



Converge Technology Solutions

Software-Enabled IT & Cloud Solutions Provider

October 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

- 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
- Announced acquisition LPA Software Solutions, LLC in Oct. 2021 and REDNET AG in Aug. 2021 marking the first European Acquisition completed by the Company
 - Announced twelve acquisitions since Q4 2020
- 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
- Achieved 2021 Ingram Micro Cloud Reseller Partner of the Year for second consecutive year
- Ranked 14th 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
- Closed \$86.5 million equity financing at \$4.85 on January 15, 2021
- Closed \$172.5 million equity financing at \$7.50 on June 3, 2021
- Closed \$259 million equity financing at \$10.55 on September 1, 2021
- CTS added to S&P/TSX Composite Index as of market close on September 17, 2021



Converge Platform

Scaled Footprint with Strong Vendor Relationships and Capabilities



West:

154 Employees

Central:

337 Employees

Southeast:

197 Employees

Northeast:

268 Employees

Canada:

160 Employees

Mexico:

128 Employees

60+

Office Locations

280+

Salespeople

450+

Technical Resources

with

400+

Certifications

2,000+

Customers

9

Key Vendor Relationships

250+

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

THE CHANNEL CO.



2020 – 1st on Fast Growth 150 List

2020 & 2021 – Top 50 on Solution Provider 500 List



Titanium Partner Status

2018 – Rising Star of the Year



2021 – Top NA IBM and Red Hat Synergy Partner

2019 – Rising Star Partner of the Year

Premier/APEX Partner Status



2020 & 2021 – 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



Principle Partner Status

4 of 7 Master Services Competencies¹

MC: Data Center Virtualization

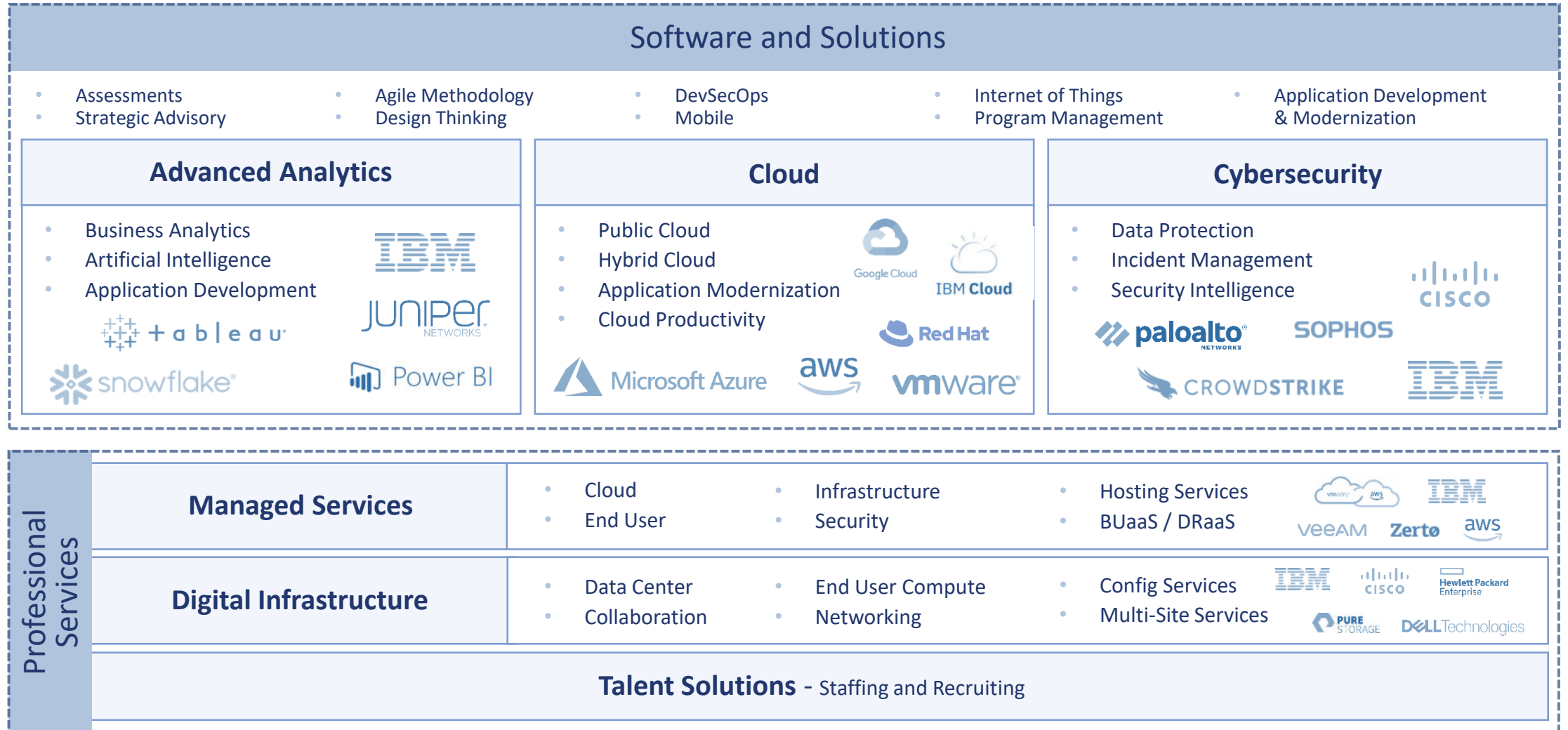
MC: Network Virtualization

MC: VMware Cloud on AWS

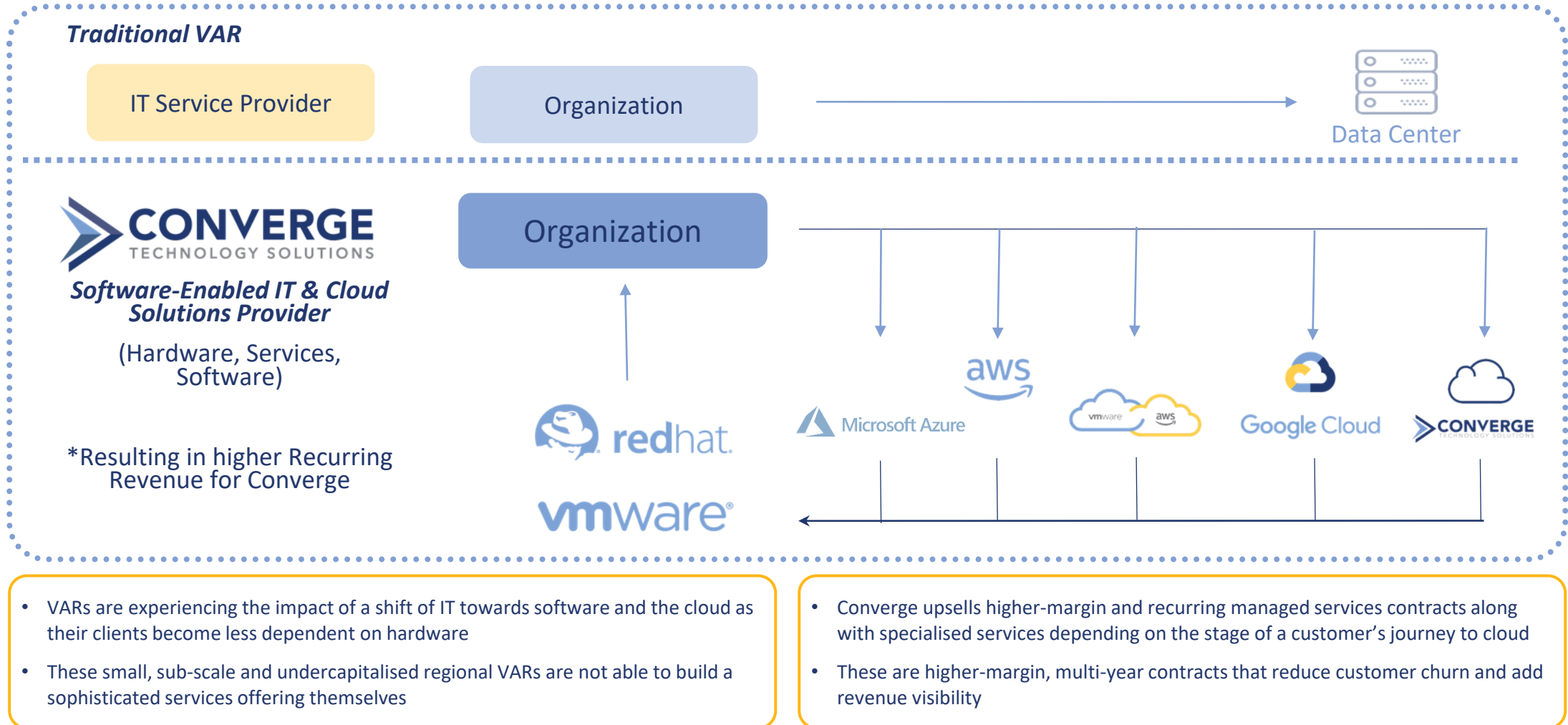
