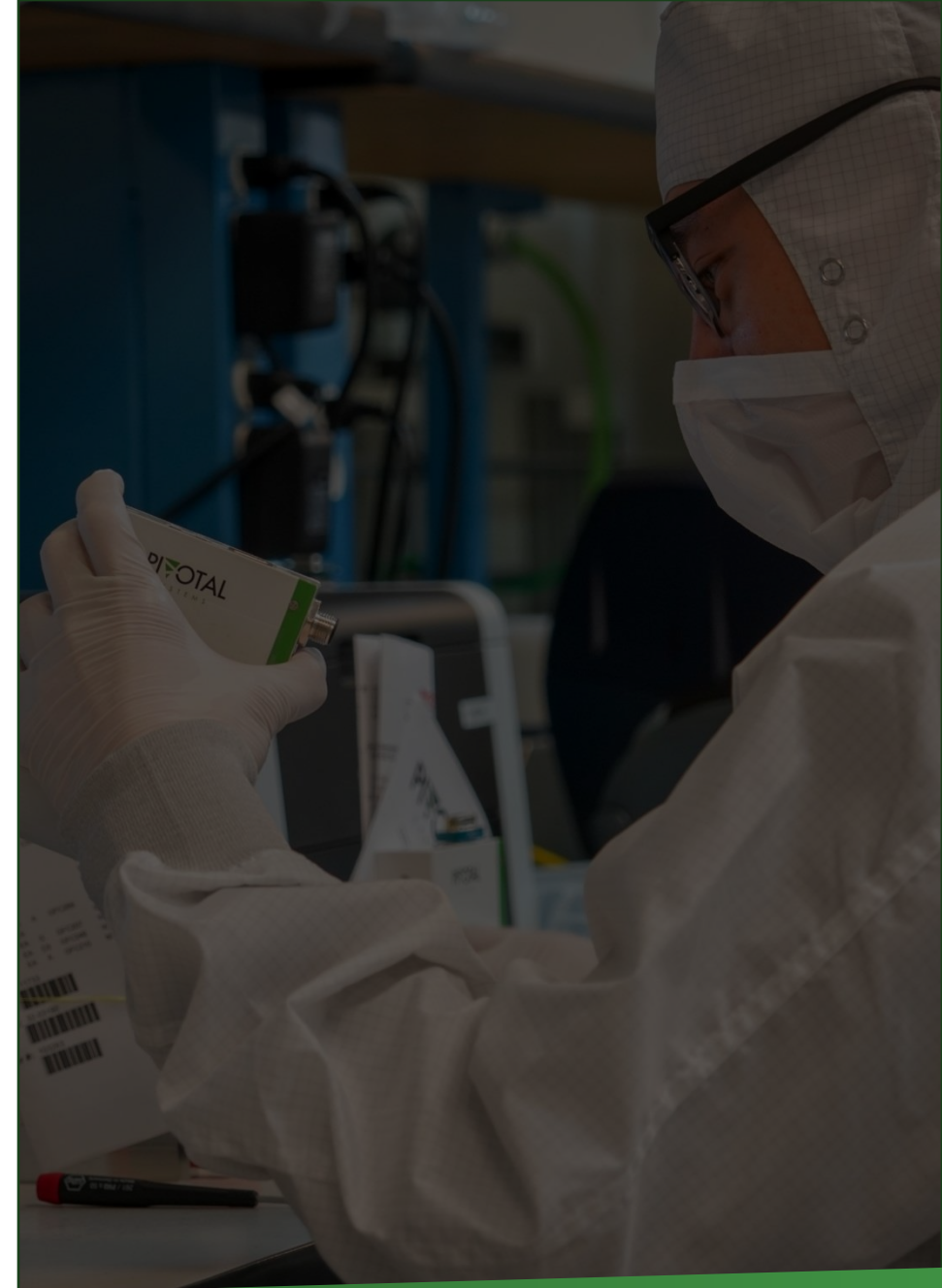


RESOLUTION 1

Ratification of BDO Audit Pty Ltd as Auditor

FOR:	45,626,738	100.00%
OPEN:	0	0.00%
AGAINST:	0	0.00%
TOTAL:	45,626,738	100.00%
ABSTAIN:	1,409	

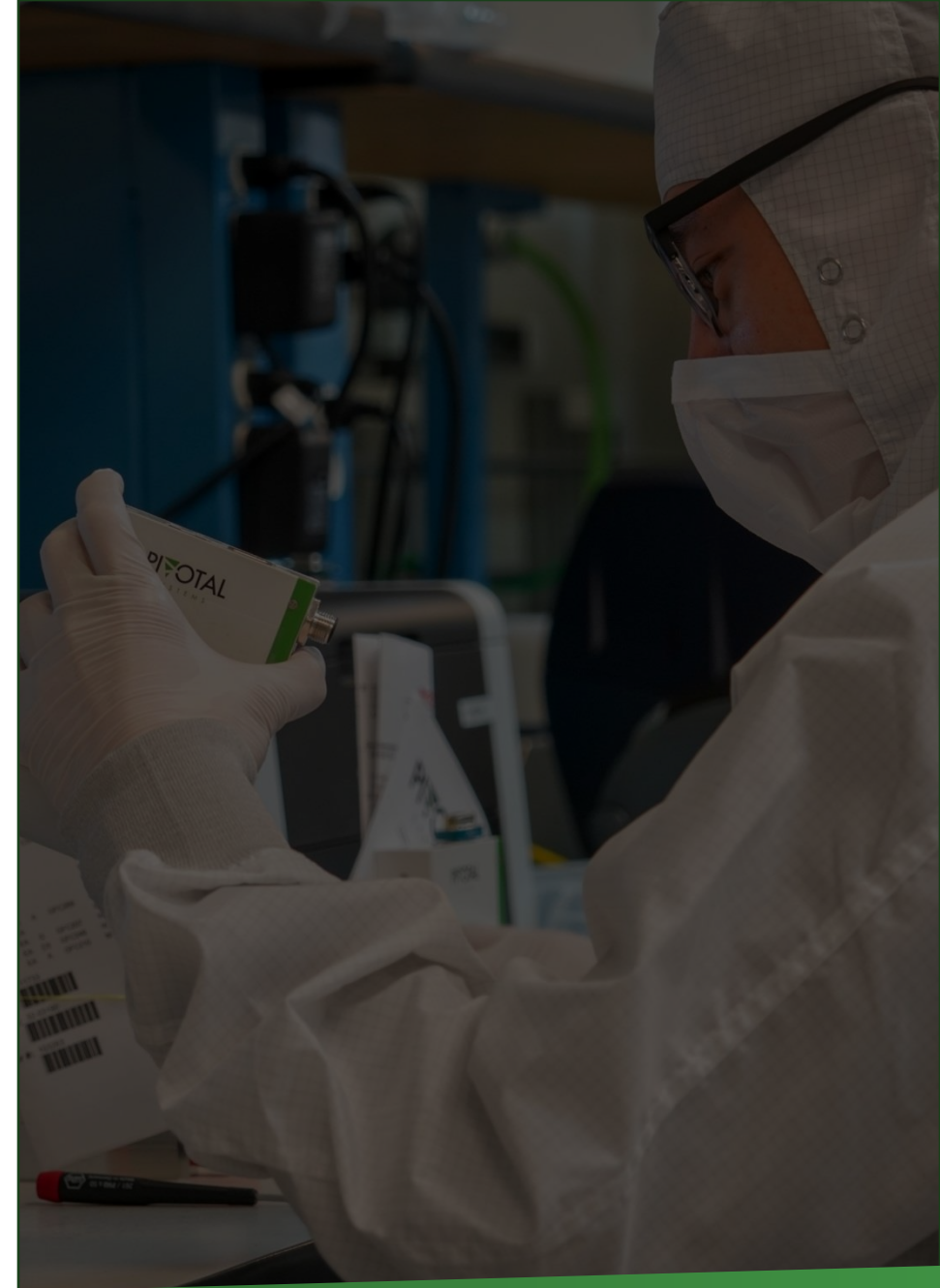
An 'abstain' vote have the same effect as an 'against' vote on this resolution



