



# Converge Technology Solutions

## Q4 & Fiscal 2023 Earnings Presentation

*All figures in this document are in C\$'000 unless otherwise stated*



Shaun Maine  
*Group Chief Executive Officer*



Greg Berard  
*Converge Chief Executive Officer*



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*Chief Financial Officer*

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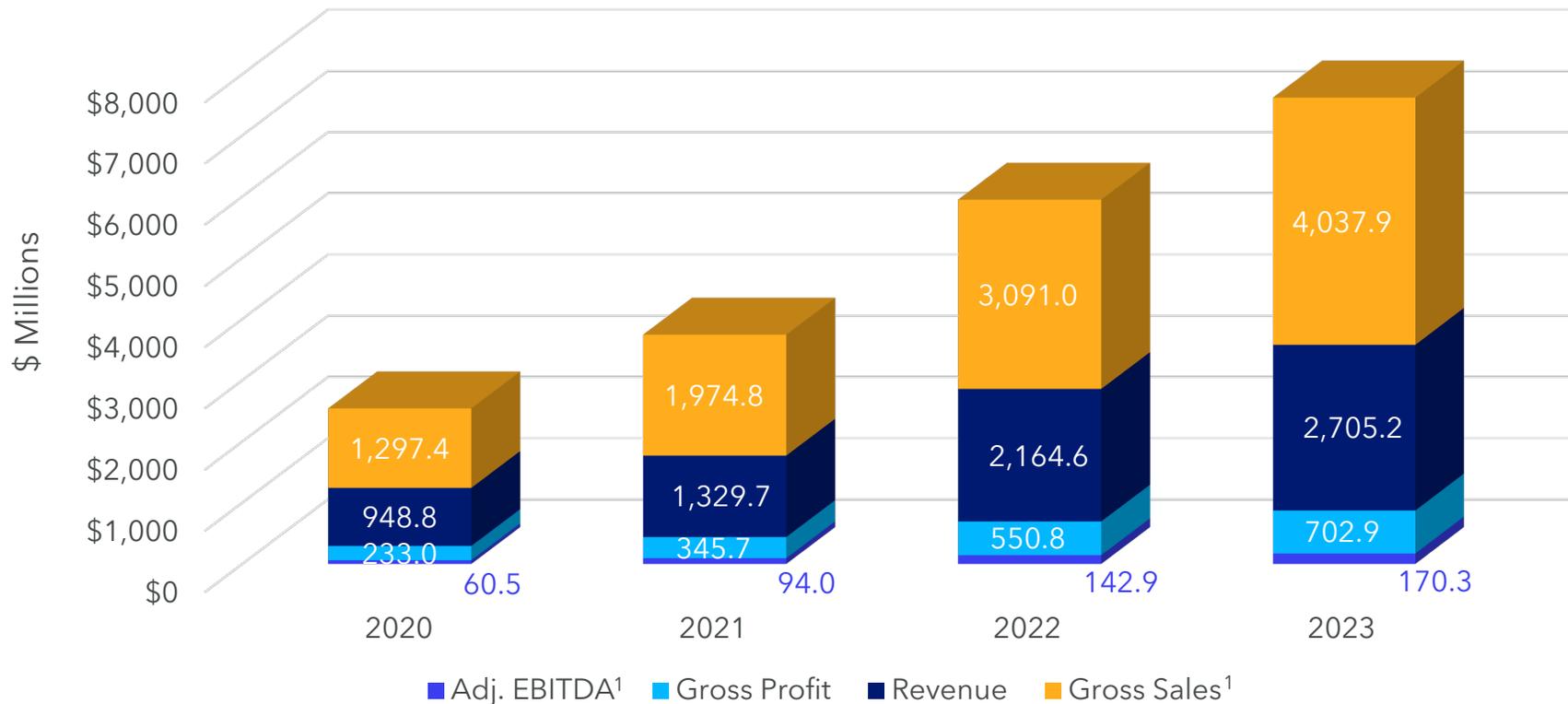
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The forward looking information set out above, are subject to significant risks including, without limitation: that the Company will be unable to effectively execute against its key strategic growth priorities, including in respect of acquisitions; 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](http://www.sedarplus.ca). These risks, uncertainties and assumptions could adversely affect the outcome and financial effects of the plans and events described herein. In addition, even if the outcome and financial effects of the plans and events described herein are consistent with the forward-looking statements contained in this presentation, those results or developments may not be indicative of results or developments in subsequent periods. Although Converge has attempted to identify important risks and factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors and risks that cause actions, events or results not to be as anticipated, estimated or intended. Forward-looking information contained in this presentation is based on the Company's current estimates, expectations and projections, which the Company believes are reasonable as of the date hereof. The Company can give no assurance that these estimates, expectations and projections will prove to have been correct. Readers should not place undue reliance on forward-looking statements, which are based on the information available as of the date hereof. Forward-looking statements contained in this presentation are made as of the date hereof and, except as required by applicable law, the Company assumes no obligation to update or revise them to reflect new events or circumstances. Historical statements contained in this presentation regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. In this regard, certain financial information contained herein has been extracted from, or based upon, information available in the public domain and/or provided by the Company. In particular, historical results should not be taken as a representation that such trends will continue or be replicated in the future. No statement in this presentation is intended to be nor may be construed as a profit forecast.

