



Converge Technology Solutions

Q4-2021 & FY21 Earnings Presentation



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, 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 an 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.



Company Overview

About Converge

Converge is a software-enabled IT & cloud solutions provider focused on delivering advanced analytics, application modernization, cloud, cybersecurity, digital infrastructure, and digital workplace offerings to mid-market customers

Q4-2021 and FY21 Financial Highlights

- Q4-2021 net revenue increased 74% over the same quarter last year (“Q4-2020”) to \$505.0 million
- Q4-2021 gross profit increased 63% over Q4-2020 to \$115.9 million
- Q4-2021 Adjusted EBITDA¹ increased 48% to \$34.7 million from \$23.4 million in Q4-2020
- FY21 net revenue increased 61% to \$1,527.8 billion compared to last year (“FY20”)
- FY21 gross profit increased 48% to \$345.7 million from FY20
- FY21 Adjusted EBITDA¹ increased 55% to \$94.0 million from FY20
- For Q4-2021, the Company generated Adjusted Free Cashflow and Adjusted Free Cash Flow Conversion¹ of \$29.0 million and 84%, respectively, increasing from \$17.5 million and 75% in Q4-2020
- Organic growth for FY211 was approximately 9.6%
- Reported Adjusted EPS¹ of \$0.12 per share for Q4-2021, and \$0.35 per share for FY21, increasing from \$0.12 per share and \$0.27 per share for Q4-2020 and FY20, respectively
- Bookings backlog² increased to approximately \$350 million in Q4 2021 compared to approximately \$250 million in Q3 2021

1. This is a Non-IFRS measure (including non-IFRS ratios) and not a recognized, defined or standardized under IFRS. See the Non-IFRS Financial Measures section of this news release for definitions, uses and a reconciliation of historical non-IFRS financial measures to the most directly comparable IFRS financial measures.

2. Bookings backlog is calculated as purchase orders received from customers not yet delivered at the end of the fiscal period

Converge Leadership Development



John Teltsch
Chief Revenue Officer

- Former IBM GM of Technology Sales across U.S., Canada and Latin America
- Over 40 years of leadership and growth experience
- Developing Global Strategy, Profit Alignment & Revenue Related Functions



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
- Integral to Converge European and Managed Services Strategy



Doris Albiez
Director, European Advisory Board

- Previously led international teams at IBM & Dell Technologies
- Known as growth generator serving in various national and international roles
- Combines business acumen with a passion for mentorship & emotional intelligence



Julianne Belaga
CLO



Karie Timion
VP of Marketing



Rhonda Hanes
VP of HR



Cory Reid
COO



Greg Berard
President



Shaun Maine
CEO



Matthew Smith
Interim CFO

Our People, Our Culture



CONVERGE WOMEN'S
EMPOWERMENT GROUP



The term **diversity** is used to describe differences in individuals. Some of these differences include but are certainly not limited to:

- Race
- Socio-Economic Status
- Gender
- Age
- Disability
- Sexual Orientation
- Country of Origin
- Cultural Views
- Political Affiliations
- Religious Beliefs

The term **inclusion** is used to describe the active, intentional, and ongoing engagement with diverse individuals and groups.



2021 Acquisitions Summary

M&A Strategic Pillars



Culture

Target must have a compatible culture that is consistent with Converge's way of conducting business



