

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

November 13, 2025

This management's discussion and analysis of financial condition and results of operations ("MD&A") for the three and nine months ended September 30, 2025 should be read in conjunction with the unaudited condensed consolidated financial statements of Pivotree Inc. (the "Company", "our", "we" or "Pivotree") covering the same period, along with the related notes thereto. The financial information presented in this MD&A is derived from the Company's unaudited condensed consolidated financial statements for the three and nine months ended September 30, 2025, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All amounts are in Canadian dollars except where otherwise indicated. The Company's unaudited condensed consolidated financial statements for the three and nine months ended September 30, 2025 are filed with Canadian securities regulators and can be accessed through SEDAR at www.sedar.com.

Cautionary Statement on Forward-looking information

This MD&A 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 our future financial outlook and anticipated events or results and may include information regarding our financial position, business strategy, growth strategies, addressable markets, budgets, operations, financial results, taxes, dividend policy, plans and objectives. Particularly, information regarding our expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate 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.

Forward-looking information includes, among other things, statements relating to: the proposed expansion of the Company's market position and potential acquisitions; expectations regarding industry trends, overall market growth rates and our growth rates and growth strategies; addressable markets for our products and services; our assessment of market risks; expectations regarding our revenue and the revenue generating potential of our products and services; our business plans and strategies; the conversion of sales pipelines to confirmed bookings, the achievement and maintenance of profitability metrics, such as Gross Profit, Gross Margin, EBITDA, Adjusted EBITDA, Net Income (loss), and Comprehensive Income (loss); and our competitive position in our industry.

Forward-looking information, by its nature, is based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances. Despite a careful process to prepare and review forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct. Certain assumptions in respect of our ability to build our market share and enter new markets and industry verticals; our ability to retain key personnel; our ability to maintain and expand geographic scope; our ability to execute on our expansion plans; our ability to continue investing in infrastructure to support our growth; our ability to obtain any required financing on acceptable terms; compliance with the terms of any debt facilities; the impact of competition; the changes and trends in our industry or the global economy; currency exchange and interest rates; and changes in laws, rules, regulations, and global standards are material factors made in preparing forward-looking information and management's expectations.

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 MD&A, 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:

- 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 (i) increasing competition and (ii) changes in approach in the e-commerce software as a service solution or infrastructure market;
- changes in the expectations, financial condition and demand of our target markets;
- changes in the expectations, competitive positioning and demand amongst major cloud providers;
- 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;
- our ability 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
- 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 described in detail in the "Risk Factors" section of the Prospectus available on SEDAR at www.sedar.com should be considered carefully by readers.

Although we have 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 us or that we presently believe are 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 MD&A represents our expectations as of the date of this MD&A (or as of the date they are otherwise stated to be made), and are subject to change after such date. We disclaim 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.

The foregoing cautionary statements expressly qualify all forward-looking information contained in this MD&A. Readers should read this MD&A and the "Risk Factors" section of the Prospectus in their entirety and consult their own professional advisors to ascertain and assess the income, tax, legal, risk factors and other aspects of their investment in the common shares of the Company (the "**Common Shares**").

Additional information relating to the Company can be found on our website at www.pivotree.com. The Company's continuous disclosure materials are also available on SEDAR at www.sedar.com.

Overview

Pivotree's goal is to accelerate the future of frictionless commerce. Our objective is to lead this change over the next decade because we believe in a future where technology, embedded securely and intimately into all aspects of our everyday lives will shape our interactions with the brands that we love. The continued evolution of frictionless commerce will depend on those who lead and inspire that transformation. Converging technologies are driving up consumers' expectations and creating increased pressure on great brands to find new and better ways to connect with their customers. In its best form, frictionless commerce reduces stress on the system, anticipates customers' needs, and delivers personalized products to customers efficiently at optimal prices. Increased efficiencies create an incredible opportunity to reduce our carbon footprint in the process. In addition, great brands are expected to meet the elevated social values of new generations of discerning buyers that include heightened visibility into the origin and source of the goods they are buying. Vast amounts of data will underpin the frictionless economy.

We help shape the future of frictionless commerce by working with some of the largest enterprises such as retailers, distributors and branded manufacturers throughout the world, guiding them through the adoption, design, development, and implementation of frictionless commerce solutions in a rapidly changing marketplace. Converging technologies make it possible to accelerate frictionless commerce faster than ever before and Pivotree's goal is to make these technologies work cohesively for brands and their customers.

Pivotree designs, integrates, deploys and manages digital platforms in Commerce, Data Management, and Supply Chain. We provide the technical skills necessary to enable the effective use of technologies combined with the business context to leverage a solution to solve our clients' business challenges. Our portfolio of products, managed and professional services help provide customers with true end-to-end service to manage complex digital commerce platforms, along with ongoing support from strategic planning through product selection, deployment, and hosting, to data and supply chain management. We strive to fill the gaps in available technology with our own intellectual property to increase convergence and reduce the barriers to adoption. This intellectual property is of strategic priority and we will invest and leverage our technical expertise and proximity to clients and partners to build solutions that help complete their commerce ecosystem. Our goal is to enable inclusive, immersive and highly personalized experiences for our clients and their end customers, helping them seamlessly find, trust, buy and get the products they need. We build our products with a view to productizing and scaling technology to lower the costs and reduce the risks of implementing and managing our integrated solutions. Each of our solutions may start with reliable and reputable commerce, data management platforms, or warehouse and order management systems, which run on enterprise grade infrastructure that are customized to meet a variety of client needs, situations, and budgets.

Pivotree has continued to bolster its product offering in an effort to become a global leader of frictionless commerce enablement solutions. Through organic investments and acquisitions Pivotree expanded its services across three key categories being (i) Commerce, (ii) Data Management and (iii) Supply Chain ("Key Categories"). The digital solutions are delivered using available third-party products or Pivotree's own developed products. Pivotree's ability to bring extensive technical experience across these Key Categories helps expand our sphere of influence and provide new access points to clients along their digital transformation journey. These solutions combined, help transform Pivotree's ability to build and deliver end-to-end frictionless experiences for customers by providing a single entity to manage their commerce ecosystem.

At Pivotree, we empower B2C and B2B business to succeed in e-commerce. Our team implements and operates unified commerce solutions using technology from leading vendors alongside our own intellectual property. By leveraging modern, cloud-native architecture with microservices and API-first integrations, we build scalable, reliable and high performing digital environments. This allows sellers to remove friction from their overall customer journeys through pluggable and replaceable solutions that allow them to easily swap out elements as more modern ones become available - facilitating a seamless experience for shoppers and buyers to conduct business. Pivotree also provides ongoing support for open and flexible architecture, which lets clients make those gradual improvements without having to completely re-platform. These solutions are delivered alongside some of the most innovative names in the industry, including strategic partners AWS, Fluent Commerce, Informatica, Shopify, Stibo, Syndigo, and VTEX.

