PIVOTAL SYSTEMS

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

PATENDED 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

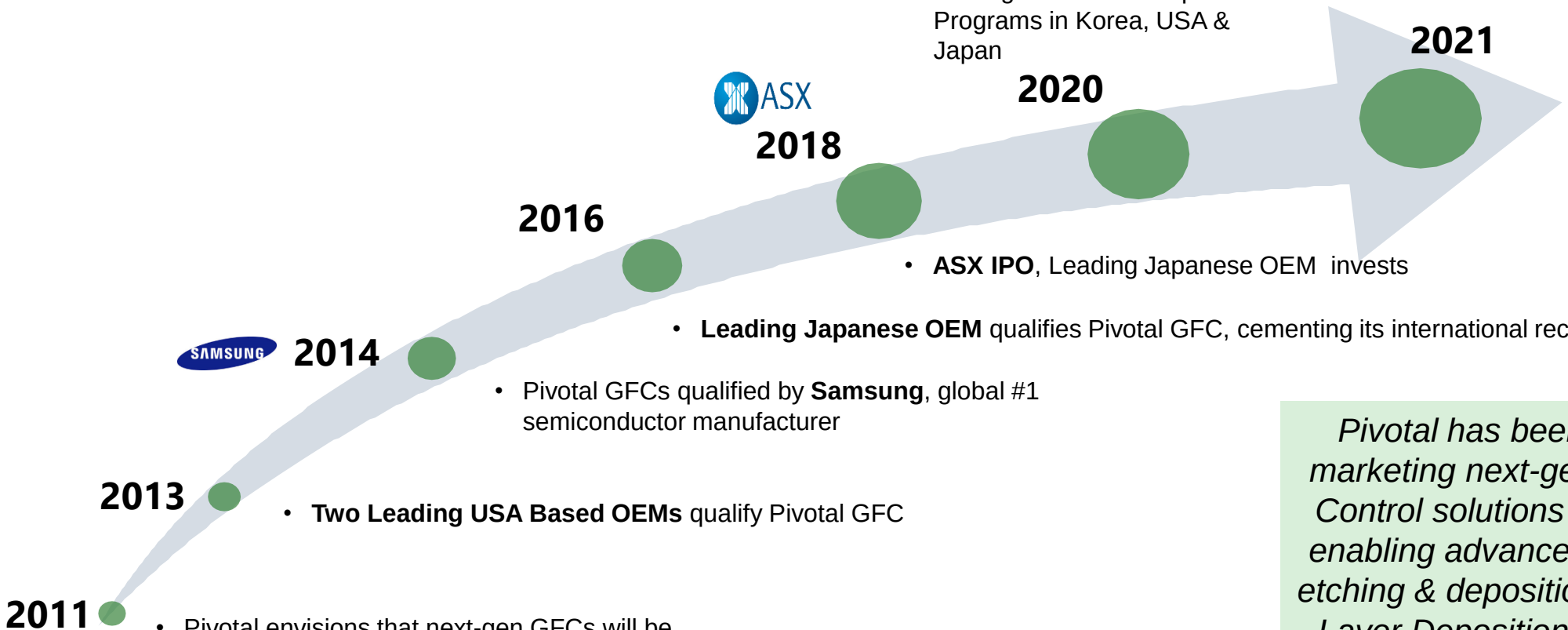
- 25 years of global high technology management experience
- B.S., from the United States Military Academy at West Point and an MS, from Pepperdine University

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



2011

- Pivotal envisions that next-gen GFCs will be essential for the semiconductor industry
- Core architecture developed; key patents filed

2013

- **Two Leading USA Based OEMs** qualify Pivotal GFC

2014

- Pivotal GFCs qualified by **Samsung**, global #1 semiconductor manufacturer

2016

- **Leading Japanese OEM** qualifies Pivotal GFC, cementing its international recognition

2018

- **ASX IPO**, Leading Japanese OEM invests

2020

- Launch High Flow GFC
- **Preferred Supplier** for Leading USA OEM
- Strategic OEM Development Programs in Korea, USA & Japan

