Converge Technology Solutions Corp.

Management Discussion and Analysis
For the Three Months Ended December 31, 2023 and 2022
and Fiscal 2023 and 2022

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Management Discussion and Analysis

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

General information

As used in this management's discussion and analysis ("MD&A"), unless the context indicates or requires otherwise, all references to the "Company", "Converge", "we", "us" or "our" refer to Converge Technology Solutions Corp. together with our subsidiaries, on a consolidated basis as constituted on December 31, 2023.

This MD&A for the three months ended December 31, 2023 ("Q4 2023") and 2022 ("Q4 2022") and for the years ended December 31, 2023 ("Fiscal 2023") and 2022 ("Fiscal 2022") should be read in conjunction with the Company's audited annual consolidated financial statements and the accompanying notes for the year ended December 31, 2023 and 2022 ("Financial Statements"). The financial information presented in this MD&A is derived from the Financial Statements which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts are in thousands of Canadian dollars, except where otherwise indicated. Due to rounding, certain totals and subtotals may not foot and certain percentages may not reconcile.

Additional information relating to Converge, including our most recent Annual Information Form ("AIF"), can be found on SEDAR+ at www.sedarplus.ca.

This MD&A is dated as of March 5, 2024 and was prepared with information available at that date.

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 global economic and geopolitical uncertainty 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.

Non-IFRS financial & supplementary financial measures

This MD&A refers to certain performance indicators including Adjusted EBITDA, Adjusted Net Income, Adjusted Earnings per Share ("EPS"), Gross Sales, Backlog 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 or loss adjusted to exclude amortization, depreciation, interest expense and net finance expense, foreign exchange gains and losses, other expenses and income, share-based compensation expense, income tax expense, change in fair value of contingent consideration, and acquisition, integration, restructuring and other expenses. Acquisition and transaction related costs primarily consists of acquisition-related compensation tied to continued employment of pre-existing shareholders of the acquiree not included in the total purchase consideration and professional fees. Integration costs primarily consist of professional fees incurred related to integration of acquisitions completed. Restructuring costs mainly represent employee exit costs as a result of synergies created from acquisitions and organizational changes.

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

Adjusted Net Income represents net income adjusted to exclude acquisition, integration, restructuring and other expenses, change in fair value of contingent consideration, 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 sales

Gross sales, which is a non-IFRS measurement, reflects the gross amount billed to customers, adjusted for amounts deferred or accrued. The Company believes gross sales is a useful alternative financial metric to revenue, the IFRS measure, as it better reflects volume fluctuations as compared to 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, revenue is calculated by reducing gross sales by the cost of sale amount.

Organic growth

The Company measures organic growth on a quarterly and year-to-date basis, at the gross sales 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 sales and gross profit generated from all corresponding prior period comparable pre-acquisition period(s) from the current reporting period(s) included in the consolidated results.

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.

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 revenue.

Overview of the business

Converge Technology Solutions Corporation is a services-led, software-enabled IT & cloud solutions provider with operations in North America, United Kingdom ("UK") and Europe. The Company is organized around two operating segments: Converge Hybrid IT Solutions, and Portage Software-as-a-Solution ("SaaS") Solutions.

Converge Hybrid IT Solutions is focused on delivering advanced analytics, artificial intelligence, application modernization, cloud, cybersecurity, digital infrastructure, digital workplace and managed services offerings as well as the provision of hardware and software products and solutions to clients across various industries and organizations. Converge is focused on being the trusted advisor to their clients and providing advisory, implementation, and managed services across the portfolio.

Portage SaaS Solutions, which is comprised of the operations of the Company's majority-owned subsidiary, Portage CyberTech, is focused on powering trusted digital transactions between individuals, businesses, and government organizations. Portage customers use its SaaS solutions and expert services to power digital signatures with legal reliability, and to improve experiences for trusted transactions. On a standalone basis, as an early-stage company investing in growth to scale its operations, this segment may not be accretive to the Company's financial performance in the next twelve-month period.

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 and be their end-to-end solution provider.

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.

With a focus on these areas, Converge believes it is well positioned to become an international solutions leader within these segments.

Global Strategy – Converge's strategy is to become the leading ITSP to mid-market and enterprise customers in North America, Germany and the United Kingdom.

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.

Advise, Implement and Manage ("AIM") – Converge is a services-led, software-enabled, IT & Cloud Solutions provider that can package a full suite of advisory, implementation, and managed services across all of their solution areas.

Cross-sell – Converge will cross-sell the solutions and services of advisory, implementation and manage services across multiple companies to drive meaningful business outcome and provide a full suite of end-to-end services. Converge's go to market model allows it to leverage all of the resources across every region to drive more value with every client.

*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.

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.

Consolidated highlights

Select financial highlights:

- Gross Sales[1] for the three months ended December 31, 2023 was $1.08 billion, an increase of $121.9 million or 12.7%, compared to the three months ended December 31, 2022. For the year ended December 31, 2023 and 2022, Gross Sales[1] was $4.04 billion and $3.09 billion, respectively.

- Revenue for the three months ended December 31, 2023 was $651.1 million, an increase of $10.2 million or 1.6%, compared to the three months ended December 31, 2022. For the year ended December 31, 2023 and 2022, revenue was $2.71 billion and $2.16 billion, respectively, an increase of $540.6 million or 25.0%.

- Gross profit for the three months ended December 31, 2023 was $181.5 million, an increase of $12.6 million or 7.5%, compared to the three months ended December 31, 2022. For the year ended December 31, 2023 and 2022, gross profit was $702.9 million and $550.8 million, respectively, an increase of $152.1 million or 27.6%.

[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.

- Net income for the three months ended December 31, 2023 was $4.8 million, compared to net loss of $4.7 million for the three months ended December 31, 2022, an increase of $9.4 million or 202.7%. For the year ended December 31, 2023 and 2022, net loss was $6.4 million, compared to net income of $22.8 million, a decrease of $29.2 million or 128.0%.

- Adjusted EBITDA[1] for the three months ended December 31, 2023 was $46.5 million, an increase of $3.4 million or 8.0%, compared to the three months ended December 31, 2022. For the year ended December 31, 2023 and 2022, Adjusted EBITDA was $170.3 million and $142.9 million, respectively, an increase of $27.4 million or 19.2%.

- For the three months ended December 31, 2023 and 2022, cash from operating activities was $114.5 million and $30.4 million, respectively, an increase of $84.1 million or 276.6%. For the year ended December 31, 2023 and 2022, cash from operating activities was $229.5 million and $41.6 million, respectively, an increase of $188.0 million or 452.0%.

Other highlights

- On March 5, 2024, the Board declared a quarterly dividend of $0.01 per common share to be paid on March 26, 2024 to shareholders of record at the close of business on March 12, 2024.

- Effective December 5, 2023, the Company appointed Mrs. Wendy Bahr to the Company's Board of Directors. Wendy is a Corporate Executive with global sales experience leading direct and indirect sales channels. Prior to 2019, Wendy served as Senior Vice President at Cisco leading their global partner organization and Meraki global sales. Most recently, Wendy held the role of Chief Commercial Officer at leading cloud security organization Rubrik Inc. She also currently acts as a strategic advisor to several portfolio companies of JC Ventures.

