



NEWS RELEASE

Pivotree Announces Fourth Quarter 2024 Results

2025-03-27

Pivotree delivers record Adjusted EBITDA of \$1.7 million in Q4 2024 since going public in 2020

TORONTO, ONTARIO / **ACCESS Newswire** / March 27, 2025 / Pivotree Inc. (TSXV:PVT) ("Pivotree" or the "Company"), a leader in frictionless commerce solutions, today reported financial results for the three and twelve month period ended December 31, 2024. All amounts are expressed in Canadian dollars unless otherwise stated.

"Adjusted EBITDA improved \$2.5 million over Q3 2024 to reach \$1.7 million for the quarter-our best in recent history. This is thanks in large part to the Pivotree team's hard work implementing organizational changes and I am thankful for how all of our Pivoters adapted to this transformation so quickly." said Bill Di Nardo, CEO of Pivotree. "These changes also reduced management layers, brought senior leaders closer to clients, and improved operating efficiencies beyond basic cost savings."

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.

Fourth Quarter 2024 Financial Highlights

(All figures are in Canadian dollars and all comparisons are relative to the three-month period ended December 31, 2023 unless otherwise stated):

- Total Revenue of \$18.2 million, a decrease of 13.3% or a decrease of 15.2% in constant currency.
 - Total Managed & IP Solutions + Legacy Managed Services (MIPS + LMS) of \$7.9 million, a decrease of 26.4%, or 28.0% in constant currency.
 - Managed & IP Solutions (MIPS) Revenue declined 26.2% to \$3.4M in Q4 2024, due to one time SKU Build volume benefit in the prior year and within the range company has been expecting

- Legacy Managed Services (LMS) Revenue declined 26.6% to \$4.5M in Q4 2024, from \$6.1M in Q4 2023, related to churn and melt of Legacy Oracle customers
 - Professional Services Revenue of \$10.4 million, an increase of 0.3% or a decrease of 1.9% in constant currency. The year-over-year increase was primarily due to new product information systems' implementations and migrations to new ecommerce platforms which contributed to offsetting completed projects from the prior year.
- Gross profit of \$8.0 million, a decrease of 18.5% and representing 44.0% of total revenue compared to \$9.8 million or 46.7% of revenue for the prior year period.
 - The decrease is primarily due to the mentioned decline of LMS revenues.
- Net loss of \$0.2 million compared to net loss of \$1.4 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 \$1.7 million compared to an adjusted EBITDA¹ of \$0.6 million for the prior year period.

¹Please 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.

Fourth Quarter 2024 Business Highlights

- Commerce won extensions of Professional Services projects across multiple platforms including, Shopify, Spryker, and VTEX. Oracle ATG renewals continued within the Legacy Managed Services segment, extending the term of these contracts. Additionally, the team cross-sold a trial of Pivotree Control Tower to a customer transitioning from Oracle ATG to VTEX, creating potential for new MIPS revenue in the future.
- Data achieved its strongest quarter of TCV Bookings in the trailing 24 months, driven primarily by longer-term SKU Build deals. The team secured two seven-figure SKU Build deals and two new POCs, further contributing to MIPS TCV Bookings. Beyond SKU Build success, Professional Service projects across Informatica, Stibo, and Precisely continued to expand in scope. Renewals in our FAS category will provide added visibility into 12 months of recurring revenue within the MIPS category.
- Supply Chain continued to secure Managed Services renewals for Fluent OMS with customers who are leveraging Pivotree Connect and Pivotree Control Tower. Additionally, the Professional Services business benefited from extensions of Fluent OMS and Sterling OMS project extensions.

