



ASX / Media Release

Pivotal Systems to launch equity raising to raise up to A\$5.1 million (US\$3.4 million¹)

Fremont, California and Sydney, Australia; 11 April 2023 – Pivotal Systems Corporation (“Pivotal” or the “Company”) (ASX: PVS), a leading provider of innovative gas flow control (GFC) solutions to the semiconductor industry, is pleased to announce it is undertaking an accelerated renounceable pro-rata entitlement offer to raise gross proceeds of up to approximately A\$5.1 million (US\$3.4 million¹).

Key Highlights

- Accelerated renounceable pro-rata entitlement offer to raise gross proceeds of up to approximately A\$5.1 million (US\$3.4 million¹).
- New CDIs/Shares to be issued at A\$0.008 per New CDI/Share, representing a 69.2% discount to the last closing price of A\$0.026 on Friday, 31 March 2023 (AEDT), a 70.8% discount to the 5-day VWAP² and a 33.3% discount to TERP³.
- The offer will comprise an accelerated Institutional Entitlement Offer and a Retail Entitlement Offer to eligible security holders.
- Proceeds from the equity raising will be used for working capital and general corporate purposes and to cover the costs of the offer.
- Major shareholder Anzu Partners has committed to take up its full pro-rata entitlement of A\$0.9 million of securities and an additional A\$0.58 million of shortfall and major shareholder Viburnum Funds has committed to take up a minimum of A\$0.5 million.
- Certain Directors and senior management have also committed to take up their full pro rata entitlements.
- Board to be refreshed in conjunction with the Entitlement Offer.
- The Entitlement Offer is being joint lead managed by Foster Stockbroking and JP Equity.
- Pivotal has suspended de-listing plans from ASX indefinitely.
- The Company will host an investor conference call at 11.00am AEST (6.00pm PST) on 12 April 2023 with Mr. Kevin Hill, CEO and Mr. Ron Warrington, CFO. Details for the call are on page 5 of this announcement.

Equity Raising

Pivotal Systems is offering 638,015,000 CDIs to raise gross proceeds of up to approximately A\$5.1 (US\$3.4 million¹) via a 4 for 1 accelerated renounceable entitlement offer to eligible existing security holders

¹ An exchange rate of AUD 1:USD 0.67 is used throughout this announcement.

² The Volume Weighted Average Price (“VWAP”) for the period of five trading days ending on Friday 31 March 2023 (AEDT) (being A\$0.0274).

³ The theoretical ex rights price (“TERP”) is the theoretical price at which PVS CDIs should trade at immediately after the ex-date for the Entitlement Offer. It is a theoretical calculation only and the actual price at which PVS CDIs trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to PVS’s closing price of A\$0.026 on Friday 31 March 2023 (AEDT).

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("Entitlement Offer" or the "Offer"). The Offer will be conducted at an issue price of A\$0.008 ("Offer Price") per new fully paid CDI which represents one underlying share of common stock in the Company ("Share") ("New Securities").

The Offer Price represents:

- A 69.2% discount to the last closing price of Pivotal's CDI's on Friday, 31 March 2023 (AEDT) (being A\$0.026);
- A 70.8% discount to the 5-day VWAP² up to Friday, 31 March 2023 (AEDT) (being A\$0.0274); and
- A 33.3% discount to the theoretical ex-rights price (TERP)³ of A\$0.012 per CDI.

The proceeds of the Offer will be used for working capital and general corporate purposes and to cover the costs of the offer. For further information regarding the Offer and Pivotal's growth strategies, refer to the investor presentation and prospectus accompanying this announcement.

Foster Stockbroking Pty Ltd and JP Equity Holdings Pty Ltd have been appointed as Joint Lead Managers in respect to the Offer ("Joint Lead Managers").

Major shareholder Anzu Partners has committed to take up its full pro-rata entitlement of A\$0.9 million and major shareholder Viburnum Funds has committed to take up a minimum of A\$0.5 million. Anzu Partners has also committed to taking up an additional A\$0.58 million in shortfall securities and Anzu RBI Mezzanine Preferred LLC has committed to subscribe for A\$0.45 million to the extent available, in each case subject to shareholder approval.

Certain Directors and senior management who are existing security holders have also committed to take up their full pro rata entitlements.

Further details of the Entitlement Offer and the offer management arrangements with the Joint Lead Managers are set out below and in the accompanying investor presentation.

Update

Pivotal has set in motion a turnaround plan with the goal to navigate through the cyclical industry downturn and emerge as an EBITDA positive company by end of 2023. We see this Entitlement Offer as one of the fundamental pillars supporting an improvement to the balance sheet to ensure enough working capital is available to execute the turnaround.

Pivotal is not in a position to predict the end of the industry down cycle, but from its demand profile, the cycle may turn in the second half of 2023 as the OEM new system build plan ratchets up. This timing is fundamental to Pivotal's plan, which is to reduce controllable costs during the down cycle (which we have completed in Q1 2023), and establish new product positions to scale out during the up cycle.

Over the past year, Pivotal has completed the following cost reduction measures:

- reduced OPEX by 38% versus last year;
- reduced headcount by 36%; and
- significantly reduced controllable spending (travel, material, outside services, etc).

Throughout 2023 Pivotal has an aggressive COGS reduction plan, taking 20% out of COGS to improve gross margins.

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The Company's revenue growth strategy leverages its successes to date with 73,000 units installed demonstrating benchmark performance in speed, accuracy and repeatability and has 4 initiatives in place to leverage the working capital obtained from the Entitlement Offer: two new products, multiple new qualifications, software enhancement, and new regional market penetrations.

