



Pivotree Announces Second Quarter 2025 Results

Strong gross margins and operational discipline delivers \$1.7M of Adjusted EBITDA in Q2 2025, marking a third consecutive quarter of positive Adjusted EBITDA and second quarter of positive Net Income

TORONTO, August 13, 2025 – Pivotree Inc. (TSXV:PVT) (“**Pivotree**” or the “**Company**”), a leader in frictionless commerce solutions, today reported financial results for the three and six month period ended June 30, 2025. All amounts are expressed in Canadian dollars unless otherwise stated.

“Effective operating controls and cost containment has Pivotree on a healthy and consistent EBITDA track,” said Bill Di Nardo, CEO of Pivotree. “We achieved our third consecutive quarter of positive adjusted EBITDA and second quarter of positive net income, demonstrating sustained operating discipline and a significant step up in PS gross margins to 42%, their highest in over three years.”

Pivotree also announced today that it has released a letter to shareholders from Bill Di Nardo, CEO. The letter can be accessed from the Company’s website at investor.pivotree.com and filed on SEDAR at www.sedar.com.

Second Quarter 2025 Financial Highlights

(All figures are in Canadian dollars and all comparisons are relative to the three-month period ended June 30, 2024 unless otherwise stated):

- Net income of \$2.5 million compared to a net loss of \$4.4 million for the prior year period, primarily due to reduced operating expenses as a result of restructure efforts, as well as the gain on sale of intangible assets.
- Adjusted EBITDA¹ of \$1.7 million compared to an adjusted EBITDA¹ of \$0.3 million for the prior year period. The continued strength in EBITDA is the result of the improved gross margins and operational expense restructuring that took place during 2024.
- The business realized sequential quarter growth within Managed and IP Solutions (MIPS) which was offset by unfavourable foreign exchange movement and declines in Legacy Managed Services (LMS) as described below, leading to total revenue of \$17.3 million and a 14.7% decline from Q2 2024
 - Managed and IP Solutions (MIPS) Revenue declined 7.3% to \$3.7M in Q2 2025, from \$4.0M in Q2 2024, related to a peak in SKU transaction volume in the prior year and returning to more normal levels.
 - Legacy Managed Services (LMS) Revenue declined 41.3% to \$3.0M in Q2 2025, from \$5.2M in Q2 2024, related to churn and melt of Legacy Oracle customers.
 - Professional Services Revenue of \$10.5 million, a decrease of 5.0%. These three month ended results contain new customer projects, which helped partially offset completed projects from the prior year.
- Gross margin improved to 46.2% of total revenue yielding gross profit of \$8.0 million, compared to \$9.0 million or 44.2% of revenue for the prior year period. Professional service margins were particularly strong, contributing to the overall gross margin improvement.

¹ Please refer to “Non-IFRS Measures and Reconciliation of Non-IFRS Measures” section of this press release.

Second Quarter 2025 Business Highlights

- Commerce Total Contract Value (TCV) bookings were primarily driven by the extension of existing Professional Services engagements, including significant contracts for Micro Services and Shopify projects. Additionally, Commerce successfully secured several Managed Services support contract extensions during the quarter.
- Demand in Data remained strong for SKU Build, as well as taxonomy, and schema engagements. The Data team secured four new logos, with potential for future expanded bookings. These new wins include a SKU Build proof of concept, a Data Cleansing engagement, a Data Assessment, and a Control Tower Beta. The Data team also extended existing Professional Service engagements and renewed Managed Hosting, MAS, and FAS contracts.
- During Q2, the Supply Chain business divested its Warehouse Management operations, allowing for a more focused approach on the Order Management practice. TCV bookings in Q2 benefited from extensions and renewals for both Sterling OMS and Fluent platforms.

