



**HALF YEAR RESULTS PRESENTATION**

**31 August 2022 (AEST)**

**Kevin Hill – CEO**

**Ron Warrington - CFO**

**(ASX: PVS)**

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Financial data - All dollar values are in US dollars (US\$) unless as otherwise presented.

## Financial information

The financial information in this presentation is presented under US GAAP and in US dollars unless expressly stated otherwise. The Company moved from Australian Accounting Standards (IFRS) with effect from FY21 and financial information for FY20 included in this presentation has been restated under US GAAP. Financial information for prior years is presented under IFRS.

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# Pivotal Systems Overview

Pivotal Systems (**Pivotal**) designs, develops, manufactures and sells high quality and performance gas-flow controllers for both device manufacturers and equipment companies participating in the semiconductor capital equipment market



**GLOBAL LEADER IN  
GAS FLOW CONTROL  
(GFC) with UNIQUE  
DIGITAL FLOW  
CONTROL SOLUTIONS**



**FASTEST & MOST  
ACCURATE GFCs ON  
THE MARKET**



**PATENED  
TECHNOLOGY  
ENABLING NEXT GEN  
SEMICONDUCTOR  
DEVICES**



**68,000 UNIT GLOBAL  
INSTALLED BASE**



**SERVING MULTI-  
BILLION DOLLAR  
WAFER FAB  
EQUIPMENT  
INDUSTRY**



**EXPANSION  
OPPORTUNITIES INTO  
ADJACENT MARKETS**



GFC5L™ | GFC20L™ | GFC50L™  
HIGH FLOW GAS FLOW CONTROLLER (GFC)

# Leadership Team



**John Hoffman**  
Executive Chairman

- 30 years of global high technology management experience
- B.S., United States Military Academy at West Point and an Executive MBA (AEA), Stanford University



**Kevin Hill**  
Chief Executive Officer

- 25 years of global high tech management experience
- B.S., United States Military Academy at West Point, MSBA Boston University, and Certified Product Manager



**Ron Warrington**  
Chief Financial Officer

- 30 years of experience as operating executive, venture investor, strategic advisor, & management consultant
- M.B.A from Harvard University & B.A. from Uni. California Berkeley



**Joe Monkowski Ph.D**  
Chief Technical Officer

- Founder of Pivotal Systems
- Former CTO of Lam Research



**Cam Worsham**  
VP of Global Operations

- 25 years of global high technology management experience
- B.S., from the United States Military Academy at West Point and an MS, from Pepperdine University



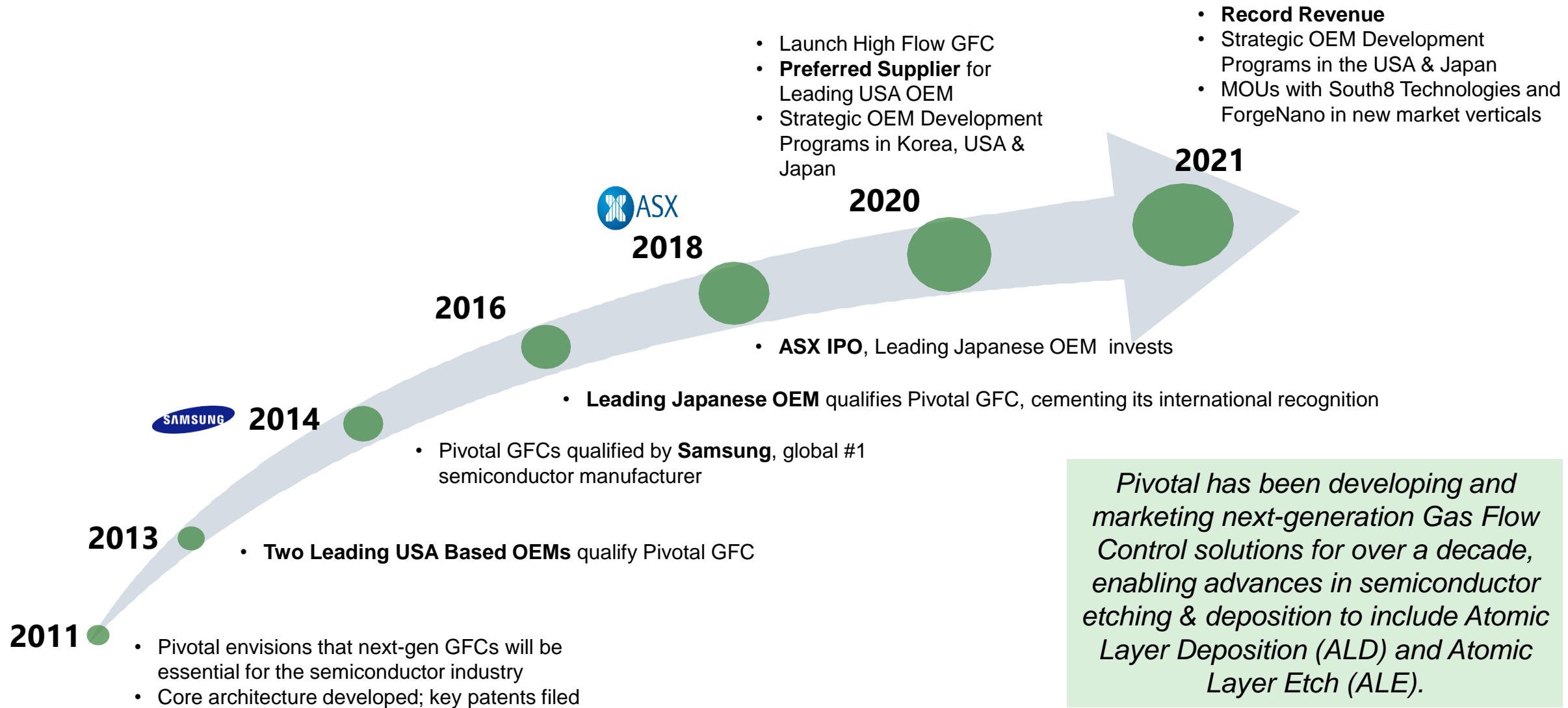
**John Arima**  
VP Global Sales and Marketing