Solutions Capabilities

Technical Experts and Talented Employees eager to cross-sell area of expertise



Clients

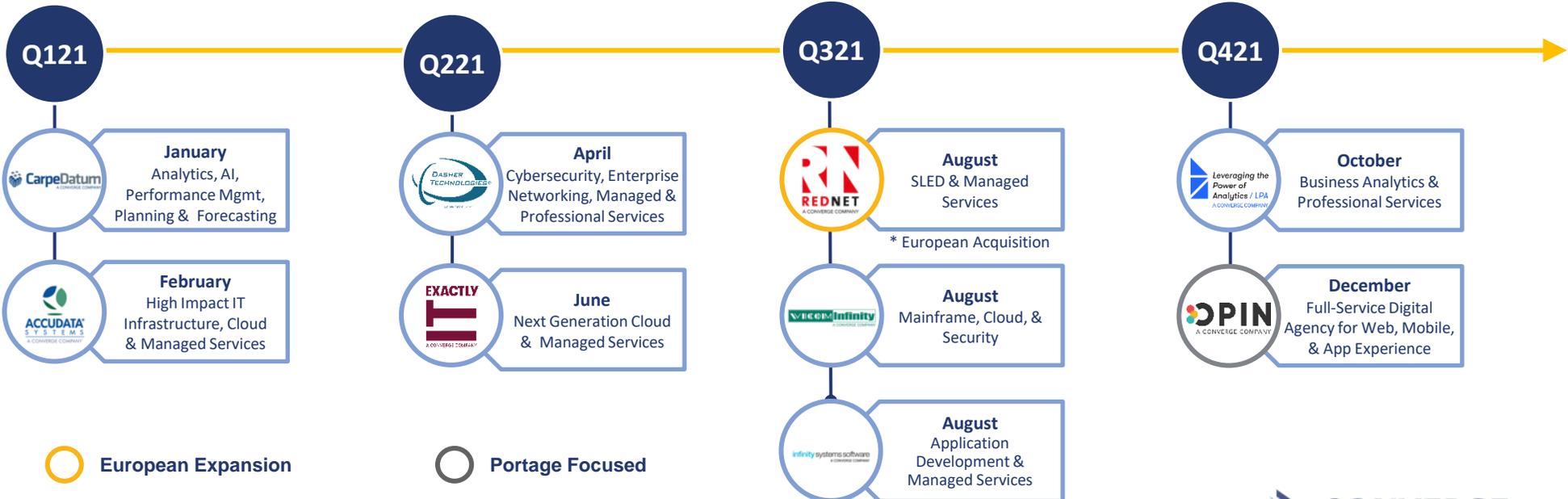
Important that the target offers access to a high-quality client base from which we can grow



Returns

All transactions must stack up from a financial returns perspective

Proven Track Record



Converge Integration Approach & Execution



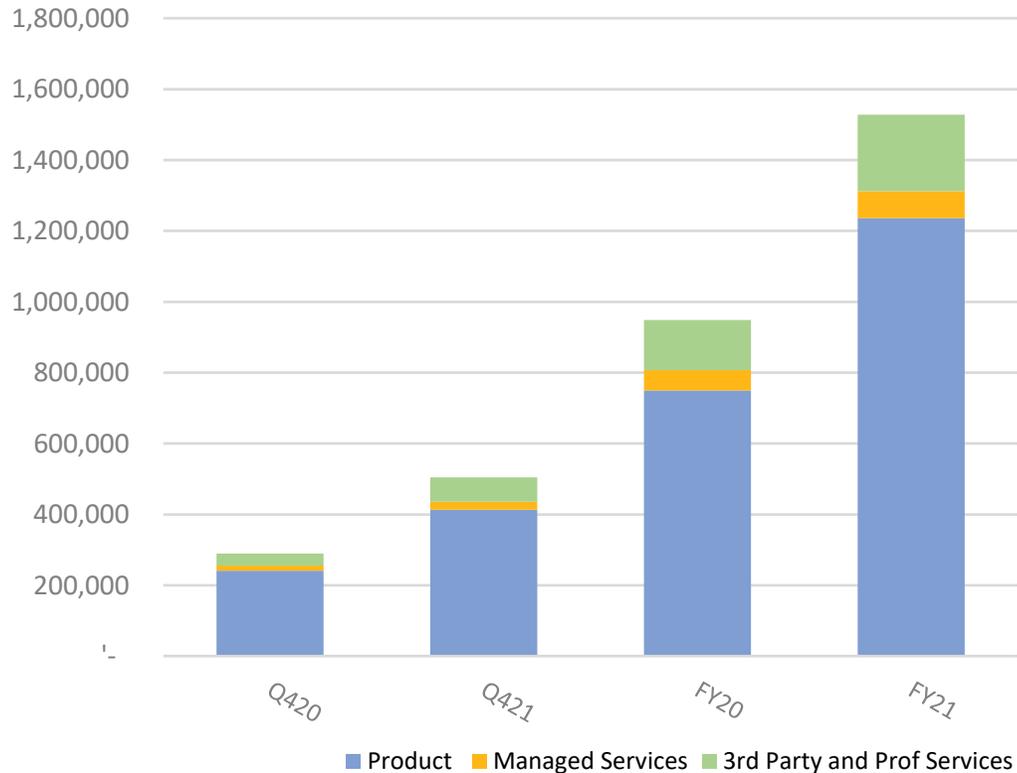
Drivers of Success

- Devoted Integrations team with years experience successfully integrating numerous acquisitions of varying scale and complexity
- Smooth process enabled by all Group functions, with established procedures in place to ensure the management team has all relevant information
- Specific training programmes for new sales colleagues, helping to drive optimum performance and cross sell opportunities
- Gradual rebranding and 'one company' approach
- All underpinned by Converge's core values and culture

