



NEWS RELEASE

Pivotree Achieves Record Preliminary Bookings for the Fourth Quarter of 2021

1/31/2022

TORONTO, Jan. 31, 2022 /CNW/ - Pivotree Inc. (TSXV: PVT) ("**Pivotree**" or the "**Company**"), a leading provider of **frictionless commerce** solutions, today announced record total bookings for the fourth quarter of 2021, led by an increase in demand for data management services and on the heels of record breaking sales achieved by existing customers during the peak holiday shopping season.

All amounts are for the three months ended December 31, 2021 and expressed in Canadian dollars unless otherwise stated.

- Total Bookings^{1,2} is expected to be between \$16.0 to \$16.5 million, an increase of more than 136% from Total Bookings of \$6.8 million for the third quarter of 2021
- ARR Bookings^{1,2} is expected to be between \$3.0 to \$4.0 million, an increase of more than 179% from ARR Bookings of \$1.1 million for the third quarter of 2021
- Non-Recurring Bookings^{1,2} is expected to be between \$12.0 to \$13.0 million, an increase of more than 110% from Non-Recurring Bookings of \$5.7 million for the third quarter of 2021
- As a key foundation for frictionless commerce, data management solutions accounted for nearly half of the total bookings for the fourth quarter of 2021, led by record organic bookings for Pivotree in this category in addition to the contribution of two months of bookings from the acquisition of Codifyd Inc. ("**Codifyd**") that closed in November 2021

"We couldn't be happier with our fourth quarter sales bookings from 2021. The digital commerce landscape faced multiple challenges in 2021 ranging from supply chain interruptions to increased demand from new and existing customers to provide exceptional frictionless experiences to their consumers," said Bill D'Nardo, CEO at Pivotree. "These results show the trust that our customers have in us, and the added value we brought on by the strategic

acquisitions of Bridge Solutions Group and Codifyd, helping us to increase our capacity to service retailers in all key components for digital commerce success, ecommerce, supply chain, and data management."

1 Please refer to "Key Performance Indicators" section of this press release

2 Please refer to "Non-IFRS Measures and Reconciliation of Non-IFRS Measures" section of this press release.

About Pivotree

Pivotree is a leader in frictionless commerce with expertise in eCommerce, MDM, Cloud, Cybersecurity, and Supply Chain solutions. It is an end-to-end vendor supporting clients from strategy, platform selection, deployment, and hosting through to ongoing support. It operates as a single expert resource to help companies adapt relentlessly in an ever-changing digital commerce landscape. Leading and innovative clients rely on Pivotree's deep expertise to choose enterprise-proven solutions and design, build, and connect critical systems to run smoothly at defining moments in a commerce business. Pivotree serves as a trusted partner to over 170 market-leading brands and forward-thinking B2C and B2B companies, including many companies in the Fortune 1000. With offices and customers in the Americas, EMEA, and APAC, Pivotree is widely recognized as a high-growth company and industry leader around the globe. For more information, visit <http://www.pivotree.com>.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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

are "Recurring and Non-Recurring Revenue".

Key Performance Indicators

Due to our service model, we recognize revenue within managed and professional services based on the recurring nature of the work and the actual effort extended. Both managed and professional services carry a recurring component where we recognize revenues based on the contractual committed fees with contract terms being one to three years, providing for a high degree of visibility into near-term revenues.

Management uses a number of metrics, including the ones identified below, to measure the Company's performance and customer trends, which are used to prepare financial plans and shape future strategy. Our key performance indicators may be calculated in a manner different than similar key performance indicators used by other companies.

- Annual Recurring Revenue (ARR). We define Annual Recurring Revenue as the annualized equivalent value of the most recent quarter's recurring revenue of all existing managed services and professional services contracts that contain a minimum committed spend with total ARR being inclusive of related overage fees and customer credits as at the date being measured, and excluding any non-recurring set up fees and short-term standalone projects. The revenues captured are related to customer contracts that generally span a one to three-year contract term with most of the managed services being non-cancelable. Almost all of our customer contracts, contributing to ARR, automatically renew unless cancelled by our customers. Our calculation of ARR assumes that customers will renew the contractual commitments on a periodic basis as those commitments come up for renewal. Actual ARR versus new ARR Bookings would be expected to increase with the related overage charges and through the upsell of additional services across our categories. ARR provides us with visibility for consistent and predictable growth to our cash flows. ARR will continue to be a key performance indicator for the Company on a go-forward basis. See "Non-IFRS Measures and Reconciliation of Non-IFRS Measures - Recurring and Non-Recurring Revenue" for the recurring revenue in the most recent quarter to support ARR.
- ARR Bookings. This is defined as the new contractual bookings with existing and new customers for services that include minimum committed levels that automatically renew and generally span a one to three-year contract term. This amount does not include any projects, set up fees or overages charges. The ARR Bookings conversion to revenue, and ARR, will depend on the time it takes to deploy a given purchased service, which is driven by the complexity of the solution. The actual impact on revenue and ARR could vary from actuals once overage charges are captured. The revenue conversion may also be impacted as booking will capture amendments in existing services that convert on demand services to longer term agreements with minimum commitments. It is important to note that while this is an indicator of revenue and future potential revenue, it cannot be reconciled to actual revenue recognized.
- Non-Recurring Bookings: This is defined as contractual bookings with existing and new customers primarily

for professional services projects but would also include one-time managed service set up fees, and short-term managed services arrangements. The conversion to non-recurring revenue, will depend on the start date and ramp up with revenue being recognized through the duration of the projects, as the defined scope is delivered. The bookings amount may differ from actual revenues where the fees are based on a time and material structure.

- Total Bookings: This is defined as ARR booking plus the contract value of the Non- Recurring Bookings

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, information relating to expected financial results of the Company.

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 press release, 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 and the satisfaction of all applicable regulatory requirements, as well as risks and uncertainties associated with the Company's business and finances in general.

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.

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