MC: Cloud Mgmt and Automation

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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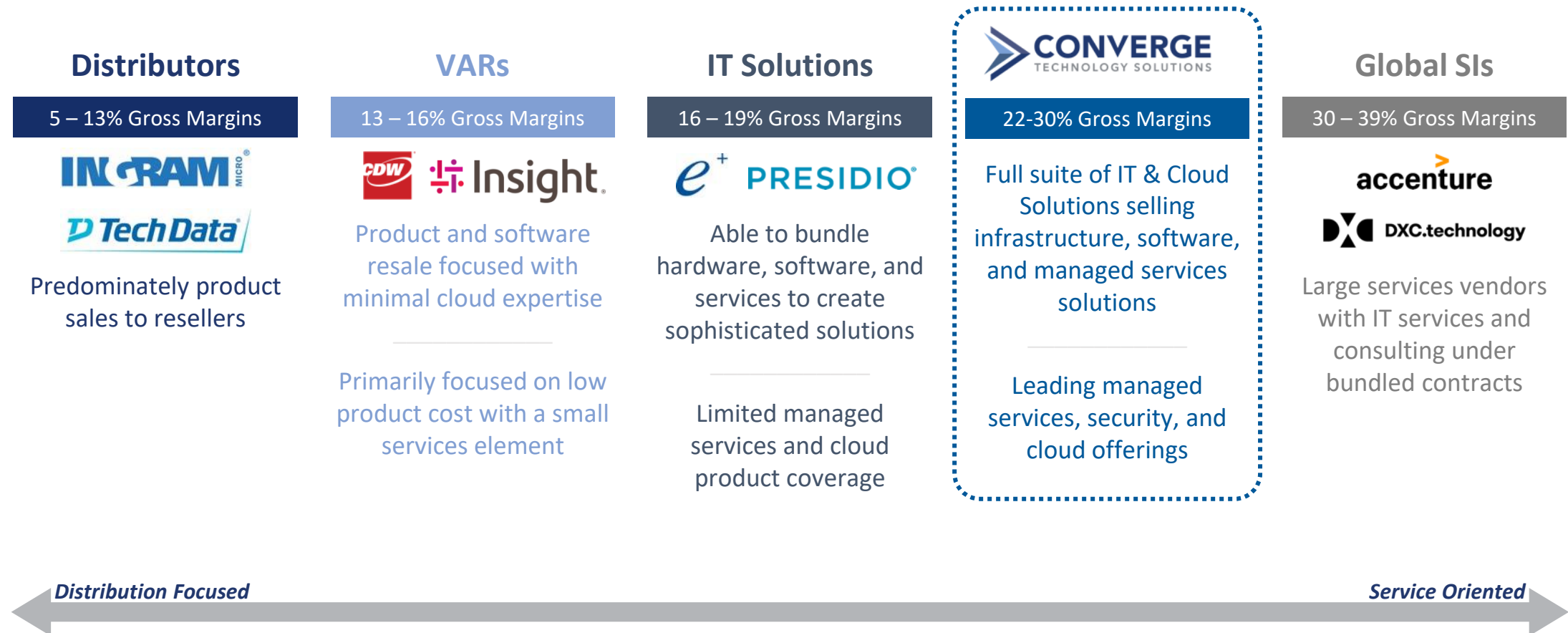
Converge Solution Practices



Transformation into a Software-Enabled IT & Cloud Solution Provider



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 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 	<i>(in C\$)</i> ~\$545M <i>Pro Forma Run-Rate Revenue</i>	<i>Actual Results</i> ~\$23M <i>Pro Forma Run-Rate Adj. EBITDA</i>	~\$75M* <i>Annualized Recurring Revenue</i>
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 <i>Pro Forma Run-Rate Revenue</i>	<i>Targeted Pro Forma Results*</i> ~\$50M <i>Pro Forma Run-Rate Adj. EBITDA</i>	~\$140M* <i>Annualized Recurring Revenue</i>
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+ <i>Pro Forma Run-Rate Revenue</i>	<i>Targeted Pro Forma Results*</i> \$100 – 200M <i>Pro Forma Run-Rate Adj. EBITDA</i>	\$240M+* <i>Annualized Recurring Revenue</i>