Record Q4 and FY21 Net Revenue & Strong Organic Growth¹

Revenue by Type

- Q4 2021 revenue increased 74% to \$505M
- FY21 revenue increased 61% to \$1.5B



Annual Recurring Revenue (“ARR”) from Managed Services

- Q4 2021 managed services revenue increased 56% to \$22.4M
- ARR from managed services \$89.5M at end of year vs \$57.2M last year
- *Including PDS acquisition (Jan 2022), ARR exceeds \$100M

FY21 Gross Revenue Organic Growth¹ of 9.6%

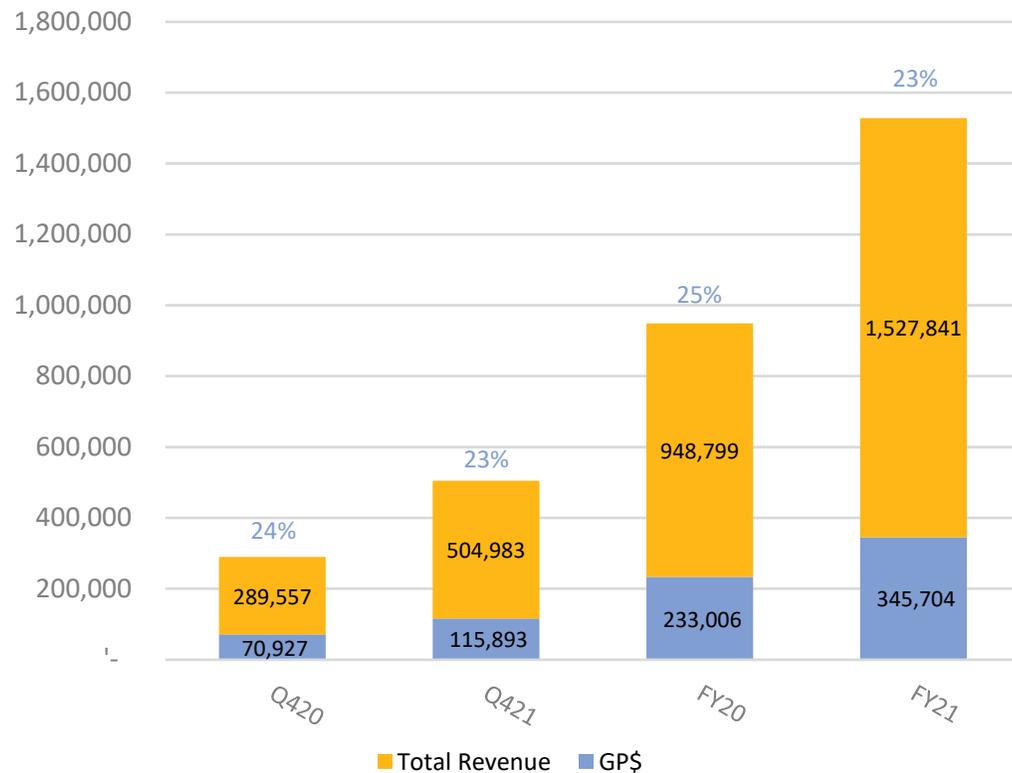
- Highlights ability to seamlessly integrate companies and execute on cross-sell
- Testament to strength and breadth of Converge practice areas including cyber security, analytics, and managed services
- Continuing to expand customers’ IT and strong demand for product going forward

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

Strong Gross Profit Growth

Gross Profit (GP)