Through the combination of expected higher second half revenues, lower manufacturing costs and a 38% reduction in anticipated operating costs versus the prior corresponding period, Pivotal anticipates a significant improvement in earnings before interest, tax, depreciation and amortization ("EBITDA") in 2023 with the Company targeting a positive EBITDA result by year's end based on a successful A\$5.1 million (US\$3.4 million) capital raise.

In light of the Entitlement Offer, Pivotal has suspended plans to de-list from ASX for the foreseeable future. In parallel, Pivotal appointed Needham & Co. to undertake a review of strategic alternatives for the business. This process is continuing and has revealed multiple indications of interest and has led to discussions with interested parties. However, there can be no guarantee that a higher price for Pivotal securities will be obtained from the process or that an exit event will occur at all.

Changes to Board of Directors

In conjunction with the Entitlement Offer, the following changes will be made to the Board of Directors:

- Non-executive directors, Peter McGregor and Ryan Benton have retired from the Board;
- Shareholders and new shortfall investors subscribing for more than US\$500,000 each under the Entitlement Offer will be entitled to together nominate one new independent director to the Board.

Kevin Hill, Chief Executive Officer said "On behalf of the Board of Directors of Pivotal, our staff and customers, we express our sincere thanks and gratitude to Ryan and Peter for their hard work and valuable contribution to the Company. We wish them every success."

Entitlement Offer

The Entitlement Offer comprises both an Institutional Entitlement Offer and a Retail Entitlement Offer. Eligible Securityholders will have the opportunity to apply for 4 new CDIs for every 1 existing Pivotal CDI or Share held at the Record Date (being 7:00pm (AEST) on Monday, 17 April 2023).

Institutional Entitlement Offer

The Institutional Entitlement Offer is being conducted from Tuesday, 11 April 2023 (AEST) to Friday, 14 April 2023. Certain institutional, professional and accredited investors who are holders of Pivotal CDIs or Shares ("**Securityholders**") ("**Eligible Institutional Securityholders**") may receive an offer to participate in the Institutional Entitlement Offer provided they are not an Ineligible Institutional Securityholder (as defined below).

Under the Institutional Entitlement Offer, Eligible Institutional Securityholders can choose to take up all, part or none of their entitlement. Entitlements not taken up under the Institutional Entitlement Offer will be offered by the Joint Lead Managers to eligible institutional investors under the institutional bookbuild.

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Ineligible Institutional Securityholders are registered Pivotal securityholders as at the Record Date and who are institutional or professional investors with a registered address outside of Australia, New Zealand, Korea, Japan, Taiwan and Switzerland, or whom the Joint Lead Managers and the Company otherwise determine will be an Ineligible Institutional Securityholder for the purpose of the Institutional Entitlement Offer and who is not an Eligible Retail Securityholder.

The Institutional Entitlement Offer is renounceable, and entitlements not taken up and entitlements of Ineligible Institutional Securityholders will be placed into a bookbuild for the Institutional Entitlement Offer. Entitlements will not be quoted and tradeable on the ASX.

Retail Entitlement Offer

Eligible Retail Securityholders have the opportunity to invest in New Securities at the Offer Price, on the terms and conditions set out in the prospectus released to ASX today which will be sent to Eligible Retail Securityholders on Thursday, 20 April 2023 (AEST).

Please note that Retail Securityholders with a registered address outside Australia or New Zealand on the Record Date are generally ineligible to participate in the Retail Entitlement Offer. Securityholders who are on the register on the Record Date will be notified by Pivotal if they are ineligible to participate in the Entitlement Offer. Eligible Retail Securityholders will receive the prospectus, including a personalised entitlement and acceptance form, which will provide further details of how to participate in the Retail Entitlement Offer.

Under the Retail Entitlement Offer, Eligible Retail Securityholders who take up their full entitlement may also apply for additional New Securities in excess of their entitlement at the Offer Price (subject to scaleback at Pivotal's discretion).

The Retail Entitlement Offer is renounceable, and entitlements not taken up and entitlements of ineligible Retail Securityholders will be placed into a bookbuild for the Retail Entitlement Offer. Entitlements will not be quoted and tradeable on the ASX.

Key Dates

Key dates in relation to the Offer are as follows:

Key event	Date 2023
Announcement of the Offer, Institutional Entitlement Offer opens	Tuesday, 11 April 2023
Institutional Entitlement Offer closes	Friday, 14 April 2023
Announcement of results of Institutional Entitlement Offer	Monday, 17 April 2023
Voluntary suspension lifted and trading re-commences on an ex-entitlement basis	Monday, 17 April 2023

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Record date for determining entitlement to subscribe for New Securities	7:00pm (AEST) Monday, 17 April 2023
Retail Entitlement Offer opens and prospectus despatched	Thursday, 20 April 2023
Settlement of New Securities issued under the Institutional Entitlement Offer	Thursday, 20 April 2023
Allotment of the New Securities and trading of New CDIs issued under the Institutional Entitlement Offer	Friday, 21 April 2023
Retail Entitlement Offer closes	Tuesday, 2 May 2023
Announcement of results of Retail Entitlement Offer	Tuesday, 9 May 2023
Allotment of New Securities and trading of New CDIs issued under the Retail Entitlement Offer	Friday, 12 May 2023
Expected despatch of holding statements for New Securities issued under the Retail Entitlement Offer	Wednesday, 17 May 2023

Investor Conference Call and Webcast

The Company will host an investor conference call at 11.00am AEST (6.00pm PST) on 12 April 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/10029905-hd94y7.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: **10029905**

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

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

<https://ccmediaframe.com/?id=5bTguFJs>

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 11 APRIL 2023 HAS BEEN AUTHORISED FOR LODGEMENT TO ASX BY THE BOARD OF DIRECTORS

- ENDS -

For further information:

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

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

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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.

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