- >30 years of experience in semiconductor and technology industries
- BS Mechanical Engineering, Stanford. MBA, Santa Clara University



Decades of High-Tech & Semiconductor Industry Experience

# A History of Development, Delivery & Customer Expansion



# Global Footprint Supporting 68,000 Unit Installed Base and Growing



**Sales**

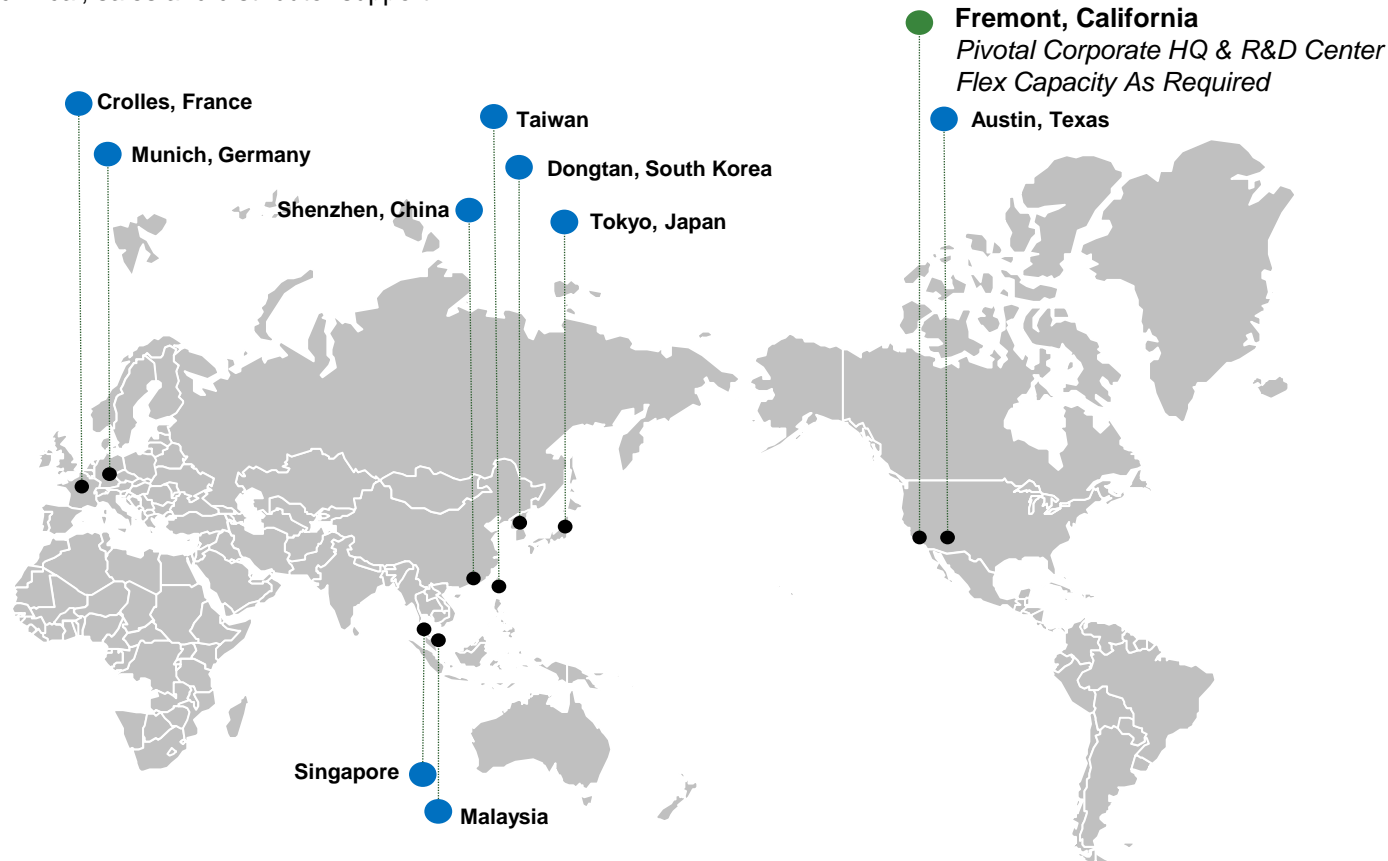


**Technical**



**Manufacturing**

● Pivotal technical, sales and distributor support



## Strategically Located to Serve Key Markets & Customers

Manufacturing Partnerships in Korea, China, Thailand and Malaysia

Korea Upgrade & Service Center

R&D partnerships in US and Japan

Support in all key IC markets globally

***All software development and R&D is conducted and securely held in Pivotal's headquarters in Fremont, California***

# GFCs Position in Semiconductor Supply Chain

GFCs measure and control the gases used in the semiconductor chip-making process