- During the year ended December 31, 2023, 5,257,294 common shares were repurchased under the Normal-Course Issuer Bid ("NCIB") for an aggregate purchase price of $17,388. As at December 31, 2023, 5,235,094 common shares had been canceled and the remainder were cancelled in January 2024.

- On December 31, 2022, the Company signed a definitive agreement with the sellers of Rednet which modified the original purchase agreement to allow the Company to acquire the remaining 25% interest in Rednet for $37,292 (25,393 €), payable in two installments. The first payment of $29,994 (20,393 €) was made on March 15, 2023 and the second payment of $7,298 (5,000 €) was made on January 9, 2024.

Factors affecting the company's performance

We believe that the growth and future success of our business depends on many factors, including those described below. While each of these factors present significant opportunities for our business, they also pose important challenges, some of which are discussed below and in the "Risk Factors" section of our AIF.

Ability to integrate acquired companies

The Company is of the view that the ability to realize synergies and integrate acquired companies is critical for the future success of the Company. The Company has successfully acquired and integrated numerous companies over the years and must undertake such integration activities with each new company that it acquires. Our inability to effectively integrate the companies we acquire in the future could have adverse effects on our business and results of operations.

Foreign currency

The Company’s functional and presentation currency is Canadian dollars. The functional currency for our subsidiaries is the local currency of the country in which the foreign operation is located. Our results of operations are converted into our functional currency using the average foreign exchange rates for each period presented. As a result, our results of operations may be adversely impacted by an increase in the value of the Canadian dollar relative to the United States Dollar, Euros and Pound Sterling.

Economic activity

General economic conditions may affect our results of operations and financial condition. Demand for our products and services depends in large part upon the level of capital and operating IT expenditure by many of our customers. Decreased capital and operational IT spending could have a material adverse effect on the demand for our products and services and our business, results of operations, cash flow and overall financial condition. Decreased IT capital and operational spending or disruptions in the markets could be caused by, without limitation, geo political tensions, the outbreak of a contagious illness, such as the recent outbreak of COVID-19, acts of war, terrorism and catastrophes. Any of these conditions may reduce the ability of our customers and prospective customers to commit funds to purchase our products and services, or their ability to pay for our products and services after purchase.

Natural disasters

Natural disasters, such as earthquakes, hurricanes, tornadoes, floods, and other adverse weather and climate conditions; unforeseen public health crises, such as the global outbreak of COVID-19 and other pandemics and epidemics; political crises, such as terrorist attacks, war, and other political instability; or other catastrophic events could disrupt our operations, or the operations of our customers. To the extent any of these events occur, our business and results of operations could be adversely affected.

Cross selling

Our ability to expand by cross selling more goods and services to our current clients is crucial to our success. As our emphasis areas expand, we want to serve a wide spectrum of public and private sector customers with a high potential for IT solution spending. We think the fragmented market for IT solutions gives us a great chance to increase our portion of IT spenders' wallets. Despite a very competitive environment, we feel that Converge's sophisticated skills and IT solutions set us apart from our rivals and will help us grow our market share over time.

Partnerships

The quality of our connections with our technology partners will have an impact on how quickly we grow in the future. Despite the variety of technological collaborations, we now have, we continually look for new emerging technology partners and expand existing alliances to find better IT solutions for consumers. In order to advance our technical proficiency, we also keep our attention on improving the technology partner certifications we now possess. In-depth certification status has been attained with top technology partners. We think it's more likely that customers and technology partners would view us as their preferred source of IT solutions as a result of our success in creating lasting connections with them.

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 31,	
	2023	2022	**2023**	2022
	$	$	**$**	$
Revenue				
Product	**490,948**	507,630	**2,098,880**	1,700,667
Service	**160,142**	133,297	**606,327**	463,980
Total revenue	**651,090**	640,927	**2,705,207**	2,164,647
Cost of sales	**469,561**	472,011	**2,002,327**	1,613,879
Gross profit	**181,529**	168,916	**702,880**	550,768
Selling, general and administrative expenses	**137,451**	126,377	**541,118**	413,644
Income before the following	**44,078**	42,539	**161,762**	137,124
Depreciation and amortization	**29,212**	20,363	**111,451**	75,114
Finance expense, net	**10,355**	9,062	**41,225**	19,860
Acquisition, integration, restructuring and other	**2,679**	4,621	**13,648**	24,113
Change in fair value of contingent consideration	**5,464**	14,033	**14,673**	14,033
Share-based compensation expense	**954**	1,422	**3,692**	5,594
Other (income) expense	**(132)**	2,057	**(4,362)**	(20,375)
(Loss) Income before income taxes	**(4,454)**	(9,019)	**(18,565)**	18,785
Income tax (recovery) expense	**(9,235)**	(4,363)	**(12,172)**	(4,059)
Net income (loss)	**4,781**	(4,656)	**(6,393)**	22,844
Net income (loss) attributable to:				
Shareholders of Converge	**5,861**	(3,528)	**(1,448)**	27,283
Non-controlling interest	**(1,080)**	(1,128)	**(4,945)**	(4,439)
	4,781	(4,656)	**(6,393)**	22,844
Other comprehensive income (loss)				
Exchange gain (loss) on translation of foreign operations	**916**	14,238	**(9,745)**	13,379
Comprehensive income (loss)	**5,697**	9,582	**(16,138)**	36,223
Comprehensive income (loss) attributable to:				
Shareholders of Converge	**6,777**	10,710	**(11,193)**	40,662
Non-controlling interest	**(1,080)**	(1,128)	**(4,945)**	(4,439)
	5,697	9,582	**(16,138)**	36,223
Adjusted EBITDA[1]	**46,505**	43,064	**170,294**	142,868
Adjusted EBITDA as a % of Gross Profit[1]	**25.6%**	25.5%	**24.2%**	25.9%
Adjusted EBITDA as a % of Revenue[1]	**7.1%**	6.7%	**6.3%**	6.6%

[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.

Adjusted EBITDA

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

	Three months ended December 31,		Twelve months ended December 31,	
	2023	2022	**2023**	2022
	$	$	**$**	$
Net (loss) income before taxes	**(4,454)**	(9,019)	**(18,565)**	18,785
Finance expense, net[1]	**10,355**	9,062	**41,225**	19,860
Share-based compensation expense[2]	**954**	1,422	**3,692**	5,594
Depreciation and amortization[3]	**29,212**	20,363	**111,451**	75,114
Depreciation included in cost of sales[3]	**2,427**	1,631	**8,532**	4,950
Other (income) expense[4]	**(132)**	951	**(4,362)**	(19,581)
Change in fair value of contingent consideration[5]	**5,464**	14,033	**14,673**	14,033
Acquisition, integration, restructuring and other[6]	**2,679**	4,621	**13,648**	24,113
Adjusted EBITDA	**46,505**	43,064	**170,294**	142,868

1) Finance expense, net, is primarily related to interest expenses incurred on borrowings, lease obligations, and deferred consideration.
2) Share-based compensation expense represents non-cash expenditures recognized in connection with stock options and restricted stock units issued to employees.
3) Depreciation and amortization expense is primarily related to acquired intangible assets, depreciation expense on property, equipment, and right-of-use assets.
4) Other (income) expense is primarily comprised of non-cash gains and losses related to foreign exchange translation.
5) Change in fair value of contingent consideration is related to revaluation of contingent purchase consideration from acquisitions completed.
6) Acquisition and transaction related costs primarily consists of acquisition-related compensation tied to continued employment of pre-existing shareholders of the acquiree not included in the total purchase consideration and professional fees. Integration costs primarily consist of professional fees incurred related to integration of acquisitions completed. Restructuring costs mainly represent employee exit costs as a result of synergies created from acquisitions and organizational changes.

