NEWS RELEASE

Pivotree Announces First Quarter 2025 Results

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Pivotree delivers another record Adjusted EBITDA of $2.0 million in Q1 2025 since going public in 2020

TORONTO, ON / **ACCESS Newswire** / May 14, 2025 / Pivotree Inc. (TSXV:PVT) ("Pivotree" or the "Company"), a leader in frictionless commerce solutions, today reported financial results for the three month period ended March 31, 2025. All amounts are expressed in Canadian dollars unless otherwise stated.

"We achieved sequential revenue growth, another record quarter with Adjusted EBITDA reaching $2.0 million and for the first time since being public we reported $232k in net income." said Bill Di Nardo, CEO of Pivotree. "We also recently announced the divestiture of our WMS software business with a purchase price of $2.7M, bringing more focus to fewer products with our R&D investments moving forward."

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**.

First Quarter 2025 Financial Highlights

(All figures are in Canadian dollars and all comparisons are relative to the three-month period ended March 31, 2024 unless otherwise stated):

- Total Revenue of $19.2 million, a decrease of 8.5% or a decrease of 13.5% in constant currency. In comparison to the most recent quarter, Total Revenue posted an increase of 5.1% growth and Total Revenue excluding Legacy Managed Services (LMS) increased 8.0%.
    - Total Managed & IP Solutions + Legacy Managed Services (MIPS + LMS) of $8.0 million, a decrease of 14.9%, or 19.6% in constant currency.
        - Managed & IP Solutions (MIPS) Revenue declined 8.0% to $3.7M in Q1 2025, due to the ramp

down of MIPS SKU Build volume from the higher transaction levels experienced in the prior year. In comparison to the most recent quarter, Total Revenue posted an increase of 8.0% growth

    - Legacy Managed Services (LMS) Revenue declined 20.1% to $4.3M in Q1 2025, from $5.4M in Q1 2024, related to churn and melt of Legacy Oracle customers.In comparison to the most recent quarter, Total Revenue posted a decrease of 3.8% growth

  - Professional Services Revenue of $11.2 million, a decrease of 3.2% or a decrease of 8.5% in constant currency. These three month ended results contain new customer projects, which helped partially offset completed projects from the prior year. In comparison to the most recent quarter, Total Revenue posted an increase of 8.0% growth

- Gross profit of $8.4 million, a decrease of 11.6% and representing 44.1% of total revenue compared to $9.6 million or 45.7% of revenue for the prior year period.

  - The decrease is primarily due to the mentioned decline of LMS revenues.

- Net income of $0.2 million compared to a net loss of $2.2 million for the prior year period, primarily due to reduced operating expenses as a result of restructure efforts, as well as foreign exchange impact.

- Adjusted EBITDA1 of $2.0 million compared to an adjusted EBITDA1 of $0.2 million for the prior year period.

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.

First Quarter 2025 Business Highlights

- Commerce TCV bookings were primarily driven by the extension of Professional Services engagements, including a notable project to migrate a customer from Oracle ATG to VTEX. Additionally, Commerce continued to see steady expansion of projects leveraging next-generation platforms, such as Shopify and Spryker.

- Data delivered another strong quarter of TCV Bookings, with contributions across the full portfolio of offerings. The team secured new logo wins spanning the grocery, defense, e-commerce, and industrial tools sectors. In addition, multiple Control Tower trials were won, highlighting emerging data-centric use cases. The quarter also saw renewals in the MIPS category from FAS, MAS, and DIVE, alongside typical extensions of Professional Services engagements within the Data segment.

- Supply Chain secured several Control Tower-related wins, including Managed Services engagements where

Control Tower is being actively leveraged. The business also saw continued momentum in the Order Management space, with multiple extensions across platforms such as Fluent OMS and Sterling OMS.