Phase 3 = current phase

Note: *Annualized Gross Recurring Revenue

Acquisition Strategy

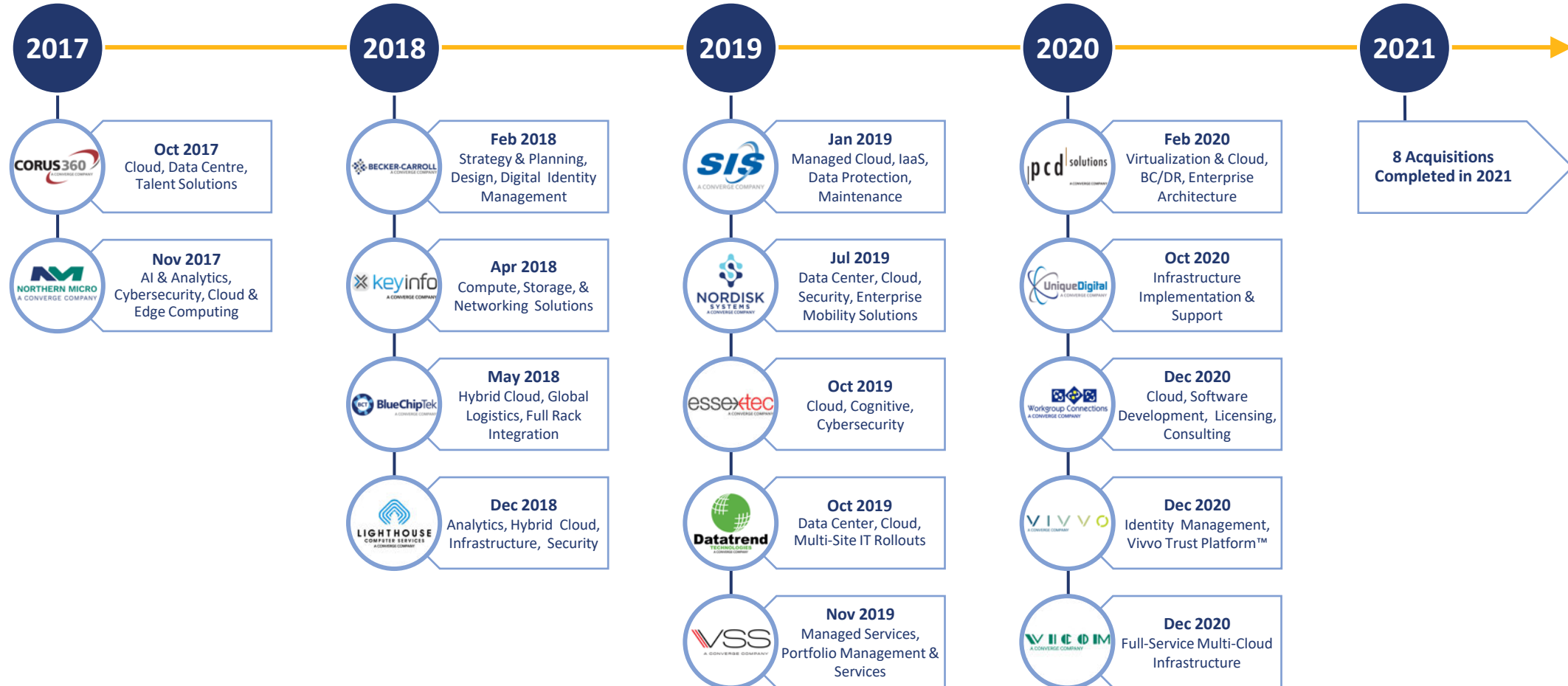
Acquisition Strategy Template

5.0x multiple on \$3m EBITDA	<ul style="list-style-type: none">- Acquire Target which generates \$100m of revenue and 3% EBITDA margins for 5.0 x EBITDA (\$15m)
+ \$3.5m EBITDA	<ul style="list-style-type: none">- 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	<ul style="list-style-type: none">- 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	<ul style="list-style-type: none">- 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	<ul style="list-style-type: none">- Target can cross-sell Converge's broader offering including managed services to its existing customer base

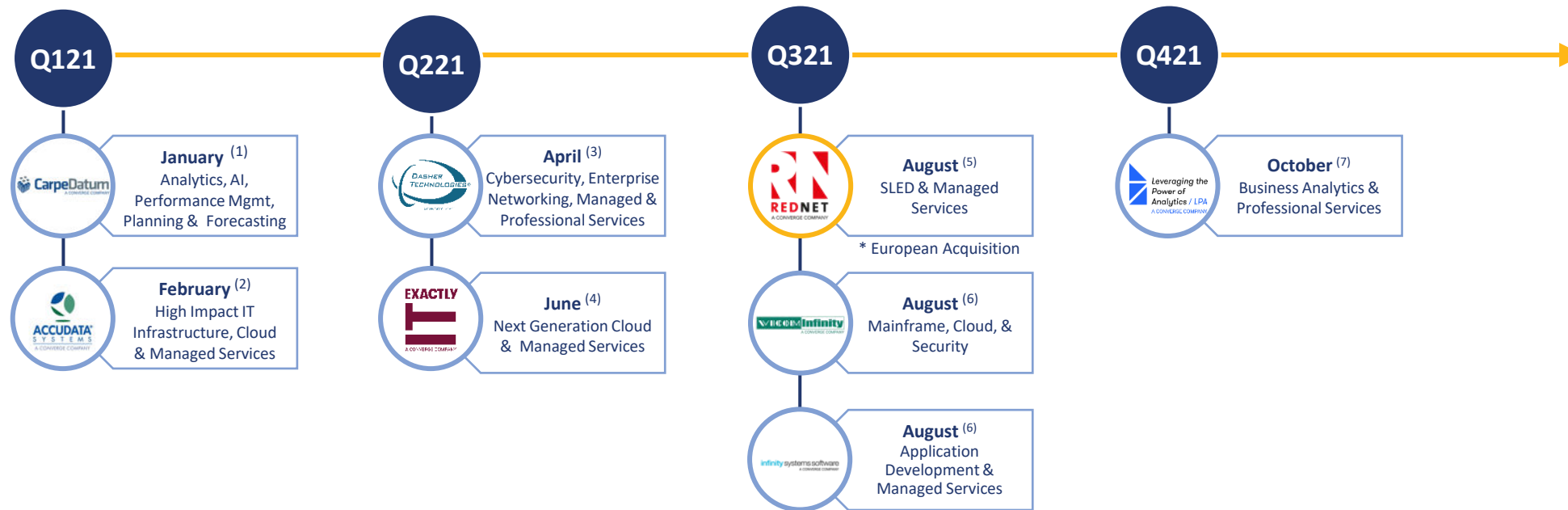
Additional Growth Drivers



Acquisition Overview – 24 Announced to Date



2021 Acquisition Details



1. Carpe Datum Press Release, January 6 2021 – [read here](#).
2. Accudata Systems Inc. Press Release, February 12 2021 – [read here](#).
3. Dasher Technologies, Inc. Press Release, April 1 2021 – [read here](#).
4. ExactlyIT, Inc. Press Release, June 22 2021 – [read here](#).
5. REDNET AG, August 5 2021 – [read here](#).
6. Vicom Infinity and Infinity Systems Software, August 31 2021 – [read here](#).
7. LPA Software Solutions, October 4 2021 – [read here](#).

