Appendix 4D and Financial Report
for the Half-year Ended 30 June 2021

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1. Company Details

Name of entity: Pivotal Systems Corporation
ARBN: 626 346 325

Reporting period: Half-year ended 30 June 2021
Previous Corresponding Period: Half-year ended 30 June 2020

The financial information contained in the attached consolidated financial report of Pivotal Systems Corporation ("Company") is for the half-year ended 30 June 2021. The previous corresponding period was the half-year ended 30 June 2020.

2. Results for Announcement to the Market

	30 Jun 2021 US$'000	30 Jun 2020 US$'000	Up/Down %
Revenue from ordinary activities	13,622	10,104	Up 35%
Gross Profit	2,885	148	Up 1,853%
Operating Loss	(2,784)	(4,925)	Down 44%
Loss from ordinary activities after tax attributable to members of the parent entity	(1,412)	(4,954)	Down 72%

3. Review of Operations and Financial Results

Commentary related to the above results and additional information is contained within the attached half-year Financial Report and Directors Report.

4. Dividends

No dividends have been paid or are proposed to be paid by Pivotal Systems Corporation for the half-year 2021 (2020: $Nil).

5. Net Tangible Assets per share:

	30 Jun 2021	30 Jun 2020
Net tangible assets per share * (US$ per share)	0.13	0.14

*Right of use asset in respect to property leases have been excluded from the calculation of net tangible assets.

6. Control Gained or Lost Over Entities

There were no changes in control over entities by Pivotal Systems Corporation or its subsidiaries ("Group") during the financial year.

7. Details of Associates and Joint Venture Entities

The Group has no investments in associates or joint ventures during the reporting period.

8. Accounting Standards

The half-year Financial Report has been compiled using Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB").

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9. Audit Status

The Pivotal Systems Corporation Financial Report for the half-year ended 30 June 2021 has been subject to a review by our external auditors, BDO Audit Pty Ltd. A copy of the independent review report to the members of Pivotal Systems Corporation is included within the accompanying half-year Financial Report.

The information contained within this report is to be read in conjunction with the 2020 Annual Report of Pivotal Systems Corporation and any public announcements made to the ASX during the half-year period ending 30 June 2021 pursuant to its continuous disclosure obligations. Further information regarding the Company and its business activities can be obtained by visiting the Company's website at www.pivotalsys.com.



John Hoffman (*Director*)
26 August 2021(Fremont PDT), 27 August 2021 (Sydney AEST)

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PIVOTAL SYSTEMS CORPORATION

A DELAWARE CORPORATION
ARBN 626 346 325

FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

30 JUNE 2021

Table of Contents

Corporate Directory	2
Directors' Report	3
Consolidated Statement of Profit or Loss and Other Comprehensive Income	8
Consolidated Statement of Financial Position	9
Consolidated Statement of Changes in Equity	10
Consolidated Statement of Cash Flows	11
Notes to the Consolidated Financial Statements	12
Directors' Declaration	27
Independent Auditor's Review Report	28

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Corporate Directory

Company
Pivotal Systems Corporation
48389 Fremont Blvd, Suite 100
Fremont CA, 94538 USA
Phone: +1 (510) 770 9125
Fax: +1 (510) 770 9126

Website: www.pivotalsys.com

Directors

John Hoffman	Executive Chairman and Chief Executive Officer
Dr. Joseph Monkowski	Executive Director and Chief Technical Officer
Ryan Benton	Independent Non-Executive Director
Kevin Landis	Non-Executive Director
Peter McGregor	Independent Non-Executive Director
David Michael	Non-Executive Director

Australian Securities Exchange Representative
Danny Davies

United States Registered Office
c/o Incorporating Services Ltd
3500 South Dupont Highway
Dover, Delaware 19901 USA

Australian Registered Office
c/o Company Matters Pty Limited
Level 12, 680 George Street
Sydney, NSW 2000 Australia

United States Legal Adviser
Fenwick & West LLP
801 California Street
Mountain View, California 94041 USA

Australian Legal Adviser
Maddocks
Angel Place Level 27
123 Pitt Street
Sydney, NSW 2000 Australia

Share Registry

Australian CDI registry	US share registry
Link Market Services	American Stock Transfer and Trust Company, LLC
Level 12, 680 George Street	6201, 15th Avenue
Sydney, NSW 2000 Australia	Brooklyn, NY 11219 USA
Telephone: +61 1300 554 474	Telephone: +1 (718) 921 8386
Facsimile: +61 2 9287 0303	

Securities Exchange Listing
Pivotal Systems Corporation (ASX code: PVS).
Chess Depository Interests ("CDIs") over shares of the Company's common stock are quoted on the Australian Securities Exchange. One CDI represents one fully paid share in the Company.

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Pivotal Systems Corporation
Half-year period 30 June 2021

Directors' Report

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The directors present their report for Pivotal Systems Corporation ("Pivotal" or "Company") together with the interim financial statements on the Consolidated Entity (referred to hereafter as the "Consolidated Entity" or "Group") consisting of the Company and its subsidiaries for the half-year period ended 30 June 2021 and the auditor's review report thereon.

DIRECTORS

The following persons were directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

John Hoffman	Executive Chairman and Chief Executive Officer
Dr. Joseph Monkowski	Executive Director and Chief Technical Officer
Ryan Benton	Independent Non-Executive Director
Kevin Landis	Non-Executive Director
Peter McGregor	Independent Non-Executive Director
David Michael	Non-Executive Director

PRINCIPAL ACTIVITIES

Pivotal designs, develops, manufactures and sells high-performance gas flow control products. This includes the Gas Flow Controller ("GFC") family of products and Flow Ratio Controllers ("FRC") for both etch and deposition applications. The Company's proprietary hardware and software utilizes advanced flow intelligence and proprietary algorithms to enable preventative diagnostic capability resulting in the potential for an order of magnitude increase in fab productivity and capital efficiency for existing and future technology nodes.

Pivotal is incorporated in Delaware, United States and has offices in Fremont California, USA (headquarters) and third party contracted manufacturing ("CM") and assembling facilities in Shenzhen, China and Dongtan, South Korea.

