



**Annual Meeting**  
**18 May 2022 (USA)**  
**19 May 2022 (Australia)**

(ASX: PVS)



**Welcome and Introductions**



## Chairman's Address

# Board, Leadership Changes in 2022



**John Hoffman**  
Executive Chairman  
(to 31 December 2022)  
Chief Executive Officer  
(to 31 May 2022)

- >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



**Joe Monkowski Ph.D**  
Executive Director  
(to 31 May 2022)  
Chief Technical Officer

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



**Ron Warrington**  
Chief Financial Officer

- >30 years of experience as operating executive, venture investor, strategic advisor, & management consultant
- Sig. public/private financial expertise private/public, NASDAQ IPOs and M&A
- M.B.A from Harvard University & B.A. from Uni. California Berkeley



**Kevin Hill**  
Chief Operating Officer  
Chief Executive Officer  
(from 1 June 2022)

- >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



**Cam Worsham**  
Head of Worldwide Ops  
(from 1 June 2022)

- >25 years of global high technology management experience
- Operations roles at Applied Materials, Lam Research and IBM leading teams in all aspects of operations
- B.S., from the United States Military Academy at West Point and an MS, from Pepperdine University



**Todd Braaton**  
VP Sales and Marketing

- >20 years experience in Semiconductor industry
- Experienced in RF power and gas delivery systems for plasma processes.
- Executive leadership roles in Japan and US for Sales, Marketing, and Global Service.
- B.S., Mechanical Engineering, Colorado School of Mines

Collectively Decades of High Tech  
& SEMI Industry Experience

- Chief Operating Officer (COO) **Kevin Hill** will be appointed as Chief Executive Officer (CEO) and Executive Director, effective 1 June 2022; 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 to step down from Board following Pivotal AGM, to remain President and Chief Technology Officer (CTO); Jason Korman was appointed as a Non-Executive Director (as representative of major shareholder Viburnum Funds) in December 2021
- Cam Worsham, who recently joined Pivotal Systems from Lam Research will be appointed to Head of Worldwide Operations



# FY2021 Operating Highlights



## Completion of NRE with a Leading Japanese OEM

- US\$1M in total received
- Next generation ALD Gas Flow control, designed specifically with Pivotal GFC
- PVS Product shipped on time



## New Market Verticals for Pivotal GFCs

- Two MOUs signed within clean energy & batteries segment with South 8 Technologies and Forge Nano
- On tool testing commenced in Q4 2021 (South 8)



## New Scientific Advisory Board Established, CFO Appointed

- Professor Stacey Bent (Stanford University) first appointment to SAB
- Ron Warrington appointed CFO



