Converge Technology Solutions Corp.

Management Discussion and Analysis
For the years ended December 31, 2022 and 2021

Converge Technology Solutions Corp.
Management Discussion and Analysis

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

General Information

The following management discussion and analysis ("MD&A") of the financial condition, changes in financial condition and results of operations of Converge Technology Solutions Corp. (the "Company" or "Converge") constitutes management's review of the factors that affected the Company's financial and operating performance for the years ended December 31, 2022 and 2021. This MD&A should be read in conjunction with the audited consolidated financial statements and accompanying notes thereto for the year ended December 31, 2022, as well as the Company's consolidated financial statements and MD&A for the year ended December 31, 2021.

The consolidated financial statements have been prepared in accordance with accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") in effect for the Company's reporting year ended December 31, 2022. The consolidated financial statements can be found at www.sedar.com and www.convergetp.com.

This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations and 52-112 – Non-GAAP and Other Financial Measures Disclosure. This MD&A is dated as at March 15, 2023 and was approved by the Board of Directors on that date. Results are reported in thousands of Canadian dollars unless otherwise stated.

The registered office of the Company is located at 85 Rue Victoria, Gatineau, Quebec, J8X 2A3 and the head office of the Company is located at 161 Bay Street, Suite 2325, Toronto, Ontario, M5J 2T6.

About Forward-Looking Information

Certain information and statements within the MD&A and documents incorporated by reference may constitute "forward-looking information" within the meaning of applicable securities laws ("forward-looking statements"). Such forward-looking statements, if and when made, include projections or estimates made by the Company and its management as to the Company's future objectives, business operations, plans or expectations with respect to business strategies, expected growth of the Company's platform of IT Solutions Providers ("ITSPs"), expectations regarding the pipeline of investment opportunities available to the Company, the impact of the coronavirus disease ("COVID-19") on the Company's business and the markets in which it operates, expectations regarding future competitive conditions and the Company's competitive position, expectations regarding the Company's differentiated and competitive skill set, the Company's expectations regarding operating in large and transformative markets, the Company's expectations regarding customers and customer contracting, the Company's expectations regarding vendor and distributor relationships and the Company's expectations to expand its client base. Forward-looking statements include all disclosures regarding possible events, conditions or results of operations that are based on assumptions about future economic conditions and courses of action. Forward-looking statements may also include, without limitation, any statement relating to future events, conditions or circumstances. The Company cautions the reader not to place undue reliance upon any such forward-looking statements, which speak only as of the date they are made. Often, but not always, forward-looking statements can be identified by the use of words or phrases such as "plans", "expects", "projected", "estimated", "forecasts", "anticipates", "indicative", "intend", "guidance", "outlook", "potential", "prospects", "seek", "strategy", "targets" or "believes", or variations of such words and phrases or statements that certain future conditions, actions, events or results "will", "may", "could", "would", "should", "might" or "can", or negative versions thereof, "be taken", "occur", "continue" or "be achieved", and other similar expressions, and may be based on management's current assumptions and expectations related to all aspects of the Company's business, industry and the global economy.

Overview of the Business

Converge is a North American and European software-enabled IT & cloud solutions provider focused on delivering industry-leading solutions and services. Converge's global solution approach delivers advanced data analytics, application modernization, cloud, cybersecurity, digital infrastructure, and digital workplace offerings to clients across various industries. The Company supports these solutions with advisory, implementation, and managed services expertise across all major IT vendors in the marketplace. This multi-faceted approach enables Converge to address the unique business and technology requirements for all clients in the public and private sectors.

The Company recently expanded its footprint into Europe with the German acquisitions of Visucom GmbH, School Supplies 4.0 GmbH ("Visucom") in February 2022, and Gesellschaft für digitale Bildung, Institur für modern Bildung, and DEQSTER (collectively, "GfdB") on July 29, 2022. These acquisitions are complementary to REDNET GmbH ("Rednet") that was acquired in 2021 and will further enhance Converge's ability to deliver a wide range of complementary products and services to the German education sector. The Company further expanded its European footprint with the United Kingdom acquisition of Stone Technologies Group Limited ("Stone") on November 4, 2022.

Companies increasingly rely on the expertise and experience of an IT solutions provider to design their IT infrastructure, to procure and integrate the appropriate hardware and software for an integrated IT solution, and to provide ongoing IT support services. This trend is largely driven by limited in-house capacity, higher costs and challenges related to internal development, deployment, and maintenance of complex and rapidly changing IT infrastructure. Furthermore, clients are increasingly looking to consolidate their vendors and minimize the number of providers they interact with for their IT needs. Companies are looking for providers who offer a broad portfolio of end-to-end capabilities including next generation technologies and new delivery models. Converge offers an extensive range of products, services, and solutions to meet these needs.

With significant increases in the amount of information and the abundance of data in today's market environment, companies are increasingly demanding a more agile, responsive technology infrastructure system that helps meet their strategic business objectives. These needs are increasingly under pressure with the desire to create virtual environments that can further leverage this growing dataset, including cloud computing. Cloud computing heavily leverages resource pools in a variety of different technologies – storage and networking, virtualization, and the data center. Converge believes that these technologies are not only central aspects of a company's IT strategy, but also central to a company's broader business strategy.

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

As a buyer of ITSPs, Converge tends to seek out acquisitions that have digital transformation, cloud, compliance, security, vertical market, and regional expertise. With a focus on these areas, Converge believes it is well positioned to become an international solutions leader within these segments.

The following table presents further details on the material subsidiaries of Converge as of the date of this MD&A :

Company	Location	Ownership percentage
Northern Micro Inc. ("Northern Micro")	Ottawa, ON	100%
Corus Group, LLC ("Corus360")	Atlanta, GA	100%
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")	Ottawa, ON	51%
Acumetrics Business Intelligence Inc. ("Lighthouse")	Providence, RI	100%
Converge Technology Solutions US, LLC[(1)]	Norcross, GA	100%
Infinity Systems Software, Inc. ("Infinity Systems")	New York, NY	100%
Vicom Infinity, Inc ("Vicom Infinity")	Farmingdale, NY	100%
Essextec Acquisition, LLC, Essex Technology Group, Inc., Essex Commercial Finance LLC ("Essex")	New York, NY	100%
VSS Holdings, LLC, VSS, LLC, Information Insights, LLC ("VSS")	Madison, MS	100%
Solutions P.C.D. Inc, P.C.D. Consultation Inc. ("PCD")	Montreal, QC	100%
Unique Digital, Inc. ("Unique Digital")	Dallas, TX	100%
CarpeDatum LLC ("CarpeDatum")	Aurora, CO	100% [(2)]
Accudata Systems LLC ("Accudata")	Houston, TX	100%
Dasher Technologies, Inc. ("Dasher")	Campbell, CA	100%
ExactlyIT Inc., ExactlyIT, S. de R.L. de C.V ("ExactlyIT")	Morrisville, NC	100%
REDNET GmbH ("Rednet")	Mainz, Germany	75% [(3)]
PDS Holding Company, Paragon Development Systems Inc., Works Computing, LLC., Paragon Staffing, LLC. ("PDS")	Milwaukee, WI	100%
Visucom GmbH ("Visucom")	Walzbachtal, Germany	100%
Creative Breakthroughs, Inc. ("CBI")	Ferndale, MI	100%
IDX Systems Corp., 1176524 Alberta Ltd., 1190422 Alberta Ltd., 1245720 Alberta Ltd. ("IDX")	Edmonton, AB	100%
PC Specialists, Inc., Itex, Inc., TIG Asia Limited, Technology Integration Group Hong Kong Limited, TIG (Shanghai) Co., Ltd. ("TIG")	San Diego, CA	100%
Gesellschaft für digitale Bildung, Institut für modern Bildung, and DEQSTER ("GfdB")	Hamburg, Germany	100%
Newcomp Analytics Inc., Newcomp Analytics Inc. ("Newcomp")	Toronto, ON	100%
Stone Technologies Group Ltd., Granite One Hundred Holdings Ltd., Stone Computers Ltd., Stone Technologies Ltd., Compusys Ltd. ("Stone")	Stafford, United Kingdom	89%[(4)]

Notes:

(1) Converge Technology Solutions US, LLC includes merged legacy subsidiaries Lighthouse Computer Services, Inc., Corus Group, LLC, Key Information Systems, Inc., BlueChip Tek, Inc., Nordisk Systems, Inc., Datatrend Technologies, Inc., SIS Holding Company, LLC, Software Information Systems, LLC, Vicom Computer Services, Inc., Workgroup Connections, Inc., and LPA Software Solutions.

(2) The Company indirectly holds all of the issued and outstanding Class A membership units of CarpeDatum, which represents 100% of the economic interests in CarpeDatum. As of the date of this MD&A, there are also 321,689 Class B membership units of CarpeDatum (which

have no right to economic participation in CarpeDatum) issued and outstanding, held by the vendors of CarpeDatum and exchangeable into common shares of the Company.

(3) The seller holds a put option, which provides the non-controlling interest shareholders of Rednet the right to require the Company to purchase the remaining 25% ownership interest in Rednet. For accounting purposes, the Company has elected to consolidate 100% of Rednet in its financial statements and does not recognize a non-controlling interest, as per IAS 32 – Financial Instruments.

(4) The seller holds a put option, which provides the non-controlling interest shareholders of Stone the right to require the Company to purchase the remaining 11% ownership interest in Stone. For accounting purposes, the Company has elected to consolidated 100% of Stone in its financial statements and does not recognize a non-controlling interest, as per IAS 32 – Financial Instruments.