Fourth Quarter 2024 Results

Selected Financial Measures

	Three months ended December 31,				Twelve months ended December 31,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
	\$	\$	\$	%	\$	\$	\$	%
MIPS	3,394,960	4,597,694	(1,202,734)	-26.2 %	15,235,758	15,027,754	208,004	1.4 %
LMS	4,487,307	6,112,623	(1,625,316)	-26.6 %	19,928,283	28,547,893	(8,619,610)	-30.2 %
Total MIPS & LMS..	7,882,267	10,710,317	(2,828,050)	-26.4 %	35,164,041	43,575,647	(8,411,606)	-19.3 %
Professional Services	10,351,401	10,321,007	30,394	0.3 %	43,078,382	46,230,160	(3,151,778)	-6.8 %
Total Revenue.	18,233,668	21,031,324	(2,797,656)	-13.3 %	78,242,423	89,805,807	(11,563,384)	-12.9 %

Results of Operations

The following table outlines our consolidated statements of loss and comprehensive loss for the three and twelve months ended December 31, 2024 and 2023.

	Three months ended December 31,		Twelve months ended December 31,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Revenue	18,233,668	21,031,324	78,242,423	89,805,807
Cost of revenue	10,218,505	11,200,359	44,439,729	48,321,418
Gross profit	8,015,163	9,830,965	33,802,694	41,484,389
Operating expenses				

General and administrative	2,313,698	2,910,213	10,646,902	12,231,918
Sales and marketing	1,736,688	2,235,968	9,155,629	9,877,260
Research and development	602,748	518,949	2,011,714	2,394,136
IT and Operations	2,125,298	3,447,126	11,273,293	14,581,825
Loss (gain) on foreign exchange	(465,783)	103,143	(656,573)	284,604
Amortization and Depreciation	1,414,902	1,597,263	7,143,696	6,411,507
Stock based compensation	169,278	181,350	881,477	860,413
Restructuring and Other	-	74,086	4,372,792	1,414,179
Interest	27,656	5,718	147,612	269,260
	<u>7,924,485</u>	<u>11,073,816</u>	<u>44,976,542</u>	<u>48,325,102</u>
Income (loss) before other items	90,678	(1,242,851)	(11,173,848)	(6,840,713)
Interest income	14,403	69,762	151,409	223,032
Operating income (loss)	<u>105,081</u>	<u>(1,173,089)</u>	<u>(11,022,439)</u>	<u>(6,617,681)</u>
Current taxes	(262,157)	(168,661)	(808,625)	(565,563)
Deferred taxes	(57,316)	(46,814)	(57,316)	(46,814)
Net income (loss)	<u>(214,392)</u>	<u>(1,388,564)</u>	<u>(11,888,380)</u>	<u>(7,230,058)</u>
Other comprehensive income (loss)				
Foreign translation adjustment	1,513,245	(572,644)	1,746,456	(904,463)
Comprehensive income (loss)	<u>1,298,853</u>	<u>(1,961,208)</u>	<u>(10,141,924)</u>	<u>(8,134,521)</u>
Income (loss) per share - basic	(0.01)	(0.05)	(0.45)	(0.27)
Weighted average number of common shares outstanding -	26,382,807	26,576,306	26,351,341	26,605,913

Cash Flows

	Three months ended December 31,		Twelve months ended December 31,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Cash and cash equivalents, beginning of period	5,477,354	8,969,128	8,619,161	17,346,028
Net cash provided by (used in):				
Operating activities	(1,195,217)	1,070,218	(3,824,802)	(2,617,918)
Investing activities	(347,548)	(501,254)	(160,001)	(3,632,679)
Financing activities	(126,278)	(940,484)	(843,670)	(2,517,325)
Effect of foreign exchange on cash and cash equivalents	69,377	21,553	86,999	41,055
Net decrease in cash and cash equivalents	(1,599,667)	(349,967)	(4,741,474)	(8,726,867)
Cash and cash equivalents, end of period	3,877,687	8,619,161	3,877,687	8,619,161

Credit Facility

On March 14, 2025, the senior secured credit facility with the National Bank of Canada was amended to align with the operating cash flow requirements of the Company. The debt was amended to reduce the available senior secured revolving credit facility from \$12M previously, to \$8M, with no change to the accordion feature of up to an additional \$15M. This is an amendment to the credit agreement dated March 25, 2024.