Clients engage with us at various starting points along the spectrum of our services, ranging from discovery services to building the migration plan, to implementation, managed services and could extend to include post-production support and use of our products through licensing agreements. Most of our professional services clients are charged on a per project basis, and continue to contract us for added services because of our commitment to high quality

performance delivery, while our managed service and licensing agreements are typically contracted for twelve months or greater. The suite of solutions often provide additional sources of revenue as clients choose to expand their services with us in support of their business objectives. These relationships help us invest into building and supporting new solutions that drive value for our clients across multiple categories that are of critical importance to their business model.

We generate revenue from the sale of our managed, professional services and/or products across the Key Categories. We support our customers with deep technical expertise that is critical to their operation and commerce transformation. Managed services are primarily sold on the basis of a minimum monthly committed revenue with overage charges, and our professional services are delivered as individual projects with defined deliverables. Our managed services business contains annual and multiyear contracts with many operating on an automatic renewal schedule. This results in a relatively smooth revenue curve for managed services, with visibility into near-term revenue growth. With the expansion of our offerings, our revenues also include intellectual property (IP) revenues. The IP revenues were previously combined with the description of Managed Services, which has been updated to “Total Managed and IP Solutions (MIPS) & Legacy Managed Services (LMS)”. IP revenue is generated through the licensing of our products for customers’ direct use or as on an outcome-based arrangement where our IP is used by Pivotree’s delivery team to deliver transactional outcomes with speed and quality. Our goal is to continue to grow revenues arising from our existing customers and by adding new customers to grow our overall customer base. Our legacy managed services business may have significant seasonal attributes with the fourth quarter being stronger due to the holiday season transaction volumes marked by the peak Cyber5 shopping period in North America.

The Company operates on a global basis with a mix of U.S. dollars, Canadian dollars, Indian rupees, and European euros. The consolidated financial reporting is based on the Company's functional currency, being the Canadian dollar. The Company has entered a hedge contract to manage its exposure to fluctuations in U.S. dollar but does not currently hedge its exposure to fluctuations against any other currency’s denominated revenues and expenses.

The Company’s shares are listed under the symbol “PVT” on the TSX Venture Exchange, as of October 30, 2020, following the completion of its public offering in Canada.

Non-IFRS Measures and Reconciliation of Non-IFRS Measures

This MD&A 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 MD&A include “Total Contract Value Booking”, “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 KPI provides 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. Starting 2024, the quarterly results will be compared to the table provided within this document.
- *Total MIPS & LMS:* This was referred to as managed services in prior reporting and will now be referenced using the new term. This combines both the MIPS and LMS supplementary segmentations provided within.

Total Contract Value (TCV) Booking:

	Three months ended September 30,				Nine months ended September 30,			
	2025	2024	\$ Change	% Change	2025	2024	\$ Change	% Change
	\$	\$	\$	%	\$	\$	\$	%
MIPS.....	2,208,262	3,478,857	(1,270,595)	-36.5%	11,094,755	9,446,115	1,648,640	17.5%
LMS.....	2,841,027	3,995,035	(1,154,008)	-28.9%	5,579,690	17,572,029	(11,992,339)	-68.2%
Total MIPS & LMS....	5,049,289	7,473,892	(2,424,603)	-32.4%	16,674,445	27,018,144	(10,343,699)	-38.3%
Professional Services..	12,197,114	11,714,908	482,206	4.1%	33,380,195	32,438,412	941,783	2.9%
Total TCV Booking...	17,246,403	19,188,800	(1,942,397)	-10.1%	50,054,640	59,456,556	(9,401,916)	-15.8%

TCV bookings for the three months ended September 30, 2025 were \$1.9 million lower or 10.1% lower than the three months ended September 30, 2024. Professional Services growth, for the three months ended, was driven by strong new customer acquisitions within our data management offerings. MIPS bookings were the result of contract renewals helping retain customer and are still maintaining overall year to date growth of 17.5%. LMS bookings decline as customers continue to transition away from legacy technology.

Total MIPS and LMS Revenue Segmentation:

	Three months ended September 30,				Nine months ended September 30,			
	2025	2024	\$ Change	% Change	2025	2024	\$ Change	% Change
	\$	\$	\$	%	\$	\$	\$	%
MIPS.....	3,913,621	3,823,810	89,811	2.3%	11,316,720	11,840,798	(524,078)	-4.4%
LMS.....	2,108,404	4,863,979	(2,755,575)	-56.7%	9,464,516	15,440,976	(5,976,460)	-38.7%
Total MIPS & LMS.....	6,022,025	8,687,789	(2,665,764)	-30.7%	20,781,236	27,281,774	(6,500,538)	-23.8%

Total MIPS & LMS for the three months ended September 30, 2025 were \$2.7 million lower or 30.7% lower than the three months ended September 30, 2024 and for the nine months ended September 30, 2025 were \$6.5 million lower or 23.8% lower than the nine months ended September 30, 2024. The Managed and IP Solutions, had a \$0.1 million or 2.3% increase over the prior year three-month period. The growth was led by strong double-digit growth in SKU build, helping more than offset a decline in application support largely driven by a single customer. The LMS decline was driven by the customers running Oracle ATG as well as the divestiture of WMS. MIPS revenue mix surpasses LMS, reducing the relative impact LMS will have on the aggregate revenue in the future.

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, gain on sale of intangible assets, 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 September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Net Income (loss)	937,518	(5,084,931)	3,710,639	(11,673,987)
Depreciation & Amortization (1)	555,027	1,543,901	3,143,635	5,728,793
Interest (2)	(9,147)	19,511	28,856	(17,049)
Taxes	91,980	147,006	349,330	546,468
EBITDA	1,575,378	(3,374,513)	7,232,460	(5,415,775)
Stock-Based Compensation (3)	223,295	238,148	653,186	712,199
Restructure & Other (4)	-	2,299,829	-	4,372,792
Gain on sale of intangible assets	-	-	(2,373,197)	-
Adjusted EBITDA	1,798,673	(836,536)	5,512,449	(330,784)

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. Interest income is primarily related to interest and accretion revenue on cash in banks.
- (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) Restructure & Other expenses are related to restructuring, merger and acquisitions and events that are not considered indicative of continuing operations.

Summary of Factors Affecting our Performance

We believe that the growth and future success of our business depends on many factors, including those described below. While each of these factors presents significant opportunities for our business, they also pose important challenges, some of which are discussed below and in the "Risk Factors" section of our Prospectus.