Strategy

Global Strategy - Converge's strategy is to become the leading ITSP to mid-market customers in North America and Europe. We have recently added an executive management team in Europe that will allow Converge to pursue its expansion strategy.

Identify and Acquire - Converge's strategy is to identify and acquire ITSPs that offer a multi-vendor technology solution for clients. Selecting the right companies for acquisition is essential to creating market momentum and is pivotal in delivering lasting value to the Company's stakeholders. Converge selects ITSPs with proven business, technical, enterprise client, and industry experience that are known and recognized for the business value they create for its clients and partners.

Invest and Transform to Drive Organic Growth - Building on the capabilities, relationships, and value of acquired companies, Converge invests in resources, education, tools, and relationships to deepen domain level expertise in specific technology practice areas and industry sectors. Converge has acquired and built public and private cloud capabilities that transform ITSPs into Hybrid IT providers.

*Consolidate Certain Back-Office Function*s - Starting with back office and support functions, Converge creates significant financial and operating efficiencies as well as service-level gains by leveraging its best-of-breed systems, purchasing power, staff, and processes across acquired companies.

Volume Rebates - Converge provides value to clients and the market by identifying and expanding business, industry, and technical solutions competencies across acquired organizations, including leveraging vendor certifications and hardware volumes across groups to receive increased pricing incentives and rebates.

Talent - Converge continues to build its talent pool of highly qualified engineers and software professionals in its key practice areas in order to provide value-added IT solutions to the Company's customers.

3-Year Acquisition History (2019 – 2021):

2019

In 2019, Converge completed six acquisitions. During the first quarter of 2019, Converge acquired SIS Holding Company, LLC and Software Information Systems, LLC (collectively "SIS"), a strategic company focused on managed cloud delivery, compute efficiency, network optimization, and IT spend optimization. During the third quarter of 2019, Converge acquired Nordisk Systems, Inc. ("Nordisk"), a professional services organization specialized in infrastructure, cloud, security, analytics, business continuity and managed services solutions. During the fourth quarter of 2019, Converge acquired Essextec Acquisition, LLC. ("Essextec"), a leading Wall Street-based cloud, cognitive, and cybersecurity solution provider, Datatrend Technologies, Inc. ("Datatrend"), a leading technology solutions provider focused on Next Gen Data Center, hybrid cloud, infrastructure, multi-site IT deployments, and ISV/OEM solutions, and VSS Holdings, LLC ("VSS"), a leading technology solutions provider specializing in managed services, technology solutions, IT portfolio management and consulting services.

2020

In 2020, despite the global challenges associated with the COVID-19 pandemic, Converge successfully closed five acquisitions in North America. On February 1, 2020, the Company acquired P.C.D. Inc. and P.C.D. Consultation Inc. (collectively "PCD"), a Montreal, Canada based partner focused on solutions in enterprise system architecture, storage and information management, virtualization and cloud, and business continuity and disaster recovery. On October 1, 2020, the Company acquired Unique Digital, Inc. ("Unique Digital"), a Texas-based IT solutions provider focused on architecting and implementing solutions in big data, cloud, data protection networking, security, and virtualization. On December 1, 2020, the Company acquired Workgroup Connections, Inc. ("Workgroup"), a US-based IT solutions provider with headquarters in Missouri and Colorado, that specializes in leading-edge cloud, software development, and licensing services and solutions. On December 22, 2020, the Company acquired Vivvo Application Studios, Inc. ("Vivvo"), a Canadian technology innovation organization that delivers a feature-rich, production-ready, proven identity-management-as-a-service (IDMAAS) platform that enables and accelerates digital transformation. On December 31, 2020, the Company acquired Vicom Computer Services, Inc. ("Vicom"), a New York-based full-service multi-cloud infrastructure provider.

2021

In 2021, the Company continued to execute on its acquisition strategy, completing the acquisitions of 9 companies in total. On January 6, 2021, the Company acquired all of the issued and outstanding shares of CarpeDatum LLC, ("CarpeDatum"), a Colorado-based analytics consulting organization. On February 12, 2021, the Company acquired all of the issued and outstanding shares of Accudata Systems LLC, ("Accudata"), a Texas-based IT consulting and integration firm that provides infrastructure and security solutions and services. The transaction was accounted for as a business combination. On April 1, 2021, the Company acquired all of the issued and outstanding shares of Dasher Technologies, Inc., ("Dasher"), a Silicon Valley-based IT solution provider that has industry-recognized expertise in technologies such as cybersecurity, enterprise networking, data center, and hybrid cloud services. On June 22, 2021, the Company acquired all of the issued and outstanding shares of ExactlyIT, Inc. ("ExactlyIT"), a managed services provider ('MSP') headquartered in North Carolina, with operational offices in Mexico, that has managed business-critical systems to deliver innovative, next-generation managed IT services. On August 4, 2021, the Company acquired a 75% interest in REDNET AG ("Rednet"), an IT services provider headquartered in Mainz, Germany that specializes in serving the education, healthcare, and government/public sectors, providing detailed advice, economic planning, smooth logistics, and fast service to its clients. On August 30, 2021, the Company announced the closing of its previously announced acquisitions of Vicom Infinity, Inc. and Infinity Systems Software, Inc. Vicom Infinity is a world-class IBM mainframe solutions provider, and Infinity Systems Software has been a leading supplier of software and services for IBM platforms for more than 20 years. On October 1, 2021, the Company acquired all of the issued and outstanding shares of LPA Software Solutions ("LPA"), an IT services provider headquartered in Rochester, NY that provides business analytics solutions and professional services in analytics, data science, artificial intelligence, financial performance management, data governance, data integration, location analytics, and data sets. On December 1, 2021, Portage, the Company's 51% owned cyber security-focused SaaS entity, acquired all of the issued and outstanding shares of OPIN Digital Inc. ("OPIN"), an Ontario-based full-service Canadian digital agency focused on designing and building digital web, mobile, and app experiences to support the strategic service goal of government and enterprise customers

Please refer to *Business and Financial Highlights for the Quarter Ended December 31, 2022* for acquisitions completed by the Company since January 1, 2022.

European Expansion

On February 9, 2022, the Company completed the acquisition of 100% interest in Visucom, headquartered in Walzbachtal, Germany, representing the Company's 27th acquisition to date and Converge's second European acquisition. Founded in 1987, Visucom has been a trusted supplier of professional screens, interactive blackboards, loudspeakers, cameras, projectors, displays, and media controls for education and public clients. Visucom also offers on-site installations and training and has an excellent reputation for neutral advice, planning, and equipment for all market-leading manufacturers of media devices. On July 29 2022, the Company completed the acquisition of GfdB, representing the Company's 32nd acquisition to date and Converge's third European acquisition. GfdB is a full-service IT supplier for education, offering everything from hardware and software to advanced training and comprehensive technical or consulting services, as well as the development and production of equipment for digital learning and working. Together with Rednet, Converge will offer clients across Germany a wider range of service offerings and further expand Converge's global footprint.

On November 4, 2022, the Company completed its first UK-based acquisition, acquiring an 89% interest in Stone Technologies Group Limited ("Stone"), a provider of Circular IT solutions for education institutions, as well as public and private sector organizations in the United Kingdom. The acquisition of Stone capped off a monumental year of growth for Converge in the European market, and provides the Company with industry leading knowledge and skills to continue enhancing Converge's capabilities and offerings to its clients in the United Kingdom and European Union.

Operating Environment

Supply Chain Impacts

The residual impacts of COVID-19, and the recent escalation in conflict between Russia and Ukraine, have disrupted supply chains and caused instability in the global economy, which has affected the Company in a number of ways. To date, some of the Company's key vendors have experienced supply shortages as it relates to product available for delivery to Converge's customers. As a result, the Company is experiencing higher than normal product backlog in its pipeline. In response, during the period Converge has proactively increased its inventory levels where possible to alleviate supply chain pressures. The Company continues to work closely with key vendor and proactively manage its inventory levels to mitigate the impact of industry wide supply constraints.

As of December 31, 2022, the Company's product bookings backlog, which is calculated as purchase orders received from customers that are not yet delivered at the end of the fiscal period, was approximately $479 million as compared to approximately $350 million as at December 31, 2021. The Company continues to work closely with its vendors and customers to ensure fulfillment of orders as soon as possible and expects to see these orders fulfilled in the coming quarters.

COVID-19

The residual impacts of COVID-19, and the recent escalation in conflict between Russia and Ukraine, have disrupted supply chains and caused instability in the global economy, which has affected the Company in a number of ways. To date, some of the Company's key vendors have experienced supply shortages as it relates to product available for delivery to Converge's customers. As a result, the Company is experiencing higher than normal product backlog in its pipeline. In response, during the period Converge has proactively increased its inventory levels where possible to alleviate supply chain pressures. The Company continues to work closely with key vendors and proactively manages inventory levels to mitigate the impact of industry wide supply constraints. In addition, businesses are experiencing economic uncertainty driven by market volatility in commodity prices high inflation, high interest rates and increasing energy cost. The impact of these events could include increase in expenses and financing costs.

Business And Financial Highlights for the Quarter ("Q4 2022") and Year Ended December 31, 2022 ("FY 2022")

Q4 2022 Financial Highlights:

- Q4-22 reported net revenue of $640,927 which was adjusted by $130,631 due to an accounting policy change***** in response to new IFRS guidance, to report certain software revenue on a 'net' basis that was previously reported on a gross basis, which had nil impact on reported gross profit, net income, and Adjusted EBITDA[1]. Without the policy change, the Company would have otherwise reported revenue of $771,558, in line with Company's expected reported revenue per its February 14, 2023 preliminary press release (Q4-2021 – pre-accounting policy change net revenue of $504,983; reclassified net revenue of $445,951*).
- Gross profit of $168,916 (Q4-2021 – gross profit of $115,893).
- Adjusted EBITDA[1] of $43,064 (Q4-2021 – adjusted EBITDA[1] of $34,685).
- Adjusted Free Cash Flow[1] was $36,671 and Adjusted Free Cash Flow Conversion[1] was 85%, compared to $28,994 and 84%, respectively, for Q4-2021.

