



Chairman's Address to Annual General Meeting

Fremont, California - 21 May 2020 & Sydney, Australia - 22 May, 2020

Good afternoon for our US Investors and good morning for our Australian Investors.

Today we are very pleased to welcome those of you participating online through our first virtual meeting platform provided by our share registrar Link Market Services Limited, and those in attendance.

Due to the current COVID-19 pandemic, we thought it prudent to take steps to discourage a physical public gathering and encourage attendance online. We hope that holding a virtual meeting will allow greater participation and engagement amongst our shareholders going forward.

My name is John Hoffman and I am the Executive Chairman and Chief Executive Officer of Pivotal Systems Corporation (**Pivotal** or **Company**). On behalf of the Pivotal Board, it is my pleasure to address the shareholders at Pivotal's 2020 Annual General Meeting, our second as a publicly listed Company on the Australian Securities Exchange.

It is now 4:00pm in Fremont, California on 21 May and correspondingly 9:00am in Sydney, Australia on 22 May. The Notice of the meeting was duly given and the meeting has been properly convened. We will turn to resolutions later in the meeting. Please note that only shareholders, proxy holders or shareholder company representatives may vote today.

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 Systems open and welcome each of you to the virtual platform.

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 Non-Executive Director;
- Kevin Landis; Non-Executive Director;
- David Michael; Non-Executive Director ; and
- Peter McGregor; Independent Non-Executive Director

Also present today is Tim Welch our Chief Financial Officer and also Martin Coyle, from the Company's Auditor, BDO Audit Pty Ltd. 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 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.

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Voting on the resolutions will be conducted by way of poll.

Shareholders attending the meeting online, will be able to cast their vote using the electronic voting card received when online registration is validated. Please refer to the virtual annual meeting online portal guide or use the help line specified.

Following the voting, general business questions will be taken. Security holders participating online through the virtual meeting website - please click on 'Ask Question' button, type your question and click submit. I encourage Securityholders attending online, and who have questions, to send their questions through as soon as possible. Securityholder questions received prior to the meeting will be addressed during the general business questions.

I would now like to provide you with some of the highlights of our performance for the year ended 31 December 2019, which was marked by a significant industry downturn in the first 3 quarters of the year and a rapid escalation of demand in the 4th quarter.

I trust each of you have received a copy of our 2019 Annual Report, copies of which are available on the Investors section of the Pivotal Systems' website and the ASX announcement platform.

Operations

At this time, I would like to highlight some of the accomplishments of the company during the reported period.

During the 2019 financial year, the Company was awarded a 'Top 10 Best Workplaces' award by CEO Views and 'Most Disruptive Innovation Company' award by Insight Success. Our Fremont and Shenzhen facilities achieved ISO-9001:2015 certification during the year.

We are proud of our track record in innovation and product development. During 2019 Pivotal launched two new important products, namely the Remote GFC for high temperature applications and the two channel Flow Ratio Controller or FRC for deposition applications. These two products are already contributing to our revenues and have received excellent feedback from our customers to date.

We maintain a global footprint and were very pleased to open our new Repair & Upgrade Center and new Transformation Center in Korea during the year. As a reminder, we ended our pre-existing contractual arrangement with our CM in Korea in Q-3 2019. The new Repair & Upgrade Center began shipping revenue in Q-1 2020 and the new Transformation Center is in Production Qualification with our leading OEM and IDM customers at this time. We expect it to begin shipping revenue in Q-2, 2020.

In 2019 there was a slowdown in the Global Semiconductor Market. Overall, we believe the 2019 Total Available Market for Flow Controllers contracted significantly from 2018 spending levels.

Spending in the Korea region was off by 45% year over year versus 2018. This provided a challenge to the company as over 95% of our 2018 revenue originated in Korea. Given the reduced total available market, we estimate that we increased our market share in the etch market from 5% in 2018 to 7% in 2019. This was primarily driven by market share gains in regions outside of Korea. Also, the number of customers that were in qualification or had qualified the GFC grew from 33 in 2018 to 39 in 2020 or 18% growth in customer penetrations.

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Our operating highlights for the year were numerous and included:

- -Achieved Preferred Supplier Status for the Standard and High Flow GFC at a leading USA Based OEM
- -Pivotal has now been qualified to ship to the top three global OEMs for either Etch or Deposition Applications.
- -For the first time, Pivotal achieved orders and revenue from all six major semiconductor regions in the world, including Taiwan, Japan, China, Europe, Korea and the US.
- Using the Smartstik architecture, the GFC was qualified and sold to a leading Chinese Etch OEM and a leading Korean Etch OEM.

Financial Performance

In 2019, the Company recorded revenues of US\$15.3 million which was a decrease of 24.6% versus the prior year and our recorded operating loss was US\$9.9 million. Total operating expenses for the half year were US\$11.0 million, a 14% increase from the prior year, primarily the result of higher general and administrative expenses, including a US\$600K ECL provision. Our EBITDA loss for the year was US\$7.2 million.

FY2019 Gross Profit decreased 75% to US\$1.7 million, with gross margins percentage declining to 11.3% versus 33.5% in 2018. However, in the first half there was a non-recurring operations charge and one-time customer discount, while in the second half the Company reported atypical duty charges and production costs, reflecting the temporary Phase III transition program back to Fremont in the period. Adjusting for these one-offs, both first half and second half gross margins exceeded 20%, which was a management goal.

At the end of 2019, the company had US\$5.4 million in cash and US\$2.8 million in Bank Debt. During the year we secured US\$10 million in debt financing from Bridge Bank. The credit facility was undrawn at the end of December and remains so today.

After the end of the full year, Pivotal executed a US\$13 million revenue based preferred stock financing with Anzu Industrial RBI USA LLC, a fund organized by Anzu Partners LLC, who is Pivotal's second largest shareholder with 12.1%. On 12 February 2020 we received Shareholder approval to the issue of preferred stock under this arrangement, and on 24 February, we received the initial US\$10 million first tranche proceeds.

Post Results for 2019

I would now like to provide a brief update on the impact of COVID-19 on Pivotal's operations and performance, the details of which we provided at our quarterly investor call in late April.

During the March quarter, Pivotal began experiencing the effects of the COVID 19 Pandemic. In California, while Pivotal was characterized as an "Essential Business", we suffered from some of the impacts of the new Federal Distancing guidelines. Our Sales team has been unable to travel to Asia and this led to an initial slowdown in three of our customer lead initiatives. However, as the quarter progressed, we saw

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a recovery as Pivotal and its customers became better acclimated with the new normal. At this time, all our customer led initiatives are on schedule. In the area of Manufacturing and Supply chain, we added a 2nd Shift to our Fremont Facility to maintain social distancing on the factory floor.

Pivotal's primary integrator in China did experience a 3-week shutdown during the first quarter as they battled COVID-19 in Shenzhen, China. Since then, the manufacturer has been operating at normal output and has had solid on-time delivery performance. We continue to monitor this situation and the impact of COVID-19 on our operations and revenue, which at this stage, is too uncertain to predict.

Outlook

Finally, as we look at the overall market for semiconductor devices and Pivotal systems business opportunity, we see.

- The improving market dynamics which prevailed in the fourth quarter of 2019 have thus far continued into the first half of 2020.
- Prior to COVID-19, forecasted 2020 global semiconductor equipment sales of US\$60.8Bn (up 3.4% on 2019), and was expected to surge in 2021 by another 9.8% according to SEMI
- In early 2020, it was reported that NAND and DRAM pricing continued to improve with spot pricing up 11% and 23%, respectively since December of 2019. Lately, we have seen DataCenter demand for high end servers and cell phone demand continue to grow for the 1H2020. Goldman Sachs reported on May 11th that DRAM long term contract pricing had started to increase in Q1 2020 for the first time since 3Q 2018.
- In early May 2020, SEMI noted that first quarter silicon wafer shipments rose 2.7% over the fourth quarter, however they did note that market uncertainty will prevail in upcoming quarters. While overall industry forecasts remain optimistic, we remain cautious as consumer spending in the 2H2020 is uncertain in the current COVID-19 environment. What we have seen in the past, in times of economic turbulence, advanced technology tends to win as corporations and consumers look for real productivity gains that can be quickly recognized.

On behalf of our Board of Directors, I would like to thank the Pivotal team who are located across the globe and have worked tirelessly for the Company, particularly during an unprecedented few months with the COVID-19 pandemic. I would also like to thank our securityholders for their outstanding support of the Company during this difficult and uncertain period.

John Hoffman
Chairman & CEO

THIS RELEASE DATED 22 MAY 2020 HAS BEEN AUTHORISED FOR LODGEMENT TO ASX BY THE BOARD OF DIRECTORS OF PIVOTAL SYSTEMS.

- ENDS -

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

Safe Harbor Statement

This ASX announcement contains forward-looking statements, which address a variety of subjects including, for example, our statements regarding expected growth rates, expected product offerings, product development, marketing position and technical advances. Statements that are not historical facts, including statements about our beliefs, plans and expectations, are forward-looking statements. Such statements are based on our current expectations and information currently available to management and are subject to a number of factors and uncertainties, which could cause actual results to differ materially from those described in the forward-looking statements. The Company's management believes that these forward-looking statements are reasonable as and when made. However, you should not place undue reliance on any such forward-looking statements because such statements speak only as of the date when made. We do not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law or the ASX Listing Rules. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results, events and developments to differ materially from our historical experience and our present expectations or projections.

About Pivotal Systems Corporation (ASX: PVS)

Pivotal Systems Corporation (ARBN 626 346 325), is a company incorporated in Delaware, USA, whose stockholders have limited liability. Pivotal Systems provides the best-in-class gas flow monitoring and control technology platform for the global semiconductor industry. The Company's proprietary hardware and software utilizes advanced machine learning to enable preventative diagnostic capability resulting in an order of magnitude increase in fab productivity and capital efficiency for existing and future technology nodes. For more information on Pivotal Systems Corporation, visit <https://www.pivotalsys.com/>.

