



ASX Release
14 February 2023
ASX: PVS

Pivotal Systems Corporation Seeks ASX Delisting

Pivotal Systems Corporation ARBN 626 346 325 (ASX: PVS) (Pivotal or the Company), provider of gas flow monitoring and control technology platforms for the global semiconductor industry, today announces that it will call a Special Meeting to seek shareholder approval to delist from the Australian Securities Exchange (ASX) in order to continue its growth strategy as a private US company.

The Company will host an investor conference call at 3.00pm AEDT today (8.00pm PST on 13 February 2023) with Mr Kevin Hill, CEO and Mr Ron Warrington CFO. Details provided below.

Key Points Regarding Delisting

- Pivotal seeks shareholder approval to delist from the ASX
- The Board of Directors has determined that the costs of remaining listed on the ASX for the foreseeable future significantly exceed the benefits. Management estimates that costs attributable to Pivotal's listing on the ASX are approximately US\$1.6 million per annum.
- Pivotal securityholders are not benefiting from its ASX listing due to a lack of liquidity in the market for Pivotal's CDIs on the ASX.
- By contrast, the Company has seen interest from US-based investment firms and global strategics, seeking to benefit from the geopolitical dynamics of the semiconductor industry and American onshoring programs. However, feedback from these investors includes the perspective that Pivotal's ASX listing status is one of the impediments to investing in the company.
- The Board will provide an option for shareholders to participate in a buy-back or sell their CDIs on-market prior to delisting. Pivotal's CDIs will continue to trade on the ASX through the date of the Special Meeting and, if the delisting is approved by securityholders, for one month after the Special Meeting. Alternatively, CDI holders can elect to convert their CDIs into shares of common stock if they wish to remain as shareholders in the unlisted company.

Strategic Review

Alongside the de-listing process, the Company has also retained Needham & Company as a strategic advisor, to evaluate options for the Company and to advise on its re-positioning as a US private company.

Future Opportunities in the US and Asian Markets

The Company will seek additional capital in 2023 to fund its existing operations and future growth. Having regard to the Company's limited liquidity, CDI price, and market feedback, the Company believes it is unlikely to be able to raise this capital from Australian public markets. Instead, Pivotal seeks to explore funding options from financial investors and strategic parties in the US and Asia who are either unable

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>

to invest in ASX listed companies due to their investment mandates, or who are unwilling to invest in ASX listed companies. It is the Board's unanimous view that it is in the best interest of Pivotal's securityholders that the Company delist from the ASX at this time and engage further with these potential parties.

Importantly, current shareholders who wish to remain an investor in the private entity will be able to participate in the potential future upside and growth of the business.

Listing Costs

Pivotal's ASX listing has resulted in significant additional costs to the Company which impacts its financial performance. Management estimates that costs attributable to Pivotal's listing on ASX are approximately US\$1.6 million per annum. The Board considers that the financial, administrative and compliance costs of maintaining the listing on ASX are no longer justified or in the best interests of securityholders and that these costs are better invested back into the business.

Special Meeting to Approve Delisting

It is the Board's unanimous view that a delisting is in the best interest of securityholders. As such, the Board will call a Special Meeting for securityholders to vote on the proposed delisting, and the Board will act at the direction of securityholders.

The Pivotal Directors and their associated parties will be voting their Pivotal securities at the Special Meeting in favour of the resolution to Delist and all Directors confirm that they plan to maintain all their equity in Pivotal post-delisting for the foreseeable future.

The ASX has provided in-principle advice that it will grant approval for the delisting subject to the conditions described below including shareholder approval by way of a special resolution. A formal application for removal from the official list of ASX has been submitted to ASX today.

The resolution to approve the Delisting must be approved by way of special resolution whereby it must be passed by at least 75% of the shares of stock entitled to vote on the resolution that are present in person, virtually or represented by proxy at the meeting and are voted for or against the matter.

Buy-Back and sale of securities prior to Delisting

In connection with the Delisting, the Company will be offering securityholders the opportunity to participate in an off-market buy-back of up to 2,000 shares/CDIs from each eligible holder on the record date up to an aggregate cap of A\$30,000. The buy-back price will be A\$0.061, representing a 30% premium to the 20-day volume weighted average price of the CDIs on ASX prior to the date of this announcement. The proposed limited buy-back will be funded from existing cash reserves.

