

BUSINESS UPDATE / EQUITY RAISING INVESTOR PRESENTATION

3 February 2022

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Pivotal uses certain measures to manage and report on its business that are not recognised under Australian Accounting Standards, IFRS or

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Although Pivotal believes that these measures provide useful information about the financial performance of Pivotal, they should be considered as supplements to the income statement measures that have been presented in accordance with the Australian Accounting Standards and IFRS and in relation to FY21 in accordance with US GAAP and not as a replacement for them.

#### Financial data

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#### Korea

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**New Zealand** 

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**United Kingdom** 

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## **Executive Summary**

### FINANCIALS1

- Financial reporting standards changed from AASB/IFRS to U.S. GAAP from FY2021
- Record unaudited FY2021 revenue of **US\$29.2m**, **34.4%** increase on pcp³ (FY2020: US\$21.8m) driven by strong demand from existing Original Equipment Manufacturer (OEM) and Integrated Device Manufacturer (IDM) customers
- Record unaudited FY2021 New orders of US\$33.4m, 57% increase on pcp (FY2020: US\$21.2m) driven by strong demand from OEM and IDM customers
- Pivotal has now shown 7 quarters of consecutive revenue growth<sup>2</sup>
- Full year FY2021 unaudited gross margins expanded significantly to 31.3%, up from 1.6% in the pcp<sup>3</sup>
- Pivotal projects FY2022 Revenues of US\$34m-US\$40m

#### **BUSINESS UPDATE**

- Successful completion of Non-Recurring Engineering (NRE) agreement with leading Japanese Original Equipment Manufacturer (OEM) for next generation Atomic Layer Deposition (ALD) product
- Successfully integrated and installed GFCs on a tool at South 8 Technologies, Inc., in the reported period, following the Memorandum of Understanding (MOU) signed in Q3 2021
- Current Chief Operating Officer (COO) Kevin Hill to be appointed as Chief Executive Officer (CEO) from 1 June and will also be appointed to the Board
- John Hoffman will remain in existing role as Executive Chairman. Joe Monkowski will not seek re-election as a director at the forthcoming AGM but will continue in his role as President and Chief Technology Officer

### **EQUITY RAISING**

- 1 for 4.24 pro-rata accelerated non-renounceable entitlement offer to raise approximately A\$14.8m (US\$10.5m<sup>4</sup>) at A\$0.49 (US\$0.35<sup>4</sup>) per New CDI (Equity Raising)
- · Will comprise an accelerated Institutional Entitlement Offer and a Retail Entitlement Offer to eligible shareholders
- Proceeds from the equity raising will be used to accelerate Pivotal's growth initiatives, provide incremental working capital for general corporate purposes and cover the costs of the offer
- Major shareholders Anzu Partners and Viburnum Funds have committed to take up their full pro-rata entitlement of **A\$4.4m** (US\$3.2m<sup>4</sup>). The balance of **A\$10.4m** (US\$7.4m<sup>4</sup>) is underwritten by MA Moelis and will be sub-underwritten by investors including Anzu Partners and Viburnum Funds
- Directors and senior management including John Hoffman and Joseph Monkowski have committed to participate for A\$0.3m of their entitlements
- 1 Pivotal's FY2021 results referred to in this presentation are preliminary and unaudited. Pivotal will release its full year CY2021 results to the market on 28 February 2021. All figures presented are under U.S. GAAP except where expressly noted otherwise
  2 Based on International Financial Reporting Standards ("IFRS"). The Company is moving from IFRS to US GAAP reporting from FY2021
- 3 On a U.S. GAAP basis. See page 10 for an unaudited comparison of the result under both IFRS and U.S. GAAP with associated commentary
- 4 AUD/USD of 0.71 as at 2 February 2022



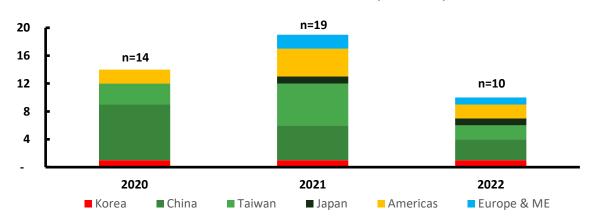


## Sector update

### **INDUSTRY UPDATE**

- SEMI expects global fab equipment spending for front end facilities to rise 10% YoY in 2022 to a new all-time high of over US\$98bn, marking a third consecutive year of growth (+17% and +39% in 2020/21 respectively)
- Investments in the digital infrastructure buildout and secular trends across multiple end markets are expected to continue to fuel the healthy sector growth in 2022
- The foundry sector is expected to account for 46% of total spending in 2022, a 13% YOY increase, followed by memory at 37%, a slight dip from 2021
- 19 new fabrication (Fab) plants commenced construction in 2021, with a further 10 planned in 2022 with 2-4 years to reach full capacity