Overall company performance and key changes in financial results

Segment performance

As a result of significant business operation and internal reporting changes undertaken by the Company in the first quarter of 2023 that affect how the Company views and monitors the performance of its majority-owned Portage subsidiary, the Company has determined that it is now comprised of two operating segments: i) Converge Hybrid IT Solutions ("Converge"), and ii) Portage SaaS Solutions ("Portage").

The following tables provide a condensed summary of the operating performance of each operating segment:

For the three months ended December 31,		2023			2022	
	Converge	Portage	Total	Converge	Portage	Total
	$	$	$	$	$	$
Revenue	**646,729**	**4,361**	**651,090**	636,552	4,375	640,927
Gross profit	**178,656**	**2,873**	**181,529**	165,567	3,349	168,916
(Loss) income before income taxes	**(922)**	**(3,532)**	**(4,454)**	(7,595)	(1,424)	(9,019)
Finance expense, net	**9,930**	**425**	**10,355**	8,921	141	9,062
Share-based compensation	**954**	**-**	**954**	1,422	-	1,422
Depreciation and amortization	**27,875**	**1,337**	**29,212**	19,078	1,285	20,363
Depreciation included in cost of sales	**2,427**	**-**	**2,427**	1,631	-	1,631
Other (income) expense	**(265)**	**133**	**(132)**	951	-	951
Change in fair value of contingent consideration	**5,514**	**(50)**	**5,464**	14,033	-	14,033
Acquisition, integration, restructuring and other	**2,281**	**398**	**2,679**	4,082	539	4,621
Adjusted EBITDA	**47,794**	**(1,289)**	**46,505**	42,523	541	43,064

For the twelve months ended December 31,		2023			2022	
	Converge	Portage	Total	Converge	Portage	Total
	$	$	$	$	$	$
Revenue	**2,686,249**	**18,958**	**2,705,207**	2,152,180	12,467	2,164,647
Gross profit	**689,893**	**12,987**	**702,880**	541,417	9,351	550,768
(Loss) income before income taxes	**(6,314)**	**(12,251)**	**(18,565)**	23,863	(5,078)	18,785
Finance expense, net	**39,530**	**1,695**	**41,225**	19,655	205	19,860
Share-based compensation	**3,692**	**-**	**3,692**	5,594	-	5,594
Depreciation and amortization	**106,196**	**5,255**	**111,451**	71,911	3,203	75,114
Depreciation included in cost of sales	**8,532**	**-**	**8,532**	4,950	-	4,950
Other (income) expense	**(4,510)**	**148**	**(4,362)**	(19,581)	-	(19,581)
Change in fair value of contingent consideration	**14,723**	**(50)**	**14,673**	14,033	-	14,033
Acquisition, integration, restructuring and other	**12,264**	**1,384**	**13,648**	23,035	1,078	24,113
Adjusted EBITDA	**174,113**	**(3,819)**	**170,294**	143,460	(592)	142,868

Portage segment performance

Portage's revenue decreased by $14 to $4,361, or 0.3% for the three months ended December 31, 2023 compared to the equivalent period in the prior year and increased by $6,491 to $18,958 or 52.1% for the twelve months ended December 31, 2023 compared to the equivalent period in the prior year. The decrease for the three months ended December 31, 2023, was primarily lower professional services revenue. The increase for the twelve months ended December 31, 2023, was primarily due to SaaS and recurring revenue growth and includes the impact of the acquisitions of Notarius and 1CRM completed in the intervening period, both of which are higher margin solutions based on proprietary software.

Portage's Adjusted EBITDA loss increased by $1,830 to loss of $1,289 for the three months ended December 31, 2023 compared to the equivalent period in the prior year and increased by $3,227 to loss of $3,819 for the twelve months ended December 31, 2023 compared to the equivalent period in the prior year. In both periods the increase in loss is primarily due to investments in headcount for growth.

Overall company performance and key changes in financial results

Gross sales[1]

The following table presents the Company's gross sales:

	For the three months ended December 31,		**For the twelve months ended December 31,**	
	2023 $	2022 $	**2023 $**	2022 $
Product	**719,974**	638,261	**2,747,359**	2,057,477
Managed services	**40,966**	36,244	**165,512**	138,176
Third party and professional services	**317,723**	282,298	**1,125,030**	895,328
Gross sales	**1,078,663**	956,803	**4,037,901**	3,090,981
Less: adjustment for sales transacted as agent	**427,573**	315,876	**1,332,694**	926,334
Revenue	**651,090**	640,927	**2,705,207**	2,164,647

The following table calculates gross sales organic growth for the three months ended December 31, 2023:

	Q4 2023 $	Q4 2022 $
Gross sales	**1,078,663**	956,803
Less: gross sales from companies not owned in comparative period	**17,286**	310,996
Gross sales of companies owned in comparative period	**1,061,377**	645,807
Prior period gross sales	**956,803**	642,151
Organic Growth	**104,574**	3,656
Organic Growth – %	**10.9%**	0.6%

[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.

The following table calculates gross sales organic growth for the twelve months ended December 31, 2023:

	Fiscal 2023 $	Fiscal 2022 $
Gross sales	**4,037,901**	3,090,981
Less: gross sales from companies not owned in comparative period	**611,045**	945,777
Gross sales of companies owned in comparative period	**3,426,856**	2,145,204
Prior period gross sales	**3,090,981**	1,974,790
Organic Growth	**335,875**	170,414
Organic Growth – %	**10.9%**	8.6%

Gross sales organic growth[1]

Gross sales organic growth was $104,574 or 10.9% for the three months ended December 31, 2023, compared to $3,656 or 0.6% in the equivalent period in the prior year. Gross sales organic growth was $335,875 or 10.9% for the twelve months ended December 31, 2023, compared to $170,414 or 8.6% in the equivalent period in the prior year. In both periods, the increase in organic growth was primarily due to higher sales driven by cross-selling strategy, winning new customers and successful execution of AIM strategy. 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 cross selling advisory, implementation and manage services across multiple companies and customer solutions to provide full suite of end-to-end solutions and services.

Revenue

The following table presents the Company's revenues by product and services for the three and twelve months ended December 31, 2023 and 2022:

	For the three months ended December 31,		**For the twelve months ended December 31,**	
	2023 $	2022 $	**2023 $**	2022 $
Product	**490,948**	507,630	**2,098,880**	1,700,667
Managed Services	**36,990**	33,344	**146,159**	119,630
Third party and professional services	**123,152**	99,953	**460,168**	344,350
Total	**651,090**	640,927	**2,705,207**	2,164,647

Product revenue includes hardware and software sales. Product revenue decreased from $507,630 to $490,948 or 3.3% for the three months ended December 31, 2023 compared to the equivalent period in the prior year and increased by $398,213 to $2,098,880 or 23.4% for the twelve months ended December 31, 2023, compared to the equivalent period in the prior year. The decrease for the three months ended December 31, 2023, was primarily due to higher software sales that are recognized on a net basis under IFRS 15 due to acting as an agent for software sales transactions. The increase for the twelve months ended December 31, 2023, was primarily due to the impact of acquisitions completed within Fiscal 2022 and organic growth.