FY 2022 Financial Highlights:

- FY22 reported net revenue of $2,164,647, which was adjusted by $356,810 due to the above accounting policy change*****, which had nil impact on reported gross profit, net income, and Adjusted EBITDA[1]. Without the policy change, the Company would have otherwise reported revenue of $2,521,457, in line with Company's expected reported revenue per its February 14, 2023 preliminary press release (2021 – pre-accounting policy change net revenue of $1,527,841; reclassified net revenue of $1,329,797 under accounting policy change*).
- Gross profit of $550,768 (2021 – gross profit of $345,704).
- Adjusted EBITDA[1] of $142,868 (2021 – adjusted EBITDA[1] of $94,035).
- Adjusted Free Cash Flow[1] was $119,359 and Adjusted Free Cash Flow Conversion[1] was 84%, compared to $77,681 and 83%, respectively, for the year ended December 31, 2021.

Refer to "Revenue" section for a detailed discussion of the accounting policy change and impact to the Company's reported results

Normal Course Issuer Bid

On August 8, 2022, the Company announced that the Toronto Stock Exchange ("TSX") 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 commenced on August 11, 2022 and terminates 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 ("ASPP") 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.

During the year ended December 31, 2022, 6,562,718 common shares (2021 – nil) were repurchased and cancelled under the NCIB for an aggregate purchase price of $40,000 (2021 – nil). As at December 31, 2022, an obligation for the repurchase of shares of $19,835 was recognized under the ASPP (2021 – nil).

[1] This is a Non-IFRS measure (including non-IFRS ratio or supplementary financial measure) and not a recognized, defined or standardized measure under IFRS. See the Non-IFRS Financial & Supplementary Financial Measures section of this MD&A.

Acquisitions completed during the year ended December 31, 2022:

- On January 7, 2022, the Company acquired a 100% interest in PDS, 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 was $71,737 ($56,638 USD), consisting of (i) $69,305 ($54,718 USD) in cash; and (ii) working capital and other adjustments of $2,432 ($1,920 USD).

- On February 9, 2022, the Company acquired a 100% interest in Visucom, which was effective to January 1, 2022 for accounting purposes. Headquartered in Walzbachtal, Germany, Visucom is a 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 consisted of $8,203 (€5,700) in cash.

- On March 1, 2022, Portage, the Company's 51% owned cyber security-focused SaaS entity, acquired a 100% interest in 1CRM, a SAAS-based software corporation headquartered in Victoria, Canada 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 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.

- On April 1, 2022, the Company acquired a 100% interest in 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.

- On April 29, 2022, the Company announced that it acquired a 100% interest in 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 $31,184. Purchase consideration consisted of (i) $27,969 in cash; and (ii) working capital adjustment of $3,215.

- On June 17, 2022, Portage, the Company's 51% owned cyber security-focused SaaS entity, acquired a 100% interest in 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 $54,674. Purchase consideration consisted of (i) $44,876 in cash; (ii) working capital adjustment of $4,806; and (iii) promissory note of $4,992.

- On July 29, 2022, the Company acquired a 100% interest in TIG, a corporation headquartered in San Diego, CA, specializing in optimized performance solutions and critical business support. The total consideration for the purchase of TIG was $139,139 ($108,499 USD). Purchase consideration consisted of (i) $130,101 ($101,451 USD) in cash; and (ii) working capital adjustment of $9,038 ($7,048 USD).

- 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 total consideration for the purchase was $36,370 (€27,823), consisting of (i) $33,025 (€25,264) in cash, (ii) negative working capital adjustment of $3,573 (€2,733), and iii) an estimated aggregate of $6,918

(€5,292) in earn-out payments for the three years following the acquisition based on the achievement of certain milestones.

- On September 9, 2022, the Company acquired a 100% interest in Newcomp Analytics Inc., a corporation headquartered in Toronto, ON, that assists organizations in building a map to deeper analytics while providing teams with the tools they need to tackle big data projects. The total consideration for the purchase of Newcomp was $25,895, consisting of (i) $18,285 in cash, (ii) working capital adjustment of $6,667, and (iii) deferred payments in aggregate of $943 in favour of the sellers due over the two years following closing of the acquisition. As part of the purchase consideration for the acquisition of Newcomp, the sellers are also entitled to retention bonuses that becomes payable annually over the two years following the acquisition date. Remuneration is contingent on continued employment for certain employees and is expensed over time as it becomes earned.

- On November 4, 2022, the Company acquired an 89% interest in Stone Technologies Group Limited ("Stone"), a provider of Circular IT solutions for education institutions, as well as public and private sector organizations in the United Kingdom. Under the terms of the acquisition, certain key management personnel of Stone reinvested a portion of the proceeds from sale of their shares into a new Converge UK holding company, representing an aggregate minority interest stake of 11%. The purchase agreement allows for Converge to acquire the remaining 11% of Stone after approximately 3 years. The transaction will be accounted for as a business combination. The total consideration for the purchase of $84,438 (£55,268) consisted of (i) $70,616 (£46,221) in cash; (ii) working capital adjustment of $5,419 (£3,547); and (iii) an NCI liability of $8,403 (£5,500).

Outlook for Fiscal 2023

As we enter 2023, corporate and public sector organizations are increasingly looking to digital transformation in driving innovation and operating efficiency. With efforts to accommodate a shifting workforce culture and new business processes, Converge recognizes its ability to play a role in advancing many post-pandemic requirements and enabling organizations to deliver these operating efficiencies in an optimized and secure manner. In the last few years, Converge has seen increased demand for products, solutions, and professional and managed services in the analytics, cloud, cybersecurity, and talent spaces. Converge anticipates increased spending in these areas in 2023 and is preparing to accommodate those seeking innovative solutions and a hybrid IT infrastructure to support a remote workforce and enable digital transformation. The Company remains well-equipped to meet demand with its increased global footprint and through Converge's extensive and diverse network of leading hardware and software partners.

Enterprise IT Priorities

Each year, the Enterprise Strategy Group annually assesses insights from 700+ senior IT leaders. The 2023 Technology Spending Intentions Survey[1] analyzes private and public sector technology spending expectations for and trends with respect to technology implementation and evolving client needs. This year's study finds that enterprise technology spending will slow due to global macroeconomic conditions. However, aggressive investments are expected to continue among more digitally transformed businesses.

This year's study offers key insights regarding:

- Global macroeconomic conditions' effect on spending
- Major technology initiatives underlying business objectives
- Strategies for the cybersecurity skills shortage
- Remote work and cloud computing plans
- Digital transformation progress

[1] https://www.esg-global.com/2023-technology-spending

Global Conditions Spending Effect

Despite current macroeconomic uncertainty, more than half (52%) of all surveyed organizations expect to increase spending on IT products and services in 2023. Spending plans are buoyed by continued investments in digital transformation initiatives: 91% of organizations have digital transformation projects underway and two-thirds (67%) will increase technology spending in 2023. Specific investment priorities include cybersecurity, artificial intelligence, and private/public cloud solutions. Given the Company's end-to-end solutions around digital transformation and a vast selection of products and services in these areas, Converge remains well positioned to meet the ongoing needs from the marketplace in 2023.

Technology Initiatives Underlying Business Objectives

According to Inc.com[1], top technology and business trends for 2023 include Clean Energy & Sustainability, Increased Demand for Computing Power – Big Data & AI, Robotics and AI Based Supply Chain Growth, and an Expanded Focus on Cybersecurity. As planet warming and emissions are taken more seriously across the globe, the coming year sees organizations focusing more seriously on clean energy, sustainability, using recyclable/biodegradable products, and improving Environmental Corporate Governance (ESG). Converge remains on-par with these environmental initiatives, having introduced ESG at the 2023 Converge Global Summit and expanding our capabilities in areas such as our Stone 360[2] recycling app. Additionally, as the world increasingly relies on data, large machine simulation power will be more important, with a growing number of A.I. and robotics applications in 2023, as processes become more automated. Enterprise Strategy Group results show that organizations' top priorities for their digital transformation initiatives include becoming more operationally efficient, developing new data-centric products and services, and providing a better and more differentiated customer experience – all of which involve investments in artificial intelligence and data analytics. In 2022, Converge increased solution and service capabilities in the areas of advanced analytics and digital infrastructure/transformation. Now entering into 2023, the Company is exceptionally positioned to assist clients as they place a focus on and increase investment in these areas in the coming months. Finally, with online, remote, and global work becoming more commonplace, securing the workforce and data remains top of mind for companies. Converge's Cybersecurity practice is well-versed in the demands of securing today's organizations and is equipped with the right teams and partners to tackle and prevent ongoing threats.

Cybersecurity Skills Shortage

Cybersecurity remains a primary priority in 2023, as respondents to this year's survey cited the need to improve cybersecurity as the business initiative most likely to drive technology spending this year. As cyber-attacks become more widespread and sophisticated, companies cannot afford to defer or delay investment in protecting their organizations – ransomware attacks have increased sharply over the past few years, making defending against them a top priority for leaders. Additionally, as necessary demand for security increases, there is an understandable need for skilled cyber-personnel to facilitate the implementation of such protections. Converge remains prepared to meet the continuing need for cybersecurity, both with our Converge Cybersecurity practice and the aid of our Talent Services offerings, allowing the Company to staff projects quickly and within budget.