RESOLUTION 2

Re-Election of Kevin Landis as a Director

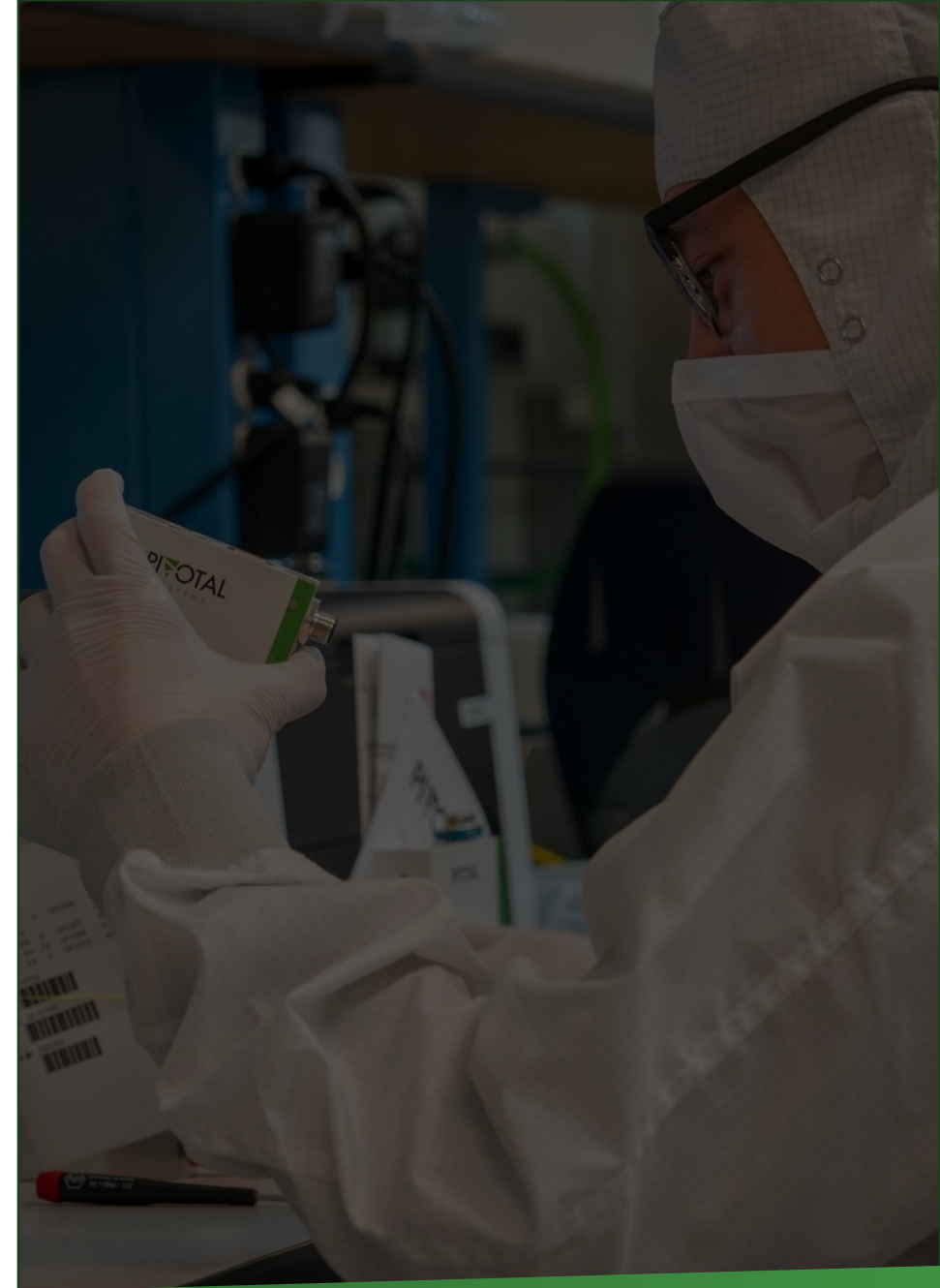
“That Kevin Landis who retires in accordance with Article VIII of the Company’s Amended and Restated Certificate of Incorporation and clause 2.2 of the Company’s Amended and Restated Bylaws and, being eligible for re-election, is re-elected as a Director of the Company.”



RESOLUTION 2

Re-Election of Kevin Landis as a Director

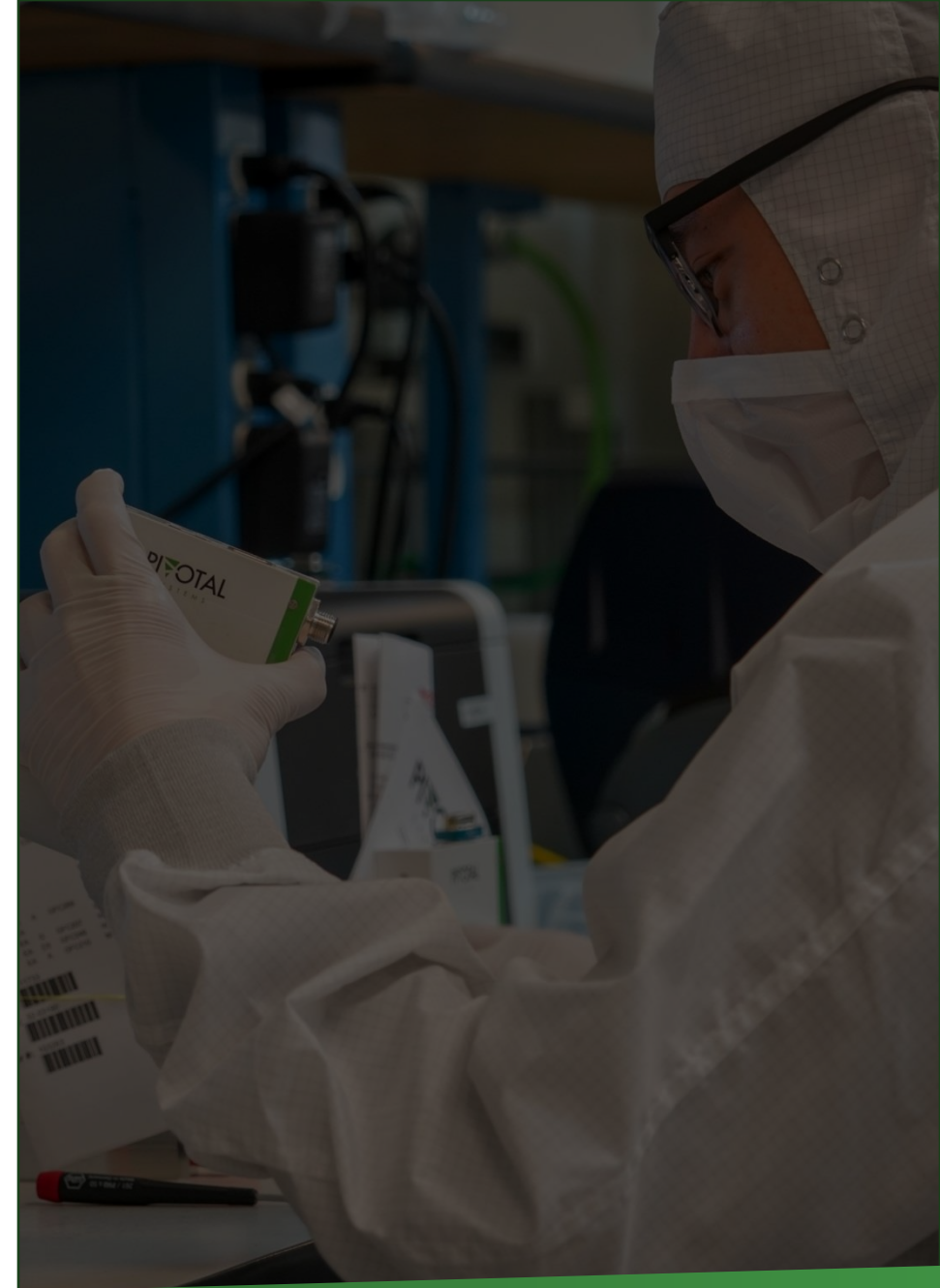
FOR:	3,387,232	100.00%
OPEN:	0	0.00%
AGAINST:	0	0.00%
TOTAL:	3,387,232	100.00%
ABSTAIN:	1,409	



