



Converge Reports Record Q4 and FY 2023 Results

Gross Sales¹ Top \$4.0 Billion in FY 2023;

Q4 Marks Consecutive Billion Dollar Quarter

FOR IMMEDIATE RELEASE

March 6, 2024 – TORONTO, ONTARIO, CANADA and GATINEAU, QUÉBEC, CANADA - Converge Technology Solutions Corp. (“Converge” or “the Company”) (TSX:CTS) (FSE:0ZB) (OTCQX:CTSDF) is pleased to provide its financial results for the three months and fiscal year ended December 31, 2023. All figures are in Canadian dollars unless otherwise stated.

Fourth Quarter 2023 Highlights (year-over-year, unless otherwise noted):

- Gross sales¹ of \$1.08 billion, an increase of \$121.9 million or 12.7%;
- Gross sales organic growth¹ of 10.9% and gross profit organic growth¹ of 5.7%;
- Revenue of \$651.1 million, an increase of \$10.2 million;
- Gross profit increased 7.5% to \$181.5 million representing a gross margin of 27.9%;
- Adjusted EBITDA¹ increased 8.0% to \$46.5 million;
- Net income of \$4.8 million, an increase of \$9.4 million;
- Cash from operating activities was \$114.5 million, an increase of \$84.1 million, compared to \$30.4 million for the comparative period in the prior year;
- Reduced net debt¹ by \$52.0 million year-over-year and by \$97.7 million compared to Q3, FY23 to \$209.8 million, representing a Leverage Ratio¹ of 1.23x as at December 31, 2023; and
- Product backlog² at the end of the fourth quarter 2023 was \$412 million, a decrease of \$67 million from the comparative period in the prior year.

Fiscal Year 2023 Highlights (year-over-year, unless otherwise noted):

- Gross sales¹ of \$4.04 billion in the year, up from \$3.09 billion, representing an increase of 30.6%;
- Gross sales organic growth¹ of 10.9% and gross profit organic growth of 8.1%;
- Revenue of \$2.71 billion, up from \$2.16 billion, representing an increase of 25.0%;
- Gross profit of \$702.9 million, an increase of 27.6% from \$550.8 million for the comparative period in the prior year
- Adjusted EBITDA¹ of \$170.3 million, up \$27.4 million or 19.2% year over year;
- Cash from operating activities amounted to \$229.5 million, an increase of \$188.0 million; and
- Repurchased 5.3 million shares for an aggregate investment of \$17.3 million.

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

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

“We are entering 2024 with significant pipeline momentum, propelled by demand for legacy modernizations, for advanced customer-centric solutions, and by the massive surge of interest in artificial intelligence (AI) solutions,” said Shaun Maine, Group CEO. “We are extremely well positioned – strategically, operationally and financially – to capitalize on this tailwind to drive industry-leading growth and to continue improving our margin profile, our visibility and by leveraging our cash generating abilities for the benefit of our shareholders.”

Financial Summary

<i>In \$000s except per share amounts</i>	Q4 2023	Q4 2022	FY 2023	FY 2022
Gross Sales	1,078,663	956,803	4,037,901	3,090,981
Revenue	651,090	640,927	2,705,207	2,164,647
Gross profit (GP)	181,529	168,916	702,880	550,768
Gross profit (GP) %	27.9%	26.4%	26.0%	25.4%
Adjusted EBITDA	46,505	43,064	170,294	142,868

Subsequent to Quarter-End

- 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.

Financial Outlook

Converge is providing the following guidance for the three months ended March 31, 2024 (Q1 2024) and fiscal 2024 (Fiscal 2024) as follows:

	Q1 2024 Expected	FY 2024 Expected
Gross profit	\$170 million - \$178 million	\$735 million - \$760 million
Adjusted EBITDA	\$40 million - \$44 million	\$185 million - \$198 million

Conference Call Details:

Date: Wednesday, March 6th, 2024

Time: 8:00 AM Eastern Standard Time

Participant Webcast Link:

Webcast Link – <https://app.webinar.net/qvbWB9Znmdx>

Participant Dial-in Details with Operator Assistance:

Conference ID: 48044078

Toronto: 416-764-8609

North American Toll Free: 888-390-0605

International Toll-Free Numbers:

Germany: 08007240293

Ireland: 1800939111

Spain: 900834776

Switzerland: 0800312635

United Kingdom: 08006522435

You may register and enter your phone number to receive an instant automated call back via <https://emportal.ink/4bgx1AU>

Recording Playback:

Webcast Link - <https://app.webinar.net/qvbWB9Znmdx>

Toronto: 416-764-8677

North American Toll Free: 1-888-390-0541

Replay Code: 044078 #

Expiry Date: March 13th, 2024

Please connect at least 15 minutes prior to the conference call to ensure time for any software download that may be required to access the webcast. A live audio webcast accompanied by presentation slides and archive of the conference call and webcast will be available by visiting the Company's website at <https://convergetp.com/investor-relations/>.

About Converge

Converge Technology Solutions Corp. is a services-led, software-enabled, IT & Cloud Solutions provider focused on delivering industry-leading solutions. Converge's global approach delivers advanced analytics, artificial intelligence (AI), application modernization, cloud platforms, cybersecurity, digital infrastructure, and digital workplace offerings to clients across various industries. The Company supports these solutions with advisory, implementation, and managed services expertise across all major IT vendors in the marketplace. This multi-faceted approach enables Converge to address the unique business and technology requirements for all clients in the public and private sectors. For more information, visit convergetp.com.

For further information contact:

Investor Relations

Email: investors@convergetp.com

Phone: 416-360-1495

Summary of Consolidated Statements of Financial Position

(expressed in thousands of Canadian dollars)

	December 31, 2023	December 31, 2022
Assets		
Current		
Cash	\$ 169,872	159,890
Restricted cash	547	5,230
Trade and other receivables	814,231	781,683
Inventories	73,166	158,430
Prepaid expenses and other assets	26,528	23,046
	1,084,344	1,128,279
Non-current		
Other assets	53,579	4,646
Property, equipment, and right-of-use assets, net	75,488	88,352
Intangible assets, net	375,181	463,751
Goodwill	564,770	563,848
Total assets	\$ 2,153,362	2,248,876

Liabilities

Current

Trade and other payables	\$	913,994	824,924
Other financial liabilities		54,095	123,932
Deferred revenue		59,325	60,210
Borrowings		1,664	421,728
Income taxes payable		9,286	7,112
		1,038,364	1,437,906
Non-current			
Other financial liabilities		57,668	77,183
Borrowings		378,007	-
Deferred tax liabilities		67,168	102,977
Total liabilities	\$	1,541,207	1,618,066

Shareholders' equity

Common shares		599,434	595,019
Contributed surplus		10,970	7,919
Exchange rights		-	1,705
Accumulated other comprehensive income		3,963	13,708
Deficit		(28,167)	(18,441)
Total equity attributable to shareholders of Converge		586,200	599,910
Non-controlling interest		25,955	30,900
		612,155	630,810
Total liabilities and shareholders' equity	\$	2,153,362	2,248,876

Summary of Consolidated Statements of Loss and Comprehensive Loss

(expressed in thousands of Canadian dollars)

	Three months ended		Twelve months ended	
	December 31,		December 31,	
	2023	2022	2023	2022
Revenue				
Product	\$	490,948	507,630	2,098,880
Service		160,142	133,297	606,327
Total revenue		651,090	640,927	2,705,207
Cost of sales		469,561	472,011	2,002,327
Gross profit		181,529	168,916	702,880
Selling, general and administrative		137,451	126,377	541,118
Income before the following		44,078	42,539	161,762
Depreciation and amortization		29,212	20,363	111,451
Finance expense, net		10,355	9,062	41,225
Acquisition, integration, restructuring and		2,679	4,621	13,648
Change in fair value of contingent		5,464	14,033	14,673
Share-based compensation expense		954	1,422	3,692
Other (income) expense, net		(132)	2,057	(4,362)
(Loss) income before income taxes		(4,454)	(9,019)	(18,565)
Income tax recovery		(9,235)	(4,363)	(12,172)
Net (loss) income	\$	4,781	(4,656)	(6,393)
Net (loss) income 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 (loss) income					
Exchange gain (loss) on translation of foreign operations		916	14,238	(9,745)	13,379
Comprehensive (loss) income	\$	5,697	9,582	(16,138)	36,223
Comprehensive (loss) income 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	\$	46,505	43,064	170,294	142,868
Adjusted EBITDA as a % of Gross profit		25.6%	25.5%	24.2%	25.9%
Adjusted EBITDA as a % of Revenue		7.1%	6.7%	6.3%	6.6%