**USE OF NON-IFRS MEASURES AND RATIOS:** Converge's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and the accounting policies we adopted in accordance with IFRS. In this presentation, management has used certain terms, including Adjusted EBITDA, Adjusted Net Income, Adjusted Earnings per Share ("EPS"), Gross Sales, Backlog, Organic Growth and Net Debt to LTM Adjusted EBITDA, which is a non-IFRS ratio, which are not recognized under IFRS and do not have a standardized meaning under IFRS. 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. Converge's method of calculating such non-IFRS measures and ratios may differ from methods used by other companies and therefore may not be comparable to similar measures presented by other companies. 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. A full description of these non-IFRS measures and reconciliations for such non-IFRS measures can be found in the MD&A that accompanies the financial statements for the period ended December 31, 2023 and for the year ended December 31, 2023 and filed under the Company's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

# CTS Annual Financial Growth

Converge Y-o-Y Growth



Converge Doubled Financial Growth over past 2 years

Gross Profit Increased 2.7x over past 3 years

Converge Achieved Double-Digit Adj. EBITDA<sup>1</sup> Growth

<sup>1</sup> This is a non-IFRS measure and not a recognized, defined or standardized measure under IFRS. See "Use of Non-IFRS Measures" in the disclaimer and refer to the Appendix to this presentation for a reconciliation to the most directly comparable IFRS financial measure.

# Q4'23 Highlights

Two Consecutive Quarters with **+\$1 Billion** Gross Sales<sup>1</sup>

**\$114.5 M**  
Cash from Operating Activities

**\$52.0 M Y/Y**  
**\$97.7 M Q/Q**  
Reduction in Net Debt

**\$412 M**  
Q4'23 Product Bookings Backlog<sup>1,2</sup>

**Q4'23**

**Gross Sales<sup>1</sup>**

\$1.08 B

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+12.7% y/y

**Gross Profit**

\$181.5 M

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+7.5% y/y

**Adj. EBITDA<sup>1</sup>**

\$46.5 M

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+8.0% y/y

**10.9%**  
Q4'23 Gross Sales Organic Growth<sup>1</sup>

<sup>1</sup> This is a non-IFRS measure and not a recognized, defined or standardized measure under IFRS. See "Use of Non-IFRS Measures" in the disclaimer and refer to the Appendix to this presentation for a reconciliation to the most directly comparable IFRS financial measure.

<sup>2</sup> Product bookings backlog is for product only and is calculated as purchase orders received from customers that are not yet delivered at the end of the fiscal period for United States and Canada.

# Fiscal 2023 Highlights

**1.23x**

Net Debt to LTM  
Adj. EBITDA<sup>1</sup>

**\$229.5 M**

Cash from  
Operating  
Activities

**\$17.3 M**

5.3M Shares  
Repurchased

**\$96.9 M**

Acquisition  
Consideration  
Paid<sup>2</sup>

**Gross  
Sales<sup>1</sup>**

\$4.04 B

+30.6% y/y

**Gross  
Profit**

\$702.9 M

+27.6% y/y

**Adj.  
EBITDA<sup>1</sup>**

\$170.3 M

+19.2% y/y

**10.9%**

Gross Sales  
Organic  
Growth<sup>1</sup>

**8.1%**

Gross Profit  
Organic  
Growth<sup>1</sup>

Note: **Net Debt to LTM Adjusted EBITDA<sup>1</sup>** is calculated as net debt (borrowings less cash) of \$209.8M divided by LTM Adj. EBITDA of \$170.3M

<sup>1</sup> This is a non-IFRS measure and not a recognized, defined or standardized measure under IFRS. See "Use of Non-IFRS Measures" in the disclaimer and refer to the Appendix to this presentation for a reconciliation to the most directly comparable IFRS financial measure.

<sup>2</sup> Comprised of \$24.8M of contingent payments, \$41.1M of deferred consideration and \$31M of non-controlling interest

# AIM - Vertically Integrated Set of Solutions



## Advanced Analytics

- Business Analytics
- Data Visualization
- Data Platforming & Integration
- Financial & Operational Management
- Robotic Process Automation



## Artificial Intelligence

- Generative AI
- Deep Search
- Virtual Agents
- Visual Insights
- Predictive Analytics
- Data Science
- Machine Learning



## Application Modernization

- Application Development & Migrations
- DevOps
- Containers Services & Kubernetes
- Automation & Orchestration
- Observability & Intelligent Ops
- Integration & Middleware



## Cloud Platforms

- Cloud Foundations & Landing Zones
- Cloud Migrations
- IBM Power on Cloud
- VMware on Cloud
- Infrastructure as Code & Automation
- Cloud Governance & Operations
- FinOps & Cost Optimization



