Condensed interim consolidated financial statements

Converge Technology Solutions Corp.

For the three and six months ended June 30, 2022 and 2021
(Unaudited)

Converge Technology Solutions Corp.

Condensed Interim Consolidated Statements of Financial Position
(expressed in thousands of Canadian dollars, except share amounts and share prices)
(unaudited)

	Note	June 30, 2022	December 31, 2021
Assets			
Current assets			
Cash		**$ 184,175**	$ 248,193
Restricted cash		**4,375**	-
Trade and other receivables		**597,468**	416,499
Inventories		**119,264**	104,254
Prepaid expenses and other assets		**17,855**	11,762
		923,137	780,708
Long-term assets			
Property, equipment, and right-of-use assets, net		**49,097**	30,642
Intangible assets, net		**355,968**	233,586
Goodwill		**421,786**	323,284
Other non-current assets		**609**	617
Total assets		**$ 1,750,597**	$ 1,368,837
Liabilities and shareholders' equity			
Current liabilities			
Trade and other payables	12	**$ 647,488**	$ 519,434
Borrowings	5	**192,257**	816
Other financial liabilities	7	**31,926**	29,407
Deferred revenue		**52,391**	27,581
Income taxes payable		**7,297**	13,977
		931,359	591,215
Long-term liabilities			
Other financial liabilities	7	**86,347**	85,296
Borrowings	5	**80**	412
Deferred tax liability		**72,850**	43,086
		$ 1,090,636	$ 720,009
Shareholders' equity			
Common shares	6	**633,809**	633,489
Contributed surplus		**5,222**	2,325
Exchange rights		**2,076**	2,396
Accumulated other comprehensive (loss) income		**(705)**	329
Deficit		**(14,827)**	(25,050)
Total equity attributable to shareholders of Converge		**625,575**	613,489
Non-controlling interest		**34,386**	35,339
		659,961	648,828
Total liabilities and shareholders' equity		**$ 1,750,597**	$ 1,368,837

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

On behalf of the Board:

"Signed"
Director - Shaun Maine

"Signed"
Director - Brian Phillips

Converge Technology Solutions Corp.

Condensed Interim Consolidated Statements of Income and Comprehensive Income
(expressed in thousands of Canadian dollars, except share amounts and share prices)
(unaudited)

	Notes	For the three months ended June 30, 2022	2021	For the six months ended June 30, 2022	2021
Revenues					
Product		**$ 491,821**	$ 281,287	**$ 945,210**	$ 533,794
Service		**104,835**	64,020	**201,483**	121,715
Total revenue	9	**596,656**	345,307	**1,146,693**	655,509
Cost of sales		**463,504**	267,063	**904,497**	509,469
Gross profit		**133,152**	78,244	**242,196**	146,040
Selling, general and administrative expenses		**95,823**	57,630	**176,235**	107,273
Income before the following		**37,329**	20,614	**65,961**	38,767
Depreciation and amortization		**17,178**	7,898	**31,657**	14,386
Finance expense, net	5,7	**3,094**	1,727	**4,912**	4,147
Special charges	11	**5,559**	5,354	**11,280**	8,405
Share-based compensation expense	6	**1,685**	-	**2,897**	-
Other (income) expenses		**(3,265)**	1,913	**3,138**	3,006
Income before income taxes		**13,078**	3,722	**12,077**	8,823
Income tax expense		**1,400**	2,697	**2,807**	4,133
Net income		**$ 11,678**	$ 1,025	**$ 9,270**	$ 4,690
Net income (loss) attributable to:					
Shareholders of Converge		**12,017**	1,025	**10,223**	4,690
Non-controlling interest		**(339)**	-	**(953)**	-
		$ 11,678	$ 1,025	**$ 9,270**	**$** 4,690
Other comprehensive income (loss)					
Item that may be reclassified subsequently to income:					
Exchange differences on translation of foreign operations		**5,883**	820	**(1,034)**	618
		5,883	820	**(1,034)**	618
Comprehensive income		**$ 17,561**	$ 1,845	**$ 8,236**	$ 5,308
Comprehensive income (loss) attributable to:					
Shareholders of Converge		**17,900**	1,845	**9,189**	5,308
Non-controlling interest		**(339)**	-	**(953)**	-
		17,561	1,845	**8,236**	5,308
Net income per share – basic		**$ 0.05**	$ 0.01	**$ 0.05**	$ 0.03
Net income per share – diluted		**$ 0.05**	$ 0.01	**$ 0.05**	$ 0.03
Weighted average number of shares outstanding – basic		**215,291,973**	171,409,499	**214,846,645**	167,537,725
Weighted average number of shares outstanding – diluted		**218,597,232**	174,494,993	**217,701,902**	170,623,219

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Converge Technology Solutions Corp.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(expressed in thousands of Canadian dollars, except share amounts and share prices)
(unaudited)

	Notes	Common shares #	Common shares $	Contributed surplus $	Exchange rights $	Accumulated other comprehensive income (loss) $	Deficit $	NCI $	Total $
Balance, December 31, 2020		**143,580,081**	**135,354**	**-**	**4,853**	**817**	**(39,277)**	**-**	**101,747**
Issuance of exchange rights		-	-	-	1,875	-	-	-	1,875
Exercise of exchange rights		3,653,550	2,920	-	(2,920)	-	-	-	-
Shares issued from treasury for public offering		40,825,000	245,422	-	-	-	-	-	245,422
Net income and comprehensive income		-	-	-	-	618	4,690	-	5,308
Balance, June 30, 2021		**188,058,631**	**383,696**	**-**	**3,808**	**1,435**	**(34,587)**	**-**	**354,352**
Balance, December 31, 2021		**214,396,369**	**633,489**	**2,325**	**2,396**	**329**	**(25,050)**	**35,339**	**648,828**
Share-based compensation	6	-	-	2,897	-	-	-	-	2,897
Exercise of exchange rights	(i), (ii), (iii)	500,000	320	-	(320)	-	-	-	-
Net income (loss) and comprehensive income (loss)		-	-	-	-	(1,034)	10,223	(953)	8,236
Balance, June 30, 2022		**214,896,369**	**633,809**	**5,222**	**2,076**	**(705)**	**(14,827)**	**34,386**	**659,961**

(i) Purchase consideration for SIS included the issuance of a right to exchange 8,000,000 Class B membership interests for 8,000,000 common shares of the Company. During the six months ended June 30, 2022, 500,000 Class B membership interests (June 30, 2021 – 1,500,000) were exchanged to 500,000 common shares (June 30, 2021 – 1,500,000) at $0.64 per share for a value of $320 (June 30, 2021 – $960). As of June 30, 2022, all Class B membership interests of SIS have been exchanged for common shares and nil are issued and outstanding (December 31, 2021 – 500,000).

