

**PIVOTREE INC.
AMENDED PRESS RELEASE
PERIODS ENDED SEPTEMBER 30, 2024 AND 2023
NOTICE TO READER:**

The Press Release for Pivotree Inc. incorporated into the attached contains an update to the Press Release previously filed on November 13, 2024, to correct an error in select financial tables as outlined below.

In the “Selected Financial Measures” table, replace all figures in the rows “MIPS” and “LMS.”

In the “Total MIPS and LMS Revenue Segmentation” table, replace figures in the “Nine months ended September 30,” columns.

In the paragraph immediately following the “Total MIPS and LMS Revenue Segmentation” table replace the figures.



Pivotree Announces Third Quarter 2024 Results

Company executes on significant changes to support future operating cash flows while maintaining focus on growth

TORONTO, November 13, 2024 – Pivotree Inc. (TSXV:PVT) (“**Pivotree**” or the “**Company**”), a leader in frictionless commerce solutions, today reported financial results for the three and nine month period ended September 30, 2024. All amounts are expressed in Canadian dollars unless otherwise stated.

“The quarter has been marked by a focused effort in 2024 to streamline our operational and administrative functions, positioning us for leaner and more sustainable growth. We expect to see the effects of these changes in our financial results beginning in Q4 and fully reflected by Q2 2025.” said Bill Di Nardo, CEO of Pivotree. “We continue to have world class delivery people who have a very strong reputation in the market which is contributing to our overall pipeline health.”

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.

Third Quarter 2024 Financial Highlights

(All figures are in Canadian dollars and all comparisons are relative to the three-month period ended September 30, 2023 unless otherwise stated):

- Total Revenue of \$18.8 million, a decrease of 10.6% or a decrease of 11.9% in constant currency.
 - Total Managed & IP Solutions + Legacy Managed Services (MIPS + LMS) of \$8.7 million, a decrease of 22.4%, or 23.5% in constant currency.
 - Managed & IP Solutions (MIPS) Revenue declined 14.4% to \$3.8M in Q3 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 27.7% to \$4.9M in Q3 2024, from \$6.7M in Q3 2023, related to churn and melt of Legacy Oracle customers
 - Professional Services Revenue of \$10.1 million, an increase of 2.8% or 1.3% in constant currency. The year-over-year increase was primarily due to the addition of new logo customers and additional projects among our existing professional service customer base.
- Gross profit of \$7.3 million, a decrease of 25.3% and representing 38.7% of total revenue compared to \$9.7 million or 46.2% of revenue for the prior year period.
 - The decrease is a one-time adjustment to Q3 2024 revenue to align to fixed fee milestone program
- Net loss of \$5.1 million compared to net loss of \$1.8 million for the prior year period primarily due to restructure costs, foreign exchange impact, and decline in gross profits.
- Adjusted EBITDA¹ of \$(0.8) million compared to an adjusted EBITDA¹ of \$0.6 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.

Third Quarter 2024 Business Highlights

- Commerce has continued to reinforce strong client relationships as evidenced by multiple extensions of Professional Service projects on Vtex, Shopify, and SAP hybris. Additionally, Commerce secured a new digital strategy project with a prominent retail client, marking an important win in the industry. These strategic engagements build a robust pipeline of extension bookings through multi-phase projects. The Oracle ATG business had two clients renew their LMS contracts on 12-month terms.
- Data achieved a strong quarter in Professional Service bookings, driven by extensions on key Stibo and Syndigo projects. Additionally, Data secured two SKU Build proof-of-concepts in the automotive sector, including a new logo. Another major win was a new Stibo implementation, with additional phases anticipated. Renewals in our FAS category will provide added visibility into 12 months of recurring revenue within the MIPS category.
- Supply Chain marked its best quarter of bookings in 2024, driven by multiple 12-24 month renewals of Fluent OMS Support contracts and the expansion of Fluent OMS Professional Service projects. Additionally, Supply Chain continues to see ongoing extensions of Professional Service work for Sterling OMS.

Third Quarter 2024 Results

Selected Financial Measures

	Three months ended September 30,				Nine months ended September 30,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
	\$	\$	\$	%	\$	\$	\$	%
MIPS.....	3,823,810	4,465,740	(641,930)	-14.4%	11,840,798	10,430,061	1,410,737	13.5%
LMS.....	4,863,979	6,727,655	(1,863,676)	-27.7%	15,440,976	22,435,269	(6,994,293)	-31.2%
Total MIPS & LMS..	8,687,789	11,193,395	(2,505,606)	-22.4%	27,281,774	32,865,330	(5,583,556)	-17.0%
Professional Services	10,129,300	9,858,046	271,254	2.8%	32,726,981	35,909,153	(3,182,172)	-8.9%
Total Revenue	18,817,089	21,051,441	(2,234,352)	-10.6%	60,008,755	68,774,483	(8,765,728)	-12.7%

Results of Operations

The following table outlines our consolidated statements of loss and comprehensive loss for the three and nine months ended September 30, 2024 and 2023.