2021

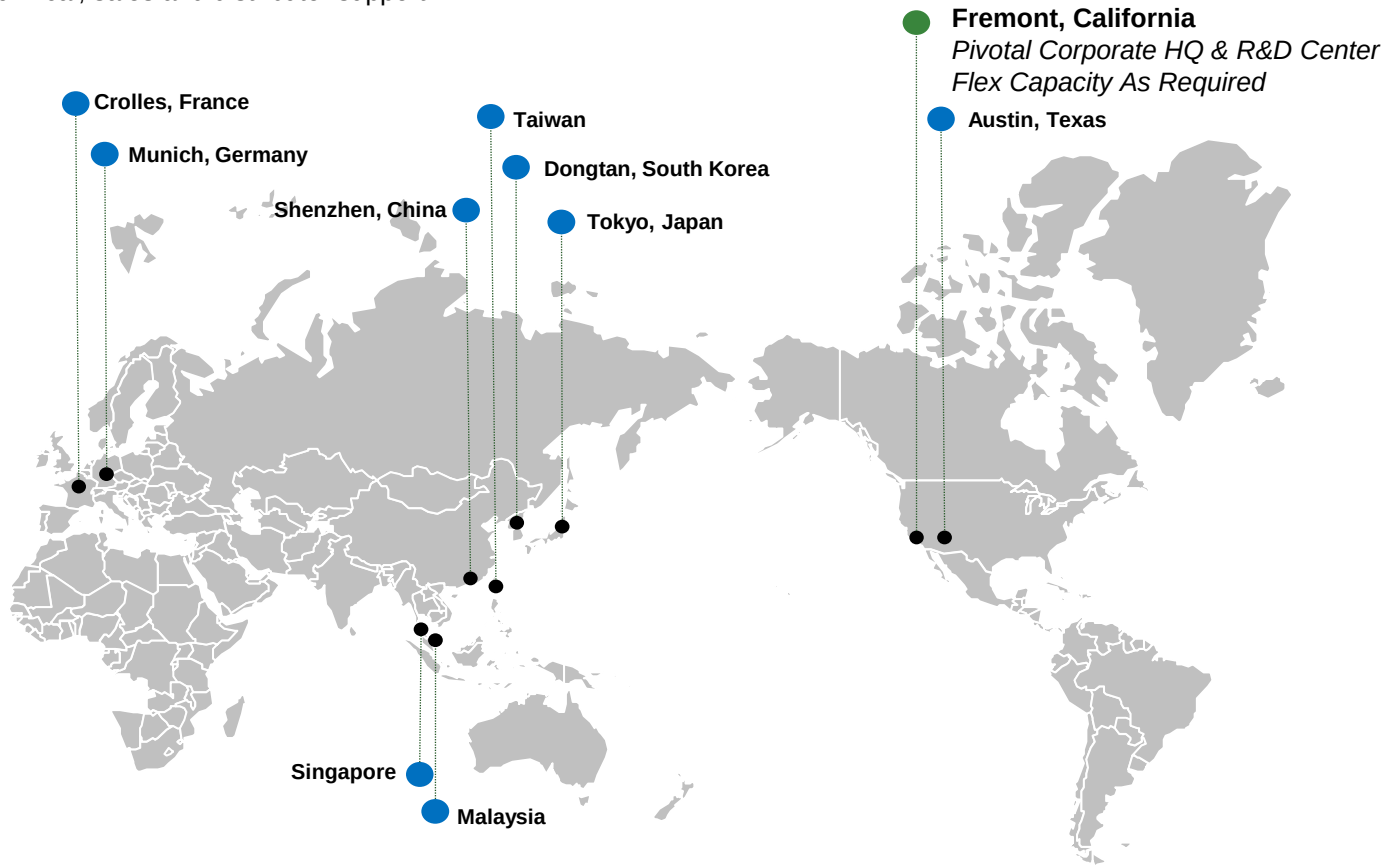
- **Record Revenue**
- Strategic OEM Development Programs in the USA & Japan
- MOUs with South8 Technologies and ForgeNano in new market verticals

Pivotal has been developing and marketing next-generation Gas Flow Control solutions for over a decade, enabling advances in semiconductor etching & deposition to include Atomic Layer Deposition (ALD) and Atomic Layer Etch (ALE).

