



Converge Technology Solutions

Q4 & Fiscal 2022 Earnings Presentation



Shaun Maine
Group Chief Executive Officer



Greg Berard
Global President & Chief Executive Officer

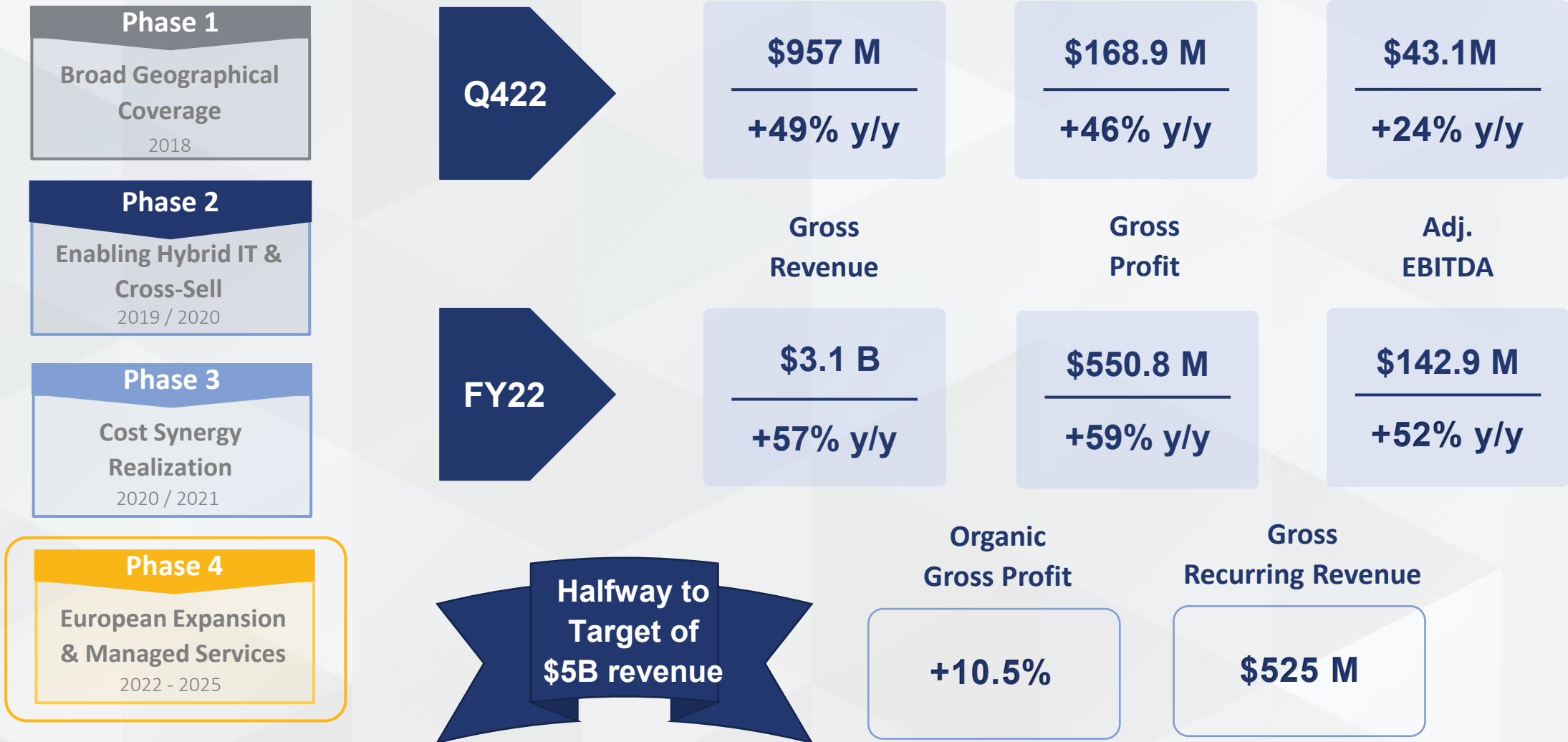


Thomas Volk
Board Chairman



Matthew Smith
Interim Chief Financial Officer

FY'22 | Q4'22 Financial Highlights





2021 – Top NA Sell Business Partner

2021 – Beacon Award for Outstanding Technology SSS

2021 – IBM Data and AI Business Unit Excellence

2021 – IBM Business Unit Excellence Award for Digital Trust

Platinum Partner Status



2020, 2021 & 2022 Ingram Micro Cloud Reseller of the Year Award for North America

2022 Ingram Micro Women in Cloud Female Leader of the Year Award, Rochelle Manns

2021 – Ingram Micro Blue Series Partner of the Year & CORE Partner of the Year NA



2022 – Fast Growth 150 List Ranked #29

2022 –Solution Provider 500 List Ranked #36

2022 – Tech Elite 250 Category



2022 – Advantage Partner of the Year

2021 – Elite Partner Status



2021 – Diamond Status



2021 – North America SMB Partner of the Year

2021 – Platinum Partner Status



2022 – Multiple Region Partner of the Year



2021 – Top NA IBM and Red Hat Synergy Partner

Premier/APEX Partner Status



MC: Data Center Virtualization

MC: Network Virtualization

MC: VMware Cloud on AWS

MC: Cloud Mgmt and Automation

Deep Vendors Relationships Across the IT Landscape

Converge leverages award-winning vendor relationships to drive meaningful customer opportunity