Remote Work and Cloud Computing

Secondly, in the wake of the Covid-19 pandemic, remote work exploded like never before. This trend remains in 2023. Organizations now rely on and operate as entirely remote workforces, forcing business investments into areas that allow employees to operate securely from anywhere at any time. Converge's Digital Workplace solutions and services focus on how to provide the best digital worker experience, while ensuring clients' core business values. The Company's model brings together collaboration, identity, access, governance, license management, and end-user management tools as a holistic approach to the employee experience. It also lays the foundation for a roadmap to start working towards an un-tethered workforce that is productive, connected, and secure.

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[1] https://www.inc.com/anis-uzzaman/top-technology-business-trends-for-2023.html
[2] https://www.stonegroup.co.uk/stone-360

One of the top three most frequently cited area of increased investment for 2023 among survey respondents was public cloud services, with many planning to increase spending on public cloud applications and public cloud infrastructure services. Businesses are also accelerating development of cloud-native applications. Converge's Cloud Platforms organization is well-skilled in private, public, and hybrid cloud solutions and employs a "migrate to modernize" philosophy, balancing hybrid and cloud-native migration approaches to drive successful IaaS, PaaS or application modernization initiatives. The team has a strong focus on the operational aspects of cloud migrations, which allows our team of experts to help clients with DevOps, CloudOps, FinOps, Automation, and overall operational excellence.

Digital Transformation

Digital transformation is the core tenant of Converge's approach to digital infrastructure. Converge's solutions accelerate the value chain of delivering products and services from our clients' partners and suppliers to their end customers. Converge's Digital Infrastructure practice is equipped to meet an increased digital transformation need in 2023, already employing a deep bench of highly skilled engineers and a dedicated team of solutions architects. The Company's certified technical teams also draw on 750+ strategic alliance partnerships, which allow Converge to take a partner-agnostic consultancy approach. Converge's collaborative Digital Infrastructure solution process helps clients design and implement a highly available and responsive infrastructure environment that enables business to continuously innovate and grow, as well as translates to an increased return on investment (ROI) and significantly improved user experience.

Converge's 2023 Competitive Positioning

With a portfolio of services-led, software-enabled, IT & cloud solutions backed by industry-leading advanced analytics, application modernization, cloud platforms, cybersecurity, digital infrastructure, digital workplace, and global integration & deployment services offerings, Converge is strategically positioned as an ongoing global leader in the IT and overall technology space. Converge supports these solutions with advisory, implementation, and managed services expertise across all major IT partners in the marketplace. This multi-faceted approach enables the Company to continue delivering on the unique business and technology requirements for our clients.

With organic and inorganic additions to Converge's solution portfolio in 2022 and more growth poised for 2023, the Company is uniquely situated to meet the challenges the upcoming year will bring. Leveraging recent advancements to our advanced analytics, cloud, cybersecurity, and digital workplace/transformation practices made over the last 12 months, Converge remains in a strong position to serve the increased demand of our clients in these key go-to-market categories.

As we move into 2023, Converge aims to bolster its investments in areas of growth for the next year and beyond, such as managed services, global integration & deployment services, and our full spectrum of solutions and professional services across the globe.

Non-IFRS Financial & Supplementary Financial Measures

This MD&A refers to certain performance indicators including Adjusted EBITDA, Adjusted Free Cash Flow, Adjusted Free Cash Flow Conversion, Adjusted Net Income, Adjusted Earnings per Share ("EPS"), Annual Recurring Revenue ("ARR"), 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.

Management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets and assess the ability to meet capital expenditure and working capital requirements. These non-IFRS financial measures should not be considered as an alternative to the consolidated income (loss) or any other measure of performance under IFRS. Investors are encouraged to review the Company's financial statements and disclosures in their entirety and are cautioned not to put undue reliance on non-IFRS measures and view them in conjunction with the most comparable IFRS financial measures.

Adjusted EBITDA

Adjusted EBITDA represents net 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. 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.

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.

Adjusted EBITDA as a % of Gross Profit

The Company believes that Adjusted EBITDA as a % of Gross Profit is a useful measure of the Company's operating efficiency and profitability. This is calculated by dividing Adjusted EBITDA by gross profit.

Adjusted EBITDA as a % of Net Revenue

The Company believes that Adjusted EBITDA as a % of Net Revenue is a useful measure of the Company's operating efficiency and profitability. This is calculated by dividing Adjusted EBITDA by net revenue.

Adjusted Net Income and Adjusted Earnings per Share ("EPS")

Adjusted Net Income represents net income adjusted to exclude special charges, amortization of acquired intangible assets, unrealized foreign exchange gain/loss, and share-based compensation. The Company believes that Adjusted Net Income is a more useful measure than net income 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 by the total weighted average shares outstanding on a basic and diluted basis.

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. In transactions where Converge is acting as an agent between the customer and the vendor, net revenue is calculated by reducing gross revenue by the cost of sale amount.

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.

Organic Growth

The Company measures organic growth on a quarterly and year-to-date basis, at the gross revenue and gross profit levels, and includes the contributions under Converge ownership in the current and comparative period(s). In calculating organic growth, the Company therefore deducts gross revenue and gross profit generated from companies that were acquired in the current reporting period(s).

Gross revenue organic growth is calculated by deducting prior period gross revenues, as reported in the Company's public filings, from current period gross revenue for the same portfolio of companies. Gross revenue organic growth percentage is calculated by dividing organic growth by prior period reported gross revenues.

Gross profit organic growth is calculated by deducting prior period gross profit, as reported in the Companies public filings, from current period gross profit for the same portfolio of companies. Gross profit organic growth percentage is calculated by dividing organic growth by prior period reported gross profit.

Annual Recurring Revenue ("ARR")

Annual recurring revenue represents annualized net revenue from managed services, which are long-term recurring contracts. This is calculated by multiplying quarterly net managed services revenues by four.

Gross Profit Margin

Gross profit margin represents the percentage of total revenue in excess of costs of goods sold and is an indicator of the Company's profitability on sales before operating expenses. This is calculated by dividing gross profit by revenues.

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

Summary of Consolidated Financial Results

The following table provides the consolidated financial results for the Company:

	Three months ended December 31,		Twelve months ended December 30,	
	2022	2021*	**2022**	2021*
Revenues				
Product	**$ 507,630**	$ 353,884	**$ 1,700,667**	$ 1,038,196
Service	**133,297**	92,067	**463,980**	291,541
Total revenue	**640,927**	445,951	**2,164,647**	1,329,737
Cost of sales	**472,011**	330,058	**1,613,879**	984,033
Gross profit	**168,916**	115,893	**550,768**	345,704
Selling, general and administrative expenses	**126,377**	81,440	**413,644**	254,805
Income before the following	**42,539**	34,453	**137,124**	90,899
Depreciation and amortization	**20,363**	11,925	**75,114**	36,473
Finance expense, net	**9,062**	2,125	**19,860**	7,801
Special charges	**18,654**	2,595	**38,146**	19,701
Share-based compensation expense	**1,422**	1,132	**5,594**	2,325
Other expense (income)	**2,057**	6,108	**(20,375)**	625
Income before income taxes	**(9,019)**	10,568	**18,785**	23,974
Income tax (recovery) expense	**(4,363)**	3,488	**(4,059)**	7,608
Net income	**$ (4,656)**	$ 7,080	**$ 22,844**	$ 16,366
Net income (loss) attributable to:				
Shareholders of Converge	**(3,528)**	6,660	**27,283**	15,946
Non-controlling interest	**(1,128)**	420	**(4,439)**	420
Other comprehensive income (loss)	**$ (4,656)**	$ 7,080	**$ 22,844**	$ 16,366
Exchange differences on translation of foreign operations	**(14,238)**	465	**(13,379)**	488
Comprehensive income	**$ 9,582**	$ 6,615	**$ 36,223**	$ 15,878
Comprehensive income (loss) attributable to:				
Shareholders of Converge	**10,710**	6,195	**40,662**	15,458
Non-controlling interest	**(1,128)**	420	**(4,439)**	420
	$ 9,582	$ 6,615	**$ 36,223**	$ 15,878
Adjusted EBITDA	**$ 43,064**	$ 34,685	**$ 142,868**	$ 94,035
Adjusted EBITDA as a % of Gross Profit	**25.5%**	30.0%	**25.9%**	27.0%
Adjusted EBITDA as a % of Net Revenue	**6.7%**	7.8%	**6.6%**	7.1%

*The Company applied a change in accounting policy causing certain revenue and cost of sales to be reclassified in the comparative period. See Revenue section below.

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

Adjusted EBITDA

The Company has reconciled Adjusted EBITDA[1] to the most comparable IFRS financial measure as follows:

	Three months ended December 30,		Twelve months ended December 30,	
	2022	2021	**2022**	2021
Net income (loss) before taxes	**$ (9,019)**	$ 10,568	**$ 18,785**	$ 23,974
Finance expense	**9,062**	2,125	**19,860**	7,801
Share-based compensation expense	**1,422**	1,132	**5,594**	2,325
Depreciation and amortization	**20,363**	11,925	**75,114**	36,473
Depreciation included in cost of sales	**1,631**	671	**4,950**	3,114
Foreign exchange loss (gain)	**951**	5,669	**(19,581)**	647
Special charges	**18,654**	2,595	**38,146**	19,701
Adjusted EBITDA	**$ 43,064**	$ 34,685	**$ 142,868**	$ 94,035

For the three months ended December 31, 2022, special charges are primarily due to $1,080 of acquisition transaction costs, $2,009 of legal provisions and other costs related to acquired companies, $554 in financing related costs, $978 of restructuring costs related to the integration of acquired companies, and $14,033 due to a change in fair value of contingent consideration. During the same period in the prior year, special charges were primarily due to $2,950 of acquisition transaction costs, $172 in financing related costs, $611 of employee compensation and benefits, and $1,138 of loss on change in fair value of contingent consideration.