(ii) Purchase consideration for VSS included the issuance of a right to exchange 2,871,400 Class B membership interests for 2,871,400 common shares of the Company. During the six months ended June 30, 2022, nil Class B membership interests (June 30, 2021 – 1,435,700) were exchanged to nil common shares (June 30, 2021 – 1,435,700) at $0.91 per share for a value of nil (June 30, 2021 – $1,960). As of June 30, 2022, 478,567 Class B membership interests of VSS are issued and outstanding (December 31, 2021 – 478,567).

(iii) Purchase consideration for CarpeDatum included the issuance of a right to exchange 367,344 Class B membership interests for 367,644 common shares of the Company. As of June 30, 2022, 321,689 Class B membership interests of CarpeDatum are issued and outstanding (December 31, 2021 – 321,689).

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Converge Technology Solutions Corp.

Condensed Interim Consolidated Statements of Cash Flows
(expressed in thousands of Canadian dollars, except share amounts and share prices)
(unaudited)

	Notes	For the three months ended June 30, **2022**	For the three months ended June 30, 2021	For the six months ended June 30, **2022**	For the six months ended June 30, 2021
Cash flows from operating activities					
Net income		**$ 11,678**	$ 1,025	**$ 9,270**	$ 4,690
Adjustments to reconcile net income to net cash from operating activities					
Depreciation and amortization		**18,739**	9,070	**33,969**	16,311
Unrealized foreign exchange losses (gains)		**(2,968)**	1,954	**3,701**	2,966
Share-based compensation expense		**1,685**	-	**2,897**	-
Finance expense, net	5,7	**3,094**	1,727	**4,912**	4,147
Change in fair value of contingent consideration	7	**-**	-	**-**	597
Income tax expense		**1,400**	2,697	**2,807**	4,133
		33,628	16,473	**57,556**	32,844
Changes in non-cash working capital items					
Trade and other receivables		**(48,366)**	36,224	**(76,139)**	59,019
Inventories		**4,709**	(12,019)	**11,258**	(24,187)
Prepaid expenses and other assets		**(3,186)**	264	**(4,615)**	(301)
Trade and other payables		**45,753**	(30,462)	**16,370**	(65,601)
Income taxes payable		**(16,272)**	(2,474)	**(17,025)**	(1,979)
Other financial liabilities		**319**	1,871	**2,236**	1,871
Deferred revenue and customer deposits		**9,985**	13,833	**6,600**	17,513
Cash from (used in) operating activities		**26,570**	23,710	**(3,759)**	19,179
Cash flows from investing activities					
Purchase of property and equipment		**(3,123)**	(1,111)	**(14,479)**	(2,851)
Proceeds on disposal of property and equipment		**-**	43	**178**	131
Repayment of contingent consideration	7	**-**	(2,134)	**(10,168)**	(5,502)
Repayment of deferred consideration	7	**(5,208)**	(624)	**(6,948)**	(3,748)
Business combinations, net of cash acquired	4	**(131,545)**	(85,956)	**(199,471**	(96,150)
Cash used in investing activities		**(139,876)**	(89,782)	**(230,888**	(108,12
Cash flows from financing activities					
Transfers to (from) restricted cash		**58,980**	49,671	**(4,513)**	-
Interest paid		**(2,102)**	(2,619)	**(3,058)**	(5,078)
Dividend paid		**(1,100)**	-	**(1,100)**	-
Payments of lease liabilities		**(2,304)**	(2,133)	**(5,032)**	(4,417)
Net proceeds from issuance of common shares	6	**-**	164,482	**-**	245,422
Repayment of notes payable	7	**(38)**	(642)	**(159)**	(3,414)
Net proceeds from (repayment of) borrowings	5	**22,351**	(87,791)	**184,819**	(83,549)
Cash from financing activities		**75,787**	120,968	**170,957**	148,964
Net change in cash during the period		**(37,519)**	54,896	**(63,690)**	60,023
Effect of foreign exchange on cash		**4,526**	1,595	**(328)**	133
Cash, beginning of period		**217,168**	68,432	**248,193**	64,767
Cash, end of period		**$ 184,175**	**$** 124,923	**$ 184,175**	**$** 124,923

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Notes to the condensed interim consolidated financial statements

(expressed in thousands of Canadian dollars, except share amounts and share prices)
(Unaudited)

For the three and six months ended June 30, 2022 and 2021

1. Nature of business

Converge Technology Solutions Corporation, which includes its global subsidiaries (the “Company” or “Converge”), is a Hybrid IT solution provider with operations in North America and Europe, focused on delivering advanced analytics, cloud, cybersecurity, and managed services offerings as well as the provision of hardware and software products and solutions to clients across various industries and organizations.

The Company was incorporated on November 29, 2016. The Company’s registered head office is 85 Rue Victoria, Gatineau, Quebec, J8X 2A3.