RESOLUTION 3

Re-Election of David Michael as a Director

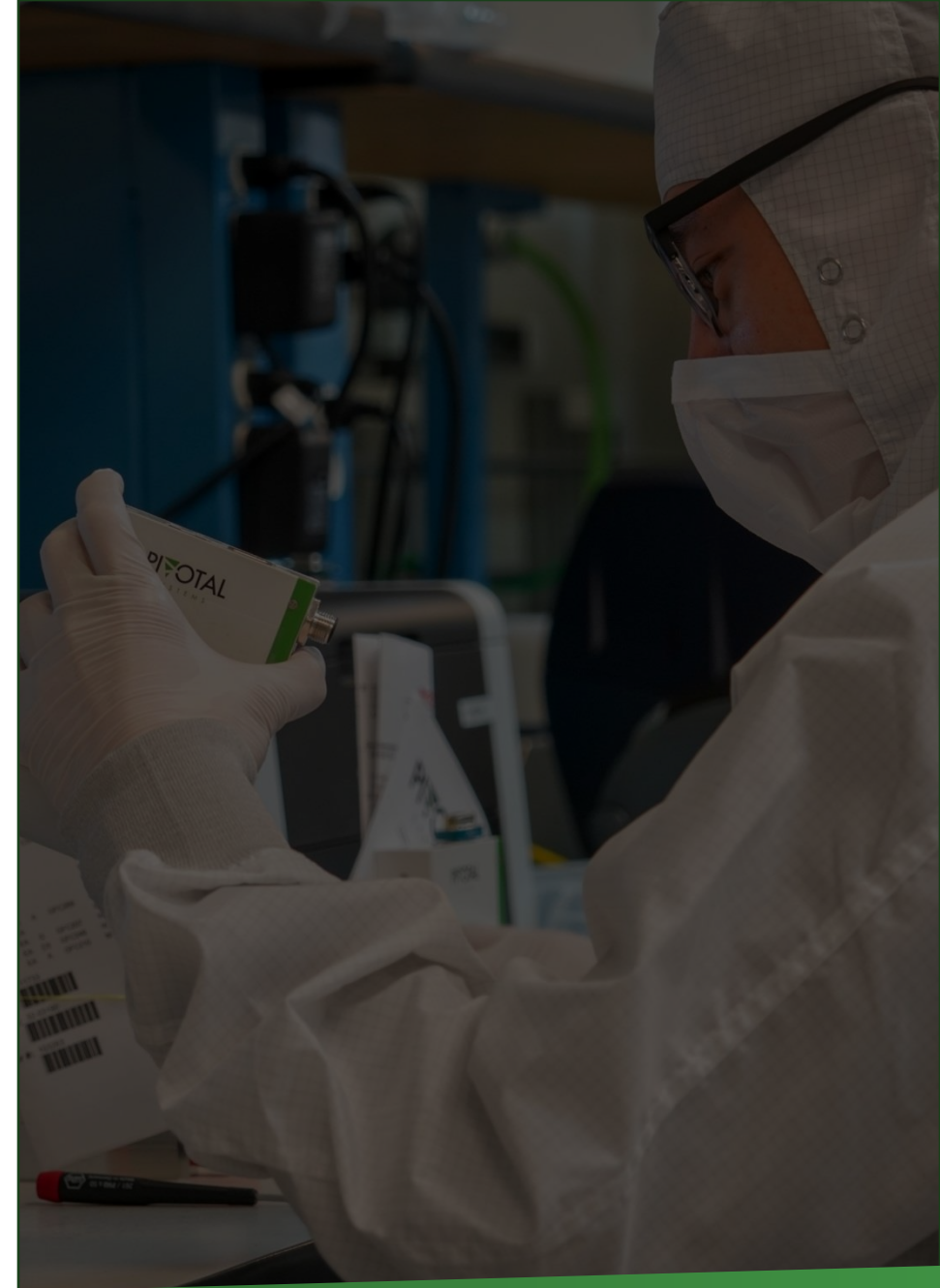
“That David Michael who retires in accordance with Article VIII of the Company’s Amended and Restated Certificate of Incorporation and clause 2.2 of the Company’s Amended and Restated Bylaws and, being eligible for re-election, is re-elected as a Director of the Company.”



RESOLUTION 3

Re-Election of David Michael as a Director

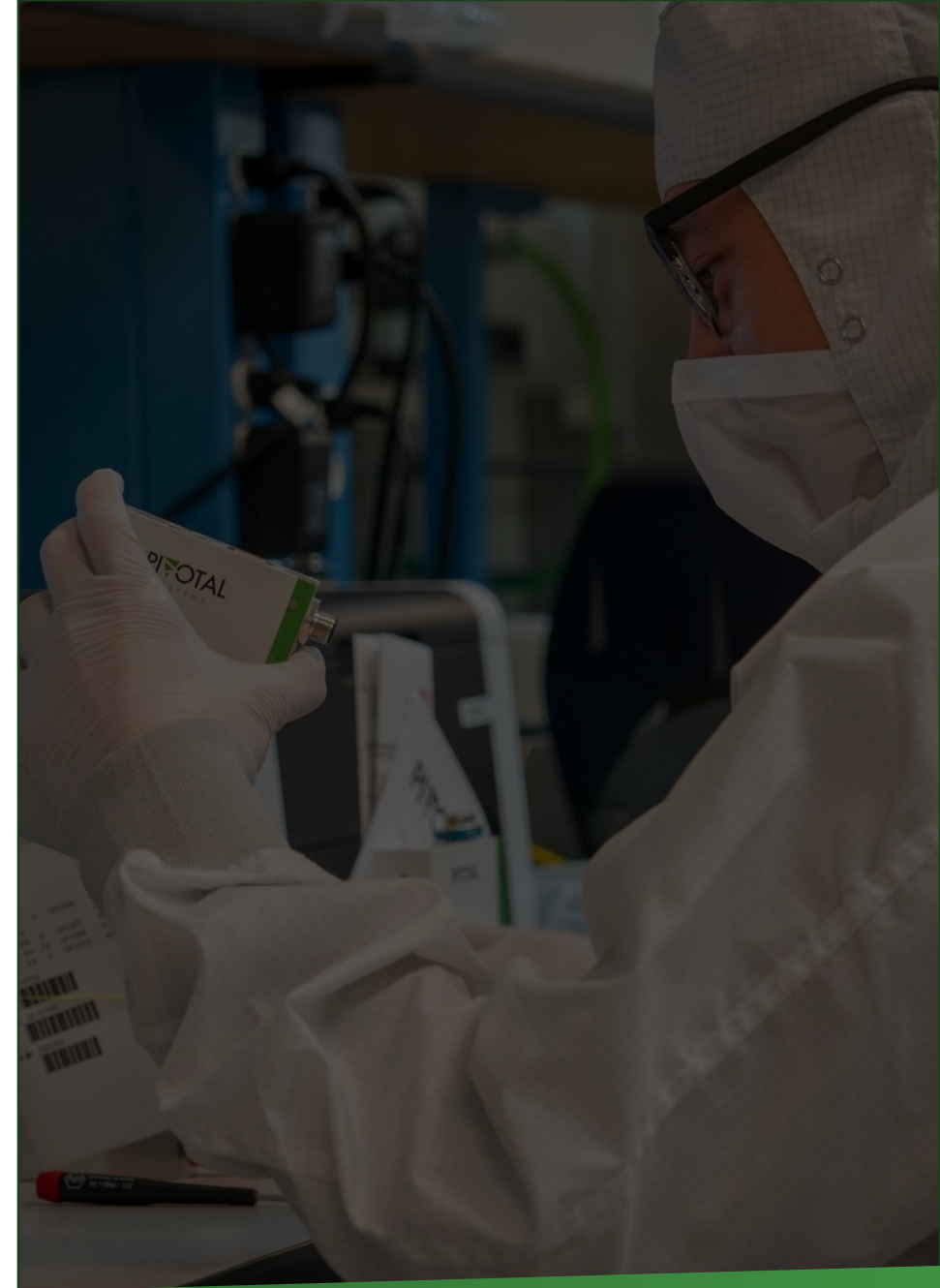
FOR:	3,387,232	100.00%
OPEN:	0	0.00%
AGAINST:	0	0.00%
TOTAL:	3,387,232	100.00%
ABSTAIN:	1,409	