For the year ended December 31, 2022, special charges are primarily due to $16,959 of acquisition transaction costs, $2,456 of legal provisions and other costs related to acquired companies, $3,342 in financing related costs, $1,106 of restructuring costs related to the integration of acquired companies, $250 of employee compensation and benefits, and $14,033 due to a change in fair value of contingent consideration. During the same period in the prior year, special charges were primarily due to $9,513 of acquisition transaction costs, $2,020 of legal provisions and other costs related to acquired companies, $1,350 in financing related costs, $832 of restructuring costs related to the integration of acquired companies, $886 of employee compensation and benefits, and $5,100 due to a change in fair value of contingent consideration.

Overall Company Performance and Key Changes in Financial Results

Revenue

Accounting policy change for software revenues

In December 2021, the IFRS Interpretation Committee (IFRIC) published a tentative agenda decision ("the Agenda Decision") in response to a submission from a software reseller, which introduced new interpretations and context, to determine whether an entity should treat revenue from the resale of standard software licenses on a principal or agent recognition basis under IFRS 15. The Committee introduced certain discrete points for entities to consider but did not reach a definitive conclusion and maintained that an entity should apply judgement in making its assessment under the principles contained within IFRS 15, using the specific facts and circumstances relevant to the entity and the transactions or contracts with its customers. Following its May 2022 meeting, IFRS finalized and approved the agenda decision. Given the inherent judgement required, and need for careful consideration of the specific terms and conditions under which the Company resells vendor owned software, the Company's analysis was ongoing in prior interim periods and a conclusion had not yet been reached.

At December 31, 2022, the Company completed its analysis, which entailed a comprehensive review of the Company's reseller agreements, and assessing all relevant facts and circumstances, and applying a balanced judgement. The Company has concluded, in response to the Agenda Decision, that its role in reselling software more closely reflects that of an agent, and that an accounting policy change in favour of agent (and net) presentation should be adopted for all software products that were previously recorded as principal and presented on a gross basis.

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

The Company considered the following factors, as raised by the Agenda Decision, in reaching this conclusion:

i. The removal of pre-sales advice as an explicit or implicit promise in a contract. The Company did not previously consider pre-sales advice as a separate performance obligation but factored these services into the consideration of the concept of "control" of licenses.

ii. In the case of software products, there is no inventory risk before the customer is provided with the licenses, the risk arises after that point until the customer accepts the licenses.

iii. In the case of software products, the software manufacturer is responsible for the software's functionality, in addition to issuing and activating the licenses, and is therefore responsible in those respects for fulfilling the promise to provide the licenses to the customer.

In accordance with IAS 8, the Company has applied this change in accounting policy on a retrospective basis to January 1, 2022, with comparative information adjusted accordingly to apply the policy change consistently in the current and prior reporting period.

The Company as provided for the impact of reported net revenue for Q4 2022, and FY 2022 below (see "impact of policy change"). There was nil impact on the reported gross profit, net income, and Adjusted EBITDA.

Gross revenue

The following table presents the Company's gross revenues, and impact of the accounting policy change on the net-down of software to reported revenue:

	Q4 2022			Q4 2021[(1)]
	Without policy change	Impact of policy change	**Reported**	Adjusted
Product	**$ 638,261**	-	**$ 638,261**	$ 412,916
Managed services	**36,244**	-	**36,244**	24,577
Third party and professional services	**282,298**	-	**282,298**	204,658
Total gross revenue	**$ 956,803**	-	**$ 956,803**	$ 642,151
Adjustment for sales transacted as agent	**185,245**	130,631	**315,876**	196,200
Net revenue	**$ 771,558**	(130,631)	**$ 640,927**	$ 445,951

	FY 2022			FY 2021[(1)]
	Without policy change	Impact of policy change	**Reported**	Adjusted
Product	**$ 2,057,477**	-	**$ 2,057,477**	$ 1,236,301
Managed services	**138,176**	-	**138,176**	88,782
Third party and professional services	**895,328**	-	**895,328**	649,707
Total gross revenue	**$ 3,090,981**	-	**$ 3,090,981**	$ 1,974,790
Adjustment for sales transacted as agent	**569,524**	356,810	**926,334**	645,053
Net revenue	**$ 2,521,457**	(356,810)	**$ 2,164,647**	$ 1,329,737

(1) Includes adjustment of $59,032, and $198,104 for Q4 2021 and FY 2021, respectively, for the impact of the accounting policy change software revenue on the comparative period from what was previously reported.

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

Gross revenue organic growth

Gross revenue organic growth for the three months ended December 31, 2022 was $3,656 (0.6%), which was impacted by approximately $67,500 in orders delayed into Q1 FY23, and approximately $36,000 of bookings backlog. On a full-year basis, gross revenue organic growth was $170,414 (8.6%).

This continued organic growth is attributable to the Company's strong integration engine, whereby the Company can seamlessly integrate acquired companies and grow revenues organically through expanding customers' digital infrastructure.

The following table calculates organic growth for the three months ended December 31, 2022 and year ended December 31, 2022 ("YTD"):

	Q4 (3-month)	Q4 YTD (12-month)
Gross revenue[1]	$ 956,803	$ 3,090,981
Less: gross revenues from companies not owned in comparative period	310,996	945,777
Gross revenue of companies owned in comparative period	645,807	2,145,204
Prior period gross revenue	642,151	1,974,790
Organic Growth - $	**$ 3,656**	**$ 170,414**
Organic Growth - %	**0.6%**	**8.6%**

Net Revenue

The following table presents the Company's gross revenues, and impact of the accounting policy change on the net-down of software to reported revenue:

	Q4 2022			Q4 2021
	Balance pre-accounting policy change	Impact of policy change	**Net revenue reported**	Reclassified
Product	**$ 638,261**	(130,631)	**$ 507,630**	$ 353,884
Managed services	**33,344**	-	**33,344**	22,372
Third party and professional services	**99,953**	-	**99,953**	69,695
Total	**$ 771,558**	(130,631)	**$ 640,927**	$ 445,951

Product revenue, which includes hardware and software, for the three months ended December 31, 2022 increased 43% to $507,630 from $353,884 (which has been adjusted for the impact of the accounting policy change) for the three months ended December 31, 2021, primarily due to the impact of the acquisitions of PDS, Visucom, IDX, CBI, TIG, GfdB, 1CRM, Newcomp, and Stone that were completed during the period subsequent to December 31, 2021. Recurring revenue from managed services, which are long-term contracts, increased 49% to $33,344 from $22,372 last year primarily due to the impact of recent acquisitions that sell cloud and managed services, increased managed services revenue from the Company's recently announced IBM Power for Google Cloud ("IP4G"), and organic growth from the expansion of existing customers' managed services. At December 31, 2022, ARR from managed services was $133,376 as compared to $89,488 last year. Third party and professional services which includes the net revenue from public cloud resell and software support, increased 43% to $99,953 from $69,695 last year primarily due to the impact of acquisitions completed in the intervening period.

For the three months ended December 31, 2022, revenue by industry was approximately 21% from technology services, 21% from healthcare, 18% from government, 10% from financial services, and 30% from other companies.

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

	FY 2022			FY 2021
	Balance pre-accounting policy change	Impact of policy change	**Net revenue reported**	Reclassified
Product	**$ 2,057,477**	(356,810)	**$ 1,700,667**	$ 1,038,197
Managed services	**119,630**	-	**119,630**	75,886
Third party and professional services	**344,350**	-	**344,296**	215,654
Total gross revenue	**$ 2,521,457**	(356,810)	**$ 2,164,647**	$ 1,329,737

Product revenue, which includes hardware and software, for the year ended December 31, 2022 increased 64% to $1,700,677 from $1,038,197 (which has been adjusted for the impact of the accounting policy change) for the year ended December 31, 2021, primarily due to higher sales to the Canadian government and the impact of the acquisitions of PDS, Visucom, IDX, CBI, TIG, GfdB, 1CRM, Newcomp, and Stone that were completed during the period subsequent to December 31, 2021. Recurring revenue from managed services, which are long-term contracts, increased 58% to $119,630 from $75,886 last year primarily due to the impact of recent acquisitions that sell cloud and managed services, increased managed services revenue from the Company's recently announced IBM Power for Google Cloud ("IP4G"), and organic growth from the expansion of existing customers' managed services. Third party and professional services which includes the net revenue from public cloud resell and software support, increased 60% to $344,350 from $215,654 last year primarily due to the impact of acquisitions completed in the intervening period.

For the year ended December 31, 2022, revenue by industry was approximately 20% from technology companies, 20% from healthcare, 19% from government, 15% from financial services, and 26% from other companies.

Gross profit and gross profit margin

For the three months ended December 31, 2022, gross profit increased 46% to $168,916 from $115,893 last year and gross profit margin of 26.4% decreased from 26.0% (which reflect the increase gross margin % impact from the net-down of software revenue) in the same period last year. For the year ended December 31, 2022, gross profit increased 59% to $550,768 from $345,704 last year and gross profit margin of 25.4% decreased from 26.0% (which reflects the increased gross margin % impact from the net-down of software revenue) in the same period last year.