Managed services revenue includes recurring revenue from long-term contracts, non-recurring revenue based on usage and non-recurring resale of managed service contracts. Managed services revenue increased from $33,344 to $36,990 or 10.9% for the three months ended December 31, 2023, compared to the equivalent period in the prior year and by $26,529 to $146,159 or 22.2% for the twelve months ended December 31, 2023, compared to the equivalent period in the prior year. The increase for the three months ended December 31, 2023 was due to organic growth. The increase for the twelve months ended December 31, 2023, was primarily due to the impact of acquisitions completed within Fiscal 2022 and organic growth.

Third party and professional services revenue includes revenue from public cloud resell, maintenance and support contracts, resale of professional services and professional services rendered by the Company. Third party and professional services revenue increased from $99,953 to $123,152, or 23.2% for the three months ended December 31, 2023, compared to the equivalent period in the prior year and by $115,818 to $460,168 or 33.6% for the twelve months ended December 31, 2023, compared to the equivalent period in the prior year. In both periods, the increase is primarily due to the impact of acquisitions completed within Fiscal 2022 and organic growth.

For the three months ended December 31, 2023, gross sales by industry(1) was approximately 17% (2022 – 21%) from technology companies, 15% (2022 – 21%) from healthcare, 13% (2022 – 18%) from government, 12% (2022 – 10%) from financial services companies, 10% (2022 – 3%) from automotive companies and 33% (2022 – 27%) from other industries.

For the twelve months ended December 31, 2023, gross sales by industry(1) was approximately 17% (2022 – 20%) from healthcare, 14% (2022 – 15%) from financial services companies, 13% (2022 – 19%) from government, 13% (2022 – 20%) from technology companies, 9% (2022 – 2%) from automotive companies and 34% from other industries (2022 – 24%).

(1) The above gross sales by industry metrics excludes Portage and companies in Europe and UK along with recent acquisitions of PC Specialists, Inc., Itex, Inc., TIG Asia Limited, Technology Integration Group Hong Kong Limited, TIG (Shanghai) Co., Ltd., PDS Holding Company, Paragon Development Systems Inc., Works Computing, LLC, Paragon Staffing, LLC, and Vicom Infinity, Inc.

Gross profit and gross profit margin

The following table calculates gross profit organic growth for the three months ended December 31, 2023 and 2022:

	Q4 2023 **$**	Q4 2022 $
Gross profit	**181,529**	168,916
Less: gross profit from companies not owned in comparative period	**3,032**	51,286
Gross profit of companies owned in comparative period	**178,497**	117,630
Prior period gross profit	**168,916**	115,893
Organic Growth	**9,581**	1,737
Organic Growth – %	**5.7%**	1.5%

The following table calculates gross profit organic growth for the twelve months ended December 31, 2023 and 2022:

	Fiscal 2023 **$**	Fiscal 2022 $
Gross profit	**702,880**	550,768
Less: gross profit from companies not owned in comparative period	**107,295**	168,828
Gross profit of companies owned in comparative period	**595,585**	381,940
Prior period gross profit	**550,767**	345,704
Organic Growth	**44,818**	36,236
Organic Growth – %	**8.1%**	10.5%

Gross profit increased from $168,916 to $181,529 or 7.5% for the three months ended December 31, 2023, compared to the equivalent period in the prior year and by $152,112 to $702,880 or 27.6% for the twelve months ended December 31, 2023, compared to the equivalent period in the prior year.

Gross profit margin increased from 26.4% to 27.9% for the three months ended December 31, 2023, compared to the equivalent period in the prior year and increased from 25.4% to 26.0% for the twelve months ended December 31, 2023, compared to the equivalent period in the prior year.

Gross profit margin reflects the impact of acquired companies, whereby certain acquisitions in Fiscal 2022 primarily sell lower margin hardware, paired with high volumes but lower margin end-user devices. As Converge begins to achieve scale in its higher margin solutions and services, and cross-sell these services to customers of recently acquired companies, the Company expects gross margins to continue increasing.

Gross profit organic growth

Gross profit organic growth was $9,581 or 5.7% for the three months ended December 31, 2023, compared to $1,737 or 1.5% in the equivalent period in the prior year. Gross profit organic growth was $47,045 or 8.5% for the twelve months ended December 31, 2023, compared to $36,236 or 10.5% in the equivalent period in the prior year.

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 sales strategy.

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,**	
	2023	2022	**2023**	2022
	$	$	**$**	**$**
Salaries and benefits	**112,330**	108,292	**441,857**	351,004
Office, travel and events	**17,461**	16,538	**66,378**	46,296
Professional fees	**3,673**	2,345	**19,545**	12,380
Other expenses (recoveries)	**3,987**	(798)	**13,338**	3,964
Total	**137,451**	126,377	**541,118**	413,644

Salaries and benefits expense increased from $108,292 to $112,330 or 3.7% for the three months ended December 31, 2023, compared to the equivalent period in the prior year and by $90,853 to $441,857 or 25.9% for the twelve months ended December 31, 2023, compared to the equivalent period in the prior year. In both periods, the increase is primarily due to higher headcount from acquisitions along with continued investment in sales and services headcount. Professional fees increased from $2,345 to $3,673 or 56.6% for the three months ended December 31, 2023, compared to the equivalent period in the prior year and by $7,165 to $19,545 or 57.9% for the twelve months ended December 31, 2023, compared to the equivalent period in the prior year. In both periods, the increase is primarily due to acquisitions completed in Fiscal 2022 and advisory services for support and consultation. Office, travel and events expense increased from $16,538 to $17,461 or 5.6% for the three months ended December 31, 2023, compared to the equivalent period in the prior year and by $20,082 to $66,378 or 43.4% for the twelve months ended December 31, 2023, compared to the equivalent period in the prior year. In both periods, the increase is primarily due to the new acquisitions and along with higher travel, IT and facilities costs. Other expenses increased from $(798) to $3,987 or 599.6% for the three months period ended December 31, 2023, compared to the equivalent period in the prior year and increased by $9,374 to $13,338 or 236.5% for the twelve months period ended December 31, 2023, compared to the equivalent period in the prior year. In both periods, the increase is primarily due to acquisitions completed and provisions for credit risk.

Depreciation and amortization

Amortization of intangibles increased from $16,519 to $24,468 or 48.1% for the three months ended December 31, 2023, compared to the equivalent period in the prior year and by $27,731 to $87,259 or 46.6% for the twelve months ended December 31, 2023, compared to the equivalent period in the prior year. In both periods, the increase is primarily due to amortization of intangible assets acquired from the acquisitions completed in Fiscal 2022 and the accelerated amortization of trade names integrated with the Converge brand.

Depreciation expense increased from $4,985 to $7,171 or 43.9% for the three months ended December 31, 2023, compared to the equivalent period in the prior year and by $11,977 to $32,724 or 57.7% for the twelve months ended December 31, 2023, compared to the equivalent period in the prior year. In both periods, the increase is primarily due to depreciation on right-of-use assets and equipment acquired from the acquisitions and new equipment leases signed during the period.