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

Financial results

Revenue for the half-year ended 30 June 2021 increased 35% to $13.6 million (2020 1H: $10.1 million). This was as a result of an increase in shipments due to a greater demand from our customers, consistent with the overall growth experienced within the semiconductor industry during the half-year.

Gross profit for the half year increased 1,853% to $2.89 million (2020 1H: $0.1 million). This amount also includes a one time charge for closing the Company's Korean legal entity that is no longer required and material expedite charges for 2nd source components for printed circuit boards and associated components.

In addition, Pivotal saw an increase of sales to integrated device manufacture (IDM) customers to $1.4 million, which represented 10% of sales during the half year (2020 1H: $0.6 million, 6% of sales). These sales are generally at a higher margin. Margins were also positively impacted due to the return of transformation activities to Korea resulting from the substantial elimination of United States Customs and Border Protection duties which had been incurred on the temporary importation into the United States from China of semi-finished product for completion of the manufacturing process. In addition, Pivotal continues to implement product cost reduction measures, and closely monitors profit margin.

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Pivotal Systems Corporation
Half-year period 30 June 2021

Directors' Report

REVIEW OF OPERATIONS AND FINANCIAL RESULTS (*CONTINUED*)

Financial results *(continued)*

Total operating expenses for the period were $5.7 million (2020 1H: $5.1 million), and were of a level to maintain the integrity and quality of operations. The operating loss of $2.8 million is substantially lower than prior period (2020 1H $4.9 million) due to the positive impact observed in gross profit. The Company is working on reducing operating expenses without significantly affecting its ability to innovate and compete in the market.

In response to increased customer demand, Pivotal continued to increase production to maintain pace with expected industry growth. The Company's China and Korea based CM's continue to operate at a capacity of 4,000 units per month based on 5-day, 2 shift production. Pivotal's current production capacity is expected to be sufficient to meet 2021 expected GFC demand from customers.

Pivotal has also observed continued progress of the development program with a leading Japanese OEM and a leading US Based OEM for ALD products, with Pivotal recording $185 thousand in milestone-related payments under it's existing Non-Recurring Engineering (NRE) agreements during the half.

The Company passed a major milestone in the development program with the demonstration of the industry's highest flow piezoelectric control valve. This valve contains Pivotal's proprietary nanometer level position control and achieves turn-on times of less than 10 milliseconds, making it the fastest and most accurate ALD valve available. This valve is at the heart of Pivotal's new ALD systems.

The Company has shipped GFCs for operation at temperatures of up to 70^{o}C that do not require remote electronics. These GFCs which will find immediate use in very challenging high temperature gas applications, contain new electronics and piezoelectric actuators designed to operate at these elevated temperatures.

Supply shortages continue to emerge as the industry ramps up CAPEX spending. Pivotal has been dealing with various shortages in 1H 2021 and expects continued shortages to emerge going forward. These shortages have been effectively managed in the past and Pivotal will continue to monitor and manage to the best of its ability going forward.

The Company successfully closed the second tranche of the RBI Preferred Stock Financing on 2 June 2021, receiving funding of $3 million.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Events surrounding the ongoing COVID-19 outbreak have resulted in a reduction in economic activity across the world. The severity and duration of these economic repercussions are still largely unknown and ultimately will depend on many factors, including the speed and effectiveness of the containment efforts throughout the globe. We have observed demand increases in some areas of our business that support the stay-at-home economy, such as products used in data center infrastructure, notebook computers, 5G, Industry 4.0 and IOT. At the same time SEMI reported 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 30% versus the prior comparative period to approximately US$82 billion in calendar year 2021 and an additional 11% growth in 2022 to US$92 billion[1].

[1] Source: World Fab Forecast Report, 2Q21 Update, Published by SEMI

Directors' Report

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SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS *(continued)*

The extent to which COVID-19 will impact demand for our products depends on future developments, which are highly uncertain and very difficult to predict, including new information that may emerge concerning the severity of the coronavirus and actions to contain and treat its impacts. While our sites are currently operational, our facilities could be required to temporarily curtail production levels or temporarily cease operations based on future additional government mandates.

From the start of the COVID-19 outbreak, we proactively implemented preventative protocols intended to safeguard our team members, contractors, suppliers, customers, distributors, and communities, and ensure business continuity in the event government restrictions or severe outbreaks impact our operations at certain sites. We remain committed to the health and safety of our team members, contractors, suppliers, customers, distributors, and communities, and government policies and recommendations designed to slow the spread of COVID-19.

While several COVID-19 vaccines have been approved and become available for use in the United States and certain other countries in recent months, we are unable to predict how widely utilized the vaccines ultimately will be, whether they will be effective in preventing the spread of COVID-19 (including its variant strains), and when or if normal economic activity and business operations will resume.

These effects, alone or taken together, could have a material adverse effect on our business, results of operations, legal exposure, or financial condition. A sustained, prolonged, or recurring outbreak could exacerbate the adverse impact of such measures.

GOING CONCERN

This interim financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realization of assets and settlement of liabilities in the normal course of business.

During the period ended 30 June 2021, the Group incurred a loss after income tax of $1.4 million (2020: $5.0 million) and the Group's net cash outflows from operating activities for the period ended 30 June 2021 were $1.8 million (2020: $4.3 million).

The Directors believe that there are reasonable grounds to conclude that the Group will continue as a going concern, after consideration of the following factors:

- On 21 July 2021, the Company received binding commitments for a $6.7 million share placement 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. Out of these commitments, on 28 July 2021, the Company received $5.8 million funding for the issuance of 6,177,809 CDI's. The balance of 959,986 CDIs to raise the remaining $0.9 million is subject to shareholder approval at a shareholder meeting planned for 13 September (PDT) / 14 September (AEST).
- As announced on 22 July 2021, in order to obtain additional funding, Pivotal is considering undertaking an initial public offering of its common stock in the U.S. and a dual listing on NASDAQ. Pivotal's CHESS Depositary Interests (CDI's) will continue to trade on the Australian Securities Exchange (ASX).