In the short-term, gross profit margin reflects the impact of acquired companies, whereby recent acquisitions tend to sell primarily lower margin hardware, paired with high volume but lower margin end-user device sales. As the Company begins to achieve scale in its higher margin cloud and managed services, and cross-sell these services to customers of recently acquired companies, Converge expects gross margins to increase.

Gross profit organic growth

Gross profit organic growth for the three months ended December 31, 2022 was $1,736 (1.5%), which was affected by approximately $67,500 in orders delayed into Q1 FY23, and approximately $36,000 of bookings backlog. Organic growth for the year ended December 31, 2022 was $36,236 (10.5%).

Converge's ability to grow its gross profit organically is attributable to the Company's strong integration engine and illustrates the Company's success in cross-selling higher margin software and services across the Company's various practice areas, including cyber security, analytics, and cloud and managed services.

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

The following table calculates organic growth for the three months ended December 31, 2022 and year ended December 31, 2022:

	Q4 (3-month)	Q4 YTD (12-month)
Gross profit	**$ 168,915**	**$ 550,766**
Less: gross profit from companies not owned in comparative period	**51,286**	**168,825**
Gross profit of companies owned in comparative period	**117,629**	**381,941**
Prior period gross profit	**115,893**	**345,705**
Organic Growth - $	**$ 1,736**	**$ 36,236**
Organic Growth - %	**1.5%**	**10.5%**

Selling, general, and administrative expenses

Selling, general, and administrative expenses comprised of the following expenses for the periods indicated below:

	Three months ended December 31,		Twelve months ended December 31,	
	2022	2021	**2022**	2021
Salaries and benefits	**$ 108,292**	$ 69,543	**$ 351,004**	$ 218,565
Professional fees	**2,345**	2,450	**12,380**	9,778
Office, travel and events	**16,538**	8,440	**46,296**	25,544
Other expenses (recoveries)	**(798)**	1,007	**3,964**	918
Total	**$ 126,377**	$ 81,440	**$ 413,644**	$ 254,805

Employee compensation and benefits for the three months ended December 31, 2022 increased to $108,292 from $69,543 last year primarily due to increased headcount related to acquisitions. Professional fees decreased to $2,345 for the three months ended December 31, 2022 from $2,450 last year primarily due to advisory services for tax and planning for the Company's expansion into Europe. Office, travel and events increased to $16,538 for the three months ended December 31, 2022 from $8,440 last year primarily due to the impact of new acquisitions and greater employee travel as COVID-19 related restrictions have lessened and more in-person events have resumed. Other expenses decreased to ($798) for the three months ended December 31, 2022 compared to $1,007 in prior year which primarily reflects the impact of acquisitions.

Employee compensation and benefits for the year ended December 31, 2022 increased to $351,004 from $218,565 last year primarily due to increased headcount related to acquisitions. Professional fees increased to $12,380 for the year ended December 31, 2022 from $9,778 last year primarily due to advisory services for tax and planning for the Company's expansion into Europe. Office, travel and events increased to $46,296 for the year ended December 31, 2022 from $25,544 last year primarily due to the impact of new acquisitions and greater employee travel as COVID-19 related restrictions have lessened and more in-person events have resumed. Other expenses increased to $3,964 for the year ended December 31, 2022 compared to $918 in prior year which primarily reflects the impact of acquisitions.

Depreciation and amortization

	Three months ended December 30,		Twelve months ended December 30,	
	2022	2021	**2022**	2021
Amortization of intangibles	**$ 16,502**	$ 9,021	**$ 59,549**	$ 26,438
Depreciation of right of use assets and equipment	**3,861**	2,904	**15,565**	10,035
Total	**$ 20,363**	$ 11,925	**$ 75,114**	$ 36,473

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

Amortization of intangibles for the three months ended December 31, 2022 increased to $16,502 from $9,021. Amortization of intangibles for the year ended December 31, 2022 increased to $59,549 from $26,438. The increase is primarily due to intangible assets related to the acquisitions of companies purchased subsequent to December 31, 2021.

Depreciation expense for the three months ended December 31, 2022 increased to $3,861 from $2,904 last year. Depreciation expense for the year ended December 31, 2022 increased to $16,502 from $10,035 last year. The increase is primarily due to right-of-use asset and equipment additions from companies acquired subsequent to December 31, 2021.

Finance expense

Finance expense for the three months ended December 31, 2022 of $9,062 consisted of interest expense related to (i) borrowings under the Company's credit facility of $7,068; (ii) deferred consideration and other interest of $1,474; and (iii) right-of-use assets of $519. Finance expense for the three months ended December 31, 2021 of $2,125 consisted of interest expense related to (i) receivable backed financing of $27; (ii) notes payable of $1,963; (iii) right-of-use assets of $135.

Finance expense for the year ended December 31, 2022 of $19,860 consisted of interest expense related to (i) borrowings under the Company's credit facility of $14,073; (ii) deferred consideration and other interest of $4,368; (iii) right-of-use assets of $1,419. Finance expense for the year ended December 31, 2021 of $7,801 consisted of interest expense related to (i) receivable backed financing of $3,917; (ii) notes payable of $2,869; (iii) right-of-use assets of $1,015.

The overall increase in finance expense is primarily as a result of higher average balances drawn on the Company's revolving credit facility to fund recent acquisitions, including the acquisition of Stone which the Company completed during Q4 2022.

Special charges

Special charges for the three months ended December 31, 2022 increased to $18,654 from $2,595 last year. For the year ended December 31, 2022, special charges increased to $38,146 from $19,701 in the same period in 2021. Refer to the Adjusted EBITDA section of this MD&A for a breakdown of special charges.

Other (income) expense

	Three months ended December 31		Twelve months ended December 31	
	2022	2021	**2022**	2021
Unrealized foreign exchange (gain) loss	**$ 951**	$ 5,669	**$ (19,581)**	$ 647
Other (income) expense	**1,106**	439	**(794)**	(2)
Other (income) expense	**$ 2,057**	$ 6,108	**$ (20,375)**	$ 625

Other expense for the three months ended December 31, 2022 was $2,057 compared to $6,108 last year. Other income for the year ended December 31, 2022 was $20,375 compared to other expense of $625 last year. The changes in the three and twelve month periods are as a result of the impact of unrealized foreign exchange gains and losses from the foreign exchange impact that arises on the translation of certain foreign currency denominated net asset balances into the Company's Canadian dollar reporting currency. IAS 21 accounting rules requires that the exchange difference is to be included in the consolidated statements of income and loss.

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

Income tax (recovery) expense

Income tax recovery for the three months ended December 31, 2022 increased to $4,363 from an expense of $3,488 in the prior year. For the year ended December 31, 2022, income tax recovery was $4,059 compared to an expense of $7,608 in the prior year.

Quarterly Financial Results

The following table summarizes select financial information from the Company's results of operations for the eight most recently completed quarters. In general, the business tends to fluctuate quarter over quarter based on a variety of factors. The spending of key customers is seasonal and heavily dependent on budgeted capital to be used before the end of their respective fiscal periods. The financial results shown below may not be indicative of the Company's financial performance in a future comparative period.

For the three months ended	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Net revenues, previously reported	771,558	603,206	596,656	550,037	504,983	367,349	345,307	310,202
Adjustments (1)	(130,631)	(88,721)	(81,460)	(55,998)	(59,032)	(65,548)	(31,264)	(42,260)
Net revenues, adjusted	640,927	514,485	515,196	494,039	445,951	301,801	314,043	267,942
Gross Profit	168,916	139,654	133,152	109,045	115,893	83,771	78,244	67,797
Gross Margin, previously reported	22%	23%	22%	20%	23%	23%	23%	22%
Adjustments (1)	4%	4%	3%	2%	3%	5%	2%	3%
Gross Margin, adjusted	26%	27%	26%	22%	26%	28%	25%	25%
Adjusted EBITDA	43,064	30,967	39,188	29,649	34,685	18,862	21,720	18,768
Net income (loss)	(4,656)	18,228	11,678	(2,408)	7,080	4,596	1,025	3,666
Earnings per								
Basic	(0.02)	0.10	0.05	(0.01)	0.03	0.02	0.01	0.02
Diluted	(0.02)	0.10	0.05	(0.01)	0.03	0.02	0.01	0.02
Net income (loss)	(4,656)	18,228	11,678	(2,408)	7,080	4,596	1,025	3,666
Special charges	18,654	8,211	5,559	5,722	2,595	8,702	5,354	3,051
Amortization on intangibles	16,502	17,785	13,946	11,316	9,021	7,315	5,815	4,287
Foreign exchange loss (gain)	951	(24,233)	(2,968)	6,668	5,669	(7,991)	1,954	1,012
Share-based compensation	1,422	1,275	1,685	1,212	1,132	1,193	-	-
Adjusted Net Income	32,873	21,266	29,900	22,510	25,497	13,815	14,148	12,016
Adjusted EPS:								
Basic	0.16	0.10	0.14	0.10	0.12	0.07	0.08	0.08
Diluted	0.16	0.10	0.14	0.10	0.12	0.07	0.08	0.07

(1) Reflects quarterly impact of software revenue net-down on a retrospective basis – refer to "Accounting policy change for software revenues" section

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

Overview of Financial Position

The following table provides the financial position of the Company as indicated below:

		December 31, 2022		December 31, 2021
Assets				
Current assets	**$**	**1,128,279**	$	780,708
Long-term assets		**1,120,597**		588,129
Total assets	**$**	**2,248,876**	$	1,368,837
Current liabilities		**1,437,906**		591,215
Long-term liabilities		**180,160**		128,794
Total liabilities	**$**	**1,618,066**	$	720,009
Shareholders' equity				
Common shares		**595,019**		633,489
Contributed surplus		**7,919**		2,325
Exchange rights		**1,705**		2,396
Accumulated other comprehensive income		**13,708**		329
Deficit		**(18,441)**		(25,050)
Non-controlling interest		**30,900**		35,339
Total shareholders' equity	**$**	**630,810**	$	648,828
Total liabilities and shareholders' equity	**$**	**2,248,876**	$	1,368,837

Current Assets

Current assets are mainly comprised of cash of $159,890 (December 31, 2021 - $248,193), trade and other receivables of $781,683 (December 31, 2021 - $416,499), and inventories of $158,430 (December 31, 2021 - $104,254).

