



# Converge Technology Solutions

Software-Enabled IT & Cloud Solutions Provider

August 2021



# Disclaimer

---

## IMPORTANT: YOU MUST READ THE FOLLOWING BEFORE CONTINUING

\* The information contained in this document has been prepared by Converge Technology Solutions (“Converge” or the “Company”) and contains confidential information pertaining to the business, operations and assets of the Company. The information contained in this document (a) is provided as at the date hereof and is subject to change without notice, (b) does not purport to contain all the information that may be necessary or desirable fully and accurately to evaluate an investment in the Company and (c) is not to be considered as a recommendation by the Company that any person make an investment in the Company. The printed document may be incomplete without reference to the oral presentation or other written materials provided by the Company that may supplement this document. To the extent projections and financial analysis are contained herein, they may be based on estimated financial performance prepared by, or in consultation with, management and are intended only to suggest a reasonable range of results. The Company has no obligation, whether express or implied, to update any or all of the information or analysis contained herein or to advise the recipient of any changes. The information provided in this document is for discussion purposes only. An investment in the securities described herein is speculative and involves a number of risks that should be considered by a prospective investor. Prospective investors should carefully consider the risk factors described under “Risk Factors” in the appendix before investing in the Company and purchasing the securities described herein.

This document is confidential and is being provided to you solely for your information and may not be reproduced, in whole or in part, in any form or forwarded or further distributed to any other person. Any forwarding, distribution or reproduction of this document in whole or in part is unauthorized. By accepting and reviewing this document, you acknowledge and agree (i) to maintain the confidentiality of this document and the information contained herein, (ii) to protect such information in the same manner you protect your own confidential information, which shall be at least a reasonable standard of care and (iii) to not utilize any of the information contained herein except to assist with your evaluation of a potential investment in the Company.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION: This document includes information, statements, beliefs and opinions which are forward-looking, and which reflect current estimates, expectations and projections about future events. Statements containing the words “believe”, “expect”, “intend”, “should”, “seek”, “anticipate”, “will”, “positioned”, “project”, “risk”, “plan”, “may”, “estimate” or, in each case, their negative and words of similar meaning are intended to identify forward-looking statements. By their nature, forward-looking statements involve a number of known and unknown risks, uncertainties and assumptions concerning, among other things, the Company’s anticipated business strategies, anticipated trends in the Company’s business and anticipated market share, that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These risks, uncertainties and assumptions could adversely affect the outcome and financial effects of the plans and events described herein. In addition, even if the outcome and financial effects of the plans and events described herein are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. Although Converge has attempted to identify important risks and factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors and risks that cause actions, events or results not to be as anticipated, estimated or intended. Forward-looking information contained in this presentation is based on the Company’s current estimates, expectations and projections, which the Company believes are reasonable as of the current date. The Company can give no assurance that these estimates, expectations and projections will prove to have been correct. You should not place undue reliance on forward-looking statements, which are based on the information available as of the date of this document. Forward-looking statements contained in this document are made of the date of this presentation and, expect as require by applicable law, the Company assumes no obligation to update or revise them to reflect new events or circumstances.

Historical statements contained in this document regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. In this regard, certain financial information contained herein has been extracted from, or based upon, information available in the public domain and/or provided by the Company. In particular historical results should not be taken as a representation that such trends will be replicated in the future. No statement in this document is intended to be nor may be construed as a profit forecast.

CAUTIONARY NOTE REGARDING FUTURE-ORIENTED FINANCIAL INFORMATION: To the extent any forward-looking information in this Presentation constitutes “future-oriented financial information” or “financial outlooks” within the meaning of applicable Canadian securities laws, such information is being provided to demonstrate the anticipated market penetration and the reader is cautioned that this information may not be appropriate for any other purpose and the reader should not place undue reliance on such future-oriented financial information and financial outlooks. Future-oriented financial information and financial outlooks, as with forward-looking information generally, are, without limitation, based on the assumptions and subject to the risks set out above under the heading “Cautionary Note Regarding Forward-Looking Information”. Converge’s actual financial position and results of operations may differ materially from management’s current expectations and, as a result, Converge’s revenue and expenses may differ materially from the revenue and expenses profiles provided in this Presentation. Such information is presented for illustrative purposes only and may not be an indication of Converge’s actual financial position or results of operations.

USE OF NON-GAAP MEASURES: This document refers to EBITDA because certain investors may use this information to assess the Company’s performance and also determine the Company’s ability to generate cash flow. This data is furnished to provide additional information and are non-GAAP measures and do not have any standardized meaning prescribed by GAAP. They should not be considered in isolation as a substitute for measures of performance prepared in accordance with GAAP and is not necessarily indicative of operating costs presented under GAAP.

This document may have been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission. You are responsible for protecting against viruses and other destructive items. Your receipt of this electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature. As a consequence of the above, neither the Company nor any director, officer, employee or agent of any of them or any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the document distributed to you in electronic format and the hard copy version that may be made available to you.