## GFC Manufacturer



**GFC**

N=1

**PIVOTAL**  
SYSTEMS

## Wafer Fabrication Equipment (WFE OEM)



**Tool**

N=~100  
GFCs/Tool



## Semiconductor Integrated Device Manufacturer (IDM)



**Fab**

N=thousands  
GFCs/Fab



# Competitive Landscape & Sustainable Advantages



## Competitors

- ❖ Analog devices
- ❖ Thermal and Pressure based technology
- ❖ Drift and requires calibration
- ❖ Waste gas and time to stabilize
- ❖ Cannot customize the flow profile

**HORIBA**

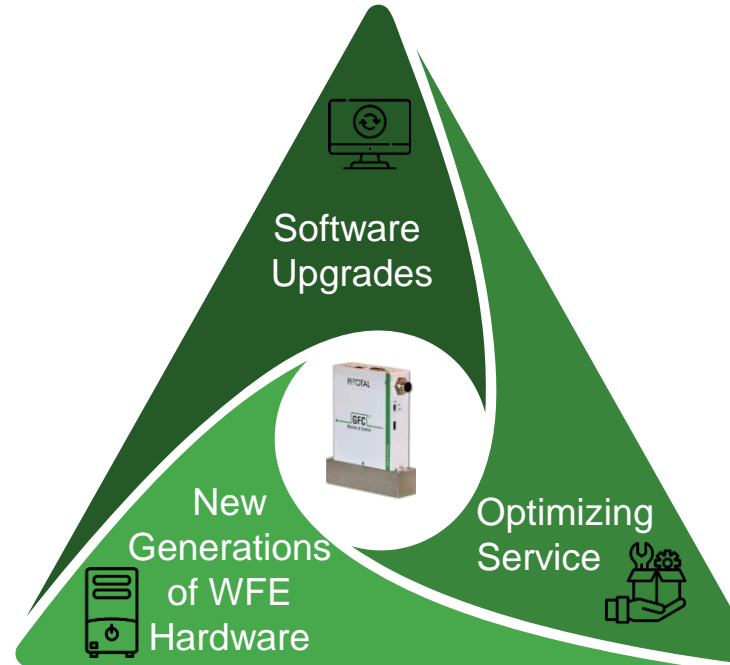
**BROOKS**  
INSTRUMENT

**Fujikin**



## Pivotal Advantages

- ❖ A programmable digital device
- ❖ Positive Positional Control Technology
- ❖ Advanced machine learning, no drift
- ❖ Fastest turn on/off in industry
- ❖ Serves low flow, high flow, and hi-temp
- ❖ Completely digital controllable flow profiles, to mimic any existing MFC
- ❖ And can customize to pulse in any flow profile down to 10ms
- ❖ Demonstrable yield improvements & efficiencies for IDM customer