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Annual General Meeting
21 May 2020 (US)
22 May 2020 (Australia)

(ASX: PVS)



Welcome and Introductions



Chairman's Address

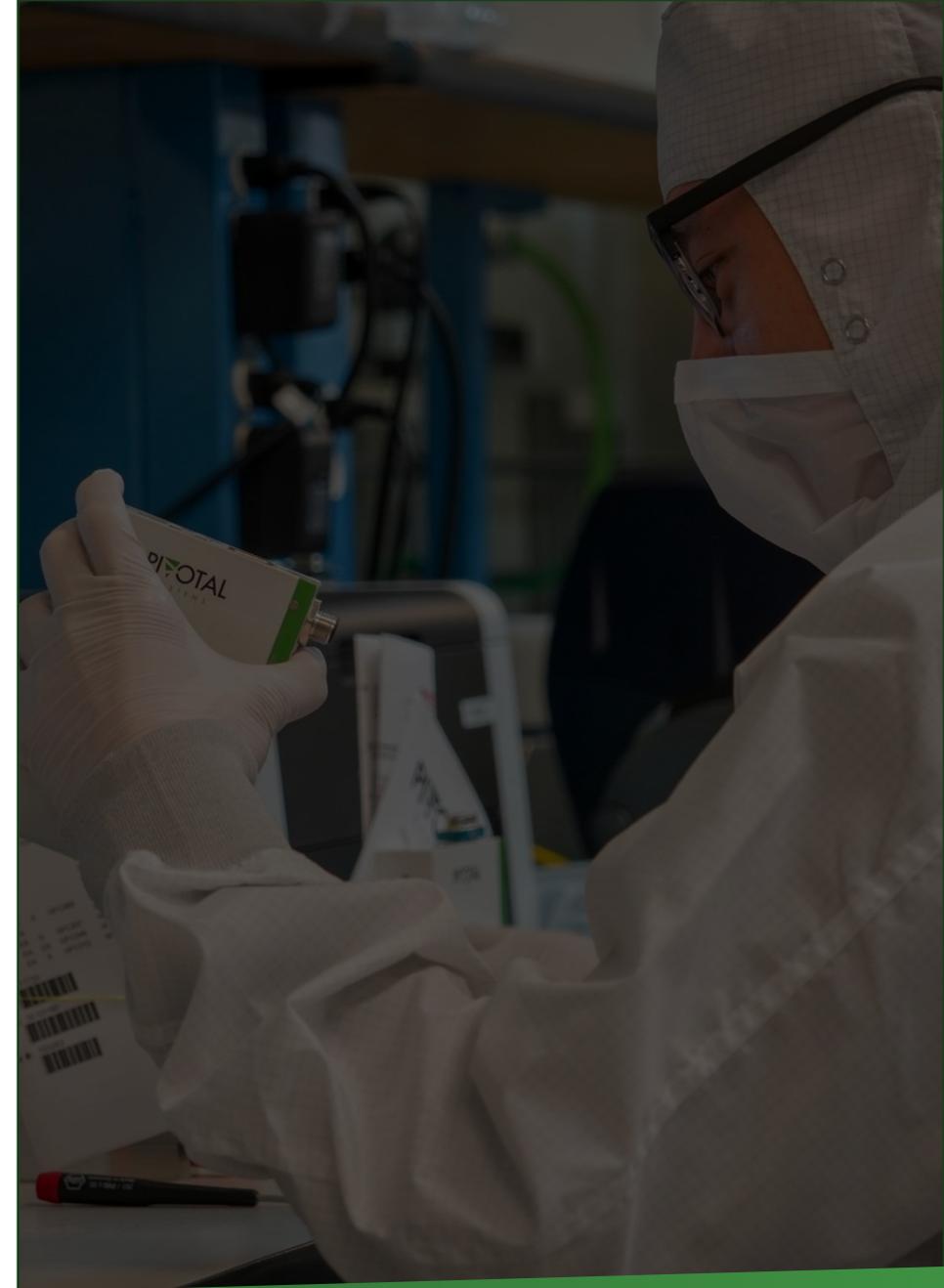


**2019 Remuneration Report
Peter McGregor
Non-Executive Director**

2019 REMUNERATION REPORT

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

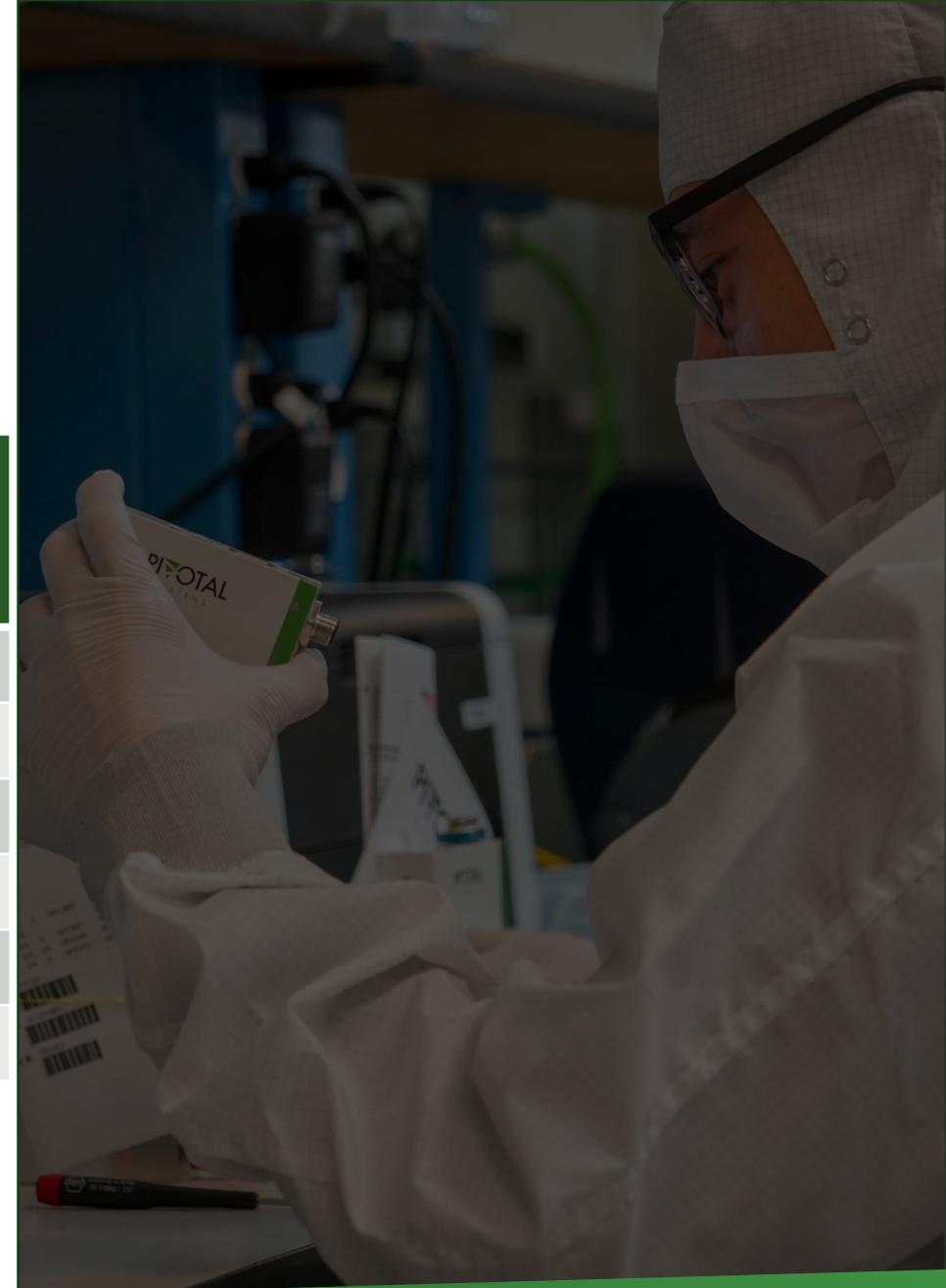


2019 REMUNERATION REPORT

REMUNERATION OUTCOMES

	Base Salary and Fees (US\$)	Cash Bonus (US\$)	Retirement & Other Benefits (US\$)	Share-based Payments (US\$)	Total (US\$)
John Hoffman (CEO)	362,500	-	30,308	9,260	402,068
Joe Monkowski (CTO)	312,000	-	25,552	7,834	345,386
Omesh Sharma (CFO) ¹	459,325	-	20,120	6,919	479,445
Ryan Benton (NED)	85,000	-	-	31,009	116,009
Peter McGregor (NED)	85,000	-	-	-	85,000

¹ Remuneration is reported for Mr Sharma up to his resignation date of 5 June 2019. He continued to work with the company until 31 July 2019.