Finance expense, net

Finance expense, net for the three months ended December 31, 2023 and December 31, 2022 of $10,355 and $9,062, respectively, primarily consisted of interest expense related to borrowings under the Company's revolving credit facility, deferred consideration, lease liabilities and other financing programs.

Finance expense, net for the year ended December 31, 2023 and December 31, 2022 of $41,225 and $19,860, respectively, primarily consisted of interest expense related to borrowings under the Company's revolving credit facility, deferred consideration, lease liabilities and other financing programs.

In both periods, the increase in finance expense is primarily due higher interest rates during the period and higher average balances drawn on the Company's revolving credit facility.

Acquisition, integration, restructuring and other

Acquisition, integration, restructuring and other expenses decreased from $4,621 to $2,679 or 42.0% for the three months ended December 31, 2023, compared to the equivalent period in the prior year and by $10,465 to $13,648 or 43.4% for the twelve months ended December 31, 2023, compared to the equivalent period in the prior year.

For the three months ended December 31, 2023, acquisition, integration, restructuring and other expenses were primarily incurred due to $415 of acquisition and transaction related costs including acquisition earn-out bonuses, contingent consideration fees and fees related to strategic review process, $979 of restructuring costs related to severance cost as a result of synergies created from acquisitions and organizational changes, $1,054 of integration

costs including professional fees related to integration of acquired companies completed and $231 of other costs. For the three months ended December 31, 2022, acquisition, integration, restructuring and other expenses were primarily related to $2,046 of acquisition transaction costs, $355 of integration costs, $978 of restructuring costs related to the integration of acquired companies, and $1,242 of other costs.

For the twelve months ended December 31, 2023, acquisition, integration, restructuring and other expenses were primarily due to $4,232 of acquisition and transaction related costs, $5,543 of restructuring costs, $1,579 of integration costs and $2,294 of other costs including legal fees. For the twelve months ended December 31, 2022, acquisition, integration, restructuring and other expenses are primarily due to $17,387 of acquisition transaction costs, $1,144 of integration costs, $1,106 of restructuring costs related to the integration of acquired companies, and $4,476 of other costs, of which $3,342 is financing related costs.

Change in fair value of contingent consideration

Change in fair value of contingent consideration for the three months ended December 31, 2023 was $5,464 primarily related to revaluation of contingent consideration from acquisitions, compared to $14,033 in the equivalent period in the prior year. Change in fair value of contingent consideration for the twelve months ended December 31, 2023 was $14,673 primarily related to revaluation of contingent consideration from acquisitions, compared to $14,033 in the equivalent period in the prior year. Contingent considerations consist of earn-out payments due to sellers of acquired companies for meeting certain financial targets over a period of time from the date of acquisition. We expect the change in fair value of contingent consideration balance to fluctuate from period to period as target assumptions and forecasts change.

Share-based compensation

Share-based compensation for the three and twelve months ended December 31, 2023 was $954 and $3,692, respectively, a decrease of $468 and $1,902, respectively, compared to equivalent periods in the prior year. The decrease is primarily attributable to lower fair value per stock option for stock options issued in Fiscal 2023 resulting from lower share price.

Other (income) expense

Other income for the three months ended December 31, 2023 was $132 compared to a loss of $2,057 in the prior year. Other income for the year ended December 31, 2023 was $4,362 compared to other income of $20,375 in the prior year. The changes in the three- and twelve-month periods are as a result of the impact of foreign exchange gains and losses from the translation of certain foreign currency denominated monetary net asset balances denominated in a currency different from the functional currency of the related entity.

Income tax (recovery) expense

Income tax recovery for the three months ended December 31, 2023 increased to $9,235 from a recovery of $4,363 in the prior year. For the year ended December 31, 2023, income tax recovery was $12,172 compared to a recovery of $4,059 in the prior year.

Selected annual information

	Fiscal 2023 $	Fiscal 2022 $	Fiscal 2021 $
Revenues[1]	2,705,207	2,164,647	1,329,737
Gross Profit	702,880	550,768	345,704
Gross Margin	26.0%	25.4%	26.0%
Adjusted EBITDA[2]	170,294	142,868	94,035
Adjusted EBITDA Margin[2] (% of revenue)	6.3%	6.6%	7.1%
Earnings per share:			
Basic	(0.01)	0.13	0.09
Diluted	(0.01)	0.13	0.08
Net (loss) income	(6,393)	22,844	16,366
Acquisition, integration, restructuring and other	13,648	24,113	14,602
Change in fair value of contingent consideration	14,673	14,033	5,100
Amortization on intangibles	87,259	59,549	26,438
Foreign exchange (gain) loss	(4,480)	(19,581)	644
Share-based compensation	3,692	5,594	2,325
Adjusted Net Income	108,399	106,552	65,475
Adjusted EPS:			
Basic	0.53	0.50	0.35
Net cash provided by operating activities	229,540	41,586	87,065
Total current assets	1,084,344	1,128,279	780,708
Total non-current assets	1,069,018	1,120,597	588,129
Total current liabilities	1,038,364	1,437,906	591,215
Total non-current liabilities	502,843	180,160	128,794

(1) Reflects quarterly impact of software revenue net-down on a retrospective basis as per the IFRS 15 accounting policy adopted by the Company in Q4 2022.
(2) EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin are not recognized measures under IFRS.

Revenue

Revenue for the fiscal years ended December 31, 2023, 2022 and 2021 was $2,705,207, $2,164,647 and $1,329,737, respectively. In each of the fiscal years, the significant increase in revenue was primarily attributable to: (a) revenue from acquisitions, (b) the compounded effect of upsells from businesses acquired, and (c) organic growth.

Net (loss) income

For the fiscal years ended December 31, 2023, 2022 and 2021, net (loss) income was $(6,393), $22,844 and $16,366, respectively. Net loss in Fiscal 2023 was primarily due change in fair value of contingent consideration and amortization on acquired intangibles.

Current assets

Current assets are mainly comprised of cash of $169,872 (December 31, 2022 – $159,890), trade and other receivables of $814,231 (December 31, 2022 – $781,683), and inventories of $73,166 (December 31, 2022 – $158,430).

Non-current assets

Non-current assets are mainly comprised of goodwill of $564,770 (December 31, 2022 – $563,848) and intangible assets of $375,181 (December 31, 2022 – $463,751). Goodwill and intangible assets are primarily the result of acquisitions completed.

Current liabilities

Current liabilities are mainly comprised of $913,994 (December 31, 2022 – $824,924) in trade and other payables from the Company's operations, $1,664 (December 31, 2022 – $421,728) in borrowings, $59,325 (December 31, 2022 – $60,210) in deferred revenue, and $54,095 (December 31, 2022 – $123,932) in other financial liabilities.

Non-current liabilities

Non-current liabilities are comprised of $378,007 in borrowings (December 31, 2022 – nil), $57,668 (December 31, 2022 – $77,183) in other financial liabilities and deferred tax liabilities of $67,168 (December 31, 2022 – $102,977).

The increase in non-current liabilities is primarily due to borrowings being classified as non-current as at December 31, 2023 that were previously classified as current in the comparative period. Borrowings are mainly comprised of the amount drawn on the Company's external revolving credit facility ("Revolver Credit Facility"). See "Credit Facilities" section below.