Market acceleration of the digital commerce strategy

We intend to continue to drive the transformation to frictionless commerce by scaling and integrating our solutions to meet the needs of both new and existing large enterprise customers. We believe that there is significant upside to market share and to expanding our total addressable market through integrated solutions that both increase share of wallet with our existing customer base and attract new customers. We plan to do this by further developing our products and services as well as continuing to invest in marketing strategies tailored to attract new businesses, mainly within North America. We plan to continue to invest in expanding and evolving our categories to define and accelerate frictionless commerce.

Up-selling with existing customers

Our existing customers represent a significant opportunity to up-sell additional functionality with the level of coverage from our sales and marketing function. We plan to continually invest in category expansion, product development and sales and marketing to add additional solutions for our customers and drive customer satisfaction. Our future revenue growth and our ability to achieve and maintain profitability is dependent upon our ability to maintain existing customer relationships and to continue to cross sell frictionless commerce solutions from across our categories.

Sales and marketing team

Our ability to achieve significant growth in future revenue will largely depend upon the effectiveness of our sales and marketing efforts and our ability to extend our reach to more customers and expand to a more comprehensive commerce solution at existing customers. We will continue to evolve our sales and marketing team to support the desired reach and acceleration of our path to frictionless commerce. The majority of our sales and marketing efforts are accomplished in-house.

Foreign currency

Our functional and presentation currency is the Canadian dollar. The functional currency of the operating subsidiaries are in local currency of the country in which the foreign operations is located. Our total results of operations are converted from the functional currency to Canadian dollars. As a result, our results of operations will be adversely impacted by a decrease in the value of the U.S. dollar relative to the Canadian dollar. See the "Risk Factors" section of our Prospectus for a discussion on exchange rate fluctuations and their potential negative effect on our results of operations.

Key Components of Results of Operations

Pivotree primarily operated and managed across two economic models, with operations in several different countries. The management team is structured to direct the activities of the Company based on the type of service and workforce with certain cross functions groups. As a result, we believe that we have two reporting segments with unique economic profiles: Total MIPS & LMS and professional services.

Revenue

We generate revenue from the following sources:

- *Total MIPS & LMS.* Our customers enter into agreements that provide for recurring service fees, product license or transactional deliverables that require the use of our IP. The majority of the customer agreements currently being contracted with have an initial term of one year with some extending to three years and cannot be terminated for convenience or terminated without a fee. Generally, our customer agreements automatically renew unless canceled by our customers within the designated time period. The revenue per contract will vary depending upon the complexity of the service(s) provided to a client which factors in size of business, the infrastructure, the various elements of the overall service levels desired, complexity of integrations, the level of application support and the term of the agreement. The minimum monthly service fees are recognized evenly over the life of a contract, commencing on the in-service date and terminating on the end date of the contract. In addition, monthly overage fees are charged to the customer if their demands exceed the minimum volumes established. Revenue recognition on outcome-based pricing is based on volume delivered using the unit pricing established in the agreement. Provided that this revenue segment includes volume overage and transactional based pricing, volatility may occur between quarters.
- *Professional Services.* Our clients generally require support in implementing a frictionless commerce platform to meet their business objectives. This support can include strategy, system integration, application integration, staff augmentation, training, commissions or referral feed of third party solutions, and any required process-change analysis. These services are purchased independently or at the same time as the managed services and could be delivered over a short period or over a longer period of time through phases that could span multiple years. We have also contracted these services with a monthly minimum commitment as a recurring revenue stream to drive certainty and predictability in our revenues and to provide for optimal utilization of our professional services workforce. These services are not set up charges for managed services. The contracts are typically contracted for specific phases that align with the overall program goals and client budgets, while evolving with their digital strategy requirements. Revenues derived from professional services are recognized over the term in which such services are provided and proportionately to the work performed, typically using a time and material or milestone fixed billing arrangement.

Cost of Revenue

Cost of revenue is comprised of costs related to hosting platforms, third-party licenses integrated into the solution and the professional services workforce. Significant expenses included in cost of revenue include employee wages and benefits expenses, data centre and public cloud hosting costs and other third-party license costs to support the managed services.

Operating Expenses

Our primary operating expenses are as follows:

- *General and Administrative.* General and administrative expenses are comprised primarily of employee salaries and benefits expenses for our administrative, executives, finance, legal and human resources teams, rent, travel, and general office expenses, consulting and professional fees and credit impairment losses. As the Company grows, we expect that general and administrative expenses will decrease as a percentage of revenue.
- *Information Technology ("IT") and Operations.* IT and operations expenses are comprised of salaries and benefits for our help desk, project management, infrastructure, applications management and support, workplace IT and other technology. With growth, we expect these costs to increase in a step manner which will allow us to support growth of clients and employees. However, we expect that IT and operations expenses will decrease as a percentage of revenue.
- *Sales and Marketing.* Sales and marketing expenses are comprised of employee salaries, commissions and benefits related to our sales and marketing teams, travel and advertising and marketing events. To implement our growth strategy, we will focus the efforts within the business units to drive scale as well as build and incent cross-sell activity. As the Company continues to focus on growth, we expect sales and marketing expenses to increase to support the strategic priorities, while being monitored and adjusted based on the bookings generated.
- *Research and Development.* Research and development expenses are comprised primarily of employee salaries and benefits related to our engineering and product management team, consulting and professional fees and related hosting fees. Eligible development work is capitalized and amortized, over its useful life, starting when the asset shifts into production and amortized over its useful life. Our research and development team(s) are focused on both continuous improvement of our existing internal and external facing solutions, as well as developing new products that can drive value on a standalone basis or as integrated modules to further build a frictionless commerce platform. Our product team will continue to assess customer demands and viable solutions to problems in order to evolve our existing product and identify new strategic market opportunities. Pivotree manages its research and development spend based on product development progress and potential growth. Future spend decisions will be based on the progress towards growth objectives, however, over time we believe it is reasonable to expect that they would remain steady as a percentage of revenue.
- *Loss (Gain) on Foreign Exchange.* Loss (gain) on foreign exchange primarily relates to translation of monetary assets and liabilities denominated in foreign currencies being translated into functional currencies at the foreign exchange rate applicable at the end of each period.
- *Amortization and Depreciation.* Amortization and depreciation expense primarily relate to depreciation on property and equipment, intangibles and right-of-use asset. Property and equipment are comprised of furniture and office equipment, computers, data centre equipment, leasehold improvements and land and building. Intangibles relate to capitalized development labour costs and customer lists acquired through acquisitions. Right-of-use asset relates to the requirements of IFRS 16 – Leases ("**IFRS 16**") which requires all major leases to be recognized on the statement of financial position.
- *Restructure and Other.* These costs include costs with respect to one-time events related to employee restructuring, acquisitions, impairments and other one-time non-recurring costs.
- *Stock based compensation* These costs comprised of the value of stock options granted to employees expensed over the vesting period of the options, deferred share units ("DSUs"), restricted stock units ("RSUs") and Options. In addition, the Company's Board of Directors are compensated in the form of DSUs.