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

AMEC
TEL TOKYO ELECTRON
APPLIED MATERIALS
Lam RESEARCH
SEMES

Semiconductor Integrated Device Manufacturer (IDM)

Fab

N=thousands
GFCs/Fab

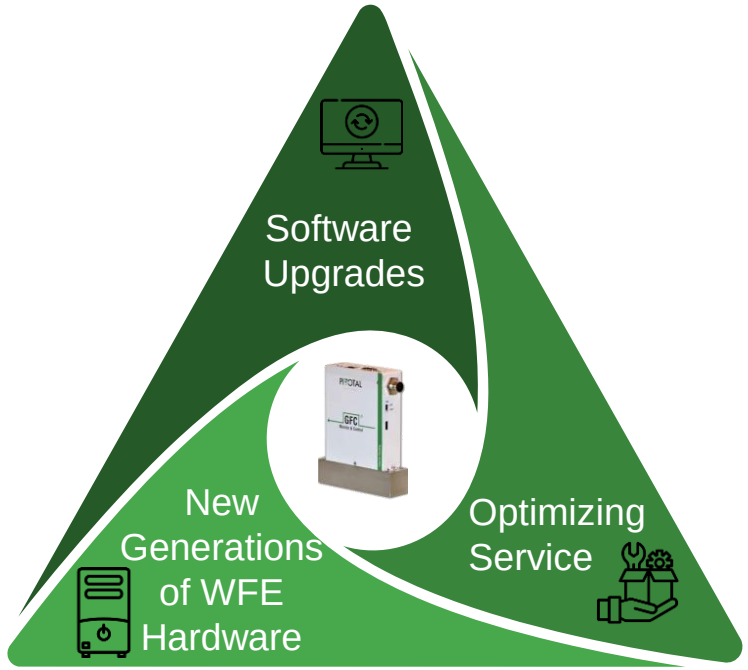
SAMSUNG
UMC
tsmc
intel
Micron
SK hynix
Texas Instruments

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

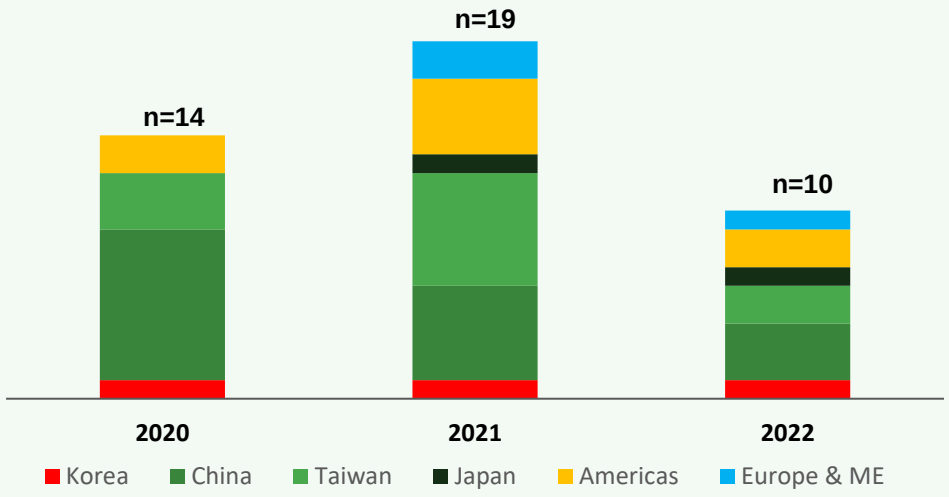
Anchor Themes

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

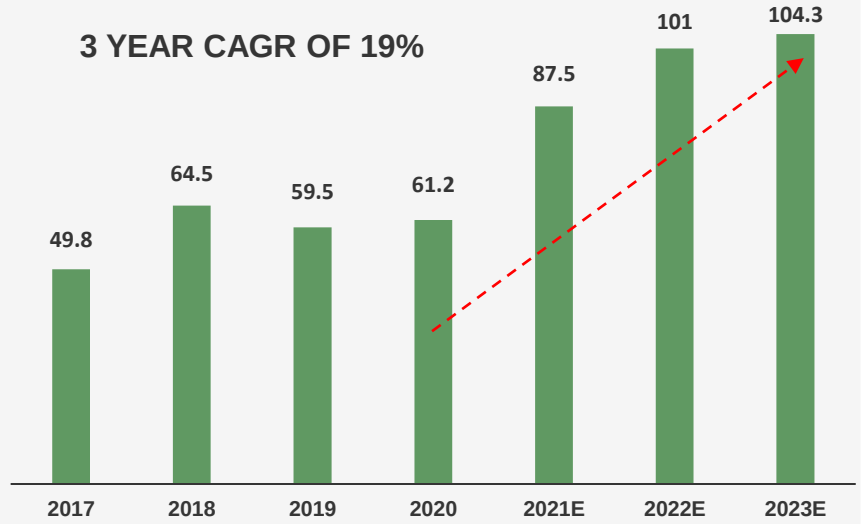
2+ Year Construction
$7-14Bn Cost
Equipment **~65%** of CAPEX
Up to **~75,000** GFCs per fab