The Company has the following material wholly owned subsidiaries as at June 30, 2022:

OHC International, LLC, Corus 360 Limited (“Corus”)	Acumetrics Business Intelligence Inc. (“Lighthouse”)
Northern Micro Inc. (“Northern Micro”)	Portage CyberTech Inc., 10084182 Canada Inc. o/a Becker-Carroll, Vivvo Application Studios, OPIN Digital Inc., OPIN Digital Corp., 1CRM Systems Corp., Solutions Notarius Inc. (“Portage”)
Key Information Systems, Inc. (“KeyInfo”)	BlueChip Tek, Inc. (“BlueChip Tek”)
Converge Technology Solutions US, LLC	SIS Holding Company, LLC, Software Information Systems, LLC (“SIS”)
Converge Canada Finance Corp.	Converge Technology Partners Inc.
Nordisk Systems, Inc. (“Nordisk”)	Essextec Acquisition, LLC, Essex Technology Group, Inc., Essex Commercial Finance LLC (“Essex”)
Datatrend Technologies, Inc. (“Datatrend”)	VSS Holdings, LLC, VSS, LLC, Information Insights, LLC (“VSS”)
Solutions P.C.D. Inc, P.C.D. Consultation Inc. (“PCD”)	Unique Digital, Inc. (“Unique Digital”)
Workgroup Connections, Inc. (“Workgroup”)	CarpeDatum LLC (“CarpeDatum”)
Infinity Systems Software Inc (”Infinity Systems”)	Dasher Technologies, Inc. (“Dasher”)
Accudata Systems LLC (“Accudata”)	Vicom Infinity, Inc (”Vicom Infinity”)
ExactlyIT Inc., ExactlyIT, S. de R.L. de C.V (“ExactlyIT”)	Rednet AG (”Rednet”)
LPA Software Solutions (“LPA”)	Converge Technology Hybrid IT Solutions Europe Ltd. (“Converge Europe”)
Visucom GmbH, School Supplies 4.0 GmbH (“Visucom”)	PDS Holding Company, Paragon Development Systems Inc., Works Computing, LLC., Paragon Staffing, LLC. (“PDS”)
IDX Systems Corp., 1176524 Alberta Ltd., 1190422 Alberta Ltd., 1245720 Alberta Ltd. (“IDX“)	Creative Breakthroughs, Inc. (“CBI“)

2. Basis of preparation

[a] Statement of compliance

These unaudited condensed interim consolidated financial statements have been prepared in compliance with IAS 34 – Interim Financial Reporting ("IAS 34") and using the same accounting policies and methods as those used in the Company's audited consolidated financial statements for the year ended December 31, 2021, except as disclosed herein. Accordingly, certain disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed.

These condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2021.

These condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors of the Company on August 9, 2022.

[b] Basis of measurement

These unaudited condensed interim consolidated financial statements have been prepared on a going-concern basis, using historical cost, except for certain assets and liabilities initially recognized in connection with business combinations, and contingent consideration related to business acquisitions, which are measured at their estimated fair value.

[c] Use of estimates and judgements

The timely preparation of the condensed interim consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies, if any, as at the date of the condensed interim consolidated financial statements, and the reported amounts of revenue and expenses during the period.

Estimates and underlying assumptions are reviewed on an ongoing basis. By their nature, estimates are subject to measurement uncertainty, and changes in such estimates in future years could require a material change in the condensed interim consolidated financial statements.

The COVID-19 pandemic continues to present a source of economic uncertainty to the Company. These uncertain economic conditions may adversely impact operations and the financial performance of the Company and its customers, negatively impact demand for the Company's products and services or the equity markets, which could adversely affect the Company's financial performance. As of the date of these condensed interim consolidated financial statements, Converge has experienced increased demand for solutions that allow employees to work remotely. As a result, the Company has experienced increased revenue in some of its product and service offerings that support remote work and cloud enablement, as companies and organizations recognize the need to move to a hybrid IT infrastructure that allows their employees to work remotely and access information and systems by way of cloud infrastructure. However, if the Company or its vendors and suppliers are unable to keep up with such increasing demands stemming from the outbreak of COVID-19, customers may experience delays or interruptions in service, which may be detrimental to the Company's reputation and business.

As a side effect of the pandemic, to date, some of the Company's key vendors have experienced supply shortages as it relates to product levels available for delivery to Converge's customers. As a result, the Company is experiencing higher than normal product backlog in its pipeline. In response, from time to time, Converge may proactively increase its inventory levels where possible to alleviate supply chain pressures. The Company continues to work closely with key vendors and proactively manage its inventory levels to mitigate the impact of industry-wide supply constraints.

3. New standards, amendments and interpretations

The following new accounting standards were applied or adopted by the Company as at June 30, 2022:

Amendments to IFRS 9

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The adoption of this amendment did not have a material impact on the condensed interim consolidated financial statements.

The following new accounting standards have been issued but not yet adopted by the Company as at June 30, 2022:

Amendments to IAS 1 In January 2020, IASB issued Classification of Liabilities as "Current" or "Non-current", which amends IAS 1.

The narrow scope amendments affect only the presentation of liabilities in the statement of financial position and not the amount or timing of its recognition. The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the right to defer settlement by at least 12 months. That classification is unaffected by the likelihood that an entity will exercise its deferral right. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and are to be applied retrospectively. The Company is still assessing the impact of adopting these amendments on its consolidated financial statements.

Amendments to IAS 8 In February 2021, IASB issued Definition of Accounting Estimates, which amends IAS 8.

The amendment replaces the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty." The amendment provides clarification to help entities to distinguish between accounting policies and accounting estimates. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Company is still assessing the impact of adopting these amendments on its consolidated financial statements.

Amendments to IAS 12 In May 2021, IASB issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction, which amends IAS 12.

The amendment narrows the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offset temporary differences. As a result, companies will need to recognize a deferred tax asset and deferred tax liability for temporary differences arising on initial recognition of transactions such as leases and decommissioning obligations. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and are to be applied retrospectively. The Company is still assessing the impact of adopting these amendments on its consolidated financial statements.

(expressed in thousands of Canadian dollars, except share amounts and share prices)

Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued *Disclosure of Accounting Policies*, which amends IAS 1 and IFRS Practice Statement 2. The amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendment to IAS 1 requires companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment also clarifies that not all accounting policy information that relates to material transactions, other events or conditions is material to the financial statements. The amendment to IFRS Practice Statement 2 adds guidance and examples to the materiality practice statement, which explains how to apply the materiality process to identify material accounting policy information. The amendments are effective for annual periods beginning on or after January 1, 2023 and are to be applied prospectively. The Company is currently analyzing the impact these amendments will have on its consolidated financial statements.

