



## Chairman's Address to Annual General Meeting

Sydney, Australia - 23 May, 2019

Good afternoon ladies and gentlemen.

My name is John Hoffman and I am the Executive Chairman and Chief Executive Officer of Pivotal Systems Corporation (**Pivotal** or **Company**). Thank you for your attendance this afternoon. On behalf of the Pivotal Board, it is my pleasure to address the shareholders at Pivotal's 2019 Annual General Meeting, our first as a publicly listed Company on the Australian Securities Exchange.

It is now 2:00pm and I have been advised that a quorum is present for the matters to be considered at this meeting. I therefore declare this Annual General Meeting of shareholders of Pivotal open and welcome each of you.

I would appreciate it if all mobile phones can be turned off or put on silent.

Before I proceed with the business of the Meeting, I would like to introduce my fellow Directors:

- Joseph Monkowski, our President and Chief Technology Officer, and an Executive Director;
- Ryan Benton; Independent Director, Chief Financial Officer of Revasum;
- Kevin Landis; The Chief Investment Officer of Firsthand Capital Management;
- David Michael; Managing Director at Anzu Partners; and
- Peter McGregor; Independent Director, here in Australia.

Also present today is Omesh Sharma our Chief Financial Officer and also Martin Coyle, from the Company's Auditor, BDO East Coast Partnership. Martin will be available to answer questions you may have about the conduct of the audit and the auditor's report.

In relation to the procedure for the meeting, I will give a short address and as CEO and will then provide more detailed information on Pivotal's performance for the year and outlook via a slide presentation. Our Independent Non-Executive Director Peter McGregor will also provide you with a summary of our remuneration objectives and outcomes for the year.

We will then go through the formal business of the Meeting, during which time, shareholders, proxies and CDI holders will have the opportunity to comment and ask questions on each item of business.



I would now like to provide you with some of the highlights of our performance for the year ended 31 December 2018, which was marked by significant growth and commercial achievements. I trust each of you have received a copy of our 2018 Annual Report, copies of which are available at this meeting or via our website.

Perhaps Pivotal's greatest achievement during the year was a successful Initial Public Offering on the Australian Securities Exchange, or ASX on 4 July 2018 which saw the Company raise US\$39.6 million or A\$53.5 million in new equity. I would like to thank all people involved in the ASX listing, which has afforded us the opportunity to implement our growth strategy, including bolstering sales and marketing capabilities within our target markets that has assisted to accelerate adoption of our products amongst our key customers.

As a brief reminder of what we do, Pivotal is a developer of an innovative semiconductor process solution, which measures and controls the flow of various gases used at critical stages in the manufacture of semiconductors. As many shareholders will appreciate, Pivotal serves a large, growing market globally with an extensive product portfolio incorporating our Gas Flow Control (GFC) technology. We are recognised by our customers as leaders in the development of innovative GFCs with unique product attributes that affords us a sustainable competitive advantage in the markets we currently serve.

Pivotal Systems' performance for the 2018 financial year has resulted in notable growth in revenue, which was up 32% to US\$20.33 million whilst Gross Profit was up 106% to US\$6.82 million. This was fuelled by increasing market shares combined with a number of initiatives we have taken during the year to increase profitability.

The Company ended the 2018 financial year with a cash position of US\$17.5 million with no debt, and a backlog of confirmed orders awaiting shipment of \$US14.3 million. Our strong research and development spending once again enabled the company to take advantage of new opportunities brought forward by our world class customers.

The Board was pleased to announce the appointment of Mr Peter McGregor in August, shortly after our listing on the ASX. Peter brings a wealth of expertise to the Board with over 30 years' experience in senior finance and management roles, including having been Chief Executive Officer of technology company, Think Holdings, Chief Financial Officer of the ASX50 transport company, Asciano, and a partner in the Investment Banking firm of Goldman Sachs JBWere. Peter is a welcome addition to our Board.

Our operating highlights were numerous for the year, with our advanced flow control technology enabling the doubling of our business with two strategic device manufacturers (IDMs), as well as the doubling of our market share with two of the leading American process equipment companies (OEMs).

We also commenced an ongoing engagement with a leading Japanese OEM that not only generated new orders but has given us a footing in the integration of our technology into the design of their next generation process equipment.

The superior technology used on our flagship GFC product has also enabled us to develop and introduce a revolutionary Flow Ratio Controller (FRC) product in partnership with a leading Korean IDM.

In December, we completed a joint validation project with a renowned Japanese University and a leading Japanese IDM demonstrating the superior performance of the GFC product versus key Japanese competitors.



Pivotal remains at the forefront of innovation and continuous improvement within the GFC market, with the advancement of our new High Flow GFC in only its second year having been qualified by a leading American OEM and leading Taiwanese and Korean IDMs, while gaining multiple repeat orders. The Company was delighted to once again be recognised for our innovation in the market with the High Flow GFC winning Pivotal Systems' third Red Herring Award for Global Innovation. The robust nature of the GFC hardware platform enables the High Flow GFC the same opportunities for rapid innovation and improvement as the standard GFC.

Pivotal's GFC qualifications at the OEM's performed to plan for the year. However, we did not meet our IPO prospectus guidance for FY18, principally due to a slowdown in capex spending by strategic major IDMs during the year which resulted in a delay to these customers' delivery schedule during Q4 18. As mentioned, Pivotal continued to win market share with both the Low Flow GFC and the High Flow GFC and is well positioned as the capex cycle of these IDMs recovers. Our gross margin performance was ahead of our prospectus targets, as we materially reduced costs and manufacturing labour in 2018.

We remain optimistic for our future as we continue to capitalise on opportunities to showcase our superior technology and value proposition. We continue to build on well-established relationships with the industry leaders as we work in unison to solve the exciting challenges the semiconductor industry faces.

Our strategy has been and continues to be, to take market share at the leading edge and strong growth will follow.

Recent world events have seen a material escalation in the trade war between the United States and China, with additional tariffs imposed by both countries. Investors will note the Company utilizes manufacturing and component assembly in a factory for our products in Shenzhen, China. At this time, the impact of this has been minimal. However, continued trade tensions between the United States and China may have an impact of the sales of leading information technology products and services. We will continue to monitor the situation carefully and report any significant changes, as necessary.

On behalf of our Board of Directors, I would like to thank our team who are located across the globe, who have worked diligently for the success we achieved during 2018 and importantly, for our ongoing success into the future.

I would also particularly like to thank our shareholders for their outstanding support of the Company.

I will now provide a more detailed review of the 2018 financial year and outlook for the business in 2019 in the accompanying slide presentation, followed by any questions you may have.

John Hoffman  
Chairman & CEO

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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 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. Pivotal Systems Corporation (ARBN 626 346 325), is a company incorporated in Delaware, USA, whose stockholders have limited liability.

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**Annual General Meeting**  
**23 May 2019**  
**John Hoffman- Chairman & CEO**

(ASX: PVS)

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

## Non IFRS financial measures

Pivotal Systems uses certain measures to manage and report on its business that are not recognised under Australian Accounting Standards or IFRS. These measures are collectively referred to in this document as 'non-IFRS financial measures' under Regulatory Guide 230 'Disclosing non-IFRS financial information' published by the Australian Securities and Investments Commission (ASIC). Management uses these non-IFRS financial measures to evaluate the performance and profitability of the overall business. The principal non-IFRS financial measures that are referred to in this document is EBITDA. EBITDA is earnings before interest, tax, depreciation and amortisation and significant items. Management uses EBITDA to evaluate the operating performance of the business prior to the impact of significant items, the non-cash impact of depreciation and amortisation and interest and tax charges.

Although Pivotal Systems believes that these measures provide useful information about the financial performance of Pivotal Systems, they should be considered as supplements to the income statement measures that have been presented in accordance with the Australia Accounting Standards and IFRS and not as a replacement for them.

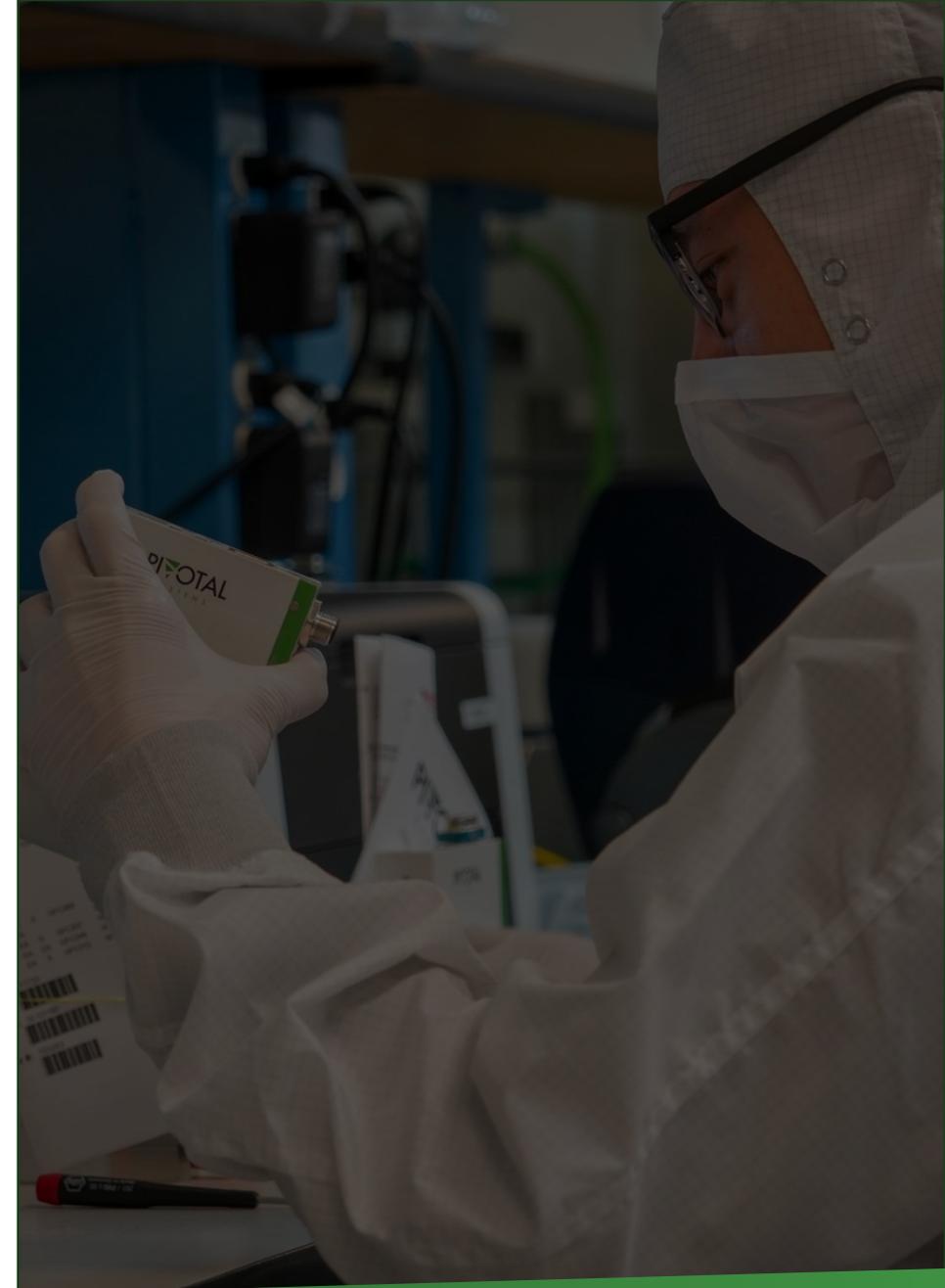
# PIVOTAL SYSTEMS SNAPSHOT

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

ASX Ticker	PVS
Share Price (as at 22 May)	\$1.43
52 week low / high	\$1.36 / \$3.45
Market Capitalisation	A\$159.4 million*
Cash as at 31 March 2019 (No Debt)	US\$13.5 million
NTA per share	US\$0.20
Top 20 CDI <sup>1</sup> Shareholders	90.7%

\* Based on share price as at 22 May 2019

<sup>1</sup> CDI – Chess Depository Interests



# OVERVIEW

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## GLOBAL LEADER IN GAS FLOW CONTROL SOLUTIONS

- Leading provider of innovative gas flow control solutions which are integral in the production of semiconductor devices (semiconductors)
- Pivotal's portfolio of gas flow controllers (GFCs) and Flow Ratio Controllers (FRCs) assist semiconductor manufacturers to stabilise and control the delivery of gases used to deposit or remove materials during the semiconductor manufacturing process



## STRONG FINANCIAL PERFORMANCE POSITION

- Successful Initial Public Offering (IPO) on the ASX in July raising US\$39.6m (A\$53.5m)
- 2018 Revenue Growth of 32% to US\$20.3m (2017: US\$15.4m) as a result of increasing market share
- Statutory Gross Profit increased 106% to US\$6.1m (2017: US\$3.0m) with Gross Margin Expanding to 30.2%
- Cash balance of US\$17.5m at 31 December 2018 with no debt



## POSITIONED WITHIN MULTIBILLION DOLLAR INDUSTRY

- The broader mass flow controller (MFC) market is forecast to grow to well above US\$1 billion by 2022
- Pivotal's customer base includes some of the largest integrated device manufacturers (IDMs) and original equipment manufacturers (OEMs)
- Opportunity for significant increase in customer penetration and expansion of overall market share

# GFC PRODUCT PLATFORM

**PIVOTAL DESIGNS AND MANUFACTURES INNOVATIVE GFCs WHICH HELP IMPROVE SEMICONDUCTOR MANUFACTURING YIELDS, ALLEVIATE KEY PROCESS INEFFICIENCIES WHILE INCREASING PRODUCTION OUTPUT.**

Innovative hardware design eliminates need for supporting upstream or downstream machinery, alleviating additional costs.