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 Overview

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

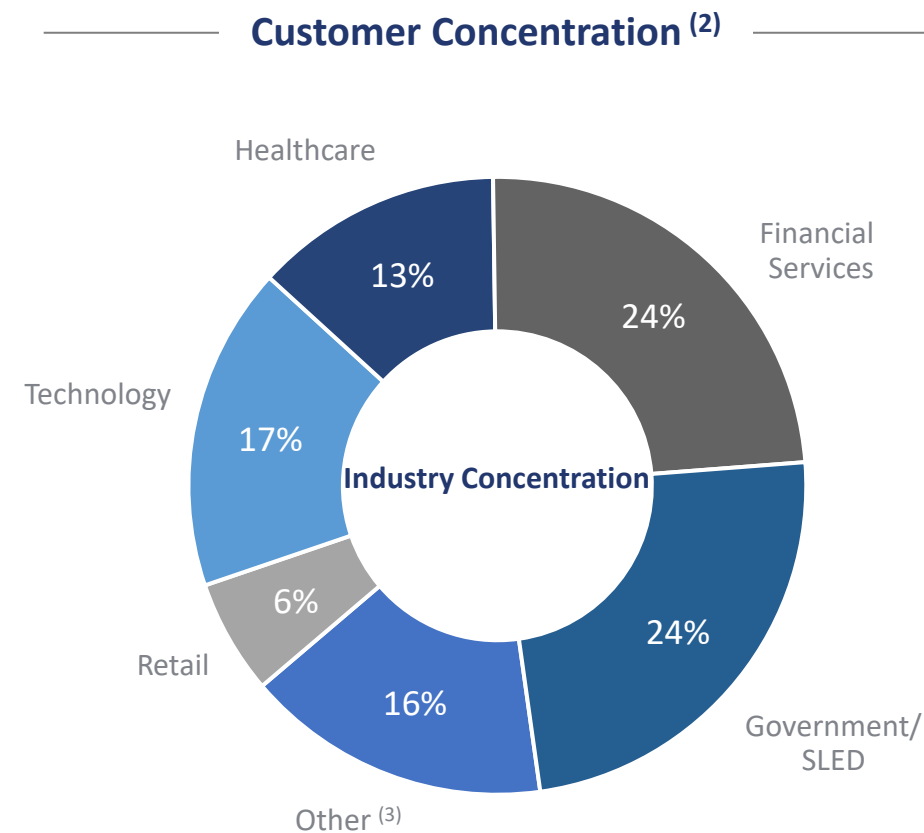
2021 Outlook

Converge has scheduled the remaining subsidiaries to be completed by Q122

2021 Integration Schedule

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

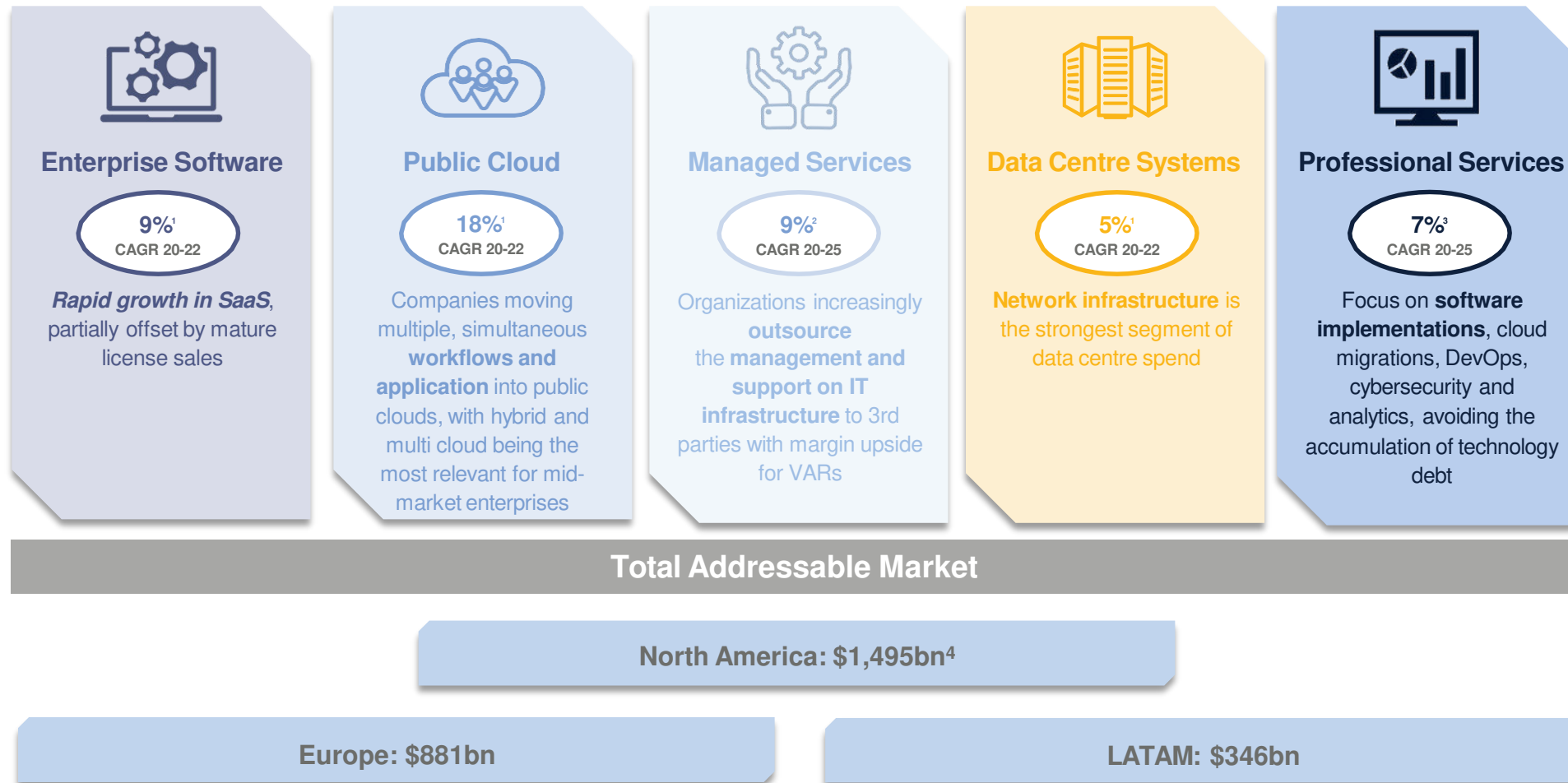
Market Opportunity & Customer Segments



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

Market Opportunity – Total Addressable Market