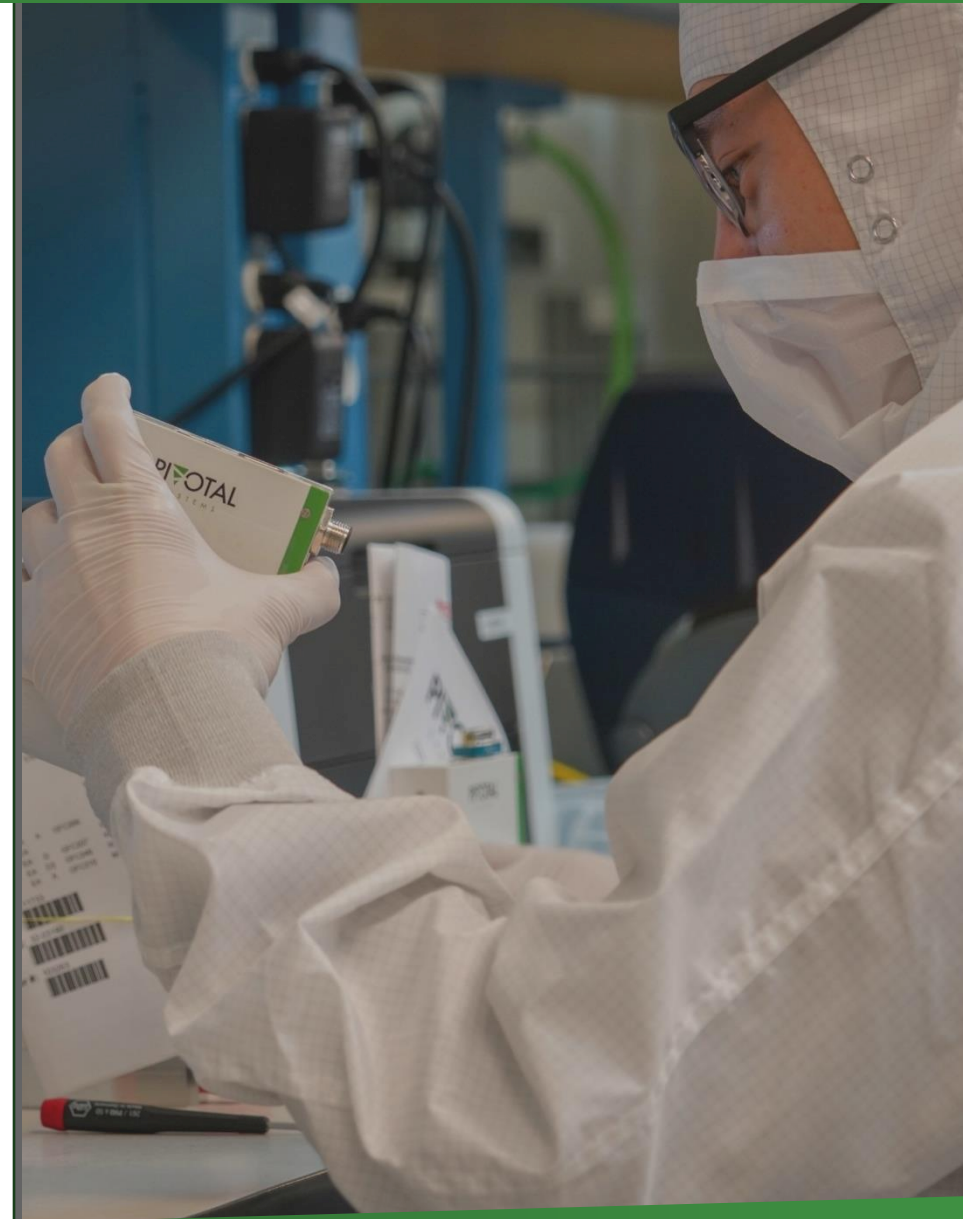
## Manufacturing Expansion and Efficiencies

- 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
- Navigated supply bottlenecks that persisted through 2021
- Significant increase in product gross margins achieved



## Product Innovation

- Strong increase in demand for Global Upgrade and Repair Center
- Continued strong high temperature GFC growth from both IDM and OEM customers
- Standard etch GFC qualification at a leading Japanese OEM



# FY21 Financial Highlights

## UNAUDITED FINANCIAL UPDATE FOR YEAR ENDING 31 DEC 2021<sup>1</sup>

- Despite global supply shortages impacting the Wafer Fab Equipment (WFE) market, management was able to successfully navigate these constraints and record unaudited full year new orders of **US\$30.7M** for FY2021. Represents 44.8% new order growth YoY
- Pivotal recorded 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 shown 7 quarters of consecutive revenue growth<sup>2</sup>
- Full year FY2021 unaudited gross margins expanded significantly to **30.4%**, up from 1.6% in the prior corresponding period (pcp)<sup>3,4</sup> noting the impact of changing accounting standards on gross margins (which resulted in 2020 margins going from 11% to 1.6%).
- 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
- FY2021 EBITDA was **–US\$7.1** million (a 43% improvement on the pcp) and the Net Loss After Tax was US\$7.2 million (a 44% improvement on the pcp)

## KEY FY2021 FINANCIALS (AUDITED)<sup>1</sup>

### Revenue

US\$29.2M

FY2020: US\$21.8M

▲ **34%**

### Gross Margin

30.4%

FY2020: 1.6%

▲ **28.8%**

### New Orders

US\$30.7M

FY2020: US\$21.2M

▲ **44.8%**

### Backlog

US\$3.9M

Sep-21: US\$2.6M

▲ **30%**

<sup>1</sup> Pivotal's FY2021 results referred to in this presentation are audited per ASX release dated 31 March.