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

- Q221 Revenue increased 52% YoY to \$345.3 million
- Q221 Gross Profit increased 43% YoY to \$78.2 million
- Q221 Adj. EBITDA increased 86% to \$21.7 million
- Achieved five 2021 IBM Excellence Awards including Top North America National Sell Business Partner of the Year and recognized as top IBM and Red Hat Synergy Partner
- Ranked 14<sup>th</sup> on CRN 2021 Fast Growth 150 List and #39 on CRN's 2021 Solution Provider 500 List
  - Recognized as one of fastest growing IT Services Providers by CRN for two consecutive years
- Added Doris Albiez to the European Advisory Board and added Thomas Volk and Darlene Kelly to the Converge Board of Directors
- Announced acquisition of REDNET AG in Aug. 2021 marking the first European Acquisition completed by the Company
  - Announced eleven acquisitions since Q4 2020
- 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



<b>West:</b> 154 Employees	<b>Central:</b> 337 Employees	<b>Southeast:</b> 197 Employees	<b>Northeast:</b> 268 Employees	<b>Canada:</b> 160 Employees	<b>Mexico:</b> 128 Employees
-------------------------------	----------------------------------	------------------------------------	------------------------------------	---------------------------------	---------------------------------

<b>60+</b> Office Locations	<b>280+</b> Salespeople	<b>450+</b> Technical Resources	<i>with</i>	<b>400+</b> Certifications	<b>2,000+</b> Customers	<b>9</b> Key Vendor Relationships	<b>250+</b> Total Vendor Relationships
--------------------------------	----------------------------	------------------------------------	-------------	-------------------------------	----------------------------	--------------------------------------	---



- 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
- 2021 – Ingram Micro CORE Partner of the Year North America
- 2021 – Ingram Micro Blue Series Partner of the Year



- 2020 – 1<sup>st</sup> on Fast Growth 150 List
- 2020 & 2021 – Top 50 on Solution Provider 500 List



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



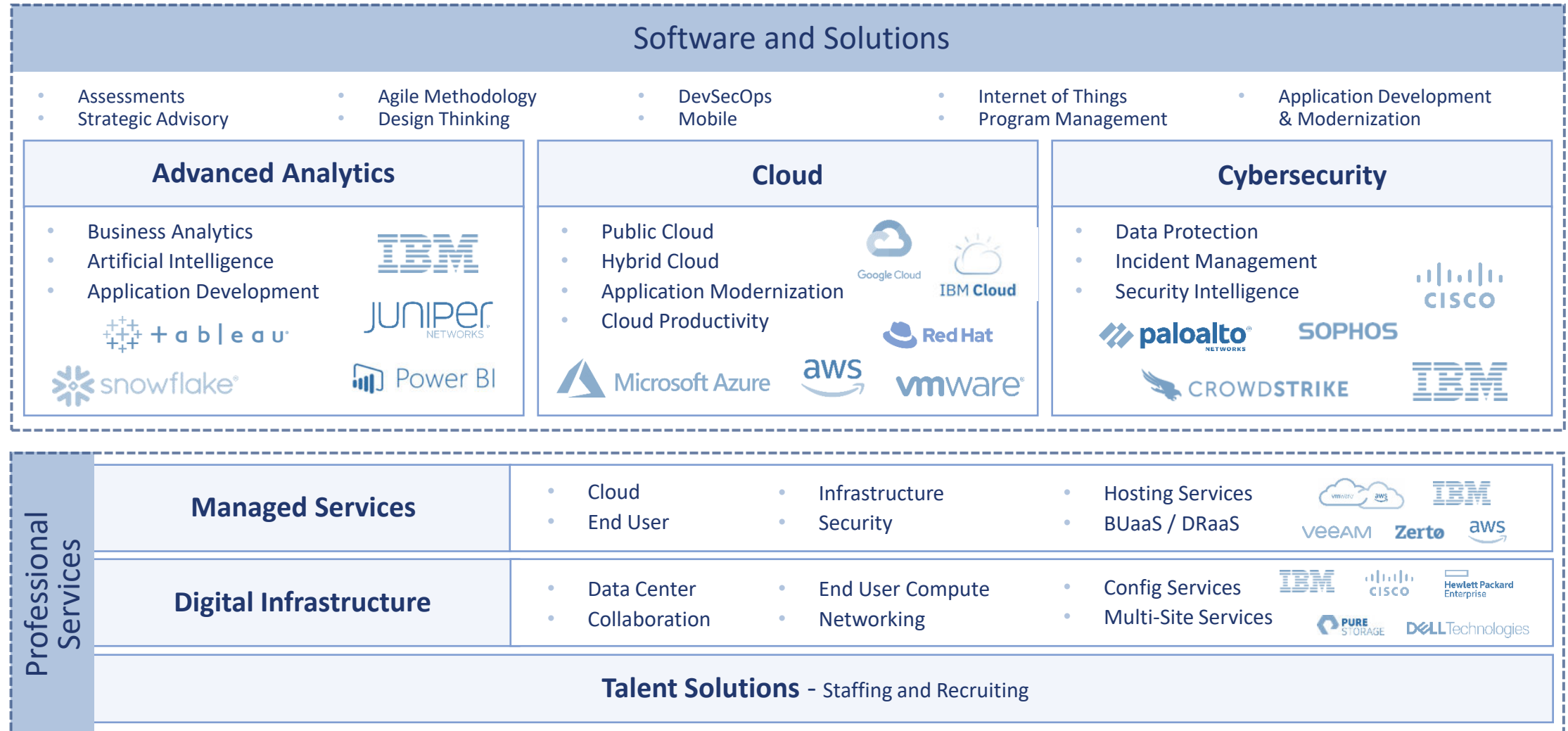
- Principle Partner Status
- 4 of 7 Master Services Competencies<sup>1</sup>