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

NEW FABS STARTING CONSTRUCTION (2020-2022)[1]



SEMICONDUCTOR CAPITAL EQUIPMENT MARKET[2] ($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[1,2]

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%**

1 All amounts are expressed in US Dollars
2 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

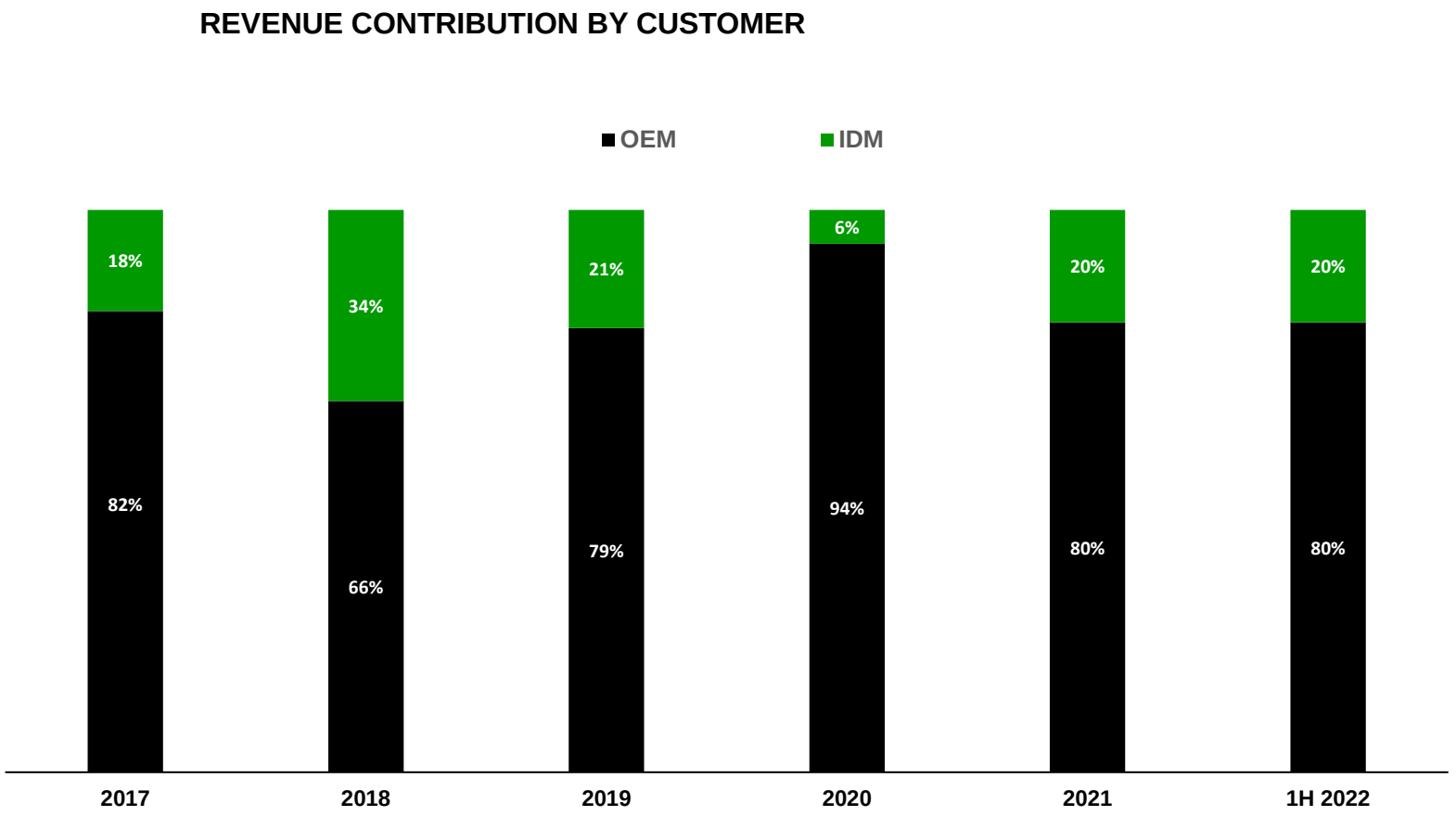
Solid Progress with Leading Japanese OEM
- Leading-edge ALD

