



CTS Annual General Meeting

June 23, 2022



Shaun Maine
Chief Executive Officer



Matthew Smith
*Interim Chief
Financial Officer*



Thomas Volk
Board Chair

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USE OF NON-IFRS MEASURES AND RATIOS: Converge’s audited annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and the accounting policies we adopted in accordance with IFRS. In this presentation, management has used certain terms, including “Adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA)” and “Earnings before interest, taxes, depreciation and amortization (EBITDA)”, Gross Revenue, Organic Growth, adjusted earnings per share (“Adjusted EPS”) and Adjusted Free Cash Flow and Adjusted Free Cash Flow Conversion, which are not recognized under IFRS and do not have a standardized meaning under IFRS. Converge’s method of calculating such non-IFRS measures and ratios may differ from methods used by other companies and therefore may not be comparable to similar measures presented by other companies. The Company refers to the non-IFRS measures and ratios because certain investors may use this information to assess the Company’s performance and also determine the Company’s ability to generate cash flow. Such non-IFRS measures and ratios are furnished to provide additional information and should not be considered in isolation as a substitute for measures of performance prepared in accordance with IFRS and is not necessarily indicative of operating costs presented under IFRS. A full description of these non-IFRS measures and ratios and reconciliations for such non-IFRS measures and ratios can be found in the MD&A that accompanies the financial statements for the year ended December 31, 2021 and filed under the Company’s profile on SEDAR at www.sedar.com

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

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2021 Financial Year Highlights

Adj. FCF ¹	83% Adj. FCF Conversion ¹
<u>\$78 M</u>	

Q4'21 Adj EPS ¹	FY21 Adj EPS ¹	+ 26% Y-o-Y
<u>\$0.12</u>	<u>\$0.35</u>	

<u>\$1.5B</u>
Net Revenue



49%
3 YR CAGR

<u>\$ 345.7M</u>
Gross Profit



57%
3 YR CAGR

<u>\$94M</u>
Adj. EBITDA ¹



79%
3 YR CAGR

<u>\$2.3B</u>
Pro Forma Gross Revenue ¹
9.6% Gross Revenue Organic Growth ¹

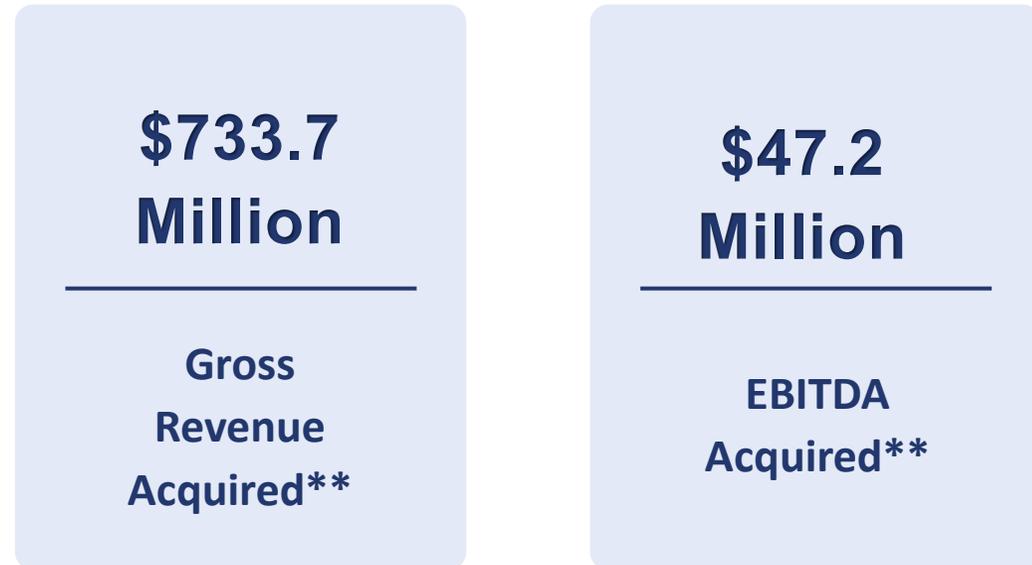
¹Non-IFRS measures. Refer to definition and reconciliation to nearest IFRS measure provided in appendix to this presentation.