<b>MC: Data Center Virtualization</b>	<b>MC: Network Virtualization</b>	<b>MC: VMware Cloud on AWS</b>	<b>MC: Cloud Mgmt and Automation</b>
---------------------------------------	-----------------------------------	--------------------------------	--------------------------------------

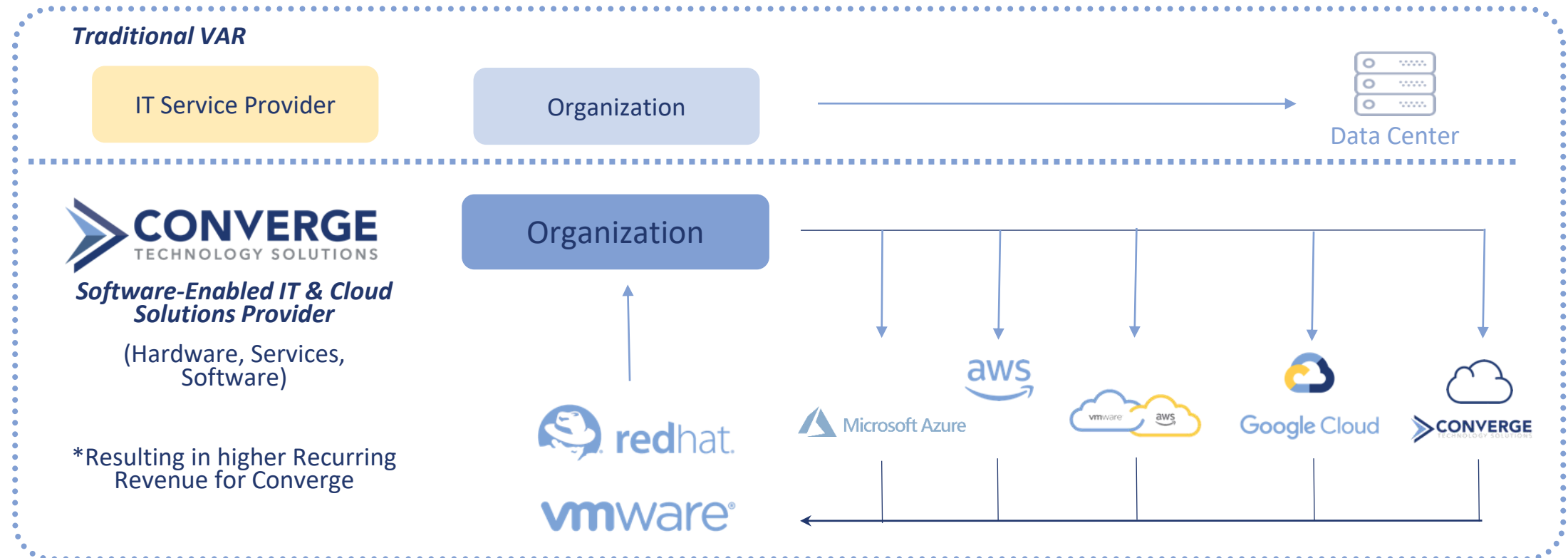
1. Additionally, CTS has achieved 11 of the 13 available Solution Competencies including Business Continuity, Cloud Provider; Desktop Virtualization; End Point Protection; Hybrid-Converged Infrastructure; Management Automation; Management Operations; Mobility Management; Network Virtualization; Server Virtualization; VMware Cloud on AWS  
Confidential and Proprietary Copyright © 2021 Converge Technology Solutions Corp.