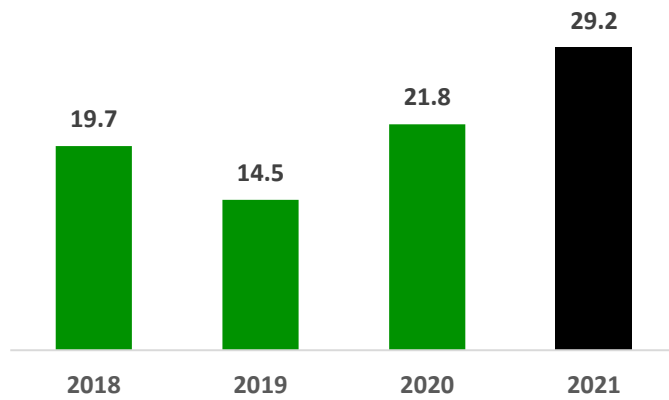
<sup>2</sup> Based on International Financial Reporting Standards ("IFRS"). The Company is moving from IFRS to US GAAP reporting from FY2021

<sup>3</sup> On a U.S. GAAP basis.

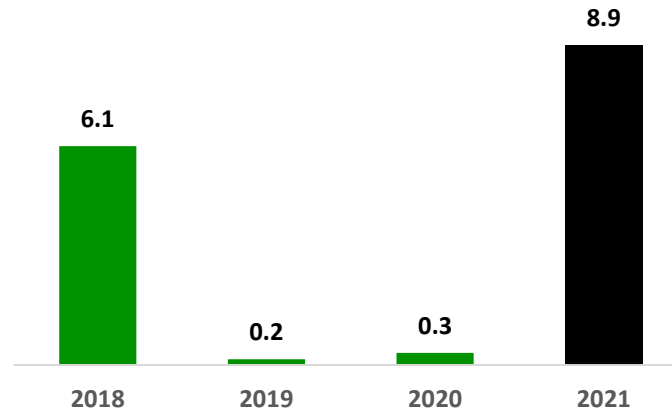
<sup>4</sup> Pivotal's movement from IFRS to US GAAP resulted in 2020 Gross Margins moving from 11% to 1.6%