**PIVOTAL**  
SYSTEMS

# Favorable Semi Sector Trends Grow Flow Control TAM Beyond \$700M



## Anchor Themes

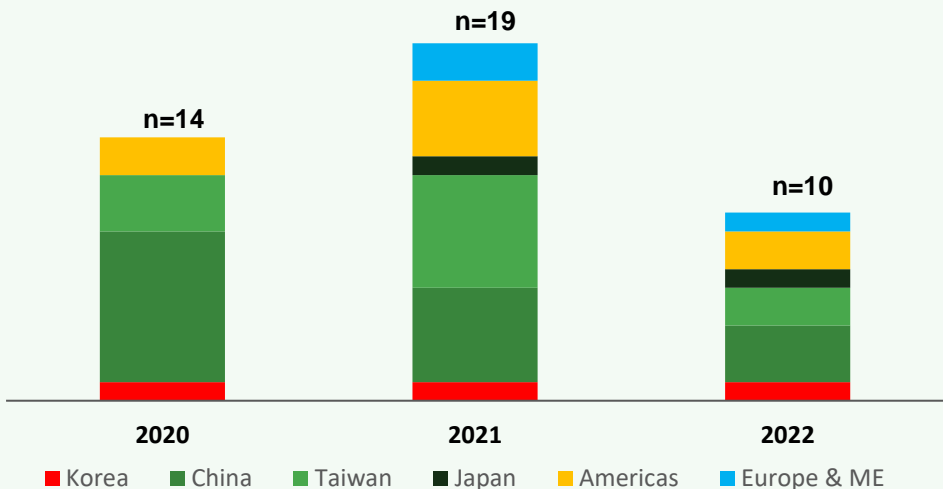
Investment into new fabrication (fab) plants drives capital equipment market growth

**2+ Year Construction**  
**\$7-14Bn Cost**  
Equipment ~65% of CAPEX  
Up to ~75,000 GFCs per fab

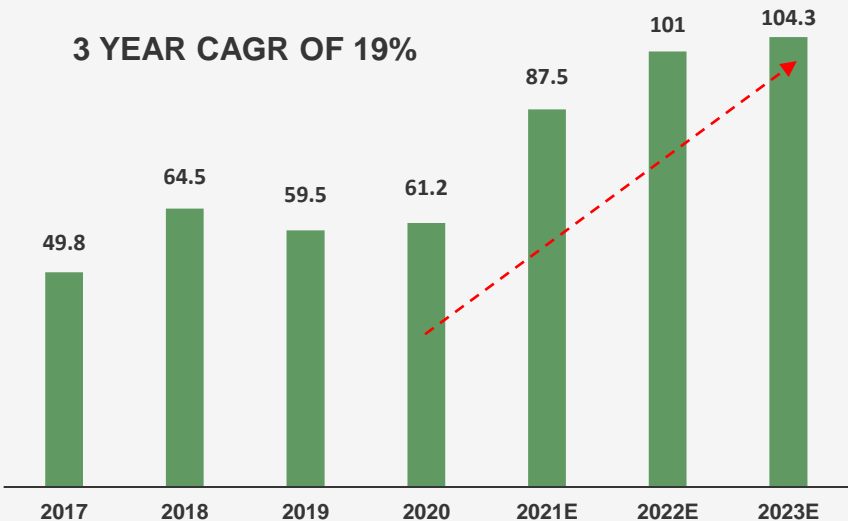
New Govt Initiatives 2021/22  
Driving domestic fab capacity  
>\$650Bn to date



NEW FABs STARTING CONSTRUCTION (2020-2022)<sup>1</sup>



SEMICONDUCTOR CAPITAL EQUIPMENT MARKET<sup>2</sup> (\$Bn)



**Strong industry tailwinds: leverage for new growth opportunities in the semiconductor industry**

1. Source: SEMI. 2. Source: SEMI

# 1H FY2022 Financial Summary

FINANCIAL RESULTS FOR HALF YEAR ENDING 30 JUNE 2022<sup>1,2</sup>

## Revenue

\$9.0M

1H FY2021: \$13.9M

▼ 35%

## Gross Margin

(6.2)%

1H FY2021: 34.1%

▼ 40.3%

## EBITDA

(\$9.1M)

1H FY2021: (\$1.6M)

▲ 453%

## Cash

\$6.2M

1H FY2021: \$5.5M

▲ 13%

## New Orders

\$10.8M

1H FY2021: \$9.9M

▲ 9.1%

## Backlog

\$5.8M

1H FY2021: \$3.9M

▲ 48.7%

## Customers

42

1H FY2021: 38

▲ 10.5%

## Installed Base

~68,000

1H FY2021: 60,000

▲ 14%

<sup>1</sup> All amounts are expressed in US Dollars

<sup>2</sup> On a U.S. GAAP basis.

