



Converge Technology Solutions

Software-Enabled IT & Cloud Solutions Provider

July 2021



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All figures in this document are in C\$ unless otherwise stated.

Company Overview & Recent Highlights

About Us

- CTS is a software-enabled IT & cloud solutions provider focused on delivery of advanced analytics, cloud migration, cybersecurity, and managed services.

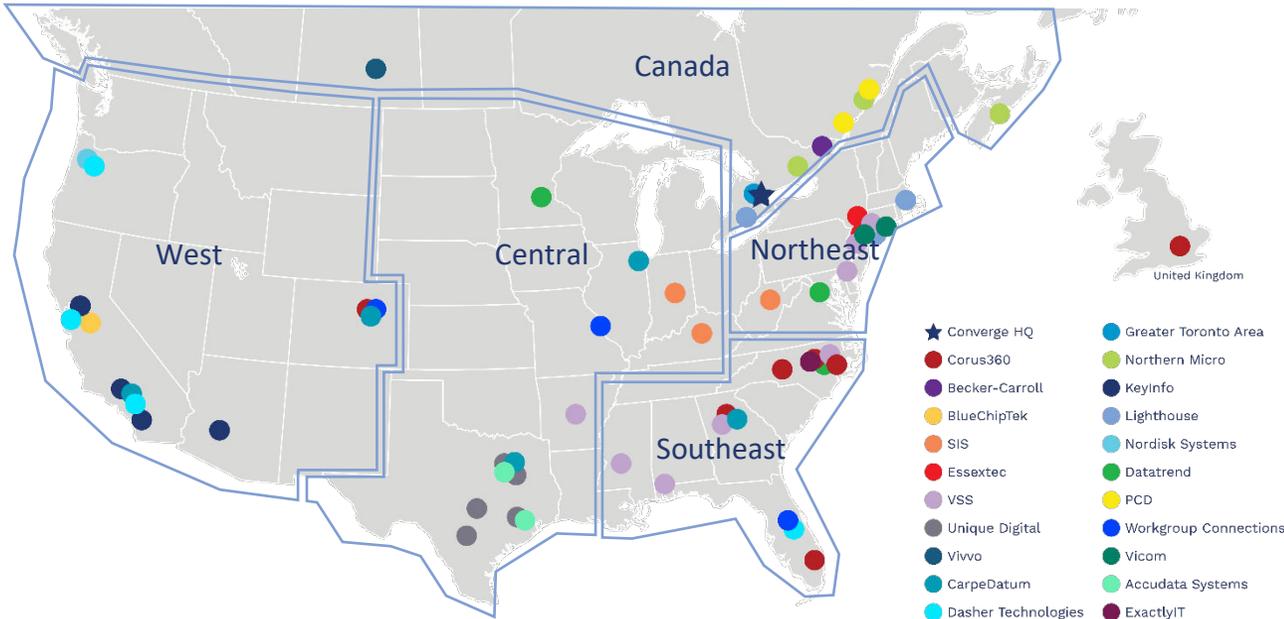
Recent Highlights

- Achieved five 2021 IBM Excellence Awards including Top North America National Sell Business Partner of the Year
 - Ranked Top IBM and Red Hat Synergy Partner
- Ranked 1st on CRN 2020 Fast Growth 150 List and #39 on CRN's 2021 Solution Provider 500 List
- Acquired Dasher on April 1st, a top HPE partner
- Added Thomas Volk to the Converge Board of Directors
- Closed \$86.5 million equity financing at \$4.85 on Jan. 15, 2021
- Closed \$172.5 million equity financing at \$7.50 on June 3, 2021



Converge Platform

Scaled Footprint with Strong Vendor Relationships and Capabilities



- 2021 – Top NA Sell Business Partner
- 2021 – Beacon Award for Outstanding Technology SSS
- 2021 – IBM Data and AI Business Unit Excellence
- 2021 – IBM Business Unit Excellence Award for Digital Trust
- Platinum Partner Status



- 2021 – Top NA IBM and Red Hat Synergy Partner
- 2019 – Rising Star Partner of the Year
- Premier/APEX Partner Status



- 2020 – Ingram Micro Cloud Reseller of the Year Award for North America



- 2020 - 1st on Fast Growth 150 List
- 2020 - Top 50 on Solution Provider 500 List