The proposed off-market buy-back will enable those securityholders that do not wish to remain as shareholders of a private company to sell part of their holdings, or their entire holding in the case of securityholders with less than 2,000 CDIs/Shares (subject to scale back if acceptances are received for more than A\$30,000).

In addition, securityholders will have an opportunity to sell their CDIs on-market on the ASX prior to delisting. Pivotal's CDIs will continue to trade on ASX through the date of the Special Meeting and, if the delisting is approved by securityholders, for one month after the Special Meeting.

Next Evolution of Growth

Pivotal will continue its efforts to grow its business and capture market share in the Semiconductor equipment manufacturing industry. The Company intends to continue developing new products related to its core gas flow control business, delivering value to current and future customers. Management believe that Pivotal's products are superior to existing devices in the market and the Company will compete to become one of the top device manufacturers in the industry.

Pivotal's devices provide OEMs with the ability to manufacture leading edge semiconductors using among the fastest, most accurate digital equipment on the market. As advanced manufacturing equipment becomes increasingly prevalent, Pivotal Systems believes it will gain market share through expansion of its existing products and customer base.

Potential Future Transaction and Liquidity After Delisting

All securityholders will be invited to maintain their shareholding in Pivotal and participate in its future growth as part of the delisting proposal. Whilst the Company has engaged Needham to undertake a process to consider options for the Company, there is no guarantee that a higher price for your securities will be obtained or that an exit event will occur at all.

The Board may also seek to secure future private investment(s). Any future investments after delisting may occur at a valuation that is not linked to the current ASX market price and the Board believes may be less dilutionary to securityholders than raising further capital on the ASX. However, there can be no guarantee as to the amount, price or timing of any such future investment.

The US market for secondary transactions in private companies, particularly high-growth technology companies, has increased in recent years, with many billions (US\$) of stock in private companies changing hands each year. For accredited investors, a secondary transaction could be an option to secure liquidity.

Currently, certain US investors are blocked from buying Pivotal CDIs on ASX on account of the 'FORUS restriction' placed on the CDIs in order to enforce restrictions imposed by US securities laws.

Post Delisting, the Board will continue to monitor equity market conditions and consider whether re-listing Pivotal Systems on an alternative exchange is an option in the future.

Recent Business Progress

While the OEM market has entered a cyclical downturn, Pivotal has expanded its technical relationship with a leading Japanese semiconductor equipment manufacturer and made progress on other fronts. As noted above, Pivotal has a pipeline of new products that is expected to impact revenues in late 2023 and beyond. Revenues were up 28% sequentially to US\$5.2M in Q4 2022, though below the prior corresponding period by 34%, due primarily to the contraction in industry demand. In response, the Company has made significant progress reducing costs (down 5% Q3 to Q4 2022, and down 37% from pcp). The Company intends to continue to manage expenses and working capital toward breakeven in the current year. Please refer to the Q4 2022 Appendix 4C on the Company's ASX announcement platform for further details.

Company Information post Delisting

If the Company is delisted, it will no longer be a disclosing entity for the purposes of the Corporations Act so it will not be required to continuously disclose information, including financial information, to Securityholders following its Delisting. Whilst Pivotal will not be a disclosing entity following Delisting,

Pivotal intends to continue providing annual and half year financials to its shareholders and will also provide periodic updates regarding the business to its shareholders.

Additional Information

Additional details concerning the proposed delisting process and buy-back are set out in the Appendix and will also be contained in the Notice of Special Meeting and Buy-Back booklet to be sent to securityholders in the coming days.

Pivotal CDIs will continue to trade on ASX through the date of the special meeting expected to be held on 23 March 2023 and, if the Delisting is approved by securityholders, Pivotal CDIs will continue to trade until 27 April 2023.

If the Delisting is approved, each Director, including each of the Australian Directors, plans to remain on the Board for the foreseeable future.

Investor Conference Call and Webcast

The Company will host an investor conference call today at 3.00pm AEDT on Tuesday, 14 February 2023 (8.00pm PST on Monday, 13 February 2023) with Mr. Kevin Hill, CEO and Mr. Ron Warrington, CFO.

Details of the call are set out below.