4. Business combinations

Acquisitions completed during the six months ended June 30, 2022

The following table details the allocation of the fair value to the identifiable assets acquired and liabilities assumed as at the date of acquisition for each of the Company's acquisitions completed during the six months ended June 30, 2022:

June 30, 2022	Visucom [a] $	PDS [b] $	1CRM [c] $	CBI [d] $	IDX [e] $	Notarius [f] $	Total $
Cash consideration	8,203	71,737	3,132	64,222	30,802	49,851	227,947
Contingent consideration	-	-	1,190	9,246	-	-	10,436
Deferred consideration	-	-	-	-	-	4,992	4,992
Total purchase price	**8,203**	**71,737**	**4,322**	**73,468**	**30,802**	**54,843**	**243,375**
Cash	2,377	12,494	120	6,613	163	6,000	27,767
Trade and other receivables	1,087	28,989	102	57,456	7,741	1,892	97,267
Prepaid expenses and other current assets	24	1,179	-	530	19	292	2,044
Inventory	1,569	22,624	-	-	1,097	-	25,290
Property and equipment	800	2,734	13	61	165	498	4,271
Right-of-use-asset	393	313	-	774	291	424	2,195
Intangible assets	4,453	51,767	2,330	41,815	21,560	24,387	146,312
Trade and other payables	(3,570)	(42,411)	(20)	(53,325)	(5,083)	(1,697)	(106,106)
Deferred revenue	-	(12,654)	(350)	(1,864)	(306)	(2,547)	(17,721)
Deferred tax liability	(1,335)	(9,701)	(606)	(10,872)	(5,713)	(6,394)	(34,621)
Lease liability	(393)	(313)	-	(1,015)	(291)	(424)	(2,436)
Goodwill	**2,798**	**16,716**	**2,733**	**33,295**	**11,159**	**32,412**	**99,113**

Goodwill arising on the acquisitions reflects the benefits attributable to synergies, revenue growth, future market development and the estimated fair value of an assembled workforce. These benefits were not recognized separately from goodwill because they did not meet the recognition criteria for identifiable intangible assets. This goodwill is not deductible for income tax purposes.

[a] Visucom

On January 1, 2022, the Company acquired a 100% interest in Visucom GmbH ("Visucom") and its subsidiary, School Supplies 4.0 GmbH, a Walzbachtal, Germany based supplier of hardware for education and public sector clients, offering on-site installations, training, neutral advice, planning, and equipment for market-leading manufacturers of media devices.

The total consideration for the purchase of Visucom was $8,203 (€5,700) in cash.

The acquisition of Visucom qualified as a business combination and was accounted for using the acquisition method of accounting. Accordingly, the results of Visucom have been included in the interim condensed consolidated financial statements of the Company from the date of the acquisition. As at June 30, 2022, the acquisition accounting for this transaction has not yet been finalized and requires the Company to complete its determination of the fair values of identifiable intangible assets.

Total transaction costs for the acquisition of Visucom were $219. All transaction costs were expensed as incurred.

[b] PDS

On January 7, 2022, the Company acquired a 100% interest in PDS Holding Company ("PDS") and its wholly owned subsidiaries, including Paragon Development Systems Inc., a corporation headquartered in Milwaukee, WI, that offers solutions ranging from cloud and security to servers and infrastructure to virtualized work environment and remote work.

The total consideration for the purchase of PDS was $71,737 ($56,638 USD). Purchase consideration consisted of (i) $69,305 in cash; and (ii) working capital and other adjustments of $2,432.

The acquisition of PDS qualified as a business combination and was accounted for using the acquisition method of accounting. Accordingly, the results of PDS have been included in the consolidated financial statements of the Company from the date of the acquisition. As at June 30, 2022, the acquisition accounting for this transaction has not yet been finalized and requires the Company to complete its determination of the fair values of identifiable intangible assets.

Total transaction costs for the acquisition of PDS were $1,576. All transaction costs were expensed as incurred.

[c] 1CRM

On March 1, 2022, Portage, the Company's 53% owned cyber security-focused SaaS entity, acquired a 100% interest in 1CRM Systems Corp. ("1CRM"), a SaaS-based software corporation headquartered in Victoria, British Columbia, that operates in the cloud and on-premise, with the ability to handle daily task management, marketing automation, sales and opportunities, order management, client service and project management in a single system.

The total consideration for the purchase of 1CRM was $4,322. Purchase consideration consisted of (i) $3,000 in cash; (ii) working capital adjustment of $132; and (iii) an estimated aggregate of $1,190 in earn-out payments for the two years following closing of the acquisition based on the achievement of certain milestones.

(expressed in thousands of Canadian dollars, except share amounts and share prices)

The acquisition of 1CRM qualified as a business combination and was accounted for using the acquisition method of accounting. Accordingly, the results of 1CRM have been included in the interim condensed consolidated financial statements of the Company from the date of the acquisition. As at June 30, 2022, the acquisition accounting for this transaction has not yet been finalized and requires the Company to complete its determination of the fair values of identifiable intangible assets.

Total transaction costs for the acquisition of 1CRM were $74. All transaction costs were expensed as incurred.

Pro forma results of operations

The following pro forma results of operations assume 1CRM was acquired by the Company on January 1, 2022:

	For the six months ended June 30, 2022 $
Revenue	615
Net income	301

The pro forma results of operations are not intended to reflect the results that would have actually occurred had the acquisition closed on January 1, 2022. Further, the pro forma results of operations are not necessarily indicative of the results that may be generated by the Company in the future or reflect future events that may occur following the acquisition in a subsequent period or periods.

[d] CBI

On April 1, 2022, the Company acquired a 100% interest in Creative Breakthroughs, Inc. (“CBI”), a corporation headquartered in Ferndale, Michigan, a services-led organization focused on cybersecurity solutions centered around threat detection and obstruction. CBI’s solutions help defend and secure customer networks and endpoints, as well as testing and monitoring areas of operational risk, and protecting data.

The total consideration for the purchase of CBI was $73,468 ($58,719 USD). Purchase consideration consisted of (i) $58,806 ($47,000 USD) in cash; (ii) working capital adjustment of $5,416 ($4,329 USD); and (iii) an estimated aggregate of $9,246 ($7,390 USD) in earn-out payments for the three years following closing of the acquisition based on the achievement of certain milestones.