Second Quarter 2025 Results

Selected Financial Measures

	Three months ended June 30,				Six months ended June 30,			
	2025 \$	2024 \$	\$ Change \$	% Change %	2025 \$	2024 \$	\$ Change \$	% Change %
MIPS.....	3,737,382	4,032,745	(295,363)	-7.3%	7,403,099	8,016,988	(613,889)	-7.7%
LMS.....	3,037,165	5,173,122	(2,135,957)	-41.3%	7,356,111	10,576,997	(3,220,886)	-30.5%
Total MIPS & LMS..	6,774,547	9,205,867	(2,431,320)	-26.4%	14,759,210	18,593,985	(3,834,775)	-20.6%
Professional Services	10,497,827	11,052,721	(554,894)	-5.0%	21,677,171	22,597,681	(920,510)	-4.1%
Total Revenue	17,272,374	20,258,588	(2,986,214)	-14.7%	36,436,381	41,191,666	(4,755,285)	-11.5%

Results of Operations

The following table outlines our consolidated statements of income (loss) and comprehensive income (loss) for the three months ended June 30, 2025 and 2024.

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Revenue	17,272,374	20,258,588	36,436,381	41,191,666
Cost of revenue.....	9,299,828	11,303,003	20,014,705	22,678,685
Gross profit.....	7,972,546	8,955,585	16,421,676	18,512,981
Operating expenses				
General and administrative.....	1,621,479	2,758,444	3,799,839	5,684,846
Sales and marketing	1,982,007	2,475,018	3,884,942	5,314,399
Research and development	332,795	472,827	825,042	886,318
IT and Operations.....	1,678,185	3,080,343	3,465,744	6,432,521
Loss (gain) on foreign exchange.....	613,665	(121,909)	732,333	(310,853)
Amortization and Depreciation	1,265,302	2,695,114	2,588,608	4,184,892
Stock based compensation.....	204,014	239,523	429,891	474,051
Restructuring and Other.....	-	1,512,648	-	2,072,963
Interest.....	17,336	27,703	54,107	78,905
	7,714,783	13,139,711	15,780,506	24,818,042
Income (loss) before other items.....	257,763	(4,184,126)	641,170	(6,305,061)

Interest income.....	11,177	36,933	16,104	115,464
Gain on sale of intangible assets.....	2,373,197	-	2,373,197	-
Operating income (loss)	2,642,137	(4,147,193)	3,030,471	(6,189,597)
Current taxes.....	(101,003)	(254,739)	(257,350)	(399,461)
Net income (loss).....	2,541,134	(4,401,932)	2,773,121	(6,589,058)
Other comprehensive income (loss)				
Foreign translation adjustment.....	(951,104)	161,979	(1,339,974)	602,882
Comprehensive income (loss).....	1,590,030	(4,239,953)	1,433,147	(5,986,176)
Loss per share - basic	0.10	(0.17)	0.11	(0.25)
Weighted average number of common shares outstanding - basic.....	26,380,135	26,309,816	26,394,247	26,337,194

Cash Flows

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Cash and cash equivalents, beginning of period	6,511,193	7,879,161	3,877,687	8,619,161
Net cash provided by (used in):				
Operating activities.....	724,448	(1,095,676)	3,765,180	(2,362,429)
Investing activities.....	1,640,480	(374,682)	1,359,369	559,855
Financing activities.....	(209,357)	(184,879)	(325,572)	(611,463)
Effect of foreign exchange on cash and cash equivalents	(87,420)	12,161	(97,320)	30,961
Net increase (decrease) in cash and cash equivalents	2,068,151	(1,643,076)	4,701,657	(2,383,076)
Cash and cash equivalents, end of period	8,579,344	6,236,085	8,579,344	6,236,085

Conference Call

Management will host a live Zoom Video Webinar on Wednesday, August 13, 2025 at 8:30 am ET to discuss these second quarter 2025 results. The webinar can be accessed through the following registration link: https://pivottree.zoom.us/webinar/register/WN_4d1GaPdSRf6SJO9mh64edQ.

A replay will be available approximately two hours after the conclusion of the live event and posted on <https://investor.pivottree.com/>.