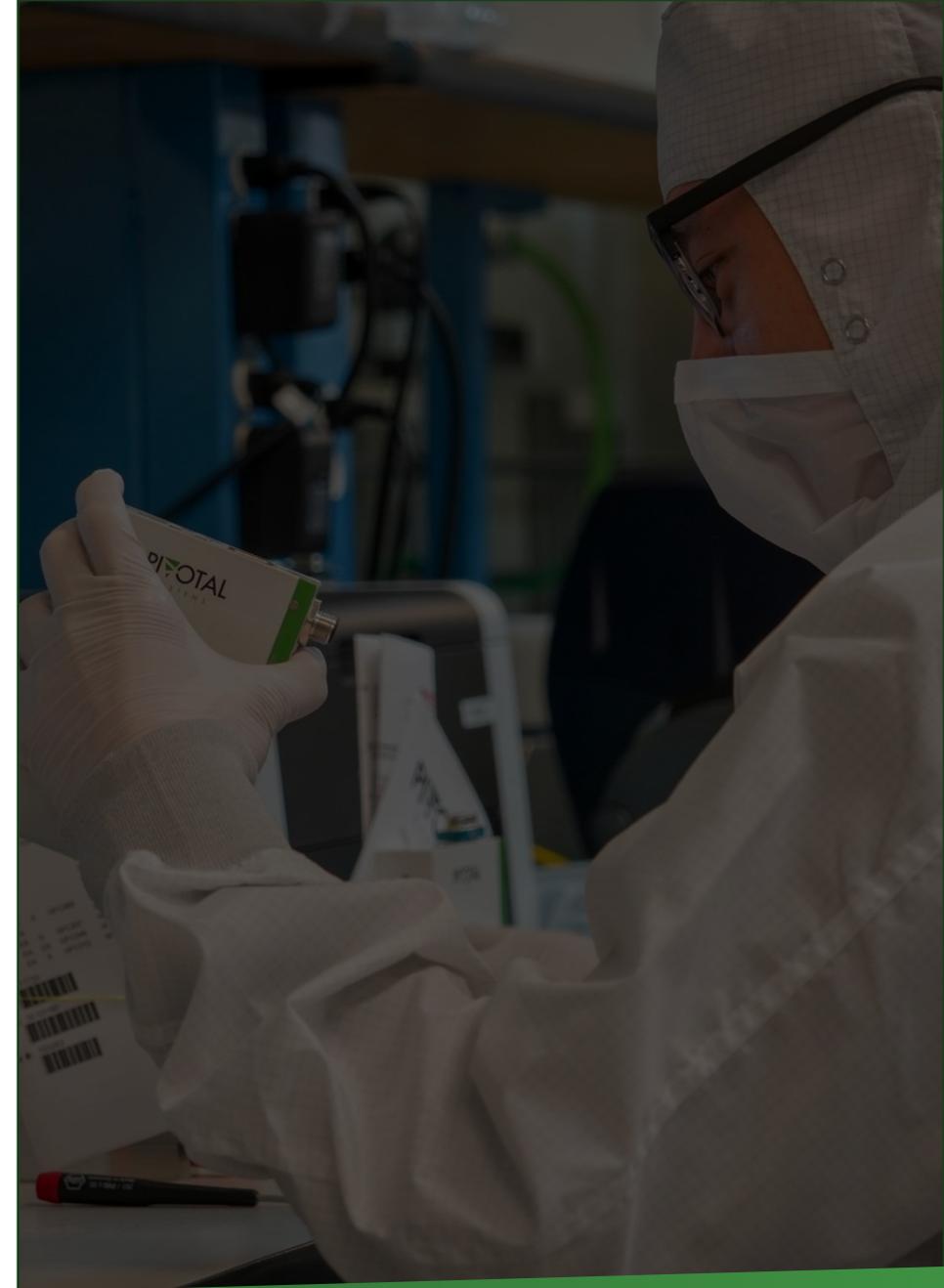
PIVOTAL
S Y S T E M S

**Meeting Formalities,
Voting and Question Procedures**

RESOLUTION 1

Re-Election of Ryan Benton as a Director

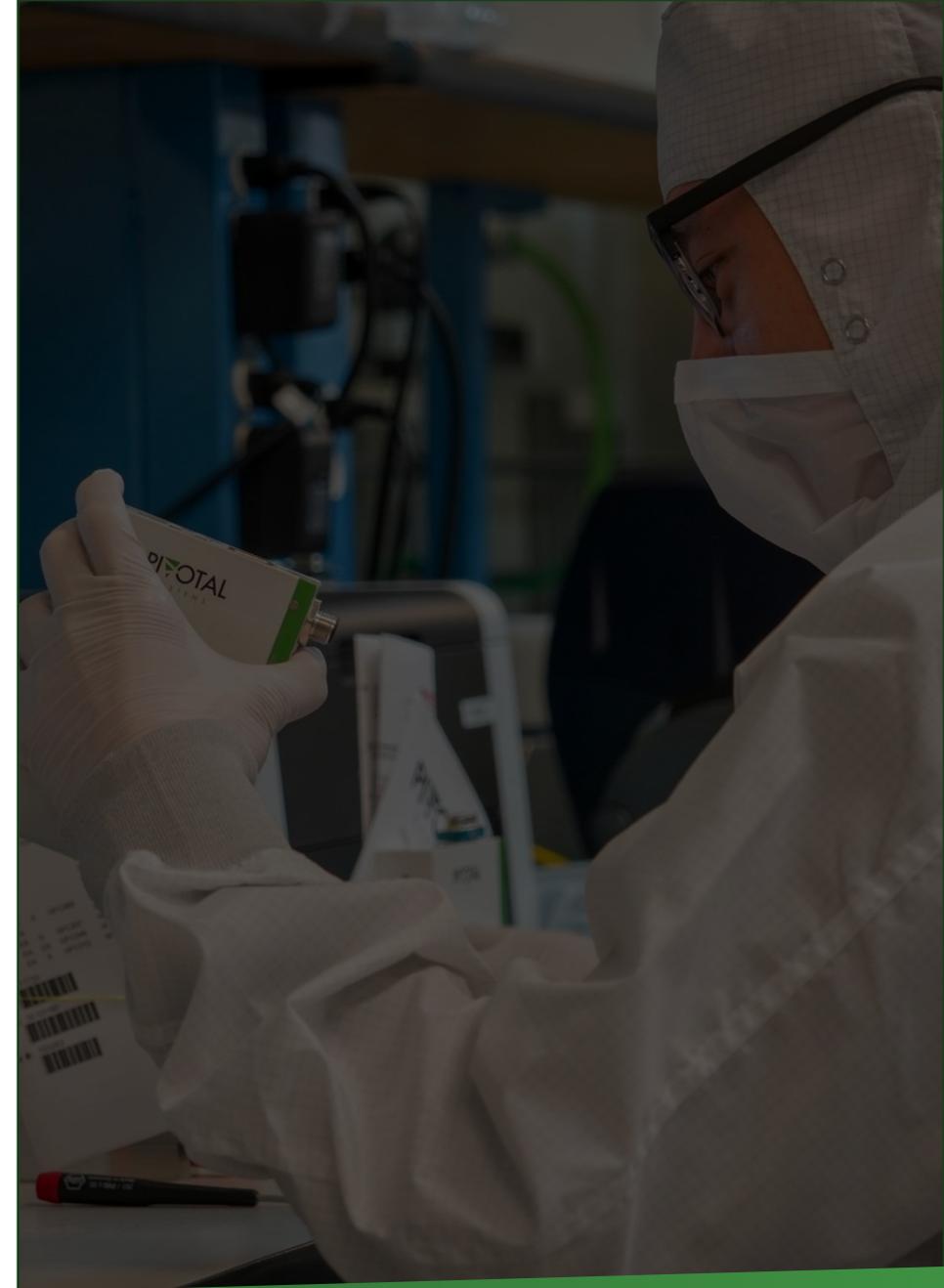
“That Ryan Benton who retires in accordance with Article VIII of the Company’s Amended and Restated Certificate of Incorporation and clause 2.2 of the Company’s Amended and Restated Bylaws and, being eligible for re-election, is re-elected as a Director of the Company.”



RESOLUTION 1

Re-Election of Ryan Benton as a Director

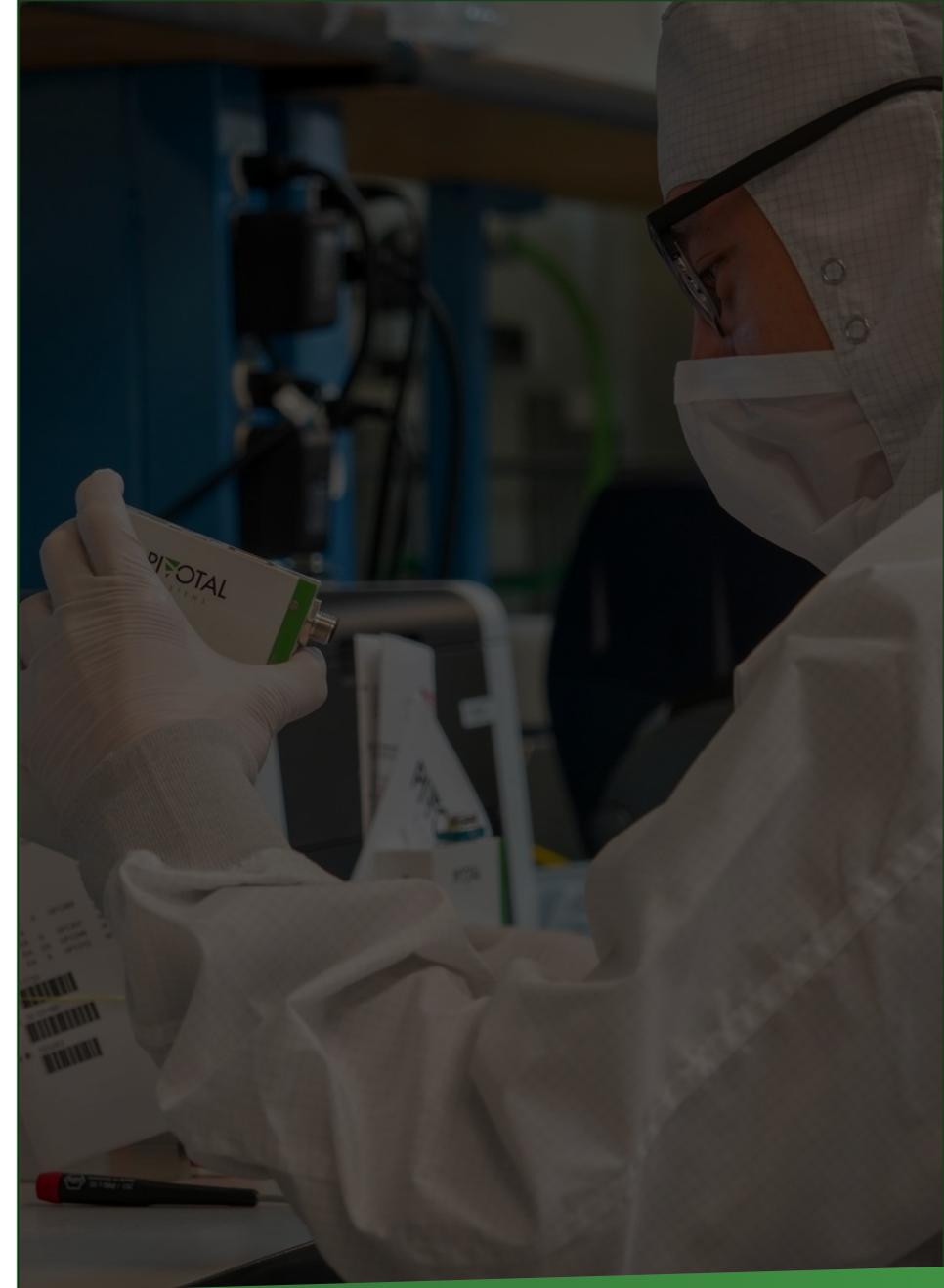
FOR:	54,307,441	100.0%
OPEN:	0	0%
AGAINST:	0	0%
TOTAL:	54,307,441	100.0%
ABSTAIN:	33,435	