The acquisition of CBI qualified as a business combination and was accounted for using the acquisition method of accounting. Accordingly, the results of CBI have been included in the interim condensed consolidated financial statements of the Company from the date of the acquisition. As at June 30, 2022, the acquisition accounting for this transaction has not yet been finalized and requires the Company to complete its determination of the fair values of identifiable intangible assets.

Total transaction costs for the acquisition of CBI were $2,150. All transaction costs were expensed as incurred.

(expressed in thousands of Canadian dollars, except share amounts and share prices)

Pro forma results of operations

The following pro forma results of operations assume CBI was acquired by the Company on January 1, 2022:

	For the six months ended June 30, 2022 $
Revenue	57,325
Net income	1,147

The pro forma results of operations are not intended to reflect the results that would have actually occurred had the acquisition closed on January 1, 2022. Further, the pro forma results of operations are not necessarily indicative of the results that may be generated by the Company in the future or reflect future events that may occur following the acquisition in a subsequent period or periods.

[e] IDX

On April 29, 2022, the Company announced that it acquired a 100% interest in Interdynamix Systems ("IDX"), a corporation headquartered in Edmonton, Alberta, focused on cloud computing, infrastructure and open-source consulting.

The total consideration for the purchase of IDX was $30,802. Purchase consideration consisted of (i) $27,772 in cash; and (ii) working capital adjustment of $3,030.

The acquisition of IDX qualified as a business combination and was accounted for using the acquisition method of accounting. Accordingly, the results of IDX have been included in the interim condensed consolidated financial statements of the Company from the date of the acquisition. As at June 30, 2022, the acquisition accounting for this transaction has not yet been finalized and requires the Company to complete its determination of the fair values of identifiable intangible assets.

Total transaction costs for the acquisition of IDX were $231. All transaction costs were expensed as incurred.

Pro forma results of operations

The following pro forma results of operations assume IDX was acquired by the Company on January 1, 2022:

	For the six months ended June 30, 2022 $
Revenue	10,292
Net income	1,574

The pro forma results of operations are not intended to reflect the results that would have actually occurred had the acquisition closed on January 1, 2022. Further, the pro forma results of operations are not necessarily indicative of the results that may be generated by the Company in the future or reflect future events that may occur following the acquisition in a subsequent period or periods.

(expressed in thousands of Canadian dollars, except share amounts and share prices)

[f] Notarius

On June 17, 2022, Portage, the Company's 53% owned cybersecurity-focused SaaS entity, acquired a 100% interest in Solutions Notarius Inc. ("Notarius"), a corporation headquartered in Montreal, QC, that provides solutions that safeguard the long-term reliability of electronic documents.

The total consideration for the purchase of Notarius was $54,843. Purchase consideration consisted of (i) $44,876 in cash; (ii) working capital adjustment of $4,975; and (iii) promissory note of $4,992.

The acquisition of Notarius qualified as a business combination and was accounted for using the acquisition method of accounting. Accordingly, the results of Notarius have been included in the interim condensed consolidated financial statements of the Company from the date of the acquisition. As at June 30, 2022, the acquisition accounting for this transaction has not yet been finalized and requires the Company to complete its determination of the fair values of identifiable intangible assets.

Total transaction costs for the acquisition of Notarius were $299. All transaction costs were expensed as incurred.

Pro forma results of operations

The following pro forma results of operations assume Notarius was acquired by the Company on January 1, 2022:

	For the six months ended June 30, 2022 $
Revenue	5,669
Net income	1,034

The pro forma results of operations are not intended to reflect the results that would have actually occurred had the acquisition closed on January 1, 2022. Further, the pro forma results of operations are not necessarily indicative of the results that may be generated by the Company in the future or reflect future events that may occur following the acquisition in a subsequent period or periods.

Acquisitions completed during the year ended December 31, 2021

As at June 30, 2022, the acquisition accounting for Vicom Infinity has not yet been finalized and requires the Company to complete its determination of the fair values of identifiable intangible assets.

The following table details the allocation of the fair value to the identifiable assets acquired and liabilities assumed as at the date of acquisition for each of the Company's acquisitions completed during the year ended December 31, 2021:

(expressed in thousands of Canadian dollars, except share amounts and share prices)

December 31, 2021	CarpeDatum $	Accudata $	Dasher $	ExactlyIT $	Vicom Infinity $	Infinity Systems $	Rednet $	LPA $	OPIN $	Total $
Cash consideration	1,681	14,750	49,782	34,271	18,368	3,783	145,049	12,595	4,542	284,821
Payment to company participants	-	-	13,829	-	-	-	-	-	-	13,829
Deferred consideration	-	-	11,031	-	-	-	-	-	-	11,031
Contingent consideration	2,519	6,076	-	-	-	-	-	1,731	926	11,252
Common shares	1,875	-	-	-	-	-	-	-	-	1,875
Loan payable	-	-	-	-	-	-	24,392	-	-	24,392
NCI liability	-	-	-	-	-	-	28,099	-	-	28,099
Promissory note	-	-	-	-	-	-	-	-	(615)	(615)
Total purchase price	**6,075**	**20,826**	**74,642**	**34,271**	**18,368**	**3,783**	**197,540**	**14,326**	**4,853**	**374,684**
Cash	429	4,873	8,044	3,410	4,379	367	11,024	303	129	32,958
Trade and other receivables	926	6,232	47,368	2,658	2,680	2,066	26,065	2,304	785	91,084
Prepaid expenses and other current assets	-	362	55	214	74	-	19	97	311	1,132
Deferred tax asset	-	-	-	537	-	-	-	-	-	537
Inventory	-	-	738	-	-	-	9,087	-	-	9,825
Property and equipment	-	998	413	389	242	-	751	119	21	2,933
Right-of-use-asset	-	2,388	1,062	273	183	-	2,550	222	-	6,678
Intangible assets	2,446	7,438	32,374	10,239	8,090	1,146	85,415	5,077	2,175	154,400
Trade and other payables	(1,006)	(6,755)	(42,055)	(2,320)	(4,215)	(289)	(33,253)	(526)	(995)	(91,414)
Deferred revenue	-	(46)	(244)	-	-	-	(3,601)	(340)	(720)	(4,951)
Deferred tax liability	(636)	(1,937)	(8,417)	(2,662)	(2,104)	(297)	(25,601)	-	(565)	(42,219)
Lease liability	-	(2,388)	(988)	(273)	(183)	-	(2,550)	(222)	-	(6,604)
Goodwill	**3,916**	**9,661**	**36,292**	**21,806**	**9,222**	**790**	**127,634**	**7,292**	**3,712**	**220,325**