The following table provides a summary of borrowings, debt and lease liabilities:

As at	**December 31, 2023** **$**	December 31, 2022 $
Revolver Credit Facility	**379,604**	420,439
Other third-party facilities	**67**	1,289
NCI liability, deferred and contingent consideration related to acquisitions	**53,977**	125,796
NCIB Liability	**2,500**	19,835
Notes payable	**1,670**	1,842
Lease liabilities	**53,616**	53,642
	491,434	622,843
Non-current	**435,675**	77,183
Current	**55,759**	545,660

Quarterly financial results

The following table summarizes select unaudited 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 2023 $	Q3 2023 $	Q2 2023 $	Q1 2023 $	Q4 2022 $	Q3 2022 $	Q2 2022 $	Q1 2022 $
Revenues	651,090	710,106	665,813	678,198	640,927	514,485	515,196	494,039
Gross Profit	181,529	174,090	175,672	171,589	168,916	139,654	133,152	109,045
Gross Margin	28%	25%	26%	25%	26%	27%	26%	22%
Adjusted EBITDA	46,505	41,258	41,527	41,004	43,064	30,967	39,188	29,649
Net income (loss)	4,781	(3,316)	(4,495)	(3,361)	(4,656)	18,228	11,678	(2,406)
Earnings per share:								
Basic	0.03	(0.01)	(0.02)	(0.01)	(0.02)	0.10	0.05	(0.01)
Diluted	0.03	(0.01)	(0.02)	(0.01)	(0.02)	0.10	0.05	(0.01)
Net income (loss)	4,781	(3,316)	(4,495)	(3,361)	(4,656)	18,228	11,678	(2,406)
Acquisition, integration, restructuring and other	2,679	2,601	4,083	4,284	4,621	8,211	5,559	5,722
Change in fair value of contingent consideration	5,464	-	9,209	-	14,033	-	-	-
Amortization on intangibles	24,468	21,056	21,527	20,208	16,502	17,785	13,946	11,316
Foreign exchange (gain) loss	(132)	(493)	(6,317)	2,462	951	(24,233)	(2,968)	6,669
Share-based compensation	954	774	1,117	848	1,422	1,275	1,685	1,212
Adjusted Net Income	38,214	20,622	25,124	24,441	32,873	21,266	29,900	22,513
Adjusted EPS:								
Basic	0.19	0.10	0.12	0.12	0.16	0.10	0.14	0.10

Liquidity and capital resources

The general objectives of our capital management strategy are to preserve our capacity to maintain financial flexibility in order to pursue our strategy of organic and acquisition growth, provide benefits to our stakeholders and provide an adequate return on investment to our shareholders by selling our products and services at prices that commensurate with the level of operating risk we assume. We thus determine the total amount of capital required consistent with risk levels. This capital structure is adjusted on a timely basis depending on changes in the economic environment and risks of the underlying assets. We are not subject to any externally imposed capital requirements.

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 borrowings, and cashflow from operations.

The Company anticipates that it will have sufficient liquidity from cash generation 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.

Cash flow analysis

As at December 31, 2023, total cash was $169,872 (December 31, 2022 – $159,890); an increase of $9,982 since the beginning of the year. This was primarily due to cash from operations offset by payments on deferred consideration, contingent consideration, NCI liability, purchase of property and equipment, interest and repayment of debt.

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,	
	2023	2022	**2023**	2022
	$	$	**$**	$
Cash from operating activities	**114,481**	30,395	**229,540**	41,586
Cash used in investing activities	**(3,269)**	(73,643)	**(103,926)**	(463,426)
Cash (used in) from financing activities	**(44,808)**	27,380	**(113,845)**	336,310
Net change in cash	**66,404**	(15,868)	**11,769**	(85,530)
Cash at the beginning of period	**105,221**	172,229	**159,890**	248,193
Effect of foreign exchange fluctuations on cash	**(1,753)**	3,529	**(1,787)**	(2,773)
Cash at the end of the period	**169,872**	159,890	**169,872**	159,890

Cash from operating activities

Cash from operating activities was $114,481 for the three months ended December 31, 2023. This was primarily attributable to net income less items not affecting cash of $44,289 and an increase of non-cash working capital balances of $71,888. In comparison, cash from operating was $30,395 for the three months ended December 31, 2022. This was primarily attributable to net income less items not affecting cash of $38,444 offset by a decrease of non-cash working capital balances of $6,268.

Cash from operating activities was $229,540 for the twelve months ended December 31, 2023. This was primarily attributable to net income less items not affecting cash of $157,923 and an increase of non-cash working capital balances of $90,746 offset by income taxes paid of $19,129. In comparison, cash from operating was $41,586 for the twelve months ended December 31, 2022. This was primarily attributable to net income less items not affecting cash of $118,756 offset by a decrease of non-cash working capital balances of $56,463 and income taxes paid of $20,707.

Cash used in investing activities

Cash used in investing activities was $3,269 for the three months ended December 31, 2023, primarily due to purchase of property and equipment of $2,038 and payment of deferred consideration of $1,237. In comparison, cash used in investing activities was $73,643 for the three months ended December 31 2022, primarily due to cash used for acquisition of Stone Technologies Group Limited ("Stone").

Cash used in investing activities was $103,926 for the twelve months ended December 31, 2023, primarily due to payment of deferred consideration of $41,114, payment of NCI liability of $30,967, payment of contingent consideration of $24,773 and purchase of property and equipment and intangibles of $10,828. In comparison, cash used in investing activities was $463,426 for the twelve months ended December 31, 2022, primarily due to cash used for acquisitions of ten companies of $418,147, payment of contingent consideration of $10,135, the payment of deferred consideration of $11,501 and purchase of property and equipment and intangibles of $23,942.

Cash (used in) from financing activities

Cash used in financing activities was $44,808 for the three months ended December 31, 2023, primarily due to Company's net repayment of borrowings of $29,882, dividends paid of $2,042, interest paid of $7,938, repurchase of common shares of $2,094 under the Company's NCIB and lease payments of $5,427. In comparison, cash from financing activities was $27,380 for the three months ended December 31, 2022, primarily due to the Company's proceeds from net proceeds of borrowings of $46,739, partially offset by repurchase of common shares of $9,461 under the Company's NCIB and interest paid of $6,022.

Cash used in financing activities was $113,845 for the twelve months ended December 31, 2023, primarily due to Company's net repayment of borrowings of $40,475, interest paid of $33,724, lease payments of $20,626, dividend payments of $6,156 and repurchase of common shares of $17,388. In comparison, cash provided by financing activities was $336,310 for the twelve months ended December 31, 2022, 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, payment of lease liabilities of $12,290, and interest paid of $10,309.

Credit facilities

On July 28, 2022, the Company entered into a multi-currency, 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 Revolver Credit Facility can be drawn to a maximum of $500,000 and included an uncommitted accordion feature of $100,000. On February 9, 2023, the Company exercised the accordion feature, increasing the total borrowing capacity to $600,000. Interest is payable monthly at an interest rate that generally approximates the Secured Overnight Financing Rate ("SOFR"), plus applicable bank margin ranging from 1.25% to 2.25%. The effective interest rate for the year ended December 31, 2023 was 7.4% (2022 – 5.1%). The Revolver Credit Facility matures on July 27, 2027.