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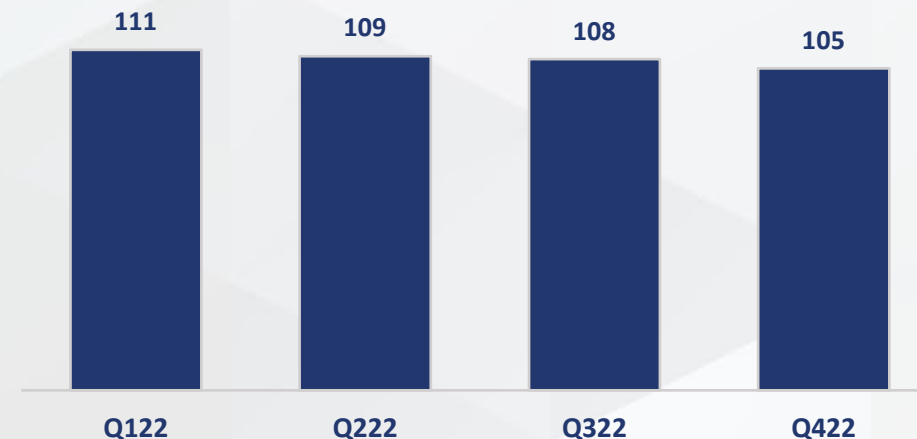
2022 Vendor-Funded Sales Campaigns



Hewlett Packard Enterprise



FY22 Converge Net New Logos



433 FY Net New Logos

Converge Leadership – 2022 Spotlights



John Teltsch

Chief Revenue Officer

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



Toni Rinow

Director

- Served in public and private organizations, spearheading capital expansion and acquisitions across USA, Canada, Latin America, Europe and India
- Over 20 years of international experience as a transformational finance and business leader
- Serves on the audit committee and nomination & governance committee



Sean Colicchio

Chief Information Security Officer

- Formerly in charge of all Information Security at Essex tec
- Responsible for Converge's physical and digital security and the identification and mitigation of risks within the organization



Greg Berard

Global President & CEO

- Former President of Lighthouse Computer Services following over a decade career as a glo software executive with IBM
- Leads Converge's sales, marketing and engineering teams across the globe
- Focusing on helping teams cross-sell and driving growth & strategy with sales and technical leaders throughout Converge



Julianne Belaga
Chief Legal Officer



Karie Timion
VP of Marketing



Rhonda Hanes
VP of HR



Cory Reid
COO



Shaun Maine
Group CEO



Matthew Smith
Interim CFO



Thomas Volk
Board Chair

ESG Overview - Converge Core Values



Our Core Values are at the heart of our culture and guide the actions & decisions of our company, our employees, and our leaders.

- **Integrity:** We will be honest, trustworthy, and transparent. We are determined to do what is right while being respectful to our team members, customers, and partners. We match our actions to our words by keeping promises and delivering quality.
- **Unity:** We are a people-first organization. We connect with energy and find strength in relationships. We will continue to foster a diverse and inclusive workplace where employees are encouraged to be themselves while working successfully with others of different backgrounds. We will encourage empathy, compassion and respect for one another as we recognize we are ‘#BetterTogether’.
- **Commitment:** We lead with passion. We are relentless in our pursuit of positivity and purpose. We focus on delivering a positive experience for our employees and customers. We strive to create a fun and spirited work environment. Simply put; we work hard and play hard!
- **Customer Excellence:** We are dedicated to achieving the extraordinary and exceeding expectations. We empower our people to be creative in finding the best solutions for their customers. Our optimism is contagious and fuels our desire for continuous improvement and delivering success for our clients.

Environmental Initiatives

As highlighted through Converge’s first UK acquisition Stone Group



Technology
designed, served
and sustained



FY'22 Financial Highlights

\$3.1 B

Gross
Revenue

\$550.8 M

Gross
Profit

\$142.9 M

Adj.
EBITDA¹



50.4%

3 YR CAGR



50.5%

3 YR CAGR



65.3%

3 YR CAGR

Converge Adjusted EPS¹

FY'22
Adj. EPS

\$0.50

+ 43%
Y-o-Y

Converge Adj. FCF¹

Adj. FCF

\$119.3 M

84%
Adj. FCF
Conversion

Converge Organic Growth

+ \$170 M 8.6 %

Gross Revenue
Organic Growth¹

+ \$36 M 10.5 %

Gross Profit
Organic Growth¹

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

Net Revenue – Accounting Policy Change

- FY 2022**

P&L	Per Prelim Q4 Release (median of range)	Reported (existing treatment)	Accounting Policy change impact	Reported per FS (new treatment)
Net revenue	2,500,000	2,521,457	(356,810)	2,164,647
COS	1,949,400	1,970,689	(356,810)	1,613,879
Gross Profit	550,600	550,768	-	550,768

- FY2021 – Reclassified for new treatment**

P&L	Reported (existing treatment)	Accounting Policy change impact	Reclassified per 2022 FS (new treatment)
Net revenue	1,527,841	(198,104)	1,329,737
COS	1,182,137	(198,104)	984,033
Gross Profit	345,704	-	345,704

Accounting Policy Change – ‘Net’ treatment of certain software license revenue

- New IFRS interpretation in 2022 targeting resellers of SW – presented additional criteria and clarification of existing guidance to determine if acting as ‘principal’ (recognize gross revenue) or ‘agent’ (recognize on a net basis, i.e. margin only)
- New guidance points more favourably to companies as being agents that previously reported as principals on a gross basis
- **CTS determined to be an agent in transaction and move to net revenue presentation for FY22 – change in accounting policy**
- 2021 and other comparative periods (MD&A) reclassified for consistent presentation