Manufacturing Efficiencies
- 100% on-time delivery of GFCs

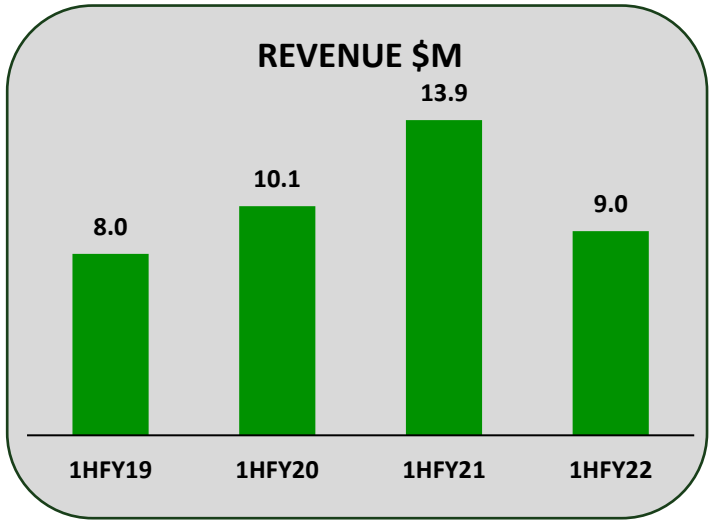
Service Annuity Growth from Installed Base
- Global Upgrade and Repair Center

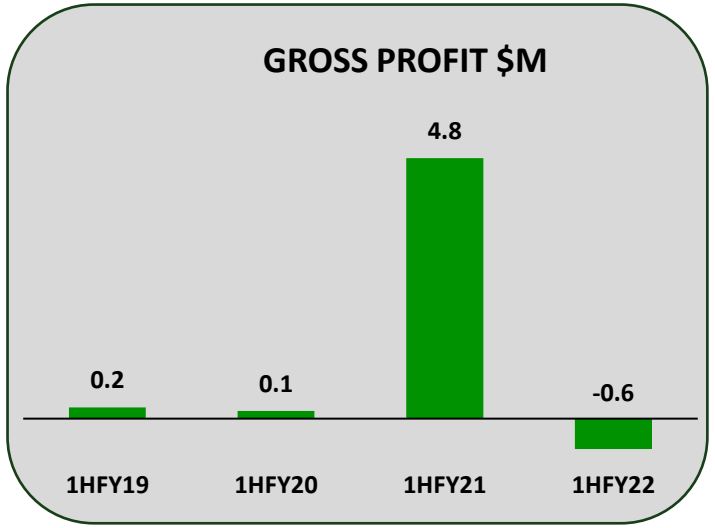
Product Innovation
- Demonstrated industry's fastest and most accurate device performance