### **NEW FABS STARTING CONSTRUCTION (2020-2022)**<sup>1</sup>



1 World Fab Forecast Report, 2Q21 Update, Published by SEMI

### **SUPPLY CHAIN**

- Pivotal continues to experience semiconductor chips supply shortages. This bottleneck is global in nature and has impacted several different industries, including the Wafer Fab Equipment (WFE) market
- However, Pivotal's team once again successfully navigated these constraints in Q4 FY2021 to deliver another quarter of growth
- Importantly, based on numerous supplier discussions, the supply of chips is anticipated to improve in FY2022 although near term visibility remains unclear

#### **PIVOTAL OPPORTUNITY**

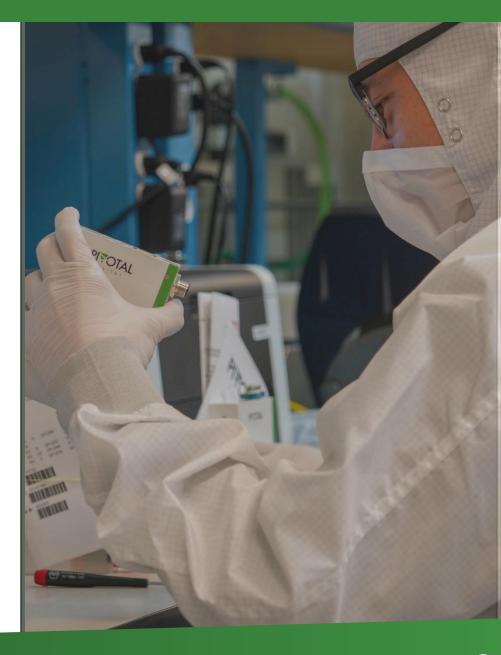
- There is clear positive momentum in the industry evidenced by the existing semiconductor chip shortage and resulting development capex (i.e., new Fabs) being spent to expand capacity
- While Pivotal (alongside its competitors) is currently impacted by supply chain issues, these shortages have been effectively managed in the past and will continue to be going forward
- Overall, the Company sees strong positive industry tailwinds which provide an opportunity to leverage new growth opportunities in the semiconductor industry



# Operational update

# OPERATIONAL UPDATE FOR Q4 FY2021

- Successfully completed NRE agreement with leading Japanese OEM for next generation Atomic Layer Deposition (ALD) product
  - Pivotal has now fulfilled all the OEM's requirements by having exclusively developed a next generation gas flow control product for incorporation into their semiconductor production equipment in ALD
- Successfully integrated and installed GFCs on a tool at South 8 Technologies, Inc. following the Memorandum of Understanding (MOU) signed in Q3 2021
- Orders for advanced GFCs for operation at temperatures up to 70C that do not require remote electronics were shipped during Q4 with immediate application in challenging high temperature gas applications
- The Company's China and Korea based Contract Manufacturers (CMs) continue to operate at a capacity of 4,000 units per month based on a 5-day, 2 shift production, enabling Pivotal the ability to effectively react to supply chain disruptions
- During Q4 2021, the Company continued to experience supply shortages, particularly attributable to semiconductor chips utilized in the manufacture of printed circuit boards used in Pivotal GFCs.
  - The Company expects that impacts from supply shortages may impact delivery of some customer orders in 1H FY22 before moderating in H2 FY22



# Board & Management update

• The Board is pleased to announce that current Chief Operating Officer (COO) Kevin Hill will be appointed as Chief Executive Offer (CEO) and Executive Director, effective 1 June 2022

 Kevin is a highly qualified executive with over 25 years of global high technology management and leadership experience at Apple, Applied Materials, IBM, Flextronics and Collins Aerospace

• John Hoffman will remain in his current role as Executive Chairman and will continue to oversee the operational and growth strategy of the Company until his retirement from the Company on 31 December 2022

• Joe Monkowski has confirmed that he does not intend to seek re-election as a director at the forthcoming AGM but will continue in his role as President and Chief Technology Officer (CTO)

• The Board also intends to conduct a broader review of its composition and skills to support its future growth plans

• As previously announced, Jason Korman was appointed as a Non-Executive Director (as representative of major shareholder Viburnum Funds) in December 2021

 Cameron Worsham, who recently joined Pivotal Systems from Lam Research will be appointed at Head of Worldwide Operations

#### **CREDENTIALS**



Kevin Hill
Current
Chief Operating Officer

- >25 years of global high technology management experience
- Apple New Product Operations, and leadership roles at Applied Materials, IBM, Flextronics, and Collins Aerospace
- B.S., United States Military Academy at West Point, MSBA Boston University, and Certified Product Manager







John Hoffman
Current
Chief Executive Officer

- >30 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







## Financial update

### UNAUDITED FINANCIAL UPDATE FOR YEAR ENDING 31 DEC 20211

- Despite global supply shortages impacting the Wafer Fab Equipment (WFE) market, management was able to successfully navigate these constraints and achieve strong Q4 2021 unaudited sales of US\$7.9m, up 38% vs. pcp
- Record unaudited full year new orders of US\$33.4m for FY2021. Represents 57% new order growth YoY
- Pivotal expects to record unaudited full year revenue of US\$29.2m, a 34.4% increase on the prior period<sup>3</sup> (FY2020: US\$21.8m) driven by strong demand from existing OEM and IDM customers
- Pivotal has now shown 7 quarters of consecutive revenue growth<sup>2</sup>
- Full year FY2021 unaudited gross margins are expected to expand significantly to **31.3%**, up from 1.6% in the prior corresponding period (pcp)<sup>3</sup>
- Backlog (confirmed orders not yet shipped) as at 31 December 2021 was **US\$3.9m** versus US\$2.6m at 30 September 2021, driven by strong quarterly bookings
- As announced on 23 December, reporting standards have been changed from AASB/IFRS to U.S. GAAP from FY2021