Self calibration software – avoids the need for systems to ever come offline, saving valuable production time.

Highly intelligent software platform capable of providing ongoing updates and product improvements.



Highly accurate proprietary nanotechnology derived valve delivers industry leading accuracy.

Sensors able to monitor & control gas flows in real-time, every millisecond.

Built-in machine learning software capable of identifying changes in gas temperature and pressure as a process is being run.

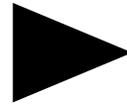
Fastest turn on and turn off times in the industry – provides an increase in productivity for customers.

# MARKET OPPORTUNITY

MARKET SIZE - \$1B<sup>1</sup>  
[CAGR 2017-2023, 5.4%]

**Flow controller manufacturers**

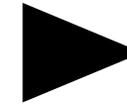
- Manufacturers of gas flow control devices
- Industry participants include:
  - Horiba, Ltd.
  - Brooks Instruments
  - Fujikin
  - Hitachi Metals
  - Pivotal Systems**



MARKET SIZE \$90B<sup>2</sup>

**Original equipment manufacturers (OEMs)**

- Designers and manufacturers of process tools used in the production of semiconductors
- Industry participants include:
  - Applied Materials
  - Lam Research
  - Tokyo Electron



MARKET SIZE \$439B<sup>3</sup>

**Integrated device manufacturers (IDMs)**

- Semiconductor and integrated device manufacturers
- A sample of industry participants include:
  - Samsung
  - Intel
  - TSMC
  - Texas Instruments
  - SK Hynix



**Significant** barriers to entry, driven by:

- Expense of Device Requalification at the IDM's
- Expense of IDM Requalification's by OEM's
- Customer Relationships and Joint Development Programs
- Intellectual Property Constraints
- Copy Exactly!



Represents Pivotal's addressable customer base

Note:

- Market and Markets, November 2017. Includes etch, deposition and other markets.
- IC Insights, 2018 McClean Report.
- IC Insights, 2018 McClean Report.

# REVIEW OF 2018

Pivotal's GFC qualifications at the OEM's performed to plan for the year. However, Pivotal did not meet prospectus forecasts, principally due to a slow down in capex spending by strategic memory IDMs. Pivotal Systems continued to win market share with both the Low Flow GFC and the High Flow GFC and is well positioned as the capex cycle recovers.

## BUILT ON ESTABLISHED RELATIONSHIPS AND PENETRATED NEW CUSTOMERS

- Pivotal doubled its business with two device manufacturers (IDMs) and doubled its market share with two leading American process equipment companies (OEMs)
- 92% increase in number of customers that have validated the technology from 13 in 2017 to 25 at the end of 2018.
- Replicated leading market share with a second Korean IDM, and commenced shipments to two Taiwan-based IDMs

## BACKLOG AND ORDERS DEMONSTRATE STRONG GROWTH TRAJECTORY

- Following the successful qualifications of leading IDMs, orders grew to US\$31.1m, up 101% from 2017, with US\$14.3m in backlog at 31 December 2018 to be converted to revenue in 2019
- Strong balance sheet with US\$17.5m cash and no debt

## CONTINUED NEW PRODUCT DEVELOPMENT & COMMERCIALISATION

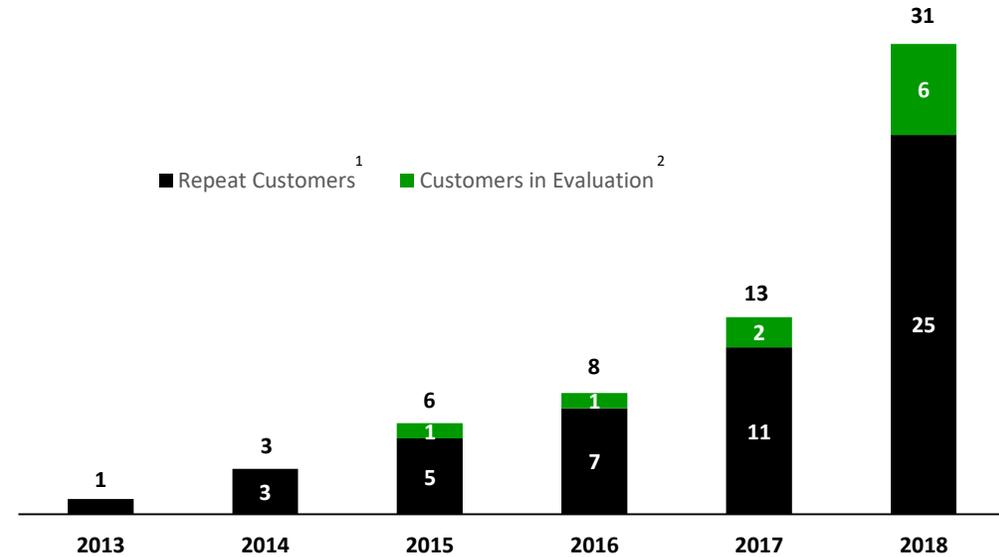
- New High Flow GFC (released in 2017) has been qualified by leading IDMs and OEMs and gained repeat orders in 2018
- Introduced the Flow Ratio Control (released July 2018) product working in tandem with a leading Korean IDM
- Proved the superior performance of Pivotal's GFC product against Japanese competitors whilst working in conjunction with a leading Japanese Technical University and a Memory Device Manufacturer



# CUSTOMER SEGMENTATION

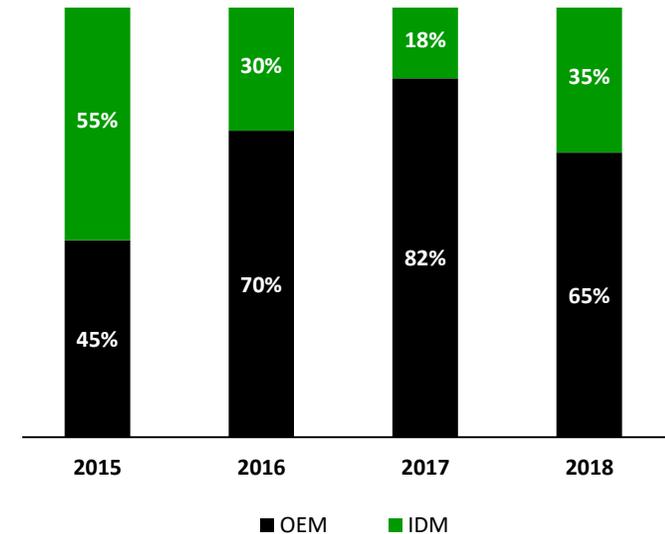
## BREADTH OF CUSTOMER VALIDATIONS DRIVES REPEAT ORDERING BEHAVIOUR

- Total customer growth of 138% in 2018 versus prior year
- Repeat customer growth of 127% in 2018
- 12 additional customers who validated Pivotal's technology during 2018
- Selling, validation and development partnerships with blue chip IDMs and OEMs continued during 2018



## THE MAJORITY OF PIVOTAL 2018 REVENUES WERE FROM OEMs

- Several of the largest OEMs globally as customers
- Retrofit orders to IDMs expanded market share in 2018
- Revenue mix of 64.8% OEM and 35.2% IDM in 2018
- >85% of Pivotal sales have been used in etch process tools, remainder in deposition process tools



1. Repeat customers defined as a customer who has ordered a Pivotal product on more than one occasion.  
 2. Customers who are currently evaluating the Pivotal GFC Technology.



**FINANCIAL  
RESULTS**

# FY2018 SUMMARY FINANCIAL RESULTS

<b>FINANCIAL INFORMATION</b> <i>Amounts in US\$m unless otherwise stated</i>	<b>2017 Statutory</b>	<b>2018 Statutory</b>	<b>% change</b>	<b>2017 Pro-forma<sup>1</sup></b>	<b>2018 Pro-forma<sup>1</sup></b>	<b>% change</b>
<b>Revenue</b>	15.4	20.3	32%	15.4	20.3	32%
<b>Gross profit</b>	3.0	6.1	106%	3.9	6.7	75%
<b>Gross margin</b>	19.3%	30.2%		25.0%	33.2%	
<b>Operating Expenses</b>	(6.9)	(10.2)	48%	(7.5)	(9.5)	26%
<b>EBIT</b>	(3.9)	(4.1)	3%	(3.6)	(2.7)	-25%
<b>EBITDA</b>	(1.4)	(1.2)	nm	(1.1)	0.1	nm

<sup>1</sup> Pro-forma adjustments include one-off adjustments to cost of goods sold, fair value remeasurement to preferred stock and warrants, IPO costs and the recognition of public company costs in 2017. nm – not measurable

**+32%**

in revenue to \$20.3m  
(2017: \$15.4m)