First Quarter 2025 Results

Selected Financial Measures

	Three months ended March 31,			
	2025	2024	$ Change	% Change
	$	$	$	%
MIPS	3,665,717	3,984,243	(318,526)	-8.0%
LMS	4,318,946	5,403,875	(1,084,929)	-20.1%
Total MIPS & LMS	7,984,663	9,388,118	(1,403,455)	-14.9%
Professional Services	11,179,344	11,544,960	(365,616)	-3.2%
Total Revenue	19,164,007	20,933,078	(1,769,071)	-8.5%

Results of Operations

The following table outlines our consolidated statements of income (loss) and comprehensive income (loss) for the three months ended March 31, 2025 and 2024.

	Three months ended March 31,	
	2025	2024
	$	$
Revenue	19,164,007	20,933,078
Cost of revenue	10,714,877	11,375,681
Gross profit	8,449,130	9,557,397
Operating expenses		
General and administrative	2,178,360	2,926,401
	1,902,935	2,839,382

Sales and marketing	492,247	413,491
Research and development	1,787,560	3,352,178
IT and Operations	118,669	(188,944)
Loss (gain) on foreign exchange	1,323,306	1,489,778
Amortization and Depreciation	225,876	234,528
Stock based compensation	-	560,315
Restructuring and Other	36,771	51,201
Interest	8,065,724	11,678,330
	383,406	(2,120,933)
Income (loss) before other items	4,926	78,531
Interest income	388,332	(2,042,402)
Operating income (loss)	(156,347)	(144,723)
Current taxes	231,985	(2,187,125)
Net income (loss)		
Other comprehensive income (loss)	(388,870)	440,903
Foreign translation adjustment	(156,885)	(1,746,222)
Comprehensive income (loss)		
	0.01	(0.08)
Income (loss) per share - basic and diluted	26,408,516	26,364,573
Weighted average number of common shares outstanding		

Cash Flows

	Three months ended March 31,	
	2025	2024
	$	$
	3,877,687	8,619,161
Cash and cash equivalents, beginning of period		
Net cash provided by (used in):	3,040,729	(1,266,752)
Operating activities	(281,111)	934,537

Investing activities	(116,215)	(426,585)
Financing activities	(9,897)	18,800
Effect of foreign exchange on cash and cash equivalents	2,633,506	(740,000)
Net decrease in cash and cash equivalents	6,511,193	7,879,161
Cash and cash equivalents, end of period		

Conference Call

Management will host a live Zoom Video Webinar on Wednesday, May 14, 2025 at 8:30 am ET to discuss these first quarter 2025 results. The webinar can be accessed through the following registration link: **https://pivotree.zoom.us/webinar/register/WN_RZgpexT9ROeW4l5tu-rKAQ**.

A replay will be available approximately two hours after the conclusion of the live event and posted on **https://investor.pivotree.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 (TCV) Booking", "Managed & IP Solutions (MIPS) Revenue", "Legacy Managed Services (LMS) Revenue", "EBITDA", and "Adjusted EBITDA".

Key Performance Indicators

Due to our operating model, we recognize revenue within Total MIPS & LMS and professional services. Total MIPS & LMS, while largely based on minimum monthly recurring fees, also includes transactional and overage charges that may be variable from month to month.

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.

- Total Contract Value (TCV) Booking: This is defined as the total value of the contract executed with customers by the Company in the quarter. This is a new KPI to provide improved visibility to total bookings. 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 or industry book to bill metrics due to variances to time and material estimates, transactional or overage revenue that may not appear in bookings. The TCV Booking will be reported for the professional and Managed and IP Solutions (MIPS) & Legacy Managed Services (LMS) revenue segments.

- Managed & IP Solutions (MIPS) Revenue: This supplementary information will provide visibility into the revenue growth of managed services and licenses when the legacy managed services business is excluded.

- Legacy Managed Services (LMS) Revenue: This supplementary information will provide visibility into the revenues associated with supporting certain technology platforms in which the Company is not actively investing to grow. This metric should provide the readers with an overview of the underlying growth of the Company when these services are excluded from the results. This is a one-time segmentation for specific contracts of which the company intends to continue to report on until the revenues become less material to the overall Company's results.

- Total MIPS & LMS Revenue: This was referred to as managed services in prior reporting and will now be referenced using the new term. This segment combines both the MIPS and LMS supplementary segmentations introduced within.