- Cisco CX Specialization Status
- Gold Partner Status - US



- Titanium Partner Status
- 2018 - Rising Star of the Year

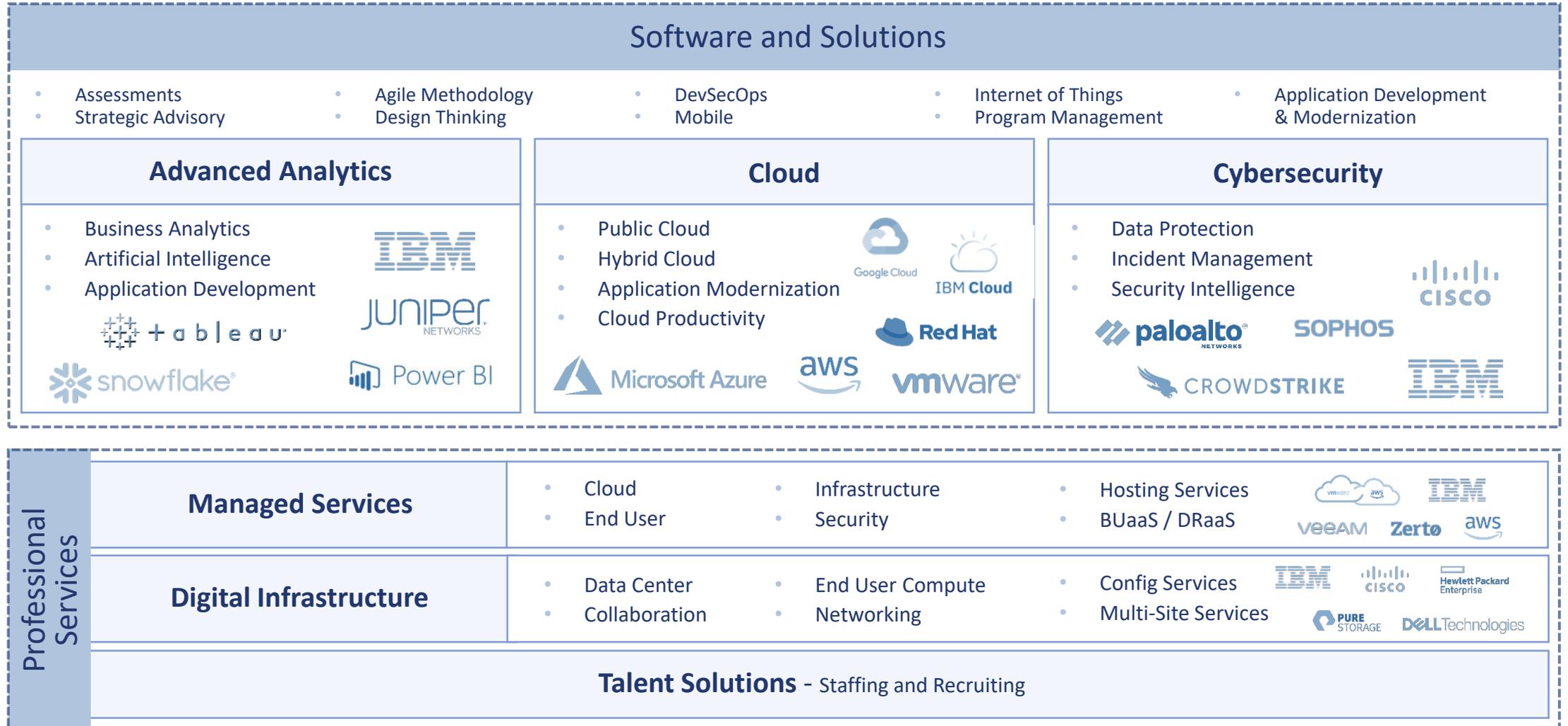


- Principle Partner Status
- 4 of 7 Master Services Competencies¹

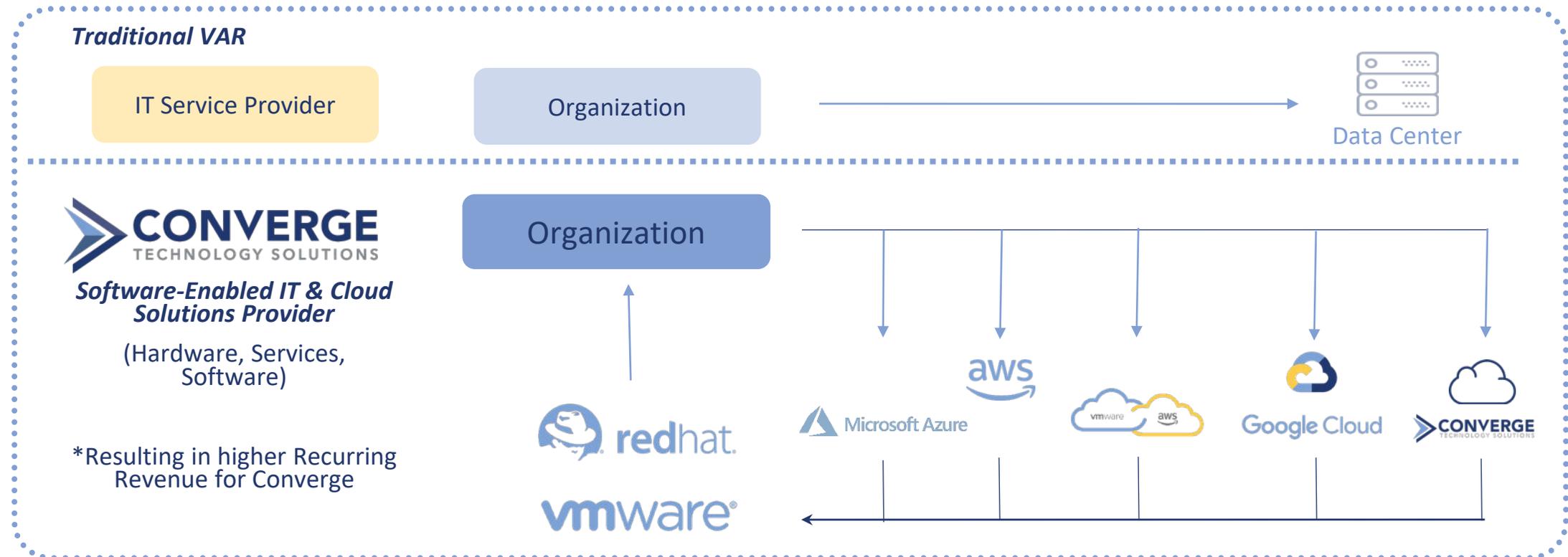
- MC: Data Center Virtualization
- MC: Network Virtualization
- MC: VMware Cloud on AWS
- MC: Cloud Mgmt and Automation