**Nil impact to gross profit, net income, and
Adjusted EBITDA¹**

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

Record Revenue Driven by Advanced Services Offerings

Net Revenue Growth

Q4'22 + 44 %

FY'22 + 63 %

\$000s	Q4'22 QTD	% Chg
Product – before policy change	\$ 638,261	55%
Impact of SW 'net' change	(130,631)	(12%)
Product – adjusted	507,630	43%
Managed Services	33,344	49%
Third party and prof services	99,953	43%
Net Revenue	\$ 640,927	44%

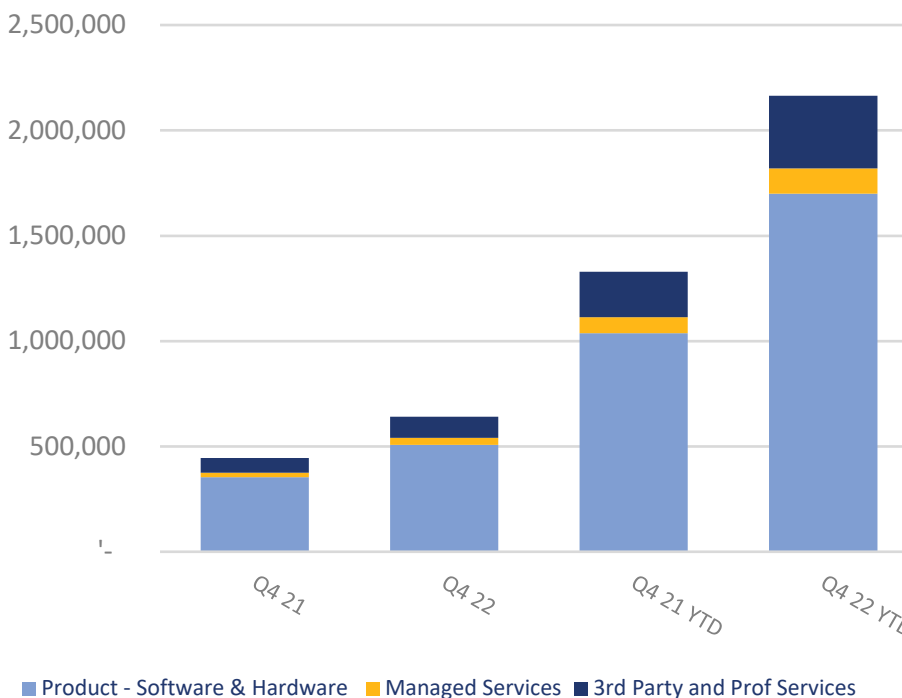
\$000s	FY22	% Chg
Product – before policy change	\$ 2,057,477	66%
Impact of SW 'net' change	(356,810)	(2%)
Product – adjusted	1,700,667	64%
Managed Services	119,630	58%
Third party and prof services	344,350	60%
Net Revenue	\$ 2,164,647	63%

✓ **10 acquisitions completed since Q4 2021**

Gross Revenue¹ Growth

Q4'22 +49%

FY'22 + 57 %



\$384 M

2022 Services Business

+43%

Q4'2022 Professional Services

+49%

Q4'2022 Managed Services Revenue increased to \$33.3M

\$133.4 M

ARR from Managed Services

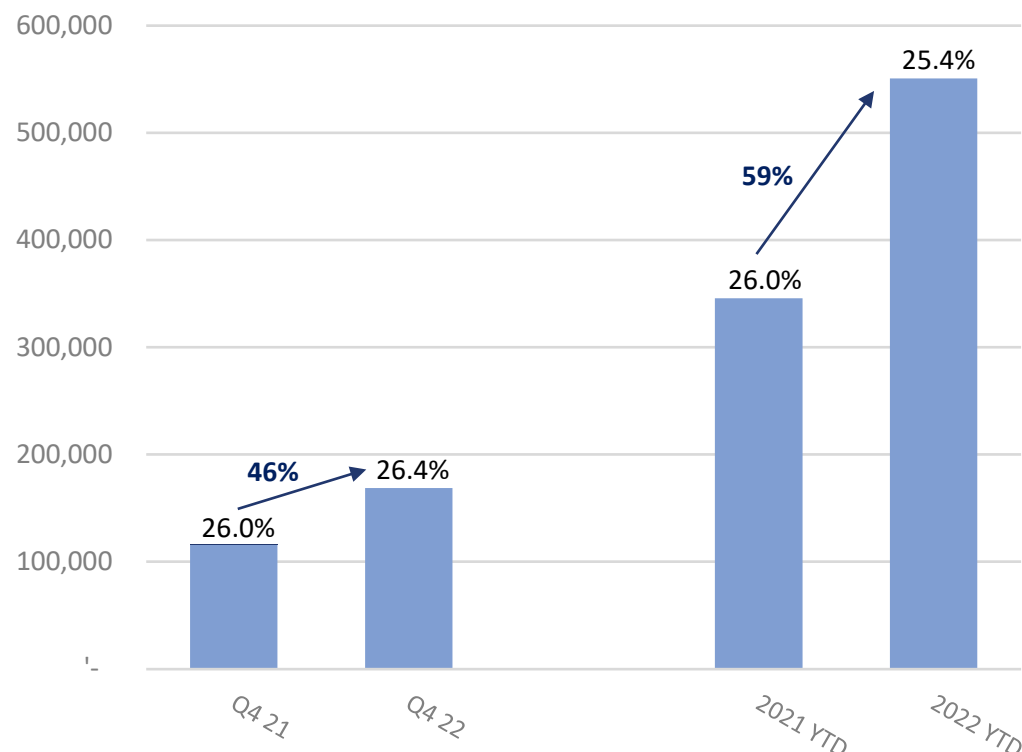
¹Non-IFRS measure. Refer to reconciliation to nearest IFRS measure provided in appendix to this presentation.