RESOLUTION 4

Issue of Options to Director, Ryan Benton

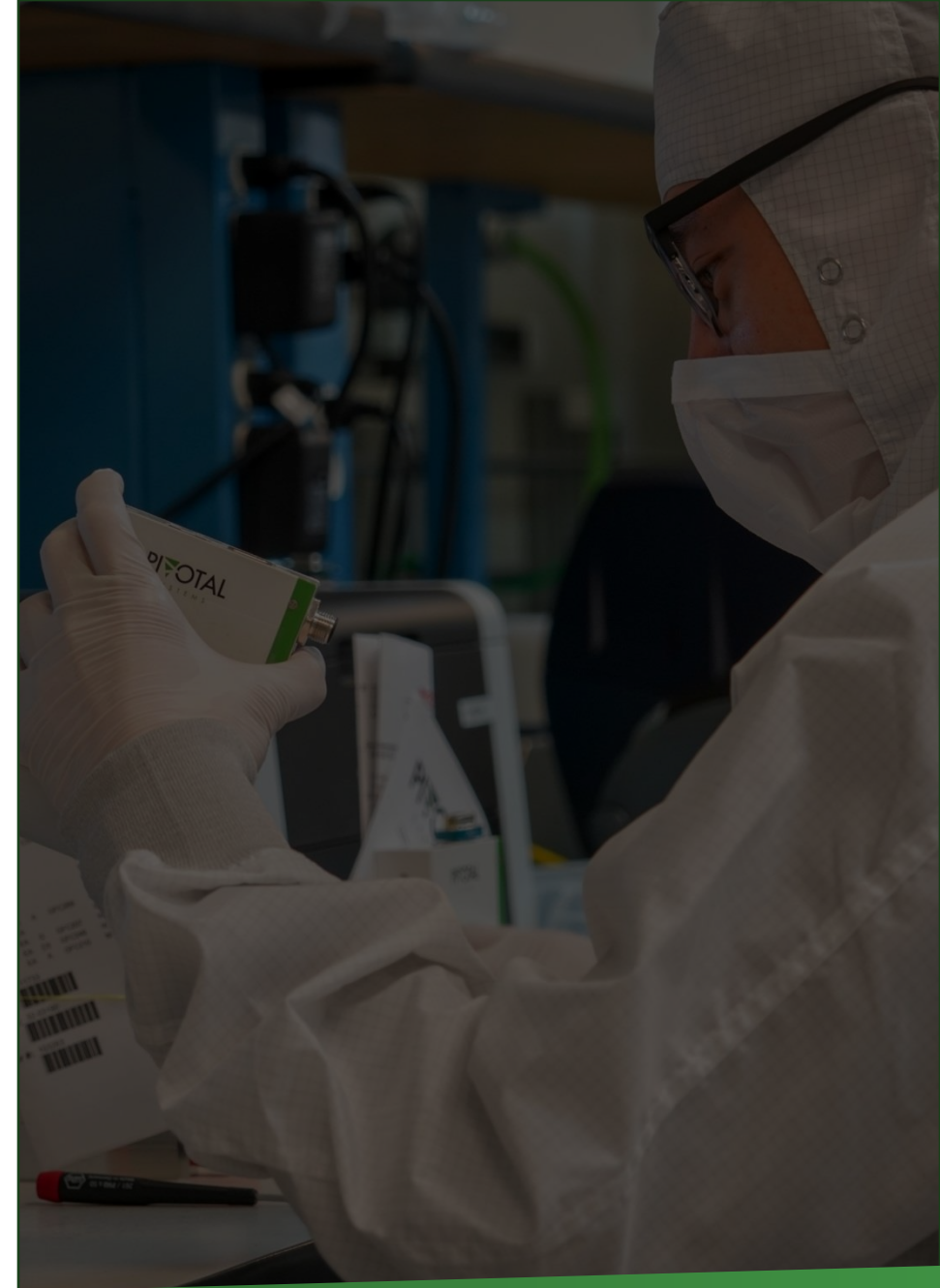
“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the issue of 100,000 unquoted options to acquire fully paid ordinary shares of common stock in the Company to Ryan Benton under the 2012 Equity Incentive Plan on the terms described in the Proxy Statement which forms part of the Notice of Annual Meeting, is approved.”



RESOLUTION 4

Issue of Options to Director, Ryan Benton

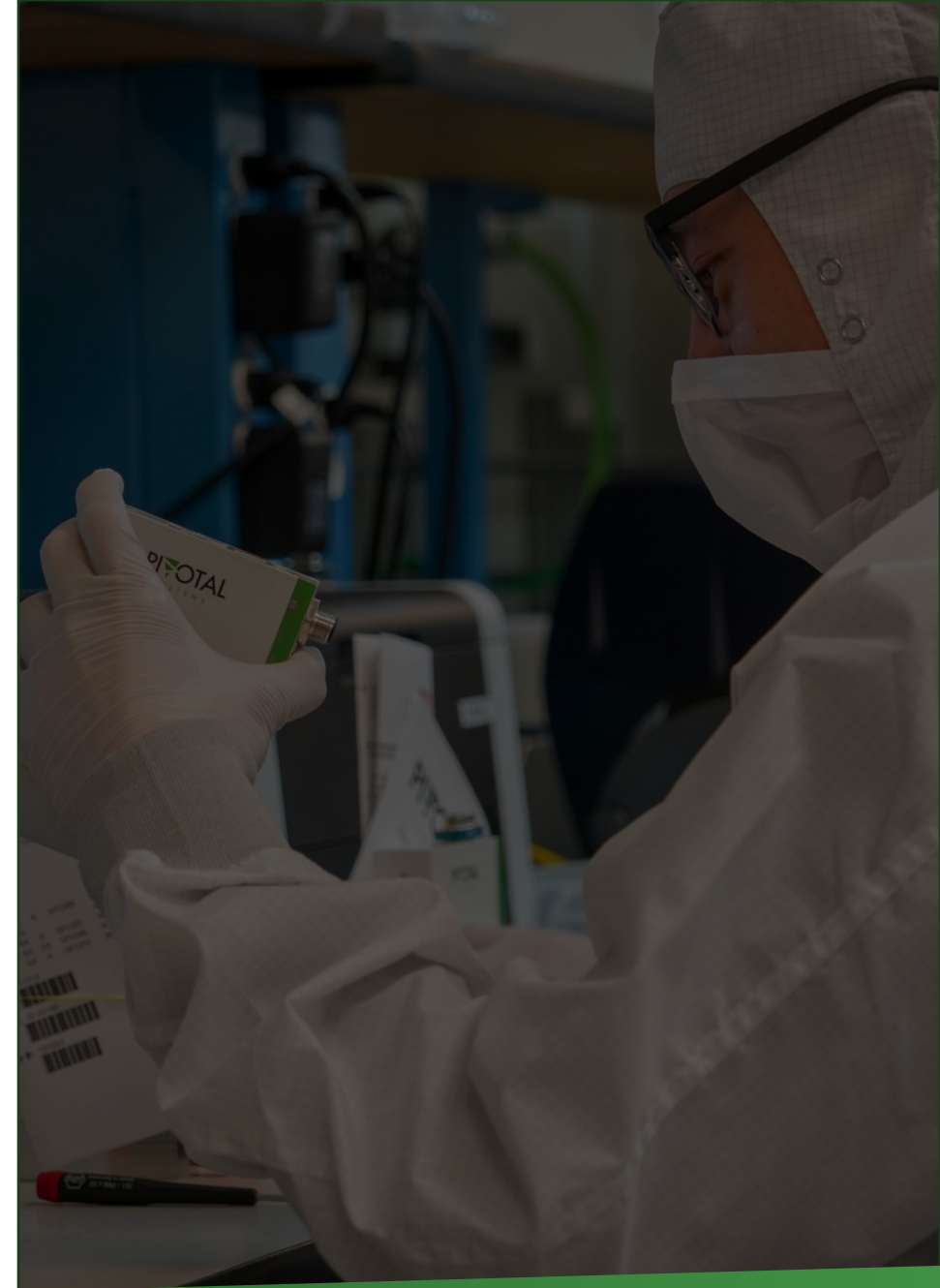
FOR:	45,431,208	100.00%
OPEN:	0	0.00%
AGAINST:	0	0.00%
TOTAL:	45,431,208	100.00%
ABSTAIN:	1,939	