5. Borrowings

The borrowings outstanding as at June 30, 2022 and December 31, 2021 were as follows:

Facility	Notes	June 30, 2022	December 31, 2021
Canadian lender – ABL facilities	[a]	**$ 191,428**	$ -
Other third-party facilities	[b]	**909**	1,228
Total		**192,337**	1,228
Current liabilities		**192,257**	816
Non-current liabilities		**80**	412
Total		**$ 192,337**	$ 1,228

a) The Company has entered into revolving credit agreements with a syndicate of Canadian and US lenders, led by CIBC. These agreements, which are asset-based lending ("ABL") facilities, provide lines of credit secured by the assets of the Company. The ABL facilities can be drawn to a certain percentage of the eligible trade receivables and inventory balances, to a maximum of $300,000 (on December 8, 2021, the Company increased the credit limit from $190,000 to $300,000). Interest is payable monthly at the published CIBC Bank prime rate plus 0% to 2%. As at June 30, 2022, the Company was in compliance with the lender's financial covenants under the ABL.

b) The Company has a credit agreement with a third party that is secured by a long-term customer contract, which requires quarterly blended payments and matures in November 2023.

The consolidated interest expense for all borrowings for the three and six months ended June 30, 2022 was $2,008 and $3,059 (three and six months ended June 30, 2021 – $1,080 and $2,944).

6. Share capital

a) Authorized

The authorized share capital of the Company consists of an unlimited number of Class A common shares ("common shares"), Class B common shares and preference shares. No Class B common shares and preference shares have been issued as at June 30, 2022 and December 31, 2021.

b) Stock option plans

During the six months ended June 30, 2022, 700,000 options (the "Options") for common shares were granted under the Company's long-term incentive plan. The Options vest over a four-year period, with one quarter of the Options vesting every twelve months from the grant date. The Company uses the Black-Scholes option pricing model to value the Options at the time of grant. Management periodically reviews the estimates used for calculating the fair value of Options; volatility is calculated at the time of Option grant using historical share price trading activity; the risk-free interest rate is based on the Government of Canada bond rate; the dividend yield is nil%; the expected annualized volatility is 52%; and the expected life of each Option is 6.25 years after vesting.

During the three and six months ended June 30, 2022, the Company recognized share-based compensation expense of $1,527 and $2,711 from stock option plans, respectively (three and six months ended June 30, 2021 – nil). As at June 30, 2022, 2,300,000 options were outstanding and 400,000 were exercisable, at a weighted average exercise price of $9.20 per share.

c) Restricted stock units

During the six months ended June 30, 2022, 69,675 restricted stock units (the "RSUs") were granted under the Company's long-term incentive plan. The RSUs fully vest over a one-year period from the grant date. The Company valued the RSUs at fair value based on the closing stock price on the date of the grant.

During the three and six months ended June 30, 2022, the Company recognized share-based compensation expense of $158 and $186 from RSUs, respectively (three and six months ended June 30, 2021 – nil).

(expressed in thousands of Canadian dollars, except share amounts and share prices)

7. Other financial liabilities

Other financial liabilities as at June 30, 2022 and December 31, 2021 are comprised of the following:

	Notes	**June 30, 2022** $	December 31, 2021 $
Notes payable	a)	**1,855**	318
Deferred consideration	b)	**43,335**	45,769
Contingent consideration	c)	**24,360**	23,609
Lease liability		**24,336**	17,809
NCI liability	d)	**24,387**	27,198
		118,273	114,703
Current liabilities		**31,926**	29,407
Non-current liabilities		**86,347**	85,296
		118,273	114,703

a) Notes payable

As at June 30, 2022, SIS had a note payable to third party for the purchase of equipment in aggregate of $255 (December 31, 2021 – $318). Interest on the note payable is 5.57% per annum and the maturity date is March 16, 2024.

As at June 30, 2022, Portage had a note payable to a third party in aggregate of $1,600 (December 31, 2021 – nil). Interest on the note payable is 4% per annum and the maturity date is March 22, 2032.

b) Deferred consideration

The following table details the Company's deferred consideration outstanding as at June 30, 2022, and December 31, 2021:

	Maturity Date	Interest rate per annum	Principal $ USD	Principal € EUR	Principal $ CDN	June 30, 2022 $	December 31, 2021 $
Nordisk	July 1, 2022	8%	-	-	-	**-**	1,268
Datatrend	September 30, 2022	7%	2,500	-	3,222	**3,319**	3,266
PCD	February 6, 2023	3.7%	-	-	1,440	**1,561**	3,362
Unique Digital	October 1, 2023	7%	1,600	-	2,062	**2,432**	2,414
Dasher	April 1, 2024	5%	3,654	-	4,709	**5,181**	7,318
Dasher	April 1, 2024	-	2,046	-	2,636	**2,636**	4,098
Rednet	August 4, 2031	5%	-	15,616	21,030	**22,570**	24,043
ExactlyIT	Note (i)	-	500	-	644	**644**	-
Notarius	December 17, 2023	5%	-	-	5,000	**4,992**	-
Total					40,743	**43,335**	45,769

Note (i)

As part of the acquisition of ExactlyIT, the sellers are entitled to future remuneration that becomes payable over a five-year period commencing on January 1, 2022. Remuneration is based on the achievement of certain milestones and is expensed as special charges in the condensed interim consolidated statements of income and comprehensive income. For the three and six months ended June 30, 2022, $320 and $312 remuneration expense, respectively, has been recognized (three and six months ended June 30, 2021 – nil).