In order to pre-register for the conference call and webcast and avoid a queue when calling, please follow the link below. You will be given a unique pin number to enter when you call which will bypass the operator and give you immediate access to the event. Investors are advised to register for the conference in advance by using the Diamond Pass link to avoid delays in joining the call directly through the operator:

<https://s1.c-conf.com/diamondpass/10028886-06zyje.html>

Alternatively, you may dial in with the following details, approximately ten minutes before the scheduled start time and provide the Conference ID to an operator.

Conference ID: **10028886**

Participant Dial-in Numbers:

Australia Toll Free: 1800 908299
Australia Local: +61 2 9007 8048
New Zealand: 0800 452 795
Canada/USA: 1855 624 0077
Hong Kong: 800 968 273
Japan: 006 633 868 000
China: 108 001 401 776
Singapore: 800 101 2702
United Kingdom: 0800 0511 453

The presentation and audio can also be accessed via the webcast link:

<https://ccmediaframe.com/?id=nv2cRXuj>

A recording of the call and slide presentation will be made available within the Investors section of the Company website at: <https://www.pivotalsys.com/investors#presentations>

THIS RELEASE DATED 14 FEBRUARY 2023 HAS BEEN AUTHORISED FOR LODGEMENT TO ASX BY THE BOARD OF DIRECTORS OF PIVOTAL SYSTEMS.

- ENDS -

For more information, please contact:

Investor Relations & Media (Australia):

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

ASX Representative:

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

About Pivotal

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/>.

Forward looking statements

This announcement contains forward looking statements. 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 uncertainties that could cause actual results, events, and developments to differ materially from our historical experience and our present expectations or projections.

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>

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.

Appendix - Additional Information

Delisting process and ASX requirements

Pivotal has sought approval from the ASX for its removal from the official list of the ASX, and ASX has provided in-principle advice that it will grant approval for the Delisting subject to the following conditions:

1. Approval of the Delisting by securityholders by special resolution;
2. The notice of meeting seeking shareholder approval for the Delisting including the following information, in form and substance satisfactory to ASX:
 - 2.1 a timetable of key dates, including the time and date at which the entity will be removed from ASX if that approval is given;
 - 2.2 that the removal will take place no earlier than one month after approval is granted;
 - 2.3 a statement to the effect that if holders wish to sell their securities on ASX, they will need to do so before the company is removed from the official list and if they do not, details of the processes that will exist after the company is removed from the official list to allow security holders to dispose of their holdings and how they can access those processes;
 - 2.4 the information prescribed in section 2.11 of the ASX Guidance Note 33 (which relate to requirements for notices of meeting); and
3. The Company releasing the full terms of ASX's decision to the market upon making a formal application to ASX to remove the Company from the official list of ASX.

In proposing the Delisting, the Board recognises that it would be beneficial to provide a liquidity mechanism for certain securityholders, particularly those securityholders holding a smaller number of shares or CDIs (**Securities**), who do not wish to continue holding Pivotal shares as an unlisted company. Accordingly, in addition to the ability to sell their CDIs on ASX up to the date of suspension prior to Delisting, the Company will offer the Buy-Back to provide securityholders with the opportunity to sell part (or for securityholders holding smaller parcels, all) of their holdings in conjunction with the Delisting.

Options available to CDI holders

Pivotal will shortly send each securityholder a letter which will provide an overview of the Delisting process as well as details of the following options which will be available to CDI holders:

- The continued right to sell CDIs on ASX until trading of CDIs is suspended from the official list of ASX (expected to occur 27 April 2023);
- The continued right to convert CDIs into shares of common stock until removal of Pivotal from the official list of ASX (expected on or around 11 May 2023);
- Participation in the Buy-Back; and
- The compulsory conversion of remaining CDIs into shares of common stock following the Delisting (expected to occur on or around 17 May 2023).

If the Delisting is approved, any securityholders who do not sell their Securities prior to Pivotal being removed from the Official List of ASX will continue to hold shares in Pivotal as a private, unlisted Delaware corporation.

As noted above, the Board believes that for the foreseeable future it is in the interests of securityholders to convert to a privately held company. While the Board of the Company recommends Delisting, it will request shareholder approval for the Delisting at a special meeting of the Company to be held on 23 March 2023. Of course, if the Delisting resolution is not approved by 75% or more of the votes entitled to vote and present, the Board will support the continued listing of Pivotal on the ASX.