RESOLUTION 5

Issue of Options to Director, Peter McGregor

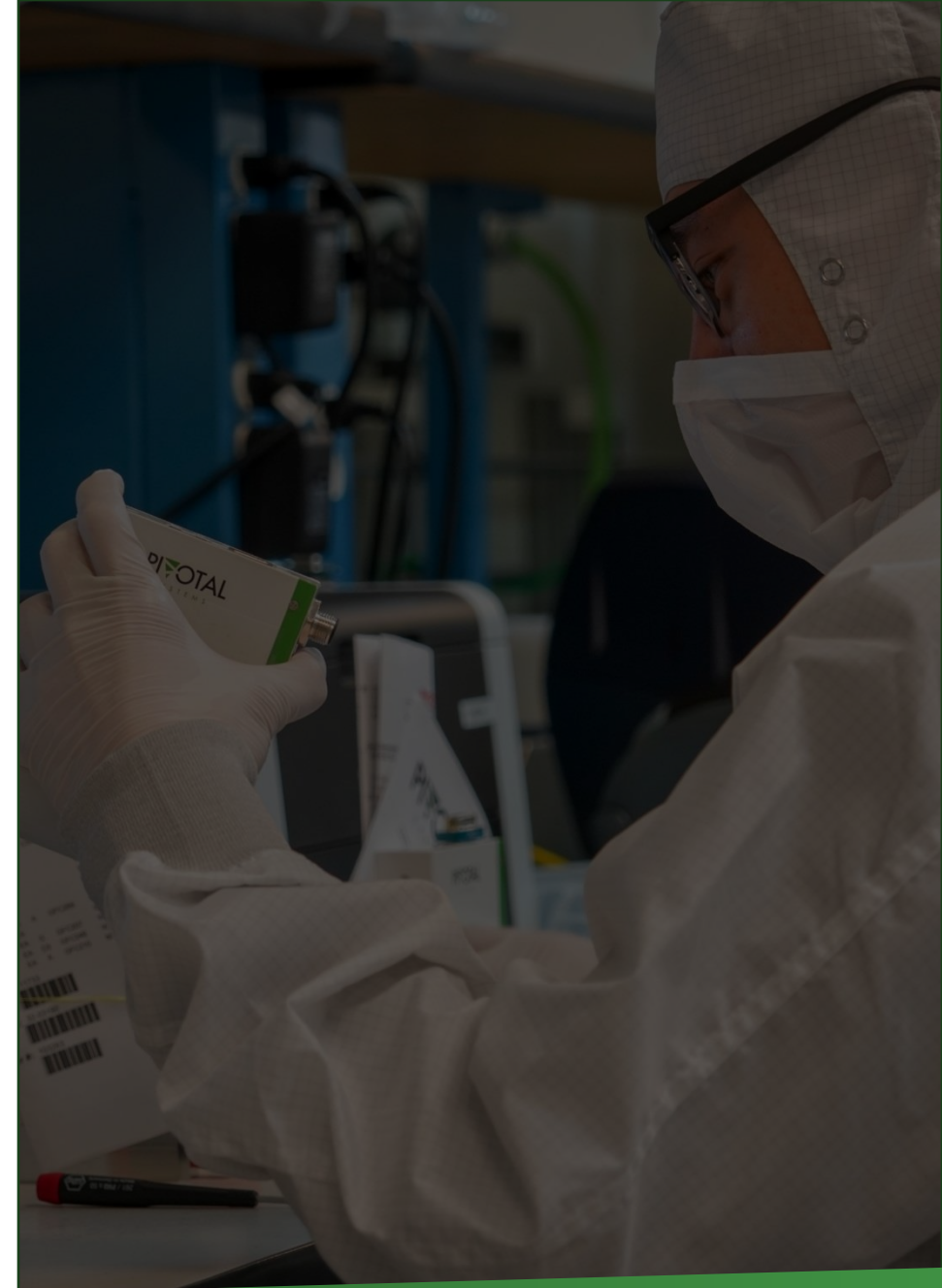
“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the issue of 100,000 options to acquire fully paid ordinary shares of common stock in the Company to Peter McGregor under the 2012 Equity Incentive Plan on the terms described in the Proxy Statement which forms part of the Notice of Annual Meeting, is approved.”



RESOLUTION 5

Issue of Options to Director, Peter McGregor

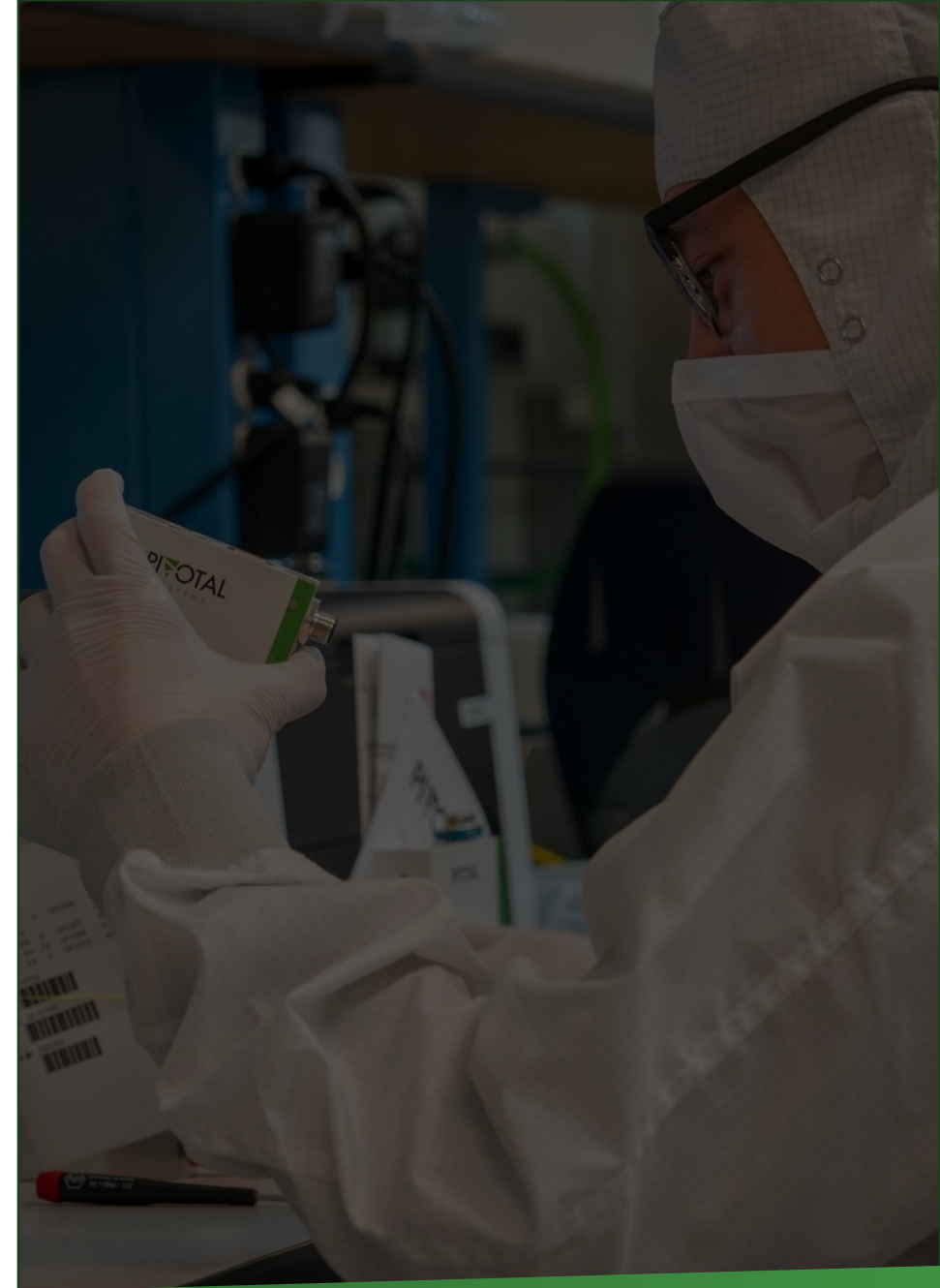
FOR:	45,626,208	100.00%
OPEN:	0	0.00%
AGAINST:	0	0.00%
TOTAL:	45,626,208	100.00%
ABSTAIN:	1,939	