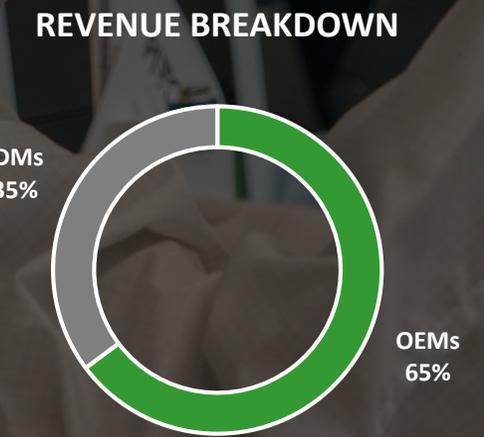
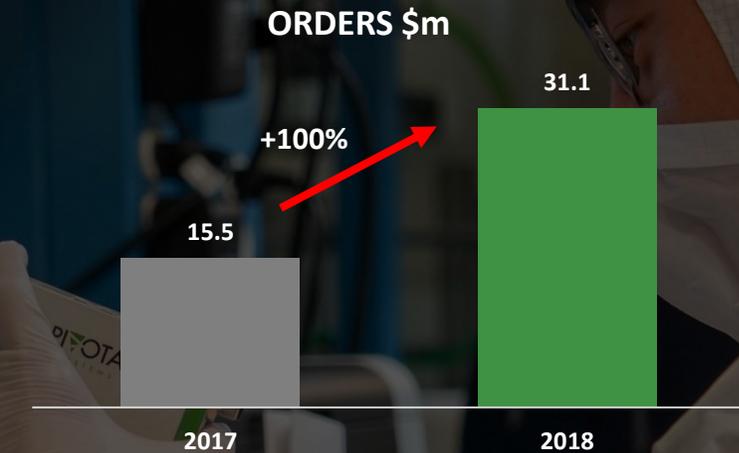
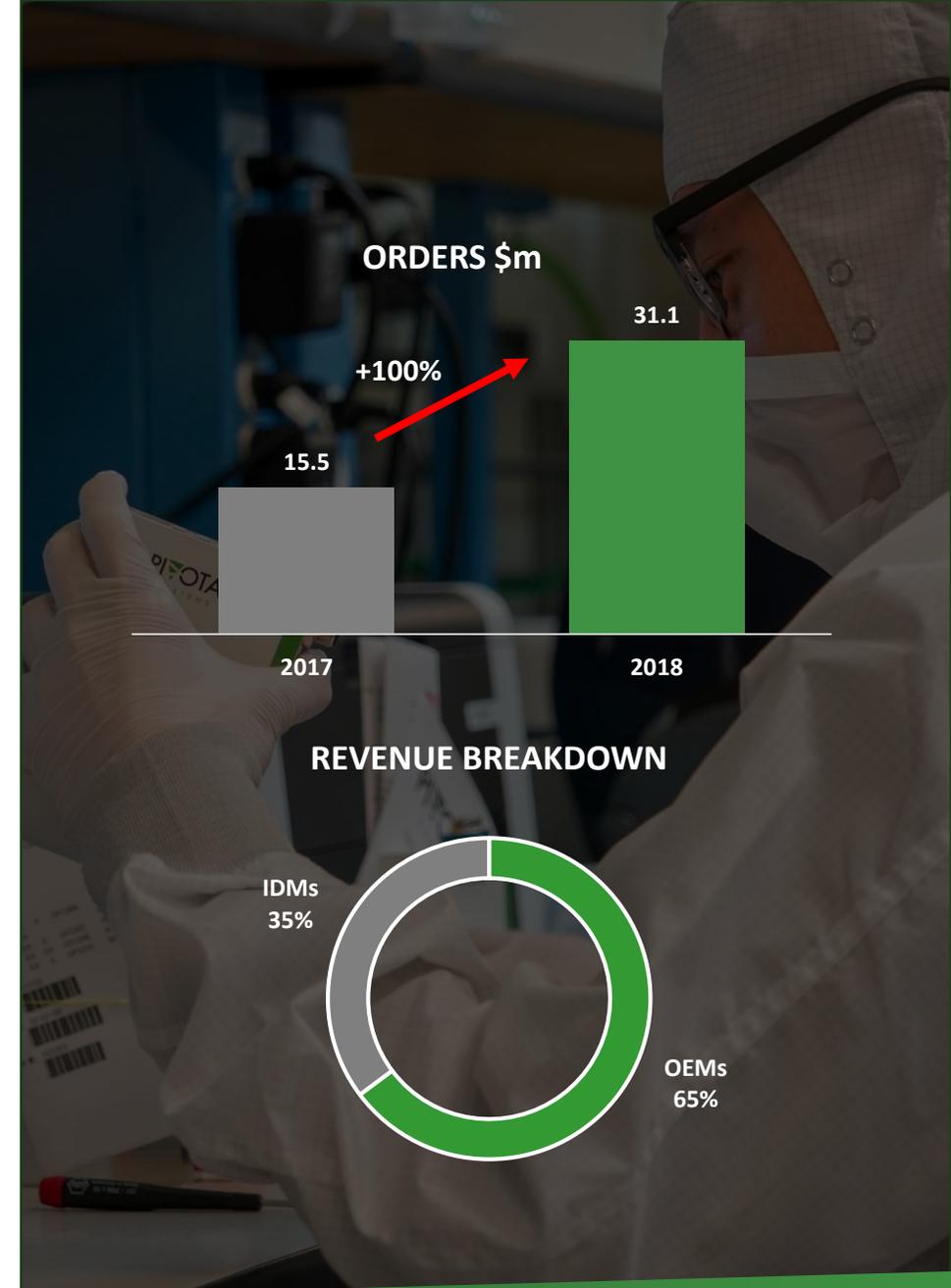
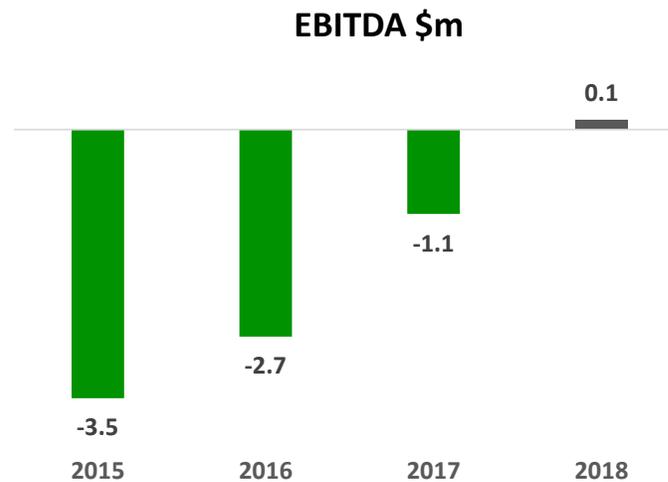
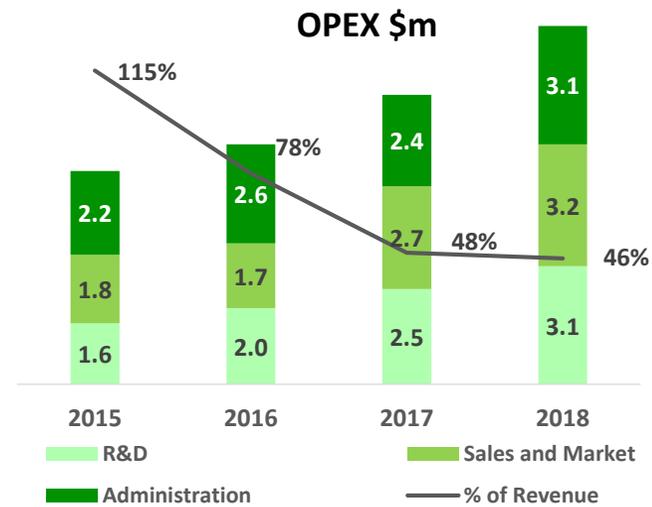
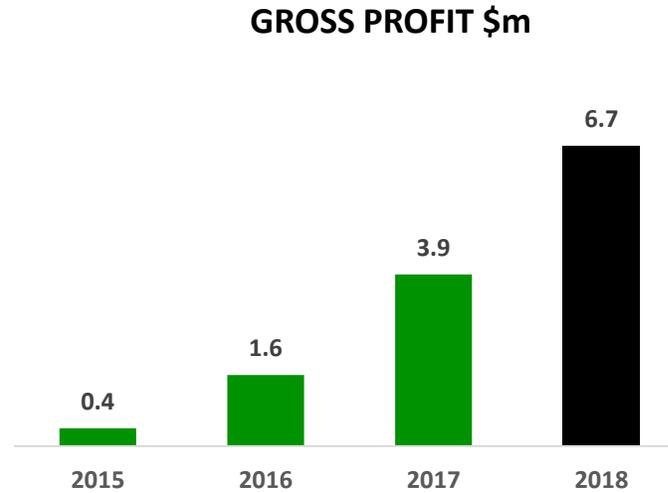
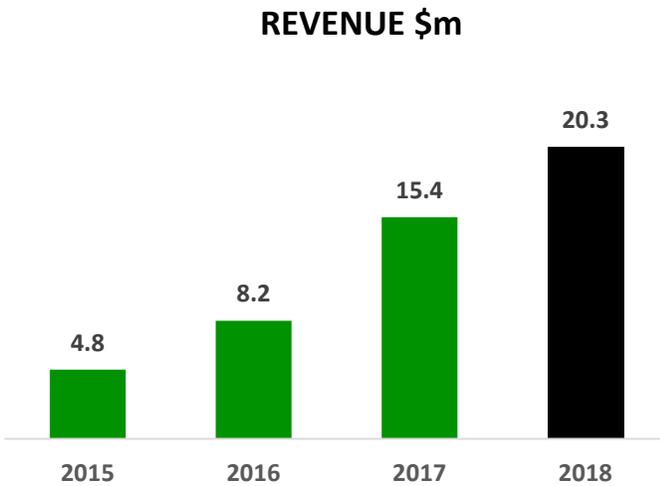
**+106%**

in Gross Profit to \$6.1m  
(2017: \$3.0m)

**30.2%**

Gross Margin  
(2017: 19.3%)

# KEY FINANCIAL METRICS (PRO-FORMA)



# SUMMARY BALANCE SHEET

<b>FINANCIAL INFORMATION</b>	<b>31 Dec 2017 (\$m)</b>	<b>31 Dec 2018 (\$m)</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	1.1	17.5
Trade and other receivables	2.6	3.9
Inventory	4.7	6.3
Other current assets	0.1	0.3
<b>Total current assets</b>	<b>8.5</b>	<b>28.0</b>
<b>NON-CURRENT ASSETS</b>		
Intangible assets	8.3	9.1
Other non-current assets	0.4	0.3
<b>Total non-current assets</b>	<b>8.7</b>	<b>9.4</b>
<b>TOTAL ASSETS</b>	<b>17.2</b>	<b>37.4</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	4.4	5.3
Financial liabilities	39.0	0.0
Other current liabilities	3.8	0.5
<b>Total current liabilities</b>	<b>47.2</b>	<b>5.9</b>
<b>TOTAL LIABILITIES</b>	<b>47.2</b>	<b>5.9</b>
<b>NET ASSETS /(LIABILITIES)</b>	<b>-29.9</b>	<b>31.6</b>
<b>EQUITY</b>		
Contributed equity - Common	43.3	170.8
Share based payments reserve	1.2	1.3
Accumulated losses	-74.4	-140.5
<b>TOTAL EQUITY</b>	<b>-30.0</b>	<b>31.6</b>

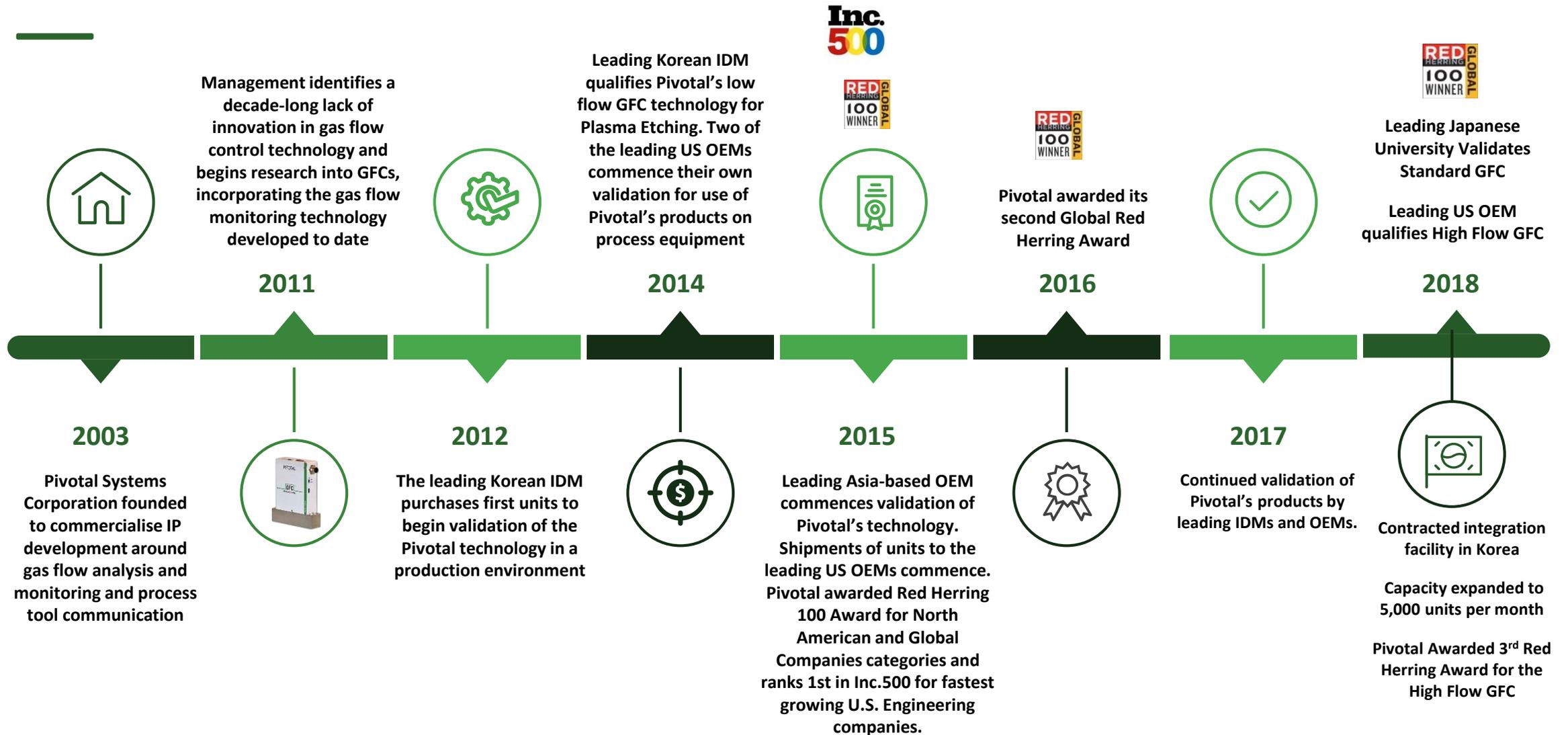
- At the end of 2018, the company had a cash balance of \$17.5m
- The company is debt free
- Inventories increased from \$4.7m at 31 December 2017 to \$6.3m reflecting the ramp up in production capacity and increasing backlog in hand as at 31 December 2018
- Receivables increased from \$2.6m to \$3.9m, broadly in line with the increase in revenue over the period
- Intangible assets increased during the period as a result of ongoing product development efforts
- Liabilities reduced significantly compared to 31 December 2017 as a result of the IPO and associated reorganisation of the capital structure
- The company with a clean and strong balance sheet to support future growth

