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ASX / Media Release

US$6.7 Million Share Placement

Fremont, California and Sydney, Australia; 22 July 2021 — 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 that it has received binding commitments for a US$6.7 million share placement (A$9.1 million) to new and existing institutional investors, including cornerstone commitments from the Company's largest Australian institutional investor Viburnum Funds along with participation of the Company's second largest shareholder in the US, Anzu Partners, LLC.

Mr John Hoffman, Chairman and CEO of Pivotal Systems commented "The increase in demand for Pivotal's products and engineering services from key blue-chip, global OEM and IDM customers thus far in 2021 has meant a requirement for additional equity capital, predominately to fund working capital increases in inventory and accelerated business development initiatives driving leading-edge product development and launches, to meet our growth opportunities in 2021 and into 2022. We thank our Australian and US based institutional investors for supporting this share placement, which will see our total cash increase to approximately US$12.2 million, when considered in conjunction with the additional US$3 million RBI preference stock issue in early June and existing cash on hand as at 30 June 2021."

Q2 2021 Business Update

Pivotal is pleased to provide investors with a trading update for the second quarter of 2021 (Q2 2021). The overall wafer fabrication equipment (WFE) market, encompassing the bulk of Pivotal's original equipment manufacturer (OEM) customers, continues to experience strong growth, with recent analysis by SEMI indicating WFE growth of 34% versus the pcp to approximately US$82 billion in calendar year 2021 and an additional 6% growth in 2022 to US$87 billion.[1]

Pivotal anticipates unaudited Q2 2021 revenues to be approximately US$7.3 million, representing growth on Q1 2021 of 15% and on the prior corresponding period (pcp), growth of 27%. Unaudited 1H 2021 revenues of approximately US$13.6 million are up 35% on the pcp. Backlog (orders not yet shipped) at 30 June 2021 is expected to be approximately US$3.9 million.

The primary drivers of growth in Q2 2021 have been an increase in sales to leading OEMs, solid growth in Korea and Taiwan along with continued growth at Pivotal's GFC upgrade and repair centre in Korea. In addition, the Company continues to make excellent progress under existing Non-Recurring Engineering (NRE) agreements with Japanese and US OEMs, and progress with the qualification of Pivotal's standard GFC for etch applications at the leading Japanese OEM remains on-track to commence on tool testing in Q3 2021, with first commercial sales anticipated sometime thereafter.

Pivotal notes the strong acceleration in demand for semiconductor equipment and componentry has led to some tightening of the supply chain. Pivotal continues to work with its key suppliers and customers to minimize any potential disruptions, which has included advanced pre-orders for certain components to ensure continuity of supply.

[1] Source: https://www.semi.org/en/news-media-press/semi-press-releases/semiconductor-equipment-forecast-post-industry-high-$100-billion-2022-semi-reports

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The Company maintains its revenue guidance for the full year to 31 December 2021 (FY21) of US$30-32 million representing growth of 35-45% on the pcp.

The Company anticipates reporting its next Appendix 4C Quarterly cash flow statement and quarterly activities report to ASX on 29 July 2021.

Placement

The placement consists of the issue of 7.14 million new CDIs at an issue price of A$1.27 per CDI, representing a 7.9% discount to the volume weighted average price (VWAP) of Pivotal CDIs traded on ASX for the 7 trading days up to and including 19 July 2021 and a 9.3% discount to the last traded price of $1.40 on 19 July 2021. The placement will raise gross transaction proceeds of A$9.1 million representing US$6.7 million based on the closing AUD/USD exchange rate as quoted by the Reserve Bank of Australia as at 19 July 2021.

Except as set out below, the placement will be conducted using the Company's available placement capacity under ASX Listing Rule 7.1 and will therefore not require shareholder approval.

The investment by Anzu Partners of US$0.9 million (A$1.2 million) under the placement ("Conditional Placement") is conditional upon shareholder approval for the purposes of ASX Listing Rule 10.11 as ASX has determined that Anzu Partners is a related party of Pivotal due to it being a substantial holder of the Company and it having David Michael as its nominee Director on the Pivotal Board, noting that David Michael is also the Managing Director of Anzu Partners. Accordingly, the Company will seek shareholder approval under Listing Rule 10.11 at a Special Meeting of shareholders expected to be convened shortly before the release of the Company's half year financial results in late August to issue 959,986 CDIs to Anzu Partners.

In conjunction with the participation by Viburnum Funds in the placement, Pivotal has agreed to appoint a US based nominee of Viburnum Funds to the Board of Directors.

Timetable

The timetable for the Placement is highlighted in the table below. All dates are indicative and subject to change within the ASX Listing Rules.

Date (AEST)	Event
28 July 2021	Settlement of Placement CDIs (excluding the Conditional Placement)
29 July 2021	Allotment of Placement CDIs (excluding the Conditional Placement)
29 July 2021	Commencement of normal trading of placement CDIs on ASX (excluding the Conditional Placement)
On or around 3 September 2021	Expected date for Shareholder meeting
On or around 7 September 2021	Settlement of Conditional Placement
On or around 8 September 2021	Allotment of Conditional Placement CDIs

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Use of Funds

The US$6.7 million raised in the placement will be primarily directed to investments into:

- Working capital (principally inventory) to support expected strong growth in the WFE market throughout the remainder of 2021 and into 2022 with additional component acquisitions given some emerging supply chain bottlenecks (US$4.7 million);
- Capital Expenditures relating to additional tooling required to support the manufacture of next generation gas flow controllers (GFCs) for OEM customers (US$1 million); and
- Business Development initiatives designed to accelerate existing NRE agreements with existing OEMs and new NREs in both leading-edge etch and deposition applications for next generation semiconductor equipment (US$1 million)

*THIS RELEASE DATED **22 JULY 2021** HAS BEEN AUTHORISED FOR LODGEMENT TO ASX BY THE BOARD OF DIRECTORS OF PIVOTAL SYSTEMS.*

- ENDS -

For further information, interview and photos:

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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 contains 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 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 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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