Converge Historical Equity Financings



Acquired FY21 Gross Revenue^{1*} & Adjusted EBITDA^{1*}

2021 Acquisition Overview



4.8x Multiple

Proven M&A Track Record

2021 M&A Activity



○ European Expansion
 ○ Portage Focused

¹Gross revenue and Adjusted EBITDA are non-IFRS measures and do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. Refer to definitions in appendix to presentation.

*Excludes ExactlyIT and Portage Cybertech's acquisitions.

**As announced and disclosed per the Company's acquisition press releases

Continued Execution of 4-Phase Plan

Phase 1
Broad Geographical Coverage
 2018

- Built national footprint across the U.S. and Canada through nine acquisitions since Oct. 2017
- Developed national managed services and other recurring revenue offerings

(in C\$)
~\$545M
 Pro Forma Run-Rate Revenue

Actual Results
~\$23M
 Pro Forma Run-Rate Adj. EBITDA

~\$75M*
 Annualized Recurring Revenue

Phase 2
Enabling Hybrid IT & Cross-Sell
 2019 / 2020

- 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

*Targeted Pro Forma Results**
~\$50M
 Pro Forma Run-Rate Adj. EBITDA

~\$140M*
 Annualized Recurring Revenue

Phase 3
Cost Synergy Realization
 2020 / 2021

- 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

*Targeted Pro Forma Results**
\$100 – 200M
 Pro Forma Run-Rate Adj. EBITDA

\$240M+*
 Annualized Recurring Revenue

Phase 4
European Expansion & Managed Services
 2022 - 2025

- Continue to acquire 3-5 companies in North America (C\$400 million annually)
- Further enhance scale across Europe with 3-5 acquisitions per year (€400 million annually)
- Grow Software and Services to 60% of Revenue, including managed services

\$5.0B+
 Pro Forma Run-Rate Revenue

\$500M
 Pro Forma Run-Rate Adj. EBITDA

Note: *Annualized Gross Recurring Revenue

 = Approx. Targeted Pro Forma Results



Thank You

Shaun Maine

Chief Executive Officer

Shaun.Maine@convergetp.com

Matt Smith

Interim Chief Financial Officer

Matt.Smith@convergetp.com

Thomas Volk

Board Chair

Thomas.Volk@convergetp.com

Non-IFRS Measures Definitions

This presentation refers to certain performance indicators including Adjusted EBITDA, Adjusted Free Cash Flow, Adjusted Free Cash Flow Conversion, Adjusted Net Income (Loss) and Adjusted Earnings per Share (“EPS”), Gross Revenue, and Organic Growth that do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. Management believes that these measures are useful to most shareholders, creditors, and other stakeholders in analyzing the Company’s operating results, and can highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures. The Company also believes that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers.

Gross Revenue

- Gross revenue, which is a non-IFRS measurement, reflects the gross amount billed to customers, adjusted for amounts deferred or accrued. The Company believes gross revenue is a useful alternative financial metric to net revenue, the IFRS measure, as it better reflects volume fluctuations as compared to net revenue. Under the applicable IFRS 15 ‘principal vs agent’ guidance, the principal records revenue on a gross basis and the agent records commission on a net basis.

Adjusted EBITDA

- Adjusted EBITDA represents net income (loss) or income adjusted to exclude amortization, depreciation, interest expense and finance costs, foreign exchange gains and losses, share-based compensation expense, income tax expense, and special charges. Adjusted EBITDA is not a recognized, defined, or standardized measure under IFRS. The Company’s definition of Adjusted EBITDA will likely differ from that used by other companies and therefore comparability may be limited. Adjusted EBITDA should not be considered a substitute for or in isolation from measures prepared in accordance with IFRS.