- Q4 2021 GP increased 63% to \$115.9M
- FY21 GP increased 48% to \$345.7M

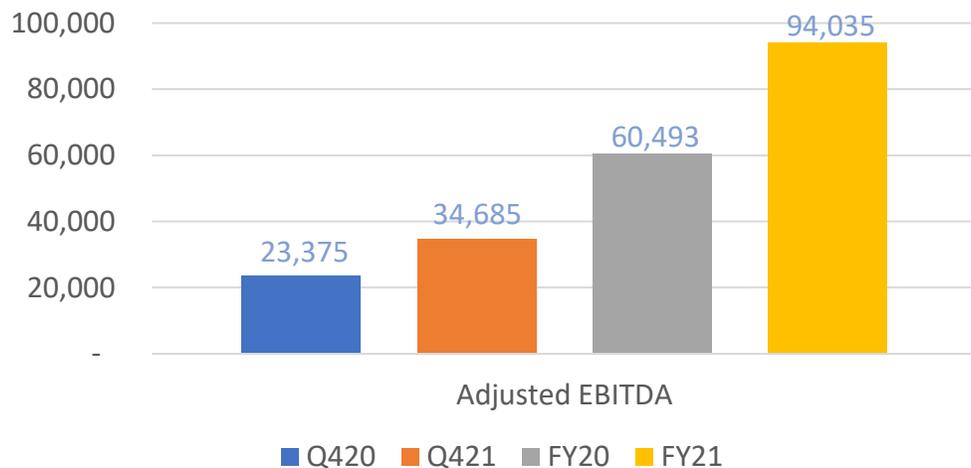


GP% expected to grow overtime

- *GP% of 23% for FY21 vs 25% of FY20 as a result of 9 acquisitions completed*
- *In the near term, reflects margins for companies that primarily sell hardware*
- *Margins expected to increase as we cross sell higher margin managed services and expand customers' cloud IT infrastructure, and through continued investment in our capabilities*

55% Year over Year Adjusted EBITDA² Growth

- Q4 2021 Adjusted EBITDA² increased 48% to \$34.7M
- FY21 Adjusted EBITDA² increased 55% to \$94M



	Q421	Q420	FY21	FY20
% of Revenue	7%	8%	6%	6%
% of GP	30%	33%	27%	26%



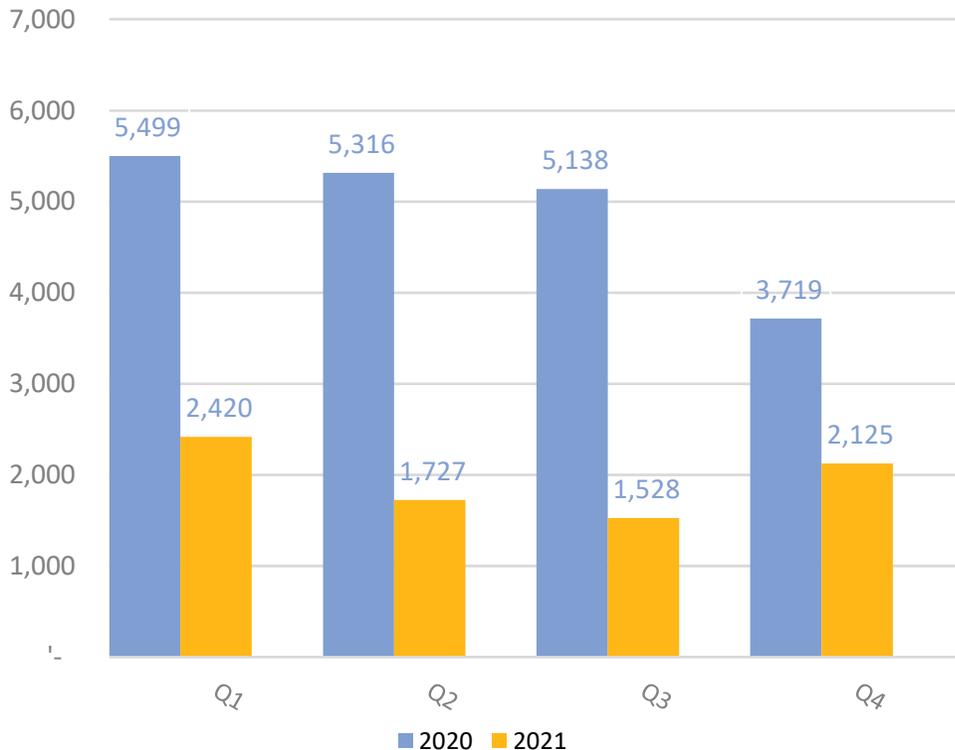
- *Margins reflect impact of nine acquisitions in FY21 that sell largely HW when we acquire them*
- *Expect to increase over time as we integrate operations and these companies sell proportionally more cloud-based services*

²Non-IFRS measure. Refer to reconciliation to nearest IFRS measure provided in appendix to this presentation.