### **KEY FY2021 FINANCIALS (UNAUDITED)**<sup>1</sup>

Revenue: US\$29.2m FY2020: US\$21.8m Gross Margin: 31.3%

FY2020: 1.6%

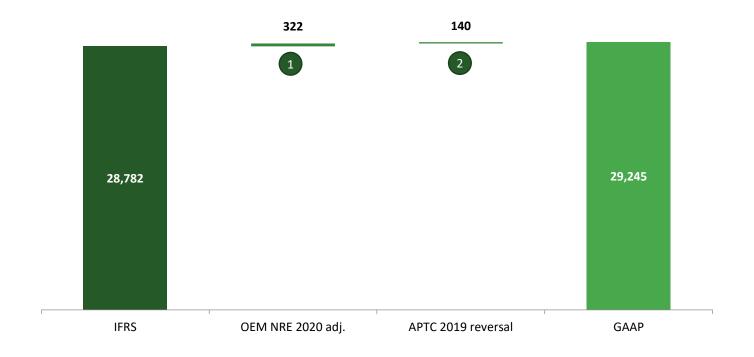
New Orders: US\$33.4m FY2020: US\$21.2m Backlog: US\$3.9m Sep-21: US\$2.6m

- Pivotal's FY2021 results referred to in this presentation are preliminary and unaudited. Pivotal will release its full year CY2021 results to the market on 28 February 2021
- 2 Based on International Financial Reporting Standards ("IFRS"). The Company is moving from IFRS to US GAAP reporting from FY2021
- 3 On a U.S. GAAP basis. See page 10 for an unaudited comparison of the result under both IFRS and U.S. GAAP with associated commentary



# IFRS to U.S. GAAP bridge

### UNAUDITED IFRS TO U.S. GAAP REVENUE FOR YEAR ENDING 31 DEC 2021<sup>1</sup>



### **COMMENTARY**

- Contract Non-Recurring Engineering (NRE) revenue for leading Japanese OEM re-allocated from Dec-20 to Jan-21
- Adaptive Plasma Technology (APTC) revenue write-off in FY2021 reallocated to original FY2019 sales date

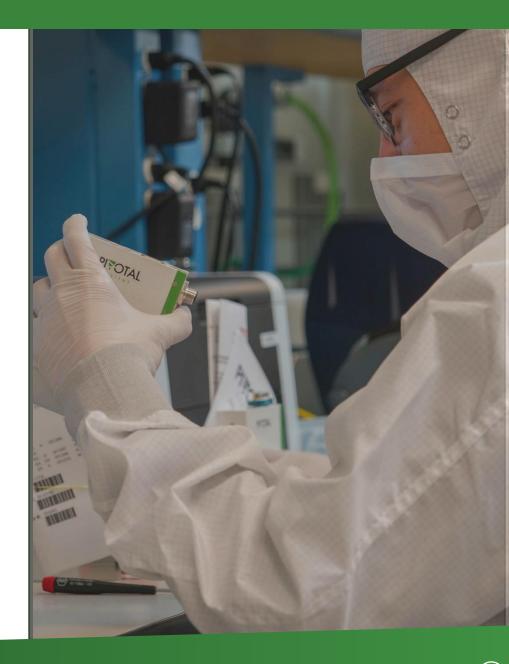
<sup>1</sup> Pivotal's FY2021 results referred to in this presentation are preliminary and unaudited. Pivotal will release its full year CY2021 results to the market on 28 February 2021



## 2022 Outlook

CONTINUED STRONG
PRODUCT DEMAND
DESPITE ONGOING
SUPPLY CHAIN
UNCERTAINTY

- In FY2021, Pivotal delivered a second record year of revenue and new orders growth, despite component supply constraints that persisted for much of the year – a direct result of the overall strength in fab equipment spending globally which is expected to continue in FY2022 (+10% YoY)
- However, Pivotal expects to continue experiencing semiconductor chips supply shortages in the near-term, with constraints constantly being effectively managed
- Pivotal projects FY2022 Revenues of US\$34m-US\$40m
- Pivotal continues to explore the option of a Nasdaq listing