## Cybersecurity

- Advanced Testing
- Governance, Risk & Compliance
- Incident Readiness & Response
- Strategy & Defense
- Data Protection
- Identity & Access Management
- Strategic Staffing
- Managed Security Services



## Digital Infrastructure

- Datacenter & Compute
- Intelligent Networking
- Customer Experience
- Multi-site Deployment
- Configuration Centers
- Infrastructure Security



## Digital Workplace

- Voice & Unified Communications
- Workplace Productivity Solutions
- Endpoint Management Solutions
- Virtual Desktop Solution
- End User Compute

**Delivered Through End-to-End Service Offerings**

### Advise

- Architecture Planning & Insights
- Roadmap Design & Prioritization
- Software Asset Management
- Strategic Transformation Workshops & Assessments

### Implement

- Agile Methodology & DevSecOps
- Build & Design
- Integration & Support
- Program & Project Management
- Talent Services

### Manage

- Service Desk & Managed ITSM
- Managed Applications (AMS)
- Security Operations Center (SOC)
- Infrastructure Operations Center (IOC)

# The Converge Value Model



App Dev/Digital Workplace



Cybersecurity

Data & AI Team



App Mod

Digital Infra/Cloud

**Corporate Value**

**Business App**

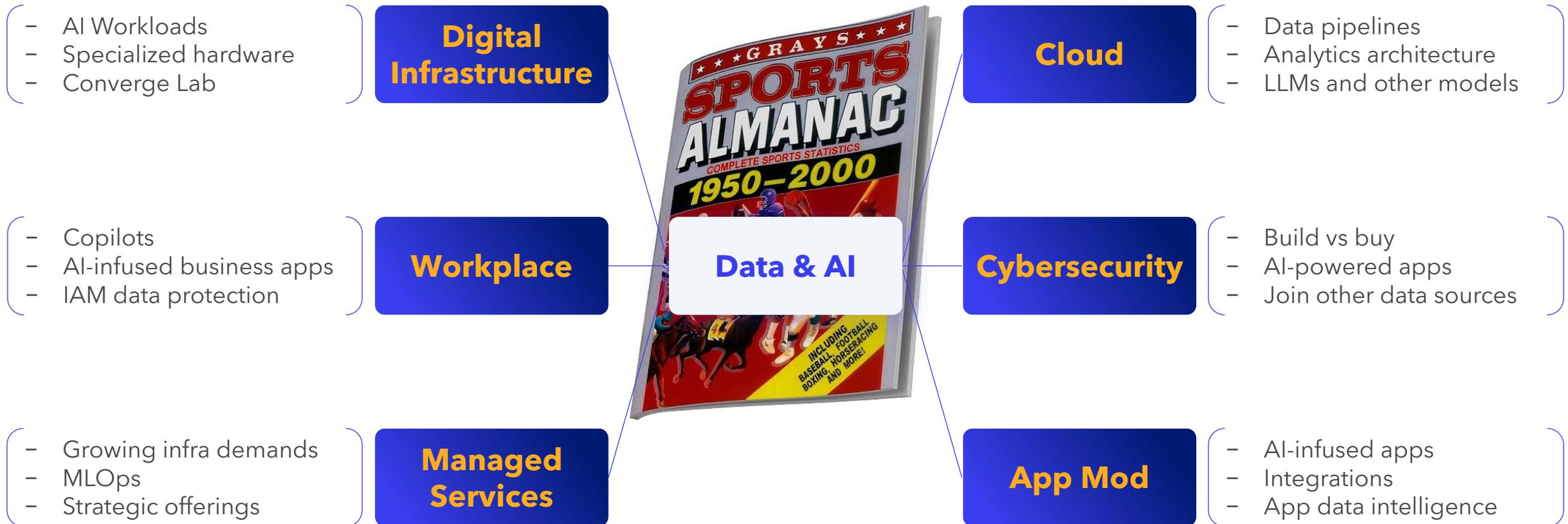
