

ASX / Media Release

Draw Down of Additional US\$3 million RBI Preferred Stock from Anzu RBI USA LLC

Fremont, California and Sydney, Australia; 3 June 2021 – Pivotal Systems Corporation (“Pivotal” or the “Company”) (ASX: PVS), a leading provider of innovative gas flow control (GFC) solutions to the semiconductor industry, today announces the draw down of Tranche 2 of its RBI Preferred Stock facility, resulting in the issue to Anzu RBI USA LLC (“Anzu”) of 3,000 shares of RBI Preferred Stock at a price of US\$1,000 per share issued under the Preferred Stock Purchase Agreement for consideration of US\$3.0 million. The key condition to draw down of Tranche 2 of the RBI Preferred Stock issue was that Pivotal maintains more than US\$15 million revenue in the trailing twelve (12) months. Pivotal confirms the second condition relating to the extinguishment of Pivotal’s existing debt facility with Bridge Bank has been waived by Anzu.

Under Listing Rule 10.11, Pivotal was required to obtain shareholder approval for the issue of Tranche 2 RBI Preferred Stock. Consequently, the Company received such approval by shareholders at the Annual Meeting of Shareholders on 21 May 2021 to issue Tranche 2 RBI Preferred Stock to Anzu. The key terms of the RBI Preferred Stock are shown in Attachment A of this release. Additional background information may also be obtained by referring to the Company’s Notice of Annual Meeting ASX release dated 11 May 2021: <https://www.asx.com.au/asxpdf/20210511/pdf/44wdhthl760q1x.pdf>.

Pivotal has elected to draw down on this additional tranche of funding to provide the Company with additional cash flow required to meet future growth and expansion plans for the business and the Board considers is in the Company’s best interests as repayment / redemption obligations are linked to the revenue generated with the Company retaining the flexibility to redeem all RBI Preferred Stock at any time.

THIS RELEASE DATED 3 JUNE 2021 HAS BEEN AUTHORISED FOR LODGEMENT TO ASX BY THE BOARD OF DIRECTORS OF PIVOTAL SYSTEMS.

- ENDS -

For further information, interview and photos:

Investor Relations & Media (Australia):

Dr Thomas Duthy
Nemean Group
tduthy@pivotalsys.com
+61 402 493 727

Media Contact (US):

Pia Brandt
ANZU Partners
pjb@anzupartners.com

ASX Representative:

Danny Davies
Company Matters Pty Ltd
davies@companymatters.com.au

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



Safe Harbor Statement

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

About Pivotal Systems Corporation (ASX: PVS)

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

Notice to U.S. persons: restriction on purchasing CDIs

Pivotal Systems is incorporated in the State of Delaware and its securities have not been registered under the U.S. Securities Act of 1933 or the laws of any state or other jurisdiction in the United States. Trading of Pivotal Systems' CHES Depository Interests ("CDIs") on the Australian Securities Exchange is not subject to the registration requirements of the U.S. Securities Act in reliance on Regulation S under the U.S. Securities Act and a related 'no action' letter issued by the U.S. Securities and Exchange Commission to the ASX in 2000. As a result, the CDIs are "restricted securities" (as defined in Rule 144 under the U.S. Securities Act) and may not be sold or otherwise transferred except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. For instance, U.S. persons who are qualified institutional buyers ("QIBs", as defined in Rule 144A under the U.S. Securities Act) may purchase CDIs in reliance on the exemption from registration provided by Rule 144A. To enforce the transfer restrictions, the CDIs bear a FOR Financial Product designation on the ASX. This designation restricts CDIs from being purchased by U.S. persons except those who are QIBs. In addition, hedging transactions with regard to the CDIs may only be conducted in compliance with the U.S. Securities Act.