The industry's growth is set to continue as businesses continue to transition to the cloud – COVID - 19 has accelerated IT transformation to facilitate the new reality



Converge is at the heart of the fastest growing sub-segments

1. Gartner, 2MarketsandMarkets, 3ResearchandMarkets 4Breakdown: SMB \$400bn, Midmarket + Enterprise \$650bn, Other \$445bn

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.

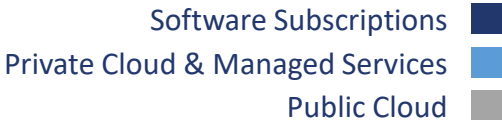
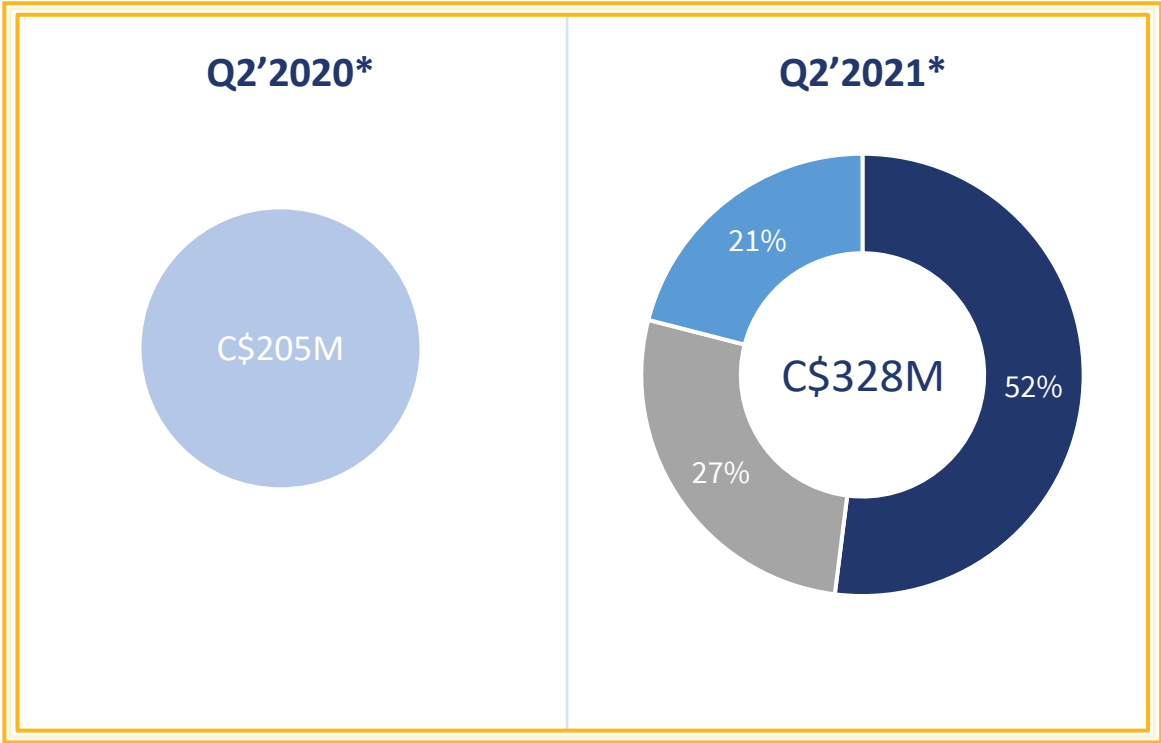
Net New Logos

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.