Directors' Report

GOING CONCERN *(continued)*

- The securing of $13 million Revenue Based Redeemable Preferred Stock (RBI) with Anzu on 30 January 2020. The initial funding of $10 million was received by Pivotal on 20 February 2020 for the issue of 10,000 RBI's of $0.00001 par value per share, at a purchase price of USD$1,000 per share. The subsequent funding of $3 million was received on June 2nd 2021 for the issue of 3,000 RBI's of $0.00001 par value per share, at a purchase price of USD$1,000 per share.
- The expansion of market opportunities, as a result of the development and production of new products.

Accordingly, the directors believe the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the consolidated financial report.

DIVIDENDS

No dividends were paid or declared during the half-year ended 30 June 2021 and the Company does not intend to pay any dividends for the half-year ended 30 June 2021 (2020: $Nil).

PRESENTATION CURRENCY

The functional and presentation currency of the Group is United States Dollars (US Dollars). The financial report is presented in US Dollars with all references to dollars, cents or $'s in these financial statements presented in US currency, unless otherwise stated.

ROUNDING OF AMOUNTS

Unless otherwise stated, amounts in this report have been rounded to the nearest thousand United States Dollars.

JURISDICTION OF INCORPORATION

The Company is incorporated in the State of Delaware, United States of America and is a registered foreign entity in Australia. As a foreign company registered in Australia, the Company is subject to different reporting and regulatory regimes than Australian companies.

DELAWARE LAW, CERTIFICATE OF INCORPORATION AND BYLAWS

As a foreign company registered in Australia, the Company is not subject to Chapters 6, 6A, 6B and 6C of the Corporations Act dealing with the acquisition of shares (including substantial shareholdings and takeovers). Under the provisions of Delaware General Corporation Law ("DGCL"), shares are freely transferable subject to restrictions imposed by US federal or state securities laws, by the Company's certificate of incorporation or bylaws, or by an agreement signed with the holders of the shares at issue.

The Company's amended and restated certificate of incorporation and bylaws do not impose any specific restrictions on transfer. However, provisions of the DGCL, the Company's Certificate of Incorporation and the Company's Bylaws could make it more difficult to acquire the Company by means of a tender offer (takeover), a proxy contest or otherwise, or to remove incumbent officers and Directors of the Company.

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Directors' Report

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DELAWARE LAW, CERTIFICATE OF INCORPORATION AND BYLAWS *(Continued)*

These provisions could discourage certain types of coercive takeover practices and takeover bids that the Board may consider inadequate and to encourage persons seeking to acquire control of the Company to first negotiate with the Board.

The Company believes that the benefits of increased protection of its ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure the Company outweigh the disadvantages of discouraging takeover or acquisition proposals because, among other things, negotiation of these proposals could result in an improvement of their terms.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

On 21 July 2021, the Company received binding commitments for a $6.7 million share placement 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. Out of these commitments, on 28 July 2021, the Company received $5.8 million funding for the issuance of 6,177,809 CDI's with the issue of the balance of 959,986 CDIs to raise the remaining $0.9 million, subject to shareholder approval at a shareholder meeting planned for 13 September (PDT) / 14 September 2021 (AEST).On 22 July 2021, the company announced that is considering undertaking an initial public offering of its common stock in the U.S. and a dual listing on NASDAQ.

During August 2021, 63,289 shares were issued on the exercise of options issued pursuant to the Company's equity incentive plan.

On 26 August 2021, the Company announced the appointment of Ronald C. Warrington as the Company's Chief Financial Officer, effective August 30th, 2021.

Other than the above, no other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Group's core growth strategy involves continuing its strong customer-driven product development focus in order to continue to increase the market share. The Group's growth strategy also includes:

1. Expanding the product portfolio which in turn increases the total addressable market size; and
2. Expanding relationships with key technology and industry partners in order to improve our product offering and delivery capabilities.

On behalf of the directors



John Hoffman
Director and Chief Executive Officer
26 August 2021 (Fremont PST), 27 August 2021 (Sydney AEST)

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Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 30 June 2021

	Note	30 Jun 2021 US$'000	30 Jun 2020 US$'000
Revenue	2	**13,622**	**10,104**
Cost of goods sold		(10,737)	(9,956)
Gross profit		**2,885**	**148**
Operating income and expenses			
Research & development	3	(1,688)	(1,425)
Selling & marketing	3	(1,825)	(1,634)
General & administrative	3	(2,156)	(2,014)
Total expenses		**(5,669)**	**(5,073)**
Operating loss		**(2,784)**	**(4,925)**
Other income	4	1,496	131
Other expense	4	(14)	-
Finance expenses	4	(110)	(160)
Net loss before income tax expense		**(1,412)**	**(4,954)**
Income tax expense		-	-
Net loss for the year		**(1,412)**	**(4,954)**
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year attributable to the members of Pivotal Systems Corporation		**(1,412)**	**(4,954)**
Loss per share attributable to the members of Pivotal Systems Corporation		**US$ per share**	**US$ per share**
Basic and diluted loss per share	5	**(0.01)**	**(0.04)**

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

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Consolidated Statement of Financial Position
As at 30 June 2021

	Note	30 Jun 2021 US$'000	31 Dec 2020 US$'000
Assets			
Current assets			
Cash and cash equivalents	7	5,548	7,539
Trade and other receivables, net	8	7,087	7,734
Inventories, net	9	7,798	8,402
Other assets		436	314
Total current assets		**20,869**	**23,989**
Non-current assets			
Property, plant and equipment, net	10	691	1,166
Intangible assets, net	11	13,456	11,999
Right of use assets, net		828	954
Other assets		102	27
Total non-current assets		**15,077**	**14,146**
Total assets		**35,946**	**38,135**
Liabilities			
Current liabilities			
Trade and other payables		3,386	5,261
Employee benefits	13	515	547
Provisions		140	140
Borrowings	12	1,000	1,604
Lease liabilities		276	261
Total current liabilities		**5,317**	**7,813**
Non-current liabilities			
Borrowings	12	297	770
Lease liabilities		628	1,089
Total non-current liabilities		**925**	**1,859**
Total liabilities		**6,242**	**9,672**
Net assets		**29,704**	**28,463**
Contributed equity	15	187,611	185,200
Reserves		3,306	2,864
Accumulated losses		(161,213)	(159,601)
Total equity		**29,704**	**28,463**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
For the half-year ended 30 June 2021