# Equity raising summary

Equity Raising Structure	<ul> <li>1 for 4.24 pro-rata accelerated non-renounceable entitlement offer to raise approximately A\$14.8m (US\$10.5m³) (Equity Raising)</li> <li>Equity Raising will comprise an accelerated Institutional Entitlement Offer and a Retail Entitlement Offer (together, the Entitlement Offer)</li> </ul>
Pricing	<ul> <li>The Equity Raising will be conducted at A\$0.49 (US\$0.35³) per New CDI (Offer Price), representing a:</li> <li>25.2% discount to the last traded price of A\$0.66 on Monday, 31 January 2022</li> <li>31.6% discount to the 5-day VWAP price of A\$0.72¹</li> <li>21.4% discount to TERP of A\$0.62²</li> </ul>
Use of Proceeds	<ul> <li>Proceeds from the equity raising will be used to accelerate Pivotal's growth initiatives, provide incremental working capital for general corporate purposes and cover the costs of the offer</li> </ul>
Retail Entitlement Offer	<ul> <li>The Retail Entitlement Offer will open on Thursday, 10 February 2022 and close on Monday, 21 February 2022</li> <li>Eligible existing retail CDI holders have the opportunity to apply for additional New CDIs up to 100% of their entitlement under a "Top-up Facility" (subject to scale back at the Company's discretion)</li> </ul>
Ranking	• Each New CDI issued under the Equity Raising will rank equally with existing fully paid ordinary CDIs on issue
Underwriting	• Major shareholders Anzu Partners, and Viburnum Funds have committed to take up their full pro-rata entitlement of <b>A\$4.4m</b> (US\$3.2m <sup>4</sup> ). The balance of <b>A\$10.4m</b> (US\$7.4m <sup>4</sup> ) is underwritten by MA Moelis Australia and will be sub-underwritten by existing investors including Anzu Partners and Viburnum Funds
Director Participation	• Directors and senior management including John Hoffman and Joseph Monkowski have committed to participate for A\$0.3m of their entitlements

<sup>5-</sup>day Volume Weighted Average Price (VWAP) to 31 January 2022

<sup>3</sup> AUD/USD of 0.71 as at 2 February 2022

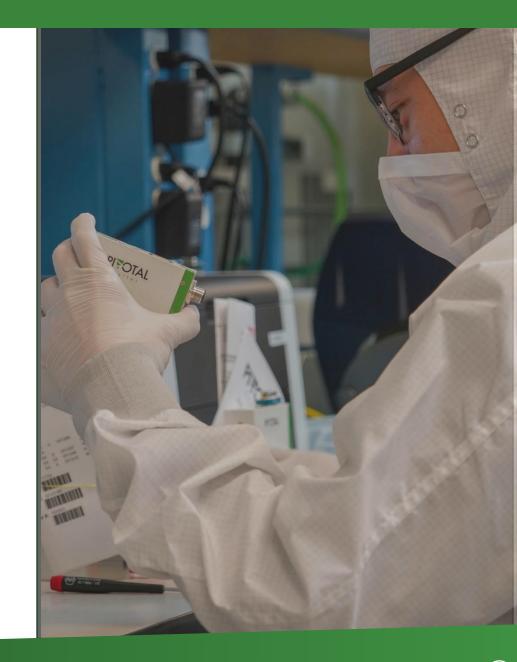


TERP means the 'theoretical ex-rights price' at which PVS CDIs should trade immediately after the ex-date of the Equity Raising. TERP is a theoretical calculation only and the actual price at which PVS's CDIs trade at that time will depend on many factors and may not be equal to the TERP

# Proposed use of funds

Sources of proceeds	A\$m	US\$m¹	%
Equity Raising proceeds	14.8	10.5	100%
Total sources of proceeds	14.8	10.5	100%

Uses of proceeds	A\$m	US\$m¹	%
Working capital (principally inventory) to support expected strong growth in the WFE market through 2022/23	11.3	8.0	76%
Capital Expenditures relating to additional tooling required to support the manufacture of next generation GFCs for OEM customers	1.4	1.0	10%
Business Development initiatives designed to accelerate existing NRE agreements with existing OEMs and new NRE	1.4	1.0	10%
Costs of the offer	0.7	0.5	5%
Total use of proceeds	14.8	10.5	100%



1 AUD/USD of 0.71 as at 2 February 2022



# Equity raising timetable

Key event	Date 2022
Announcement of the Entitlement Offer	Thursday, 3 February
Institutional Entitlement Offer opens	Thursday, 3 February
Institutional Entitlement Offer closes	Thursday, 3 February
Announcement of results of Institutional Entitlement Offer	Monday, 7 February
Trading halt lifted and trading re-commences on an ex-entitlement basis	Monday, 7 February
Record date for determining entitlement to subscribe for New CDIs	7:00pm Monday, 7 February
Retail Entitlement Offer opens and retail offer booklet despatched	Thursday, 10 February
Settlement of New CDIs issued under the Institutional Entitlement Offer	Monday, 14 February
Allotment and trading of New CDIs issued under the Institutional Entitlement Offer	Tuesday 15 February
Retail Entitlement Offer closes	Monday, 21 February
Settlement of New CDIs issued under the Retail Entitlement Offer	Friday, 25 February
Announcement of results of Retail Entitlement Offer	Monday, 28 February
Allotment and trading of New CDIs issued under the Retail Entitlement Offer	Monday, 28 February
Expected despatch of holding statements for New CDIs issued under the Retail Entitlement Offer	Tuesday, 1 March

<sup>1</sup> All dates and times are indicative only and subject to change. Unless otherwise specified, all times refer to AEDT.