1. Additionally, CTS has achieved 11 of the 13 available Solution Competencies including Business Continuity, Cloud Provider; Desktop Virtualization; End Point Protection; Hybrid-Converged Infrastructure; Management Automation; Management Operations; Mobility Management; Network Virtualization; Server Virtualization; VMware Cloud on AWS
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Converge Solution Practices



Transformation into a Software-Enabled IT & Cloud Solution Provider



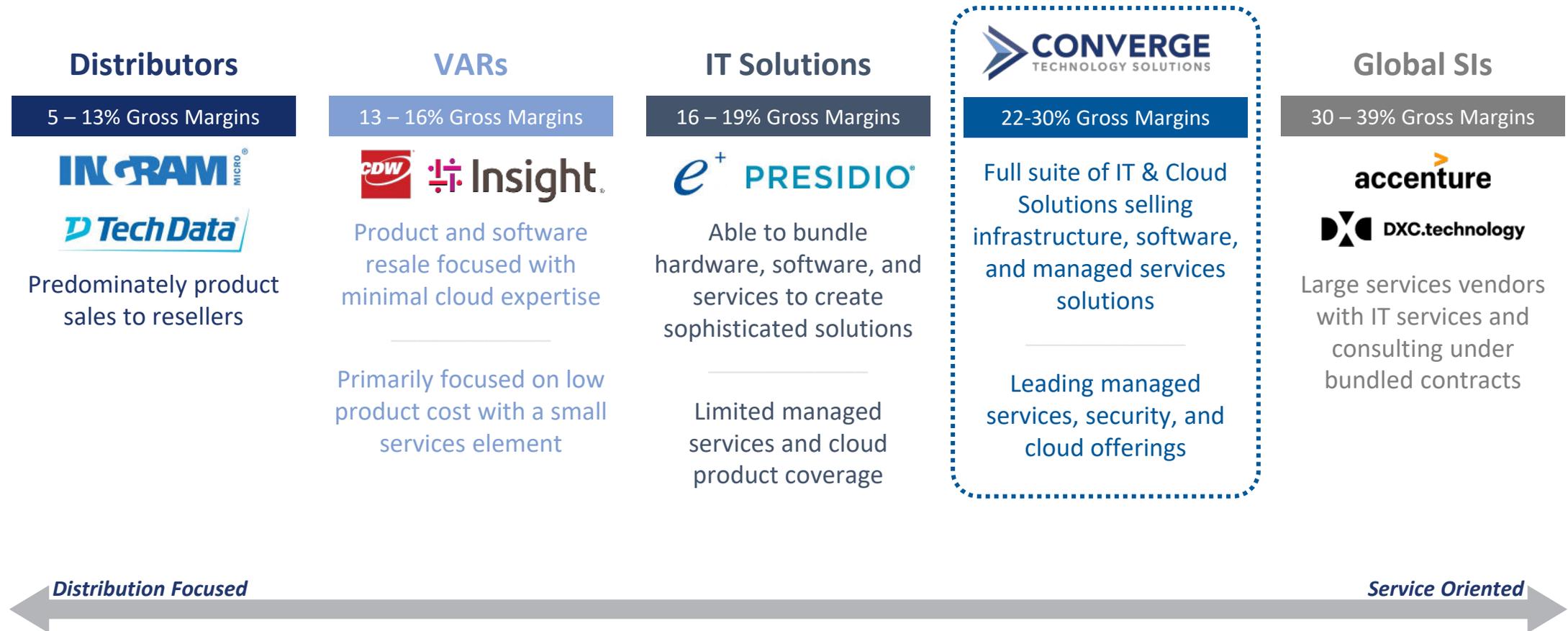
CONVERGE
TECHNOLOGY SOLUTIONS
Software-Enabled IT & Cloud Solutions Provider
(Hardware, Services, Software)

*Resulting in higher Recurring Revenue for Converse

- VARs are experiencing the impact of a shift of IT towards software and the cloud as their clients become less dependent on hardware
- These small, sub-scale and undercapitalised regional VARs are not able to build a sophisticated services offering themselves