Results of Operations

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

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Revenue	15,490,135	18,817,089	51,926,516	60,008,755
Cost of revenue.....	8,233,841	11,542,539	28,248,546	34,221,224
Gross profit.....	7,256,294	7,274,550	23,677,970	25,787,531
Operating expenses				
General and administrative....	2,028,040	2,648,359	5,827,879	8,333,204
Sales and marketing	2,023,164	2,104,542	5,908,106	7,418,941
Research and development	224,405	522,648	1,049,447	1,408,966
IT and Operations.....	1,587,486	2,715,474	5,053,230	9,147,994
Loss (gain) on foreign exchange.....	(405,474)	120,063	326,859	(190,790)
Amortization and Depreciation	555,027	1,543,901	3,143,635	5,728,793
Stock based compensation....	223,295	238,148	653,186	712,199
Restructuring and Other.....	-	2,299,829	-	4,372,792
Interest.....	20,574	41,052	74,681	119,956
	6,256,517	12,234,016	22,037,023	37,052,055
Income (loss) before other items	999,777	(4,959,466)	1,640,947	(11,264,524)
Interest income.....	29,721	21,541	45,825	137,005
Gain on sale of intangible assets.....	-	-	2,373,197	-
Operating income (loss)	1,029,498	(4,937,924)	4,059,969	(11,127,519)
Current taxes.....	(91,980)	(147,006)	(349,330)	(546,468)
Net income (loss).....	937,518	(5,084,931)	3,710,639	(11,673,987)
Other comprehensive income (loss)				
Foreign translation adjustment.....	176,587	(369,671)	(1,163,387)	233,211
Comprehensive income (loss)	1,114,105	(5,454,602)	2,547,252	(11,440,776)
Income (loss) per share – basic and diluted	0.04	(0.19)	0.14	(0.44)
Weighted average number of common shares outstanding - basic.....	26,401,536	26,365,127	26,396,704	26,346,573

Review of Operations for the three and nine months ended September 30, 2025 and 2024

Revenue

	Three months ended September 30,				Nine months ended September 30,			
	2025	2024	\$ Change	% Change	2025	2024	\$ Change	% Change
	\$	\$	\$	%	\$	\$	\$	%
Total MIPS & LMS.....	6,022,025	8,687,789	(2,665,764)	-30.7%	20,781,236	27,281,774	(6,500,538)	-23.8%
Professional Services	9,468,110	10,129,300	(661,190)	-6.5%	31,145,280	32,726,981	(1,581,701)	-4.8%
Total Revenue	15,490,135	18,817,089	(3,326,954)	-17.7%	51,926,516	60,008,755	(8,082,239)	-13.5%

Revenue decreased from \$18.8 million to \$15.5 million or 17.7% or decreased 18.4% in constant currency for the three months ended September 30, 2025 as compared to the equivalent period in the prior year and decreased from \$60.0 million to \$51.9 million or 13.5% for the nine months ended September 30, 2025 as compared to the equivalent period in the prior year.

Revenues from Total MIPS & LMS decreased from \$8.7 million to \$6.0 million or 30.7% or decreased 31.3% in constant currency for the three months ended September 30, 2025 as compared to the equivalent period in the prior year and decreased from \$27.3 million to \$20.8 million or 23.8% for the nine months ended September 30, 2025 as compared to the equivalent period in the prior year. These three and nine month ended results were primarily the result of LMS as Oracle customers churn, and the divestiture of WMS. LMS accounted for \$6.0 millions of the \$6.5 million change in the nine month comparable.

Revenues from professional services decreased from \$10.1 million to \$9.5 million or 6.5% or decreased 7.4% in constant currency for the three months ended September 30, 2025 as compared to the equivalent period in the prior year and decreased from \$32.7 million to \$31.1 million or 4.8% for the nine months ended September 30, 2025 as compared to the equivalent period in the prior year. These three and nine month ended results are due to the completion of certain system integration projects across our categories that were partially offset with new logo and projects across our categories of business.

Cost of Revenue

	Three months ended September 30,				Nine months ended September 30,			
	2025	2024	\$ Change	% Change	2025	2024	\$ Change	% Change
	\$	\$	\$	%	\$	\$	\$	%
Total MIPS & LMS.....	2,895,034	4,227,334	(1,332,300)	-31.5%	9,898,946	12,928,013	(3,029,067)	-23.4%
Professional Services	5,338,807	7,315,205	(1,976,398)	-27.0%	18,349,600	21,293,211	(2,943,611)	-13.8%
Total Cost of revenue.....	8,233,841	11,542,539	(3,308,698)	-28.7%	28,248,546	34,221,224	(5,972,678)	-17.5%
Percentage of total revenue.	53.2%	61.3%			54.4%	57.0%		

Cost of revenue decreased from \$11.5 million to \$8.2 million or 28.7% for the three months ended September 30, 2025 as compared to the equivalent period in the prior year and decreased from \$34.2 million to \$28.2 million or 17.5% for the nine months ended September 30, 2025 as compared to the equivalent period in the prior year. The three and nine month change in cost of revenue is primarily to reduction of costs associated with the LMS and overall efficiencies and improved delivery on professional services programs. The combined results can be attributed to the prior year margin improvement initiatives and ramp down of costs directly associated with the revenue results.

Gross Profit

	Three months ended September 30,				Nine months ended September 30,			
	2025	2024	\$ Change	% Change	2025	2024	\$ Change	% Change
	\$	\$	\$	%	\$	\$	\$	%
Total MIPS & LMS.....	3,126,991	4,460,455	(1,333,464)	-29.9%	10,882,290	14,353,761	(3,471,471)	-24.2%
Professional Services	4,129,303	2,814,095	1,315,208	46.7%	12,795,680	11,433,770	1,361,910	11.9%
Total Gross Profit.....	7,256,294	7,274,550	(18,256)	-0.3%	23,677,970	25,787,531	(2,109,561)	-8.2%
Percentage of total revenue..	46.8%	38.7%			45.6%	43.0%		

Gross profit, being revenue less cost of revenues, was consistent at \$7.3 million and increased from 38.7% of revenue to 46.8% of revenue for the three months ended September 30, 2025 as compared to the equivalent period in the prior year and decreased from \$25.8 million to \$23.7 million and increased from 43.0% of revenue to 45.6% of revenue for the nine months ended September 30, 2025 as compared to the equivalent period in the prior year. Contributing to the improved margins, during the three months ended period, is the stronger professional services performance offsetting the decline gross profits associated with the LMS revenue decline.