Expansion of ABL Facility & Annual Interest Savings

Interest Expense

- Q4 2021 interest expense decreased 43% to \$2.1M
- FY21 interest decreased 60% from \$19.7M to \$7.8M



- *Moved to lower cost ABL facility in Q4-2020 resulting in significant annual interest savings*
- *In Q4 we expanded our ABL facility from **\$190M to \$300M***
- *Well capitalized to execute on acquisitions in 2022*

Strong balance sheet and free cash generation

- Q4 Adjusted Free Cash Flow³ of \$29M; conversion of 84% of Adjusted EBITDA³ from 75% last year
- FY21 Adjusted Free Cash Flow³ of \$77.7M; conversion of 83% of Adjusted EBITDA³ from 76% last year
- Ending cash on hand of \$248M + full capacity to borrow under ABL facility (+~\$300M)

	Q4 2021	Q4 2020	2021	2020
Adjusted EBITDA³	34,685	23,375	94,035	60,493
Adjusted Free Cash Flow³	28,994	17,511	77,681	45,796
Adjusted Free Cash Flow Conversion³	84%	75%	83%	76%

*Adjusted EBITDA³ a good proxy
for cash conversion*

- *Adjusted Free Cash Flow Conversion³ is a useful metric that demonstrates that the rate at which the Company can convert Adjusted EBITDA³ to cash*
- *Q4 and FY21 increase attributable to the Company's strong, continued Adjusted EBITDA³ growth + strong working capital management*

³Non-IFRS measure. Refer to reconciliation to nearest IFRS measure provided in appendix to this presentation.