- Converse upsells higher-margin and recurring managed services contracts along with specialised services depending on the stage of a customer’s journey to cloud
- These are higher-margin, multi-year contracts that reduce customer churn and add revenue visibility

Differentiating Converge as a Software-Enabled IT & Cloud Solution Provider



Original Plan Created April 2017 – On track to meet all Targets (Phase 4+ to be outlined at AGM)

Phase	Key Objectives	(in C\$)	Actual Results	Annualized Recurring Revenue
Phase 1 Broad Geographical Coverage 2018	<ul style="list-style-type: none"> Built national footprint across the U.S. and Canada through nine acquisitions since Oct. 2017 Developed national managed services and other recurring revenue offerings 	~\$545M Pro Forma Run-Rate Revenue	~\$23M Pro Forma Run-Rate Adj. EBITDA	~\$75M* Annualized Recurring Revenue
Phase 2 Enabling Hybrid IT & Cross-Sell 2019 / 2020	<ul style="list-style-type: none"> Continue M&A strategy to expand coverage into the 30+ largest U.S. cities Strengthen national managed services and other recurring revenue offerings across acquired businesses 	~\$1.0B Pro Forma Run-Rate Revenue	~\$50M Pro Forma Run-Rate Adj. EBITDA	~\$140M* Annualized Recurring Revenue
Phase 3 Cost Synergy Realization 2020 / 2021	<ul style="list-style-type: none"> Further enhance scale with larger acquisitions across North America Continued cross-sell opportunities within existing customer base Fully integrate back office ERP and focus on additional cost take-out opportunities 	\$2.0B+ Pro Forma Run-Rate Revenue	\$100 – 200M Pro Forma Run-Rate Adj. EBITDA	\$240M+* Annualized Recurring Revenue

 = current phase

Note: *Annualized Gross Recurring Revenue

Acquisition Strategy

Acquisition Strategy Template

5.0x
multiple on
\$3m EBITDA

- Acquire Target which generates \$100m of revenue and 3% EBITDA margins for 5.0 x EBITDA (\$15m)
- Structure with 60% cash payment (\$9m) and 40% earn-out payable over 3 years based on performance targets

+ \$3.5m
EBITDA

- Target can access Converge's volume discounts with key vendors adding 1.5% to the EBITDA margin (4.5% margin)
- Cost savings through headcount reduction adds a further 2% to EBITDA margin (6.5% margin)

2.5x
multiple on
\$6.5 EBITDA

- By following this strategy Converge can lower the effective multiple paid from 4.0-5.0x to 2.x EBITDA
- Acquisitions are highly value accretive very quickly

+ \$3m
cash

- Target can access Converge's superior payment terms, lengthening payment terms from 45 days to 60-75 days
- This can free up c.\$3-7m of working capital

+ \$3-4m
EBITDA

- Target can cross-sell Converge's broader offering including managed services to its existing customer base

Additional Growth Drivers

Run campaigns with Tier-1 vendors repeating industry specific sales across geographies

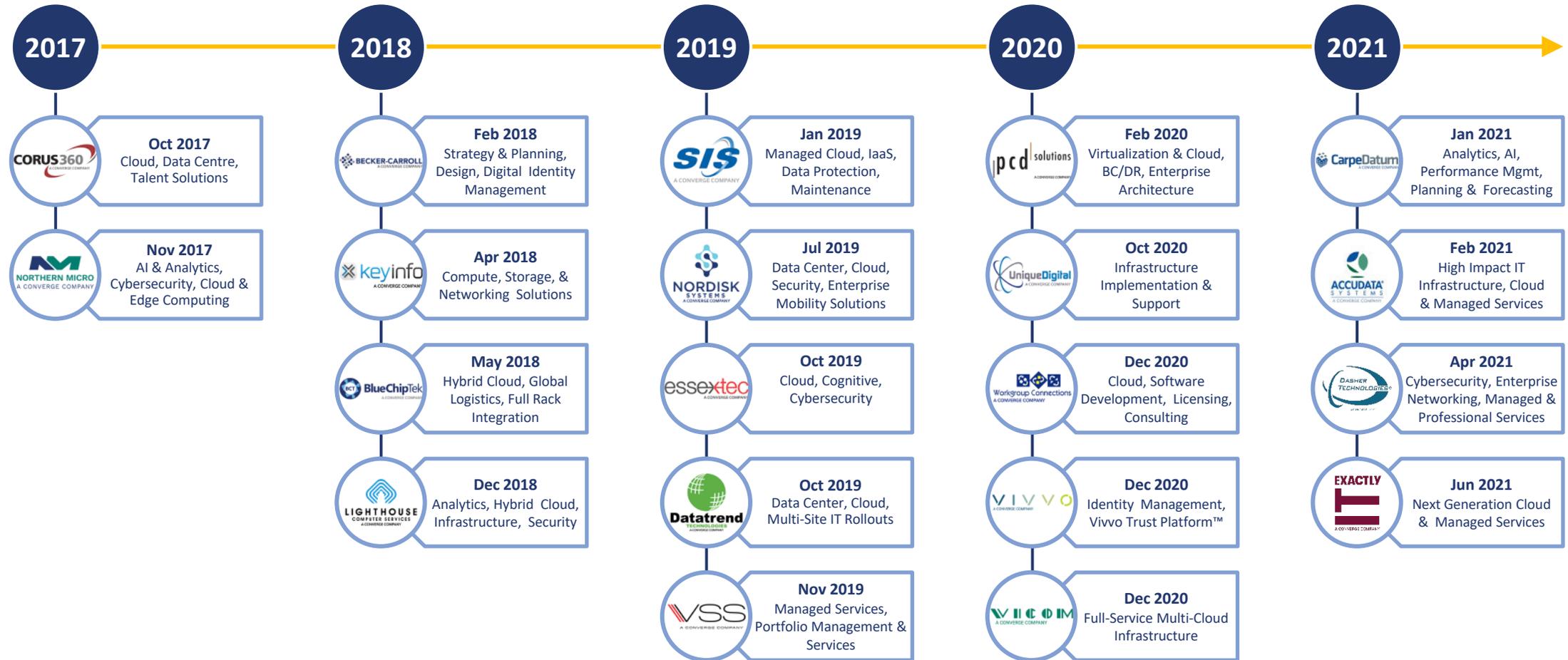
Cross-sell best of breed solutions to other Converge customers