# 1H FY2022 Operating Summary



## New Orders and Backlog Increased

- Shipments impacted by downstream volatility



## Supply Chain Impacts

- Increased component lead times and inflation



## Solid Progress with Leading Japanese OEM

- Leading-edge ALD



## Manufacturing Efficiencies

- 100% on-time delivery of GFCs



## Service Annuity Growth from Installed Base

- Global Upgrade and Repair Center

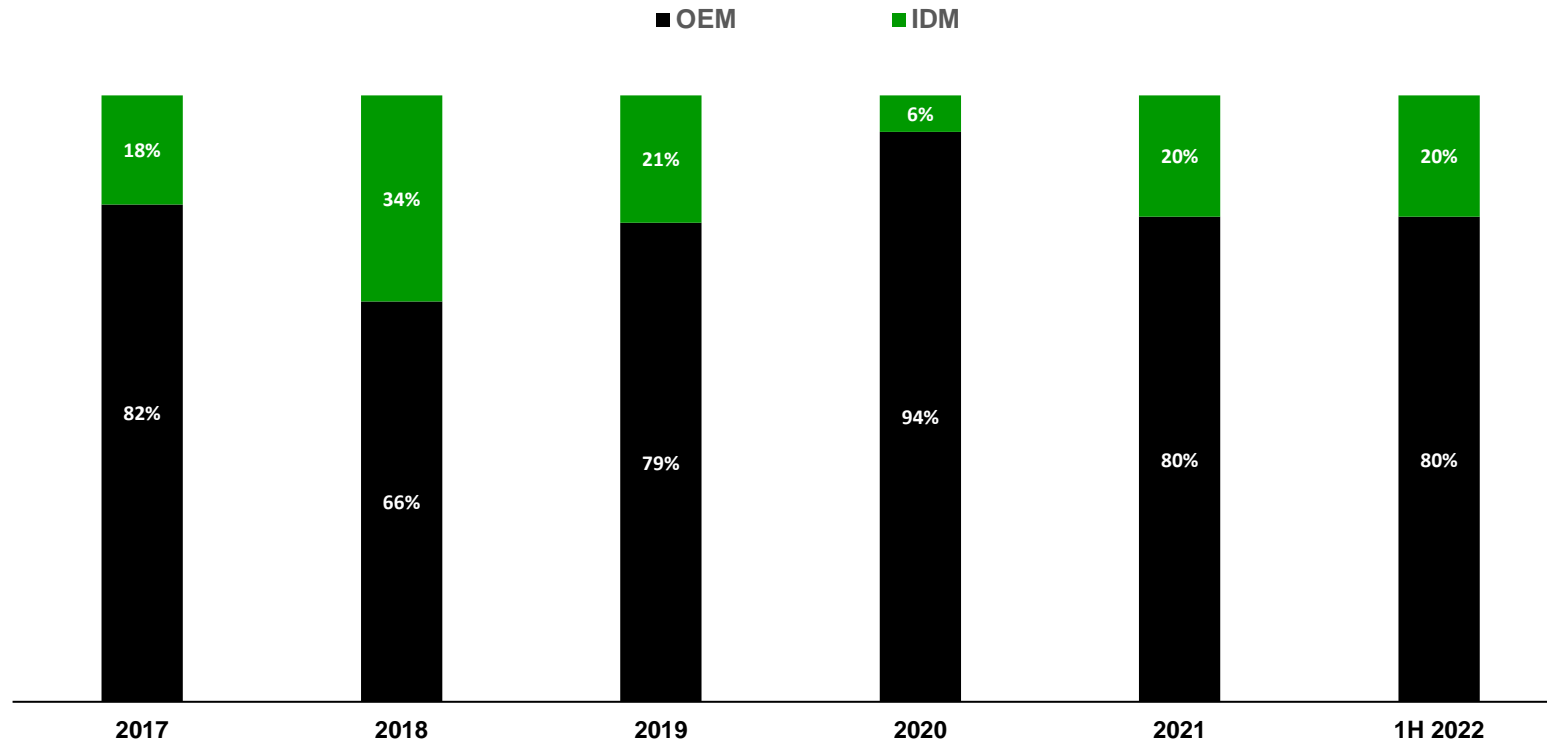


## Product Innovation

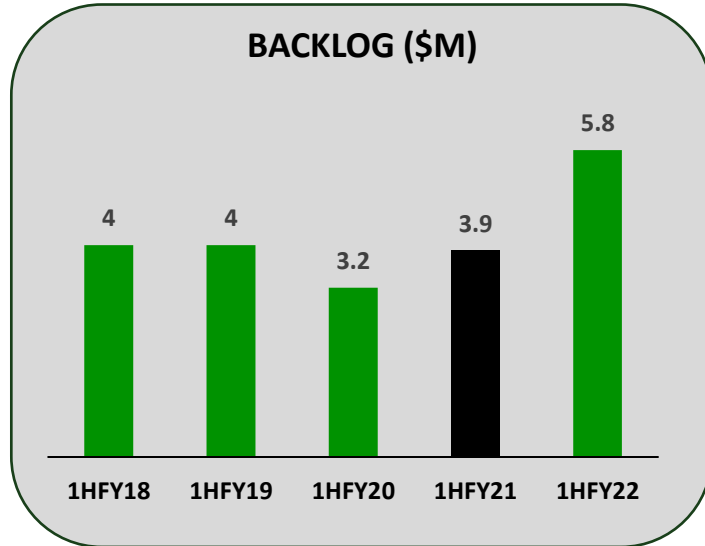
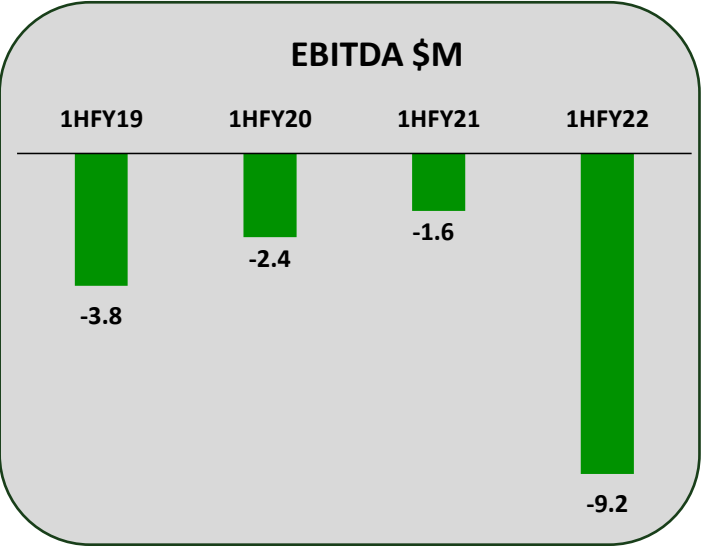
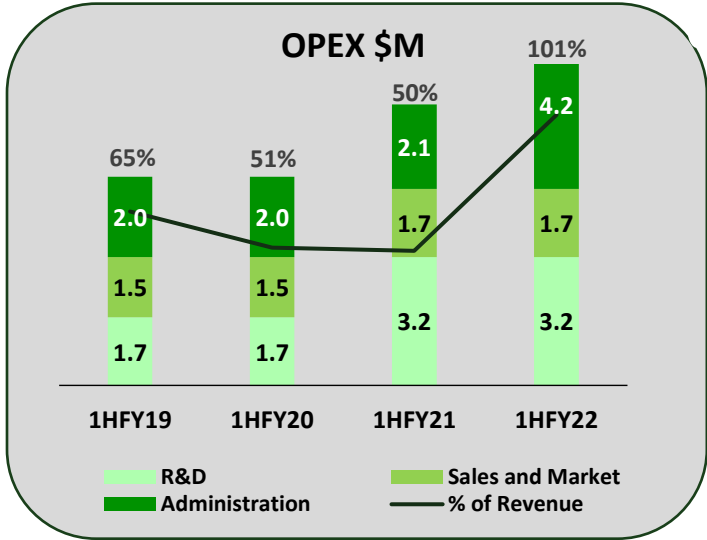
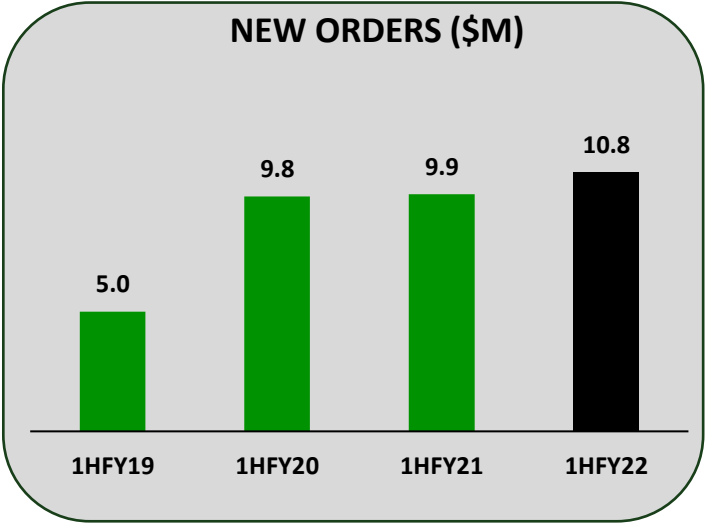
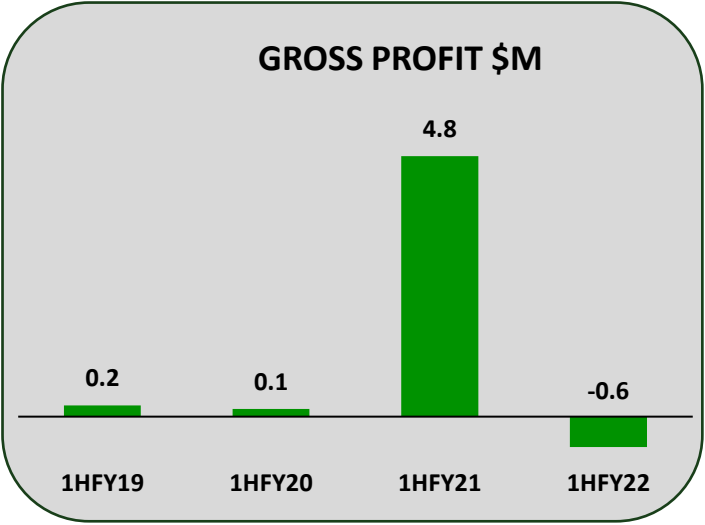
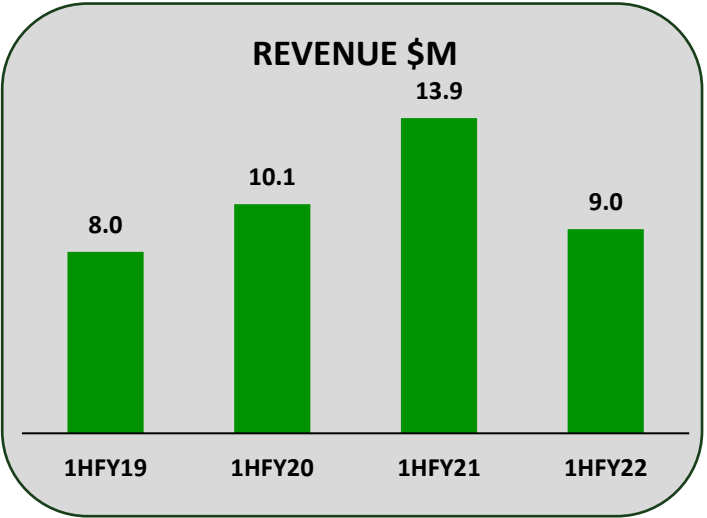
- Demonstrated industry's fastest and most accurate device performance