Summary of Consolidated Statements of Cash Flows
(expressed in thousands of Canadian dollars)

	For the three months ended December 31,		For the twelve months ended December 31,	
	2023	2022	2023	2022
Cash flows (used in) from operating activities				
Net (loss) income	\$ 4,781	\$ (4,656)	\$ (6,393)	\$ 22,844
Adjustments to reconcile net (loss) income to cash from operating activities				
Depreciation and amortization	31,639	21,994	119,983	80,065
Unrealized foreign exchange (gains) losses	(4)	951	(2,822)	(19,581)
Share-based compensation expense	954	1,422	3,692	5,594
Finance expense, net	10,355	9,062	41,225	19,860
Loss (gain) on sale of property and equipment	335	-	(263)	-
Change in fair value of contingent consideration	5,464	14,033	14,673	14,033
Income tax recovery	(9,235)	(4,363)	(12,172)	(4,059)
	44,289	38,443	157,923	118,756
Changes in non-cash working capital	71,888	(6,268)	90,746	(56,463)
	116,177	32,175	248,669	62,293
Income taxes paid	(1,696)	(1,780)	(19,129)	(20,707)
Cash from operating activities	114,481	30,395	229,540	41,586
Cash flows used in investing activities				
Purchase of property, equipment and intangible assets	(2,038)	(5,131)	(10,828)	(23,942)
Proceeds on disposal of property and equipment	7	475	3,756	299
Payment of deferred and contingent consideration	(1,238)	(4,521)	(65,887)	(21,636)
Payment of non-controlling interest liability	-	-	(30,967)	-
Business combinations, net of cash acquired	-	(64,466)	-	(418,147)

Cash used in investing activities	(3,269)	(73,643)	(103,926)	(463,426)
Cash flows (used in) from financing activities				
Transfers from (to) restricted cash	2,615	(39)	4,683	(4,411)
Interest paid	(7,938)	(6,022)	(33,724)	(10,309)
Dividends paid	(2,042)	4	(6,156)	(1,084)
Payment of lease liabilities	(5,427)	(3,796)	(20,626)	(12,290)
Repurchase of common shares	(2,094)	(9,461)	(17,388)	(40,000)
Repayment of notes payable	(40)	(40)	(159)	(236)
Net (repayment of) proceeds from borrowings	(29,882)	46,734	(40,475)	404,640
Cash (used in) from financing activities	(44,808)	27,380	(113,845)	336,310
Net change in cash during the period	66,404	(15,868)	11,769	(85,530)
Effect of foreign exchange on cash	(1,753)	3,529	(1,787)	(2,773)
Cash, beginning of the period	105,221	172,229	159,890	248,193
Cash, end of the period	\$ 169,872	\$ 159,890	\$ 169,872	\$ 159,890

Non-IFRS Financial Measures

This press release refers to certain performance indicators including Adjusted EBITDA, gross profit, gross sales, gross sales organic growth and net debt, 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, are cautioned not to put undue reliance on non-IFRS measures and view them in conjunction with the most comparable IFRS financial measures.

Please see "Non-IFRS Financial & Supplementary Financial Measures" and "Summary of Consolidated Financial Results" in the Company's most recent Management's Discussion and Analysis, which is available on the Company's profile on SEDAR+ at www.sedarplus.ca, for further details on certain non-IFRS measures, which information is incorporated by reference herein.