Consolidate recurring revenue offerings across acquisitions and service a broader range of customers

Leverage relationships to increase enterprise sales

Introduce Converge 'TrustBuilder' Platform into large North American customer footprint

Acquisition Overview – 20 Completed to Date



Integration – CTS ERP Migration Overview

2020 Overview

Converge successfully completed the integration of all 12 subsidiaries acquired prior to Q420 by February 1st, 2021

2021 Outlook

Converge has scheduled integration for the remaining 7 subsidiaries to be completed by YE 2021

2021 Integration Schedule

Target	Converge Subsidiary
Q2'21	  
Q3'21	 
Q4'21	 

Market Opportunity & Customer Segments

Large Market Opportunity ⁽¹⁾



\$3.7T
Global Market



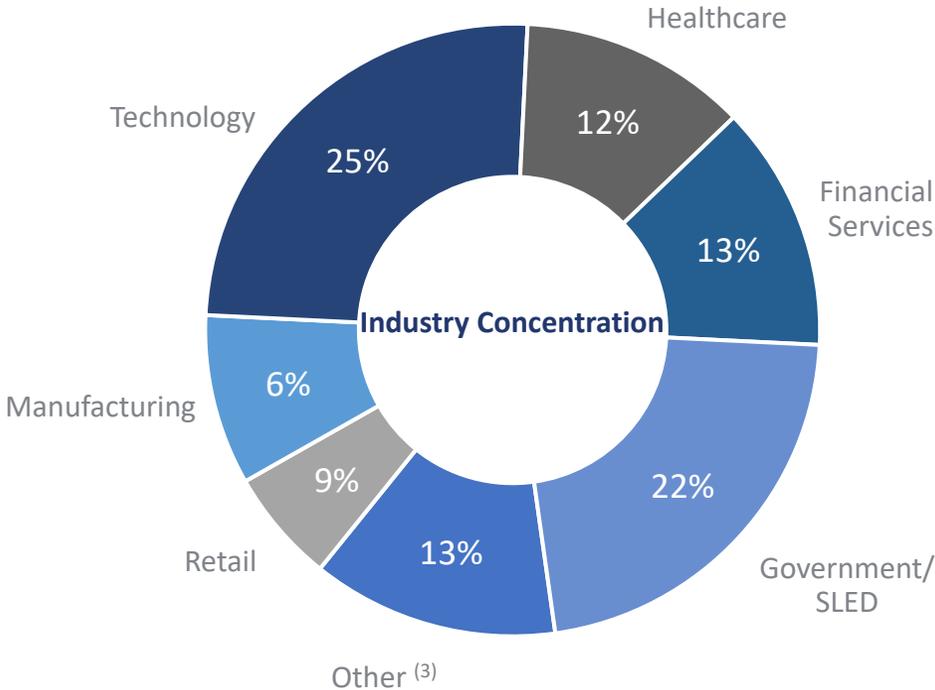
\$1.2T
U.S. Market

Converge Focus



1. CMA Market Report.
2. Three months ended March 31 2021
3. No vertical included in "Other" exceeds 4% concentration

Customer Concentration ⁽²⁾



Organic Growth & Recurring Revenue

Converge has displayed strong organic revenue growth driven by the development of managed services offerings and cross-selling efforts

Executive Briefings

Converge has scheduled over 359 Executive Briefings since Q420 to accelerate cloud practice cross-selling initiatives.

Red Hat Workshops

Converge led 14 Red Hat Workshops with over 400 clients throughout 2020 and Q121.