# Converge Solution Practices



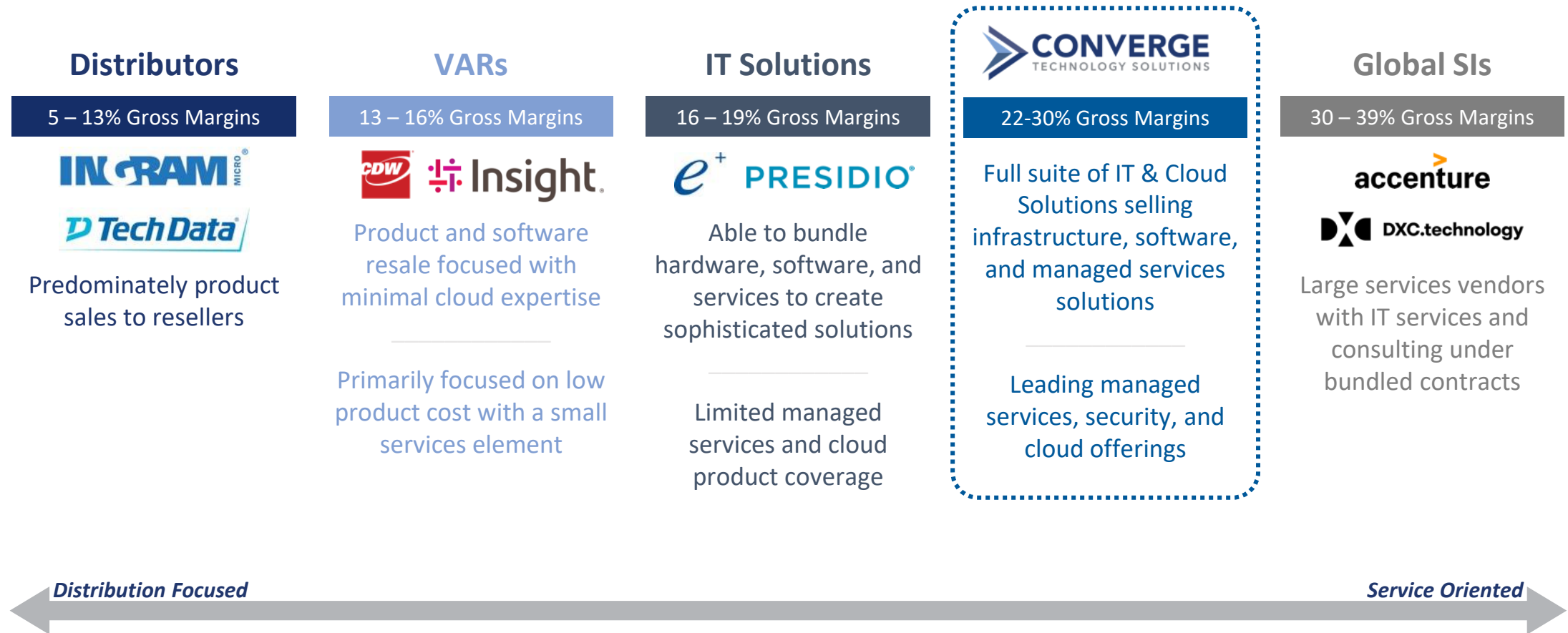
# Transformation into a Software-Enabled IT & Cloud Solution Provider



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

Phase 1 = 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)

**+ \$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 5.0x to 2.5x 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 \$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

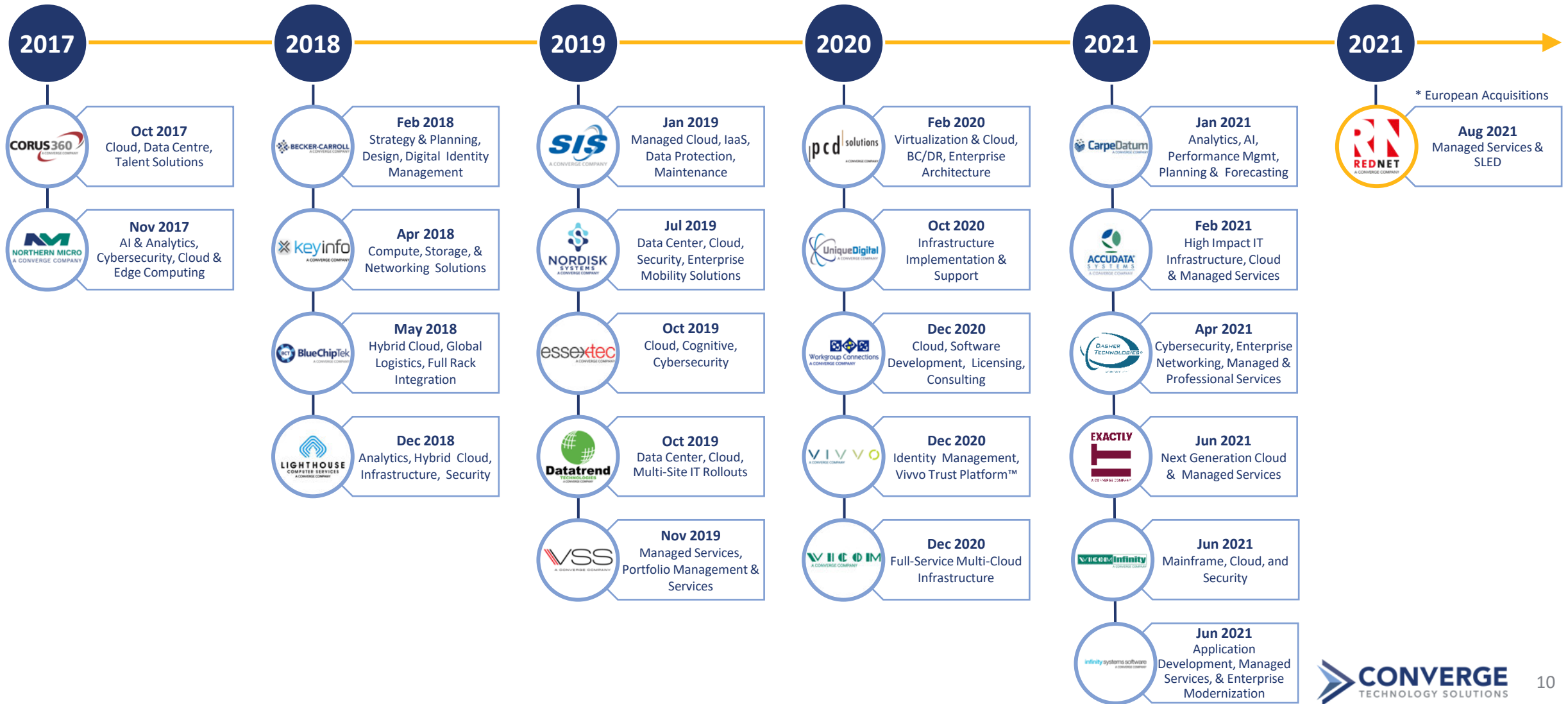
Cross-sell best of breed solutions and high margin services to other Converge customers