# Thank You

### **CONTACT US**

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### **INVESTORS**

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### Key risks – Specific risks of an Investment in Pivotal

This section sets out some of the key risks associated with any investment in Pivotal, which may affect the value of Pivotal CDIs. The risks set out below are not listed in order of importance and do not constitute an exhaustive list of all risks involved with an investment in Pivotal. Before investing in PVS, you should be aware that an investment in Pivotal has a number of risks, which are specific to PVS and some of which relate to listed securities generally, and some of which are beyond the control of Pivotal.

Before investing in Pivotal CDIs, you should consider whether the investment is suitable for you. Potential investors should consider publicly available information on Pivotal (such as that available on the websites of Pivotal and ASX), carefully consider their personal circumstances and consult their stockbroker, solicitor, accountant or other professional adviser before making an investment decision.

Specific risks of an investment in F	Specific risks of an investment in PVS	
Lack of formal customer contracts	Pivotal and end-user customers generally do not enter into formal written contractual purchase commitments but rather end-user customers order products via purchase orders on an ad hoc basis. If a major end-user customer or significant number of Pivotal's end-user customers discontinued purchasing or began to use competing products, sales would decrease significantly. As a result, Pivotal's operating performance may vary from year to year and may fluctuate significantly in the future.	
Supply chain disruption risk	Pivotal relies on certain manufacturers and suppliers to manufacture and supply critical components used in its GFC solutions. A disruption to supply of these components could have a material adverse effect on the Company's ability to generate revenue, or result in increased costs. Supply chain disruptions have been exacerbated in certain circumstances as a result of COVID related disruptions to supply chains.	
Reliance on a small number of key customers to derive majority of revenue	A significant proportion of the Company's net revenue is derived from Applied Materials and Ichor Systems. which is a systems integrator for Applied Materials. Applied Materials and Ichor Systems accounted for approximately 75% and 79% (in aggregate), of Pivotal's net revenue for the years ended 31 December 2019 and 2020 respectively, and approximately 74% of Pivotal's net revenue for the year ended 31 December 2021. Pivotal cannot be certain that Applied Materials and Ichor Systems will continue to generate significant revenue in the future or if customer relationships will continue to develop.	
Dependent on capital spending in Semiconductor and Consumer Electronic Industries	Pivotal's business depends upon the capital expenditures of semiconductor device manufacturers, which in turn depends upon the demand for semiconductors. Capital expenditures in consumer electronics can also have a significant impact on the business, financial condition and operating results. The semiconductor and consumer electronics industries have historically experienced cyclical variations in product supply and demand. The timing, severity and duration of these market cycles are difficult to predict, and Pivotal may not be able to respond effectively to these cycles.	



### Key risks – Specific risks of an Investment in Pivotal (cont.)

Specific risks of an investment in PVS		
Limited market with small number of end users	The semiconductor capital equipment market is dominated by a small number of large corporations. The ability to increase the number of end-user customers that purchase Pivotal products is limited by the nature of the semiconductor capital equipment market. As a result, the ability to be profitable and expand business operations is constrained by the nature of the market that can generate demand for Pivotal products.	
Ability to retain existing end- user customers and grow demand from new customers	The ability to grow and generate revenue depends on the ability to maintain and grow relationships with existing end-user customers and to have them increase their usage of our products. The capacity to attract new end-user customers is dependent on many factors including the capability, cost-effectiveness, customer support and value compared to competing products.	
Reliance on OEMs for revenue	Pivotal's primary source of revenue is through sales to semiconductor capital equipment OEMs, including systems integrators, who include our product offerings as a component of their products. As a result, Pivotal's revenues are largely contingent upon a consistent level of demand for OEMs' products as well as a reliance on OEMs to include our products into their future products.	
Loss of invested time and costs due to cancellation or delay of orders	Customers often require substantial time to qualify our flow control products and make purchase decisions. Customers often perform, or require us to perform, extensive configuration, testing and evaluation of our products before committing to purchasing them, which can require significant upfront investment. If we fail to anticipate the likelihood of, or the costs or timing associated with, purchases of our products, or the cancellation or rescheduling of orders for these products, our business and operating results would be adversely impacted.	
Fluctuations in financial performance	Variations in timing of sales can cause significant fluctuations in Pivotal's quarterly sales and financial performance. Our operating results for a particular period may be adversely affected if our end-user customers, particularly our largest end-user customers, cancel or reschedule orders or if we cannot fill orders in time due to capacity constraints or various unexpected delays in manufacturing, testing, shipping etc.	