**Corporate Data**

**Nvidia Framework**

**Red Hat**

**VMware Dell  
PowerEdge  
Servers**

# It's All Connected





## Health Care

- Storage
- NVIDIA
- Networking
- ID physical objects in maps



## Legal

- Cloud
- App Dev
- Cybersecurity
- Devices
- Court Reporting



## Call Center

- Dell Servers
- NVIDIA GPU
- IBM WAVI
- Professional Services



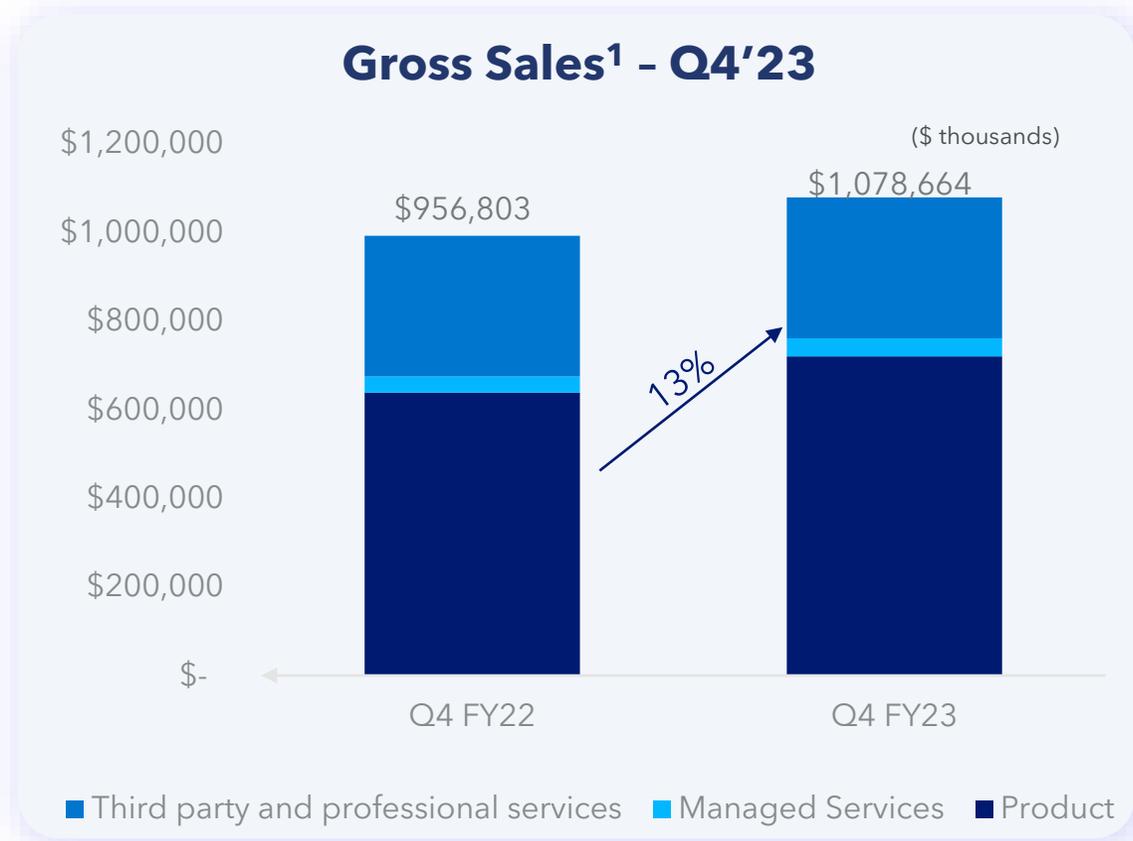
# Key Financial Metrics

*In \$000s except per share amounts*

	Q4 23	Q4 22	Fiscal 2023	Fiscal 2022
<b>Gross Sales<sup>1</sup></b>	<b>1,078,663</b>	956,803	<b>4,037,901</b>	3,090,981
<b>Revenue</b>	<b>651,090</b>	640,297	<b>2,705,207</b>	2,164,647
<b>Gross Profit (GP)</b>	<b>181,529</b>	168,916	<b>702,880</b>	550,768
<b>Gross Profit (GP) %</b>	<b>27.9%</b>	26.4%	<b>26.0%</b>	25.4%
<b>Adjusted EBITDA<sup>1</sup></b>	<b>46,505</b>	43,064	<b>170,294</b>	142,868
<b>Adjusted EBITDA<sup>1</sup> as % of GP</b>	<b>25.6%</b>	25.5%	<b>24.2%</b>	25.9%
<b>Adjusted EBITDA<sup>1</sup> as % of Revenue</b>	<b>7.1%</b>	6.7%	<b>6.3%</b>	6.6%
<b>Net income (loss)</b>	<b>4,781</b>	(4,656)	<b>(6,393)</b>	22,844
<b>Adjusted net income<sup>1</sup></b>	<b>38,214</b>	32,873	<b>108,399</b>	106,562
<b>Adjusted EPS<sup>1</sup></b>	<b>0.19</b>	0.16	<b>0.53</b>	0.50