# CASH FLOW

<b>FINANCIAL INFORMATION</b>	<b>2017 (\$m)</b>	<b>2018 (\$m)</b>
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>		
Receipts from customers	15.9	19.3
Payments to suppliers and employees	-16.7	-22.6
Other cash flows from operating activities	-0.1	-0.5
<i>Net cash flows used in operating activities</i>	-0.9	-3.7
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	-0.4	-0.3
Payments for capitalised research and development	-3.1	-3.5
<i>Net cash flows (used in)/from investing activities</i>	-3.5	-3.8
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from the issue of shares	31	39.5
Payment to selling shareholders (via SaleCo)	0.0	-13.0
Payment of share issue costs	0.0	-1.8
Receipts from the conversion of Preference Shares, Warrants and Options	0.3	2.1
Borrowings from bank loans	3.4	1.9
Repayment of loans to third parties	-2.9	-4.9
<i>Net cash flows from financing activities</i>	0.8	23.8
Net increase / decrease in cash and cash equivalents	-3.5	16.3
Cash at the beginning of the financial period	4.7	1.2
Cash and cash equivalents at the end of the period	1.1	17.5

- Cash outflow from operations was \$3.7m for the year, including one-off expenses of \$0.7m associated with the IPO, together with the build-up of inventories associated with expanding production
  - Other cash outflows of \$0.5m reflected interest paid and payments associated with Warrants, which will not be recurring
- Cash outflow from investing activities was \$3.8m, up slightly on the prior year, reflecting ongoing and accelerated R&D expenses associated with new products
- Cash inflow from financing activities was a strong net inflow of \$23.8m, which included:
  - \$24.8m inflow as a result of the IPO (net of issue costs)
  - Repayment of debt of \$4.9m
  - Proceeds from the conversion of Preference Shares, Warrants and Options of \$2.1m

# COMPANY TIMELINE

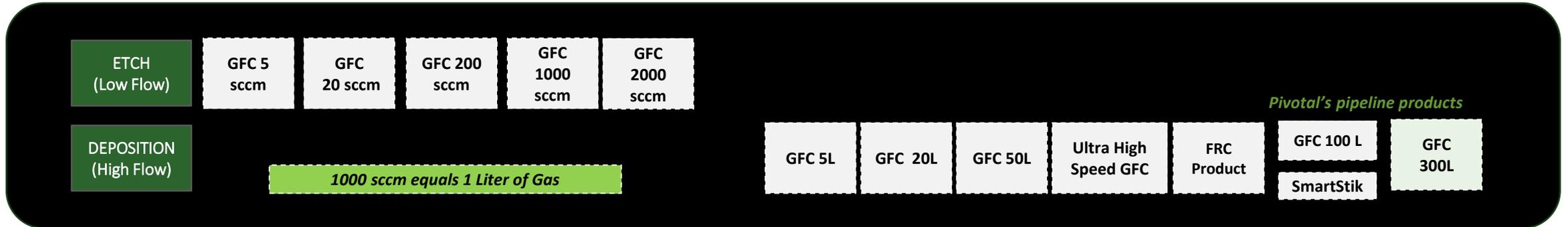


# GLOBAL FOOTPRINT

PIVOTAL HAS A MANUFACTURING AND SALES AND TECHNICAL SUPPORT PRESENCE ACROSS THE US, EUROPE AND ASIA



# HISTORY OF CONTINUOUS INNOVATION



Pivotal's software-enabled products have been designed such that they can be easily modified to be used in other manufacturing processes and verticals with minimal changes to hardware required, providing significant opportunity to further grow the Company's addressable market.



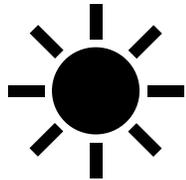
Notes:

1. Market and Markets Nov-17 report estimates the market size for low flow controllers to be over \$200 million in 2017. Low flow controllers are primarily used in the Etching (Etch) application.
2. Market and Markets Nov-17 report estimates the market size for low and high flow controllers to be over \$500 million in 2017. High flow controllers are primarily used in the Deposition applications.
3. Market and Markets Nov-17 report estimates the total market size for flow controllers to be over \$1 billion in 2017. This includes the Etch, Deposition and flat panel LED applications.

# INNOVATION DRIVES NEW MARKET OPPORTUNITIES



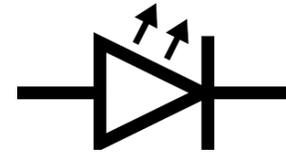
- Derivative of our core, proprietary high flow GFC currently under development
- Expected to materially enhance metal-organic chemical vapour deposition technique (MOCVD)
- This market is expected to grow from US\$542 million<sup>1</sup> to over US\$1.0 billion<sup>2</sup> over the next several years
- MOCVD used in the production of various optoelectronic and electronic equipment
- Development and testing per specific application expected to be 6-12 months



SOLAR PANELS



FLAT PANELS

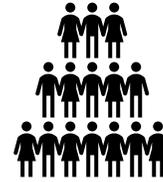


LEDs

**Increases total available market to over \$1 billion**

1. Market size estimate for flow controllers to the deposition and etch markets, Markets and Markets, November 2017.  
2. Market size estimate for flow controllers to the deposition, etch, Metal-Organic deposition, solar, LED and flat panel markets, Market and Markets, November 2017.

# OUR SUCCESS IS A FUNCTION OF OUR CULTURE AND PEOPLE



**44** full time equivalents (FTEs)



High rates of retention

**55%** employees **>5 years** tenure



~95% of FTEs either shareholders or participants in the Pivotal employee equity plan – alignment to value creation



SUMMARY AND  
OUTLOOK

# PIVOTAL SUMMARY

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Highly aligned management team with the technical and commercial experience to **deliver on growth strategies**

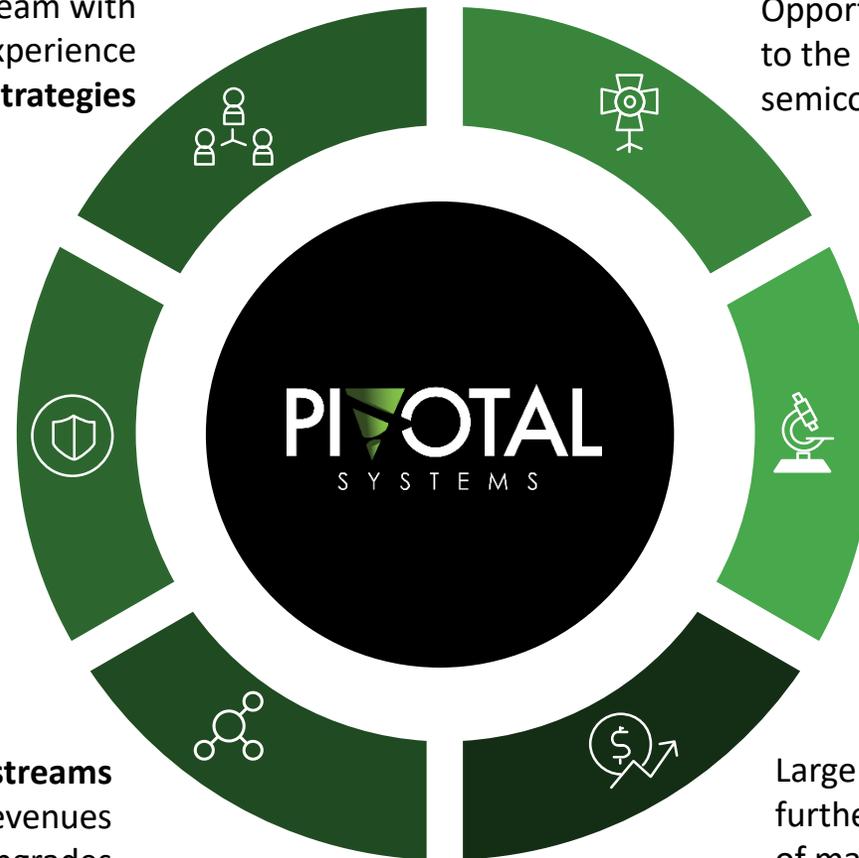
Opportunity to **gain exposure** to the growing global semiconductor industry

**Strong customer retention and a highly defensible product model.**  
Close relationships with high quality customer base comprised of leading **blue-chip IDMs and OEMs**

**Clear technology leader** with a proven products that have received validation from a number of key blue chip customers

Opportunity for **diversification of revenue streams** with growth in high quality subscription revenues from the sale of software upgrades

Large and **growing addressable market** with further opportunity for significant expansion of market share



# Q1 2019 HIGHLIGHTS

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## SUBSTANTIAL CUSTOMER AND PRODUCT PROGRESS

- New Korean manufacturing center approved by two leading OEMs
- Qualification of new high flow GFC by leading US based OEM
- New product architecture “SmartStik” launched at Semicon Korea

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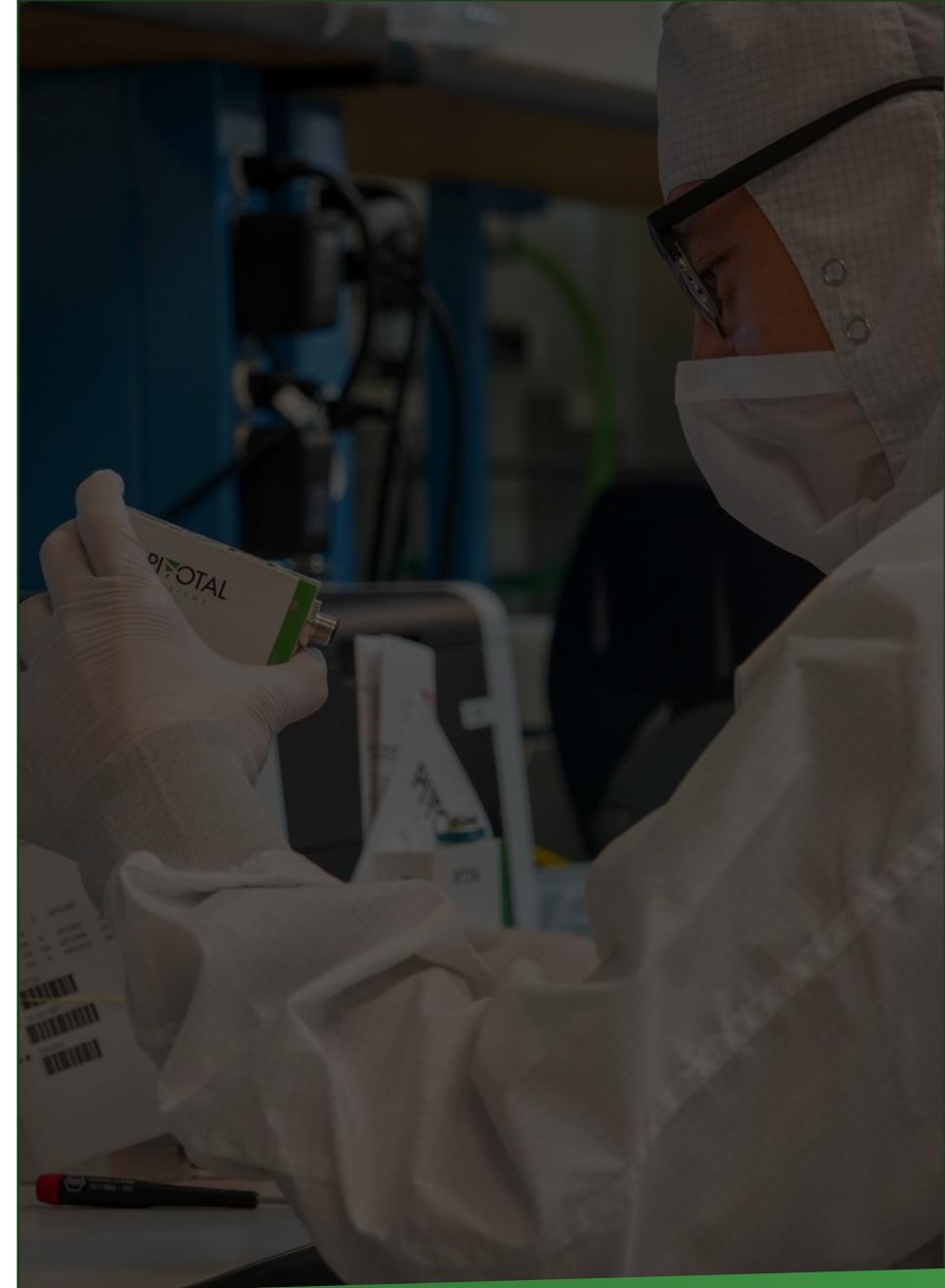
## INVESTMENT INTO NEW PRODUCT DEVELOPMENT INITIATIVES