Pivotal Systems Corporation
ARBN 626 346 325
48389 Fremont Blvd. Suite 100, Fremont, CA, 94538
Phone +1 (510) 770 9125, Fax +1 (510) 770 9126
Web / <https://www.pivotalsys.com>

Attachment A - Key Terms of the RBI Preferred Stock

Part A – Key terms of the RBI Preferred Stock set out in the Preferred Stock Purchase Agreement	
Issue price per RBI Preferred Stock	US\$1,000 per RBI Preferred Stock
Payment of funding in tranches	<p>US\$13 million which can be drawn down in tranches by the Company as follows:</p> <ul style="list-style-type: none"> - Tranche 1: US\$10 million - to be disbursed within ten (10) business days of Closing or at a later date as requested by the Company. - Tranche 2: US\$3 million – available to be disbursed in conjunction with the replacement of the Bridge Bank senior term loan currently held by the Company, with such issue being subject to any necessary ASX waiver or ASX required Shareholder approval.
Anticipated Redemptions	<p>The Company is anticipated to redeem RBI Preferred Stock in an amount equal to a fixed percentage of net revenues paid:</p> <ul style="list-style-type: none"> - on 1 March 2021 with respect to revenues attributable to the last 10 calendar months of 2020; and thereafter - within two months after the end of each financial quarter (ie. paid quarterly on the basis of the prior quarter), <p>this being referred to as the “Anticipated Redemption Schedule”.</p> <p>The redemption amount is 4% of revenue for the initial \$10 million. This amount would increase to 6% of revenue, if the Company exercises its option to receive the additional funding of US\$3 million.</p>
Failure to make Anticipated Redemptions	<p>If the Company does not meet the Anticipated Redemption Schedule and such failure is not rectified within 30 days of the Company receiving a rectification notice, then, while it remains in default, the Redemption Price per share of RBI Preferred Stock increases to the greater of US\$3,000 per share or the then current RBI Redemption Price plus US\$1,000 per share, but only applicable to the past due redemption payments.</p>
Redemption prior to the first anniversary of Closing	<p>If the Company elects to redeem any RBI Preferred Stock prior to the first anniversary of Closing, then the Company must pay the Investor the Redemption Price of US\$1,200 per share plus any accrued redemption amounts at the time of early redemption.</p>

Protective covenants	<p>The Preferred Stock Purchase Agreement contains typical covenants to prevent the liquidation of the Company or distribution of proceeds without first redeeming the RBI Preferred Stock including that the Company will not, without the prior written consent of the investors who subscribed for RBI Preferred Stock under the Preferred Stock Purchase Agreement, do certain things including liquidate the Company, make any amendments to the constitutional documents of the Company in a manner adverse to the holders of the RBI Preferred Stock or incur any debt that is senior to the RBI Preferred Stock.</p> <p>There are no Financial Covenants associated with the RBI Preferred Stock.</p>
Non-transferable	The shares of RBI Preferred Stock are not transferable other than with the consent of the Company.

Part B – Key terms of RBI Preferred Stock set out in the Amended Certificate	
Par value	Each share of RBI Preferred Stock will have par value of US\$0.00001
Dividend	Holders of RBI Preferred Stock will be entitled to a non-cumulative preference dividend of 2% of the original issue price (of US\$1,000 per share), in priority to the rights of holders of Common Stock. Any dividend payment requires Board approval.
No Voting Rights other than in limited circumstances:	<p>RBI Preferred Stockholders will not be entitled to vote at any general meeting of the Company except in the following circumstances:</p> <ul style="list-style-type: none"> • On a proposal: <ul style="list-style-type: none"> ○ that affects rights attached to RBI Preferred Stock; ○ to wind up the Company; or ○ for the disposal of the whole of the property, business and undertaking of the Company; • On a resolution to approve: <ul style="list-style-type: none"> ○ the terms of a share buy-back agreement; ○ a reduction of the share capital of the Company, <p>other than a resolution to approve a buy-back or reduction of capital with respect to RBI Preferred Stock;</p> • During a period in which a dividend or part of a dividend in respect of an RBI Preferred Stock is in arrears; or