Vendor Awards & Partnerships



60+
Office
Locations

10
Key Vendor
Relationships

310+
Salespeople

700+
Technical
Resources

with

600+
Certifications

4,000+
Customers



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

Premier/APEX Partner Status

MC: Data Center Virtualization

MC: Network Virtualization



2021 – Managed Service Provider 500 list in Elite 150

2022 – Tech Elite 250 Category



2021 – Platinum Partner Status



2021 – Diamond Status



2021 – Elite Partner Status

MC: VMware Cloud on AWS

MC: Cloud Mgmt and Automation



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



2021 – 2021 North American Microsoft Surface Reseller of the Year

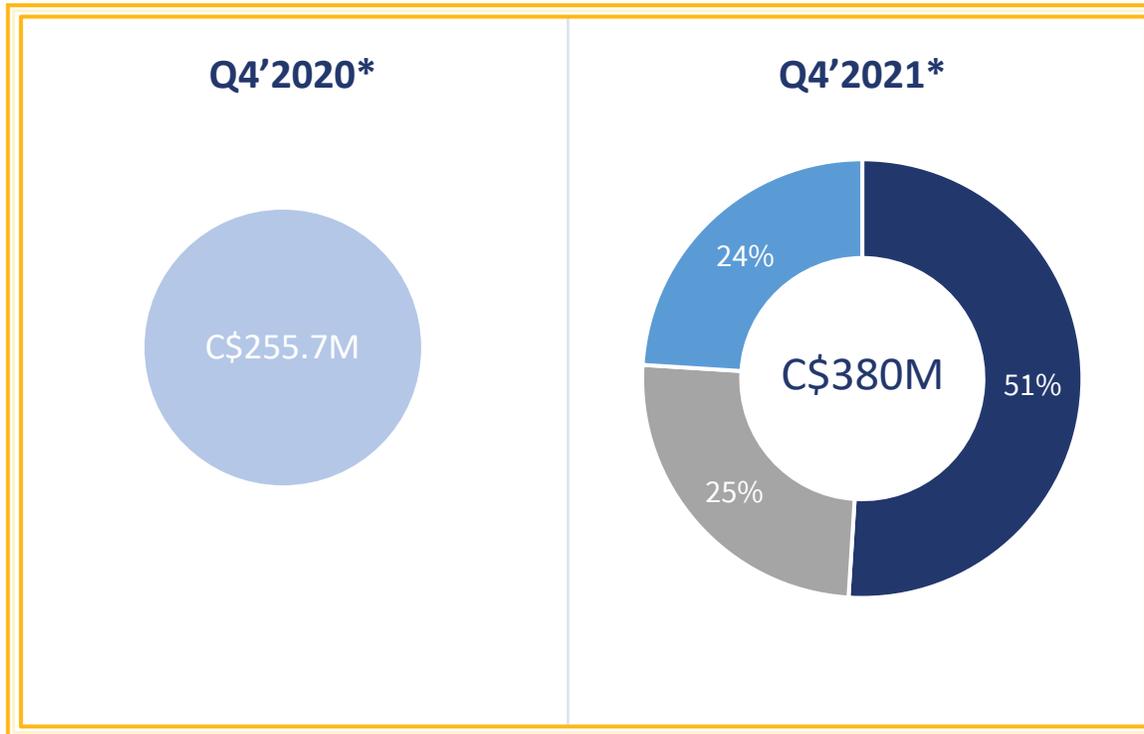


Principle Partner Status

4 of 7 Master Services Competencies

Sales Development & Strategies

Recurring Revenue



■ Software Subscriptions
■ Private Cloud & Managed Services
■ Public Cloud

Executive Briefings

Converge has scheduled over 660 Executive Briefings since Q420 to accelerate cloud practice cross-selling initiatives.

Net New Logos

Converge realized 95 net new logos in Q421 contributing to 393 for FY21

Recurring Revenue

Converge realized a 48.6% increase Year over Year in Q421 Gross Recurring Revenue.

Customer Events

5,051

External Attendees

196
Client-Facing

160

Solution-Focused

32

Partners Featured

Note: *Annualized Gross Recurring Revenue

Success Story – Advanced Analytics



Company Profile



- The company is the largest equipment rental company in the world.
- Has an integrated network of 1,186 rental locations in North America and 11 in Europe.
- Offers approximately 3,800 classes of equipment for rent.

The Challenge



- Converge was engaged to **deliver a modern analytics road map** given the push and pull of the internal business and IT initiatives and the increasing number of data platforms and tools.

The Solution



- The Converge Analytics Practice delivered on a **hybrid Data Modernization Workshop** to meet the demand of the customer to **speak to 8 different business segments** with varying views on their analytics needs and pain points.
- In parallel to these strategic discussions, **the team established credibility and opened conversations around a larger segment of their environment.**

The Results



- Current state and future state possibilities were identified through the **Data Modernization Workshop designed to explore the historical factors that influenced the legacy** and their significance going forward.
- The Workshop immediately pivoted to **Strategic advisory services with the CIO, CFO, SVP of Strategy and Directors of IT** showcasing that Converge had earned the trust of their team, which has opened the door to new business.

Portage Outlook – Three Phased Growth Strategy

Portage's Evolution With Accelerated Growth

Phase 1 [2020-2022]

- Foundational Acquisitions
- Digital Trust Platform
- Go To Market Strategy
- Early Adopters

\$10M Revenue

33% : 67%

MRR to Service Ratio

Phase 2 [2022-2023]

- Expand Platform – Digital Trust Matrix
- SaaS Expansion (Quebec, Canada, USA)
- Cross-Sell
- Initial Public Offering

\$25M Revenue

67% : 33%

MRR to Service Ratio

Phase 3 [2023-2024]

- “Shopify for Trust Ecosystems”
- Partner Ecosystem
- Global Expansion
- New Verticals