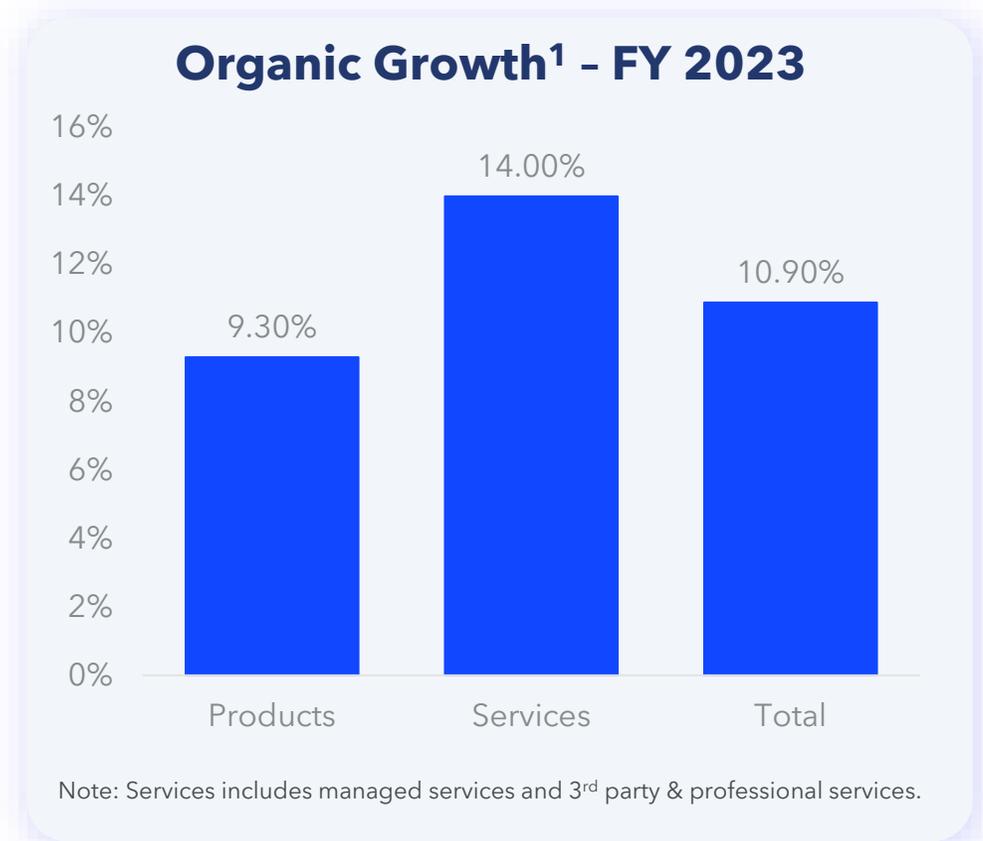
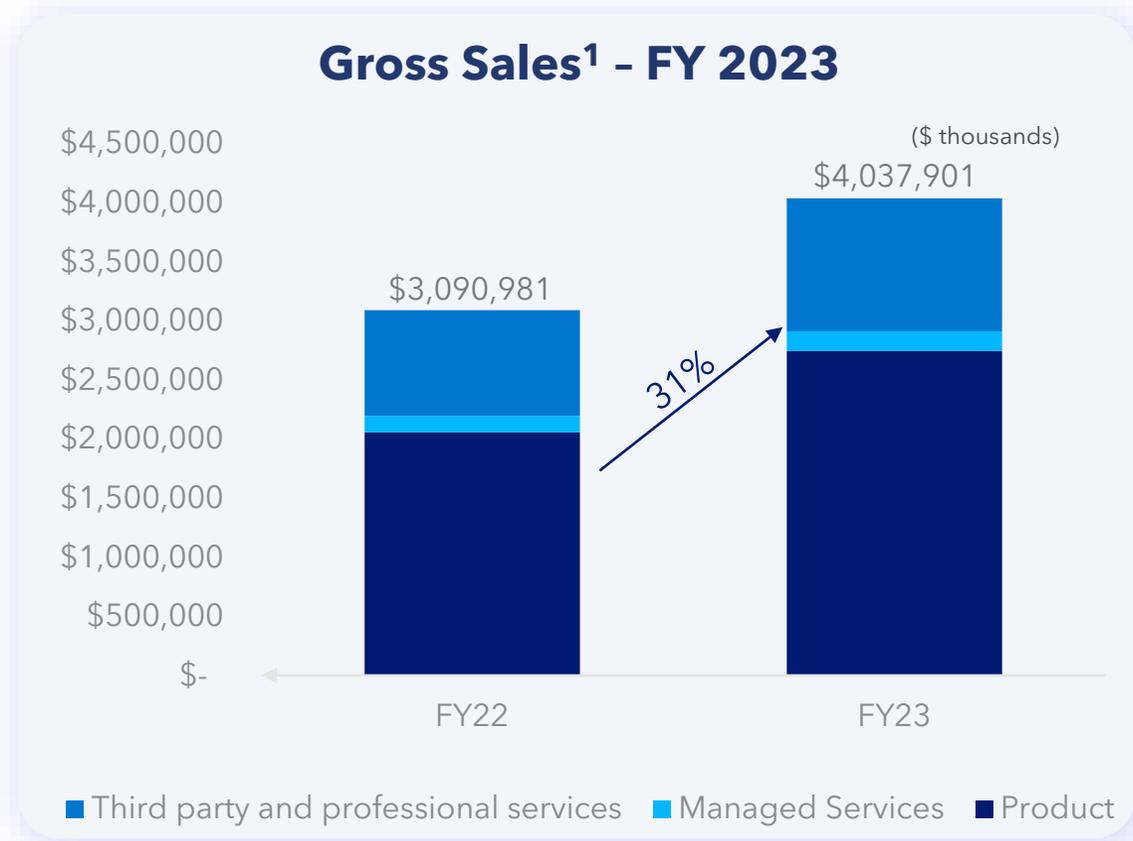
<sup>1</sup> This is a non-IFRS measure and not a recognized, defined or standardized measure under IFRS. See "Use of Non-IFRS Measures" in the disclaimer and refer to the Appendix to this presentation for a reconciliation to the most directly comparable IFRS financial measure.