	<ul style="list-style-type: none"> • During the winding-up of the Company. <p>At a general meeting of the Company at which RBI Preferred Stockholders may vote, they are entitled:</p> <ul style="list-style-type: none"> • to one vote on a show of hands; and • to one vote for each RBI Preferred Stock on a poll. <p>RBI Preferred Stockholders will have the same rights as holders of shares of Common Stock/CDIs in the Company to receive notices, reports and audited accounts from the Company and to attend general meetings.</p>
<p>Redemption</p>	<p>Anticipated Redemptions See Preferred Stock Purchase Agreement summary above.</p> <p>Optional Redemption The RBI Preferred Shares can be redeemed by the Company at any time at the RBI Redemption Price (described further below).</p> <p>Mandatory Redemption In the event any Redemption Event occurs, the Company must immediately redeem any outstanding RBI Preferred Stock at an amount equal to the then-applicable RBI Redemption Price (described further below).</p> <p>If any RBI Preferred Stock are not redeemed on the applicable redemption date, all such unredeemed RBI Preferred Stock shall remain outstanding and the Company shall (subject to applicable law) pay interest on the applicable Redemption Price at a rate of 17% per annum following the applicable mandatory redemption date until payment in full. All such amounts outstanding will be secured under the terms of a Security Agreement entered into between the Company and Anzu as a condition to the Preferred Stock Purchase Agreement.</p> <p>A Redemption Event will occur:</p> <ul style="list-style-type: none"> • upon any voluntary or involuntary insolvency, liquidation, or similar act of bankruptcy with respect to the Company; • upon an Event of Default as defined in the Preferred Stock Purchase including failure to maintain a redemption accrual account during the first year, breach of the protective covenants in the Preferred Stock Purchase Agreement or a material unremedied breach by the Company of its arrangements with Bridge Bank;

	<ul style="list-style-type: none"> • on any occurrence of a person or entity (or affiliated persons or entities) becoming owner (directly or indirectly) of securities in the Company representing more than 50% of the voting power in the Company's securities; • where there is a merger, consolidation or other business combination involving the Company where, immediately after the consummation of such transaction, the stockholders of the Company immediately prior to the transaction do not continue to own either (i) voting securities representing more than 50% of the voting power of the surviving entity under the transaction or (ii) more than 50% of the combined outstanding voting power of the parent of the surviving entity under the transaction; or • on a sale or disposal of all or substantially all of the Company's assets, property or business.
RBI Redemption Price	<p>The redemption price per share of RBI Preferred Stock starts at US\$1,200 (plus accrued redemption amounts up to the date of redemption) for the first year following closing, is US\$1,250 in year 2 then escalates by US\$250 per year up to a maximum of US\$3,000 per share while the Company meets the Anticipated Redemption Schedule plus in each case any dividends declared but unpaid on the RBI Preferred Stock.</p> <p>The RBI Redemption Price increases during the default period if the Company does not meet the Anticipated Redemption Schedule as described in Part A above.</p>
Term:	There is no fixed term to the redemption period on the RBI Preferred Stock.
Liquidation rights – Preferential payments	<p>In the event of a winding up of the Company, or the occurrence of a Liquidation Transaction, to the extent that the RBI Preferred Stock have not been redeemed, the Company shall first pay to holders an amount equal to the then-applicable Redemption Price per RBI Preferred Stock in priority to payment of any proceeds to holders of shares of Common Stock or Common Prime Stock with the balance of any proceeds to be distributed among the holders of Common Stock and Common Prime Stock pro rata based on the number of Common Stock and Common Prime Stock held by each.</p> <p>A Liquidation Transaction shall be deemed to occur if the Company (a) sells or disposes of all or substantially all of its assets, property or business (b) undertakes a merger or consolidation with another entity or (c) effects a liquidation, dissolution or winding up of the Company other than certain excepted circumstances such as (i) a merger effected exclusively for the</p>

	<p>purpose of changing the domicile of the Company, (ii) a bona fide equity financing in which the Company is the surviving corporation or (iii) a transaction in which the stockholders of the Company immediately prior to the transaction have sufficient rights to elect 50% or more of the directors of the surviving or acquiring entity following the transaction</p>
--	--