Operating Expenses

	Three months ended September 30,				Nine months ended September 30,			
	2025	2024	\$ Change	% Change	2025	2024	\$ Change	% Change
	\$	\$	\$	%	\$	\$	\$	%
General and administrative....	2,028,040	2,648,359	(620,319)	-23.4%	5,827,879	8,333,204	(2,505,325)	-30.1%
Sales and marketing	2,023,164	2,104,542	(81,378)	-3.9%	5,908,106	7,418,941	(1,510,835)	-20.4%
Research and development	224,405	522,648	(298,243)	-57.1%	1,049,447	1,408,966	(359,519)	-25.5%
IT and Operations.....	1,587,486	2,715,474	(1,127,988)	-41.5%	5,053,230	9,147,994	(4,094,764)	-44.8%
Loss (gain) on foreign exchange	(405,474)	120,063	(525,537)	-437.7%	326,859	(190,790)	517,649	-271.3%
Amortization and Depreciation .	555,027	1,543,901	(988,874)	-64.1%	3,143,635	5,728,793	(2,585,158)	-45.1%
Stock based compensation....	223,295	238,148	(14,853)	-6.2%	653,186	712,199	(59,013)	-8.3%
Restructuring and Other.....	-	2,299,829	(2,299,829)	-100.0%	-	4,372,792	(4,372,792)	-100.0%
Interest.....	20,574	41,052	(20,478)	-49.9%	74,681	119,956	(45,275)	-37.7%
Total operating expenses ...	6,256,517	12,234,016	(5,977,499)	-48.9%	22,037,023	37,052,055	(15,015,032)	-40.5%

General and Administrative Expenses

	Three months ended September 30,				Nine months ended September 30,			
	2025	2024	\$ Change	% Change	2025	2024	\$ Change	% Change
	\$	\$	\$	%	\$	\$	\$	%
General and administrative....	2,028,040	2,648,359	(620,319)	-23.4%	5,827,879	8,333,204	(2,505,325)	-30.1%
Percentage of total revenue...	13.1%	14.1%			11.2%	13.9%		

General and administrative expenses decreased from \$2.6 million to \$2.0 million or 23.4% for the three months ended September 30, 2025 as compared to the equivalent period in the prior year and decreased from \$8.3 million to \$5.8 million or 30.1% for the nine months ended September 30, 2025 as compared to the equivalent period in the prior year. The decrease is primarily due to a reduction in labour spend through the prior year restructuring initiative. Offsetting the reduction in costs are bonus accruals to fund employee variable compensation plans. Our general and administrative expenses as a percentage of total revenue decreased from 14.1% to 13.1% for the three months ended September 30, 2025 as compared to the equivalent period in the prior year and decreased from 13.9% to 11.2% for the nine months ended September 30, 2025 as compared to the equivalent period in the prior year.

Sales and Marketing Expenses

	Three months ended September 30,				Nine months ended September 30,			
	2025	2024	\$ Change	% Change	2025	2024	\$ Change	% Change
	\$	\$	\$	%	\$	\$	\$	%
Sales and marketing .	2,023,164	2,104,542	(81,378)	-3.9%	5,908,106	7,418,941	(1,510,835)	-20.4%
Percentage of total revenue	13.1%	11.2%			11.4%	12.4%		

Sales and marketing expenses decreased from \$2.1 million to \$2.0 million or 3.9% for the three months ended September 30, 2025 as compared to the equivalent period in the prior year and decreased from \$7.4 million to \$5.9 million or 20.4% for the nine months ended September 30, 2025 as compared to the equivalent period in the prior year. This decrease is driven by a variety of smaller factors that includes marketing activity and overall salaries. Our

sales and marketing expenses as a percentage of total revenue increased from 11.2% to 13.1% for the three months ended September 30, 2025 as compared to the equivalent period in the prior year and decreased from 12.4% to 11.4% for the nine months ended September 30, 2025 as compared to the equivalent period in the prior year.

Research and Development Expenses

	Three months ended September 30,				Nine months ended September 30,			
	2025	2024	\$ Change	% Change	2025	2024	\$ Change	% Change
	\$	\$	\$	%	\$	\$	\$	%
Research and development	224,405	522,648	(298,243)	-57.1%	1,049,447	1,408,966	(359,519)	-25.5%
Percentage of total revenue	1.4%	2.8%			2.0%	2.3%		

Research and development expenses decreased from \$0.5 million to \$0.2 million or 57.1% for the three months ended September 30, 2025 as compared to the equivalent period in the prior year and decreased from \$1.4 million to \$1.0 million or 25.5% for the nine months ended September 30, 2025 as compared to the equivalent period in the prior year. This decrease was primarily due to reduced investment in support of our recently divested WMS business products. Our research and development expenses as a percentage of total revenue decreased from 2.8% to 1.4% for the three months ended September 30, 2025 as compared to the equivalent period in the prior year and decreased from 2.3% to 2.0% for the nine months ended September 30, 2025 as compared to the equivalent period in the prior year.

IT and Operations

	Three months ended September 30,				Nine months ended September 30,			
	2025	2024	\$ Change	% Change	2025	2024	\$ Change	% Change
	\$	\$	\$	%	\$	\$	\$	%
IT and Operations.....	1,587,486	2,715,474	(1,127,988)	-41.5%	5,053,230	9,147,994	(4,094,764)	-44.8%
Percentage of total revenue	10.2%	14.4%			9.7%	15.2%		

IT and Operations expenses decreased from \$2.7 million to \$1.6 million or 41.5% for the three months ended September 30, 2025 as compared to the equivalent period in the prior year and decreased from \$9.1 million to \$5.1 million or 44.8% for the nine months ended September 30, 2025 as compared to the equivalent period in the prior year. The three and nine month decrease in costs is the result of a reduction in labour spend that included a shift in our resource location mix, and reducing third party expenditures. These changes were largely the result of cost optimization to support reduced LMS revenues. Our IT and operations expenses as a percentage of total revenue decreased from 14.4% to 10.2% for the three months ended September 30, 2025 as compared to the equivalent period in the prior year and decreased from 15.2% to 9.7% for the nine months ended September 30, 2025 as compared to the equivalent period in the prior year.