# Product Mix Metrics

REVENUE CONTRIBUTION BY CUSTOMER



# Financial Metrics

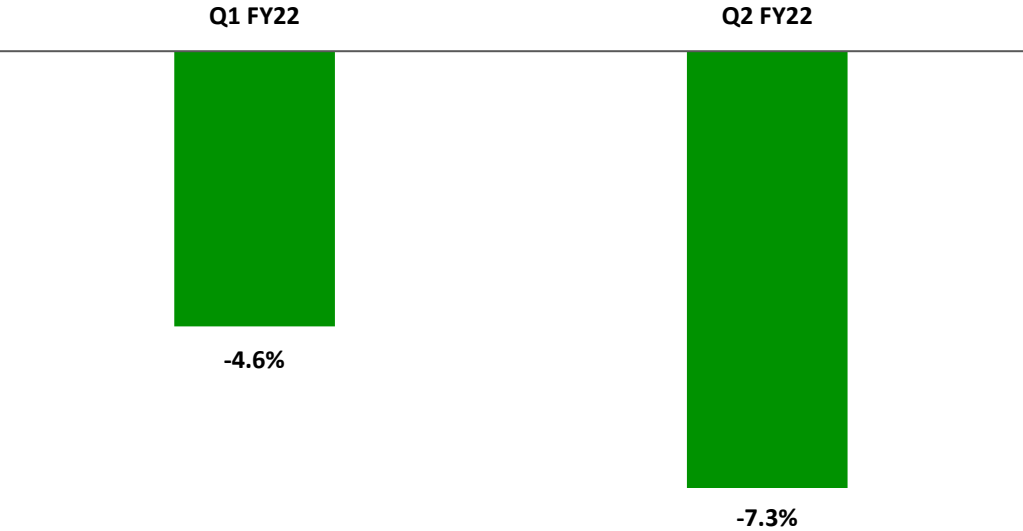


Note: 1H FY21 & 1H FY22 are presented under US GAAP. Pre 1H FY20 figures are presented under IFRS