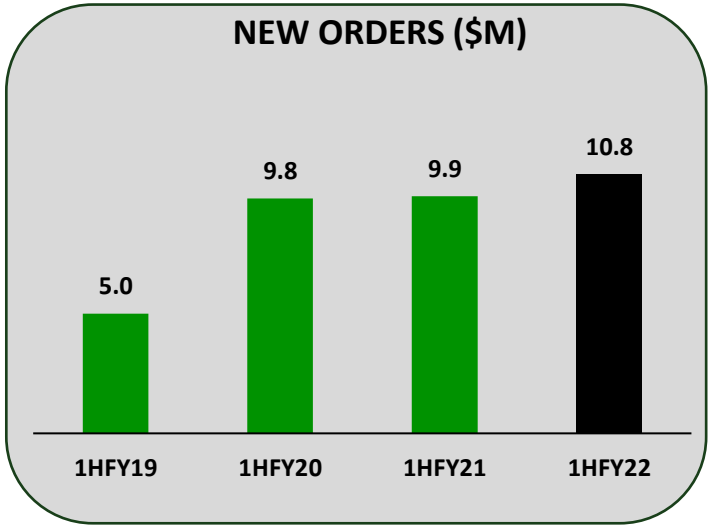
Product Mix Metrics

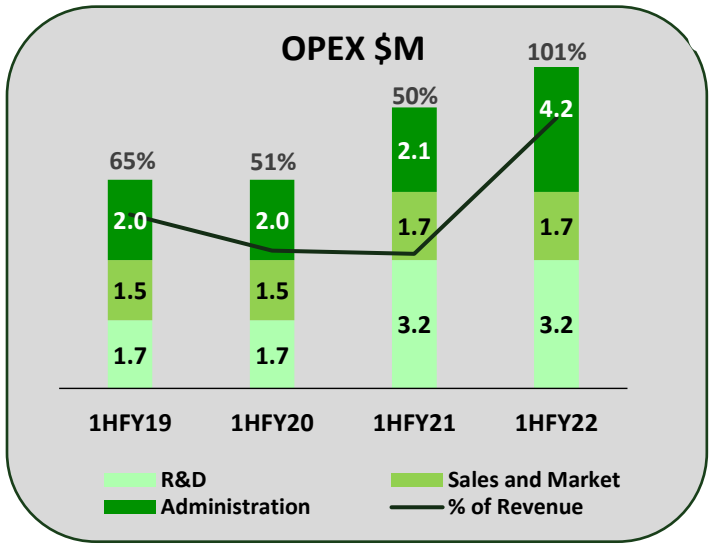


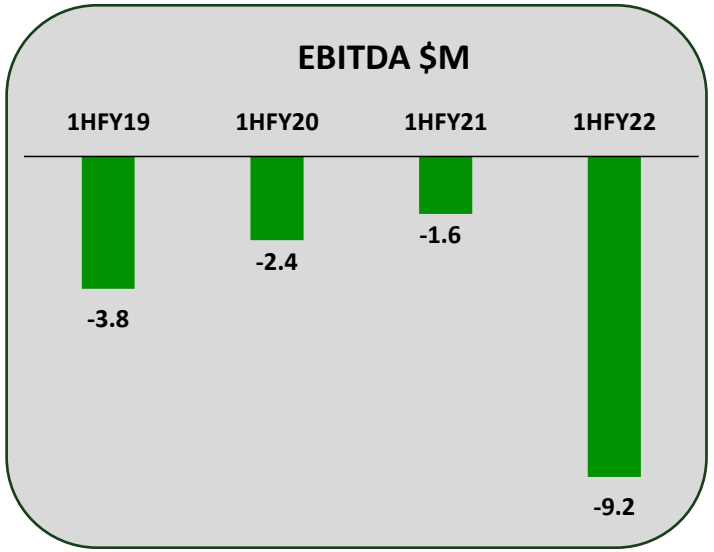
Financial Metrics

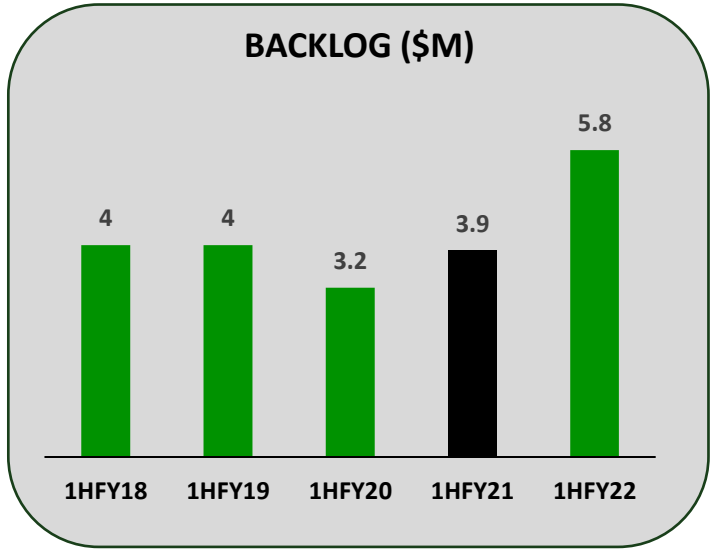