(expressed in thousands of Canadian dollars, except share amounts and share prices)

During the three and six months ended June 30, 2022, the Company recognized interest expensed on deferred consideration of $439 and $938, respectively (three and six months ended June 30, 2021 – $136 and $404, respectively).

c) Contingent consideration

Contingent consideration is comprised of earn-out payments due to sellers of acquired companies for meeting certain EBITDA conditions over the three years following the date of acquisition. The fair value of contingent consideration is classified as Level 3 in the fair value hierarchy and was determined based on Monte Carlo simulation using various assumptions including EBITDA forecast, a discount rate ranging between 0.3% and 4.8%, and a volatility factor ranging between 25% and 65%.

The following table details the fair values of the Company's contingent consideration outstanding as at June 30, 2022, and December 31, 2021:

	June 30, 2022 **$**	December 31, 2021 $
Lighthouse	**-**	3,550
VSS	**3,816**	7,792
PCD	**1,419**	2,919
Unique Digital	**705**	694
Accudata	**3,830**	3,769
CarpeDatum	**1,188**	2,225
LPA	**1,763**	1,734
OPIN	**926**	926
1CRM	**1,190**	-
CBI	**9,523**	-
Total	**24,360**	23,609

During the three and six months ended June 30, 2022, the Company recognized an expense of nil for a change fair value of contingent consideration in the condensed interim consolidated statements of income and comprehensive income (three and six months ended June 30, 2021 – $1,833 and $2,430, respectively). Such amounts are included in special charges (note 11).

During the six months ended June 30, 2022, the Company paid the year 3 earn-out to the sellers of Lighthouse of $3,546 ($2,800 USD), the year 2 earn-out to the sellers of VSS of $4,034 ($3,185 USD), the year 1 earn-out to the sellers of CarpeDatum of $1,055 ($833 USD), and the year 2 earn-out to the sellers of PCD of $1,500.

d) NCI liability

Under the terms of the Rednet acquisition, the seller has the right to exercise a put option which would require the Company to purchase the seller's remaining 25% NCI, resulting in the recognition of an NCI liability. The terms of the acquisition also includes a reciprocal call option, which would require the sellers to sell their 25% ownership interest to the Company. Both the call and put options would be exercised for consideration based on the future EBITDA of Rednet at the time of exercise. The put option becomes exercisable between the periods August 1, 2024 to October 31, 2024; July 1, 2025 to September 30, 2025; and July 1, 2026 to September 30, 2026. The call option becomes exercisable between the periods January 1, 2025 to June 30, 2025; January 1, 2026 to June 30, 2026; and indefinitely after October 1, 2027. The NCI liability is a financial instrument that is measured at fair value, which is equal to the present value of the future estimated redemption amount. The fair value is reviewed on an ongoing basis, with the impact of any subsequent remeasurement of the valuation of the liability recognized in the condensed interim consolidated statements of income and comprehensive income.

8. Fair value of financial instruments and risk management

The carrying values of cash, restricted cash, trade and other receivables, trade and other payables, lease payable, and notes payable approximate fair values due to the initial recognition at fair value near June 30, 2022, short-term nature of these items or being carried at fair value. The carrying amounts of the Company's borrowings approximate their fair values since they bear interest at rates comparable to market rates at the end of the reporting period. The Company does not use derivative financial instruments to manage this risk.

Financial instruments recorded at fair value on the condensed interim consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest-level input significant to the fair value measurement in its entirety.

The three levels of the fair value hierarchy are defined as follows:

- Level 1 – Unadjusted quoted prices as at the measurement date for identical assets or liabilities in active markets.
- Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Significant unobservable inputs that are supported by little or no market activity. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

Contingent consideration is classified as a Level 3 financial instrument. The valuation method and significant assumptions used to determine the fair value of contingent consideration has been disclosed in Note 7. During the year, there were no transfers of amounts between levels.

When the fair value of financial assets and financial liabilities, including contingent consideration, recorded in the condensed interim consolidated statements of financial position cannot be derived from active markets, the fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible. Where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

There have been no transfers between any levels of the fair value hierarchy during the three and six months ended June 30, 2022 or during fiscal 2021. There were also no changes in the purpose of any financial liability that subsequently resulted in a different classification of that liability.

Liquidity risk and going concern

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's exposure to liquidity risk is dependent on the Company's ability to raise additional financing to meet its commitments and sustain operations. The Company mitigates liquidity risk by management of working capital, cash flows and the issuance of share capital.

In the preparation of interim financial statements, management is required to identify when events or conditions indicate that significant doubt may exist about the Company's ability to continue as a going concern. Significant doubt about the Company's ability to continue as a going concern would exist when relevant conditions and events, considered in the aggregate, indicate that the Company will not be able to meet its obligations as they become due for a period of at least, but not limited to, 12 months from the balance sheet date. When the Company identifies conditions or events that raise potential for significant doubt about its ability to continue as a going concern, the Company considers whether its plans that are intended to mitigate those relevant conditions or events will alleviate the potential significant doubt.

The Company's objective in managing liquidity risk is to ensure that there are sufficient committed borrowings in order to meet its liquidity requirements. The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis, taking into account its anticipated cash flows from operations and its borrowing capacity. The Company's ability to continue as a going concern for the next 12 months involves significant judgment and is dependent on the availability under the Company's borrowings, the Company's ability to renew its borrowings and its ability to generate positive cash flows from operating activities. Based on current funds available and expected cash flow from operating activities, management believes that the Company has sufficient funds available to meet its liquidity requirements for the foreseeable future. However, if cash from operating activities is significantly lower than expected, if the Company incurs major unanticipated expenses, if the Company experiences a significant decrease in revenue or if the Company's borrowings are called, it may be required to seek additional capital in the form of debt or equity or a combination of both. Management's current expectations with respect to future events are based on currently available information and the actual outcomes may differ materially from those current expectations.

9. Segmented information

The Company's Chief Executive Officer ("CEO") has been identified as the chief operation decision maker. The CEO evaluates the performance of the Company and allocates resources primarily based on revenue and gross profit as provided by the Company's internal management system at a consolidated level. The CEO may also consider industry trends and other externally available financial information when evaluating the performance of the Company. The Company has determined that it is a single operating segment: hybrid IT solutions. This segment engages in business activities from which it earns product and service revenues and incurs expenses.