### Key risks – Specific risks of an Investment in Pivotal (cont.)

Specific risks of an investment in I	tment in PVS	
Protection of intellectual property	The value of Pivotal's products depends on its ability to protect its intellectual property. Pivotal may be unable to detect the unauthorised use of its intellectual property rights in all instances, and actions taken to protect intellectual property may not be adequate or enforceable and actions taken to enforce its intellectual property rights may be costly and time consuming.	
Ability to attract or retain key and highly skilled personnel	Loss of key members of the management team or inability to recruit new personnel with the required technical skills may adversely affect Pivotal's ability to implement its strategies and may also adversely affect the Company's future financial performance.	
Failure to effectively manage growth	If the Company is not able to expand its manufacturing capacity and invest in systems and processes to support the development of the business, it may negatively impact the Company's financial performance.	
Failure to realise benefits from research and development costs	An important element of Pivotal's business strategy is to continue to make investments in innovation and related product opportunities. Pivotal may not, however receive significant revenues from these investments for several years, or may not realise such benefits at all.	
Tariffs and other trade restrictions of foreign jurisdictions	Trade tensions between the United States and China have increased substantially in recent years resulting in significant tariff increases, additional sanctions against specified entities and the broadening of restrictions and licence requirements for specified uses of products. These regulations have resulted in additional tariffs on shipments of Pivotal's products, parts and supplies, loss of business, increased administrative burdens and increased risks of inadvertent violations of US export control and sanctions laws. There can be no assurances that the current regulations and tariffs, or additional ones, will not have a material adverse effect on our business.	
Concentration of shareholding	Prior to this offering, the Company's directors, substantial holders (holders of over 10% of voting stock) and their respective affiliates own (in aggregate) approximately 65% of Pivotal's voting stock and upon closing of this offering, these persons will own (in aggregate) up to approximately 72% of the voting stock. As a result, even after this offering, these stockholders have will (in aggregate) have the ability to influence Pivotal through this ownership position. These stockholders may be able to determine all matters requiring stockholder approval.	
Operational factors	While the Company implements measures and procedures to manage operational risk, the Company's profitability will continue to be subject to a variety of strategic and business decisions (including any future acquisitions and operational risks arising from inadequate or failed internal processes, people and systems, or external events) including workplace safety, business continuity and crisis management, information systems integrity, to name a few.	



### Key risks – General and Equity Raising risks

General and Equity Raising risks	General and Equity Raising risks				
Economic conditions	General economic conditions, introduction of tax reform, new legislations, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.  Deterioration in the general economic conditions, including factors that impact negatively on disposable income of consumers, could affect client expenditure, which may adversely affect the Company's profitability.				
Underwriting Risk	The Company has entered into an underwriting agreement with the Underwriter under which the Underwriter has agreed to partially underwrite the Equity Raising, subject to the terms and conditions of the underwriting agreement (Underwriting Agreement).  Prior to the completion of the Equity Raising, there are certain events which if they were to occur (e.g. market disruptions, defects in the offer documents, material adverse changes experienced by the Company, breaches of the Underwriting Agreement by the Company, etc.), may lead to the Underwriter terminating the Underwriting Agreement.  If the Underwriting Agreement is terminated for any reason, the Company may not receive the full amount of the proceeds expected under the Equity Raising, its financial position might change and it might need to take other steps to raise capital, including by raising additional debt.				
Market Conditions	Share market conditions may affect the value of the Company's CDIs regardless of the Company's operating performance. Share market conditions are affected by many factors such as, general economic outlook, interest rates, inflation rates, exchange rates, changes in investor sentiment toward particular market sectors, to name but a few factors.  The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and industrial stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.				
Liquidity Risk	The Company is a listed entity. Therefore the ability to sell CDIs will be a function of the turnover of the CDIs at the time of sale. Turnover itself is a function of the size of the Company and also the cumulative investment intentions of all current and possible investors in the Company at any one point in time. The Company does not guarantee liquidity of its CDIs. The Company's top 3 shareholders currently represent approximately 63% of its share capital and, if the sub-underwriting were to be taken up in full for the Equity Raising, they would hold 69%. As a result, there may continue to be limited liquidity in the Company's CDIs.				



### Key risks – General and Equity Raising risks (cont.)

General and Equity Raising risks		
Access to equity and debt funding	The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further funding in addition to amounts raised under the Offer. Volatility in the financial markets could have a material adverse effect on the Company's ability to equity or debt fund its business operations or future acquisitions. The Company's ability to raise additional funds will be subject to, among other things, factors beyond the control of the Company and its Directors, including cyclical factors affecting the economy and share markets generally.  If the Company is unable to obtain additional funding as needed, or is unable to do so on acceptable terms, it may be required to reduce the scope of its operations and scale back its growth plans as the case may be.	
Dilution	Current Securityholders who do not participate pro rata in the Offer will have their percentage holding in the Company diluted. Investors may also have their investment diluted by future capital raisings or issues of new equity securities by the Company.  The Company may issue new equity securities in the future to finance acquisitions or pay down debt which may, under certain circumstances, dilute the value of a Securityholder's interest in the Company.	