Non-IFRS Measures and Reconciliation of Non-IFRS Measures

This press release makes reference to certain non-IFRS measures including key performance indicators used by management and typically used by our competitors in the technology industry. These measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS and are therefore not necessarily comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. These non-IFRS measures and technology metrics are used to provide investors with supplemental measures of our operating performance and liquidity and thus highlight trends in our business that may not otherwise be apparent when relying solely on IFRS measures. We also believe that securities analysts, investors and other interested parties frequently use non-IFRS measures, including technology industry metrics, in the evaluation of companies in the technology industry. Management also uses non-IFRS measures and technology industry metrics in order to facilitate operating performance comparisons from period to period, the preparation of annual operating budgets and forecasts and to determine components of executive compensation. The non-IFRS measures and technology industry

metrics referred to in this press release include "Total Contract Value Booking", "EBITDA" and "Adjusted EBITDA". Additional details for these non-IFRS and other financial measures can be found under the heading "Key Performance Indicators" in our MD&A for the quarter ended June 30, 2025, filed on SEDAR+ at www.sedarplus.com, which includes explanations of the composition and usefulness of these non-IFRS financial measures and is incorporated by reference in this press release.

Forward-looking Information

This press release contains "forward-looking information" and "forward-looking statements" (collectively, "**forward-looking information**") within the meaning of applicable securities laws. Forward-looking information may relate to the Company's future financial outlook and anticipated events or results and may include information regarding the Company's financial position, business strategy, growth strategies, addressable markets, budgets, operations, financial results, taxes, dividend policy, plans and objectives. Particularly, information regarding the Company's expectations of future results, performance, achievements, prospects or opportunities or the markets in which the Company operates is forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "targets", "expects", "budgets", "scheduled", "estimates", "outlook", "forecasts", "projects", "prospects", "strategy", "intends", "anticipates", "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", or "will" occur. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events or circumstances. The forward-looking information contained herein includes, but is not limited to, proposed expansion of the Company's market position, potential acquisitions, the conversion of sales pipelines to confirmed bookings, and the achievement and maintenance of profitability metrics, such as Gross Profit, Gross Margin, EBITDA, Adjusted EBITDA, Net Income (loss), and Comprehensive Income (loss).

Forward-looking information is necessarily based on a number of opinions, estimates and assumptions that, while considered by the Company to be appropriate and reasonable as of the date of this letter, are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to: risks and uncertainties associated with market conditions; our ability to execute on our growth strategies; our ability to create and protect unique intellectual property and enter new markets; the impact of changing conditions in the global e-commerce market, including increasing competition and changes in approach in the e-commerce software as a service solution or infrastructure market; our inability to achieve confirmed bookings from our sales pipeline and the risk that customers in our sales pipeline move their business to one of our competitors; changes in the expectations, financial condition and demand of our target markets; changes or increases in the difficulty of avoiding cyber or data security threats, or compliance with data security regulators that may impact our business; our ability to continue to execute accretive acquisitions; our ability to maintain and build our reputation with clients; fluctuations in currency exchange rates and volatility in financial markets; developments and changes in applicable laws and regulations; and such other factors discussed in greater detail under the "Risk Factors" section of the prospectus of the Company dated October 23, 2020 (the "Prospectus").

If any of these risks or uncertainties materialize, or if the opinions, estimates or assumptions underlying forward-looking information prove incorrect, actual results or future events might vary materially from those anticipated in forward-looking information. The opinions, estimates or assumptions referred to above and the risk factors described in the "Risk Factors" section of the prospectus of the Company dated October 23, 2020 should be considered carefully.

Although the Company has attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other risk factors not presently known to the Company or that the Company presently believes is not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information, which speaks only as of the date made. Forward-looking information contained in this press release represents the Company's expectations as of the date of this press release (or as of the date they are otherwise stated to be made), and are subject to change after such date. The Company disclaims any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws.

About Pivotree

[Pivotree](#), a leader in [frictionless commerce](#), strategizes, designs, builds, and manages digital Commerce, Data Management, and Supply Chain solutions for over 150 major retailers and branded manufacturers globally. With a portfolio of digital products as well as managed and professional services, Pivotree provides businesses of all sizes with true end-to-end solutions. Headquartered in Toronto, Canada, with offices and customers in the Americas, EMEA, and APAC, Pivotree is widely recognized for its partnership with top brands across industries. For more information, visit www.pivotree.com or follow us on [LinkedIn](#).

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