Loss/Gain on Foreign Exchange

	Three months ended September 30,				Nine months ended September 30,			
	2025	2024	\$ Change	% Change	2025	2024	\$ Change	% Change
	\$	\$	\$	%	\$	\$	\$	%
Loss (gain) on foreign exchange	(405,474)	120,063	(525,537)	-437.7%	326,859	(190,790)	517,649	-271.3%
Percentage of total revenue..	2.6%	0.6%			0.6%	0.3%		

Foreign exchange loss/gain primarily relates to translation of monetary assets and liabilities denominated in foreign currencies being translated into functional currencies at the foreign exchange rate applicable at the end of each period. The change in foreign exchange loss/gain is primarily attributable to the change in Canadian dollar compared to the U.S. dollar for the periods presented. The three and nine months ended September 30, 2025 reflects the unrealized foreign exchange loss primarily related to the change in the translated U.S. dollar balances. Such unrealized foreign exchange gains and losses will continue to be valued at each quarter end.

Amortization and Depreciation

	Three months ended September 30,				Nine months ended September 30,			
	2025	2024	\$ Change	% Change	2025	2024	\$ Change	% Change
	\$	\$	\$	%	\$	\$	\$	%
Amortization and Depreciation	555,027	1,543,901	(988,874)	-64.1%	3,143,635	5,728,793	(2,585,158)	-45.1%
Percentage of total revenue....	3.6%	8.2%			6.1%	9.5%		

The Amortization and Depreciation expense decreased from \$1.5 million to \$0.6 million or 64.1% for the three months ended September 30, 2025 as compared to the equivalent period in the prior year and decreased from \$5.7 million to \$3.1 million or 45.1% for the nine months ended September 30, 2025 as compared to the equivalent period in the prior year. The Amortization and Depreciation expense as a percentage of total revenue, decreased from 8.2% to 3.6% for the three months ended September 30, 2025 as compared to the equivalent period in the prior year and decreased from 9.5% to 6.1% for the nine months ended September 30, 2025 as compared to the equivalent period in the prior year. The change is primarily due to fully amortizing certain intangible assets.

Stock Based Compensation

	Three months ended September 30,				Nine months ended September 30,			
	2025	2024	\$ Change	% Change	2025	2024	\$ Change	% Change
	\$	\$	\$	%	\$	\$	\$	%
Stock based compensation....	223,295	238,148	(14,853)	-6.2%	653,186	712,199	(59,013)	-8.3%
Percentage of total revenue..	1.4%	1.3%			1.3%	1.2%		

The Stock Based Compensation expense decreased from \$0.24 million to \$0.22 million or 6.2% for the three months ended September 30, 2025 as compared to the equivalent period in the prior year and decreased from \$0.71 million to \$0.65 million or 8.3% for the nine months ended September 30, 2025 as compared to the equivalent period in the prior year. The Stock Based Compensation expense as a percentage of total revenue, increased from 1.3% to 1.4% for the three months ended September 30, 2025 as compared to the equivalent period in the prior year and increased from 1.2% to 1.3% for the nine months ended September 30, 2025 as compared to the equivalent period in the prior year.

Non-Operating Expenses

	Three months ended September 30,				Nine months ended September 30,			
	2025	2024	\$ Change	% Change	2025	2024	\$ Change	% Change
	\$	\$	\$	%	\$	\$	\$	%
Restructure and other...	-	2,299,829	(2,299,829)	-100.0%	-	4,372,792	(4,372,792)	-100.0%
Interest.....	20,574	41,052	(20,478)	-49.9%	74,681	119,956	(45,275)	-37.7%

Restructure and Other Expenses

Restructure and other expenses were \$nil for the three and nine months ended September 30, 2025 and \$2.3 million for the comparable period in the prior year.

Interest

Interest expense was \$0.02 million for the three months ended September 30, 2025 and \$0.04 million for the comparable period in the prior year and was \$0.07 million for the nine months ended September 30, 2025 and \$0.12 million for the comparable period in the prior year. The decrease in the interest expense in the current three and nine month period when compared to 2024 is due to lower standby fees associated with the line of credit and less interest on equipment leases as contracts have expired.

Selected Annual Information

	Fiscal years ended December 31,	
	2024	2023
Revenue.....	78,242,423	89,805,807
Net income (loss).....	(11,888,380)	(7,230,058)
Income (loss) per share - basic.....	(.45)	(.27)
Total assets.....	55,115,509	64,093,909
Total long-term liabilities.....	104,031	213,053

Key Statement of Financial Position Information

	Balance as of			
	September 30, 2025	September 30, 2024	Change	Change
	\$	\$	\$	%
Cash and cash equivalents	11,770,047	5,477,105	6,292,942	114.9%
Total assets	56,689,877	55,999,371	690,506	1.2%
Total liabilities	5,655,841	9,473,107	(3,817,266)	-40.3%
Total long-term liabilities	-	80,598	(80,598)	-100.0%

Total Assets

Total assets increased \$0.7 million or 1.2% as at September 30, 2025 as compared to the equivalent period in the prior year, primarily related to an improvement in operating results and foreign exchange movements on US dollar intangibles, partially offset by depreciation and amortization of capital assets.

Total Liabilities

Total liabilities decreased \$3.8 million or 40.3% from September 30, 2024 to September 30, 2025. Total long-term liabilities decreased by \$0.1 million or 100.0% as at September 30, 2025 as compared to the equivalent period in the prior year. The total liabilities decrease is primarily due to a decrease in accounts payable and accrued liabilities as a result of restructuring efforts in the previous year to reduce vendor costs, the reduction in deferred revenue due to certain annual pay legacy contracts ending as well as the renewal of office space leases at a lower cost.

Quarterly Results of Operations

The following table sets forth selected unaudited quarterly statements of operations data for each of the last eight quarters, starting December 31, 2023 and ending September 30, 2025. These quarterly operating results are not necessarily indicative of our operating results for a full year or any future period.

	September 30, 2025	June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023
	\$	\$	\$	\$	\$	\$	\$	\$
MIPS	3,913,621	3,737,382	3,665,717	3,394,960	3,823,810	4,032,745	3,984,243	4,597,694
LMS	2,108,404	3,037,165	4,318,946	4,487,307	4,863,979	5,173,122	5,403,875	6,112,623
Total MIPS & LMS...	6,022,025	6,774,547	7,984,663	7,882,267	8,687,789	9,205,867	9,388,118	10,710,317
Professional Services..	9,468,110	10,497,827	11,179,344	10,351,401	10,129,300	11,052,721	11,544,960	10,321,007
Total Revenue.....	15,490,135	17,272,374	19,164,007	18,233,668	18,817,089	20,258,588	20,933,078	21,031,324
Net income (loss).....	937,518	2,541,134	231,985	(214,392)	(5,084,931)	(4,401,932)	(2,187,125)	(1,388,565)
Income (Loss) per share - basic	0.04	0.10	0.01	(0.01)	(0.19)	(0.17)	(0.08)	(0.05)

Revenue

Our total quarterly revenue decreased \$1.8 million or 10.3% in the third quarter of fiscal 2025 compared to the second quarter of fiscal 2025. Professional services decreased sequentially by 9.8% and Total MIPS & LMS decreased sequentially by 11.1%. The quarterly sequential decrease of \$1.8M is attributed to the overall decline in legacy managed services and ramp down of professional services projects that came to completion. The quarterly sequential increase in MIPS is due to additional SKU Build transactions in MIPS as we ramped up the demand from our customers.