Strong Gross Profit Growth

Gross Profit (GP)

Q4'22 +46%

FY'22 +59%



Gross Margin \$ Impact – SW Accounting Policy Change

	Q422	Q421
Gross Margin - previous	21.9%	22.9%
Impact of SW 'net' change	+4.5%	+3.1%
Gross Margin - adjusted	26.4%	26.0%

	FY22	FY21
Gross Margin - previous	21.8%	22.6%
Impact of SW 'net' change	+3.6%	+3.4%
Gross Margin - adjusted	25.4%	26.0%

\$36.2 M

**Organic GP growth
added**

10.5%

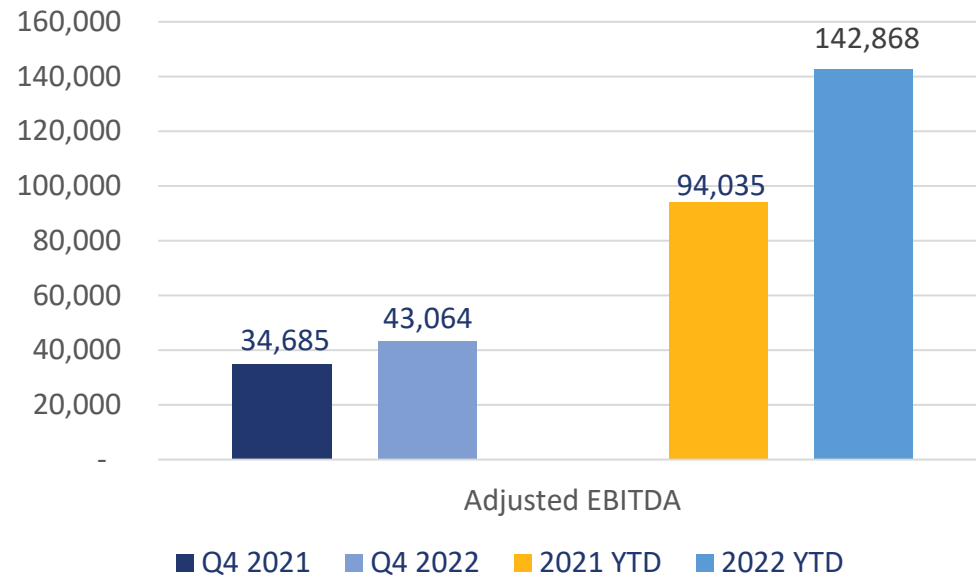
**FY 2022 Gross Profit
Organic Growth¹**

- GP increased by 46% year-over-year despite hardware focused acquisitions occurring in fiscal year
- Opportunity for GM accretion with integration related cross-sell and higher margin offerings

52% Year over Year Adjusted EBITDA¹ Growth

Q4 2022 +24%

FY 2022 +52%



	Q4'22	Q4'21	FY22	FY21
EBITDA % net revenue - previous	5.6%	6.9%	5.7%	6.2%
Impact of SW 'net' change	+1.1%	+0.9%	+0.9%	+0.9%
EBITDA % net revenue - adjusted	6.7%	7.8%	6.6%	7.1%

	Q4'22	Q4'21	FY22	FY21
EBITDA % GP	25.5%	30.0%	25.9%	27.0%

- As with GM, opportunity for EBITDA margin accretion with cross-sell of higher margin offerings plus integration related cost optimization

EBITDA as a % GP

FY21

25.5%
Q4-22

25.9%
FY-22

27.7% **27.8%** **22.5%** **30.0%**
Q1-21 Q2-21 Q3-21 Q4-21

Q4'22 to Q1'23 Cost take out of approximately \$15M in annualized Savings

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

Adjusted Free Cash Generation

Q4 Adjusted Free Cash Flow¹ of \$36.7M; conversion of 85% of Adjusted EBITDA¹ from 84% last year