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 – 23 Announced to Date



# Integration – CTS ERP Migration Overview

## 2020 Overview

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

## 2021 Overview

Converge successfully completed the integration of the 5 subsidiaries targeted for Q221 and Q321

## 2021 Outlook

Converge has scheduled the remaining subsidiaries to be completed by Q122

## 2021 Integration Schedule

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

# Market Opportunity & Customer Segments

## Large Market Opportunity <sup>(1)</sup>



**\$3.7T**  
Global Market

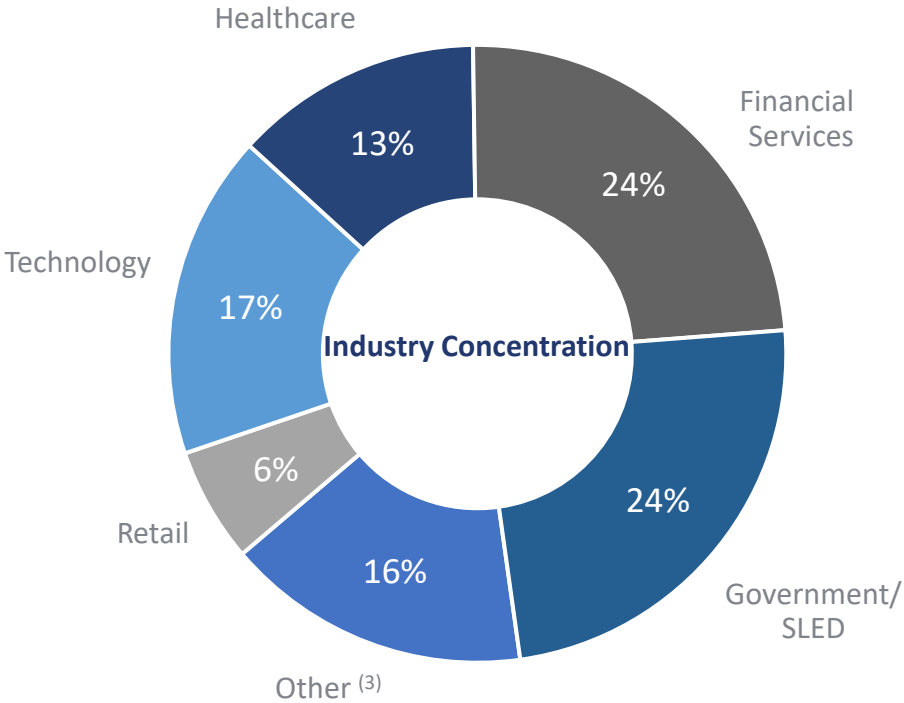


**\$1.2T**  
U.S. Market

### Converge Focus



## Customer Concentration <sup>(2)</sup>



1. CMA Market Report.  
 2. Three months ended June 30 2021  
 3. No vertical included in "Other" exceeds 4% concentration

# 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 543 Executive Briefings since Q420 to accelerate cloud practice cross-selling initiatives.

## Red Hat Workshops

Converge led 22 Red Hat Workshops with over 600 clients throughout 2020 and H121.

