



## Pivotal Systems Corporation September Quarter Update

- Pivotal FY2018 order book remains in-line with plan, including a recent agreement for US\$10m orders from a leading major OEM.
- Pivotal announced the entry into a new market with the introduction of a new Flow Ratio Control (FRC) product.
- The Company repaid all outstanding borrowings with Bridge Bank for a total amount of US\$5.0 million.
- Successful completion of the Company's IPO and listing on the Australian Securities Exchange.
- The Company announced the signing of a development agreement with a leading Japanese process equipment company to develop a standard Gas Flow Controller for higher flows.
- Peter McGregor was appointed to the Pivotal Systems' Board as an Independent Non-Executive Director.

Fremont, CA - 31 October, 2018. Pivotal Systems Corporation ("Pivotal" or the "Company") (ASX: PVS), a leading provider of innovative gas flow control (GFC) solutions to the semiconductor industry, is pleased to release a Quarterly update for the period ending 30 September 2018.

Significant developments during the last quarter included the introduction of a new Flow Ratio Control (FRC) product and the execution of a development agreement with a leading Japanese process equipment company. The Company expects this new market application to be brought to market in late 2019.

### September Quarter Cash Flow

Pivotal's operating cash flow for the quarter ended 30 September 2018 was in line with management expectations. Receipts from customers for the quarter totalled US\$3.8m, bringing total customer receipts for the nine months ended 30 September to US\$14.8m.

Commenting on the quarterly cash flow, Pivotal Systems CEO, John Hoffman, said: "Our 2018 orders remain in-line with our plan including a recent agreement with major OEM for US\$10 million of orders for gas flow controllers to be delivered between now and the end of 2019. We are excited by our product acceptance by leading customers. We continue to monitor the timing of capex spend of the integrated devices manufacturers (IDMs)."

On 2 July 2018, Pivotal successfully listed its CHESS Depository Interests (CDIs) on the ASX receiving net funds of US\$25.3 million. During this quarter, the Company repaid borrowings for US\$5.0 million and paid US\$1.9 million of IPO-related transaction costs and \$0.2 million non-recurring expenses. As a result, Pivotal finished the September 30, 2018 QTD period with a cash balance of US\$18.1 million and no debt. Headcount at the end of the quarter was 41 full-time employees as Pivotal has transitioned volume manufacturing to Korea and added strategic sales resource in Asia.

### Markets

Flow controllers are an important component for Original Equipment Manufacturers (OEMs) and Independent Device Manufacturers (IDMs) which provide process gases to the equipment used in semiconductor manufacturing, with an addressable customer market of ~US\$600 million.

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In July 2018, Pivotal announced the entry into a new market with the introduction of a new Flow Ratio Control (FRC) product. The FRC features three channel controls with average channel flow being two standard litres per minute (SLM). The FRC can be configured for either DNET or EtherCat and is compatible with all current and advanced generation OEM tool sets. This additional market is expected to add an estimated US\$100 million annually to Pivotal's addressable market.

Pivotal is also intending to release a derivative of the High Flow GFC in late 2018, entering the metal-organic deposition, solar, LED and flat panel markets which will increase Pivotal's total available market to over US\$1 billion.

## Products

The Gas Flow Controller developed by Pivotal under the development agreement, with a leading Japanese process equipment company, will be supplied exclusively to the customer for an agreed period following development. This new product will be focused on leading atomic layer deposition applications in the future.

## **Safe Harbor Statement**

This press release and the accompanying Appendix 4C contains forward-looking statements, which address a variety of subjects including, for example, our statements regarding expected, including expected growth rates, expected product offerings, product development, marketing position, financial performance 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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