	Contributed equity US$'000	Reserves US$'000	Accumulated losses US$'000	Total equity US$'000
Balance at 1 January 2020	**171,315**	**1,719**	**(150,493)**	**22,541**
Loss after income tax expense for the year	-	-	(4,954)	(4,954)
Other comprehensive loss for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	**-**	**-**	**(4,954)**	**(4,954)**
Transactions with owners in their capacity as owners:				
RBI Preferred Stock issued (note 15)	10,000	-	-	10,000
Shares issue on exercise of options	44	-	-	44
Share issue costs (note 15)	(200)	-	-	(200)
Share-based payments (note 16)	-	330	-	330
Balance at 30 June 2020	**181,159**	**2,049**	**(155,447)**	**27,761**
Balance at 1 January 2021	**185,200**	**2,864**	**(159,601)**	**28,463**
Loss after income tax expense for the year	-	-	(1,412)	(1,412)
Other comprehensive loss for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	**-**	**-**	**(1,412)**	**(1,412)**
Transactions with owners in their capacity as owners:				
RBI Preferred Stock issued (note 15)	3,000	-	-	3,000
RBI Preferred Stock redeemed (note 15)	(802)		(200)	(1,002)
Shares issue on exercise of options	190	-	-	190
Share issue costs (note 15)	(8)	-	-	(8)
Adjustments to share issue costs (note 15)	31			31
Share-based payments (note 16)	-	442	-	441
Balance at 30 June 2021	**187,611**	**3,306**	**(161,213)**	**29,704**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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Consolidated Statement of Cash Flows
For the half-year ended 30 June 2021

	Note	30 Jun 2021 US$'000	30 Jun 2020 US$'000
Cash flows used in operating activities			
Receipts from customers		14,498	9,708
Payments to suppliers and employees		(16,254)	(14,042)
Interest paid		(92)	(131)
Insurance proceeds received		-	131
Net cash used in operating activities		**(1,848)**	**(4,334)**
Cash flows used in investing activities			
Payments for property, plant and equipment		(43)	(717)
Payments for capitalized development expenses		(1,645)	(1,467)
Net cash used in investing activities		**(1,688)**	**(2,184)**
Cash flows from financing activities			
Payment of share issue costs		(8)	(115)
Proceeds from the issue of preferred stock	15	3,000	10,000
Proceeds from the exercise of options		190	44
Proceeds from bank loans	12	-	907
Repayment of bank loans	12	(500)	(500)
Transaction costs related to the loans and borrowings		-	(26)
Lease principal repayments		(128)	(107)
Redemption of preferred stock	15	(1,002)	-
Net cash from financing activities		**1,552**	**10,203**
Net (decrease)/increase in cash and cash equivalents		**(1,984)**	**3,685**
Cash and cash equivalents at the beginning of the financial period		7,539	5,446
Net effect of foreign exchange		(7)	(10)
Cash and cash equivalents at the end of the year	7	**5,548**	**9,121**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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Note 1. Significant accounting policies

The interim consolidated financial report of Pivotal Systems Corporation ("Pivotal" or "Company") and its controlled entities ("Consolidated Entity" or "Group") for the half-year ended 30 June 2021 is prepared in accordance with Australian Accounting Standard AASB 134 "Interim Financial Reporting". The half-year Report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report and any public announcements made by Pivotal during the interim period.

Functional currency

The financial statements are presented in US dollars, which is the functional and presentational currency of the Group. There has been no change in the functional and presentational currency of the Group.

Rounding of amounts

Amounts in this report have been rounded off to the nearest thousand United States dollars unless otherwise stated.

Going Concern

This interim financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

During the period ended 30 June 2021, the Group incurred a loss after income tax of $1.4 million (1H 2020: $5.0 million) and the Group's net cash outflows from operating activities for the period ended 30 June 2021 were $1.8 million (1H 2020: $4.3 million).

The Directors believe that there are reasonable grounds to conclude that the Group will continue as a going concern, after consideration of the following factors:

- On 21 July 2021, the Company received binding commitments for a $6.7 million share placement 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. Out of these commitments, on 28 July 2021, the Company received $5.8 million funding from the issuance of 6,177,809 CDI's with the balance of $0.9 million from the issuance of the remaining 959,986 CDIs, subject to shareholder approval at a shareholder meeting planned for 13 September (PDT) / 14 September (AEST).
- As announced on 22 July 2021, in order to obtain additional funding, Pivotal is considering undertaking an initial public offering of its common stock in the U.S. and a dual listing on NASDAQ. Pivotal's CHESS Depositary Interests (CDI's) will continue to trade on the Australian Securities Exchange (ASX).
- The securing of $13 million Revenue Based Redeemable Preferred Stock (RBI) with Anzu on 30 January 2020. The initial funding of $10 million was received by Pivotal on 20 February 2020 for the issue of 10,000 RBI's of $0.00001 par value per share, at a purchase price of USD$1,000 per share. The subsequent funding of $3 million was received on 2 June 2021 for the issue of 3,000 RBI's of $0.00001 par value per share, at a purchase price of USD$1,000 per share.
- The expansion of market opportunities, as a result of the development and production of new products.

Accordingly, the directors believe the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the consolidated financial report.

Note 1. Significant accounting policies *(continued)*

Significant accounting policies

The same accounting policies and methods of computation are following in these interim financial statements as compared with the annual financial statements for the year ended 31 December 2020.