# Q4'23 | Gross Sales



**Gross sales organic growth<sup>1</sup> of 10.9% drive by strong solutions sales**

# Fiscal 23 | Gross Sales



**Gross sales organic growth<sup>1</sup> of 10.9% drive by strong solutions sales**

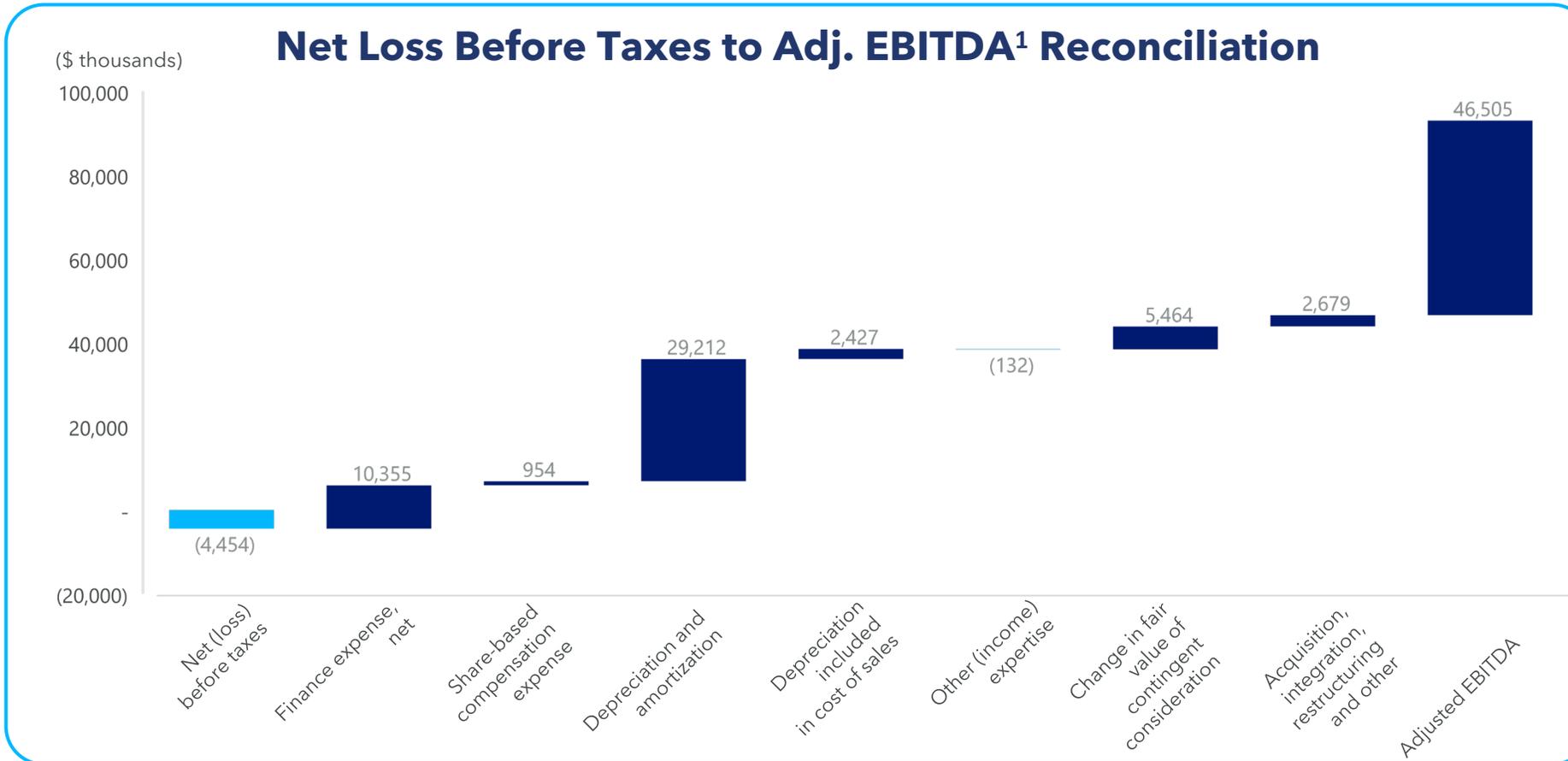
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# Profitability



<sup>1</sup> This is a non-IFRS measure and not a recognized, defined or standardized measure under IFRS. See "Use of Non-IFRS Measures" in the disclaimer and refer to the Appendix to this presentation for a reconciliation to the most directly comparable IFRS financial measure.