### Key risks – General and Equity Raising risks (cont.)

General and Equity Raising risks	General and Equity Raising risks		
Taxation changes	There is the potential for major changes to United States tax laws. Any change to the current rates of tax imposed on the Company is likely to affect returns to Securityholders. In addition there may be changes to the rates of tax imposed in overseas jurisdictions in which the Company may operate or tax legislation which generally may affect the Company and its Securityholders.		
Accounting Standards	U.S GAAP Accounting Standards are set by the FASB and are outside the control of the Company. There is a risk that interpretations of existing U.S GAAP Accounting Standards, including those relating to the measurement and recognition of key income statement and balance sheet items, such as revenue and receivables, may differ. Changes to U.S GAAP Accounting Standards issued by the FASB or changes to the commonly held views on the application of those standards could materially adversely affect the financial performance and position reported in the Company's consolidated financial statements.		
Force majeure events	Events may occur within or outside Australia (including the United States) that could impact on the Australian economy, the United States economy, the global economy, the operations of the Company, the price of the CDIs and the Company's ability to pay dividends. The events include but are not limited to acts of terrorism, an outbreak of war or other international hostilities, natural disasters, outbreaks of disease or other natural or manmade events or occurrences that could have an adverse effect on the demand for the Company's services and its ability to conduct its business. The Company has only a limited ability to insure against some of these risks.		
Impact of COVID-19	Pivotal's business and operations are exposed to the effects of COVID-19. COVID 19 poses significant risks of disruption to the business and supply chain, impaired financial performance, as well as potential impacts on the wellbeing of personnel. The long-term impacts of COVID-19 on the general economy, the semiconductor industry and Pivotal are uncertain and the future financial and operational performance of Pivotal may continue to be adversely impacted by adverse impacts from COVID-19.		



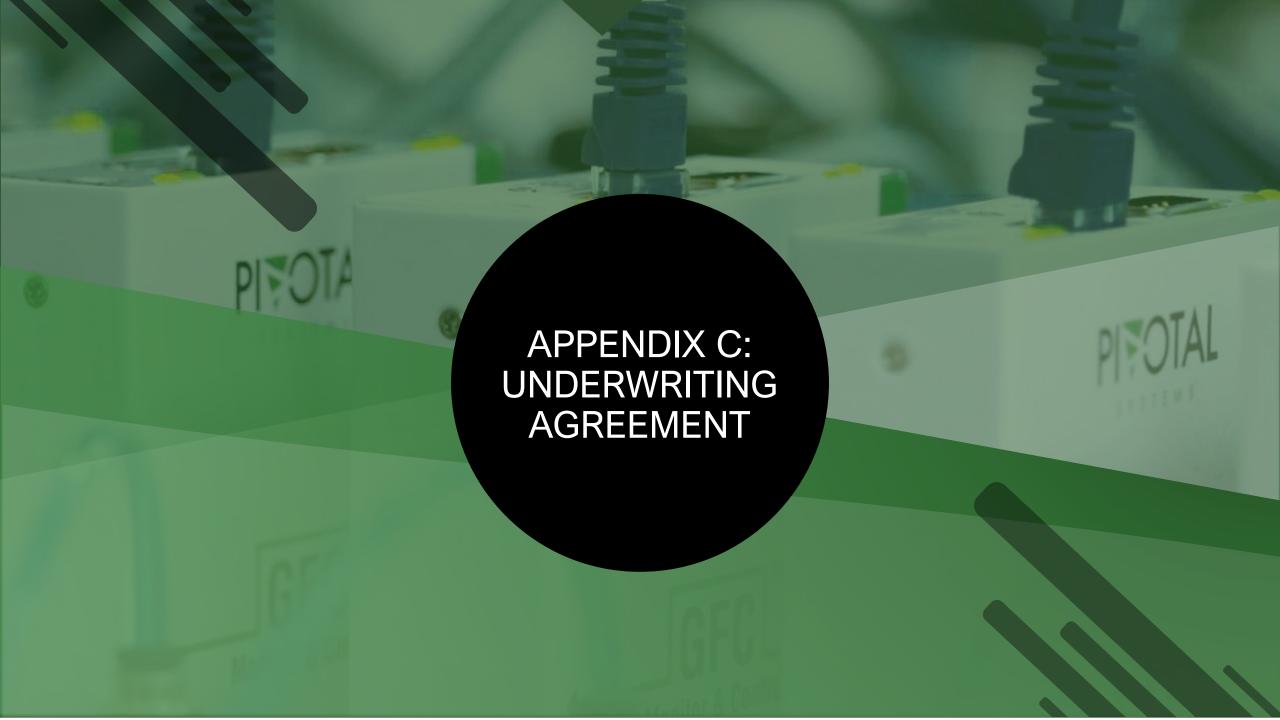


## International Offer Restrictions

This document does not constitute an offer of CDIs of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the CDIs may not be offered or sold, in any country outside Australia except to the extent permitted below

International offer restrictions		
Korea	The Company is not making any representation with respect to the eligibility of any recipients of this document to acquire the CDIs under the laws of Korea, including, without limitation, the Foreign Exchange Transaction Act and regulations thereunder. The CDIs have not been, and will not be, registered under the Financial Investment Services and Capital Markets Act of Korea ("FSCMA") and therefore may not be offered or sold (directly or indirectly) in Korea or to any resident of Korea or to any persons for re-offering or resale in Korea or to any resident of Korea (as defined under the Foreign Exchange Transaction Act of Korea and its enforcement decree), except as permitted under the applicable laws and regulations of Korea.  Accordingly, the CDIs may not be offered or sold in Korea other than to "accredited investors" (as defined in the FSCMA).	
	This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").	
	The CDIs are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021.	
	Other than in the entitlement offer, the CDIs may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:	
New Zealand	• is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;	
	meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;	
	• is large within the meaning of clause 39 of Schedule 1 of the FMC Act;	
	• is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or	
	• is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.	
	Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the CDIs.	
	The CDIs may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" within the meaning of Article 2(e) of the UK Prospectus Regulation. This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.	
United Kingdom	Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the CDIs has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.	
	In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.	