Total Contract Value (TCV) Booking

	Three months ended March 31,			
	2025	2024	$ Change	% Change
	$	$	$	%
	5,386,263	2,919,247	2,467,016	84.5%
MIPS	2,317,723	6,451,723	(4,134,000)	-64.1%

	2025	2024	$ Change	% Change
LMS				
Total MIPS & LMS	7,703,986	9,370,970	(1,666,984)	-17.8%
Professional Services	9,858,092	11,309,432	(1,451,340)	-12.8%
Total TCV Booking	17,562,078	20,680,402	(3,118,324)	-15.1%

TCV bookings for the three months ended March 31, 2025 were $3.1 million lower or 15.1% lower than the three months ended March 31, 2024. MIPS bookings growth was the result of a multiyear support contract which helped partially offset lower LMS bookings resulting from decreased renewals. Professional services bookings delivered stronger new customer additions which was more than offset by decline in existing customer booking.

Total MIPS and LMS Revenue Segmentation

	Three months ended March 31,			
	2025	2024	$ Change	% Change
	$	$	$	%
MIPS	3,665,717	3,984,243	(318,526)	-8.0%
LMS	4,318,946	5,403,875	(1,084,929)	-20.1%
Total MIPS & LMS	7,984,663	9,388,118	(1,403,455)	-14.9%

Total MIPS & LMS for the three months ended March 31, 2025 were $1.4 million lower or 14.9% lower than the three months ended March 31, 2024. The Managed and IP Solutions, had a $0.3 million or 8.0% decline over the prior year three-month period. MIPS revenue decline for the quarter was largely due to ramp down of services mid-year in prior year carrying over to the current year in Stibo offering. This MIPS decline was coupled with the decline in LMS, primarily churn of customers running Oracle ATG.

EBITDA

EBITDA is used by management as a supplemental measure to review our ability to generate cash-based earnings. EBITDA is defined as net income (loss) excluding net finance income, depreciation and amortization, and income taxes.

Adjusted EBITDA

Adjusted EBITDA is used by management as a supplemental measure to review and assess operating performance and provide a more complete understanding of factors and trends affecting our business. Management believes that Adjusted EBITDA is a useful measure of operating performance and our ability to generate cash-based earnings, as it provides a relevant picture of operating results by excluding the effects of financing and investing activities which removes the effects of interest, depreciation and amortization expenses as non-cash items that are not reflective of our underlying business performance, and other one-time or non-recurring expenses. The Company defines Adjusted EBITDA as net income (loss) excluding taxes, interest and finance costs, amortization and depreciation, restructuring and other, and share based compensation. Management believes that these adjustments are appropriate in making Adjusted EBITDA an approximation of cash-based earnings from operations before capital replacement, financing, and income tax charges. Adjusted EBITDA does not have a standardized meaning under IFRS and is not a measure of operating income (loss), operating performance or liquidity presented in accordance with IFRS and is subject to important limitations. The Company's definition of Adjusted EBITDA may be different than similarly titled measures used by other companies.

The following table reconciles Adjusted EBITDA to net income (loss) for the periods indicated:

	Three months ended March 31,	
	2025	2024
Net income (loss)	231,985	(2,187,125)
Depreciation & Amortization (1)	1,323,306	1,489,778
Interest (2)	31,845	(27,330)
Taxes	156,347	144,723
EBITDA	1,743,483	(579,954)
Stock-Based Compensation (3)	225,876	234,528
Restructuring & Other (4)	-	560,315
Adjusted EBITDA	1,969,359	214,889

Notes:

(1) Depreciation and amortization expense is primarily related to depreciation expense on right-of-use assets ("ROU assets"), intangibles and property and equipment.

(2) Interest expenses net of interest income. Interest expenses are primarily related to interest and accretion

expense on the secured debentures and convertible promissory notes. Included within is also the interest incurred on lease obligations.

(3) Stock-Based Compensation represents non-cash expenditures recognized in connection with the issuance of share-based compensation to our employees, advisors, and directors.

(4) Restructuring & Other expenses are related to restructuring, merger and acquisitions and extraordinary events that are not considered an expense indicative of continuing operations.

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**.

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.

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