RESOLUTION 2

Issue of Options to Director, John Hoffman

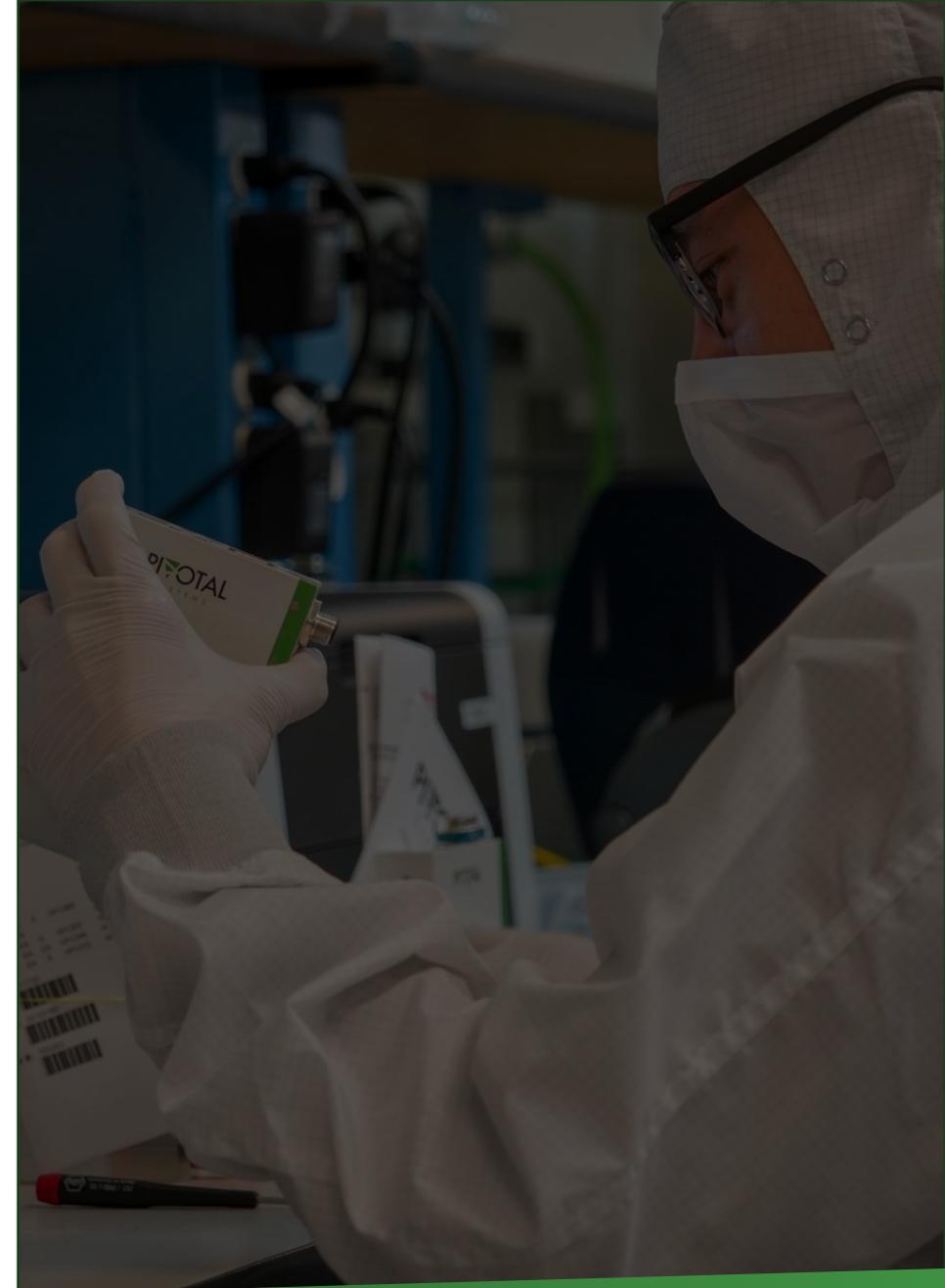
“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the issue of 1,200,000 unquoted options to acquire fully paid ordinary shares of common stock in the Company to John Hoffman under the 2012 Equity Incentive Plan on the terms described in the Proxy Statement which forms part of the Notice of Annual Meeting, is approved.”



RESOLUTION 2

Issue of Options to Director, John Hoffman

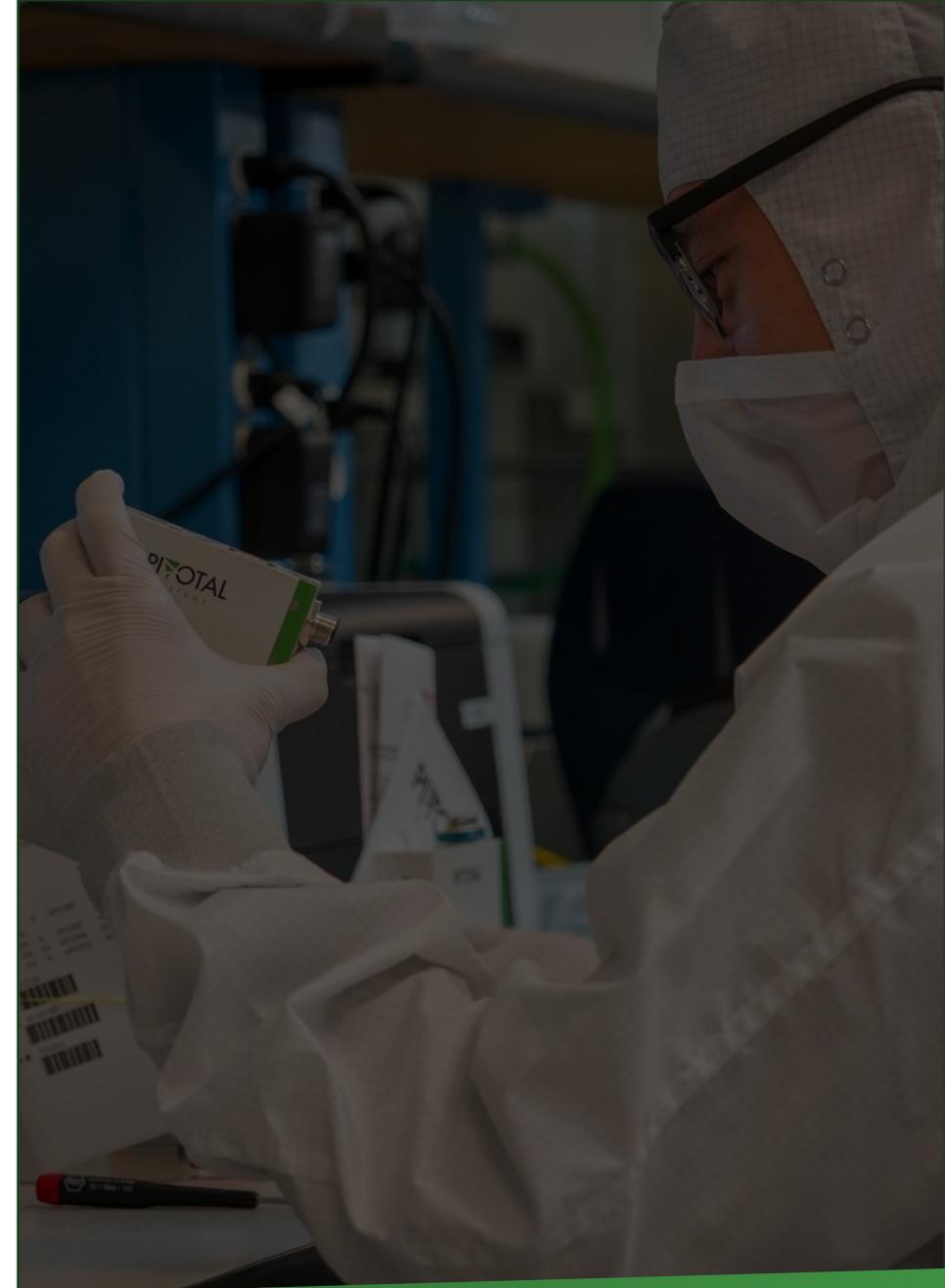
FOR:	15,656,826	93.88%
OPEN:	0	0.00%
AGAINST:	1,020,215	6.12%
TOTAL:	16,677,041	100.0%
ABSTAIN:	33,435	