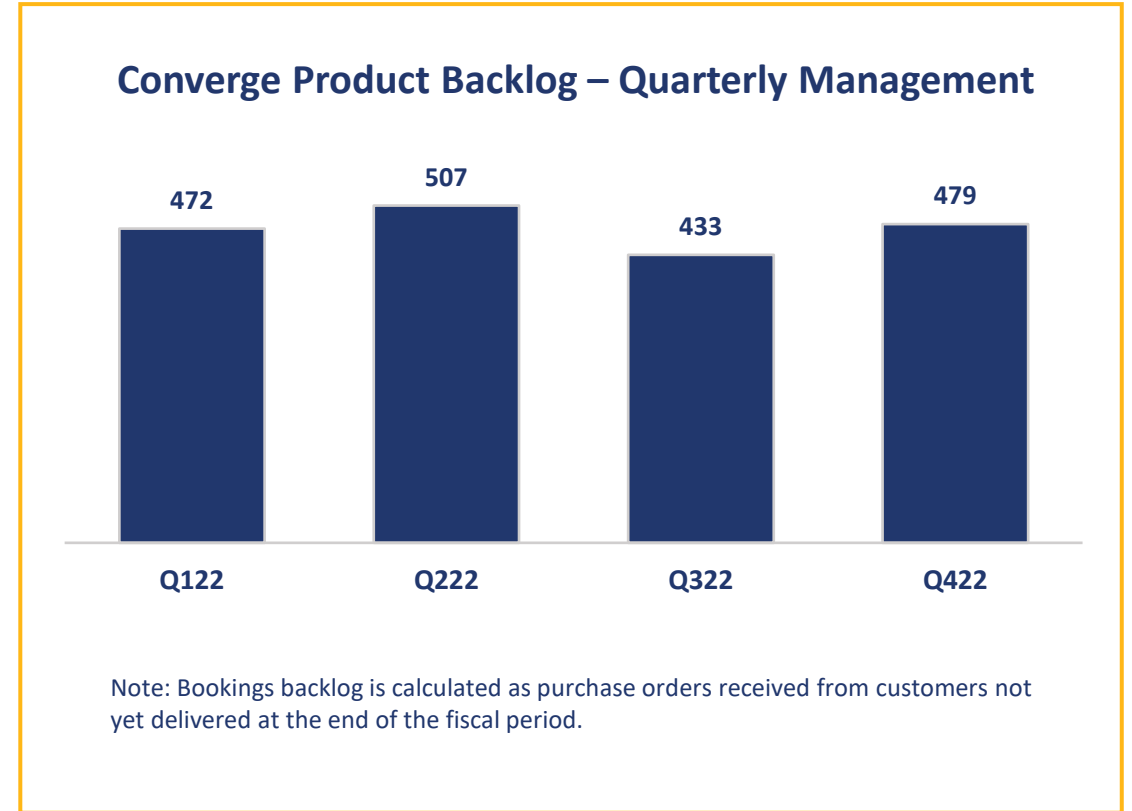
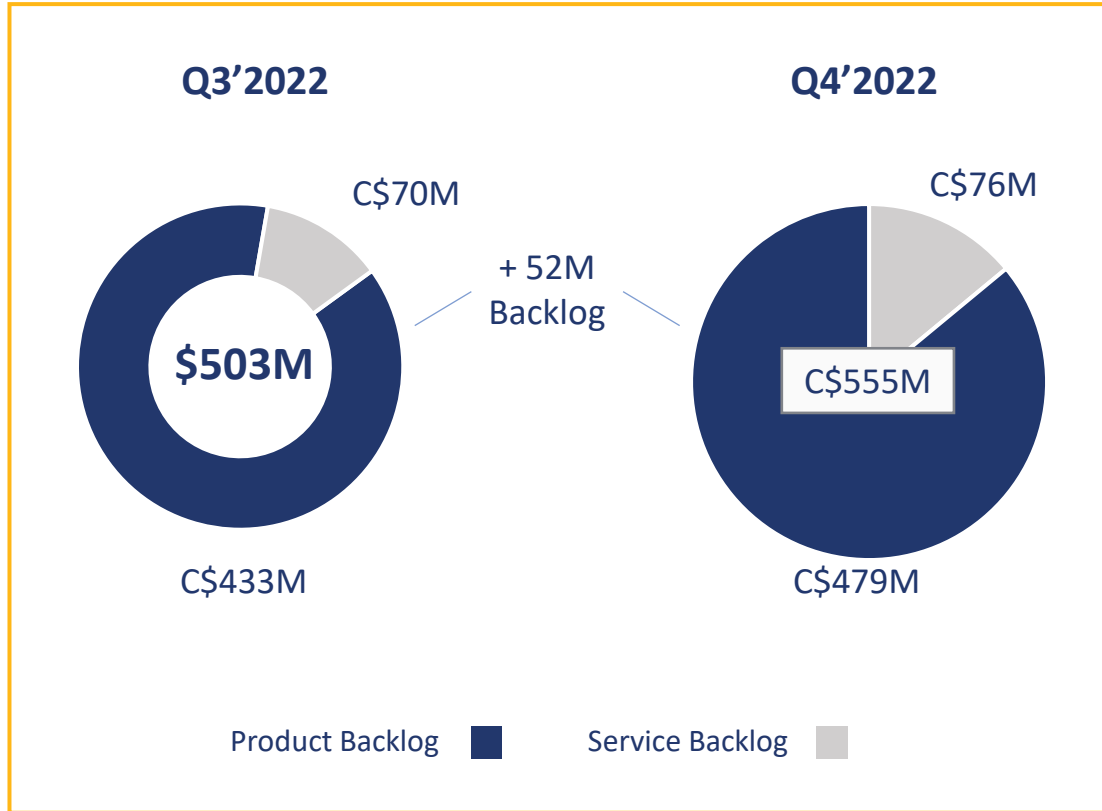
	Q422	Q421	Q422 YTD	Q421 YTD
Adjusted EBITDA ¹	43,064	34,685	142,868	94,035
Adjusted Free Cash Flow ¹	36,671	28,994	119,359	77,681
Adjusted Free Cash Flow Conversion ¹	85%	84%	84%	83%

\$339M in available funds from cash on-hand plus revolver credit facility

C\$000s		December 31, 2022	31-Dec-21
Cash & Cash Equivalents	[A]	159,890	248,193
Revolver Credit Facility - drawn		420,439	-
Facility size - committed	500,000		
+ accordion feature (Feb 2023)	100,000	600,000	300,000
Excess Capacity	[B]	179,561	300,000
Total available funds	[A] + [B]	339,451	548,193