Long-term assets

Long-term assets are mainly comprised of goodwill of $563,848 (December 31, 2021 - $323,284) and intangible assets of $463,751 (December 31, 2021 - $233,586). Goodwill increased for the year ended December 31, 2022 due to the acquisitions of PDS, Visucom, 1CRM, CBI, IDX, Notarius, TIG, GfdB, Newcomp, and Stone, reflecting the benefits attributable to synergies, revenue growth, future market development, and the estimated fair value of an assembled workforce. As at December 31, 2022, intangible assets consisted of $405,790 (December 31, 2021 - $199,061) in customer relationships, $43,065 (December 31, 2021 - $33,424) in trade name and trademarks, $11,900 (December 31, 2021 - $575) in developed technology, $2,154 in computer software (December 31, 2021 – $526), and $842 (December 31, 2021 – nil) in backlog.

Current Liabilities

Current liabilities are mainly comprised of $824,924 (December 31, 2021 - $519,434) in trade and other payables from the Company's operations, $421,728 (December 31, 2021 - $816) in borrowings, $60,210 (December 31, 2021 - $27,581) in deferred revenue, and $123,932 (December 31, 2021 - $29,407) in other financial liabilities. Borrowings are mainly comprised of the amount drawn on the Company's external revolving credit facility ("Revolver Credit Facility"). See "Credit Facilities" section below.

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

The following table provides a summary of borrowings and debt:

As at	**December 30, 2022**	December 31, 2021
Revolver Credit Facility	**$ 420,439**	$ -
Contract financing facilities	**1,289**	1,228
Notes payable and contingent consideration related to acquisitions	**80,106**	69,378
Notes payable relating to operations	**1,842**	318
	503,676	70,924
Long-term portion	**55,178**	43,819
Current portion	**$ 448,498**	$ 27,105

Long-term liabilities

Long-term liabilities are comprised of $77,183 (December 31, 2021 - $85,296) in other financial liabilities, nil in borrowings (December 31, 2021 – $412), and deferred tax liability of $102,977 (December 31, 2021 - $43,086). The increase in long-term liabilities is mainly due to contingent consideration from acquisitions, which are earn-out payments typically paid over a two to three-year period, based on the achievement of certain milestones. Refer to Note 12 of the consolidated financial statements for further detail.

Liquidity and Capital Resources

The Company manages its liquidity to ensure that it has sufficient liquidity to meet its short term and long-term commitments as they become due, while maintaining financial flexibility to pursue its strategy of organic and acquisition growth. To date, the Company has effectively managed liquidity through issuance of common shares, proceeds from debt, and cashflow from operations. The increased demand for technology solutions due in part to COVID-19 has generally increased investor demand for technology related companies. Refer to the section *Business and Financial Highlights for the Three and Twelve Months Ended December 31, 2022* for a discussion of the Company's recent financing initiatives.

The Company anticipates that it will have sufficient liquidity to fund its current cash requirements for working capital and contractual commitments, and if required, believes that it has the ability to raise additional capital or debt to help fund its acquisition strategy and to achieve planned organic and inorganic growth targets.

The Company's capital management objectives are to maintain financial flexibility in order to pursue its strategy of organic and acquisition growth and to provide returns to its shareholders. The Company manages its capital structure in accordance with changes in economic conditions. In order to maintain or adjust its capital structure, the Company may elect to issue or repay financial liabilities, issue shares, repurchase shares, pay dividends or undertake any other activities as deemed appropriate under the specific circumstances. The Company is not subject to any externally imposed capital requirements.

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

Cash Flow Analysis

Non-Cash Working Capital

In Q4 2022, non-cash working capital was a use of cash totaling $8,048, improving from $13,376 in Q4 2021. This use of cash which was primarily driven by outflows related to trade and other receivables of $121,597. This outflow is largely as a result of the fact that Q4 represents the Company's largest billings quarter, and invoicing is generally expected to exceed cash collections. This was largely offset by cash inflows from trade and other payables of $103,010 which is attributable to the preferred payment terms with our channel buying partner, which we expect to be a source of cash annually. The remaining working capital movement generally reflects timing of transactions and may vary period to period. On a full year basis, non-cash working capital was a use of cash totaling $77,170 compared to a source of cash of $7,633 in 2021. The use of cash in 2022 was primarily driven by outflows related to trade and other receivables of $125,838, partially offset by cash inflows from trade and other payables of $33,174. This net outflow was primarily due to the impact of the acquisitions which can cause disruptions to the Company's typical cash collection and vendor payment cadence in the short-term but normalizes over time. As such, the Company expects that in 2023, the working capital relationship between trade receivables and trade payables will revert to historical trends where it is a source of cash on an annual basis.

	Three months ended December 31,		Twelve months ended December 31,	
	2022	2021	**2022**	2021
Trade and other receivables	**$ (121,597)**	$ (56,013)	**$ (125,838)**	$ 37,051
Inventories	**20,378**	(25,255)	**38,147**	(56,545)
Prepaid expenses and other assets	**1,675**	5,435	**(2,106)**	989
Trade and other payables	**103,010**	74,508	**33,174**	25,802
Income taxes payable	**(1,781)**	(2,426)	**(20,707)**	(5,039)
Other financial liabilities	**704**	(1,877)	**2,602**	-
Deferred revenue and customer deposits	**(10,437)**	(7,748)	**(2,442)**	5,375
Change in non-cash working capital	**$ (8,048)**	$ (13,376)	**$ (77,170)**	$ 7,633

Cash flows

The following table provides a summary of the Company's cash flows for the periods indicated below:

	Three months ended December 31,		Twelve months ended December 31,	
	2022	2021	**2022**	2021
Cash from operating activities	**$ 30,395**	$ 17,933	**$ 41,586**	$ 87,065
Cash used in investing activities	**(73,643)**	(19,268)	**(463,426)**	(277,802)
Cash from financing activities	**27,380**	40,846	**336,310**	371,384
Net change in cash and cash equivalents	**(15,868)**	39,511	**(85,530)**	180,647
Cash and cash equivalents at the beginning of period	**172,229**	207,002	**(2,773)**	64,767
Effect of foreign exchange fluctuations on cash held	**3,529**	1,680	**248,193**	2,779
Cash and cash equivalents at the end of the period	**$ 159,890**	$ 248,193	**$ 159,890**	$ 248,193

Cash from operating activities

Cash from operating activities was $30,395 for the three months ended December 31, 2022. The was primarily attributable to a decrease in inventories of $20,378 and increase in trade and other payables of $103,010, offset by an increase in trade and other receivables of $121,597, a decrease in income taxes payable of $1,781, and a decrease in deferred revenue and customer deposits of $10,437, as compared to increases in trade and other receivables of $56,013 and increases in inventory of $25,255, which was partially offset by increases of trade and other payables of $74,508 in the same period in 2021. For the year ended December 31, 2022, cash from operating activities was $41,586 primarily due to a decrease in inventories of $38,147 and an increase in trade and other payables of $33,174, offset by increases in trade and other receivables of $125,838 and decreases in income taxes payable of $20,707, as compared to decreases in accounts receivable of $37,051, increases in trade and other payables of $25,802, and increases in deferred revenue and customer deposits of $5,375, partially offset by increases in inventories of $56,545 in the same period in 2021.

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

Cash used in investing activities

Cash used in investing activities for the three months ended December 31, 2022 was mainly due to the acquisition of Stone, compared to the acquisitions of LPA and OPIN during the three months ended December 31, 2021. Deferred consideration principal and interest payments of $4,521 was paid during the three months ended December 31, 2022 compared to nil of deferred consideration and interest payments paid in the same period in 2021. For the year ended December 31, 2022, cash used in investing activities was mainly due to the acquisition of ten companies of $418,147 compared to acquisition of nine companies of $260,550 in the same period in 2021. Contingent consideration of $10,135 and deferred consideration of $11,501 was paid during the year ended December 31, 2022 compared to $5,502 of contingent consideration and $5,627 of deferred consideration paid in the same period in 2021.

Cash from financing activities

For the three months ended December 31, 2022, cash generated from financing was $27,380, which was mainly driven by the Company's net borrowings of $46,734, partially offset by repurchase of common shares of $9,461 under the Company's NCIB agreement and interest paid of $6,022. In the three-month comparative period for 2021, cash generated from financing was $40,846, which was mainly driven by the Company's net proceeds from the Portage private placement in October 2021 totaling $33,200 and transfers from restricted cash of $11,467 for the acquisition of LPA, offset by payments of lease liabilities of $3,043. For the year ended December 31, 2022, cash generated from financing was $336,310, which was mainly driven by the Company's net borrowings of $404,640, partially offset by repurchase of common shares of $40,000 under the Company's NCIB agreement, payment of lease liabilities of $12,290, and interest paid of $10,309. In the comparative period for 2021, cash generated from financing was $371,384, which was mainly driven by the Company's net proceeds from equity raises in January 2021, June 2021, August 2021, and November 2021 totaling $527,083 offset by net repayments under the Company's ABL facilities of $135,827.