RESOLUTION 6

Approval to Issue Tranche 2 RBI Preferred Stock to Anzu RBI USA LLC

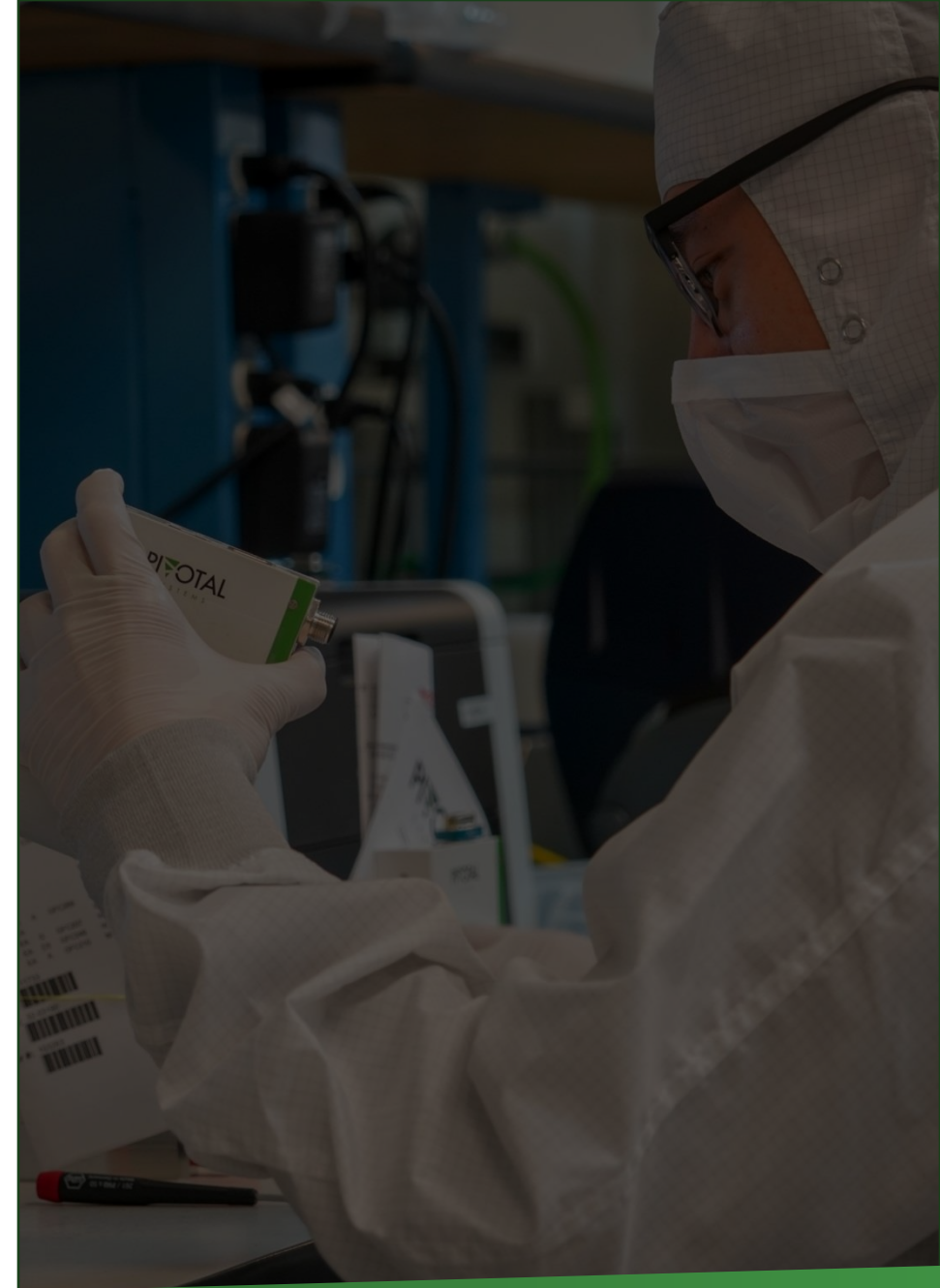
“That for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 3,000 Tranche 2 RBI Preferred Stock to Anzu RBI USA LLC under the RBI Preferred Stock Purchase Agreement, on the terms and conditions described in the Proxy Statement which forms part of the Notice of Annual Meeting.”