As of the date of the financial statements, the Group has adopted all of the new and revised accounting standards and interpretations issued by the Australian Accounting Standards Board ("AASB") and the International Financial Reporting Interpretations Committee ("IFRIC") that are relevant to its operations and effective for the current reporting period. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Note 2. Revenue from contracts with customers

	30 Jun 2021 US$'000	30 Jun 2020 US$'000
Product revenue (recognised at a point in time)	14,259	10,204
Provision for sales returns and discounts	(637)	(100)
Net revenue from contracts with customers	**13,622**	**10,104**

The following table reflects net revenue by type of customer:

	30 Jun 2021 US$'000	30 Jun 2020 US$'000
Integrated device manufacturer (IDM)	1,362	609
Original equipment manufacturer (OEM)	12,260	9,495
Net revenue from contracts with customers	**13,622**	**10,104**

Note 3. Operating expenses

	30 Jun 2021 US$'000	30 Jun 2020 US$'000
Research & development expenses		
Amortization of capitalized development costs (Note 10)	672	874
Salary and benefits	377	469
Other	639	82
	1,688	**1,425**
Selling & marketing expenses		
Salary and benefits	611	686
Commissions and bonuses	696	427
Travel and outside services	248	317
Other	270	204
	1,825	**1,634**

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Note 3. Operating expenses *(continued)*

	30 Jun 2021 US$'000	30 Jun 2020 US$'000
Net Operating Loss includes the following specific expenses:		
General & Administrative expenses		
Salary and benefits	978	779
Travel and outside services	592	697
Other	586	538
	2,156	**2,014**

Note 4. Other Income and Expenses

	30 Jun 2021 US$'000	30 Jun 2020 US$'000
Other income		
Gain on insurance proceeds (1)	-	131
Loan forgiveness (2)	907	-
Judgement award (3)	167	-
Gain on sale of equipment (4)	422	-
	1,496	**131**
Other expense		
Fees incurred in drawback refunds	(14)	-
	(14)	**-**
Finance expense		
Interest expense (5)	(102)	(150)
Foreign exchange losses	(8)	(10)
	(110)	**(160)**

(1) Insurance proceeds received due to a claim related with the theft of certain equipment. The net carrying value of the stolen assets was zero at the time of the event.

(2) Other income includes the loan amount forgiven by the United States Government Small Business Administration, "SBA", which bore interest at a fixed rate equal to 1.0% per annum, for a total of $906,700 which was forgiven in full on 19 January, 2021.

(3) Amount for damages and attorney fees awarded to Pivotal resulting from legal proceedings against a third-party entity due to breach of contract, according to post-judgment enforcement proceedings.

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Note 4. Other Income and Expenses *(continued)*

(5) Gain on sale of the Company's equipment to a contract manufacturer based on market price. As per the agreement, the payment terms are beginning July 2021 and ending in June 2024.

(6) As of 30 June 2021, interest expense included $35,472 implicit interest paid for the lease liability (2020 1H: $44,216), according to the incremental borrowing rate under AASB 16 and $67,255 related to borrowings (2020 1H: $106,039).

Note 5. Net loss per share

Basic net loss per share has been computed by dividing the net loss by the weighted-average number of shares of common stock outstanding during the period. Diluted net loss per share is calculated by dividing net loss by the weighted-average number of shares of common stock and potential dilutive securities outstanding during the period.

Because the Group is in a net loss position, diluted net loss per share excludes the effects of common stock equivalents consisting of stock options, and preferred shares, which are all anti-dilutive. The total number of shares subject to stock options were excluded from consideration in the calculation of diluted net loss per share.

	30 Jun 2021 US$'000	30 Jun 2020 US$'000
Net loss attributable to ordinary equity holders of Pivotal Systems Corporation used in calculating basic and diluted loss per share:	(1,412)	(4,954)
	Number	**Number**
Weighted average number of ordinary shares for basic and diluted loss per share	120, 376,046	113,306,201
	US$	**US$**
Basic and diluted loss per share	(0.01)	(0.04)

Note 6. Operating segments

For operating purposes, the Group is organized into one main operating segment, focused on the technological design, development, manufacture and sale of high-performance gas flow controllers.

All the activities of the Group are interrelated, and each activity is dependent on the others. Accordingly, all significant operating disclosures are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

Pivotal Systems Corporation derives all of the revenue of the Group and maintains the majority of the assets in the United States.

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Note 6. Operating segments *(continued)*

Geographically, the Group has the following revenue information based on the location of its customers:

	30 Jun 2021 US$'000	30 Jun 2020 US$'000
Asia	10,714	8,155
North America	2,908	1,949
	13,622	**10,104**
The following customers accounted for more than 10% of revenues:		
Customer A	54%	66%
Customer B	21%	13%
Customer C	9%	-
	84%	79%

Note 7. Current assets - cash and cash equivalents

	30 Jun 2021 US$'000	31 Dec 2020 US$'000
Cash at bank	5,548	7,539
Cash and cash equivalents	**5,548**	**7,539**

Minimum cash requirement

Pursuant to the covenants of the Bridge Bank credit facility, the Company is committed to maintain a $2.0 million minimum cash balance. There are no restrictions or other limitations on the use of cash and cash equivalents.

As of 30 June, 2021, $23,525 of the total cash balance is being held in a separate account established for the purpose of redeeming Preferred RBI shares at a future date. The funds from this account will not be used for normal business activities (See note 15).

Note 8. Trade receivables

	30 Jun 2021 US$'000	31 Dec 2020 US$'000
Trade receivables	6,178	7,529
Other receivables	909	785
Total receivables	**7,087**	**8,314**
Less: Provision for impairment	-	(580)
Receivables - net	**7,087**	**7,734**

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Note 9. Current assets - inventories

	30 Jun 2021 US$'000	31 Dec 2020 US$'000
Raw materials	3,591	3,520
Work in progress	1,380	1,127
Finished goods	3,322	4,372
Inventories	**8,293**	**9,019**
Less: Provision for impairment	(495)	(617)
Inventories, net	**7,798**	**8,402**

Note 10. Non-current assets - property, plant and equipment

	30 Jun 2021 US$'000	31 Dec 2020 US$'000
Leasehold improvements - at cost	46	201
Less: Accumulated depreciation	(37)	(81)
Leasehold improvements, net	**9**	**120**
Plant and equipment - at cost	2,569	2,853
Less: Accumulated depreciation	(1,887)	(1,807)
Plant and equipment, net	**682**	**1,046**
Property, plant and equipment, net	**691**	**1,166**

	Leasehold improvements US$'000	Plant & equipment US$'000	Total US$'000
Balance at 1 January 2021	**120**	**1,046**	**1,166**
Additions	-	60	60
Sale of assets	(155)	(345)	(500)
Accumulated depreciation of assets sold	75	146	221
Depreciation expense	(31)	(225)	(256)
Balance at 30 June 2021	**9**	**682**	**691**