Adjusted Free Cash Flow and Adjusted Free Cash Flow Conversion

	Three months ended December 31,		Twelve months ended December 31,	
	2022	2021	**2022**	2021
Adjusted EBITDA	**$ 43,064**	$ 34,685	**$ 142,868**	$ 94,035
Recurring capex	**(2,597)**	(2,648)	**(11,219)**	(6,310)
Payment of lease liabilities	**(3,796)**	(3,043)	**(12,290)**	(10,044)
Adjusted Free Cash Flow	**$ 36,671**	$ 28,994	**$ 119,359**	$ 77,681
Adjusted Free Cash Flow Conversion	**85%**	84%	**84%**	83%

Adjusted Free Cash Flow for the three months ended December 31, 2022 increased to $36,671 from $28,994 last year, and Adjusted Free Cash Flow Conversion was 85% compared to 84% last year. For the year ended December 31, 2022, Adjusted Free Cash Flow increased to $119,359 compared to $77,681 last year, and Adjusted Free Cash Flow Conversion[1] was 84% compared to 83% last year.

The increase in Adjusted Free Cash Flow and Adjusted Free Cash Flow Conversion[1] for the three and twelve month periods is attributable to the Company's strong, continued Adjusted EBITDA growth and effective management of working capital, while generally maintaining low Capex requirements.

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

Credit Facilities

On July 28, 2022, the Company refinanced its existing $300,000 asset-based lending ("ABL") credit facility, with a global revolving credit agreement (the "Revolver Credit Facility") with a syndicate of Canadian and US lenders, led by J.P. Morgan and the Canadian Imperial Bank of Commerce ("CIBC"). The outgoing ABL facility could be drawn to a certain percentage of the eligible trade receivables and inventory balances, to a maximum of $300,000. The new Revolver Credit Facility can be drawn to a maximum of $500,000 and includes an uncommitted accordion feature of $100,000, which would bring the total borrowing capacity 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, plus applicable bank margin ranging from 1.25% to 2.25%. As at December 31, 2022, the total balance drawn on the Revolver Credit Facility was $420,439.

On February 9, 2023, the Company announced the exercise of its accordion feature, increasing the Revolver Credit Facility to $600,000, with no change to its existing credit terms.

The Revolver Credit Facility includes certain financial covenants. The Company was in full compliance with all financial covenants as at December 31, 2022.

The following tabular comparison details the actual use of the Company's revolving credit facility:

Intended use of Credit Facility	Estimated Amount	Actual use of Proceeds	Actual Amount
Acquisitions	Undetermined	January 1, 2022 Acquisition of Visucom	$8,203 (€5,700)
		January 7, 2022 Acquisition of PDS	$71,737 ($56,638 USD)
		April 1, 2022 Acquisition of CBI	$64,222 ($51,329 USD)
		May 1, 2022 Acquisition of IDX	$31,184
		June 17, 2022 Acquisition of Notarius	$49,682
		July 29, 2022 Acquisition of TIG	$139,139 ($108,499 USD)
		July 29, 2022 Acquisition of GfdB	$29,452 (€25,264)
		September 9, 2022 Acquisition of Newcomp	$24,952
		November 4, 2022 Acquisition of Stone	$76,035 (£49,768)

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

Commitments and Contingencies

Commitments

As at December 31, 2022, the Company is committed under office building, vehicle, and computer equipment leases, for the following minimum annual rentals:

	December 31, 2022	December 31, 2021
	$	$
Minimum lease payments		
2022	**-**	8,137
2023	**17,330**	5,232
2024	**13,450**	3,317
2025	**9,837**	1,275
2026 and onwards	**19,084**	3,252
	59,701	21,213
Less: future finance charges	**(6,059)**	(3,404)
Present value of minimum lease payments	**53,642**	17,809
Current liabilities	**15,800**	6,859
Non-current liabilities	**37,842**	10,950
	53,642	17,809

The Company is obligated to the following contractual maturities of undiscounted cash flows:

	Carrying amount	**Contractual cash flows**	**Year 1**	**Year 2**	**Year 3**	**Year 4+**
	$	$	$	$	$	$
Trade and other payables	824,924	824,924	824,924	-	-	-
Lease commitments	53,642	59,701	17,330	13,450	9,837	19,084
Other financial liabilities	147,473	147,473	114,821	17,219	4,980	10,453
Borrowings	421,728	421,728	421,728	-	-	-
	1,447,767	**1,453,826**	**1,378,803**	**30,669**	**14,817**	**29,537**

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.

Off-Balance Sheet Arrangements

As at December 31, 2022, the Company does not have any off-balance sheet arrangements other than the commitments and contingencies noted above.

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

Related Party Transactions

Key management personnel are those persons having the authority and responsibility for planning, directing, and controlling activities of the entity, directly or indirectly, including the Company's directors and officers.

Total amounts expensed for the Company's key management personnel was $8,475 for the year ended December 31, 2022 (2021 – $5,772) and includes salaries, bonuses, advisory fees, short-term employment benefits and other personnel costs.

On August 4, 2021, the Company entered into a loan agreement with key management personnel, borrowing principal totaling $23,225 (€16,139) to purchase the 75% interest of Rednet, with interest on the unpaid principal balance at the rate of 5% per annum.

Outstanding Share Capital

The table below provides a summary of the outstanding share capital of the Company.

Capital	Authorized	Outstanding as at March 15, 2023	Outstanding as at December 31, 2022	Outstanding as at December 31, 2021
Common shares	Unlimited	208,812,218	208,950,083	214,396,369
Exchange rights	Not applicable	321,689	183,824	1,300,526
Stock options		2,828,712	2,828,712	1,600,000
RSUs		69,675	69,675	-

Common shares

Outstanding common shares decreased by 5,584,151 during 2022 due to 6,562,718 shares repurchased and cancelled under the Company's NCIB, partially offset by the issuance of 978,567 common shares from the exercise of exchange rights.

Stock option plans

Stock options increased by 1,228,712 during 2022 due to the grant of 1,228,712 stock options under the Company's long-term incentive plan ("LTIP").

Restricted stock units

On March 15, 2022, there were 69,675 restricted share units ("RSUs") granted under the LTIP.

Critical Accounting Policies and Estimates

Please see the Company's audited consolidated financial statements for the year ended December 31, 2022 for a discussion of the accounting policies and estimates that are critical to the understanding of the Company's business operations and the results of its operations.

New or Pending Accounting Standards, Amendments and Interpretations

The following new accounting standards were applied or adopted by the Company as at December 31, 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 consolidated financial statements.

The following new accounting standards have been issued but not yet adopted by the Company at December 31, 2022:

IFRIC Principal versus Agent: Software Reseller (IFRS 15 Revenue from Contracts with Customers)

The Company adopted an accounting policy change for the fiscal year 2022, applied on a retrospective basis. Refer to “accounting policy change for software revenues” on page 15 for adoptions details and the impact to the Company in the current and prior periods.

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, 2024 and are to be applied retrospectively. The Company is still assessing the impact of adopting these amendments on its 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 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.

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 its 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 financial statements.

Amendments to IFRS 16 in September 2022, IASB issued Lease Liability in a Sale and Leaseback

The amendment specified the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. A sale and leaseback transaction involves the transfer of an asset by an entity to another entity and the leaseback of the same asset by the seller-lessee. The amendment is intended to improve the requirements for sale and leaseback transactions in IFRS 16. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. The Company is still assessing the impact of adopting these amendments on its consolidated financial statements.

Amendments to IAS 1 in October 2022, IASB issued Non-current Liabilities with Covenants, which amends IAS 1

The amendment specifies that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the financial statements. The amendment is intended to clarify how conditions with which an entity must comply with within twelve months after the reporting period affect the classification of a liability. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. The Company is still assessing the impact of adopting these amendments on its consolidated financial statements.

Risks and Uncertainties

The Company's business is subject to a number of risk factors which are described in its annual information form ("AIF") for the year ended December 31, 2022 and 2021 and its annual MD&A for the years ended December 31, 2022 and 2021, all of which are available at www.sedar.com under the Company's profile. The risks presented in the Company's filings should not be considered to be exhaustive and may not be all of the risks that Converge may face. It is believed that these are the factors that could cause actual results to be different from expected and historical results. If any of the noted risks occur, it may negatively affect the financial results of the Company and adversely affect the market price of Converge.

Evaluation of Disclosure Controls and Procedures

Management is responsible for establishing and maintaining disclosure controls and procedures. Under the supervision and with the participation of the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), management evaluated the effectiveness of the Company's disclosure controls and procedures. Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in annual filings, interim filings or other reports filed or submitted by the Company under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed in the annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to management, including the Company's certifying officers, as appropriate to allow timely decisions regarding required disclosure. Management concluded that the Company's disclosure controls and procedures were effectively designed as at December 31, 2022.

Evaluation of Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining internal control over financial reporting. Under the supervision and with the participation of the Company's President and CEO and the CFO, management evaluated the effectiveness of the Company's internal control over financial reporting. Internal control is a process designed by, or under the supervision of, an issuer's certifying officers, and effected by the issuer's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS and includes those policies and procedures that: (a) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company; (b) are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with the IFRS, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (c) are designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the annual financial statements. Management concluded that the Company's internal controls over financial reporting were effectively designed and operating as at December 31, 2022. There were no significant changes to the Company's internal controls over financial reporting for the period ended December 31, 2022.

Further Information

Additional information relating to the Company is available on the Company's website at www.convergetp.com.