- Unaudited revenues of \$1.8 million
- \$3.3 million in operating cash outflows
- Increase in product manufacturing and operating costs reflecting four customer-led product development activities and higher inventories of the new High Flow GFC
- Order backlog of \$11.8 million

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## STRONG BALANCE SHEET & CASH POSITION

- Cash of \$13.5 million
- No debt



# 2019 OUTLOOK

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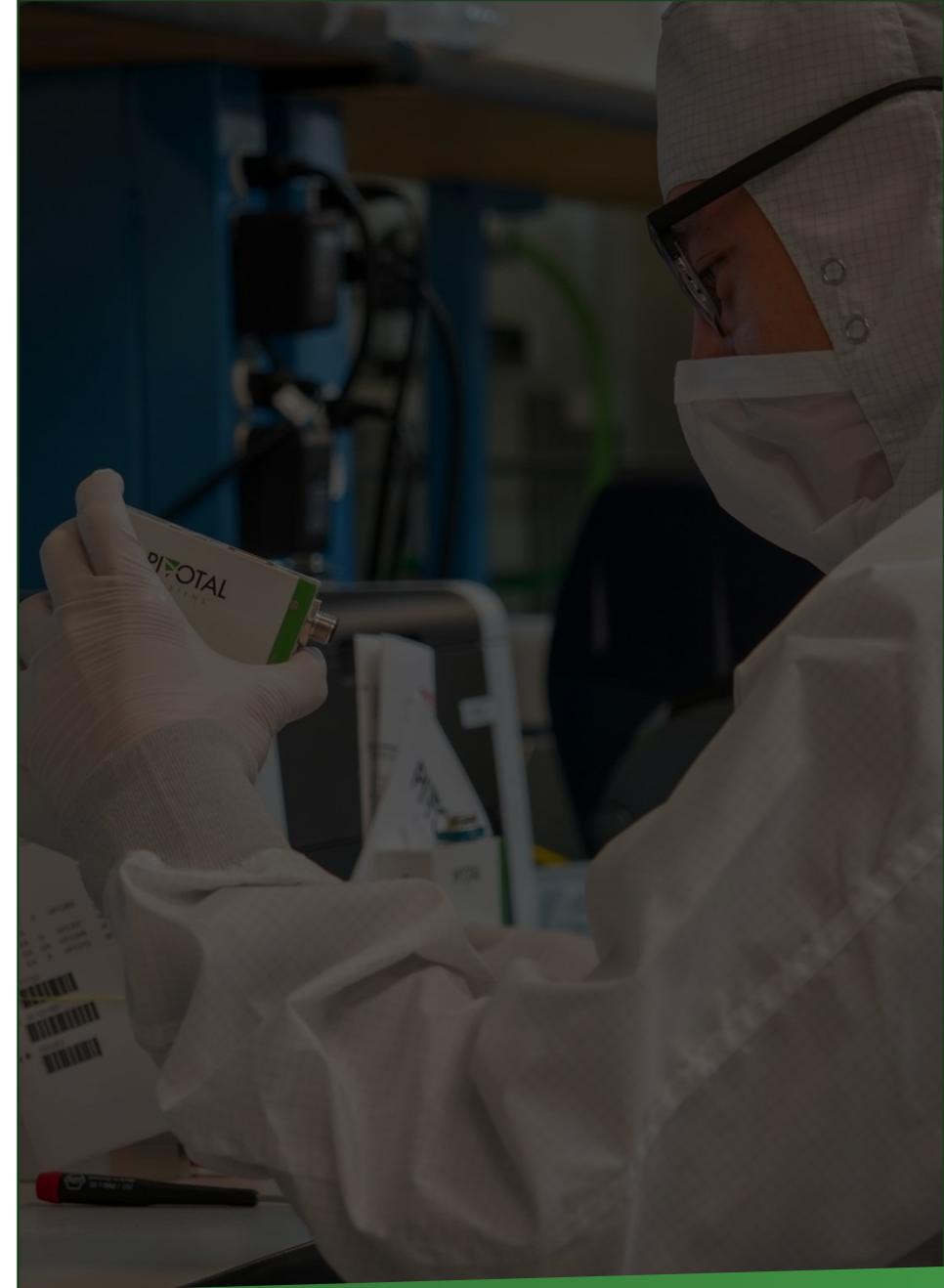
## **SLOWED IDM CAPEX SPEND FORCING OEMS TO FOCUS ON MANAGING INVENTORY LEVELS**

- OEMs are currently focused on managing their own inventory levels in light of the slowed IDM capex spend and are therefore deferring deliveries of components such as Pivotal GFCs
- Current expectation is for 1H 2019 revenue to be in the range of \$8-9 million with majority in Q2 (Q1 \$1.8m)

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## **PIVOTAL EXPECTS 2H 2019 TO BE STRONGER THAN 1H 2019**

- Based on feedback from customers around capex plans, together with Pivotal's increasing market share we currently expect 2H 2019 revenues to be significantly stronger than 1H 2019
- Pivotal will work to with its customers to assist them to maximise productivity and cost efficiency so that both the customers and Pivotal can emerge stronger, with the best technology, when the memory capex investment slowdown ends
- Pivotal maintains that its client-led product development focus will deliver significant future market share gains





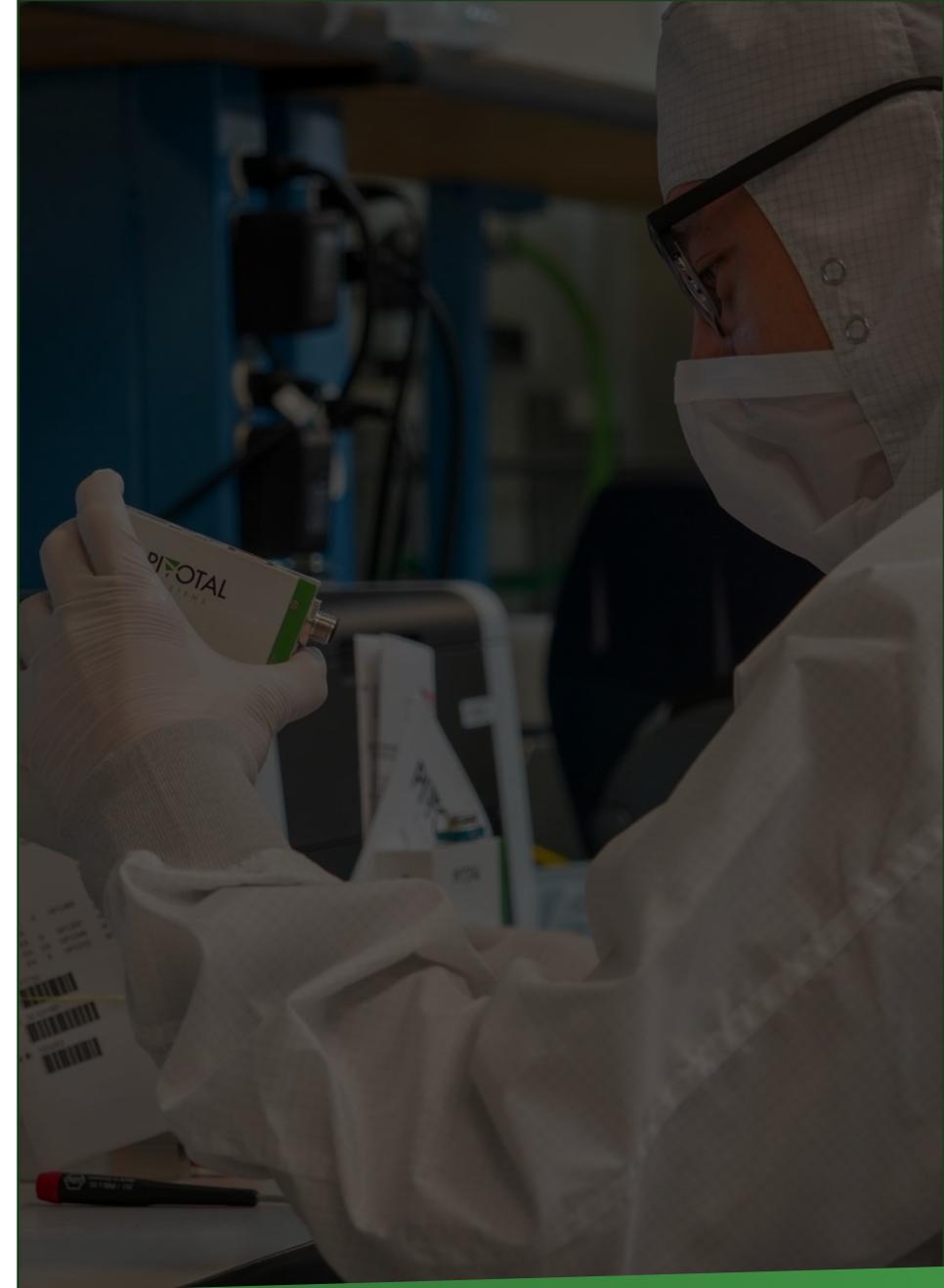
**2018 Remuneration Report  
Peter McGregor  
Non-Executive Director**

# 2018 REMUNERATION REPORT

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## KEY REMUNERATION OBJECTIVES