# Adjusted EBITDA



**Adj. EBITDA<sup>1</sup>**

\$46.5 M

+8% y/y

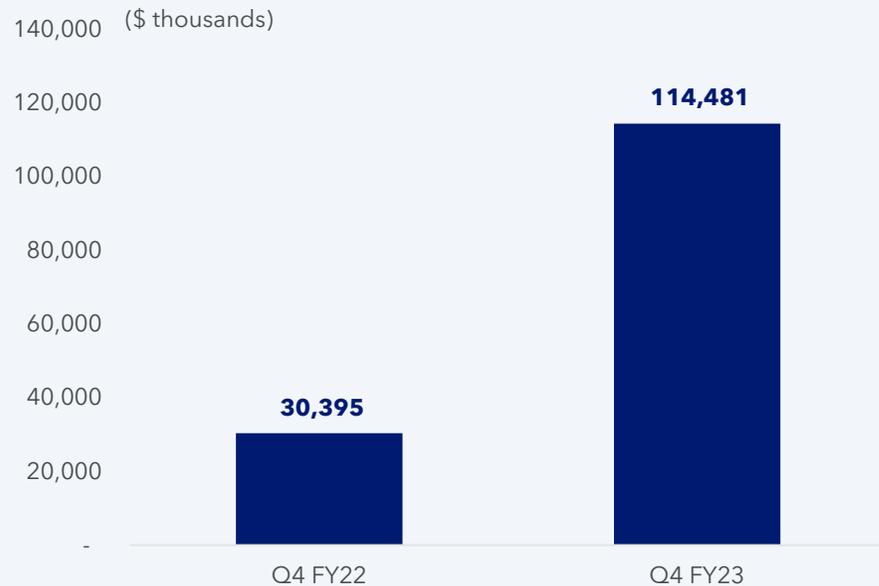
**Gross Profit**

\$181.5 M

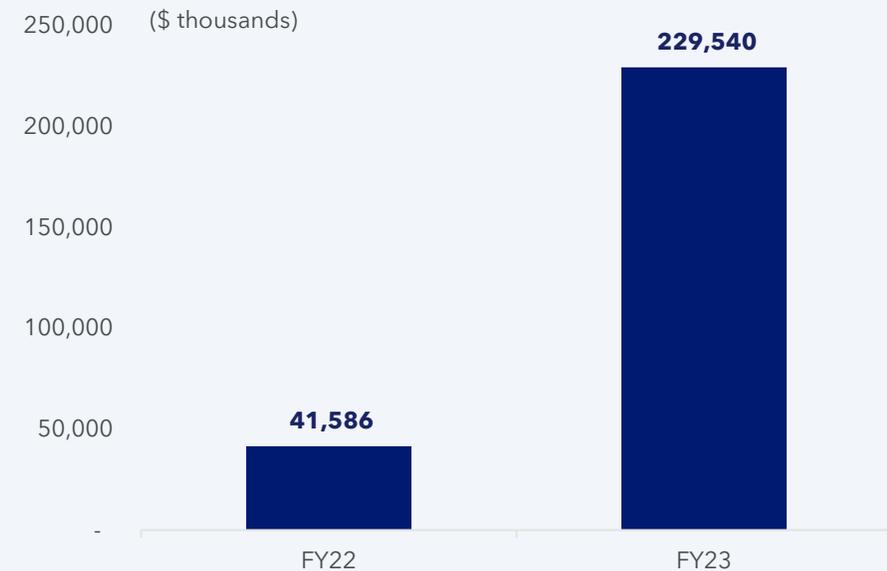
+7.5% y/y

# Liquidity and Cash Flows

### Cash from Operating Activities - Q4



### Cash from Operating Activities - Fiscal Year



**Liquidity Available<sup>2</sup>**

**~\$392M**

**Net Debt to LTM Adj. EBITDA<sup>1</sup> 1.23x**

Note: **Net Debt to LTM Adjusted EBITDA<sup>1</sup>** calculated as net debt (current and non-current borrowings less cash) divided by fiscal 2023 Adj. EBITDA .  
<sup>1</sup> This is a non-IFRS measure and not a recognized, defined or standardized measure under IFRS. See "Use of Non-IFRS Measures" in the disclaimer and refer to the Appendix to this presentation for a reconciliation to the most directly comparable IFRS financial measure.  
<sup>2</sup> Cash plus amount available under the credit facility

# Closing Remarks - 2023 Leadership Spotlights



**Wendy Bahr**  
*Director*

- Seasoned global technology executive with over 30 years experience in both direct and indirect go-to-market strategies and execution including over 18 years at Cisco



**Avjit Kamboj**  
*Chief Financial Officer*

- Over 16 years of leadership experience in capital markets, strategic acquisitions, and international markets
- Responsible for all Converge Finance Functions and Investor Relations



**Greg Berard**  
*Converge Chief Executive Officer*

- Responsible for overseeing operations and leading the organizations strategy across North America and Europe
- Focusing on helping teams cross-sell and driving organic growth & strategy with sales and technical leaders throughout Converge