# Key Financial Metrics

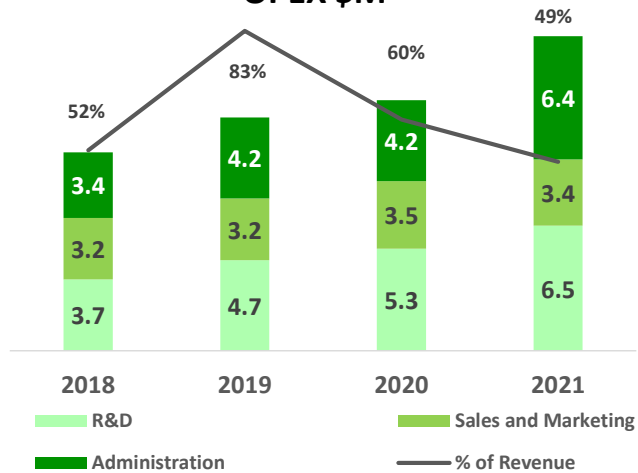
REVENUE \$M



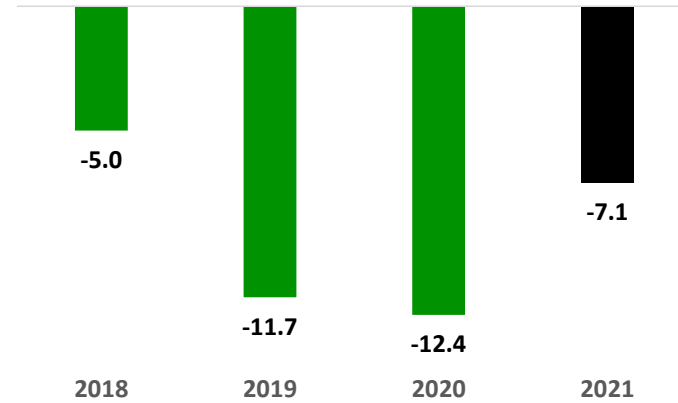
GROSS PROFIT \$M



OPEX \$M

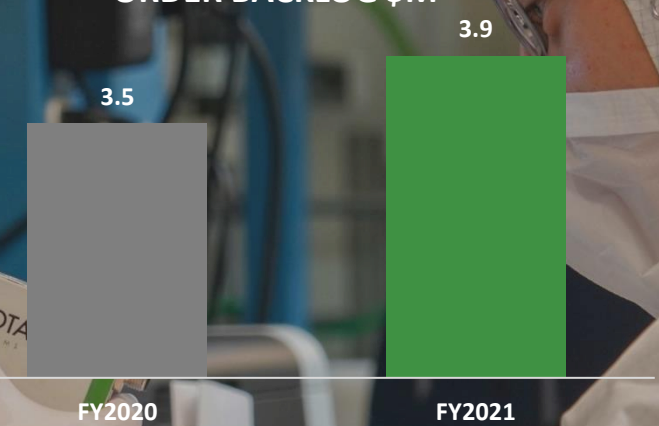


EBITDA \$M

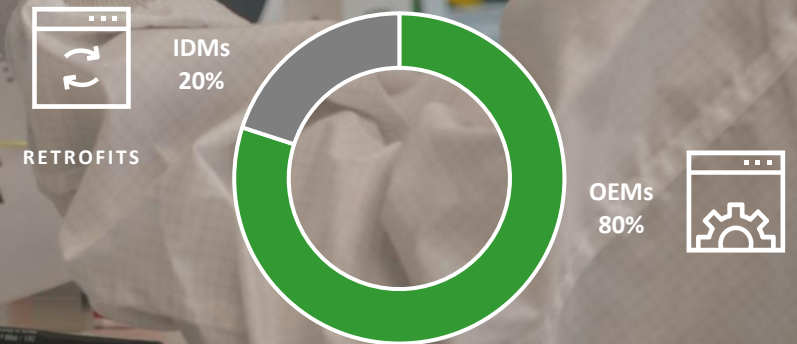


Note: FY20 & FY21 are presented under US GAAP (unaudited). Pre FY20 figures are presented under IFRS