# Underwriting Agreement

Pivotal has entered into an underwriting agreement with the Lead Manager (Agreement) under which the Lead Manager has agreed to partially underwrite the Entitlement Offer up to an amount of A\$10.4m worth of CDIs, on the terms and conditions of the Agreement.

On settlement, the Company will pay the Lead Manager the following fees (a) in relation to the Institutional Entitlement Offer, an underwriting fee equal to 3% of the Institutional Offer Proceeds less proceeds raised from certain existing institutional securityholders taking up their pre-committed entitlements and a management fee equal to A\$0.4m, and (b) in relation to the Retail Entitlement Offer, an underwriting fee equal to 3% of the Retail Offer Proceeds and a management fee equal to 3% of the Retail Offer Proceeds.

The Agreement contains customary representations and warranties and indemnities in favour of the Lead Manager for an agreement of this nature.

The Lead Manager's obligations under the Agreement, including to manage and underwrite the Entitlement Offer, are conditional on certain matters, including Pivotal delivering certain shortfall certificates, reports, sign-offs and opinions and meeting timetable requirements. Further, if certain events occur, some of which are beyond the control of Pivotal, the Lead Manager may terminate the Agreement. Termination of the Agreement would have a materially adverse impact on the total amount of proceeds that could be raised under the Entitlement Offer.

Capitalised terms in this summary have the meaning given to them in the Agreement unless otherwise defined in this Presentation.

The Lead Manager may terminate its obligations under the Agreement if certain events, including but not limited to any of the following events, occur prior to the relevant settlement dates for the Entitlement Offer by giving notice to the Company where:

Termination events – Non-qualified				
Index Fall- Institutional Settlement Date	As at the close of the trading date prior to the Institutional Settlement Date, the S&P/ASX 300 Index is 10% or more below its level as at the close of trading on the Business Day immediately preceding the date of this Agreement			
Index Fall – Retail Settlement Date	Prior to the Retail Settlement Date, the S&P/ASX 300 Index falls by 10% or more below its level as at the close of trading on the Business Day immediately preceding the date of this Agreement and remains at or below that level for at least two consecutive Business Days or closes at that level on the Business Day immediately prior to the Retail Settlement Date.			
Cleansing Notice	The Cleansing Notice becomes defective within the meaning of the Corporations Act.			
ASX Admission	ASX announces that the Company's securities will be delisted, removed from quotation, withdrawn from admission to trading status or suspended from quotation.			
Quotation approvals and conditional trading	ASX does not agree to grant official quotation of the Offer CDIs or grants conditional quotation based on conditions unacceptable the Company and the Lead Manager.			
Withdrawal	The Company withdraws the Offer or indicates that it does not intend to or is unable to proceed with the Offer.			
Unable to allot and issue Offer Securities	The Company is, or becomes, unable to issue or allot the Offer CDIs.			
Insolvency	The Company becomes Insolvent or there is an act or omission which will or is likely to result in the Issuer becoming Insolvent.			
Termination events – subject to the event having a material adverse effect on the Offer				
Material adverse change	An event occurs which is or is likely to give rise to a material adverse change in the assets, liabilities, financial position, performance, forecasts or nature of the business.			
Various matters relating to the Company	Certain events relating to the Company occur such as commencement of legal proceedings against the Company, change in Company management, amongst others			
Various matters out of the control of the Company	An event such as changes to regulations or laws, material disruption in certain financial markets, hostilities commence in various jurisdictions, amongst others			



# Sub-underwriting arrangements

Existing investors including Anzu Partners and Viburnum Funds have entered into agreements to sub-underwrite the shortfall arising from both the Institutional Entitlement Offer and the Retail Entitlement Offer, in addition to taking up their full pro-rata entitlement in the Entitlement Offer.

Sub-underwriters will be paid a fee equal to 2% of the proceeds raised from investors introduced by that sub-underwriter.

If the Lead Manager exercises their termination rights as a result of a termination event listed on the previous slide, the above sub-underwriting arrangements with the relevant Directors and senior executives will also be terminated.

### PRO FORMA SUBSTANTIAL SHAREHOLDING POST COMPLETION OF THE OFFER

Shareholder	Existing Holding (%)	Holding Post Completion of the Offer assuming no shortfall allocation <sup>1</sup>	Max. holding <sup>2</sup>
Viburnum Funds	16.2%	16.2%	22.6%
Anzu Partners	13.8%	13.8%	20.1%

- 1. Investor takes up their full pro-rata entitlement under the offer and receives no allocation from any shortfall under the sub-underwriting arrangement
- 2. Investor takes up full pro-rata entitlement under the offer and is allocated the maximum amount from any shortfall under the sub-underwriting arrangement