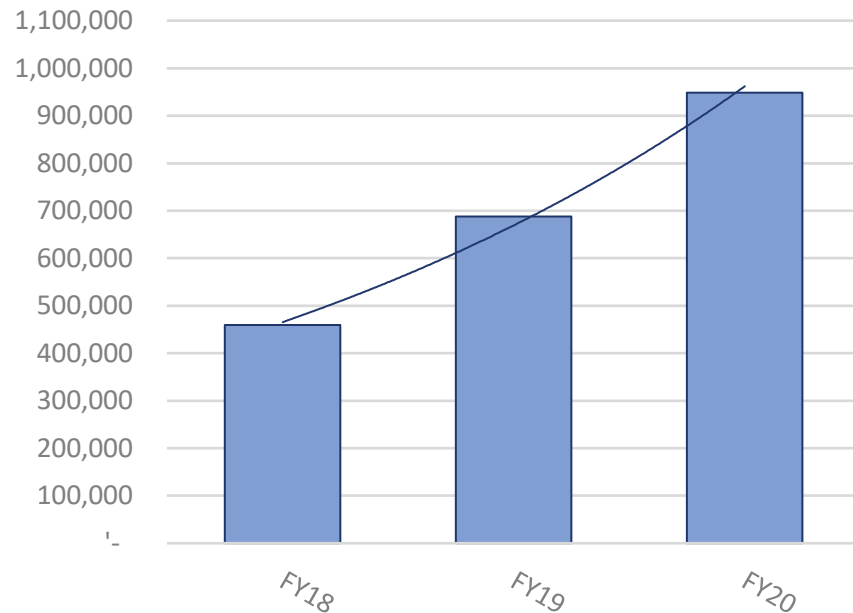
Recurring Revenue



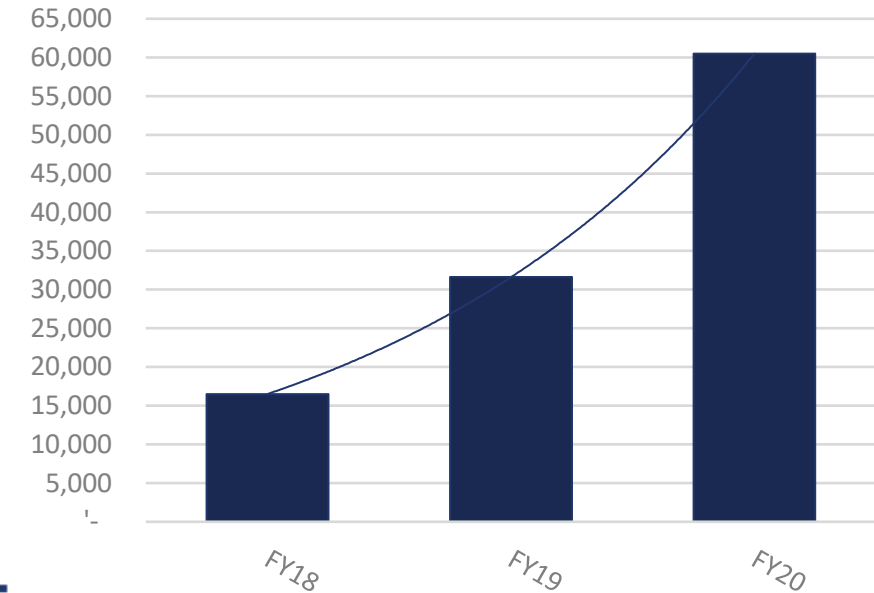
Note: *Annualized Gross Recurring Revenue

FY20 Financials – Adjusted EBITDA Grew 91% YoY

Revenue



Adjusted EBITDA



FY20 revenue increased 38% to \$950 million

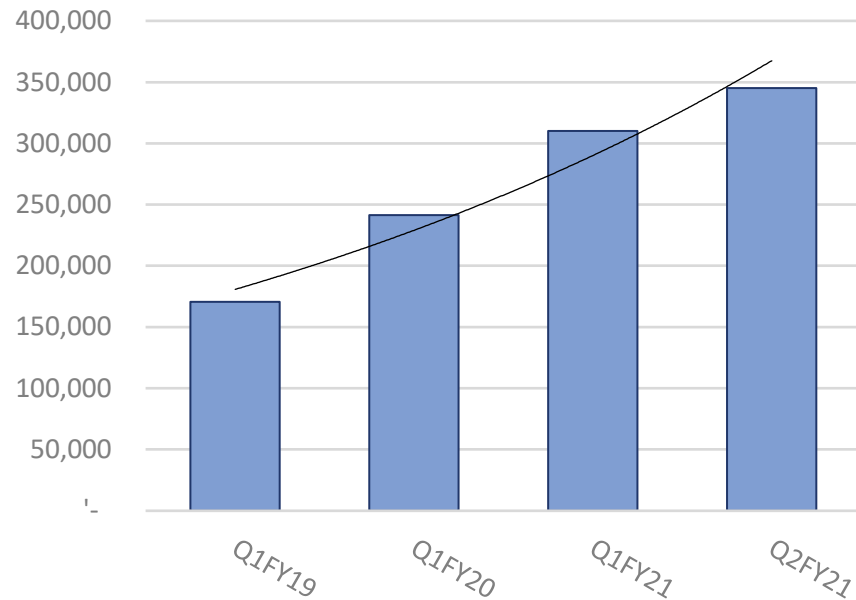
Gross margin as a percentage of sales increased to 24.6% from 23.5% last year