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Note 11. Non-current assets - intangible assets

	30 Jun 2021 US$'000	31 Dec 2020 US$'000
Capitalized development – at cost	27,838	25,709
Less: Accumulated amortization	(14,382)	(13,710)
Net intangible assets	**13,456**	**11,999**

	Capitalized Development US$'000
Balance at 1 January 2021	**11,999**
Additions	2,129
Amortization expense	(672)
Balance at 30 June 2021	**13,456**

Note 12. Borrowings

	30 Jun 2021 US$'000	31 Dec 2020 US$'000
Current borrowings	1,000	1,604
Non-current borrowings	297	1,089
	1,297	**2,693**
Bridge Bank Loan	1,297	1,786
SBA Loan	-	907
Total Borrowings	**1,297**	**2,693**

(1) Bridge Bank Loan

	SBA loan US$'000	Bridge Bank US$'000	Total US$'000
Balance as at 1 January 2021 (1)	**907**	**1,786**	**2,693**
Interest accrued on facility	-	67	67
Interest paid on facility	-	(56)	(56)
Forgiveness of facility	(907)	-	(907)
Repayment of facility	-	(500)	(500)
Balance as at 30 June 2021	**-**	**1,297**	**1297**

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Note 12. Borrowings *(continued)*

The Company is in compliance with the financial covenants of its borrowing facilities outstanding as of 30 June 2021.

(1) Bridge Bank Loan

On 27 August 2019, the Company closed a $10.0 million business financing agreement with Bridge Bank, a division of Western Alliance Bank (NYSE: WAL). The facility is secured by all the assets of the Company and is comprised of (i) $7.0 million working capital revolving credit line ("Revolving Credit Line"); and (ii) $3.0 million term loan ("Term Loan").

(i) The amount of liquidity available under the $7.0 million Revolving Credit Line is based upon the Company's balances and composition of eligible customer receivables and inventory, as well as other factors. Amounts borrowed under the Revolving Credit Line mature and become due and payable in 24 months, unless extended by the parties. The Revolving Credit Line bears interest at a rate equal to 1.5% above the Prime Rate. As of June 30, 2021, there are currently no amounts drawn under the Revolving Credit Line and the maximum amount that could be borrowed under this facility is $2.88 million.

(ii) The $3.0 million Term Loan bears interest at a rate equal to 2% above the Prime Rate floating on the average outstanding balance and has a $75,000 fee payable upon the earlier of payoff or final principal payment.

The Prime Rate for both, the Revolving Credit Line and the Term Loan, has a floor of 5.25%. The transaction costs payable upon execution of the facility were $25,000. On 3 September 2019, the Company drew down the Term Loan for $3.0 million. Pivotal has been repaying term loan and the balance as of 30 June 2021 is $1.30 million.

(2) SBA Loan

In response to the potential adverse impact on the Company of the COVID-19 pandemic, on 21 April 2020, the Company signed loan documents with Western Alliance Bank and received funding of $0.9 million from the United States Government Small Business Administration ("SBA"), Payroll Protection Program ("PPP") which is part of a program created by the Coronavirus Aid, Relief, and Economic Security Act, "CARES Act", which provides financial relief from the COVID-19 emergency. On 19 January, 2021, this loan that bore interest at a fixed rate equal to 1.0% per annum, was forgiven in full (principal and interest). The total amount was recognized in Other Income (See Note 4).

Note 13. Current provisions - employee benefits

	30 Jun 2021 US$'000	31 Dec 2020 US$'000
Provision for annual leave	515	547
	515	**547**
Movement in provision for annual leave:		
Opening balance	547	443
Additions	35	269
Leave taken	(67)	(165)
Closing balance	**515**	**547**

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Note 14. Financial assets and liabilities

Set out below is an overview of financial assets (other than cash and short-term deposits) and financial liabilities held by the Group as at 30 June 2021:

	30 Jun 2021 US$'000	31 Dec 2020 US$'000
Financial assets		
Trade and other receivables	7,087	7,734
Total financial assets	**7,087**	**7,734**
Current	7,087	7,734
Non-current	-	-
Total financial assets	**7,087**	**7,734**

	30 Jun 2021 US$'000	31 Dec 2020 US$'000
Financial liabilities		
Trade and other payables	3,386	5,261
Borrowings	1,297	2,693
	4,683	**7,954**
Current	4,386	6,865
Non-current	297	1,089
Total financial liabilities	**4,683**	**7,954**

Fair value hierarchy.

The Group classified the fair value of the financial instruments according to the following fair value hierarchy based on the amount of observable inputs used to value the instruments:

- Level 1 – Values based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.
- Level 2 – Values based on inputs, including quoted prices, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Prices in Level 2 are either directly or indirectly observable as of the reporting date.
- Level 3 – Values based on prices or valuation techniques that are not based on observable market data.

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Note 15. Equity - Contributed equity

	30 Jun 2021 Number	30 Jun 2021 US$'000	31 Dec 2020 Number	31 Dec 2020 US$'000
Shares of Common Stock (a)	120,977,649	175,617	120,240,769	175,400
Shares of RBI Preferred Stock (b)	12,198	11,994	10,000	9,800
	120,989,847	**187,611**	**120,250,769**	**185,200**

(a) Movements in Shares of Common Stock

	Shares Number	US$'000
Balance as at 1 January 2021	**120,240,769**	**175,400**
Common Shares issued on exercise of options (Note 16)	736,880	190
Share issue costs	-	(4)
Adjustments to share issue costs	-	31
Balance as at 30 June 2021	**120,977,649**	**175,617**

(b) Movements in Shares of RBI Preferred Stock

	Shares Number	US$'000
Balance as at 1 January 2021	**10,000**	**9,800**
RBI Preferred Stock issued under the RBI Financing	3,000	3,000
Share issue costs due to RBI Financing	-	(4)
Redemption of RBI Preferred Stock	(802)	(802)
Balance as at 30 June 2021	**12,198**	**11,994**

Terms and conditions of contributed equity

Ordinary Shares (Common Stock)

The holders of ordinary shares participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have a par value of $0.00001 and the Company has a limited amount of authorized capital of 370,000,000 shares, 250,000,000 of which are designated "Common Stock" and 120,000,000 of which are designated "Common Prime Stock".