RESOLUTION 3

Issue of Options to Director, Joseph Monkowski

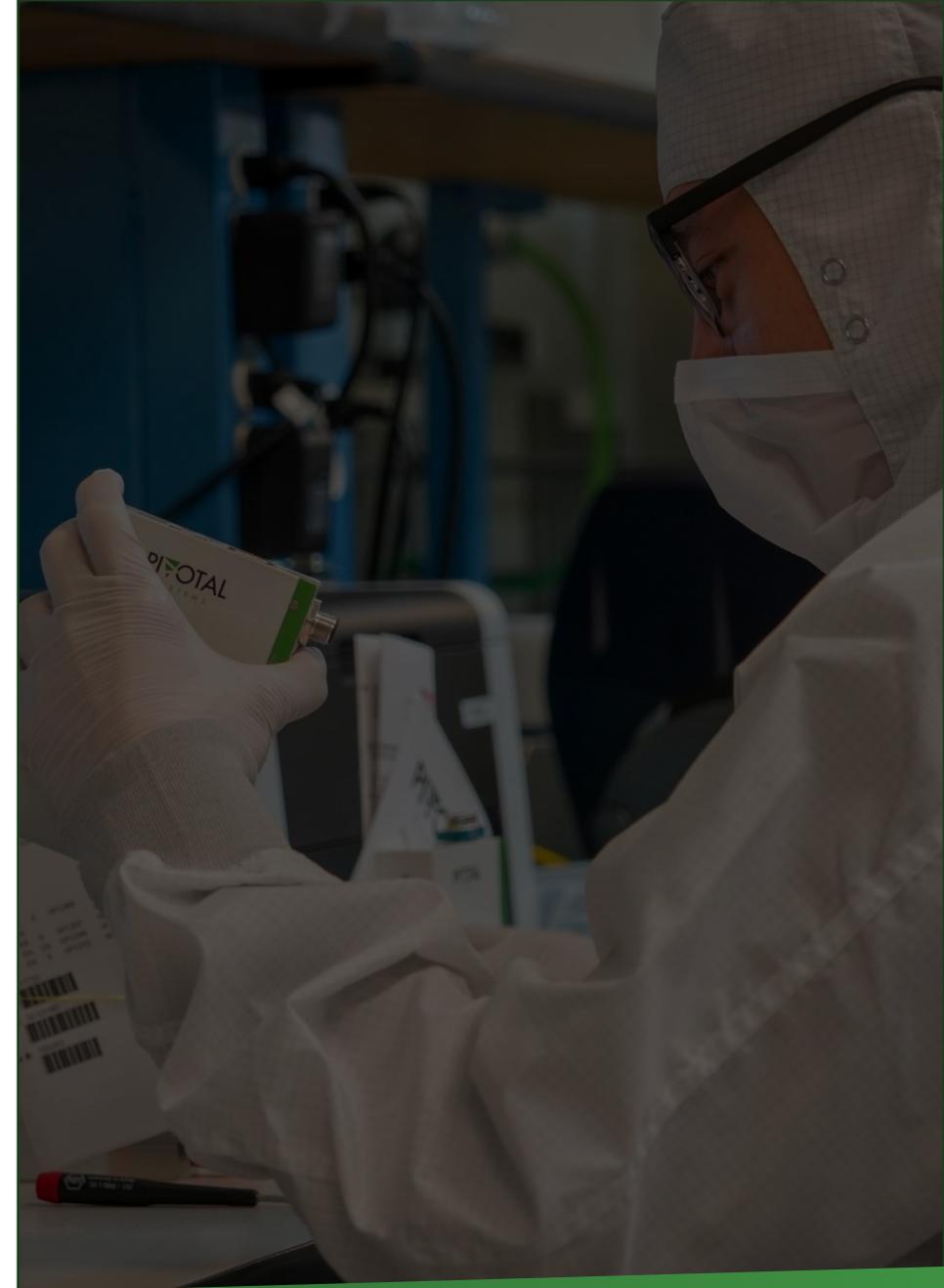
“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the issue of 1,200,000 unquoted options to acquire fully paid ordinary shares of common stock in the Company to Joseph Monkowski under the 2012 Equity Incentive Plan on the terms described in the Proxy Statement which forms part of the Notice of Annual Meeting, is approved.”



RESOLUTION 3

Issue of Options to Director, Joseph Monkowski

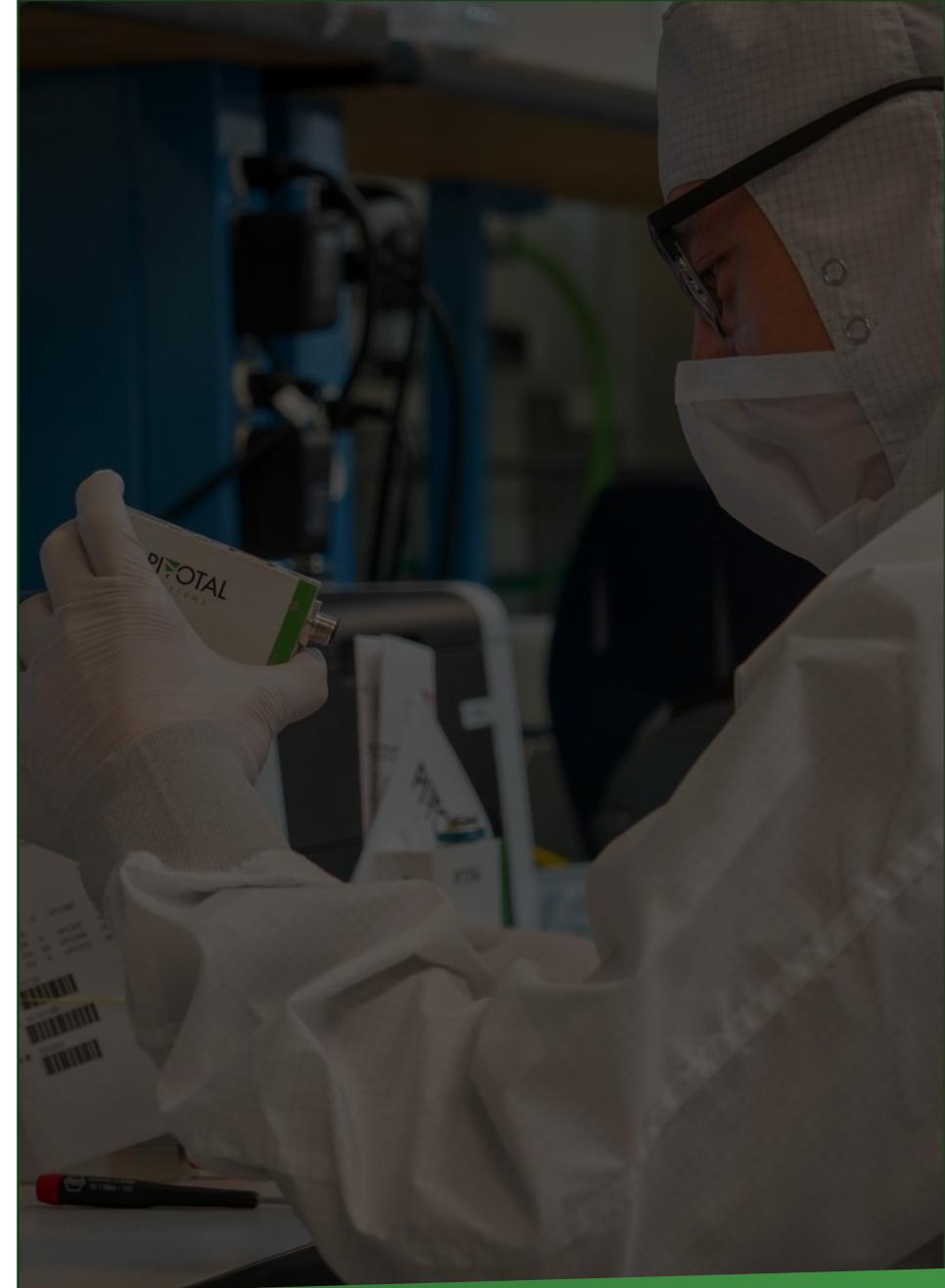
FOR:	15,656,826	93.88%
OPEN:	0	0.00%
AGAINST:	1,020,215	6.12%
TOTAL:	16,677,041	100.0%
ABSTAIN:	33,435	