## Net New Logos

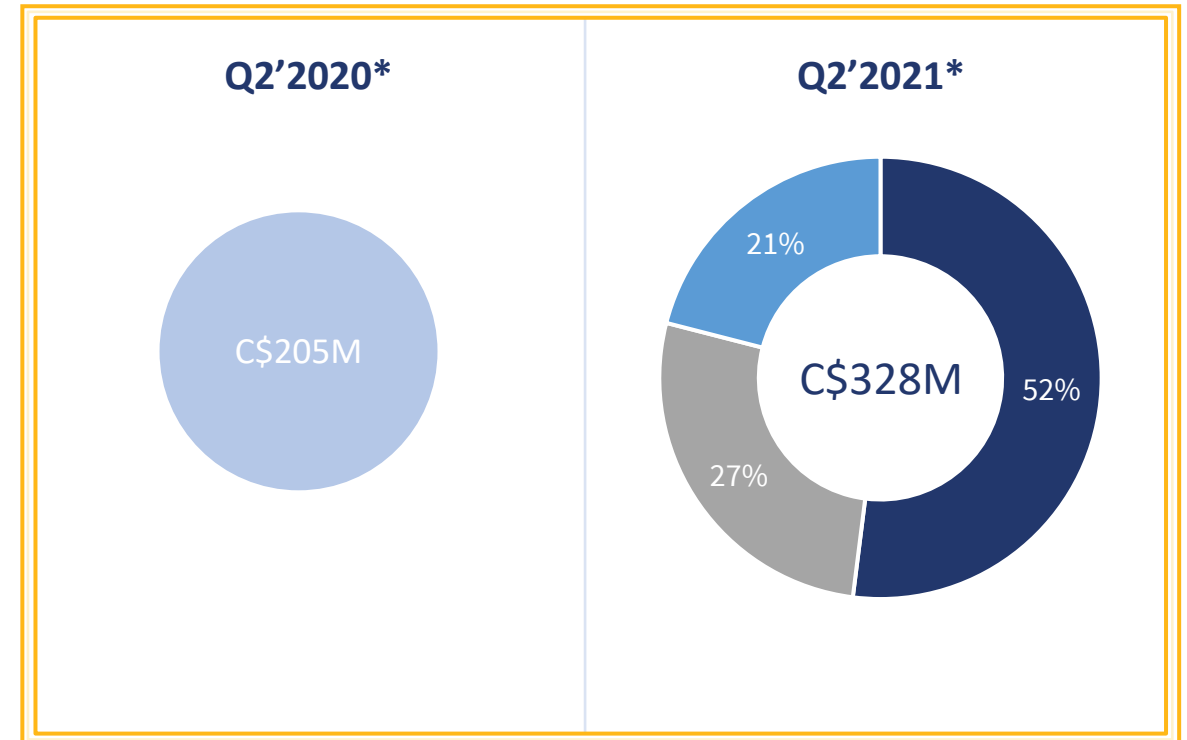
Converge efforts contributed to realizing 121 net new logos in Q221.

## Recurring Revenue

Converge realized a 60 % increase Year over Year in Q221 Gross Recurring Revenue.

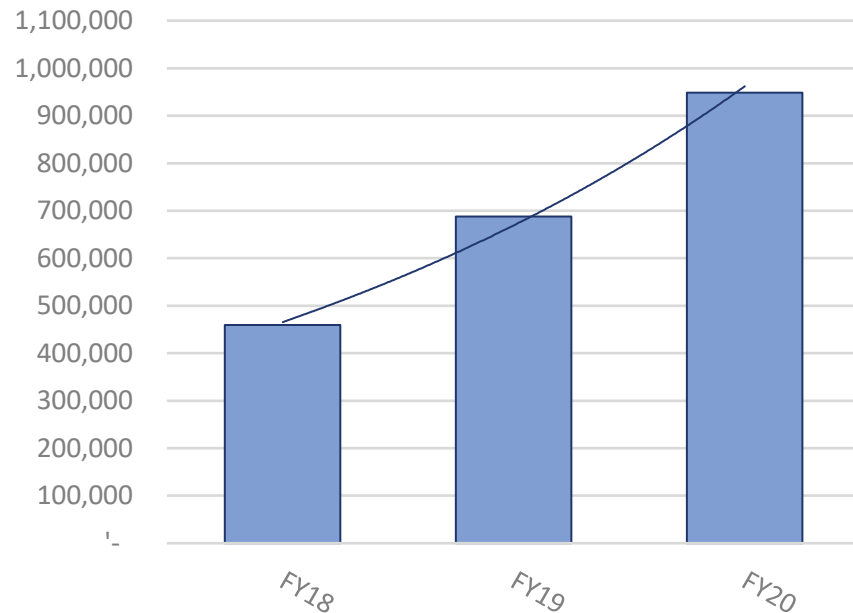
Note: \*Annualized Gross Recurring Revenue