On a show of hands the holders of Common Stock are entitled to one vote for each share of common stock held at the meetings of stockholders (and written actions in lieu of meetings). There is no cumulative voting. They are also entitled to receive, when, as and if declared by the Board, out of any assets of the Company legally available therefor, any dividends as may be declared from time to time by the Board.

The holders of Common Prime Stock are not entitled to any voting rights or powers, except as otherwise required by law. They are also not entitled to share in any dividends or other distributions of cash, property or shares of the Company as may be declared by the Board on the Common Stock.

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Note 15. Equity - Contributed equity *(continued)*

In connection with the Company's IPO of CDIs which were issued on 2 July 2018, with each CDI representing an interest in one share of Common Stock, certain stockholders entered into an escrow agreement with the Company under which the stockholder agreed, among other things, to certain restrictions and prohibitions for a period of time (the "Lock-Up Period"), from engaging in transactions in the shares of Common Stock (including Common Stock in the form of CDIs), shares of Common Stock that may be acquired upon exercise of a stock option, warrant or other right, and shares of Common Stock that arise from such Common Stock (collectively, the "Restricted Securities"). The Restricted Securities shall automatically be converted into shares of Common Prime Stock, on a one for one basis if the Company determines, in its sole discretion, that the stockholder breached any term of the stockholder's escrow agreement or breached the official listing rules of the ASX relating to the Restricted Securities.

Any shares of Common Stock converted to Common Prime Stock under these terms should be automatically converted back into shares of Common Stock, on a one for one basis, upon the earlier to occur of (i) the expiration of the Lock-Up Period in the escrow agreement or the (ii) breach of the listing rules being remedied, as applicable. On 2 July 2020 the Lock-Up Period ended, and all the Restricted Securities were released from escrow. No Restricted Securities were converted into shares of Common Prime Stock.

Preferred Shares (RBI Financing)

The authorized capital of the Company includes 13,000 shares of Preferred Stock, $1,000 par value per share, 13,000 of which have been designated RBI Preferred Stock.

On 20 February 2020, the Company received $10.0 million funding from the issue of 10,000 RBI Preferred Stock to Anzu Industrial RBI USA LLC. The issue costs related with this financing were $0.2 million.

On 2 June, 2021, the Company raised a further $3 million under the RBI Preferred Stock facility. The key condition to draw down this Tranche 2 of the RBI Preferred Stock issue was that Pivotal maintains more than $15 million revenue in the trailing 12 months. The second condition relating to the extinguishment of Pivotal's existing debt facility with Bridge Bank was waived by Anzu. Anzu is entitled to a non-cumulative priority preference dividend of 2%, payable at the Company's discretion.

The Company has no contractual obligation to make the share redemptions. In the event of a failure to make an anticipated redemption, the Company may indefinitely delay or defer cash settlement at the increased settlement price.

There is no fixed term to the redemption period on the RBI Preferred Shares. The Company will redeem the RBI Preferred Shares in case of insolvency, liquidation or similar bankruptcy; an event of default; a change of control or if the Company disposes all or substantially all its assets, property or business.

The RBI Preferred Shares do not carry any voting rights other than one vote per share (or per shareholder in a show of hands) during a period in which a dividend or part of a dividend in respect to RBI Preferred Shares is in arrears (declared but not paid), or during the winding up of the Company.

RBI Preferred Shares also carry voting rights of one vote per share, on a proposal:

- that affects rights attached to RBI Preferred Shares;
- to wind up the Company; or
- for the disposal of the property, business and undertaking of the Company.

The RBI Preferred Shares carry voting rights of one vote per share, on a resolution to approve:

- The terms of a share buy-back arrangement, other than the buy-back of RBI Preferred Shares; or
- A reduction in share capital of the Company, other than a reduction with respect to RBI Preferred Shares.

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Note 15. Equity – Contributed equity *(continued)*

Under the terms of the agreement, although the Company is not obligated to make share redemptions, and there is no fixed term to the redemption period, the RBI Preferred Shares are redeemable by the Company based on the aggregate net revenues of the Company, with an initial redemption on 1 March 2021 with respect to revenues attributed to the prior 10 months (4% of net revenues/month).

On 1 March 2021, the initial redemption of RBI Preferred Stock by the Company took place in accordance with the terms of the RBI Preferred Stock and the Certificate of Incorporation of the Company. Therefore, the Company redeemed 609 RBI Preferred Shares at $1,250 per share for a total of $761,250.

After the first redemption, following redemptions of RBI Preferred Shares will occur on a quarterly basis and will be based on an amount equal to 6% of Pivotal's previous financial quarter revenues. The number of shares to be redeemed during the quarter is based on the established share price, as defined in the agreement. If the Company fails to make an anticipated redemption, Anzu may send notice to state that the anticipated redemption has not been made. The Company would have a 30-day period to make the anticipated redemption. If the anticipated redemption is not made at the end of the period, the share price would increase to the greater of the current share price plus $1,000, or $3,000. On 24 May 2021, the Company redeemed 193 RBI Preferred Shares at $1,250 per share for a total of $ 241,250 as a quarterly redemption.

The Company shall deposit an amount equal to 4% of the financial quarter revenues into a bank account to be used for no other purpose than to redeem shares of RBI Preferred stock pursuant to the agreement. While the total value payable is 'fixed' based on quarterly revenue, the number of shares to be redeemed decreases if an anticipated redemption is not made.

Note 16. Share-based payments

Share based payment reserve

The reserve is used to recognize the value of equity benefits provided to employees, consultants and directors as part of their remuneration, and other parties as part of their compensation for services.