Gross Revenue Organic Growth

- Gross revenue for organic growth is calculated as i) the actual gross revenue for companies owned by Converge for at least three months that is included in the Company’s financial results for the current reporting period(s), plus ii) for those acquisitions that occurred after January 1 and that have been under Converge ownership for at least three months, the pro forma gross revenue contribution had they been owned for the full reporting period(s).

Non-IFRS Measures Definitions (continued)



Adjusted Free Cash Flow and Adjusted Free Cash Flow Conversion

- The Company calculates Adjusted Free Cash Flow as Adjusted EBITDA less: (i) recurring capital expenditures (“Recurring Capex”) and (ii) lease payments relating to the IFRS 16 lease liability (“IFRS 16 Lease Liability”). Management defines Recurring Capex as the actual capital expenditures which are required to maintain the Company’s existing and ongoing operations in its normal course of business. Recurring Capex excludes one-time expenditures to support growth initiatives that the Company categorizes as non-recurring in nature.
- Adjusted Free Cash Flow is a useful measure that allows the Company to primarily identify how much pre-tax cash is available for continued investment in the business and for the Company’s growth by acquisition strategy.
- Management also believes that Adjusted EBITDA is a good proxy for cash generation and as such, Adjusted Free Cash Flow Conversion is a useful metric that demonstrates that the rate at which the Company can convert Adjusted EBITDA to cash.

Adjusted Net Income (Loss) and Adjusted Earnings per Share (“EPS”)

- Adjusted Net Income (Loss) represents net income (loss) adjusted to exclude special charges, amortization of acquired intangible assets, and share-based compensation. The Company believes that Adjusted Net Income (Loss) is a more useful measure than net income (loss) as it excludes the impact of one-time, non-cash and/or non-recurring items that are not reflective of Converge’s underlying business performance. Adjusted EPS is calculated by dividing Adjusted Net Income (Loss) by the total weighted average shares outstanding on a basic and diluted basis.

Non-IFRS Measures & Reconciliation



Adjusted EBITDA and Adjusted Free Cash Flow and Adjusted Free Cash Flow Conversion

	2021	2020
Net income (loss) before taxes	23,974	(2,501)
Finance expense	7,801	19,672
Share-based compensation expense	2,325	-
Depreciation and amortization	36,473	21,466
Depreciation included in cost of sales	3,114	5,109
Foreign exchange loss	647	2,878
PPP loan forgiveness	-	(1,194)
Special charges	19,701	15,063
Adjusted EBITDA	94,035	60,493
Recurring Capex	(6,310)	(4,991)
Payment of lease liabilities	(10,044)	(9,706)
Adjusted Free Cash Flow	77,681	45,796
Adjusted Free Cash Flow Conversion	83%	76%

Non-IFRS Measures & Reconciliation



Gross Revenue

	2021	2020
Product	1,236,300	750,232
Managed services	84,961	58,949
Third party and professional services	653,529	488,172
Gross revenue	1,974,790	1,297,353
Adjustment for sales transacted as agent	446,949	348,554
Net revenue	1,527,841	948,799

Organic Growth

	2021
Gross revenue	1,974,790
Less: gross revenues of Companies below three months ownership	1,693
Gross revenue included in actual results	1,973,097
Add: pro forma gross revenue	302,693
Gross revenue for organic growth	2,275,790
Prior year pro forma gross revenues	2,077,111
Organic Growth - \$	198,679
Organic Growth - %	9.6%

Non-IFRS Measures & Reconciliation



Adjusted Net Income (Loss) and Adjusted EPS

	2021	2020
Net income (loss)	16,366	(4,175)
Special charges	19,701	15,063
Amortization of acquired intangible assets	26,438	14,213
Foreign exchange loss	647	2,879
Share-based compensation	2,325	-
Adjusted Net Income:	65,477	27,980
Basic	0.35	0.27
Diluted	0.35	0.27