**Shaun Maine**  
*Group Chief Executive Officer*



**Julianne Belaga**  
*Chief Legal Officer*



**Cory Reid**  
*Chief Operations Officer*



**John Teltsch**  
*Chief Revenue Officer*



**Rhonda Hanes**  
*VP of People Operations*



**Karie Timion**  
*VP of Marketing*



**Don Cuthbertson**  
*CEO of Portage*



**Sean Colicchio**  
*Chief Information Security Officer*



# Q&A



Shaun Maine  
*Group Chief Executive Officer*



Greg Berard  
*Converge Chief Executive Officer*



Avjit Kamboj  
*Chief Financial Officer*

# Non-IFRS Measures & Reconciliation

## Adjusted EBITDA<sup>1</sup>

	Q4 2023	Q4 2022	Fiscal 2023	Fiscal 2022
<b>Net (loss) income before taxes</b>	<b>(4,454)</b>	<b>(9,019)</b>	<b>(18,565)</b>	18,785
Finance expense, net	<b>10,355</b>	9,062	<b>41,225</b>	19,860
Share-based compensation expense	<b>954</b>	1,422	<b>3,692</b>	5,594
Depreciation and amortization	<b>29,212</b>	20,363	<b>111,451</b>	75,114
Depreciation included in cost of sales	<b>2,427</b>	1,631	<b>8,532</b>	4,950
Other (income) expense	<b>(132)</b>	951	<b>(4,362)</b>	(19,581)
Change in fair value of contingent Consideration	<b>5,464</b>	14,033	<b>14,673</b>	14,033
Acquisition, integration, restructuring and other	<b>2,679</b>	4,621	<b>13,648</b>	24,113
<b>Adjusted EBITDA</b>	<b>46,505</b>	43,064	<b>170,294</b>	142,868

<sup>1</sup>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.

# Non-IFRS Measures & Reconciliation

	Gross Sales <sup>1</sup>			
	Q4 2023	Q4 2022	Fiscal 2023	Fiscal 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
<b>Gross sales</b>	<b>1,078,663</b>	<b>956,803</b>	<b>4,037,901</b>	<b>3,090,981</b>
Adjustment for sales transacted as agent	(427,573)	(315,876)	(1,332,694)	(926,334)
<b>Net revenue</b>	<b>651,090</b>	<b>640,927</b>	<b>2,705,207</b>	<b>2,164,647</b>

	Gross Sales Organic Growth <sup>2</sup>			
	Q4 2023	Q4 2022	Fiscal 2023	Fiscal 2022
<b>Gross sales</b>	<b>1,078,663</b>	<b>956,803</b>	<b>4,037,901</b>	<b>3,090,981</b>
Less: gross sales from Companies not owned in comparative period	17,286	310,996	611,045	945,777
<b>Gross sales of Companies owned in comparative period</b>	<b>1,061,377</b>	<b>645,807</b>	<b>3,426,856</b>	<b>2,145,204</b>
Prior period gross sales	956,803	642,151	3,090,981	1,974,790
<b>Organic Growth - \$</b>	<b>104,574</b>	<b>3,656</b>	<b>335,875</b>	<b>170,414</b>
<b>Organic Growth - %</b>	<b>10.9%</b>	<b>0.6%</b>	<b>10.9%</b>	<b>8.6%</b>

<sup>1</sup>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.

<sup>2</sup>Gross sales organic growth is calculated by deducting prior period gross sales, as reported in the Company's public filings, 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.

# Non-IFRS Measures & Reconciliation

## Adjusted Earnings per Share (EPS)<sup>1</sup>

	Q4 2023	Q4 2022	Fiscal 2023	Fiscal 2022
<b>Net income (loss)</b>	<b>4,781</b>	(4,656)	<b>(6,393)</b>	22,844
Acquisition, integration, restructuring and other	<b>2,679</b>	4,621	<b>13,648</b>	24,113
Change in fair value of contingent consideration	<b>5,464</b>	14,033	<b>14,673</b>	14,033
Amortization on intangibles	<b>24,468</b>	16,502	<b>87,259</b>	59,549
Foreign exchange (gain) loss	<b>(132)</b>	951	<b>(4,480)</b>	(19,581)
Share-based compensation	<b>954</b>	1,422	<b>3,692</b>	5,594
<b>Adjusted Net Income</b>	<b>38,214</b>	32,873	<b>108,399</b>	106,552
<b>Adjusted Earnings per Share (EPS) - basic</b>	<b>\$ 0.19</b>	\$ 0.16	<b>\$ 0.53</b>	\$ 0.50
<b>Weighted average # of shares - basic</b>	<b>202,752</b>	210,724	<b>206,670</b>	213,104

<sup>1</sup> 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.

# Non-IFRS Measures & Reconciliation

## Gross Profit Organic Growth<sup>1</sup>

	Q4 2023	Q4 2022	Fiscal 2023	Fiscal 2022
<b>Gross profit</b>	<b>181,529</b>	<b>168,916</b>	<b>702,880</b>	<b>550,768</b>
Less: gross profit from companies not owned in comparative period	3,032	51,286	107,295	168,828
<b>Gross profit of companies owned in comparative period</b>	<b>178,497</b>	<b>117,630</b>	<b>595,585</b>	<b>381,940</b>
Prior period gross revenue	168,916	115,893	550,767	345,704
<b>Organic Growth - \$</b>	<b>9,581</b>	<b>1,737</b>	<b>44,818</b>	<b>36,236</b>
<b>Organic Growth - %</b>	<b>5.7%</b>	<b>1.5%</b>	<b>8.1%</b>	<b>10.5%</b>

<sup>1</sup>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.