	WAEP $	Share options Number	Share Based Payment Reserve US$'000
Opening reserve 1 January 2021	0.57	16,734,199	2,864
Expense in the period		-	442
Granted	1.15	1,030,000	-
Exercised	0.26	(736,880)	-
Forfeited	1.19	(495,313)	-
Expired	17.70	(4,408)	-
Closing reserve 30 June 2021	**0.59**	**16,527,598**	**3,306**

Note 16. Share-based payments *(continued)*

Share based payment expense:

	30 Jun 2021 US$'000	30 Jun 2020 US$'000
Options issued to directors, employees and consultants	442	330
	442	**330**

The Company grants stock options to its employees, directors, and consultants for a fixed number of shares with an exercise price equal to or greater than the fair value of the common stock at the date of grant and expire no later than 10 years from the date of grant.

The 2003 Equity Incentive Plan expired in 2012, and all the unexercised options also expired as at 30 June 2021.

The 2012 Equity Incentive Plan (the "Share Plan") adopted on 29 June 2012, last amended on 21 May 2021, authorized the Company to grant incentive stock options and non-statutory stock options to employees, directors, and consultants for up to 26,965,000 (31 December 2020: 23,620,222) shares of common stock. Incentive Stock Options ("ISO") may be granted only to employees. Nonqualified stock options may be granted to employees, directors and consultants. The Company issues new shares of common stock upon the exercise of stock options.

The Share Plan grants are based on employee's contribution and commitment to the Company over a period of several years plus the ability of the employees to impact and influence the outcome and direction of the organization in the future. The options under the Share Plan which are not yet vested will be accounted for as non-cash expense over the remainder of the vesting period.

The expected dividend yield for all options granted during these periods was nil. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

Note 17. Contingent liabilities and contingent assets

The Group has no material contingent liabilities or contingent assets as at 30 June 2021 (2020: Nil).

Note 18. Related party transactions

Subsidiaries

The Consolidated financial statements include the financial statements of Pivotal Systems Corporation and the following subsidiaries:

Name	Country of incorporation	Beneficial interest 2021	2020
Pivotal Systems Korea, Ltd	Republic of Korea	100%	100%

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Note 18. Related party transactions *(continued)*

Key management personnel

The following persons were identified as key management personnel of Pivotal during the half-year ended 30 June 2021:

John Hoffman	Executive Chairman and Chief Executive Officer
Dr. Joseph Monkowski	Executive Director and Chief Technical Officer
Michael Bohn	Acting Chief Financial Officer (appointed 29 May 2021)
Dennis Mahoney	Chief Financial Officer (on medical leave)
Ryan Benton	Independent Non-Executive Director
Kevin Landis	Non-Executive Director
Peter McGregor	Independent Non-Executive Director
David Michael	Non-Executive Director

Transactions with related parties

Anzu Partners, LLC, an entity of which David Michael is a director, provided US based public relation services and due diligence services, to the Group totaling $7,500, and $0, respectively, during the half-year (1H 2020: $7,500 and $25,000, respectively).

On 1 March 2021, the initial redemption of RBI Preferred Stock by the Company took place in accordance with the terms of the RBI Preferred Stock and the Certificate of Incorporation of the Company. Therefore, the Company redeemed 609 RBI Preferred Shares at $1,250 per share for a total of $761,250.

On 24 May 2021, the Company redeemed 193 RBI Preferred Shares at $1,250 per share for a total of $241,250 as a quarterly redemption.

On 21 May 2021, the AGM approved a 100,000 option grant to Peter McGregor and a 100,000 option grant for Ryan Benton.

On 2 June 2021, the Company raised a further $3.0 million under the RBI Preferred Stock facility. The key condition to draw down this Tranche 2 of the RBI Preferred Stock issue was that Pivotal maintains more than $15.0 million revenue in the trailing 12 months. The second condition relating to the extinguishment of Pivotal's existing debt facility with Bridge Bank was waived by Anzu.

Other than the compensation of key management personnel, there were no other transactions with related parties.

Receivable from and payable to related parties

As at 30 June 2021, payables of $21,250 were owed to Ryan Benton (2020: $21,250) and $21,250 to Peter Mc Gregor (2020: $21,250) for services provided as members of the Board of Directors.

There were no other trade receivables from or trade payables to related parties at the current and previous reporting dates.

Note 19. Events after the reporting period

On 21 July 2021, the Company received binding commitments for a $6.7 million share placement 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. Out of these commitments, on 29 July 2021, the Company received US$5.8 million funding for the issuance of 6,177,809 CDI's.

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Note 19. Events after the reporting period *(continued)*

The commitment from Anzu Partners, LLC is subject to shareholder approval, with a shareholder meeting planned for 14 September 2021 (AEST).

On 22 July 2021, the Company announced that it is considering undertaking an initial public offering of its common stock in the U.S. and a dual listing on NASDAQ.

During August 2021, 63,289 shares were issued on the exercise of options issued pursuant to the Company's equity incentive plan.

On 26 August 2021, the Company announced the appointment of Ronald C. Warrington as the Company's Chief Financial Officer, effective August 30th, 2021.

Other than the above, no other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

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Directors' Declaration

In accordance with a resolution of the directors of Pivotal Systems Corporation, the directors of the Company declare that:

1. The interim financial statements and notes thereto, comply with Australian Accounting Standard *AASB 134 Interim Financial Reporting*;

2. The interim financial statements and notes thereto, give a true and fair view of the Group's financial position as at 30 June 2021 and of the performance for the half-year ended on that date; and

3. In the directors' opinion there are reasonable grounds to believe that Pivotal Systems Corporation will be able to pay its debts as and when they become due and payable.

On behalf of the directors



John Hoffman
Executive Chairman and Chief Executive Officer



Michael Bohn
Acting Chief Financial Officer

26 August 2021 (Fremont PDT), 27 August 2021 (Sydney AEST)

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Pivotal Systems Corporation

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Pivotal Systems Corporation (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying half-year financial report of the Group does not present, in all material respects, the financial position of the Group as at 30 June 2021, and of its financial performance and its cash flows for the half-year ended on that date, in accordance with Accounting Standard AASB 134 *Interim Financial Reporting*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Group*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the half-year financial report does not present, in all material respects, the financial position of the Group as at 30 June 2021 and of its financial performance and its cash flows for the half-year ended on that date, accordance with Accounting Standard AASB 134 *Interim Financial Reporting*.

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A review of a financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

Gareth Few
Director

Sydney, 27 August 2021

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