ORDER BACKLOG \$M



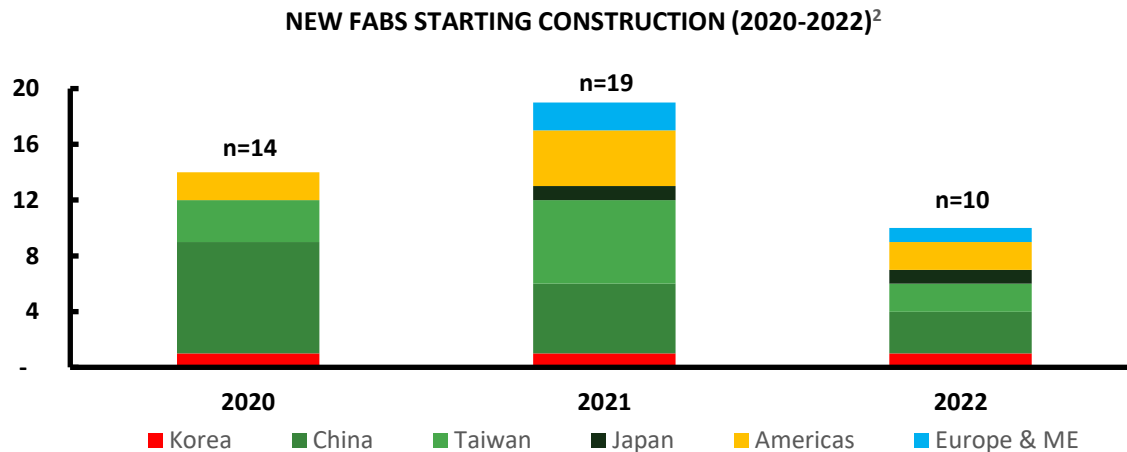
FY 2021 REVENUE BREAKDOWN



# Sector Update

## INDUSTRY UPDATE

- SEMI<sup>1</sup> 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



1. Source: SEMI

2. 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**



# Government Semiconductor Manufacturing Investments to Commence

## CONTINUED GOVERNMENT INITIATIVES TO DRIVE DOMESTIC MANUFACTURING AND TECH SOVEREIGNTY



- **February 2022** – House passes the America COMPETES Act of 2022 including robust funding for the CHIPS Act programs representing **US\$52 billion** in grants to subsidize semiconductor manufacturing. Since the beginning of 2021, the semiconductor industry has announced nearly US\$80 billion in new investments in the United States through 2025<sup>1,2</sup>
- **February 2022** – EU “CHIPS” Act to mobilise more than **€43 billion** of public and private investments and set measures to prevent, prepare, anticipate and swiftly respond to any future supply chains disruption, together with Member States and international partners<sup>3</sup>
- **November 2021** – Japanese government announcement of **US\$6.8 billion** in funding for domestic semiconductor investment<sup>4</sup>
- **May 2021** – South Korean **US\$450 billion** investment in semiconductor investment over ten years, with government contributing 40-50 percent tax credits for R&D investments and 10-20 percent for new facilities<sup>5</sup>
- Investment of **US\$90 Billion** by China National IC Industry Investment Fund II (US\$35B) and Provincial Funds (US\$45B) with a goal for China to manufacture 70% of all semi chips it consumes by 2025<sup>6</sup>

1. [SEMI](#); 2. The White House [Fact Sheet](#) Release 21 January; 3. [European Commission](#) Release ; 4. [Bloomberg](#); 5. [IEEE Spectrum](#); 6. ASML Investor Day September 2021

# Q1 2022 Highlights

## BACKLOG INCREASED TO US\$5.9M

## BALANCE SHEET STRONG WITH CASH OF US\$10.6M

- Completed conditional qualification of 2nd Contract Manufacturing site in Malaysia as part of the company's capacity expansion strategies
- Despite continuing supply chain challenges, Pivotal achieving 100% on time delivery while maintaining industry leading lead times
- Unaudited Q1 2022 revenue of US\$3.5 million was down 55% sequentially on Q4 2021
- Backlog (confirmed orders not yet shipped) 31 March 2022 was US\$5.9 million versus US\$3.9 million in Q4 2021
- Cash at 31 March 2022 was US\$10.6 million