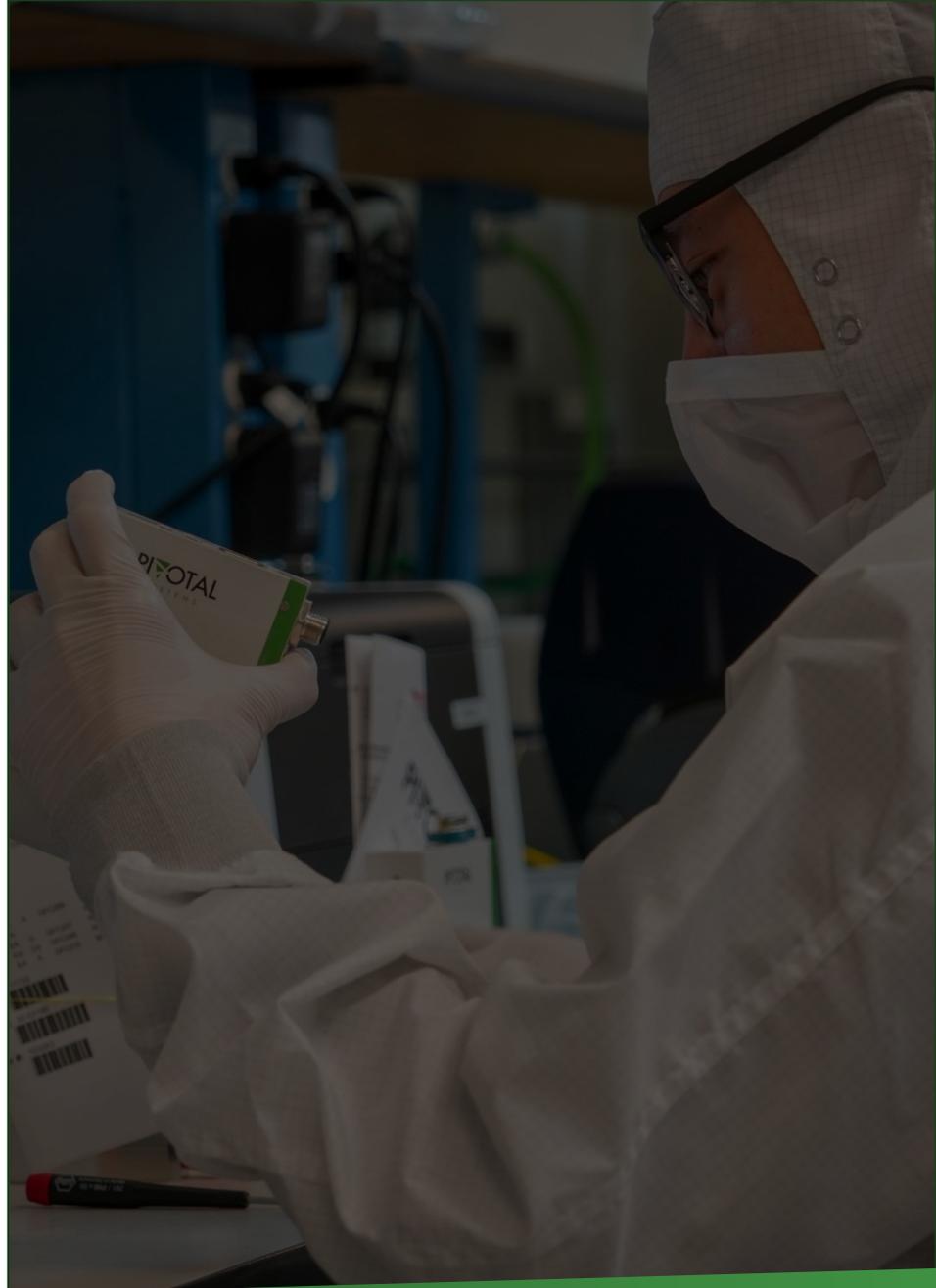
- Attract and retain a world-class management team and workforce in a highly-specialized and global industry
- Minimize conflict and maximize alignment between Directors, Management, Employees and Shareholders
- Comply with accepted market benchmarks with respect to ASX-listed and Silicon Valley peers
- Achieve 'best practice' in respect of transparency and disclosure



# 2018 REMUNERATION REPORT

## REMUNERATION OUTCOMES

	Base Salary and Fees (US\$)	Cash Bonus (US\$)	Retirement & Other Benefits (US\$)	Share-based Payments (US\$)	Total (US\$)
John Hoffman (CEO)	325,000	-	45,613	10,379	380,992
Joe Monkowski (CTO)	275,000	-	38,171	10,379	323,550
Omesh Sharma (CFO)	255,000	-	45,510	6,919	307,429
Ryan Benton (NED)	50,000	-	-	14,119	64,119
Peter McGregor (NED)	23,975	-	-	-	23,975





# Questions?

## CONTACT US

### **Pivotal Systems**

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## INVESTORS

### **Dr Tom Duthy**

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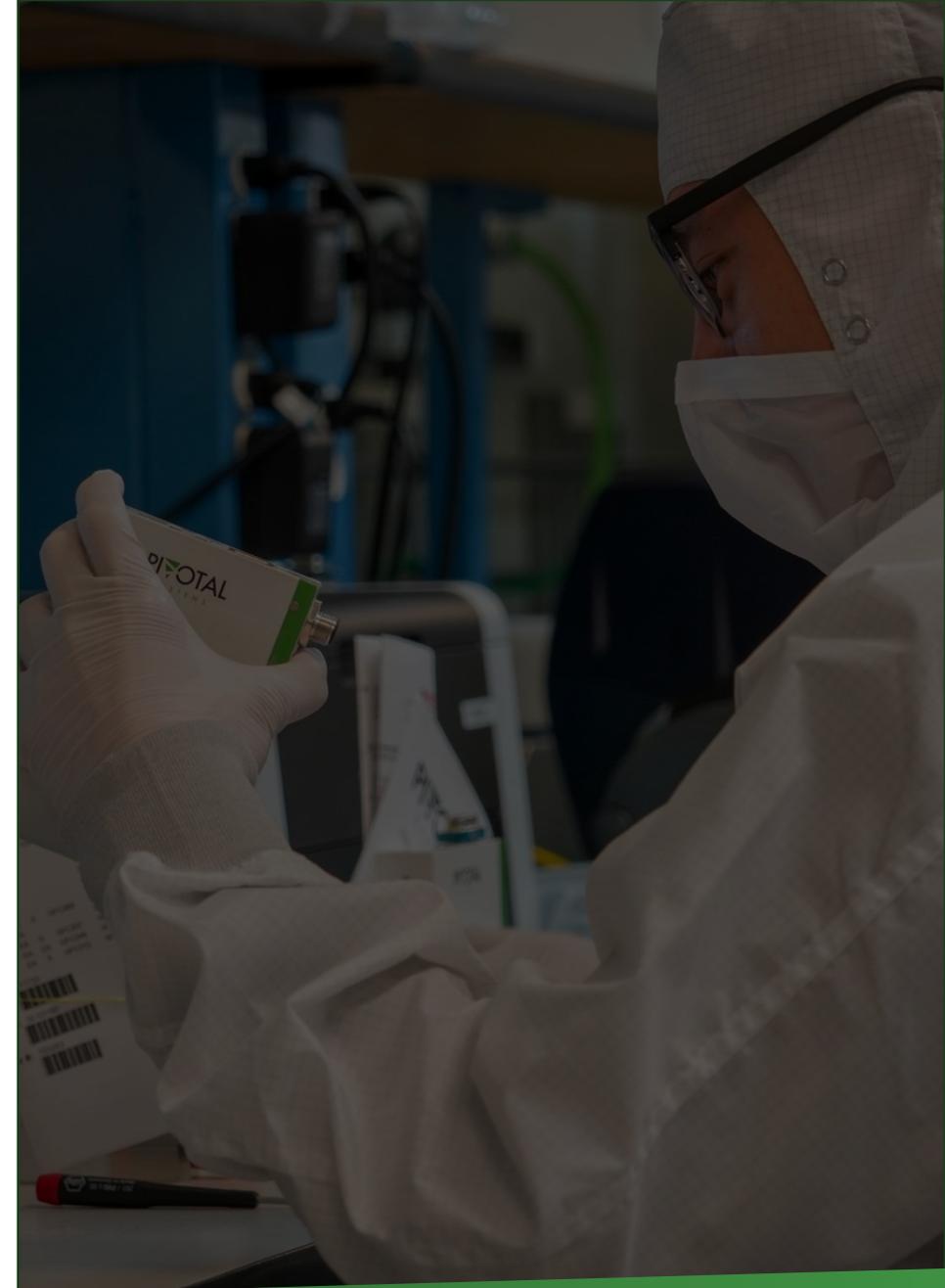
**FORMAL BUSINESS**  
**Annual General Meeting**  
**23 MAY 2019**

## RESOLUTION 1

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### Re-Election of Joseph Monkowski as a Director

*“That Joseph Monkowski who retires in accordance with Article VIII of the Company’s Amended and Restated Certificate of Incorporation and clause 2.2 of the Company’s Amended and Restated Bylaws and, being eligible for re-election, is re-elected as a Director of the Company.”*



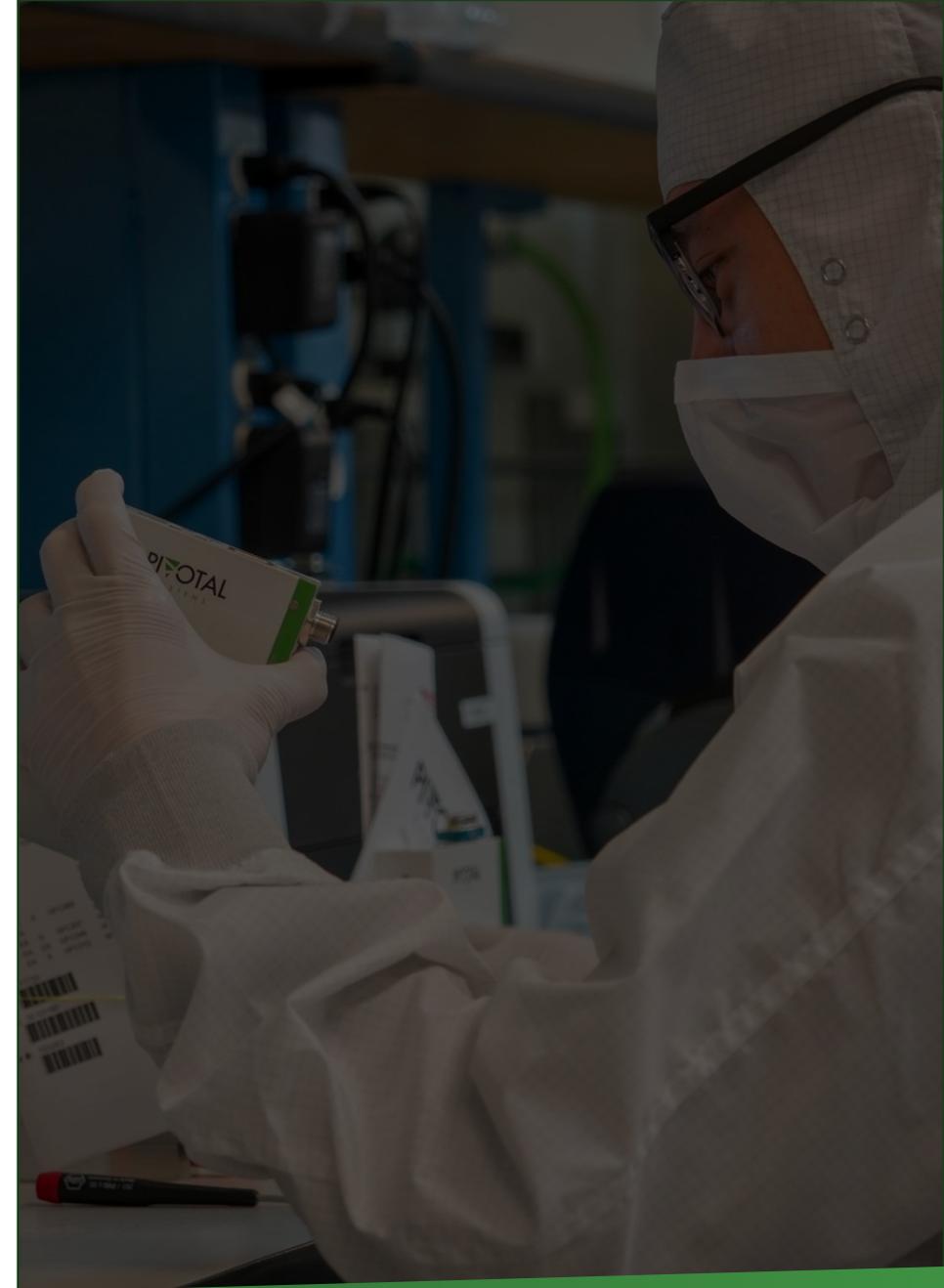
# RESOLUTION 1

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## Re-Election of Joseph Monkowski as a Director