RESOLUTION 6

Approval to Issue Tranche 2 RBI Preferred Stock to Anzu RBI USA LLC

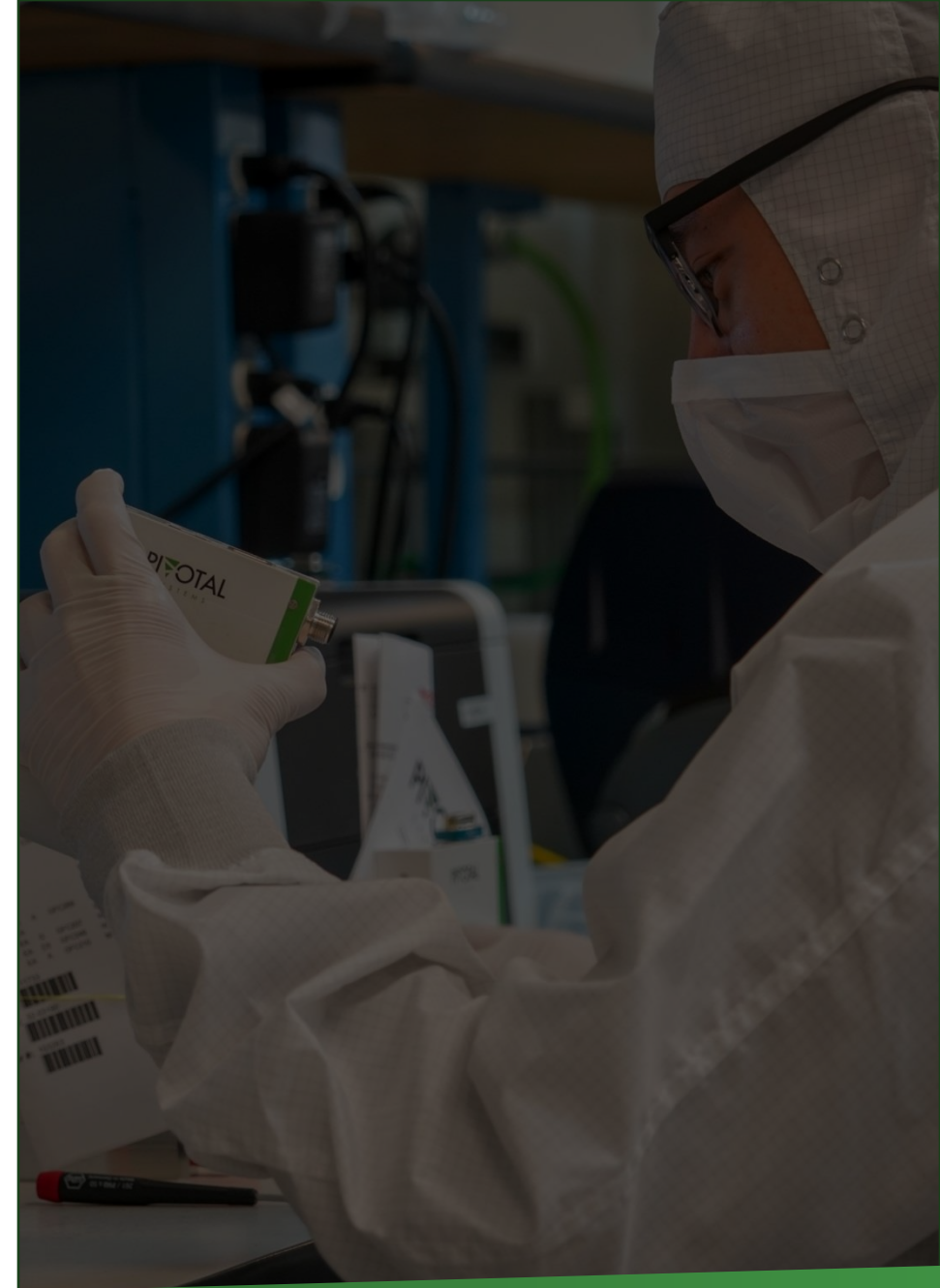
FOR:	45,626,208	100.00%
OPEN:	0	0.00%
AGAINST:	0	0.00%
TOTAL:	45,626,208	100.00%
ABSTAIN:	1,939	



RESOLUTION 7

Ratification of Institutional Placement under Listing Rule 7.4

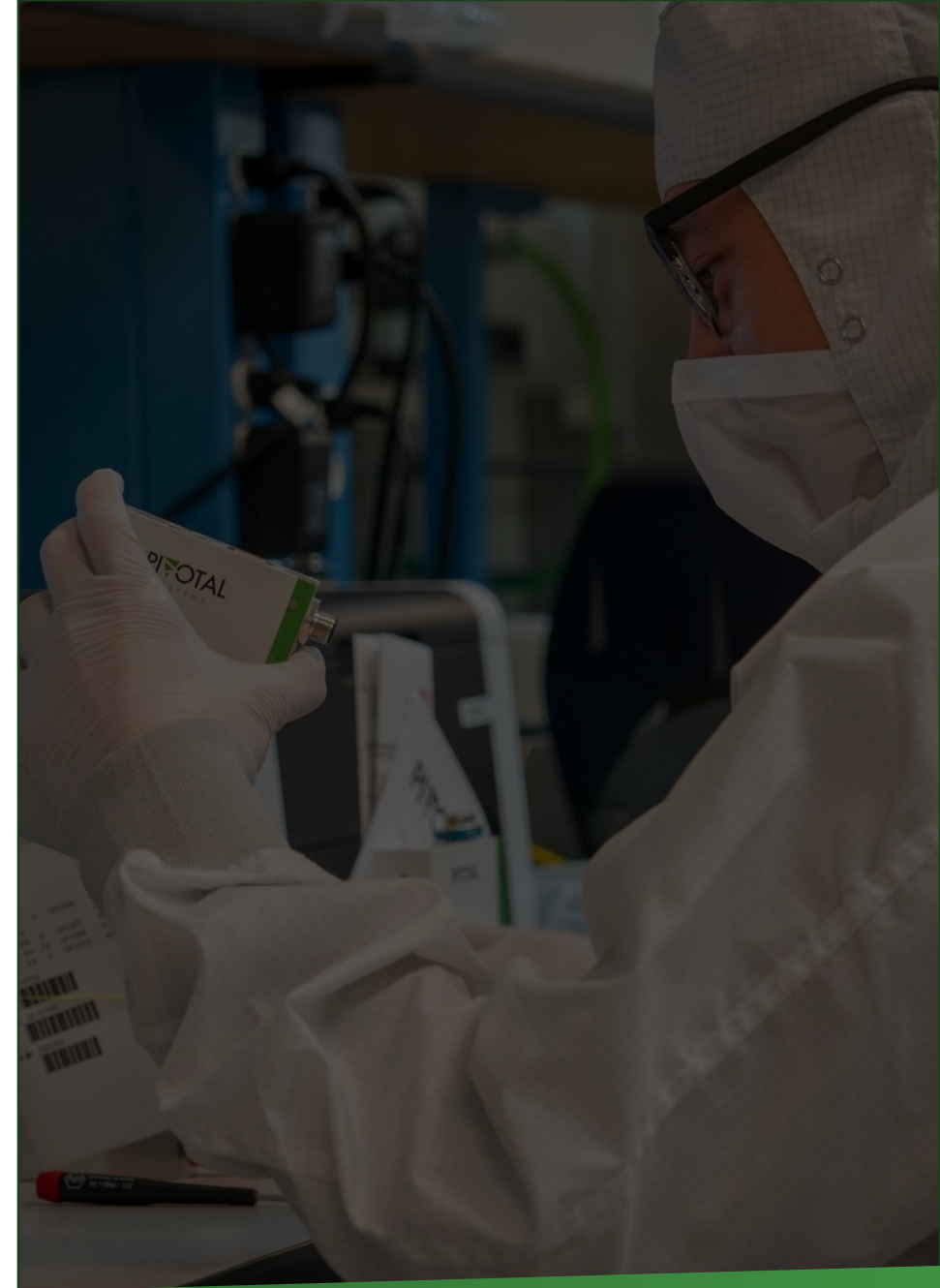
"That for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the previous issue by the Company of 6,124,786 CHESS Depositary Interests ("Placement CDIs") on 23 December 2020 to Viburnum Funds Pty Ltd ACN 126 348 990 as the investment manager for various accounts ("Viburnum") on the terms and conditions described in the Proxy Statement which forms part of the Notice of Annual Meeting."