Adjusted EBITDA

Adjusted EBITDA represents net income 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. The IFRS measure most directly comparable to Adjusted EBITDA presented in the Company's financial statements is net (loss) income before taxes.

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.

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

		For the three months ended December 31,		For the 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		10,355	9,062	41,225	19,860
Share-based compensation expense		954	1,422	3,692	5,594
Depreciation and amortization		29,212	20,363	111,451	75,114
Depreciation included in cost of sales		2,427	1,631	8,532	4,950
Other (income) expense		(132)	951	(4,362)	(19,581)
Change in fair value of contingent consideration		5,464	14,033	14,673	14,033
Acquisition, integration, restructuring and other		2,679	4,621	13,648	24,113
Adjusted EBITDA	\$	46,505	43,064	170,294	142,868

Adjusted EBITDA as a % of Gross Profit¹

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

Adjusted EBITDA as a % of Revenue¹

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

Adjusted Net Income (Loss) and Adjusted Earnings per Share ("Adjusted EPS")¹

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. The IFRS measure most directly comparable to Adjusted Net Income presented in the Company's financial statements is net (loss) income and net (loss) income per share.

Leverage Ratio

The Company defines leverage ratio as net debt (current and non-current borrowings less cash) divided by trailing twelve months Adjusted EBITDA.

The Company has provided a reconciliation to the most comparable IFRS financial measure as follows:

	For the three months ended December 31,		For the twelve months ended December 31,	
	2023	2022	2023	2022
Net income (loss)	\$ 4,781	(4,656)	(6,393)	22,844
Acquisition, integration, restructuring and	2,679	4,621	13,648	24,113
Change in fair value of contingent consideration	5,464	14,033	14,673	14,033
Amortization on intangibles	24,468	16,502	87,259	59,549
Foreign exchange (loss) gain	(132)	951	(4,480)	(19,581)
Share-based compensation	954	1,422	3,692	5,594
Adjusted Net Income	\$ 38,214	32,873	108,399	106,552
Adjusted EPS -Basic	0.19	0.16	0.53	0.50

Gross sales and gross sales for organic growth

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 net revenue, the IFRS measure, as it better reflects volume fluctuations as compared to net revenue. Under the applicable IFRS 15 'principal vs agent' guidance, the principal records revenue on a gross basis and the agent records commission on a net basis. In transactions where Converge is acting as an agent between the customer and the vendor, net revenue is calculated by reducing gross sales by the cost of sale amount.

The Company has provided a reconciliation of gross sales to net revenue, which is the most comparable IFRS financial measure, as follows:

	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

Organic Growth

The Company measures organic growth 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 comparable pre-acquisition period(s) from the current reporting period(s) included in the consolidated results.

Gross sales organic growth is calculated by deducting prior period gross sales, from current period gross sales for the same portfolio of companies. Gross sales organic growth percentage is calculated by dividing organic growth by prior period reported gross sales.

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

	For the three months ended December 31,		For the twelve months ended December 31,	
	2023	2022	2023	2022
Gross sales	1,078,663	956,803	4,037,901	3,090,981
Less: gross sales from companies not owned in comparative period	17,286	310,996	611,045	945,777
Gross sales of companies owned in comparative period	1,061,377	645,807	3,426,856	2,145,204
Prior period gross sales	956,803	642,151	3,090,981	1,974,790
Organic Growth - \$	104,574	3,656	335,875	170,414
Organic Growth - %	10.9%	0.6%	10.9%	8.6%

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.

	For the three months ended December 31,		For the twelve months ended December 31,	
	2023	2022	2023	2022
Gross profit	181,529	168,916	702,880	550,768
Less: gross profit from companies not owned in comparative period	3,032	51,286	107,295	168,828
Gross profit of companies owned in comparative period	178,497	117,630	595,585	381,940
Prior period gross profit	168,916	115,893	550,767	345,704
Organic Growth - \$	9,581	1,737	44,818	36,236
Organic Growth - %	5.7%	1.5%	8.1%	10.5%

Forward-Looking Information

This press release contains certain “forward-looking information” and “forward-looking statements” (collectively, “**forward-looking statements**”) within the meaning of applicable Canadian securities legislation regarding Converge and its business. Any statement that involves discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as “expects”, or “does not expect”, “is expected” “anticipates” or “does not anticipate”, “plans”, “budget”, “scheduled”, “forecasts”. “estimates”, “believes” or “intends” or variations of such words and phrases or stating that certain actions, events or results “may” or “could”, “would”, “might” or “will” be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements.