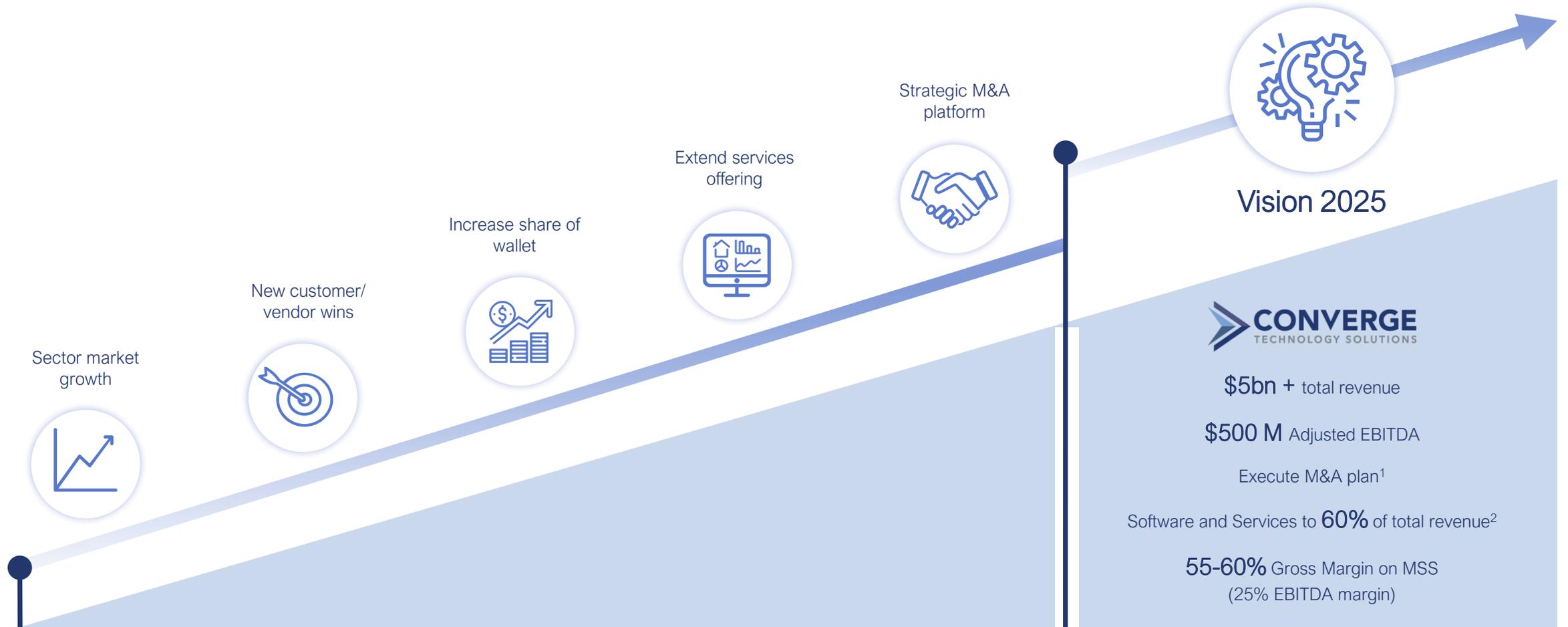
\$100M Revenue

90% : 10%

MRR to Service Ratio



The Converge Vision – Q&A Session



1. Continue to acquire 3-5 companies in North America (\$400m CAD annually); additionally acquire 3-5 companies in Europe annually (€400m annually)
2. Annualized Gross Recurring Revenue



CONVERGE
TECHNOLOGY SOLUTIONS

Non-IFRS Measures & Reconciliation



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

	Q4 2021	Q4 2020	2021	2020
Net income (loss) before taxes	10,568	3,895	23,974	(2,501)
Finance expense	2,125	3,719	7,801	19,672
Share-based compensation expense	1,132	-	2,325	-
Depreciation and amortization	11,925	5,262	36,473	21,466
Depreciation included in cost of sales	671	1,058	3,114	5,109
Foreign exchange loss	5,669	3,486	647	2,878
PPP loan forgiveness	-	(1,194)	-	(1,194)
Special charges	2,595	7,149	19,701	15,063
Adjusted EBITDA	34,685	23,375	94,035	60,493
Capital expenditures	(2,648)	(3,660)	(6,310)	(4,991)
Payment of lease liabilities	(3,043)	(2,204)	(10,044)	(9,706)
Adjusted Free Cash Flow	28,994	17,511	77,681	45,796
Adjusted Free Cash Flow Conversion	84%	75%	83%	76%

Non-IFRS Measures & Reconciliation



Gross Revenue

	Q4 2021	Q4 2020	2021	2020
Product	412,916	241,091	1,236,300	750,232
Managed services	24,577	15,485	84,961	58,949
Third party and professional services	207,736	163,631	653,529	488,172
Gross revenue	645,229	420,207	1,974,790	1,297,353
Adjustment for sales transacted as agent	140,246	130,650	446,949	348,554
Net revenue	504,983	289,557	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%