RESOLUTION 7

Ratification of Institutional Placement under Listing Rule 7.4

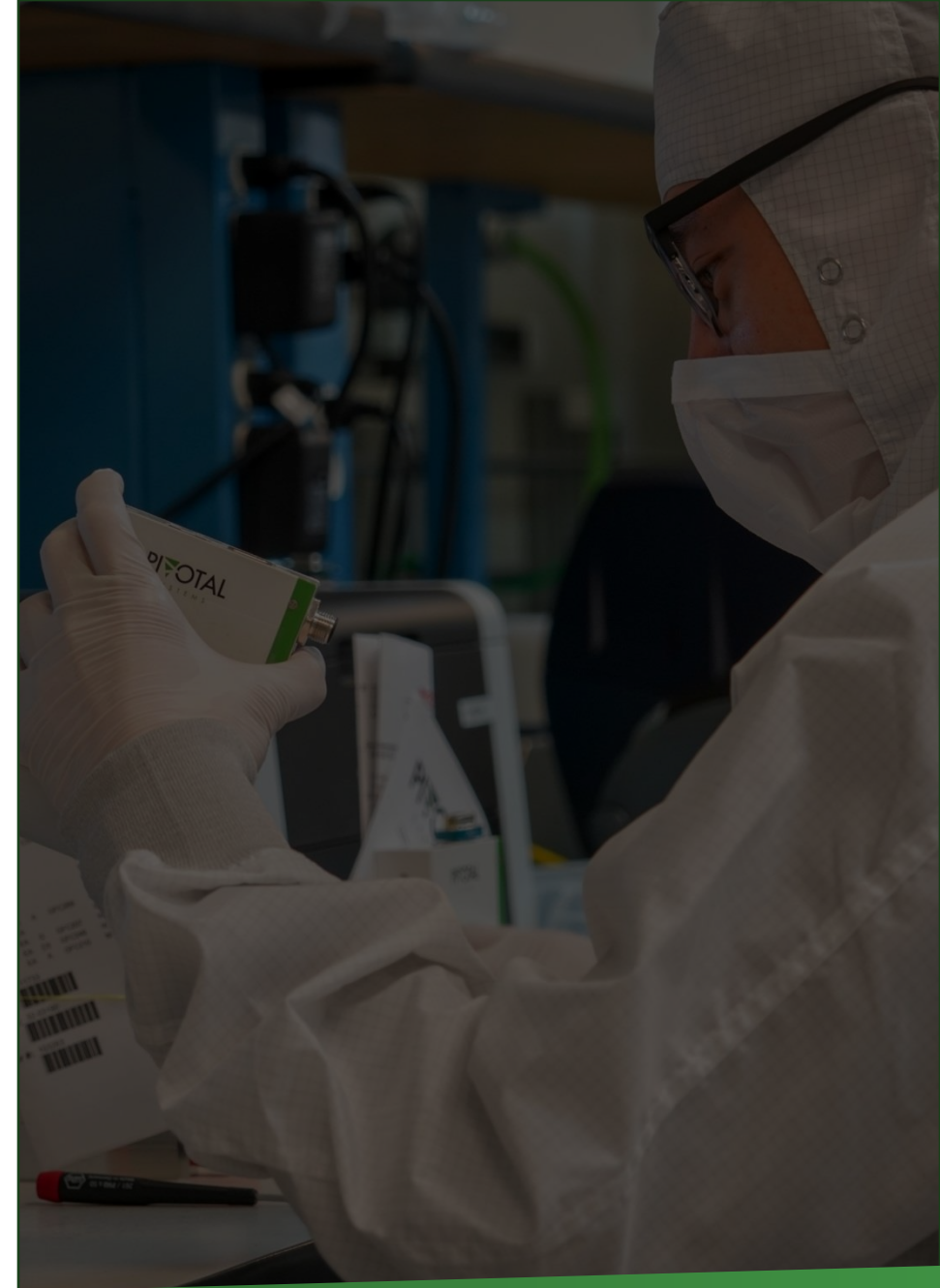
FOR:	45,626,208	100.00%
OPEN:	0	0.00%
AGAINST:	0	0.00%
TOTAL:	45,626,208	100.00%
ABSTAIN:	1,939	



RESOLUTION 8

Approval of 2012 Equity Incentive Plan

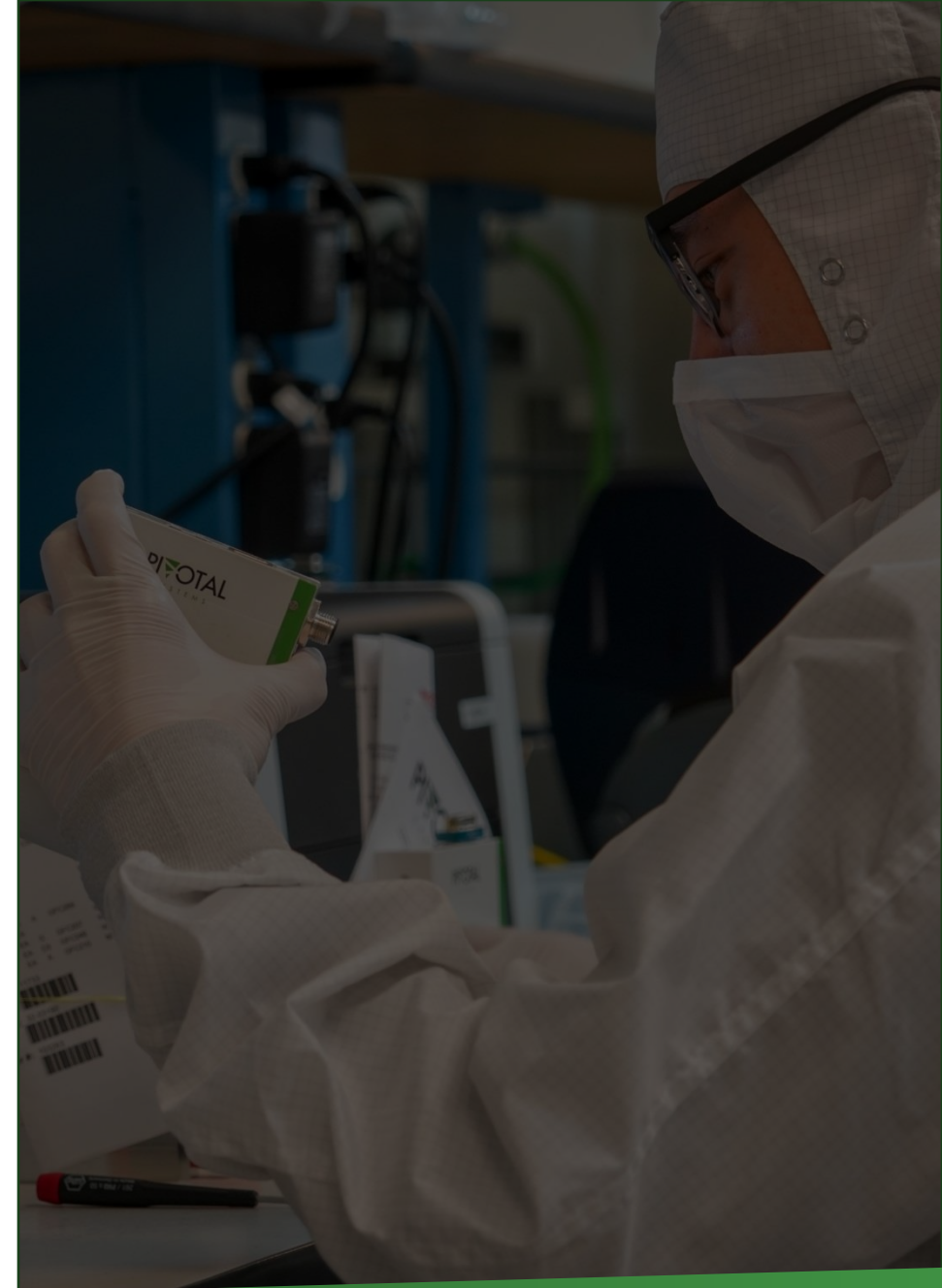
“That, for the purposes of ASX Listing Rule 7.2, exception 13 and all other purposes, the Pivotal Systems Corporation 2012 Equity Incentive Plan, as amended and described in the Proxy Statement accompanying and forming part of this Notice of Annual Meeting and the issue of securities under the Pivotal Systems Corporation 2012 Equity Incentive Plan (as amended) be approved.”



RESOLUTION 8

Approval of 2012 Equity Incentive Plan

FOR:	43,985,525	100.00%
OPEN:	0	0.00%
AGAINST:	1,409	0.00%
TOTAL:	43,989,934	100.00%
ABSTAIN:	530	





IMPORTANT

**Please complete your poll voting – polls
will remain open until 5 minutes after the
close of the Meeting**



Questions



PIVOTAL

S Y S T E M S

CONTACT US

Pivotal Systems

48389 Fremont Blvd. #100
Fremont, CA 94538, USA
+1 (510) 770-9125

www.pivotalsys.com/

INVESTORS

Dr Tom Duthy

Nemean Group
tduthy@pivotalsys.com
+61 (0) 402 493 727