RESOLUTION 4

Resolution to Approve 10% Placement Facility

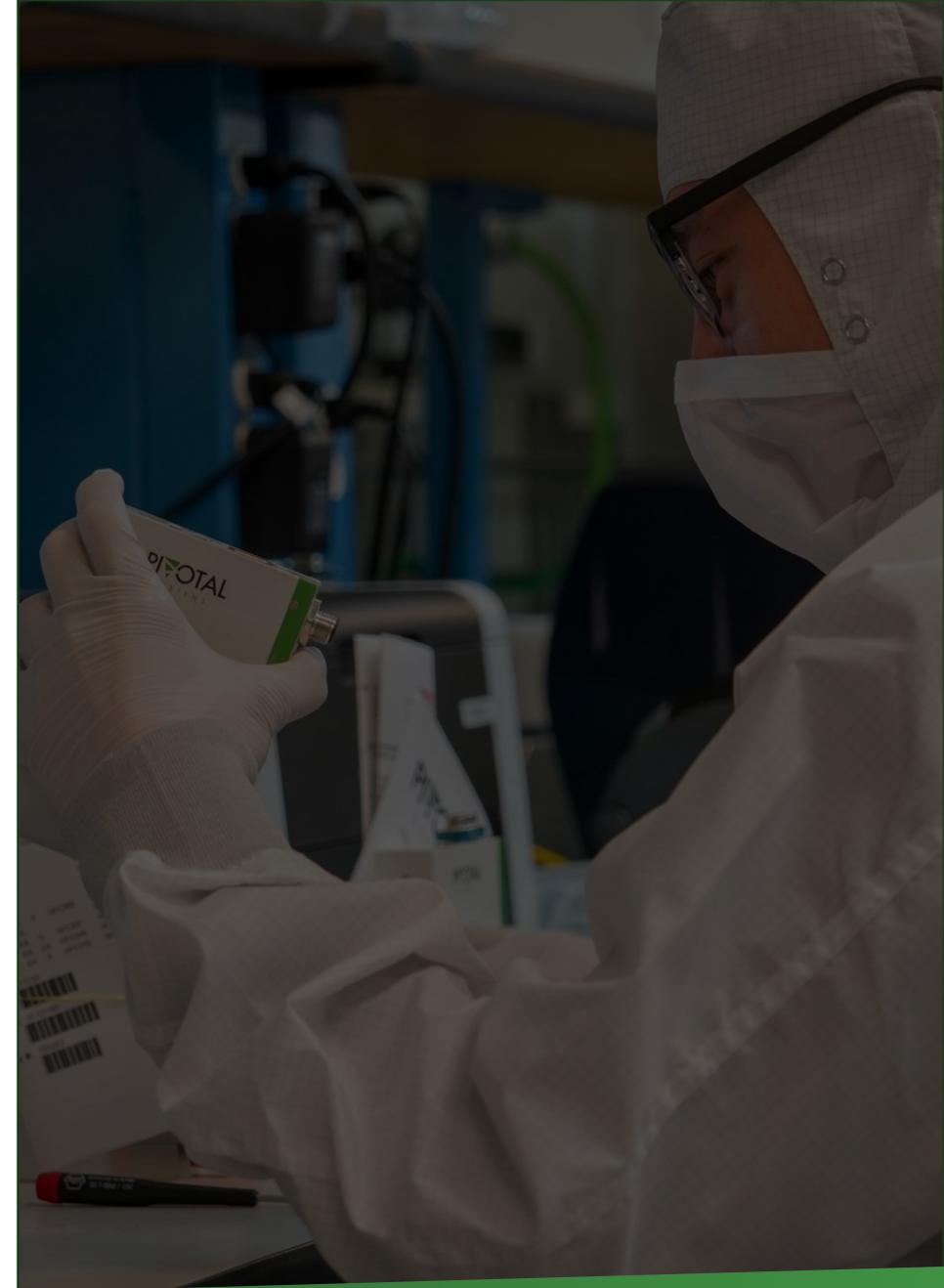
“That, pursuant to and in accordance with ASX Listing Rule 7.1A and for all other purposes, the Shareholders of the Company approve the issue of equity securities of up to 10% of the issued capital of Pivotal Systems Corporation (at the time of the issue) calculated in accordance with the formula prescribed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



RESOLUTION 4

Resolution to Approve 10% Placement Facility

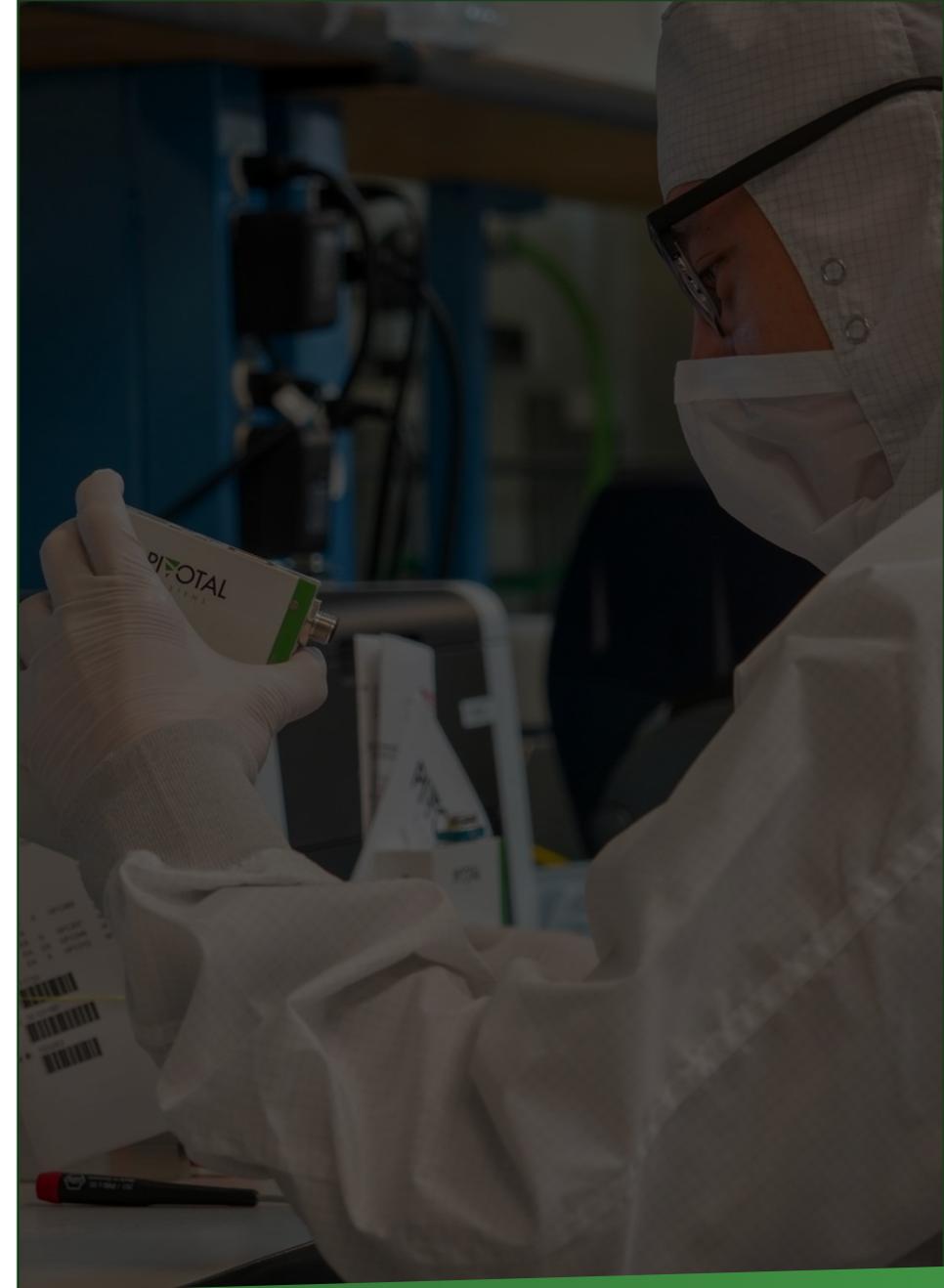
FOR:	8,147,920	15.00%
OPEN:	0	0.00%
AGAINST:	46,159,521	85.00%
TOTAL:	54,307,441	100.0%
ABSTAIN:	33,435	