Net New Logos

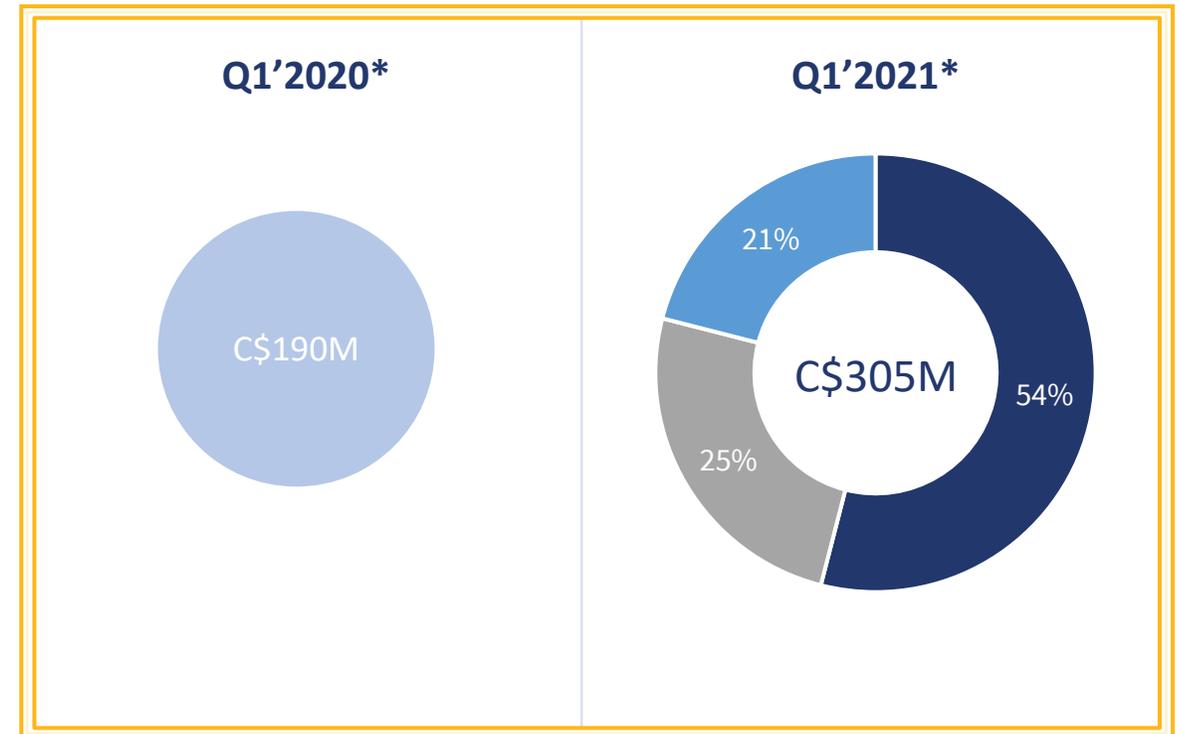
Converge efforts contributed to realizing 80 net new logos in Q121.

Recurring Revenue

Converge realized a 61 %increase Year over Year in Q121 Gross Recurring Revenue.

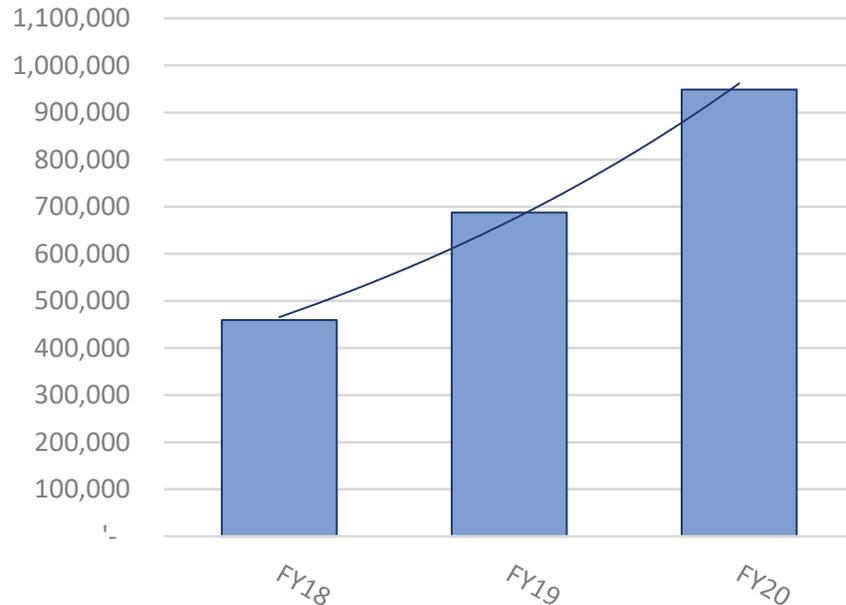
Note: *Annualized Gross Recurring Revenue