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

Converge Backlog Management



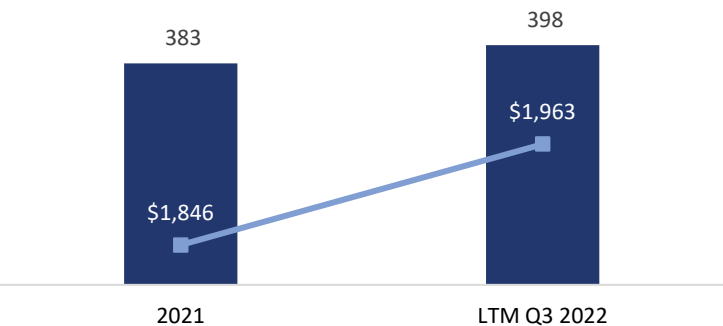
- In Q4, the Company converted \$385 M (89%) of prior quarter product backlog to delivered Revenue, which was offset by net-new product backlog of \$432 M

Diverse Customer Base

Converge has built a large, loyal, and repeating customer base within the Mid-Market that is diversified across size, geography, and industry, and to which Converge cross-sells multiple service offerings

Growing > \$1mm Accounts and Expanding Wallet Share

(\$ in CAD) ■ > \$1mm Customers ■ Billings from Clients Spending > \$1mm



94%
Logo Retention across customers >\$1M (YTD Q3 2022)

Customer Example

IP4G Team Allows Expedited Datacenter Migration

Converge’s IP4G team (sales, technical, executive sponsors, and product development) mobilized in March 2022 to **move client’s legacy data center from AIX to Google Cloud.**

After a successful AIX migration, Converge **helped client to add IBM production workloads employing Converge’s Spectrum Protect Managed Service.**

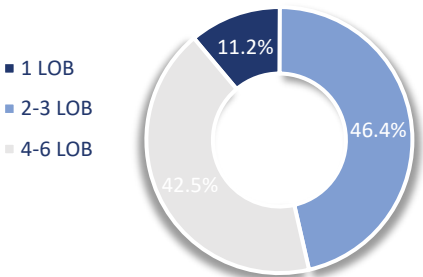
Successful Project
\$700k/yr.
Recurring IP4G revenue



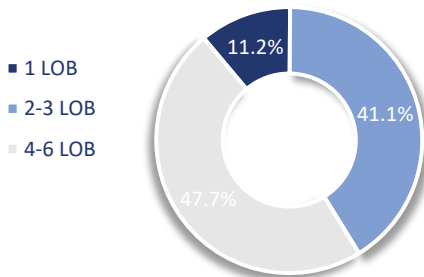
Multiple Opportunities across all practices now

Delivering through Multiple Lines of Business (“LOB”)

2021 Billings by Number of LOB Delivered



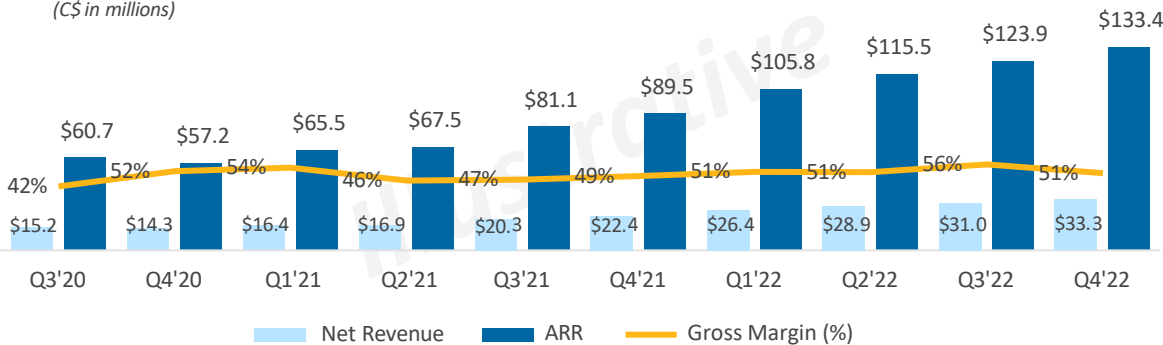
YTD Q3 2022 Billings by Number of LOB Delivered



Delivering across Multiple Lines of Business to 4,000+ Clients
89% of Clients Supported with More than One LOB YTD