RESOLUTION 5

Approval to Issue Tranche 2 RBI Preferred Stock to Anzu RBI USA LLC

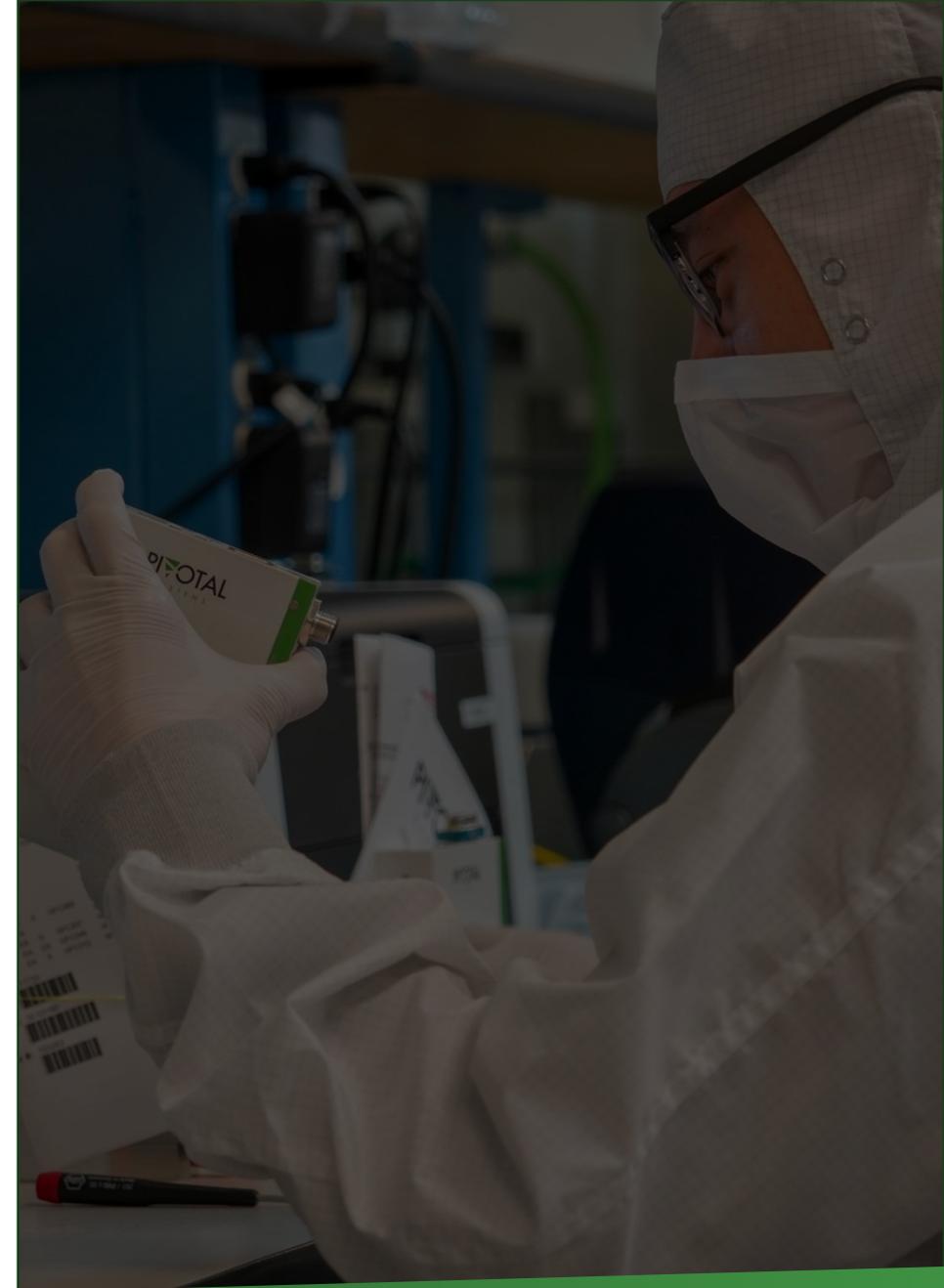
“That for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 3,000 Tranche 2 RBI Preferred Stock to Anzu RBI USA LLC under the RBI Preferred Stock Purchase Agreement, on the terms and conditions described in the Proxy Statement which forms part of the Notice of Annual Meeting.”



RESOLUTION 5

Approval to Issue Tranche 2 RBI Preferred Stock to Anzu RBI USA LLC

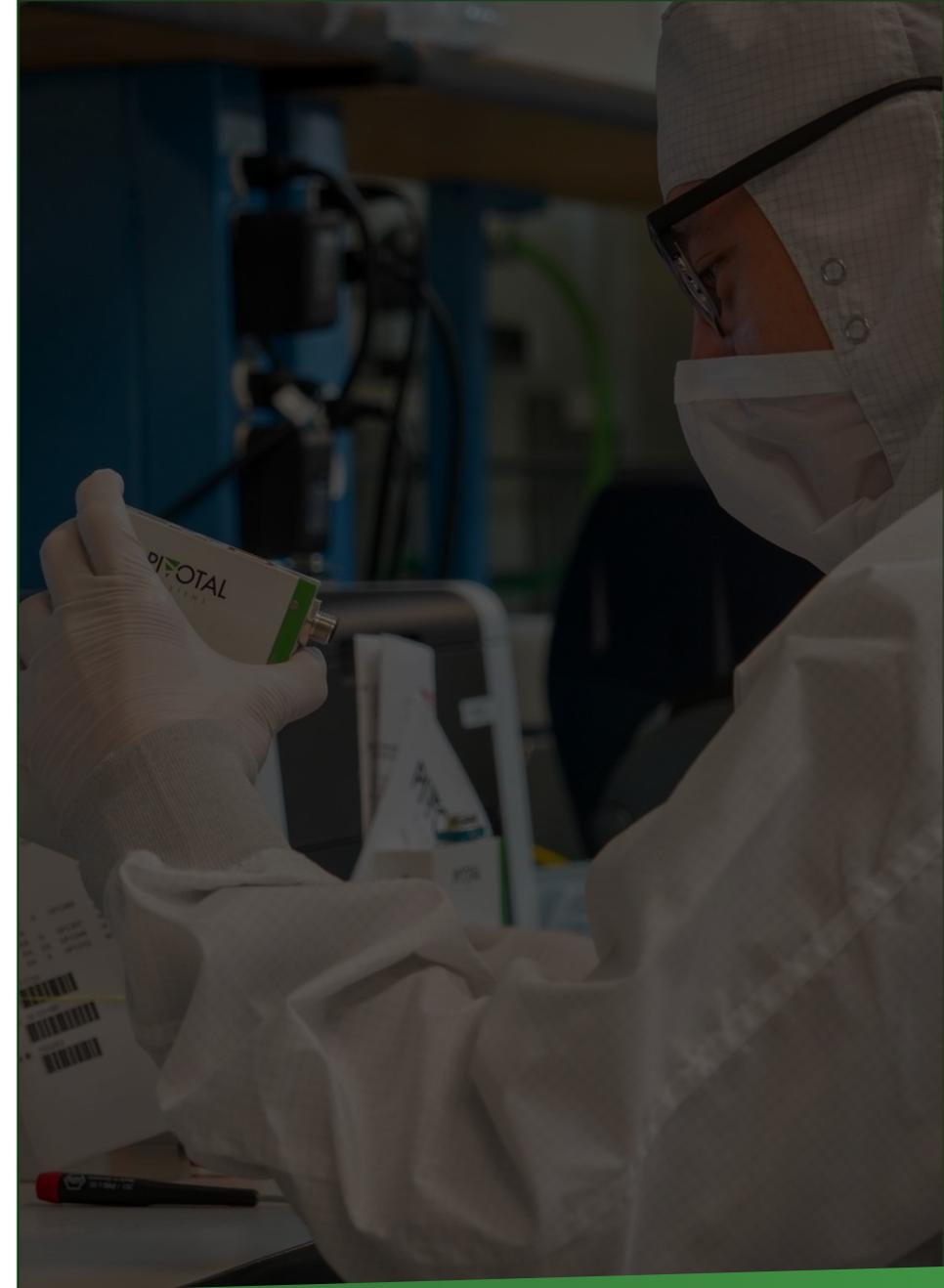
FOR:	54,306,901	100.0%
OPEN:	0	0.00%
AGAINST:	1,740	0.00%
TOTAL:	54,308,641	100.0%
ABSTAIN:	33,435	



RESOLUTION 6

Appointment of BDO Audit Pty Ltd as Auditor

“That, BDO Audit Pty Ltd having consented in writing to act in the capacity of Auditor, be appointed as the Auditor of Pivotal Systems Corporation for the fiscal year ending 31 December 2020.”