FOR:	45,902,607	100.00%
OPEN:	0	0.00%
AGAINST:	n/a	n/a
TOTAL:	45,902,607	100.00%
ABSTAIN:	0	

n/a – not applicable

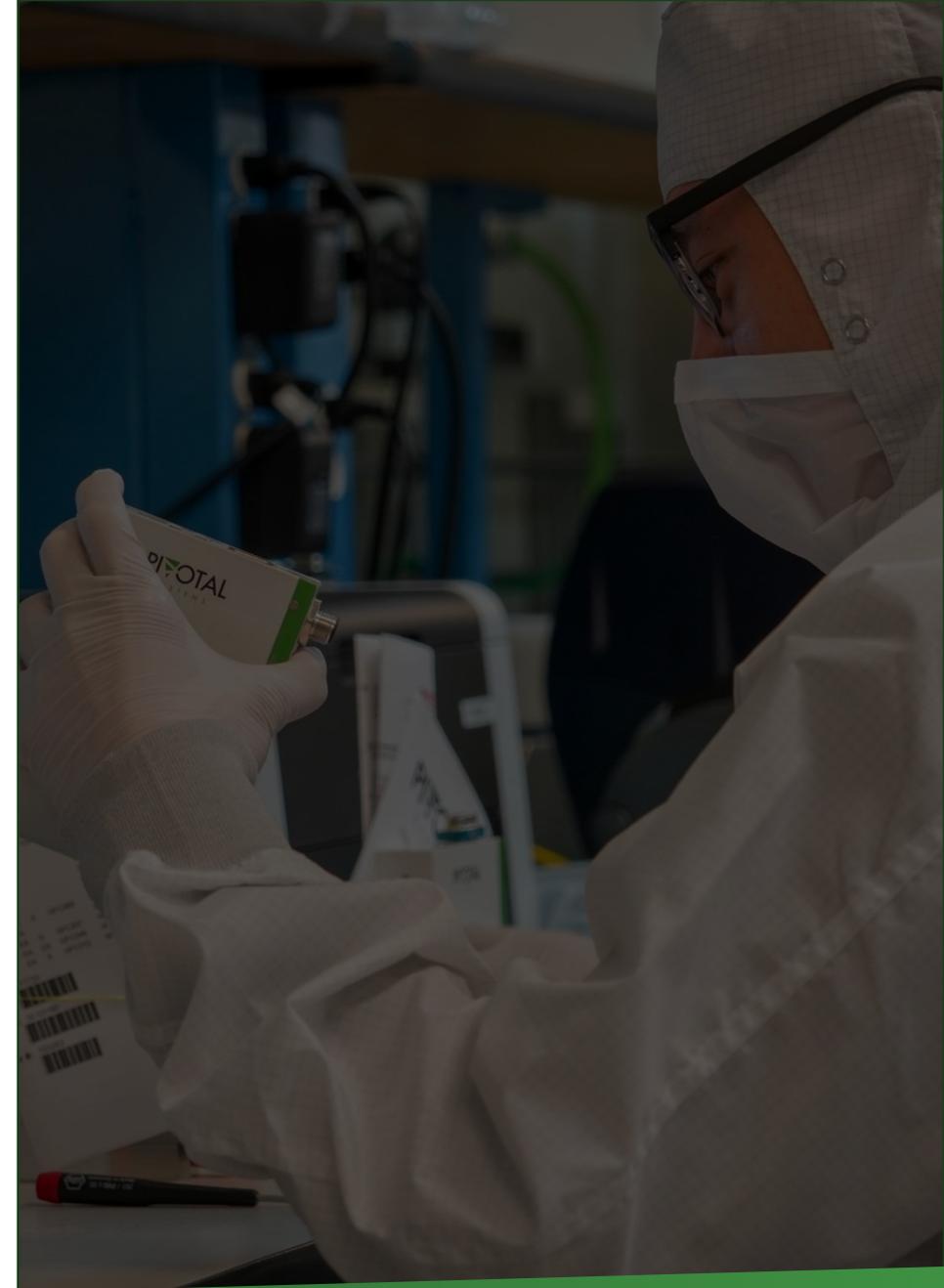


## RESOLUTION 2

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### **Election of Peter McGregor as a Director**

*“That Peter McGregor who was appointed by the Board in accordance with Article X of the Company’s Amended and Restated Certificate of Incorporation and being eligible for election, is elected as a Director of the Company.”*



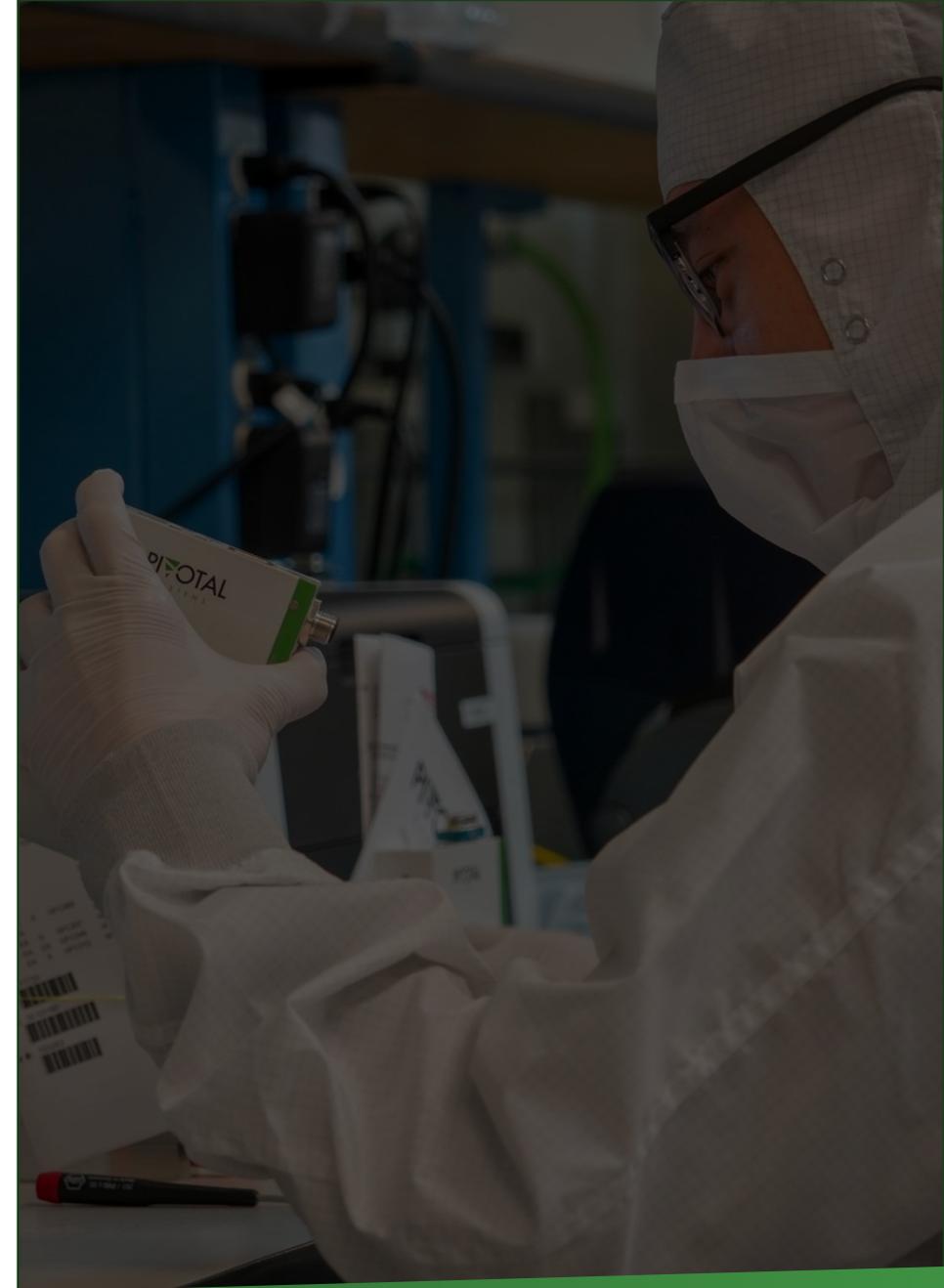
# RESOLUTION 2

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## Election of Peter McGregor as a Director

FOR:	45,897,607	100.00%
OPEN:	0	0.00%
AGAINST:	n/a	n/a
TOTAL:	45,897,607	100.00%
ABSTAIN	0	

n/a – not applicable

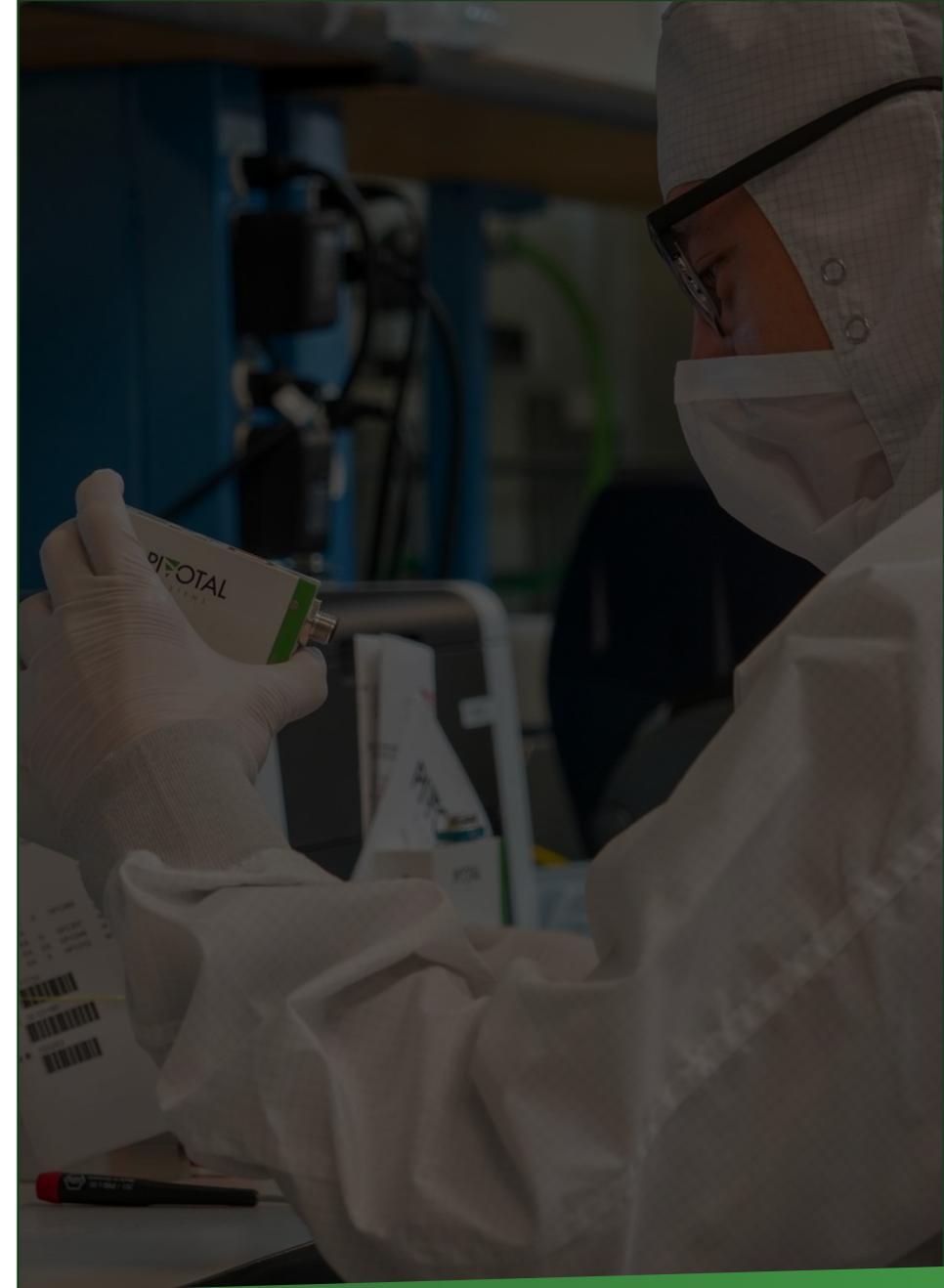


## RESOLUTION 3

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### Issue of Options to Peter McGregor

*“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the issue by the Company of 100,000 unlisted options to Peter McGregor under the Company’s 2012 Equity Incentive Plan on the terms described in the accompanying Proxy Statement which forms part of the Notice of Annual Meeting, is approved.”*