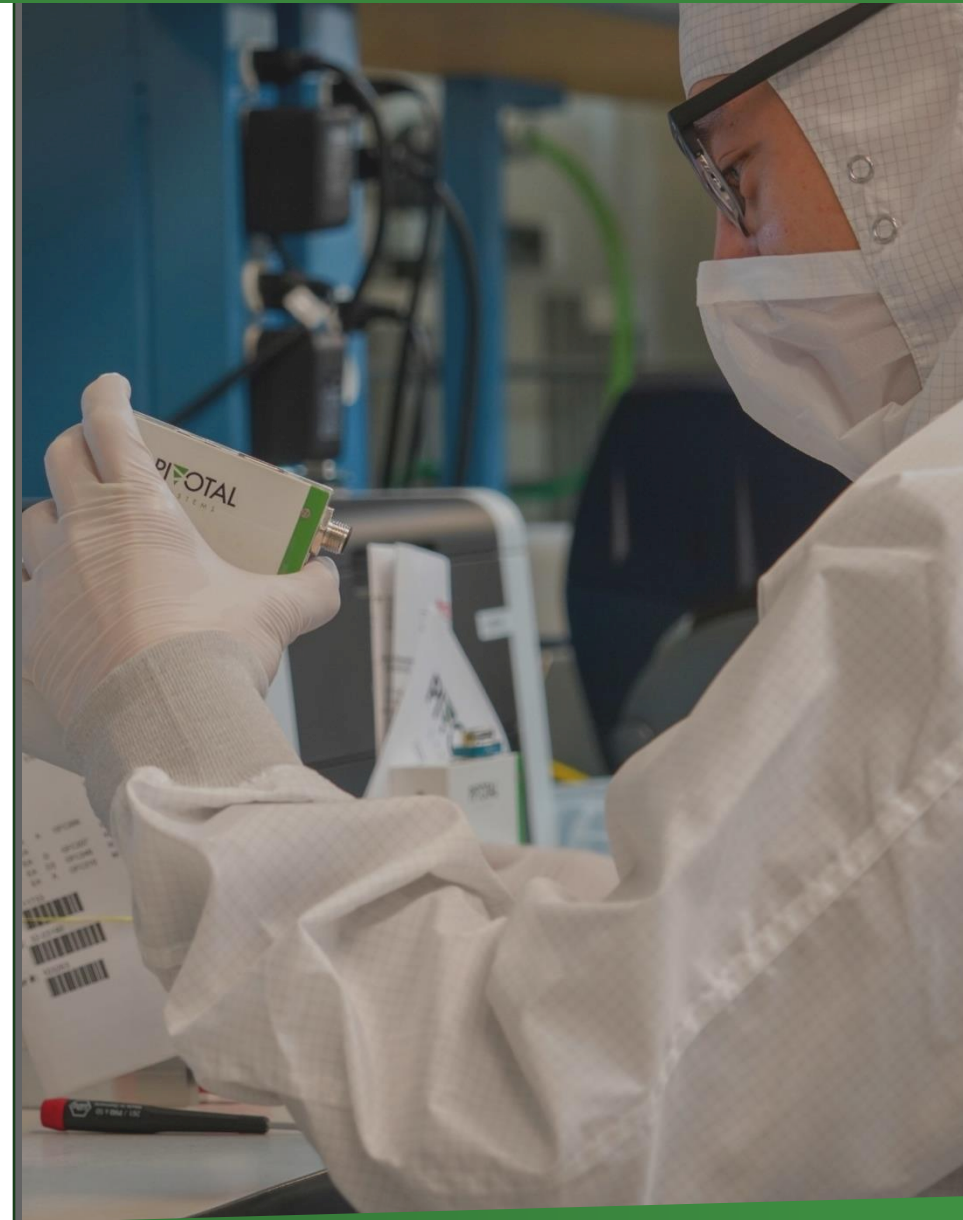
## DOWNSTREAM SUPPLY CHAIN ISSUES IMPACTED Q1 2022 RESULTS

- Near term delays in the IC facility construction plans of East Asia-based IDMs, which resulted in decreased Q1 shipment volumes
- PVS is operating in a highly dynamic environment with gas panel integrators ordering "pushouts", "pull-ins" and "pause" while downstream supply chains align to Device Manufacturers labor and material resources to accomplish tool installations.
- Current environment is expected to continue in the near term, including Q2 and Q3



## DOWNSTREAM SUPPLY CHAIN ISSUES IMPACTED Q1 2022 RESULTS

- The strong secular trends for semi are driving the equipment market structurally higher for Pivotal's global customers over the long term. When coupled with Pivotal's leading-edge product design, the production capacity in place, and upstream supply chain agility, the Company's outlook for FY2022 and beyond remains in place.
- As a result of the ongoing downstream supply chain issues driving order deferrals by Pivotal's customers, Pivotal is in the process of reviewing its outlook for the 2022 year and expects to be in a position to provide more clarity on the full year outlook at the first half 2022 result.





# PIVOTAL

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