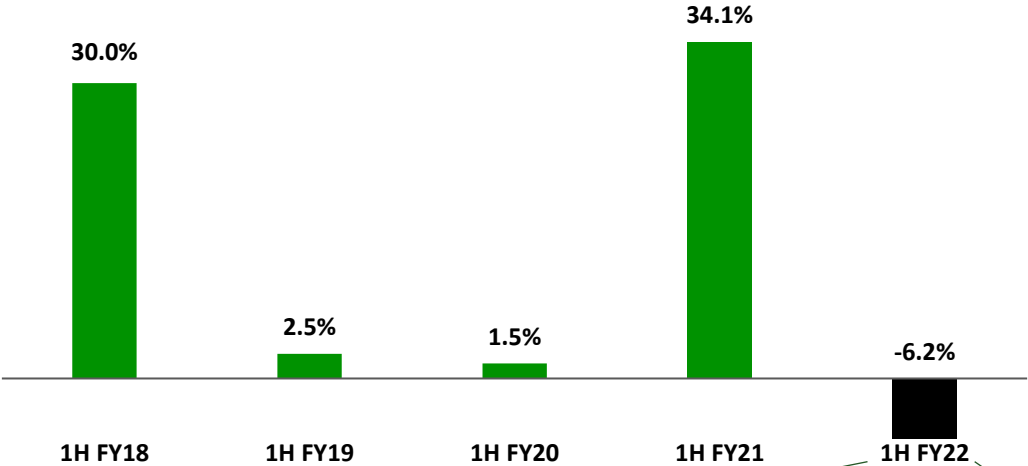
# Financial Metrics - Margins

Gross Margins significantly impacted by lower revenues, cost inflation and purchase price variances (supply chain)

QUARTERLY GROSS MARGINS 1H FY2022



REPORTED HALF YEAR GROSS MARGIN TREND



1H FY22 pro-forma gross margin: 7.6%

Note: Quarterly Gross Margins are presented in U.S. GAAP. Gross Margins pre FY20 are presented under IFRS Accounting Standard.

# Growth Strategies 2022 & Beyond



## WFE Sector Growing

Etch and deposition are fastest-growing segments of WFE



**Increased Market Share**



## Growing Install Base

Drives recurring revenue streams:  
Software upgrades  
Retrofits



**Increased Customer Count**



## Market Share Gains and Margin Expansion

as Pivotal moves from qualified to preferred to exclusive supplier



**High Barriers to Entry**



## Growing TAM

as Pivotal expands product portfolio across the WFE value chain



**Sustainable Advantage**

# 2022 Outlook

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**Downstream  
volatility and  
uncertainty in the  
supply chain  
remains**

- To date, Pivotal has successfully managed upstream supply challenges, mainly attributable to the global shortage of semiconductor chips used in the manufacture of printed circuit board assemblies, used in Pivotal GFCs
- The Company expects an increase in shipments in the second half and is driving cost reduction for an improvement to gross margins, but industry forward visibility remains clouded at this time, and as a result Pivotal will not be providing FY22 revenue guidance to the market



# Pivotal Systems Snapshot

Australian Securities Exchange (ASX) Ticker	PVS
GICS <sup>1</sup> Code	4530 (Semiconductor Equipment)
Share Price (as at 26 August 2022)	\$0.095
52 week low / high	\$0.094 / \$1.48
Market Capitalisation <sup>2</sup>	\$15.3M
Cash on hand <sup>3</sup>	US\$6.2M
FY21 Revenue	US\$29.2M
Top 20 CDI <sup>4</sup> Holders	97%

<sup>1</sup> GICS – Global Industry Classification Standard

<sup>2</sup> Based on Share price on 7 July 2022, issued capital of 159.5M

<sup>3</sup> Cash as at 30 June 2022

<sup>4</sup> CDI – Chess Depository Interests (1:1 ratio with common stock) as at 1 August 2022





# Thank You

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