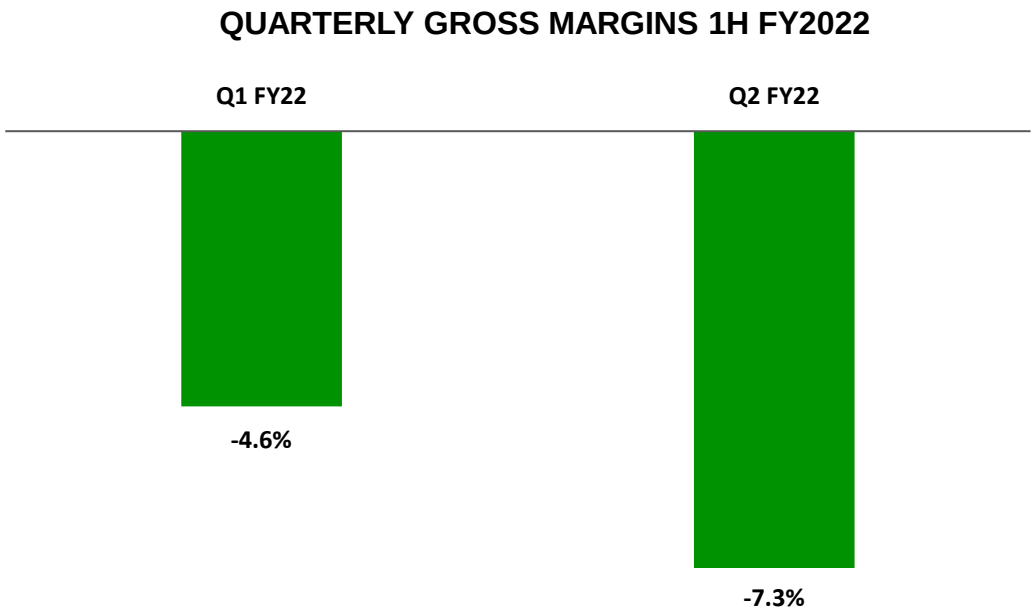


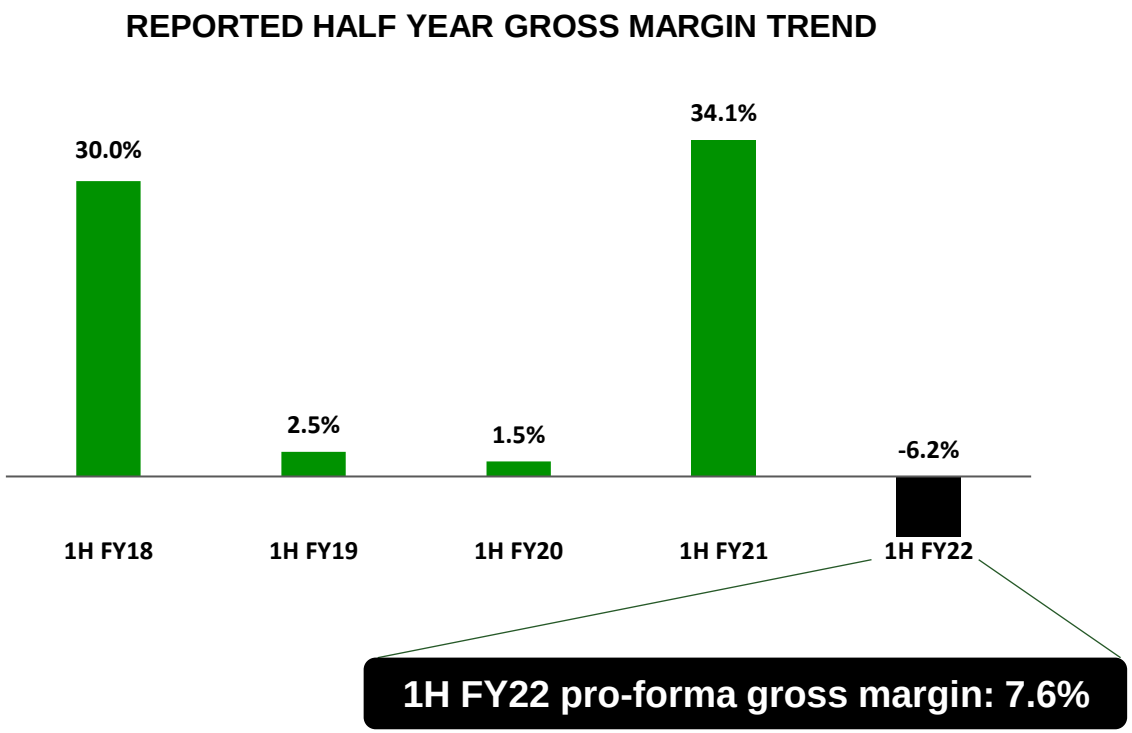


Note: 1HFY21 & 1HFY22 are presented under US GAAP. Pre 1HFY20 figures are presented under IFRS