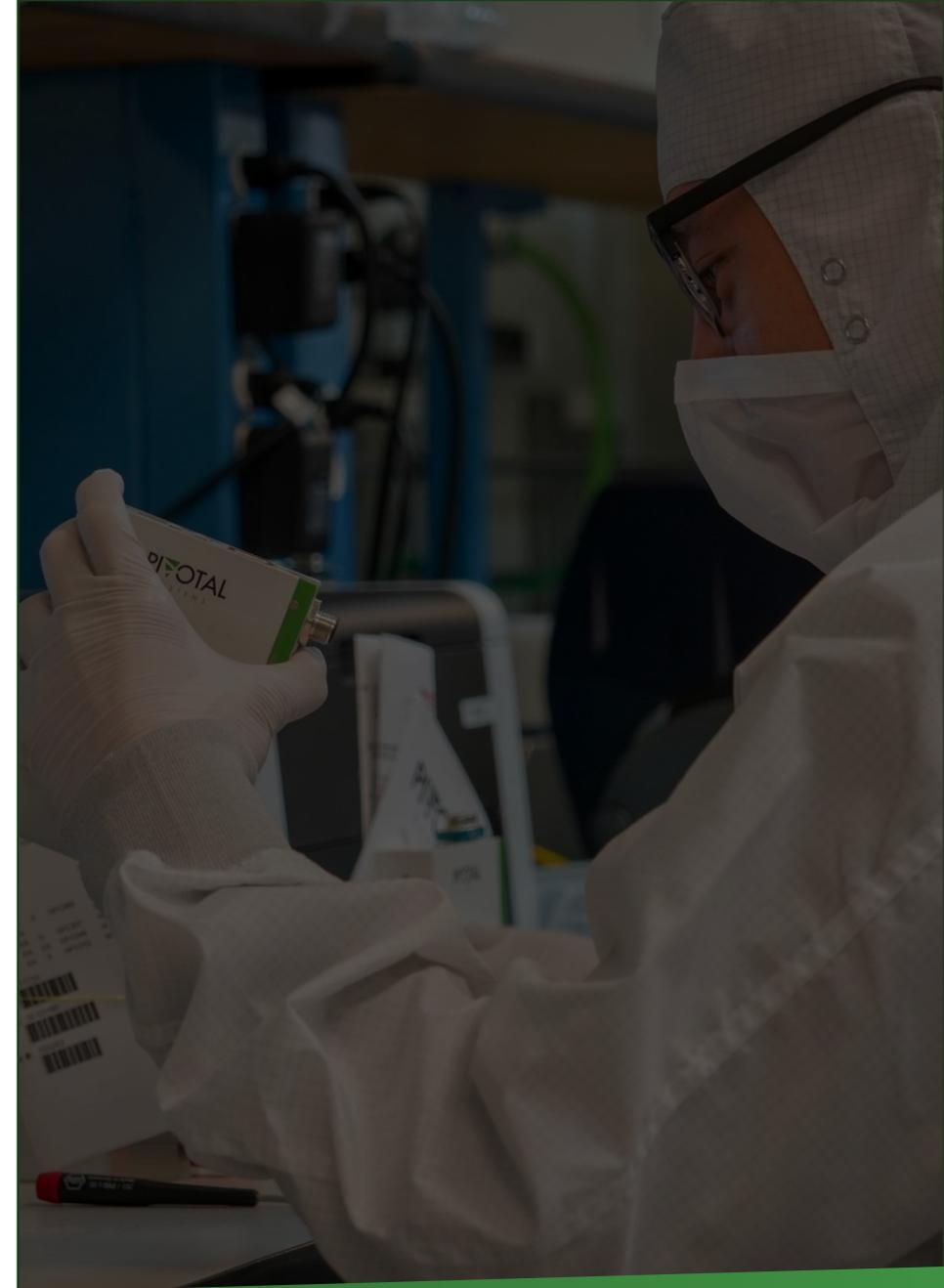


RESOLUTION 6

Appointment of BDO Audit Pty Ltd as Auditor

FOR:	54,307,441	100.0%
OPEN:	0	0.00%
AGAINST:	0	0.00%
TOTAL:	54,307,441	100.00%
ABSTAIN:	33,435	

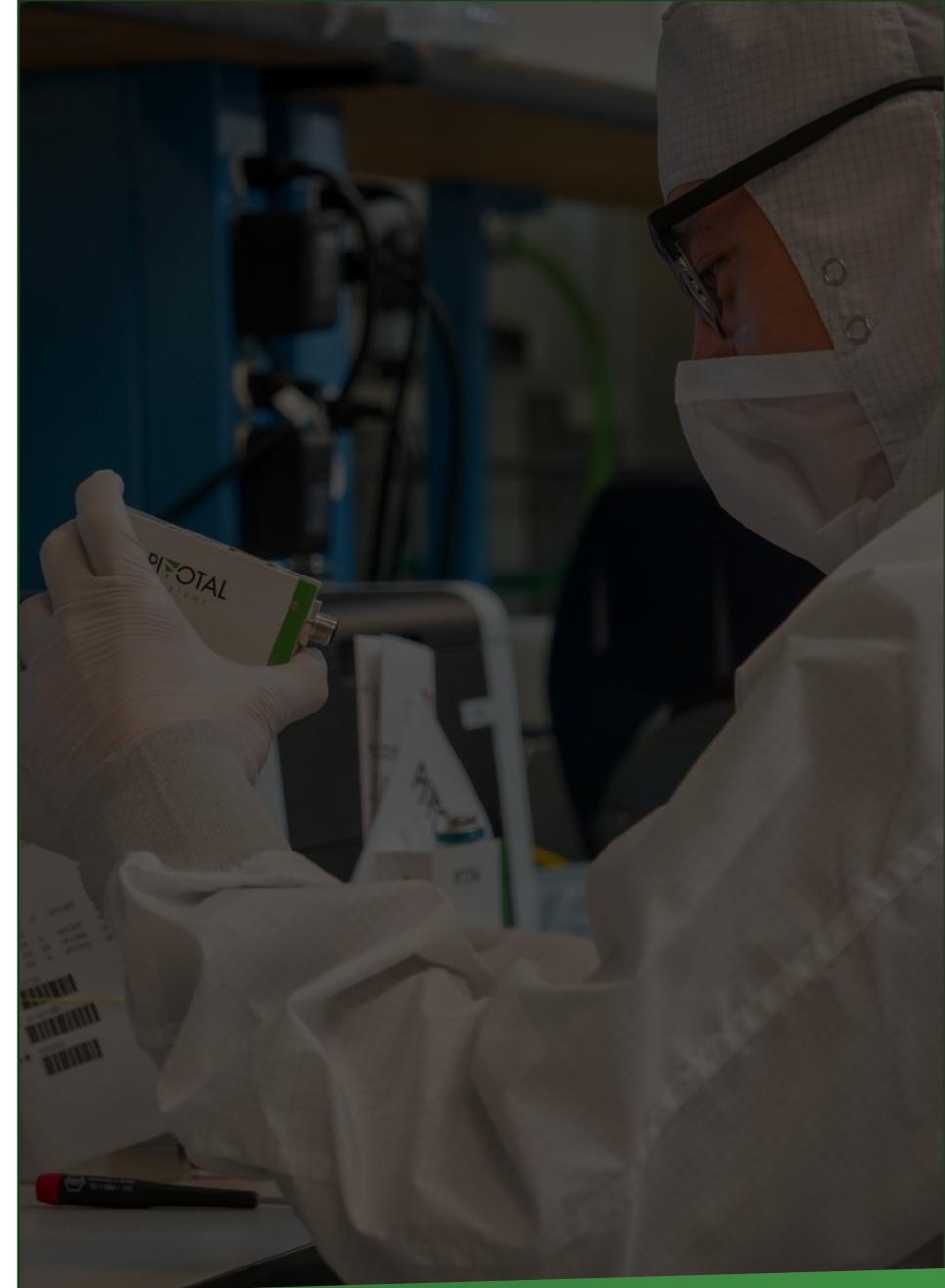
An 'abstain' vote have the same effect as an 'against' vote on this resolution



RESOLUTION 7

Approval of 2012 Equity Incentive Plan

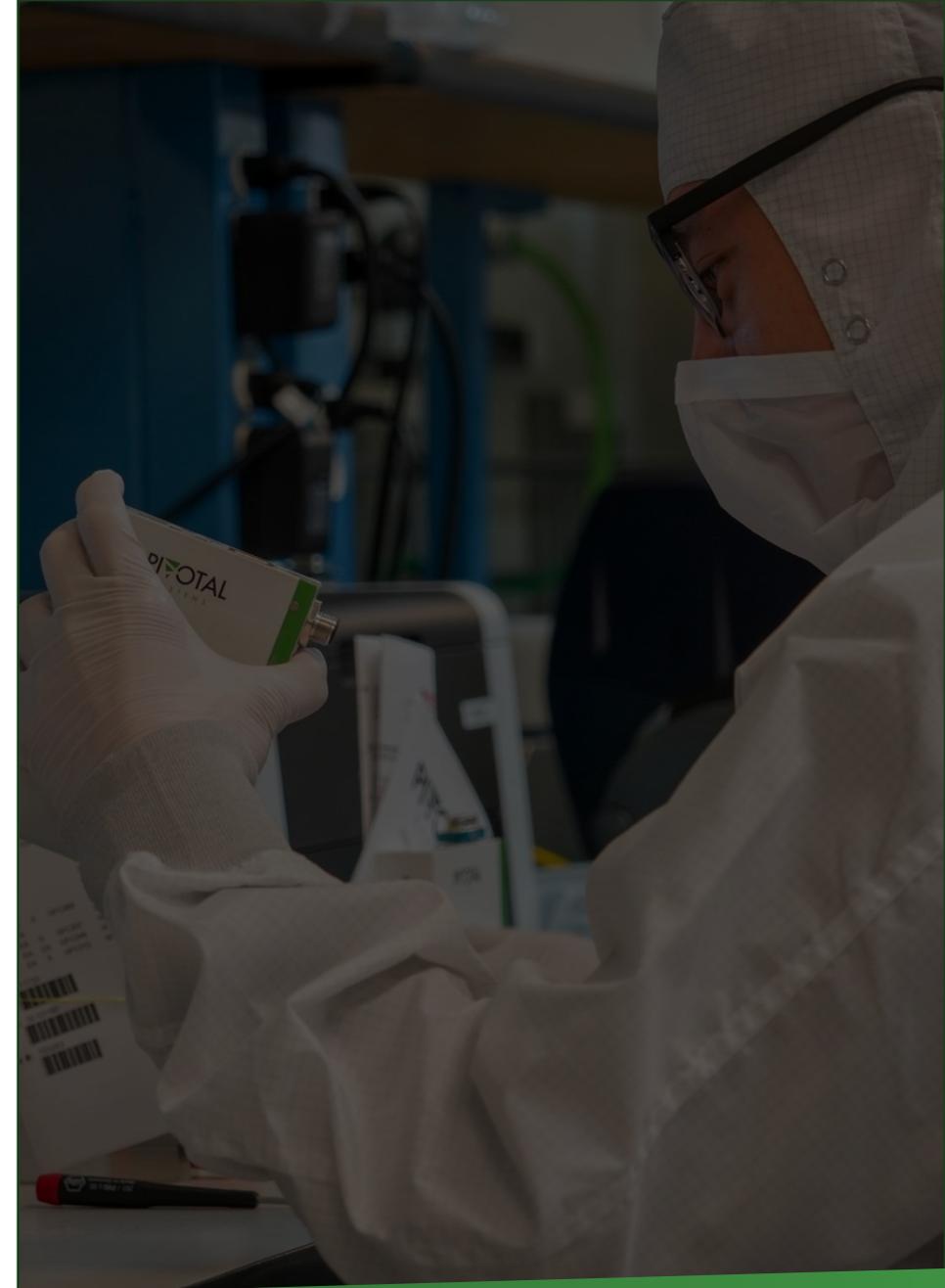
“That, for the purposes of ASX Listing Rule 7.2, exception 13 and all other purposes, the Pivotal Systems Corporation 2012 Equity Incentive Plan, as amended and described in the Proxy Statement accompanying and forming part of this Notice of Annual Meeting and the issue of securities under the Pivotal Systems Corporation 2012 Equity Incentive Plan (as amended) be approved.”



RESOLUTION 7

Approval of 2012 Equity Incentive Plan

FOR:	12,111,707	92.23%
OPEN:	0	0.00%
AGAINST:	1,020,215	7.77%
TOTAL:	13,131,922	100.0%
ABSTAIN:	3,578,554	





IMPORTANT

Please complete your poll voting – polls will remain open until 5 minutes after the close of the Meeting



Questions



PIVOTAL

SYSTEMS

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