Net income (loss)

Net income decreased \$1.6 million in the third quarter of fiscal 2025 versus the second quarter of fiscal 2025, primarily due to the divestiture of WMS in Q2. Included in the net income generated is the reduced amortization and depreciation, USD appreciation, and sequentially improved gross margins, which are all contributing to what is one of the strongest net income quarters, when excluding the impact of divestitures.

Liquidity, Capital Resources and Financing

Overview

The general objectives of our capital management strategy are to preserve our capacity to continue operating, provide benefits to our stakeholders, allow room for acquisitions, and provide an adequate return on investment to our shareholders by selling our services at a price that is commensurate with the level of operating risk assumed by us. We thus determine the total amount of capital required consistent with risk levels. This capital structure is adjusted on a timely basis depending on changes in the economic environment and risks of the underlying assets. We are currently subject to a minimum cash requirement through our credit agreement.

Working Capital

Our primary source of cash flow is revenue from operations. Our approach to managing liquidity is to ensure, to the extent possible, that we always have sufficient liquidity to meet our liabilities as they become due. We do so by monitoring cash flow and performing budget-to-actual analysis on a regular basis.

Working capital surplus as at September 30, 2025 was \$17.8 million.

In addition to the cash balance of \$11.8 million as at September 30, 2025, the Company has up to an additional \$8 million available from the National Bank Credit Facility that may be drawn to meet ongoing working capital requirements. The amount is determined by a prescribed borrowing base formula from National Bank that is dependent on the ending monthly trade accounts receivable and is recalculated monthly. The National Bank Credit Facility may be drawn in Canadian dollars at the Canadian prime lending rate plus applicable margin. Our principal cash requirements are for working capital. Given our existing cash and credit facilities, we believe there is sufficient liquidity to manage future working capital requirements, to meet our current and short-term financial obligations as they become due, and to support our growth plans.

Cash Flows

The following table presents cash and cash equivalents as at September 30, 2025 and 2024:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Cash and cash equivalents, beginning of period ...	8,579,344	6,236,085	3,877,687	8,619,161
Net cash provided by (used in):				
Operating activities.....	3,635,711	(267,159)	7,400,891	(2,629,585)
Investing activities.....	(285,764)	(372,308)	1,073,605	187,547
Financing activities.....	(170,782)	(105,956)	(496,354)	(717,421)
Effect of foreign exchange on cash and cash equivalents	11,538	(13,557)	(85,782)	17,403
Net decrease in cash and cash equivalents.....	3,190,703	(758,980)	7,892,360	(3,142,056)
Cash and cash equivalents, end of period	11,770,047	5,477,105	11,770,047	5,477,105

Cash Flows Used in/From Operating Activities

Cash flows from operating activities for the three months ended September 30, 2025 were \$3.6 million compared to \$0.3 million used in operating activities for the three months ended September 30, 2024 and cash flows from operating activities for the nine months ended September 30, 2025 were \$7.4 million compared to \$2.6 million used in operating activities for the nine months ended September 30, 2024. The nine month ended cash improvement is primarily due to the initiatives taken to improve net income performance and stronger collection on receivables.

Cash Flows Used in/From Investing Activities

Cash flows used in investing activities for the three months ended September 30, 2025 were \$0.3 million compared to \$0.4 million used in investing activities for the three months ended September 30, 2024 and cash flows from operating activities for the nine months ended September 30, 2025 were \$1.1 million compared to \$0.2 million from investing activities for the nine months ended September 30, 2024. The cash inflow in the current year nine months ended is due to the sale of intangibles in the second quarter.

Cash Flows Used in/From Financing Activities

Cash flows used in financing activities for the three months ended September 30, 2025 were \$0.2 million compared to \$0.1 million used in financing activities for the three months ended September 30, 2024 and cash flows used in financing activities for the nine months ended September 30, 2025 were \$0.5 compared to \$0.7 million used in financing activities for the nine months ended September 30, 2024. The lower amount of cash used in the nine months ended totals is due to there being less share repurchases during 2025 as well as a reduction in capital leases.

Contractual Obligations

During the three months ended September 30, 2025, there were no significant changes in our contractual obligations.

Off-Balance Sheet Arrangements

We have not entered into off-balance sheet financing arrangements. Except for operating leases not recognized as right-of-use assets under IFRS 16 - Leases, all of our liabilities and commitments are reflected as part of our statement of financial position. From time to time, we may be contingently liable with respect to litigation and claims that arise in the normal course of operations.

Related Party Transactions

We have no material related party transactions, other than those noted within Note 11 of our interim condensed consolidated financial statements.

Subsequent Events

No subsequent event to report.

Financial Instruments and Other Instruments

Credit Risk

Generally, the carrying amount in our consolidated statement of financial position exposed to credit risk, net of any applicable provisions for losses, represents the maximum amount exposed to credit risk.

Our credit risk is primarily attributable to our cash and cash equivalents and trade receivables. We do not require guarantees from our customers. Credit risk with respect to cash and cash equivalents is managed by maintaining balances only with high credit quality financial institutions.

Due to our diverse customer base, there is no particular concentration of credit risk related to our trade receivables. Moreover, balances for trade receivables are managed and analyzed on an ongoing basis to ensure allowances for doubtful accounts, which are established and maintained at an appropriate amount.

We estimate anticipated losses from doubtful accounts based upon the expected collectability of all accounts receivable, which estimate takes into account the number of days past due, collection history, identification of specific customer exposure and current economic trends. An impairment loss on trade receivables is calculated as the difference between the carrying amount and the present value of the estimated future cash flow. Impairment losses are charged to general and administrative expense in the consolidated statements of loss and comprehensive loss. Receivables for which an impairment provision was recognized are written off against the corresponding provision when it is deemed uncollectible.

The maximum exposure to credit risk at the date hereof is the carrying value of each class of receivables mentioned above. We do not hold any collateral as security.