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Revenue	18,817,089	21,051,441	60,008,755	68,774,483
Cost of revenue.....	11,542,539	11,315,907	34,221,224	37,121,059
Gross profit.....	7,274,550	9,735,534	25,787,531	31,653,424
Operating expenses				
General and administrative....	2,648,359	3,090,622	8,333,204	9,321,706
Sales and marketing	2,104,542	2,227,695	7,418,941	7,641,292
Research and development ..	522,648	475,247	1,408,966	1,875,186
IT and Operations.....	2,715,474	3,520,241	9,147,994	11,134,699
Loss (gain) on foreign exchange.....	120,063	(170,186)	(190,790)	181,461
Amortization and Depreciation	1,543,901	1,592,223	5,728,793	4,814,244
Stock based compensation....	238,148	210,008	712,199	679,063

Restructuring and Other.....	2,299,829	424,663	4,372,792	1,340,093
Interest.....	41,052	80,729	119,956	263,541
	12,234,016	11,451,242	37,052,055	37,251,285
Loss before other items	(4,959,466)	(1,715,708)	(11,264,524)	(5,597,861)
Interest income.....	21,541	77,385	137,005	153,270
Operating loss	(4,937,925)	(1,638,323)	(11,127,519)	(5,444,591)
Current taxes.....	(147,006)	(199,809)	(546,468)	(396,902)
Net loss.....	(5,084,931)	(1,838,132)	(11,673,987)	(5,841,493)
Other comprehensive income (loss).....				
Foreign translation adjustment.....	(369,671)	497,362	233,211	(331,819)
Comprehensive loss.....	(5,454,602)	(1,340,770)	(11,440,776)	(6,173,312)
Loss per share - basic	(0.18)	(0.07)	(0.43)	(0.22)
Weighted average number of common shares outstanding - basic.....	26,365,127	26,582,333	26,346,573	26,616,338

Cash Flows

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Cash and cash equivalents, beginning of period	6,236,085	11,089,814	8,619,161	17,346,028
Net cash provided by (used in):				
Operating activities.....	(267,159)	1,228,423	(2,629,585)	(3,688,135)
Investing activities.....	(372,308)	(2,541,777)	187,547	(3,131,426)
Financing activities.....	(105,956)	(943,556)	(717,421)	(1,576,841)
Effect of foreign exchange on cash and cash equivalents	(13,557)	136,224	17,403	19,502
Net decrease in cash and cash equivalents	(758,980)	(2,120,686)	(3,142,056)	(8,376,900)
Cash and cash equivalents, end of period	5,477,105	8,969,128	5,477,105	8,969,128

Conference Call

Management will host a live Zoom Video Webinar on Wednesday, November 13, 2024 at 8:30 am ET to discuss these third quarter 2024 results. The webinar can be accessed through the following registration link: https://pivotree.zoom.us/webinar/register/WN_3lmixfaEQaKixSq7tsycjQ#/registration.

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", "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 September 30,				Nine months ended September 30,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
	\$	\$	\$	%	\$	\$	\$	%
MIPS.....	3,478,857	3,730,499	(251,642)	-6.7%	9,446,115	10,446,177	(1,000,062)	-9.6%
LMS.....	3,995,035	5,505,583	(1,510,548)	-27.4%	17,572,029	12,810,705	4,761,324	37.2%
Total MIPS & LMS....	7,473,892	9,236,082	(1,762,190)	-19.1%	27,018,144	23,256,882	3,761,262	16.2%
Professional Services	11,714,908	7,702,683	4,012,225	52.1%	32,438,412	31,999,231	439,181	1.4%
Total TCV Booking ...	19,188,800	16,938,765	2,250,035	13.3%	59,456,556	55,256,113	4,200,443	7.6%

TCV bookings for the three months ended September 30, 2024 were \$2.3 million higher or 13.3% higher than the three months ended September 30, 2023. This increase is related to strong booking performance within professional services as we continued to extend and expand relationships with existing customers. We also contracted smaller bookings with new logos that will contribute to building a pipeline towards larger programs. MIPS & LMS bookings both contributed to bookings by way of renewals of existing offerings.

Total MIPS and LMS Revenue Segmentation

	Three months ended September 30,				Nine months ended September 30,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
	\$	\$	\$	%	\$	\$	\$	%
MIPS.....	3,823,810	4,465,740	(641,930)	-14.4%	11,840,798	10,430,061	1,410,737	13.5%
LMS.....	4,863,979	6,727,655	(1,863,676)	-27.7%	15,440,976	22,435,269	(6,994,293)	-31.2%
Total MIPS & LMS	8,687,789	11,193,395	(2,505,606)	-22.4%	27,281,774	32,865,330	(5,583,556)	-17.0%

Total MIPS & LMS for the three months ended September 30, 2024 were \$2.5 million lower or 22.4% lower than the three months ended September 30, 2023 and for the nine months ended September 30, 2024 were \$5.6 million lower or 17.0% lower than the nine months ended September 30, 2023. The Managed and IP Solutions, had a \$0.6 million or 14.4% decline over the prior year three-month period and \$1.4 million or 13.5% growth over the prior year nine-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.

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, 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 September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Net loss	(5,084,931)	(1,838,132)	(11,673,987)	(5,841,493)
Depreciation & Amortization (1)	1,543,901	1,592,223	5,728,793	4,814,244
Interest (2)	19,511	3,344	(17,049)	110,271
Taxes	147,006	199,809	546,468	396,902
EBITDA	(3,374,513)	(42,756)	(5,415,775)	(520,076)
Stock-Based Compensation (3)	238,148	210,008	712,199	679,063
Restructuring & Other (4)	2,299,829	424,663	4,372,792	1,340,093
Adjusted EBITDA	(836,536)	591,915	(330,784)	1,499,080

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.

Deferred Stock Units

Pivotree Inc. announced today in lieu of a salary reduction, it has granted an aggregate of 146,887 deferred stock units (each, a "DSU") to certain directors and officers of the Company pursuant to the Company's Equity Incentive Plan (the "Plan"). Each DSU grant will vest over a period of one year.

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 and potential acquisitions.

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.

About Pivotree

[Pivotree](#), a leader in [frictionless commerce](#), strategizes, designs, builds, and manages digital Commerce, Data Management, and Supply Chain solutions for over 200 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 as a high-growth company and industry leader. 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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