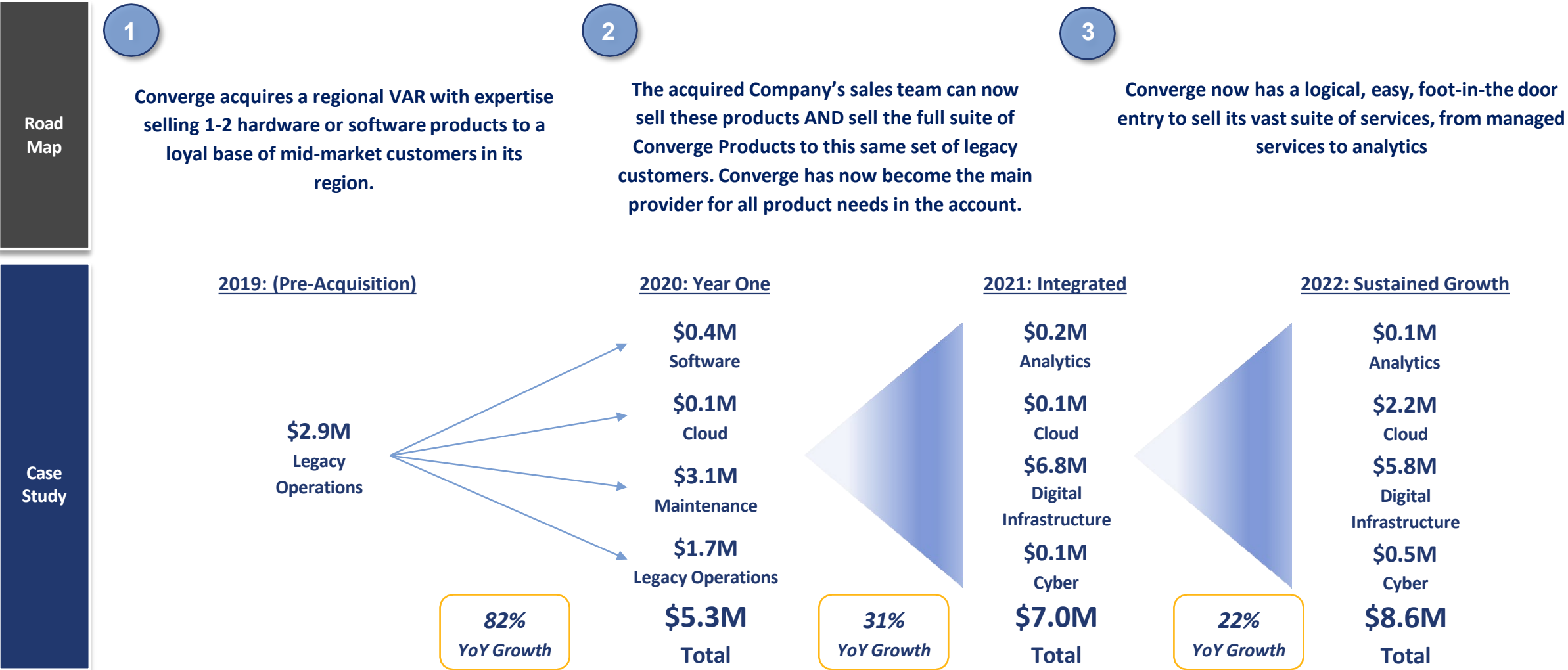
Long-Term, Recurring Client Base

(C\$ in millions)



Inorganic Growth to Organic Growth: Cross-Sell Roadmap

Converge has a repeatable organic cross-sell strategy that is intertwined with its inorganic growth strategy



Professional Services – Advisory and Implementation

Converge’s End-to-End offerings begin with fast growing advisory and consulting services to assess, design, and implement IT architecture and configurations

Advisory & Assessment Offerings



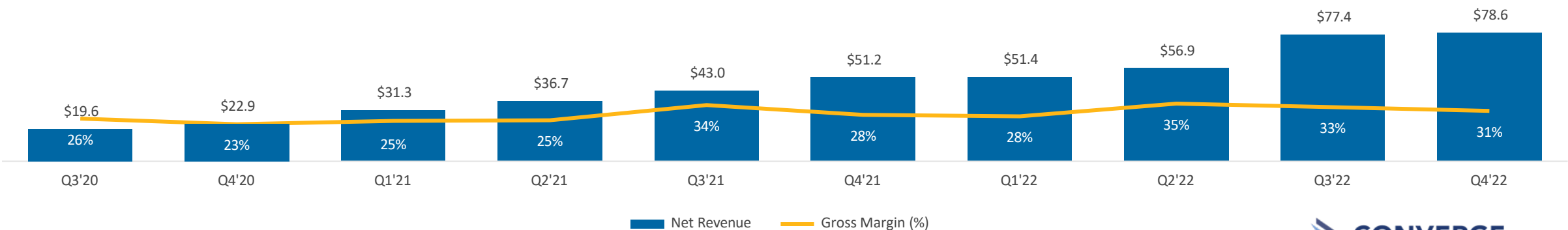
- **Architecture Planning & Insights**
 - With over 56 pre-built assessments, Converge Architects and Engineers can provide a complete view of the environment and a path to improvement
- **Roadmap Design and Prioritization**
 - Converge uses an assessment-led, vendor-agnostic approach to help client design and prioritize their digital transformation goals
- **Software Asset Management Strategic Transformation Workshops & Assessments**
 - Converge will inventory and tag all serial bearing devices into an inventory management tool to help organizations track and manage their assets

Consulting & Implementation Offerings



- **Agile Methodology & DevSecOps**
 - Converge’s DevOps team can help organizations increase their business agility and industrialize their software transformation
- **Build & Design Integration & Support**
 - Converge provides a cohesive set of middleware products that enable users to connect to an enterprise’s applications, systems, services, and data stores
- **Program & Project Management**
 - Converge has PMO teams aligned to practice focus areas with an additional PMO Director dedicated to client-facing projects

Financial Profile: Consistent Growth with Gross Margin Expansion



Solution Overview: Advanced Analytics



Overview

- 125+ dedicated expert consultants gather real-time, meaningful data and render it accessible and actionable
- Support clients with strategy, design, development, deployment, managed services, and support of critical work loads, application modernization, and greenfield solutions