Securityholders of record as of Wednesday, 22 February 2023 (AEDT) (ie. Tuesday, 21 February 2023 (PST)) will be eligible to vote at the Special Meeting.

Further details of the Delisting, including potential advantages and disadvantages and consequences for securityholders will be set out in the Notice of Meeting (and proxy statement) for the Special Meeting which will be dispatched to securityholders on or around 23 February 2023.

Buy-Back

In conjunction with the Delisting, the Company proposes to conduct an off-market buy-back of its Securities. The Company intends to offer to buy-back 2,000 CDIs / Shares from each eligible securityholder on the record date for the Buy-Back up to an aggregate cap of A\$30,000 (**Buy-Back Cap**). If acceptances are received for an amount in excess of the Buy-Back Cap, the Board may, at its discretion, scale back the number of Securities to be bought back from securityholders and will give priority to the holders of smaller parcels of Securities to enable them to fully exit their holdings.

The Buy-Back price will be A\$0.061 representing a 30% premium to the 20-day volume weighted average CDI price on ASX prior to today's date.

The Company's CEO, Kevin Hill, and the other Directors of Pivotal have confirmed that they will not participate in the Buy-Back, and that they plan to hold all of their Securities in Pivotal for the foreseeable future as a private company (assuming the Delisting is approved by securityholders).

The Buy-Back will not take place if shareholder approval is not obtained for Delisting.

If the Delisting is approved, securityholders who have not sold their Securities prior to the Delisting date (either on ASX or via the Buy-Back) will hold shares in an unlisted Delaware corporation.

Further details of the Buy-Back including how CDI holders and securityholders can participate will be included in the Buy-Back booklet which will be dispatched to holders on 23 February 2023.

Consequences of removal from the official list

Upon the Delisting taking effect, securityholders will no longer have the ability to sell their CDIs and realise their investment in the Company via ASX trading. The Company will also no longer be bound to certain restrictions on the issue of CDIs/Shares and certain transactions with related parties, requirements concerning significant changes to the Company's activities and relief from requirements to address ASX Corporate Governance Principles and Recommendations. However, the Company will be required to comply with applicable securities law requirements of a reporting issuer in Delaware, United States.

If the Company is delisted, it will no longer be subject to the ASX Listing Rules and, as a Delaware corporation, as is the case at present, many of the provisions of the Corporations Act will not apply to Pivotal. It will also no longer be a disclosing entity for the purposes of the Corporations Act so it will not be required to continuously disclose information, including financial information, to Securityholders following its Delisting. Whilst Pivotal will not be a disclosing entity following Delisting, Pivotal intends to continue providing annual and half year financials to its shareholders and will also provide periodic updates regarding the business to its shareholders.

Under Delaware law, there are no remedies specified under Delaware General Corporation Law that will apply to Security Holders that relate to the Delisting.

Indicative Timetable

Date	Document / Action
14 February 2023	Announcement of proposed Delisting of the Company from ASX (subject to receipt of shareholder approval) Lodge Appendix 3C with ASX
17 February 2023	Ex-date for Buy-Back
20 February 2023	Record date to identify shareholders/CDI holders entitled to participate in the Buy-Back (subject to shareholder approval of the Delisting)
23 February 2023	<ul style="list-style-type: none"> • Dispatch Notice of Meeting (seeking approval for the Delisting) • Dispatch information for CDI holders as to their alternatives e.g. retain CDIs, participate in the Buy-Back, convert their CDIs to common stock • Lodge Buy-Back Offer Booklet with ASX and dispatch to shareholders
23 February 2023	Buy-Back offer period opens
23 March 2023	Shareholder meeting to approve Delisting of the Company from ASX
21 April 2023	Buy-Back offer period closes
27 April 2023	Suspension of CDIs from trading on ASX
11 May 2023	Removal of the Company from the Official List of ASX
11 May 2023	Announce volume of shares to be bought back by the Company under the Buy-Back
11 May 2023	Payment date under Buy-Back
17 May 2023	CDN transfers title to the shares underlying any remaining CDIs to the former CDI holder

Note: All dates and times above are Sydney, Australia time. The Company will also inform securityholders of any changes to the indicative timetable referred to above by market announcement made via the ASX company announcements platform.