Adjusted EBITDA increased 91% to \$60.5 million

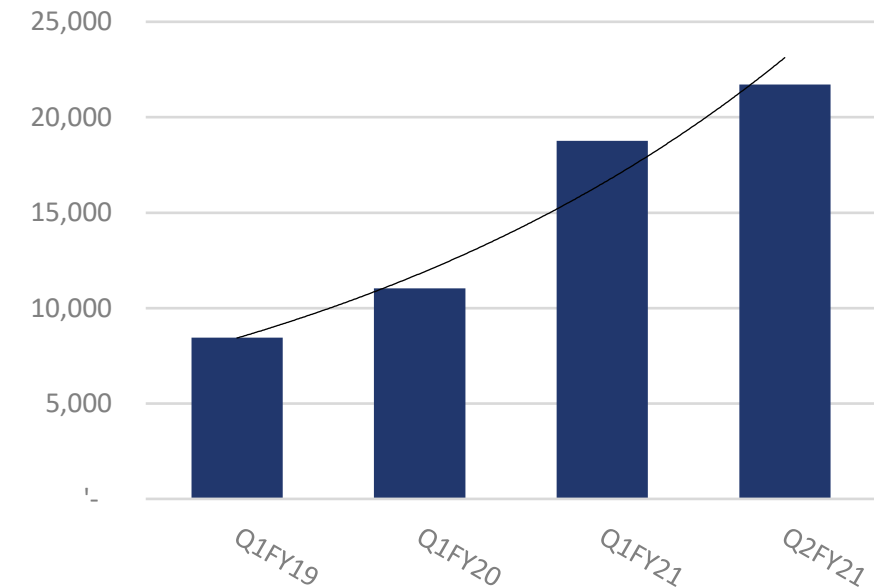
- over 90% increase in Annual Adjusted EBITDA since inception
- As a percentage of revenue Adjusted EBITDA increased from 3.6% in FY18 to 6.4% in FY20

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

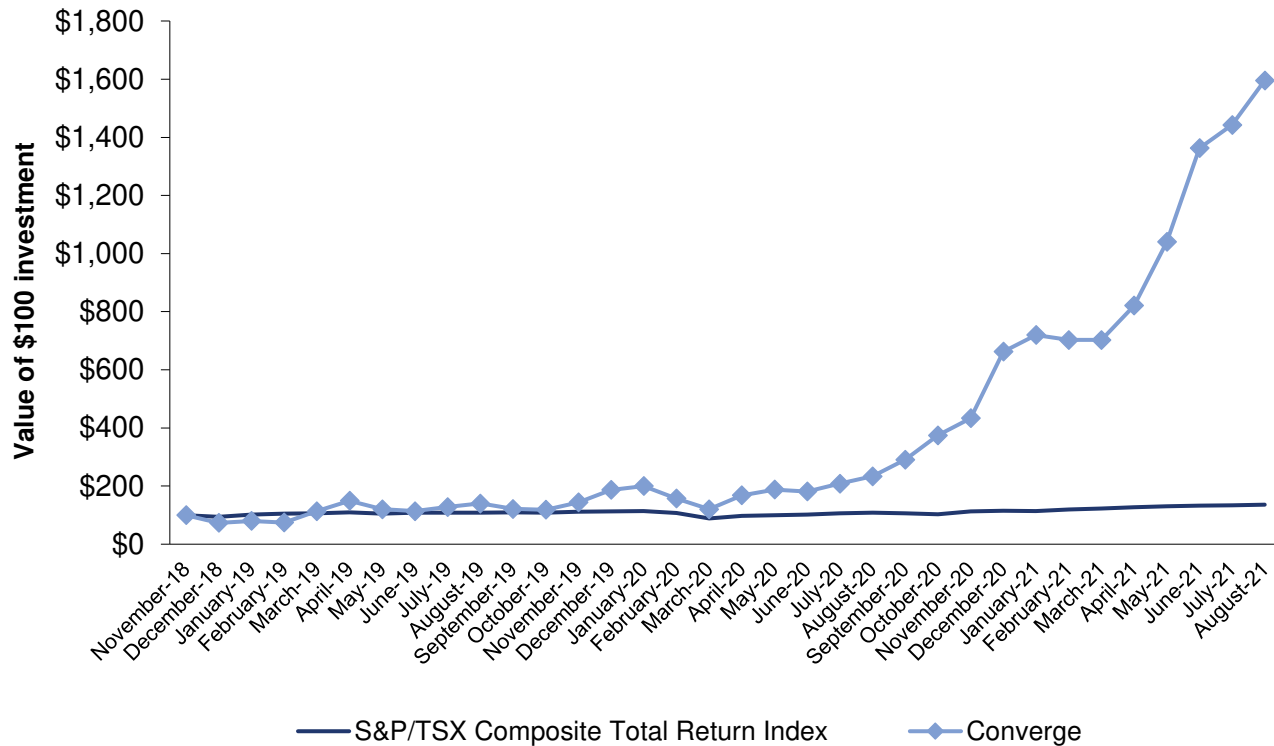
(C\$ thousands)	30-Jun-21
Cash	124,923
Trade & other receivables	351,663
Inventories	62,096
Other current assets	9,757
Total Current Assets	548,439
Long-term assets	363,975
Total Assets	912,414
Trade & other payables	377,128
ABL Bank Line	50,513
Contract financing line	798
Other financial liabilities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

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 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
- September 1st, 2021 common share bought deal at \$10.55 for gross proceeds of \$259 million

Converge Share Price Performance

CTS Share Price Performance



- Graduated to the TSX from the TSX Venture Exchange on February 11th, 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 ²	
Common Shares Issued and Outstanding	214,157,086	17,222,785	8.0%
Exchange Rights for Common Shares ¹	1,539,539		
LTIP Options	1,600,000		
Total Fully Diluted	217,296,625	17,222,785	7.9%

1. Consideration for Acquisitions
2. Comprised of Senior Management (Leadership Slide) & Reported Insiders
3. As of September 30th, 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

Matt Smith

Interim Chief Financial Officer

Matt.Smith@convergetp.com

Thomas Volk

Board Chair

Thomas.Volk@convergetp.com