Pivotree Inc.

The Frictionless Commerce Company

To our shareholders, employees and customers - Q3 2025

Thanks to the many Pivoters around the world who have driven the remarkable transformation reflected in our 2025 results. Together, we've turned Pivotree into a consistent EBITDA[1] and cash producer, with our third consecutive quarter of profitability delivering $900k in net income. Our operational discipline and client-focused execution have established the solid foundation we needed. Now, as we navigate the rapidly evolving AI and commerce technology landscape, we are well positioned to capitalize on the growth opportunities ahead.

Closer look at results

Our fourth consecutive quarter of positive Adjusted EBITDA[1] at 11.6% and third straight quarter of net income approaching 5% demonstrate the operational discipline that's now embedded in how we run the business. While our margins benefited from currency tailwinds, excluding FX[2] we delivered $1.4M (9% margin) Adjusted EBITDA[1]—solidly within our 7-10% target range. We'll continue deploying excess EBITDA[1] into product development and growth initiatives as we shift focus toward topline expansion in 2026. While total revenue declined 17.7% year-over-year, close to 85% of that decline is due to the accelerated LMS wind down we projected for 2025. MIPS revenue reached $3.9M up 5% quarter-over-quarter and the highest it's been in five quarters. It now represents over 50% of Managed Services for the second straight quarter. More importantly, MIPS bookings[1] are running +35% on a trailing twelve-month basis, signaling strong demand for our IP-driven solutions despite ongoing quarterly volatility. Total bookings[1] hit $17M (+13% vs Q2). While our non-LMS quarterly bookings[1] have stabilized in the $14-15M range as we've deliberately focused on margin improvement over volume growth. Our improved cash generation ($7.4M from operations in the nine months of 2025) combined with $11.8M in cash and $8M in available credit, positions us to fund organic growth initiatives while maintaining financial flexibility.

Evolving Business within an evolving technology landscape

Our Frictionless Commerce vision has always centered on eliminating the friction caused by bad and inaccessible data across the commerce ecosystem. For years we've invested heavily in helping clients automate product data cleaning, organization, and integration using AI and ML—work that's proven foundational as the industry pivots toward agentic commerce. The proliferation of large language models, new integration frameworks like Model Context Protocol, and the emergence of AI agents have dramatically accelerated our path to frictionless commerce. But none of these technologies work effectively on bad data—which is precisely why our multi-year investment in data quality has positioned us so well. Clients who initially engaged us for product data are now asking us to apply the same rigor to customer data and other domains.Our focus on three verticals—Industrial Manufacturing & Distribution, Automotive & Heavy Duty, and Retail—gives us deep domain expertise in their unique data challenges and workflow opportunities. We're practical appliers of AI and agents, solving tangible business problems that impact top or bottom line results, not just making claims. Most vendors are overwhelming customers with AI promises; we're delivering proof points. You won't see us rebranded as Pivotree.ai, but AI and agents are becoming pervasive across how we run our business, solve client challenges, and deliver on our frictionless commerce vision.

Summary:

We set out to transform Pivotree into a consistent cash generator over the past twelve months, and we've delivered. We've simultaneously continued investing organically in our data infrastructure and AI capabilities—investments that position us for a compelling 2026. If you're new to Pivotree, you're arriving at an inflection point: watch our bookings[1] mix to see when we turn the growth corner. If you've been with us through the transformation, thank you for your patience. **The foundation is solid. The opportunity ahead is significant.**

Bill Di Nardo
Chief Executive Officer

(1) EBITDA, Adjusted EBITDA and Total Contract Value (TCV) Bookings are Non-IFRS measures. See "Non-IFRS Measures" at the end of the letter.
(2) Adjusted EBITDA excluding the Loss (Gain) on foreign exchange reported within the consolidated statement of comprehensive income

Forward-looking Information

This letter 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, bookings, 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, the proposed expansion of the Company's market position, potential acquisitions, the conversion of sales pipelines to confirmed bookings, and the achievement and maintenance of profitability metrics, such as Gross Profit, Gross Margin, EBITDA, Adjusted EBITDA, Net Income, and Comprehensive Income.

Forward-looking information is necessarily based on a number of opinions, estimates and assumptions that, while considered by the Company to be appropriate and reasonable as of the date of this letter, are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to:

- 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 the risk factors described in the "Risk Factors" section of the Prospectus 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 letter represents the Company's expectations as of the date of this letter (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."

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”. Definitions of these terms, as well as reconciliation of these items to the nearest IFRS measure (where applicable), are located in Pivotree’s MD&A.