Financial Metrics - Margins

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





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

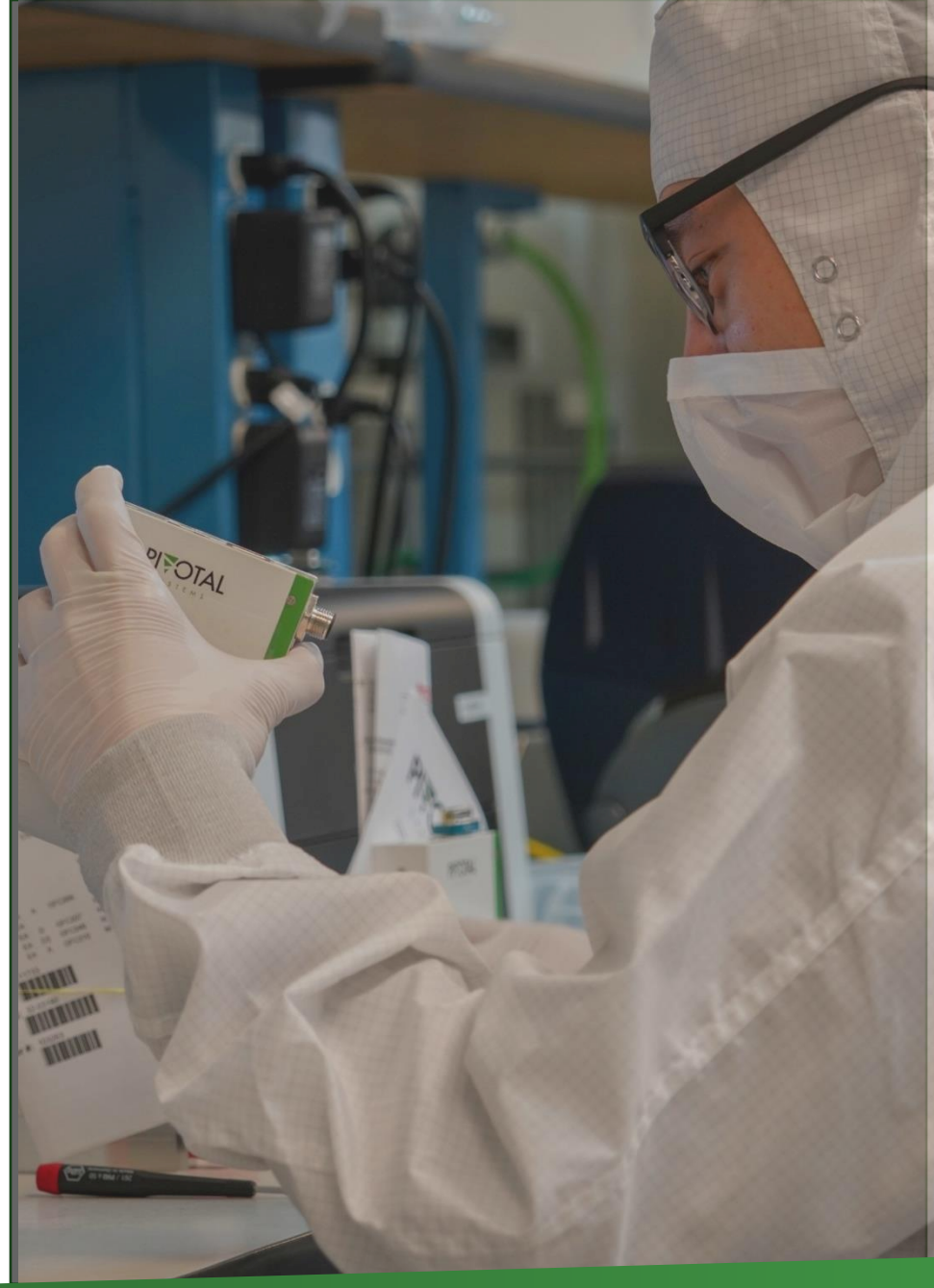
Growing TAM
as Pivotal expands product portfolio across the WFE value chain

Sustainable Advantage

2022 Outlook

Downstream volatility and uncertainly 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[1] Code	4530 (Semiconductor Equipment)
Share Price (as at 26 August 2022)	$0.095
52 week low / high	$0.094 / $1.48
Market Capitalisation[2]	$15.3M
Cash on hand[3]	US$6.2M
FY21 Revenue	US$29.2M
Top 20 CDI[4] Holders	97%

[1] GICS – Global Industry Classification Standard
[2] Based on Share price on 7 July 2022, issued capital of 159.5M
[3] Cash as at 30 June 2022
[4] CDI – Chess Depository Interests (1:1 ratio with common stock) as at 1 August 2022

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Thank You

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