Conference Call

Management will host a live Zoom Video Webinar on Thursday, March 27, 2025 at 8:30 am ET to discuss these fourth quarter 2024 results. The webinar can be accessed through the following registration link:https://pivottree.zoom.us/webinar/register/WN_qp0-ewULQFmSM_74LfMZ-w.

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 (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. For this quarter we have provided the trailing twelve months which will serve as the comparative as we begin to report the Company's 2024 quarterly results.

- **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 December 31,				Twelve months ended December 31,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
	\$	\$	\$	%	\$	\$	\$	%
MIPS	6,825,023	3,867,072	2,957,951	76.5 %	16,271,138	14,313,250	1,957,888	13.7 %
LMS	1,617,823	1,112,033	505,790	45.5 %	19,189,852	13,922,738	5,267,114	37.8 %
Total MIPS & LMS	8,442,846	4,979,105	3,463,741	69.6 %	35,460,990	28,235,988	7,225,002	25.6 %
Professional Services	9,763,756	11,822,156	(2,058,400)	-17.4 %	42,202,168	43,821,387	(1,619,219)	-3.7 %

Total TCV Booking	18,206,602	16,801,261	1,405,341	8.4 %	77,663,158	72,057,375	5,605,783	7.8 %
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TCV bookings for the three months ended December 31, 2024 were \$1.4 million higher or 8.4% higher than the three months ended December 31, 2023. This increase is related to strong booking performance within MIPS which include a new logo relationship that extends over two years. Also contributing to the booking growth, are Oracle ATG renewals in LMS for new logo customers, that will contribute to building a pipeline towards larger programs in the future. Professional Services bookings declined primarily due shorter duration projects with existing customers.

Total MIPS and LMS Revenue Segmentation

	Three months ended December 31,				Twelve months ended December 31,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
	\$	\$	\$	%	\$	\$	\$	%
MIPS	3,394,960	4,597,694	(1,202,734)	-26.2 %	15,235,758	15,027,754	208,004	1.4 %
LMS	4,487,307	6,112,623	(1,625,316)	-26.6 %	19,928,283	28,547,893	(8,619,610)	-30.2 %
Total MIPS & LMS	7,882,267	10,710,317	(2,828,050)	-26.4 %	35,164,041	43,575,647	(8,411,606)	-19.3 %

Total MIPS & LMS for the three months ended December 31, 2024 were \$2.8 million lower or 26.4% lower than the three months ended December 31, 2023 and for the twelve months ended December 31, 2024 were \$8.4 million lower or 19.3% lower than the twelve months ended December 31, 2023. The Managed and IP Solutions, had a \$1.2 million or 26.2% decline over the prior year three-month period and \$0.2 million or 1.4% growth over the prior year twelve-month period. MIPS revenue decline was due to the timing of one-time service revenue for our SKU Build offering in the prior year. This MIPS decline was coupled with the decline in LMS, primarily those running on 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 loss for the periods indicated:

	Three months ended December 31,		Twelve months ended December 31,	
	2024	2023	2024	2023
Net income (loss)	(214,392)	(1,388,565)	(11,888,380)	(7,230,058)
Depreciation & Amortization (1)	1,414,902	1,597,263	7,143,696	6,411,507
Interest (2)	13,253	(64,044)	(3,797)	46,228
Taxes	319,473	215,475	865,941	612,377
EBITDA	1,533,236	360,129	(3,882,540)	(159,946)
Stock-Based Compensation (3)	169,278	181,350	881,477	860,413
Restructuring & Other (4)	-	74,086	4,372,792	1,414,179

Adjusted EBITDA	1,702,514	615,565	1,371,729	2,114,646
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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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SOURCE: Pivotree

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