## Recurring Revenue

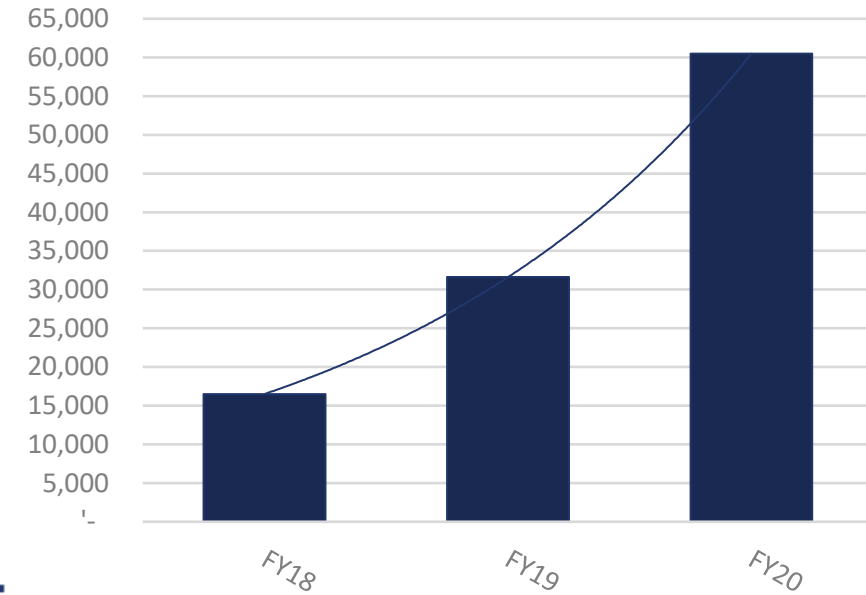


# FY20 Financials - Adjusted EBITDA Grew 91% YoY

## Revenue



## Adjusted EBITDA



FY20 revenue increased 38% to \$950 million

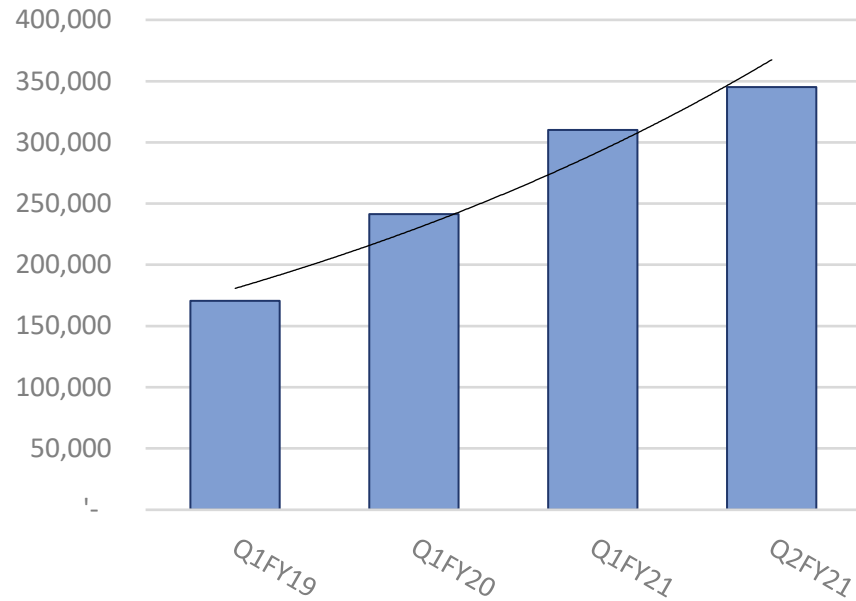
Gross margin as a percentage of sales increased to 24.6% from 23.5% last year

Adjusted EBITDA increased 91% to \$60.5 million

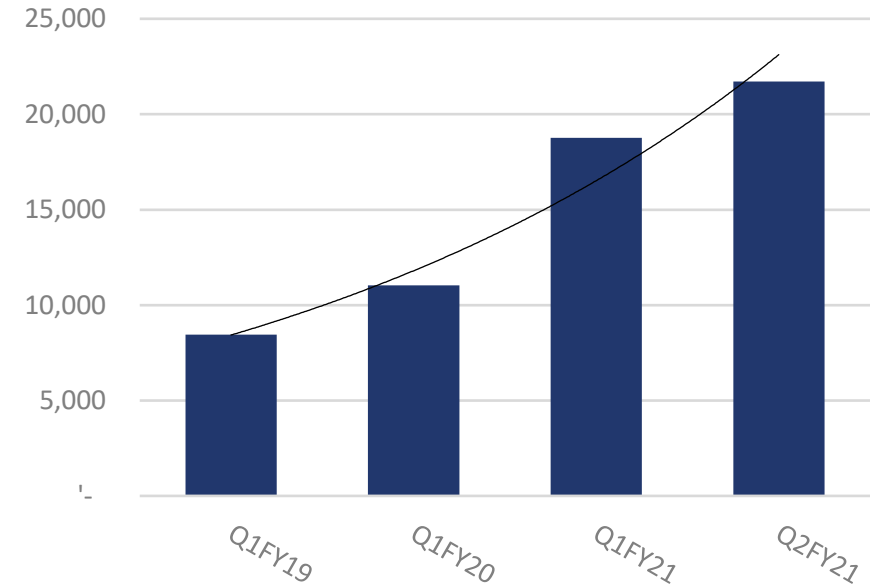
- over 90% increase in Annual Adjusted EBITDA since inception
- As a percentage of revenue Adjusted EBITDA increased from 3.6% in FY18 to 6.4% in FY20

# Q221 Financials – Record Adjusted EBITDA

## Revenue



## Adjusted EBITDA



Year over year Q2 revenue increased 52% to \$345 million

Year over year Q2 adjusted EBITDA increased 86% to \$21.7 million

- Adjusted EBITDA as a percentage of sales for Q2FY21 was 6.3% and up from 5.1% last year