Specifically, statements regarding Converge's forecast on gross profit and Adjusted EBITDA, expectations of future results, performance, prospects, the markets in which it operates, or about any future intention with regard to its business and acquisition strategies are considered forward-looking information. The foregoing demonstrates Converge's objectives, which are not forecasts or estimates of its financial position, but are based on the implementation of its strategic goals, growth prospects, and growth initiatives. The forward-looking information, including management's assessments of, and outlook for, gross profit and Adjusted EBITDA, are based on management's opinions, estimates and assumptions, including, but not limited to: (i) Converge's results of operations will continue as expected, (ii) the Company will continue to effectively execute against its key strategic growth priorities, (iii) the Company will continue to retain and grow its existing customer base and market share, (iv) the Company will be able to take advantage of future prospects and opportunities, and realize on synergies, including with respect of acquisitions, (v) there will be no changes in legislative or regulatory matters that negatively impact the Company's business, (vi) current tax laws will remain in effect and will not be materially changed, (vii) economic conditions will remain relatively stable throughout the period, (viii) the industries Converge operates in will continue to grow consistent with past experience, and (ix) those assumptions described under the heading "About Forward-Looking Information" in the Company's Management's Discussion and Analysis for the three and twelve-months ended December 31, 2023. While these opinions, estimates and assumptions are considered by the Company to be appropriate and reasonable in the circumstances as of the date of this press release, they are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, levels of activity, performance, or achievements to be materially different from those expressed or implied by such forward-looking information.

The forward looking information, including the achievement of target gross profit and Adjusted EBITDA set out above, are subject to significant risks including, without limitation: that the Company will be unable to effectively execute against its key strategic growth priorities, including in respect of acquisitions; the Company will be unable to continue to retain and grow its existing customer base and market share; risks related to the Company's business and financial position; that the Company may not be able to accurately predict its rate of growth and profitability; risks related to economic and political uncertainty; income tax related risks; and those risk factors discussed in greater detail under the "Risk Factors" section of the Company's most recent annual information form and under the heading "Risks and Uncertainties" in the Company's most recent Management's Discussion and Analysis, which are each available under the Company's profile on SEDAR+ at www.sedarplus.ca. Many of these risks are beyond the Company's control.

If any of these risks or uncertainties materialize, or if the opinions, estimates or assumptions underlying the forward-looking information prove incorrect, actual results or future events might vary materially from those anticipated in the forward-looking information. Although the Company has attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other risk factors not presently known to the Company or that the Company presently believes are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information.

Although the Company bases these forward-looking statements on assumptions that it believes are reasonable when made, the Company cautions investors that forward-looking statements are not guarantees of future performance and that its actual results of operations, financial condition and liquidity and the development of the industry in which it operates may differ materially from those made in or suggested by the forward-looking statements contained in this press release. In addition, even if the Company's results of operations, financial condition and liquidity and the development of the industry in which it operates are consistent with the forward-looking statements contained in this press release, those results of developments may not be indicative of results or developments in subsequent periods.

There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. No forward-looking statement is a guarantee of future results. Accordingly, you should not place undue reliance on forward-looking information, which speaks only as of the date made. The forward-looking information contained in this press release represents the company's expectations as of the date specified herein, and are subject to change after such date. However, the Company disclaims any intention or obligation or undertaking to update or revise any forward-looking information or to publicly announce the results of any revisions to any of those statements, whether as a result of new information, future events or otherwise, except as required under applicable securities laws. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless specifically expressed as such, and should only be viewed as historical data.

All of the forward-looking information contained in this press release is expressly qualified by the foregoing cautionary statements.