AI, ML, & Application Development

Scale organization’s operations, people, and expertise with custom AI solutions



Business Analytics & Data Visualization

Transform information into actionable, robust insights








Data Platforming & Integration

Store, manage, govern, and secure data estate



Financial & Operational Performance Management

Forecast, increase visibility, and enable better business decisions

Select Vendors and Statistics	
	Consultants125
	
	Average Team Member Experience10+ Years
	
	Average Bill RateC\$268

Case Study	
Software Revenue: \$150K	Challenge: Client was struggling with the time it took to coordinate the company’s multiple locations and various systems to adapt to their customers changing plans resulting in excess inventory and inaccurate supply chain forecasts Solution: Client worked with Converge to resolve process bottlenecks, standardize metrics, and ensure the optimal system design for deployment and adoption. This has led to supply chain forecasts created 83% faster and 16% reduction in excess inventory
Services Revenue: \$300K	

Methodical M&A Playbook

Converge has strategically acquired to build out its solution offerings across Advisory, Consulting & Implementation, and Managed Services



Meticulous Approach to M&A Integration to Achieve Operational Excellence

Converge integrates acquisitions at an exceptional rate to maximize performance and minimize costs across the platform

Converge Completed 41 Integration Projects in 2022...



...Building Toward Full Integration Across 9 Various Workstreams



Portage Update

Phase 1

\$10M Revenue

33% : 67%

MRR to Service Ratio

Phase 2

\$25M Revenue

67% : 33%

MRR to Service Ratio

Phase 3

\$100M Revenue

90% : 10%

MRR to Service Ratio

Leaders Connect

Advancing the Digitalization of Canadian Municipalities



Presented by - Présenté par:



Current Phase

Closing Remarks

- **Special Committee continues to progress the strategic review process**
- **Over 90% of the Q4 backlog has been shipped in the first quarter of 2023, which we expect will contribute to a strong Q1 2023. We anticipate Q1 financial performance to be closer to Q4, as compared to historical trends where Q1 has been seasonally about 20% to 25% lower than Q4. While the overall market is expected to remain flat in 2023, we anticipate that we will gain market share organically, and that we'll see improvements in our gross profit and Adjusted EBITDA margins.**



Q&A

Appendix – FY2021 Net Revenue (Reclassified)



- FY 2021 (full year)

P&L	Reported (existing treatment)	Accounting Policy change impact	Reclassified per 2022 FS (new treatment)
Net revenue	1,527,841	(198,104)	1,329,737
COS	1,182,137	(198,104)	984,033
Gross Profit	115,893	-	345,704

- Q4 2021 (3 month)

P&L	Reported (existing treatment)	Accounting Policy change impact	Reclassified per 2022 FS (new treatment)
Net revenue	504,983	(59,032)	445,951
COS	389,090	(59,032)	330,058
Gross Profit	115,893	-	115,893

- The following table provides a reconciliation of the Company's reported 2021 numbers that have been reclassified for the impacts of the Company's change in accounting policy for certain software licensing revenue

Non-IFRS Measures & Reconciliation



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

	Q4 2022	Q4 2021	Q4 2022 YTD	Q4 2021 YTD
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	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
Capital expenditures	(2,545)	(2,648)	(11,219)	(6,310)
Payment of lease liabilities	(3,796)	(3,043)	(12,290)	(10,044)
Adjusted Free Cash Flow	36,723	28,994	119,359	77,681
Adjusted Free Cash Flow Conversion	85%	84%	84%	83%

Non-IFRS Measures & Reconciliation



Adjusted Earnings per Share (EPS)

	Q4 2022	Q4 2021	Q4 2022 YTD	Q4 2021 YTD
Net income (loss)	- 4,656	7,080	22,844	16,366
Special charges	18,654	2,595	38,146	19,701
Amortization on acquired intangibles	16,502	9,021	59,549	26,438
Foreign exchange gain	951	5,669	(19,581)	647
Stock based compensation	1,422	1,132	5,594	2,325
Adjusted Net Income	32,873	25,497	106,552	65,477
Adjusted Earnings per Share (EPS) - basic	\$ 0.16	\$ 0.12	\$ 0.50	\$ 0.35
Adjusted Earnings per Share (EPS) - diluted	\$ 0.15	\$ 0.12	\$ 0.49	\$ 0.35
Weighted average # of shares - basic	210,407	214,287	213,104	185,811
Weighted average # of shares - diluted	215,425	217,187	215,806	187,939

Non-IFRS Measures & Reconciliation



Gross Revenue

	Q4 22	Q4 21	Q4 22 YTD	Q4 21 YTD
Product	638,261	412,916	2,057,477	1,236,301
Managed services	36,244	24,577	138,176	88,782
Third party and professional services	282,298	204,658	895,328	649,707
Gross revenue	956,803	642,151	3,090,981	1,974,790
Adjustment for sales transacted as agent	315,876	196,200	926,334	645,053
Net revenue	640,927	445,951	2,164,647	1,329,737

Gross Revenue Organic Growth

	Q4 2022	Q4 2022 YTD
Gross revenue	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%

Non-IFRS Measures & Reconciliation



Gross Profit Organic Growth

	Q4 2022	Q4 2022 YTD
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 revenue	115,893	345,705
Organic Growth - \$	1,736	36,236
Organic Growth - %	1.5%	10.5%

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Historical statements contained in this presentation regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. In this regard, certain financial information contained herein has been extracted from, or based upon, information available in the public domain and/or provided by the Company. In particular, historical results should not be taken as a representation that such trends will continue or be replicated in the future. No statement in this presentation is intended to be nor may be construed as a profit forecast.

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