Recurring Revenue

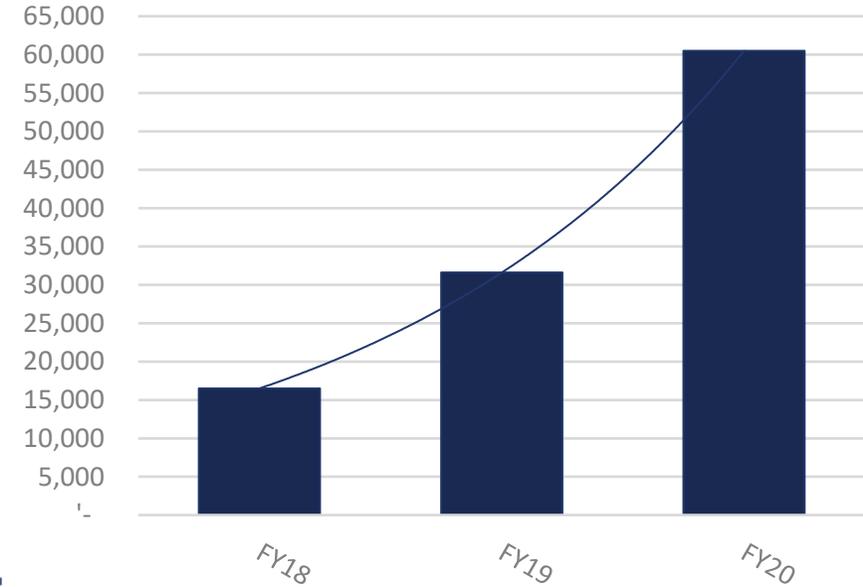


FY20 Financials - Adjusted EBITDA Grew 91% YoY

Revenue



Adjusted EBITDA



FY20 revenue increased 38% to \$950 million

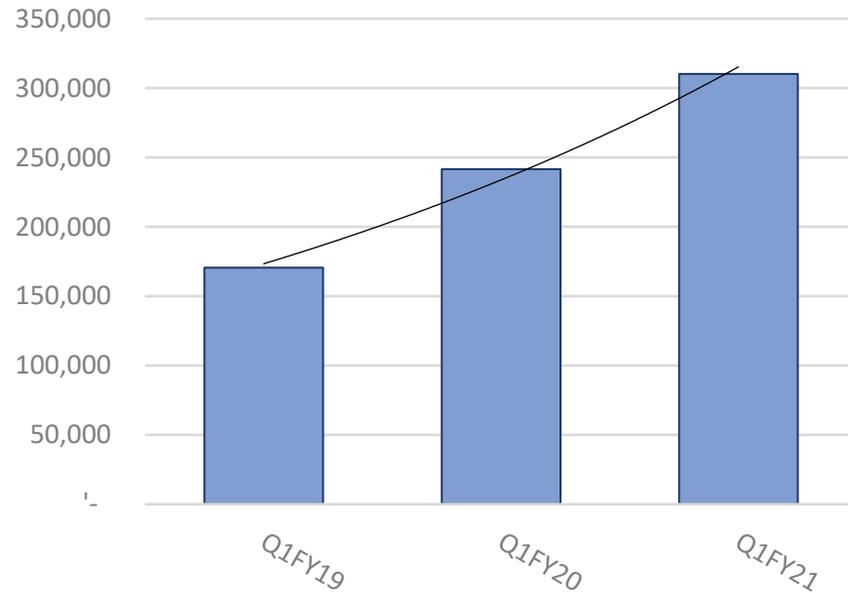
Gross margin as a percentage of sales increased to 24.6% from 23.5% last year

Adjusted EBITDA increased 91% to \$60.5 million

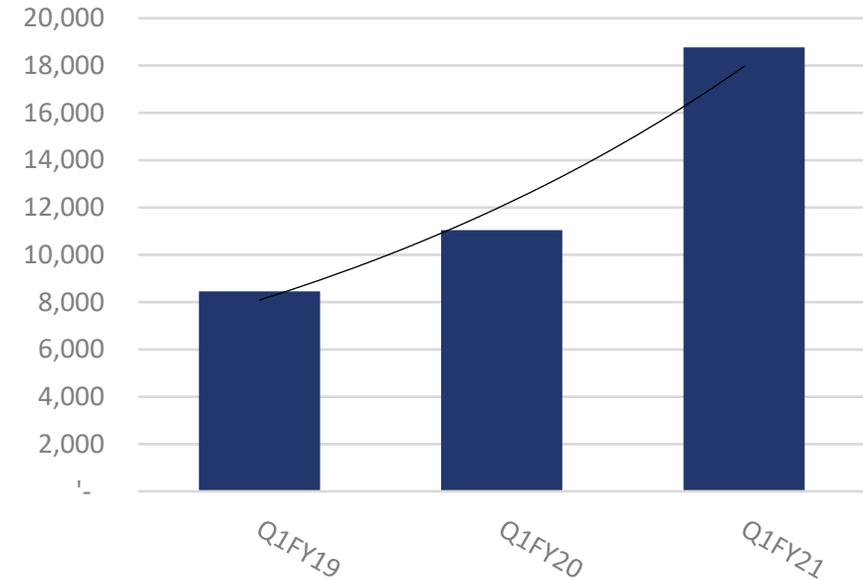
- over 90% increase in Annual Adjusted EBITDA since inception
- As a percentage of revenue Adjusted EBITDA increased from 3.6% in FY18 to 6.4% in FY20