The Revolver Credit Facility has certain financial and non-financial covenants including a leverage ratio and interest coverage ratio. The Revolver Credit Facility is secured by a first-ranking security over all present and after-acquired properties in the form of a general security agreement. As at December 31, 2023, the Company was in compliance with its covenants.

The Revolver Credit Facility contains provisions that limit certain restricted payments including dividends and share repurchases to a total of $40,000 per fiscal year.

Commitments and contingencies

Commitments

As at December 31, 2023, the Company is committed under office building, vehicle, and computer equipment leases, for the following minimum annual rentals:

	December 31, 2023	December 31, 2022
	$	$
Minimum lease payments		
2023	**-**	17,330
2024	**18,774**	13,450
2025	**14,085**	9,837
2026	**8,936**	5,847
2027	**6,779**	4,668
2028 and onwards	**11,154**	8,569
	59,728	59,701
Less: future finance charges	**(6,112)**	(6,059)
Present value of minimum lease payments	**53,616**	53,642
Current liabilities	**16,928**	15,800
Non-current liabilities	**36,688**	37,842
	53,616	53,642

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, 2023, the Company does not have any off-balance sheet arrangements other than the commitments and contingencies noted above.

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.

The Company defines key management personnel as being the Board of Directors, the Chief Executive Officer ("CEO") and the executive leadership team. The remuneration of key management personnel during the year was as follows:

	For the three months ended December 31,		**For the twelve months ended December 31,**	
	2023	2022	**2023**	2022
	$	$	**$**	$
Salaries and benefits [a]	**2,503**	1,788	**9,354**	8,475
Stock-based compensation	**954**	1,275	**3,692**	5,594
Total	**3,457**	3,063	**13,046**	14,069

[a] Includes salaries, bonuses, advisory fees, short-term employment benefits and other personnel costs.

As at December 31, 2023, $1,208 (December 31, 2022 – $nil) was included in accounts payable and accrued liabilities for consulting fees, salaries and benefits, directors' fees and reimbursement of expenses. The amounts due are unsecured, bear no interest and are payable on demand.

Outstanding share capital

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

Capital	**Authorized**	**Outstanding as at March 5, 2024**
Common shares	Unlimited	203,410,984
Stock options		4,228,712

Critical accounting policies and estimates

Please see the Company's audited consolidated financial statements for the year ended December 31, 2023 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 during the year ended December 31, 2023:

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

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 adoption of this amendment resulted in no significant impact on the Company's consolidated financial statements.

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

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 adoption of this amendment resulted in no significant impact on the Company's consolidated financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued Disclosure of Accounting Policies, which amends IAS 1 and IFRS Practice Statement 2. The amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendment to IAS 1 requires companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment also clarifies that not all accounting policy information that relates to material transactions, other events or conditions is material to the financial statements. The amendment to IFRS Practice Statement 2 adds guidance and examples to the materiality practice statement, which explains how to apply the materiality process to identify material accounting policy information. The adoption of this amendment resulted in no significant impact on the Company's consolidated financial statements.

The following new and amended standards and interpretations will become effective next fiscal year. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective and are not expected to have a significant impact on the consolidated financial statements:

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

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 expects no significant impact in adopting these amendments on its consolidated 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 expects no significant impact in adopting these amendments on its consolidated financial statements.

Amendments to IAS 7 and IFRS 7 in May 2023, IAS issued Disclosures: Supplier Finance Arrangements

The amendments require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements. The information on those arrangements is required to be aggregated unless the individual arrangements have dissimilar or unique terms and conditions. In the context of quantitative liquidity risk disclosures required by IFRS 7, supplier finance arrangements are included as an example of other factors that might be relevant to disclose. The amendments will be 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 12 in May 2023, IASB issued International Tax Reform – Pillar Two Model Rules

In December 2021, the Organization for Economic Co-operation and Development ("OECD") issued model rules for a new global minimum tax framework ("Pillar Two"). On August 4, 2023, the Department of Finance (Canada) released draft legislation that would be effective after 2023 to implement the Global Minimum Tax Act, imposing a 15% global minimum tax further to the OECD's Pillar Two guidance. While the Global Minimum Tax Act has not been substantively enacted, the Company operates in other jurisdictions (such as the UK, Ireland, and Germany) which have enacted local minimum tax legislation as at December 31, 2023. On May 23, 2023, the IASB issued amendments to IAS 12, *Income Taxes* introducing a temporary mandatory exception from the recognition and disclosure of deferred taxes related to the implementation of Pillar Two global minimum tax rules, which exception has been applied by the Company. The Company will continue monitoring the progress of relevant legislation globally to determine the impact upon substantive enactment but at this time does not expect to have material exposure related to these rules.

Amendments to IAS 21 in August 2023, IASB issued Lack of Exchangeability

The amendment specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique. The amendments will be effective for annual reporting periods beginning on or after January 1, 2025. The Company expects no significant impact in adopting these amendments on its consolidated financial statements.

Financial instruments and risk management

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from deposits with banks and outstanding receivables. The Company has assessed the credit risk on its cash balance as low since its funds are held in highly rated financial institutions. The Company trades only with recognized, creditworthy third parties. The Company performs credit checks for all customers who wish to trade on credit terms. Due to the Company's diversified customer base, there is no particular concentration of credit risk related to the Company's receivables. As at December 31, 2023, no individual customer represented greater than 10% of the outstanding receivable balance or revenue.

Liquidity risk

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

The Company intends to rely on positive cash flows from operations and available cash under existing credit facilities to achieve its future objectives. However, there can be no assurance that actual cash flows from operations will be as forecasted or that such equity and/or debt financings will be available on a timely basis under terms acceptable to the Company.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk.

Currency risk

Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates. The Company is not exposed to significant foreign currency exchange risk as it has minimal sales and purchase contracts denominated in currencies other than the functional currency of the Company and its subsidiaries.

Since the Company's reporting currency is Canadian dollars and the Company has significant US operations with US dollars as the functional currency for those operations, along with German operations with Euros as the functional currency and United Kingdom ("UK") operations with Sterling Pounds as the functional currency, the Company is exposed to foreign currency fluctuations on its reported amounts of US, German, and UK assets and liabilities. As at December 31, 2023, the Company had net assets of $7,613 (2022 – net liabilities of $3,833) denominated in US dollars, net assets of $101,522 (2022 – net liabilities of $98,356) denominated in Euros, and net liabilities of $3,955 (2022 – net liabilities of $2,229) denominated in Great British Pounds. A 10% change in exchange rates between the euro and Canadian dollar results in a $14,849 impact on the Company's net assets denominated in euros. A 10% change in exchange rates between the US and Canadian dollar, or Great British Pounds and the Canadian dollar would not result in a material impact on the Company's net liabilities recorded on the Company's consolidated statements of financial position. All such changes are recorded to other comprehensive (loss) income.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to fluctuations in interest rates since a significant portion of its capital structure consists of variable rate debt in the form of borrowings. As at December 31, 2023, the Company had $379,220 (2022 – $420,439) of variable rate debt. A 100 basis points increase or decrease in the interest rates would result in a change in interest expense of $3,792 (2022 – $4,204) for the year ended December 31, 2023.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to other price risks as at December 31, 2023.

