



ASX / Media Release

Pivotal Records Record 2021 Revenue Growth of 34.4% to US\$29.2 Million¹

Key highlights:

- Product revenues up 33.0% to US\$27.7 million versus the prior corresponding period (pcp), with additional software and service sales of US\$1.5 million, up 63% on the pcp
- Sustained, strong demand for Pivotal products and services from Original Equipment Manufacturers (OEMs) and Integrated Device Manufacturer (IDM) customers, globally
- Significant expansion in product gross margins to 31.3% (1.6% in pcp)²
- EBITDA loss recorded of US\$4.7 million, (US\$12.4 million loss in pcp)
- Net Loss after tax of US\$4.6 million, improvement of 64% on pcp
- Cash outflows from operations of US\$8.3 million, a 24% improvement on pcp
- Continued, significant government intervention to secure technological sovereignty in chip manufacturing
- Forecast semiconductor equipment growth of 12% in 2022 to US\$99 billion
- Pivotal FY2022 revenues in the range of US\$34 to US\$40 million expected

Fremont, California and Sydney, Australia; 25 February 2022 – 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 its unaudited financial results for the full year ended 31 December 2021 (FY2021).

During the year, Pivotal experienced strong demand for its innovative products and services from semiconductor OEMs and IDMs, with the Company achieving new orders of US\$30.7 million vs US\$21.2 million for FY2020, representing a 44.8% increase year over year. Pivotal recorded revenue for the period of US\$29.2 million, an increase of 34.4% from FY2020. The Company’s reported net loss after tax of US\$4.6 million was an improvement of 64% on the pcp.

Mr. John Hoffman, Chairman and CEO of Pivotal Systems said: “I am exceptionally proud of the operating performance of Pivotal during the year, which has resulted in strong revenue and margin growth despite component supply bottlenecks and COVID-19 impacts experienced globally in 2021. Our team successfully navigated these headwinds to ensure continuity of manufacturing and supply to our customers, with significantly shorter lead times relative to our industry peers. The numerous drivers for semiconductor capital equipment growth continue and we anticipate further growth in the Company’s revenues in FY2022 to US\$34-US\$40 million.”

Additionally, Mr. Hoffman commented “As countries race to secure domestic semiconductor manufacturing the longer-term outlook for the wafer fabrication equipment (WFE) market remains robust, with Pivotal significantly leveraged to industry growth over the long term with both standard and leading-edge products available for our global customers. In addition, our new market verticals strategy,

¹ Pivotal’s FY2021 results referred to in this release and accompanying investor presentation, including the prior period FY2020 are presented under U.S. GAAP (except where expressly noted otherwise) and are preliminary and subject to completion of final audit. The Company is moving from IFRS to US GAAP reporting from FY2021.

² Pivotal’s movement from IFRS to US GAAP resulted in 2020 Gross Margins moving from 11% to 1.6%



which has seen MOUs with South 8 and Forge Nano during FY2021, has the potential to introduce future revenue streams across high growth industries including batteries, clean energy and pharmaceuticals where high speed and high accuracy flow controllers can increase efficiencies.”

During the year, the number of repeat/qualified customers increased by 5 to 45 versus the pcp and was up 12.5% from FY2020, while a total of 5 customers are currently evaluating Pivotal’s GFCs (FY2020: 6).

The revenue split between OEM/IDM at FY2021 was 80%/20% versus 94%/6% in the pcp. Pivotal’s top 3 global customers accounted for 72% of revenues in FY2021 versus 96% in FY2020. The Company’s High Temperature GFC products have shown continued sales growth with a leading Japanese OEM. Pivotal anticipates that both IDMs and OEMs will migrate from Remote Electronic GFCs to Integrated High Temperature GFCs to reduce footprint and reduce costs.

The installed base of Pivotal’s GFCs continues to expand, with increasing numbers of GFCs progressively coming out of warranty. The Company experienced 63% growth in service revenue to US\$1.5 million versus the prior corresponding period (pcp).

Gross Profit of US\$9.1 million in FY2021 was up 2573% versus the pcp (US\$0.3 million), reflecting product gross margins of 31.3% (FY2020: 1.6%). In FY2021 gross profit, particularly in 2H 2021, was impacted by material expedite charges for integrated circuit components for printed circuit boards and higher labor costs associated with manufacturing overtime. While the Company expects to see further improvement in gross margins in FY2022, component part shortages continue into the first half of FY2022.

Total operating expenses for FY2021 were US\$14.2 million were up 9% on FY2020 expenses of US\$13.0 million. The Company continued to invest in research and development, with total expenditure of US\$6.5 million up 22% versus the pcp. This increase is due to a ramp up in spending for the next generation ALD GFCs and Pivotal’s Piezo development. Sales and marketing expenditure of US\$3.4 million was essentially flat versus the pcp.

The Company closed the year with a cash balance of US\$4.0 million. In February, the Company announced a pro-rata accelerated non-renounceable entitlement offer to raise approximately A\$14.8 million (US\$10.5 million). Inclusive of this cash, the Company’s pro-forma cash will increase to approximately US\$14 million. The additional capital is predominately to fund working capital increases in inventory and accelerated business development initiatives driving leading-edge product development and launches, to meet our planned growth opportunities in 2022.

Outlook

Pivotal expects that it will continue to gain market share in its targeted semiconductor market segments during 2022. The Company expects the wafer fabrication equipment (WFE) market will continue to grow as outlined by SEMI data. The Company continues to carefully monitor global supply chain uncertainties in conjunction with customers and suppliers.

The strong secular trends for semi are driving the equipment market structurally higher for our global customers over the long term. When coupled with Pivotal’s leading-edge product design, market share gains and installed units, our outlook for FY2022 and beyond remains solid.

Currently, Pivotal expects FY2022 revenues in the range of US\$34 to US\$40 million.



Investor Conference Call

Today, the Company will host an investor conference call at 9.30am AEDT (2.30pm PT on Thursday, 24 February) with Mr. John Hoffman, Chairman and CEO, Mr. Ron Warrington, CFO and Mr. Kevin Hill, COO.

Details of the call are set out below.

In order to pre-register for the conference call 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/10018597-sjwu3w.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: **10018597**

Participant Dial-in Numbers:

Australia Toll Free: 1800 908299
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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=GkWtMOBF>

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 25 FEBRUARY 2022 HAS BEEN AUTHORISED FOR LODGEMENT TO ASX BY THE BOARD OF DIRECTORS OF PIVOTAL SYSTEMS.

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

Safe Harbor Statement

This press release and the accompanying investor presentation, Appendix 4D and Half Year Financial Report contain forward-looking statements, which address a variety of subjects including, for example, our statements regarding expected growth rates, expected product offerings, product development, marketing position and technical advances. 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.

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' 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

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