Foreign Currency Exchange Risk

We are exposed to currency risk due to financial instruments denominated in foreign currencies. The Company's primary exposure with respect to foreign currencies is from Canadian dollar denominated cash and cash equivalents, trade and other receivables, trade and other payables and borrowings in transactional currency that is other than Canadian dollars. The net carrying value of these Canadian denominated balances held in entities with U.S. dollars as their transactional currency as at September 30, 2025, 2024 and 2023 presented in U.S. dollars is as follows:

	September 30, 2025	September 30, 2024	September 30, 2023
	US\$	US\$	US\$
Cash and cash equivalents.....	6,256,734	3,245,474	5,986,922
Trade and other receivables.....	4,944,754	7,217,085	7,436,392
Trade and other payables.....	(790,009)	(1,640,760)	(1,254,376)

During 2025, the Company entered into an agreement with a Canadian financial institution to sell \$1.5M US\$ during the fourth quarter of 2025 and first quarter of 2026, at a rate of 1.38. At September 30, 2025 the gross amount of forward contracts outstanding was \$3 million US\$ and the unrealized decrease in the value of this derivative instrument is \$20,000. The fair value of the forward contract was determined using mark-to-market information as at September 30, 2025 from a third party. The balance of the value of the derivative has been included in accounts payable and accrued liabilities in the statement of financial position.

Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We review these estimates on an ongoing basis based on management's best knowledge of current events and actions that we may undertake in the future. Actual results could differ from these estimates. Areas requiring the most significant estimates and judgments are outlined below. Management has determined that we operate in a single operating and reportable segment.

Revenue Recognition

IFRS 15, *Revenue from Contracts with Customers*, applies to all contracts with customers, with only some exceptions, including certain contracts accounted for under other IFRSs. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. This is achieved by applying the following five steps:

- identify the contract with a customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price; and
- recognize revenue when, or as, the Company satisfies a performance obligation.

The Company's contracts often include a number of promised goods or services. The Company's goods and services are generally distinct from other performance obligations and accounted for as separate performance obligations. A good or service is distinct if the customer can benefit from it on its own or together with other readily available resources, and the Company's promise to transfer the good or service is separately identifiable from other promises in the contractual arrangement with the customer.

In determining the transaction price of contract with a customer, the Company considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the customer (if any). The total transaction price is allocated to each performance obligation on a relative stand-alone selling price ("SSP") basis.

The SSP reflects the price we would charge for a specific product or service if it was sold separately in similar circumstances and to similar customers. In most cases we are able to establish the SSP based on observable data. Where possible we establish a narrow SSP range for our products and services and assess this range on a periodic basis or when material changes in facts and circumstances warrant a review. If the SSP is not directly observable, then we estimate the amount using either the expected cost plus a margin or residual approach. Estimating SSP requires judgment that could impact the amount and timing of revenue recognized. SSP is a formal process whereby management considers multiple factors including, but not limited to, geographic or regional specific factors, competitive positioning, internal costs, profit objectives, and pricing practices.

Total MIPS & LMS

This segment combines revenues from Managed and IP Solutions (MIPS) and Legacy Managed Services (LMS). Managed service revenues are derived from providing a monthly recurring service. The services include outsourced functions, infrastructure deployment and management, web and application hosting, 24/7 access to experts for system and application triage, application support, configuration management, license and software support and security. Managed services fees are structured with a minimum level of spend based on environment size and minimum level of support provided. For any overage, a price list is established to charge for any overage. The monthly fee is recognized as revenue on a monthly basis based on the minimum commitment and overage charges. IP Solution revenues are derived from license fees for use of Pivotree products or outcome based pricing where delivery leverages Pivotree products to deliver the outcome for our customers.

For the majority of our contracts, billing for the minimum commitment is issued at the start of the service period. Overage and outcome-based charges are issued after the service period, once actual volumes are available.

Costs of sales associated include data centers, public cloud, third party licensing for monitoring, security solutions, labour required to deliver solutions plus any other third party costs directly attributed to delivering the solution.

Professional Services

Services revenues are derived from professional services that include designing, developing, implementing, integrating, and training for digital commerce solutions and to support data management business requirements of our customers. Professional services revenues are recognized over time as services are rendered, using input methods to measure progress towards complete satisfaction of the service. Almost all of our projects are performed on a time and materials basis. For time and material projects, revenues are recognized by multiplying the number of hours our professionals incurred in the performance of the project by the hourly rate card contracted. For fixed fee contracts based on milestones and specific deliverables, revenues are recognized based on the completion of deliverables or in the case of fixed fee contracts based on term; revenue is recognized across the term based on the monthly fee set in the contract. Any unrecognized revenue is recorded in deferred revenue.

Certain costs incurred by the Company for subcontractors and other expenses that are recoverable directly from clients are billed to our clients and therefore included in revenue based on the revenue recognition method identified above. Costs associated with professional services revenue include all direct labour and subcontract costs and those indirect costs related to contract performance such as benefits, travel expenses and other expense reimbursements.

In conjunction with both professional and managed services provided, we receive commissions or margins on license resale. The net margin or commission on resale is accrued to revenues as earned. The Company is acting as an agent in these arrangements.

Share-Based Payments

Stock-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Stock-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount for equity settled awards is recorded to contributed surplus. The fair value of options is determined using the Black-Scholes option pricing model and other market valuation methods. For employee share options, the number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. The assumptions and estimates used are further outlined in the stock options note.

Foreign Currency Exchange (“FX”) Rates

There are material transactions in U.S. dollars, given the operating structure of the business and the clients being serviced. Approximately 90% of our revenues and 48% of our expenses are incurred in U.S. dollars and this drives an impact to our financial results based on fluctuations in the U.S. dollar to Canadian dollar exchange rate. The average quarterly exchange rate for U.S. dollars to Canadian dollars for the three-month period ended September 30, 2025 was 1.3771, as compared to 1.3644 for the same period in the prior year. As a result, there was a favourable impact in total reported revenues and in net income in the third quarter versus prior year. Adjusted for constant currency, this implies that total revenue decrease in the third quarter versus prior year was 18.4%, as opposed to a decrease of 17.7% as reported above. The following tables capture these impacts.

<u>Foreign Exchange (F/X) Rates</u>	<u>3-month Avg.</u>
Three months ended September 30, 2024	1.3644
Three months ended September 30, 2025	1.3771

	Three months ended September 30,			
	2024 (as reported)	2025 (as reported)	2025 F/X Impact	2025 (at prior period F/X rate)
	\$	\$	\$	\$
Revenue	18,817,089	15,490,135	(127,776)	15,362,359
Cost of revenue	11,542,539	8,233,841	(51,402)	8,182,439
Gross profit	7,274,550	7,256,294	(76,374)	7,179,920
Operating expenses	12,234,016	6,256,517	(27,862)	6,228,655
Interest income	21,541	29,721	-	29,721
Taxes (current and deferred)	147,006	91,980	-	91,980
Net income/(loss)	(5,084,931)	937,518	(48,512)	889,006

Outstanding Share Information

The company is currently authorized to issue an unlimited number of Shares. As of September 30, 2025, there are 26,399,778 Common Shares, 1,838,329 Stock options, and 921,855 RSU's and DSU's issued and outstanding.