# Strong Balance Sheet

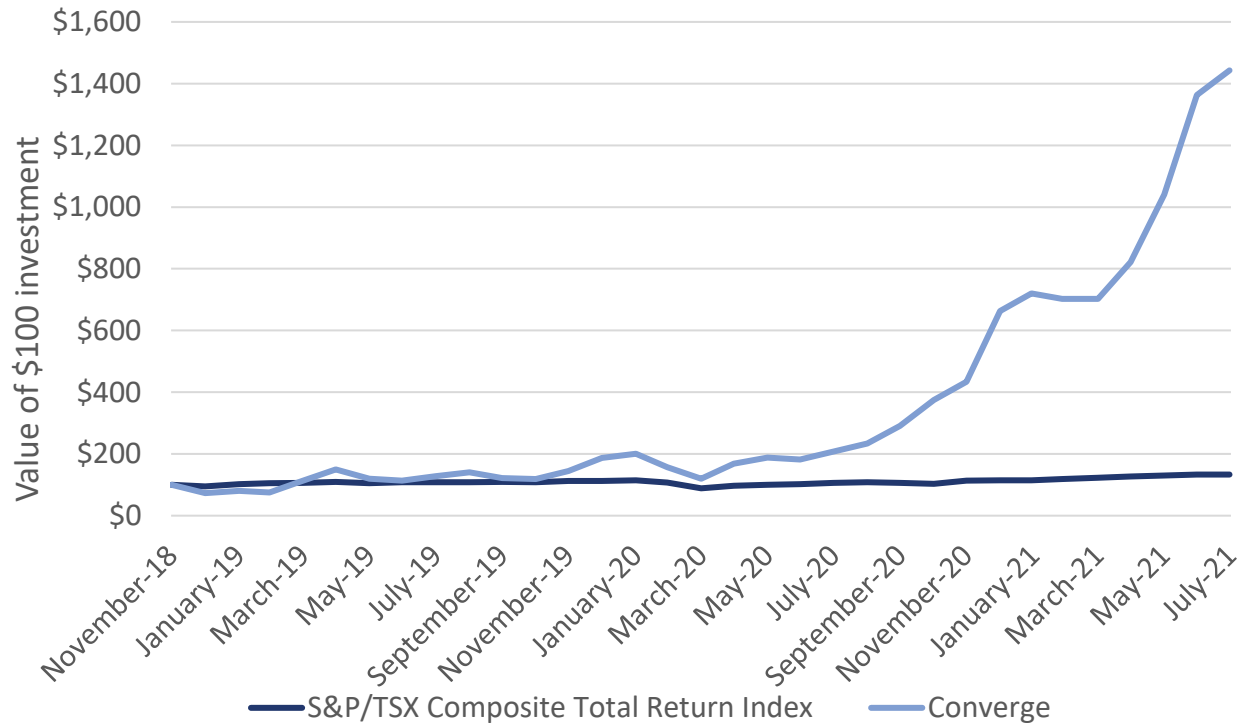
(C\$ thousands)	30-Jun-21
Cash	124,923
Trade & other receivables	351,663
Inventories	62,096
Other current assets	9,757
<b>Total Current Assets</b>	<b>548,439</b>
Long-term assets	363,975
<b>Total Assets</b>	<b>912,414</b>
Trade & other payables	377,128
ABL Bank Line	50,513
Contract financing line	798
Other financial liabilities	28,091
Deferred revenue and other	34,656
<b>Total Current Liabilities</b>	<b>491,186</b>
Long-term liabilities	66,876
<b>Total Liabilities</b>	<b>558,062</b>
<b>Shareholders' Equity</b>	<b>354,352</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>912,414</b>

## 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
  - Q2FY21 interest savings were \$3.6 million – equating to over \$14 million on an annualized basis
  - Q2FY21 total interest expense was \$1.7 million compared to \$5.3 million the previous year
- January 15<sup>th</sup>, 2021 common share bought deal at \$4.85 for gross proceeds of \$86.5 million
- June 3<sup>rd</sup>, 2021 common share bought deal at \$7.50 for gross proceeds of \$172.5 million

# Converge Share Price Performance

CTS Share Price Performance



- Graduated to the TSX from the TSX Venture Exchange on February 11<sup>th</sup>, 2021
- Recognized as a top performing Company on the OTCQX Best 50 List and the TSX Venture 50 List for 2 years in a row
- Throughout 2020, Converge realized a market cap increase of 525% and a share price increase of 255%, compared to a market cap increase of 173% and share price increase of 155% throughout 2019

# Share Capital Summary

Management ownership is significant. Management invests a portion of their variable comp.

	Total	Management Ownership <sup>2</sup>	
Common Shares Issued and Outstanding	189,604,586	17,750,340	9.4%
Exchange Rights for Common Shares <sup>1</sup>	1,539,539		
LTIP Options	1,600,000		
<b>Total Fully Diluted</b>	<b>192,744,125</b>	<b>17,750,340</b>	<b>9.2%</b>

1. Consideration for Acquisitions
2. Comprised of Senior Management (Leadership Slide) & Reported Insiders
3. As of July 31, 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



**Matt Smith**  
*Interim CFO*

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



**Gordon McMillan**  
*Advisor*

- 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 Chair*

- 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](mailto:SMaine@convergetp.com)

**Matt Smith**

Interim Chief Financial Officer

[Matt.Smith@convergetp.com](mailto:Matt.Smith@convergetp.com)

**Thomas Volk**

Board Chair

[Thomas.Volk@convergetp.com](mailto:Thomas.Volk@convergetp.com)