Q121 Financials – Record Adjusted EBITDA

Revenue



Adjusted EBITDA



Year over year Q1 revenue increased 28% to \$310 million

Year over year Q1 adjusted EBITDA increased 70% to \$18.8 million

- Adjusted EBITDA as a percentage of sales for Q1FY21 was 6.1% and up from 4.6% last year

Strong Balance Sheet

(C\$ thousands)	31-Mar-21
Cash	68,432
Restricted cash	49,671
Trade & other receivables	345,239
Inventories	51,710
Other current assets	10,397
Total Current Assets	525,449
Long-term assets	262,045
Total Assets	787,494
Trade & other payables	370,030
ABL Bank Line	140,507
Contract financing line	809
Other financial liabilities	19,952
Deferred revenue and other	22,346
Total Current Liabilities	553,644
Long-term liabilities	45,825
Total Liabilities	599,469
Shareholders' Equity	188,025
Total Liabilities and Shareholders' Equity	787,494

Recent Events:

- Replaced ABL credit line that charged 9% interest with a three-year committed \$190 million ABL credit line charging 2.5% to 3% interest
 - Q1FY21 total interest expense was \$2.4 million compared to \$5.5 the previous year
- January 15th, 2021 common share bought deal at \$4.85 for gross proceeds of \$86.5 million
- June 3rd, 2021 common share bought deal at \$7.50 for gross proceeds of \$172.5 million

Share Capital Summary

Management ownership is significant. No employee options, management invests a portion of their variable comp.

	Total	Directors and Officers	
Common Shares Issued and Outstanding	188,058,631	17,237,152	9.2%
Exchange Rights for Common Shares ¹	3,085,494		
Total Fully Diluted	191,144,125	17,237,152	9%

1. Consideration for Acquisitions
2. As of June 15, 2021

Converge Leadership Team



Shaun Maine
CEO

- Former COO of Pivot
- Ran Prosys Info Systems (\$700M+ ITSP) and performed diligence & integration for Pivot acquisitions
- Early Java Pioneer with extensive experience in software industry



Greg Berard
President

- Extensive experience in IT Management across hardware, services and software
- Oversees business development, client services, strategic partnerships, and go to market strategy



Carl Smith
CFO

- Former CFO at Espial Group – acquired by a leading Canadian software company
- Oversees Strategic Financial Planning and Analysis, Financial Reporting, and Internal Controls Management



Gordon McMillan
Board Chair

- Co-Founder of Converge TP
- Co-Founder of Pivot, Triax Capital, Skylon Capital
- Director of Flow Capital Corp., and Qusitive Technology Solutions Inc.
- Financial Industry entrepreneur and investor



Thomas Volk
Board Director

- Former CEO of Cancom
- Uniquely experienced in leading global enterprises and mid-market companies as CEO and in executive roles across the U.S. and Europe
- Currently serving as Director and Chairman of five organizations



Doris Albiez
Director, European Advisory Board

- Has served in various national and international roles
- Previously led international teams at IBM & Dell Technologies
- Combines business acumen with a passion for mentorship & emotional intelligence



Cari Hash
SVP Enterprise Sales

- SVP of Enterprise Sales & SVP of Sales for Datatrend
- Over 20 years experience in Global Enterprise Sales and Leadership
- Responsible for Enterprise Sales & Strategy, along with Converge Sales Strategy with Cisco



Karie Timion
VP of Marketing

- Experienced leader with 20+ years of marketing leadership in IT
- Former VP of Marketing for Datatrend
- Focuses on delivering brand vision, digital communication strategies, and marketing operations



Rhonda Hanes
VP of HR

- VP of Human Resources and Director of HR for Corus360
- Leads Human Resources practices emphasizing teamwork, communication, and growth
- Heads multiple leadership groups including Emerge 360 Leadership Development Program, GRIT (Girls Rule IT), and Toastmasters



Cory Reid
COO

- Former CIO of Pivot
- 25+ years of experience in both the software and infrastructure sides of the technology sector, as well as sales and warehouse operations
- Leads integration initiatives from acquisitions to operations



Don Cuthbertson
CTO

- Former Chief Data Officer of Pivot, and Former CEO of IntelligentWorks – a custom software development company based in Ottawa
- President of Canadian Region
- Leads Blockchain initiatives



Tommy Whatley
EVP Services & Vendor Alliance

- Former VP for Professional Services of Pivot
- 25+ years of experience in technology services delivery and technical presales alignment, as well as leading vendor alliance programs and strategy
- Specializes in services alignment and growth with merger and acquisitions



Thank You

Shaun Maine

Chief Executive Officer

SMaine@convergetp.com

Carl Smith

Chief Financial Officer

Carl.Smith@convergetp.com