Fair values

The fair values of cash, trade and other receivables, other assets, trade and other payables, deferred considerations and other financial liabilities approximate their carrying values due to the immediate or short-term maturity of these financial instruments. The fair value of borrowings approximates their carrying value due to the variable interest rates on these instruments. The Company measures its contingent consideration on acquisitions at fair value.

All assets and liabilities for which fair value is measured or disclosed in these consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Unadjusted quoted prices as at the measurement date for identical assets or liabilities in active markets.
- Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

- Level 3 – Significant unobservable inputs that are supported by little or no market activity. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

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

Contingent consideration on acquisitions are classified as Level 3 financial instruments. During the year, there were no transfers of amounts between levels.

Critical accounting estimates

The preparation of these consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

Estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Estimates and judgments related to the Company's risk management, including credit risk, liquidity risk and market risk are discussed above.

Geopolitical and market uncertainty

The Company has analyzed the wide-ranging effects of economic uncertainty, encompassing factors such as inflation and higher interest rates. This evaluation also considered the broader impacts stemming from global geopolitical instability and the persistent effects of the novel coronavirus pandemic on its consolidated financial statements. As of December 31, 2023, management has concluded that the Company's capacity to carry out its medium and long-term plans, along with the economic sustainability of its assets—covering the carrying value of long-lived assets and inventory valuations—is not significantly affected. In arriving at this determination, the Company has considered various factors, including existing laws, regulations, orders, disruptions, and potential disruptions in the supply chain, market disturbances for its products, commodity prices, foreign exchange rates, and the measures taken by the Company at its operations to safeguard the health and safety of its workforce and the local community.

Revenue recognition

Multiple performance obligation arrangements

At contract inception, the Company is required to assess the goods and services promised in a contract with a customer and identify a good or service that is distinct or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer. Judgment is required to assess which of the identified goods or services represent separate performance obligations as well as how to allocate the transaction price among the separate performance obligations. Judgement is required when allocating the transaction price to individual performance obligations within a contract. In concluding whether components are separately identifiable, management considers the transaction from the customer's perspective. Among other factors, management assesses whether the service or product is sold separately by the Company in the normal course of business or whether the customer could purchase the service or product separately.

Gross versus net revenue presentation assessment

The determination by the Company as to whether it acts as a principal in a transaction and recognizes revenue on the gross amount billed to a customer, or as an agent, and reports the sales transaction on a net basis (Note 3[d]) requires significant judgement. In making its judgement, the Company considers all facts and circumstances with respect to its contract with the customer and applies the guidance under IFRS 15 *Revenue from Contracts with Customers* (IFRS 15) to each distinct performance obligation on whether it acts as a principal or agent in determining if the revenue should be recognized on a gross or net basis.

Depreciation of property and equipment and amortization of intangible assets

Depreciation of property and equipment and amortization of intangible assets is dependent upon estimates of useful lives and residual values, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Goodwill impairment

Goodwill is tested annually for impairment, or more frequently when there is an indication that goodwill may be impaired. For the purposes of impairment testing, goodwill acquired through business combinations is allocated to a cash generating unit ("CGU") or group of CGUs. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Significant judgment is involved in determining the smallest group of assets that generates independent cash flows. The Company is required to estimate the recoverable amount of goodwill annually, which requires the Company to use significant judgement in determining the fair value of the CGU, including estimates and assumptions of growth rates, foreign exchange rates, discount rates, future operating performance and capital requirements. Any changes in rates or assumptions used by the Company as a result of industry uncertainties, changing economic conditions or other events could negatively affect future assessments of the recoverable amount of a CGU.

Fair value of financial instruments

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

Leases

Management exercises judgment in the process of applying *IFRS 16 – Leases* and determining the appropriate lease term on a lease-by-lease basis as well as the incremental borrowing rate. Management considers many factors including any events that create an economic incentive to exercise a renewal option including store performance, expected future performance and past business practice. Renewal options are only included if Management is reasonably certain that the option will be renewed.

Valuation of share-based payments

Management measures the costs for share-based payments using market-based option valuation techniques. Assumptions are made and estimates are used in applying the valuation techniques. These include estimating the future volatility of the share price, expected dividend yield, expected risk-free interest rate and the rate of forfeiture. Such estimates and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates of share-based payments.

Income taxes

The Company computes an income tax provision in each of the tax jurisdictions in which it operates. Actual amounts of income tax expense only become final upon filing and acceptance of the tax return by the relevant tax authorities, which occurs subsequent to the issuance of the consolidated financial statements. Additionally, estimation of income taxes includes evaluating the recoverability of deferred tax assets against future taxable income based on an assessment of the ability to use the underlying future tax deductions before they expire. To the extent that estimates of future taxable income differ from the tax return, earnings would be affected in a subsequent period.

Business combinations

In a business combination, substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair values. One of the most significant areas of judgement and estimation relates to the determination of the fair value of these assets and liabilities, including the fair value of contingent consideration, if applicable. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, the Company determines the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. These valuations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied.

Business combinations are accounted for using the acquisition method of accounting, which requires the Company to identify and attribute values and estimated lives to the identifiable intangible assets acquired based on their estimated fair value. The purchase consideration of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition-date fair value and the amount of any NCI in the acquiree.

For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in *'Acquisition, integration, restructuring and other' costs*.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be a financial asset or liability will be recognized in accordance with *IFRS 9 – Financial Instruments: Classification and Measurement*.

Consolidation

Judgment is required in determining the nature of its interest in another entity or arrangement. Judgment is required to assess whether the Company controls an investee, including consideration of the Company's power over the investee; whether the Company is exposed, or has rights, to variable returns from its involvement with the investee; and whether the Company has the ability to use its power to affect the investee's returns. The Company uses judgment when reassessing whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Judgment is also required to assess whether the Company has joint control of an arrangement or significant influence over another entity.

Allowance for doubtful accounts

The Company has elected to apply the simplified approach for measuring the loss allowance at an amount equal to lifetime expected credit losses ("ECLs") for trade receivables and unbilled revenue. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The Company measures ECLs by considering the Company's historical observed default rates and credit loss experience, adjusted with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's

historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Risks and uncertainties

The Company's business is subject to a number of risk factors which are described in its annual information form ("AIF") and in this MD&A, all of which are available at www.sepdarplus.ca 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.

The Company has analyzed the wide-ranging effects of economic uncertainty, encompassing factors such as inflation and higher interest rates. This evaluation also considered the broader impacts stemming from global geopolitical instability and the persistent effects of the novel coronavirus pandemic on its consolidated financial statements. As of December 31, 2023, management has concluded that the Company's capacity to carry out its medium and long-term plans, along with the economic sustainability of its assets—covering the carrying value of long-lived assets and inventory valuations is not significantly affected. In arriving at this determination, the Company has considered various factors, including existing laws, regulations, orders, disruptions, and potential disruptions in the supply chain, market disturbances for its products, commodity prices, foreign exchange rates, and the measures taken by the Company at its operations to safeguard the health and safety of its workforce and the local community.

As of December 31, 2023, the Company's North America product bookings backlog, which is calculated as purchase orders received from North America customers that are not yet delivered at the end of the fiscal period, was approximately $412 million as compared to approximately $479 million as at December 31, 2022. 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.

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, 2023.

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, 2023. There were no significant changes to the Company's internal controls over financial reporting for the period ended December 31, 2023.

Further information

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