(expressed in thousands of Canadian dollars, except share amounts and share prices)

Revenue from US operations for the three and six months ended June 30, 2022 was $469,027 and $810,642, respectively (three and six months ended June 30, 2021 – $277,556 and $469,423, respectively). Revenue from Canadian operations for the three and six months ended June 30, 2022 was $71,281 and $216,561, respectively (three and six months ended June 30, 2021 – $67,751 and $186,086, respectively). Revenue from German operations for the three and six months ended June 30, 2022 was $56,348 and $119,490, respectively (three and six months ended June 30, 2021 – nil).

The following sets forth long-lived assets attributable to Canada (the Company's country of domicile), the United States, and Germany. The three regions hold all of the Company's long-lived assets.

June 30, 2022	**Property and equipment**	**Intangible assets**	**Goodwill**	**Total**
	$	**$**	**$**	**$**
United States	**38,699**	**222,304**	**237,071**	**498,074**
Canada	**3,673**	**60,935**	**67,805**	**132,413**
Germany	**6,725**	**72,729**	**116,910**	**196,364**
	49,097	**355,968**	**421,786**	**826,851**

December 31, 2021	Property and equipment	Intangible assets	Goodwill	Total
	$	$	$	$
United States	23,762	138,750	182,958	345,470
Canada	2,370	16,268	21,496	40,134
Germany	4,510	78,568	118,830	201,908
	30,642	233,586	323,284	587,512

10. Contingencies

In the normal course of operations, the Company is party to legal claims and contingencies. Accruals are made in instances where it is probable that liabilities have been incurred and where such liabilities can be reasonably estimated. Although it is possible that liabilities may be incurred in instances for which no accruals have been made, the Company does not believe that the ultimate outcome of these matters will have a material impact on its financial position.

11. Special charges

The Company has presented certain costs by nature under *Special charges*, to present separately expenses of the Company that are generally non-recurring and highly variable and may differ in amount and frequency from the Company's ongoing operating costs. Special charges consist primarily of restructuring-related expenses for employee terminations, lease terminations, and restructuring of acquired companies, as well as certain legal fees or provisions related to acquired companies. From time to time, it may also include adjustments in the fair value of contingent consideration, and other such non-recurring costs related to restructuring, financing, and acquisitions.

Special charges for the three and six months ended June 30, 2022 and 2021 are detailed in the following table:

(expressed in thousands of Canadian dollars, except share amounts and share prices)

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	**2022**	2021
Transaction costs	**$ 4,998**	$ 2,676	**$ 9,966**	$ 3,635
Financing related costs	**269**	592	**852**	717
Legal and advisory costs	**164**	125	**334**	322
Restructuring related costs	**128**	128	**128**	1,301
Change in fair value of contingent consideration	**-**	1,833	**-**	2,430
Special charges	**$ 5,559**	$ 5,354	**$ 11,280**	$ 8,405

12. Provisions

Provisions include accruals for legal claims, restructuring and special charges, and are measured based on the Company's best estimate of the expenditure required to settle the obligation at the end of the reporting period. The following table details the Company's provisions, which are included in trade and other payables on the condensed interim consolidated statement of financial position, as at June 30, 2022:

	$
At December 31, 2021	**$ 2,085**
Utilized during the period	(329)
Effect of foreign exchange	27
At June 30, 2022	**$ 1,783**

13. Subsequent events

Acquisition of TIG

On August 1, 2022, the Company acquired a 100% interest in in PC Specialist, Inc. d/b/a Technology Integration Group ("TIG"), a corporation headquartered in San Diego, CA, specializing in optimized performance solutions and critical business support. The transaction will be accounted for as a business combination. The total consideration for the purchase was $138,455 ($107,965 USD), consisting of (i) $91,692 ($71,500 USD) in cash, and (ii) working capital adjustment of $46,763 ($36,465 USD).

Acquisition of GfdB

On July 29, 2022, the Company acquired a 100% interest in GfdB, IfmB, and DEQSTER (collectively, "GfdB"), education market focused organizations headquartered in Germany which enable schools and universities to implement their digital future. GfdB and IfmB are full-service IT suppliers for education, while DEQSTER specializes in the development of production of equipment for digital learning and working. The transaction will be accounted for as a business combination. The total consideration for the purchase was $72,588 (€40,264), consisting of (i) $52,634 (€25,000) in cash, (ii) working capital adjustment of $346 (€264), and iii) an estimated aggregate of $19,608 (€15,000) in earn-out payments for the three years following the acquisition based on the achievement of certain milestones.

Announcement of Normal Course Issuer Bid

On August 8, 2022, the Company announced that the Toronto Stock Exchange ("TSX") has approved the Company's Notice of Intention to make a Normal Course Issuer Bid ("NCIB"). Pursuant to the NCIB, the Company may purchase for cancellation up to an aggregate of 10,744,818 of the Company's common shares representing 5% of the issued and outstanding common shares as at July 31, 2022. The NCIB will commence on August 11, 2022 and terminate one year after its commencement, or earlier if the maximum number of common shares under the NCIB have been purchased or the NCIB is terminated at the option of the Company. All common shares acquired by the Company under the NCIB will be cancelled.

The Company also entered into an automatic purchase plan agreement with a broker upon commencement of the NCIB to allow for purchases of common shares during certain pre-determined blackout periods when the Company ordinarily would not be active in the market due to its own internal trading blackout periods, insider trading rules or otherwise.

Announcement of global revolving credit facility

On July 28, 2022, the Company announced that it has refinanced its existing ABL credit facility with a new, five-year $500,000 global revolving credit facility (the "Global Credit Facility") led by J.P. Morgan and Canadian Imperial Bank of Commerce as joint lead arrangers, with the Bank of Nova Scotia, the Toronto-Dominion Bank, and the Bank of Montreal participating in the lender group.

The Global Credit Facility also includes an uncommitted accordion feature of $100,000, for a total borrowing capacity of up to $600,000, and allows the Company to borrow in foreign currencies. Interest is payable monthly at an interest rate that generally approximates the Secured Overnight Financing Rate ("SOFR"), plus applicable bank margin ranging from 1.25% to 2.25%.