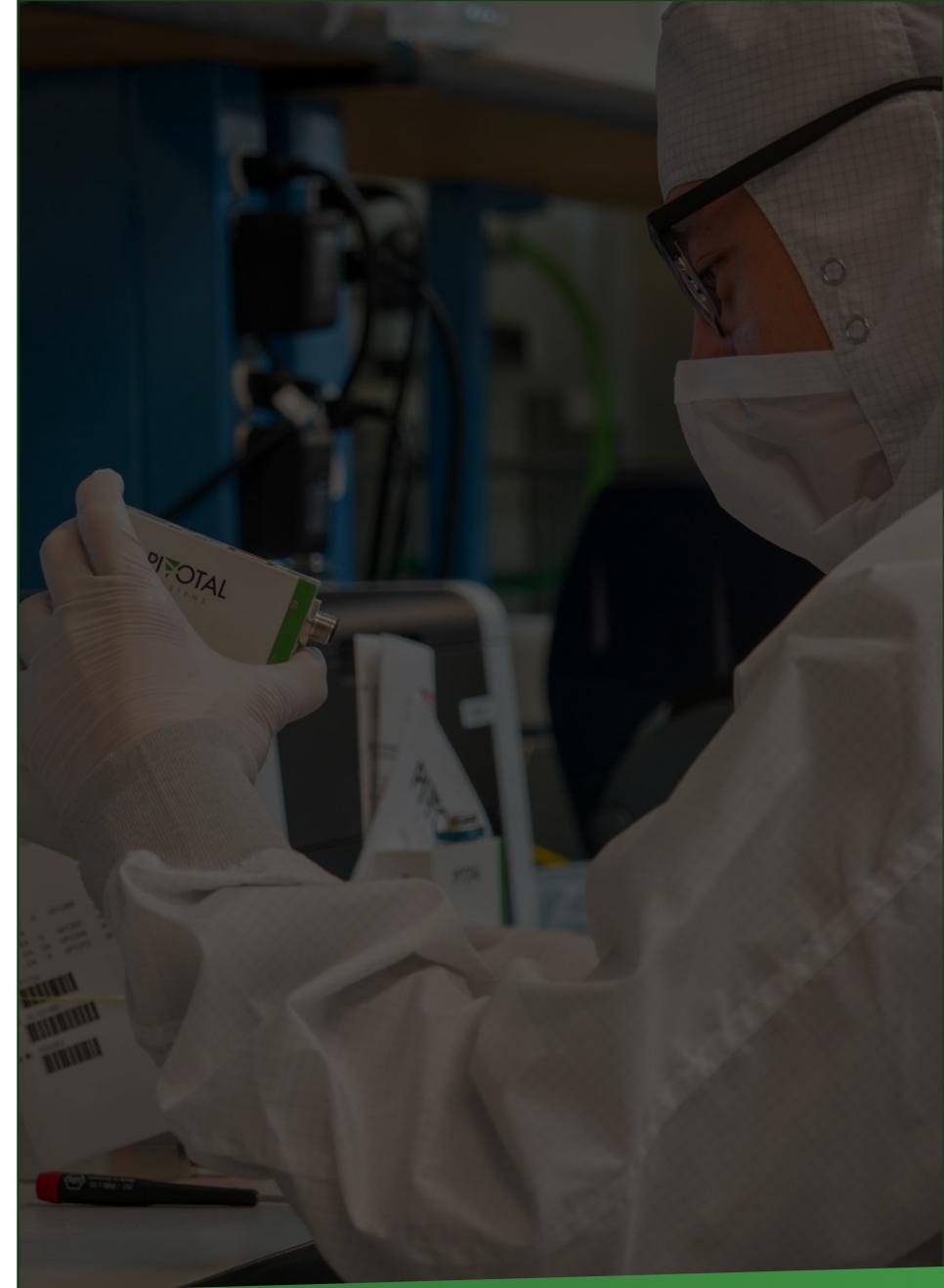


## RESOLUTION 3

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### Issue of Options to Peter McGregor

FOR:	45,897,604	100.00%
OPEN:	0	0.00%
AGAINST:	0	0.00%
TOTAL:	45,897,604	100.00%
ABSTAIN:	5,003	

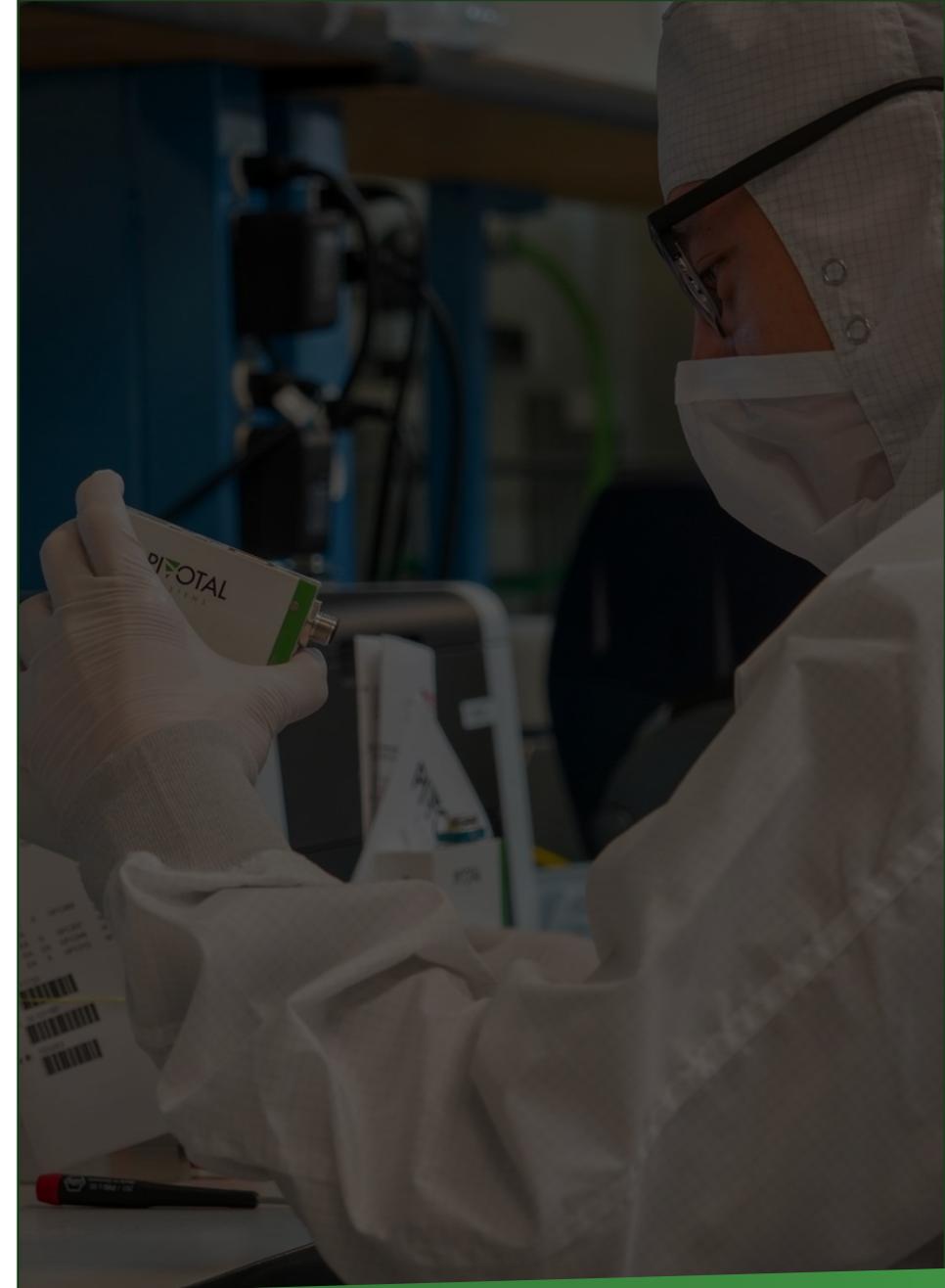


## RESOLUTION 4

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### **Resolution to Approve 10% Placement Facility**

*“That, for purposes of Listing Rule 7.1A and for all other purposes, Shareholders approve of the issue of equity securities of up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula presented in Listing Rule 7.1A.2 and on the terms and conditions in the Proxy Statement which forms part of this Notice of Annual Meeting.”*

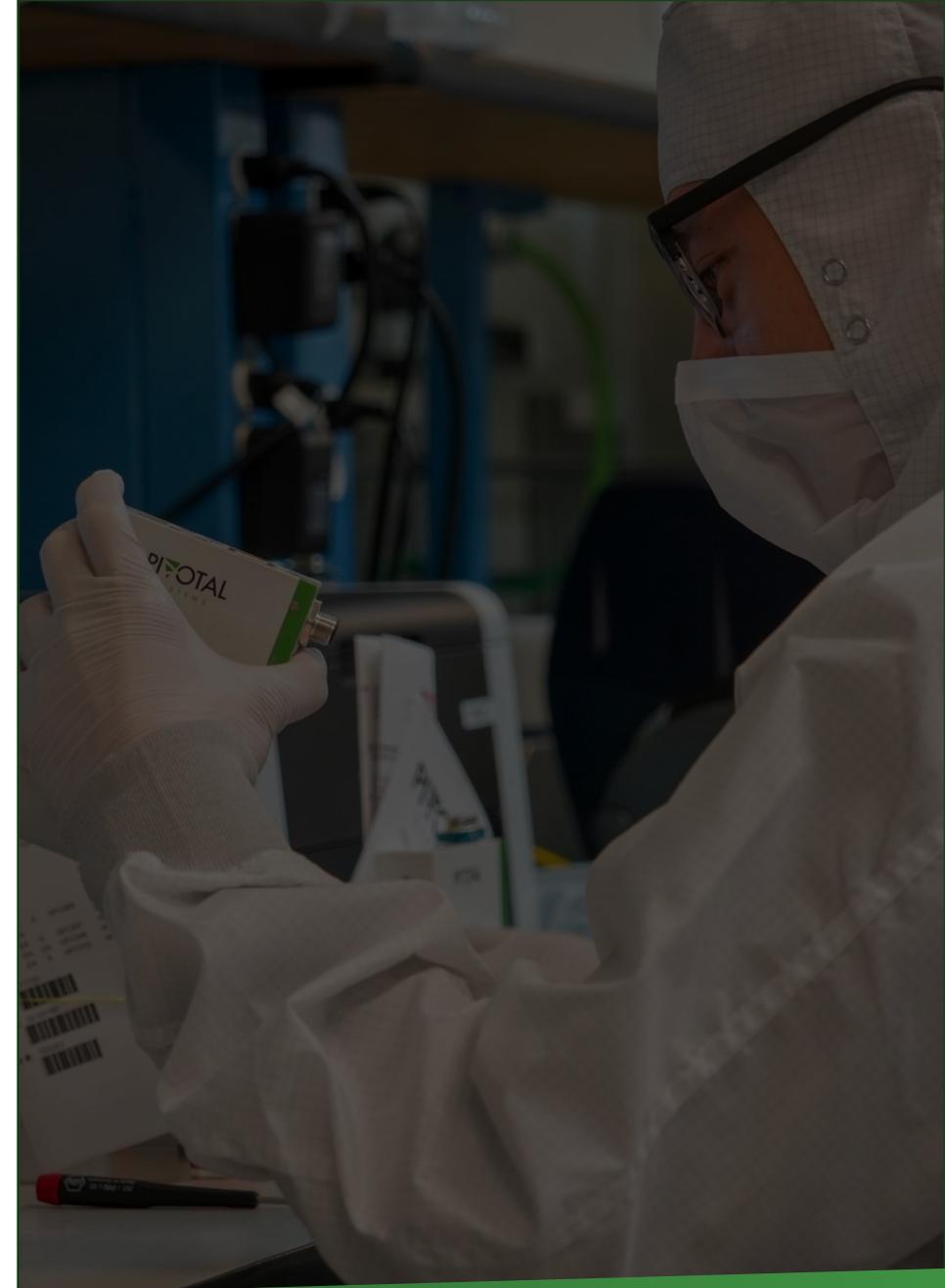


# RESOLUTION 4

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## Resolution to Approve 10% Placement Facility

FOR:	43,425,912	94.60%
OPEN:	0	0.00%
AGAINST:	2,476,692	5.40%
TOTAL:	45,902,604	100.00%
ABSTAIN:	3	





**Other Business**



**Thank You**