



# Converge Technology Solutions

Technology & Cloud Solutions Provider

May 2024

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

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**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).

# Company Overview

Converge (TSX:CTS) is a **services-led**, software-enabled, **IT & cloud solutions provider** focused on the delivery of advanced analytics, application modernization, cloud, cybersecurity, digital infrastructure, and digital workplace offerings to enterprise customers.

## Business Overview

- Converge is a global IT solutions and managed services provider with 60 offices, delivering advanced analytics, application modernization, cloud platforms, cybersecurity, digital infrastructure, and digital workplace offerings to customers across various industries, with expertise across all major IT vendors
- Target customers are the underserved mid-market companies, including corporate and government customers
- Converge has an exceptional M&A track record, driving margin improvements through rebates and discounts, cross-selling higher value solutions, increasing recurring revenues, and optimizing working capital in all of its investments

## Fiscal 2023 by Numbers

**\$4.04 B**

Gross Sales<sup>1</sup>

**+30.6% y/y**

**\$702.9 M**

Gross Profit

**+27.6% y/y**

**\$170.3 M**

Adj. EBITDA<sup>1</sup>

**+19.2% y/y**

## Q1'24 Highlights

**\$1.01 B**

Gross Sales<sup>1</sup>

**+4.2% y/y**

**\$175.3 M**

Gross Profit

**+2.1% y/y**

**\$42.2 M**

Adj. EBITDA<sup>1</sup>

**+2.9% y/y**

## End-to-End IT Solutions Provider

*In each solution area, Converge can support its customers at any point in their journey - from initial assessment & planning, to design & implementation, to ongoing management & support (AIM)*



**Advise**



**Implement**



**Manage**

## Supported by Deep Vendor Dynamics Across IT Landscape

**10+**

Key Vendor Relationships

**~1000+**

Total Partner Relationships





2023 - Customer Experience Partner of the Year - Central  
Gold Partner Worldwide



2024 - NA IBM Partner Plus Award In Digital Defense  
2021 - Top NA Sell Business Partner  
Platinum Partner Status



2020, 2021 & 2022 Ingram Micro Cloud Reseller of the Year Award for North America  
2022 Ingram Micro Women in Cloud Female Leader of the Year Award, Rochelle Manns



2024 - Networking Partner of the Year  
2024 - Canadian Partner of the Year



2021 - Top NA IBM and Red Hat Synergy Partner  
Premier/APEX Partner Status



2024 - Elite 150 on MSP 500  
2024 - Tech Elite 250 Category  
2023 - Triple Crown Winner  
2023 - Elite 150 on MSP 500



2021 - North America SMB Partner of the Year  
2021 - Platinum Partner Status



2023 - North America Partner of the Year - West Region



2022 - Advantage Partner of the Year  
2021 - Elite Partner Status



VMware by Broadcom's Americas Technical Enablement Partner of the Year  
MC: Data Center Virtualization, Network Virtualization, VMware Cloud on AWS, Cloud Management & Automation

# Recent Business Highlights



- In Q1'24 Converge announced Gross sales<sup>1</sup> of \$1.01 billion, representing an increase of \$40.7 million or 4.2% from Q1'23, exceeding over a billion dollars in Gross Sales<sup>1</sup> for the third consecutive quarter.
- On May 8, 2024, Converge Board of Directors declared a quarterly dividend of \$0.015 per common share to be paid on June 6, 2024 to shareholders of record at the close of business on May 23, 2024.
- Converge announced it will hold its Virtual Annual General Meeting on June 19, 2024. Accompanying materials and meeting details are available on the [Converge Investors Page](#).
- In Q4'23 the Company welcomed Wendy Bahr to its Board of Directors as an Independent Director, a seasoned global technology executive with over thirty years of experience in both direct and indirect go to market strategies and execution.
- Converge launched "Coffee and Converge", a series of in-person and virtual events showcasing the depth of the Company's vast and unique offerings, occurring over several quarters. Recordings of the webcasts are available in the Recent Events section of [Converge Investors Page](#).
- The Company announced that the Toronto Stock Exchange approved the Company's Notice of Intention to make a Normal Course Issuer Bid. Pursuant to the NCIB, the Company may purchase for cancellation up to an aggregate of 19,427,276 common shares. All common shares acquired by the Company under the NCIB will be cancelled.
- Awarded Nvidia 2024 Network Partner of the Year and Canadian Partner of the Year in addition to Broadcom's North America Fastest Growth Cybersecurity Partner of the Year and VMware by Broadcom's Americas Technical Enablement Partner of the Year.
- Achieved IBM Platinum Partner Status for UK and Germany Operations, North America Winner of IBM Partner Plus Award in Digital Defense Category and Cisco Gold Provider Status.
- Named CRN® 2023 Triple Crown Award winner for the second year in a row and 2024 CRN® Tech Elite 250 List and Elite 150 on Managed Service Provider 500 List and ranked 8th on Canada's 2023 CDN® Top 100 Solution Providers.

<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.

# Key Investment Highlights



## Large and Fragmented IT Market in North America and Europe

Converge currently commands a small fraction of the IT market, but is leveraging well-established regional businesses and customer relationships to drive market penetration of an estimated \$1.3 trillion market<sup>(1)</sup>



## Full Spectrum IT Solution Provider Positioned to Benefit from Shift to the Cloud

The emerging digital economy is pressuring companies of all sizes to shift workloads from legacy on-premise infrastructure to the cloud; Converge delivers an unparalleled level of service and expertise supporting customers throughout the entire journey from initial assessment and planning, to design and implementation, to ongoing management and support



## Mid-market Focus

Converge targets mid-market customers (500 - 10,000 employees) with lean internal IT teams that are more reliant on the Company as a partner, while avoiding competing with the larger, global IT services firms; this has led to a well-diversified, blue-chip customer base, low customer concentration, and growing natural wallet share



## Proven Ability to Identify, Close and Integrate M&A Opportunities

Converge has completed 35 transactions over the last 6 years, allowing the team to develop a proven and repeatable strategy to identify, acquire, and integrate M&A opportunities, often with meaningful cost savings realized



## Recognized Ability to Convert Value Added Reseller (“VAR”) Centric Businesses to Unique Differentiated IT, Consulting & Managed Service Driven Solution Providers, Driving Valuation Multiple Expansion

Demonstrated success of consolidating smaller and often under capitalized regional VARs, and transforming them through solution expansion, automation, and innovation into integrated, higher-margin, managed services providers with long-term, multi-year engagements

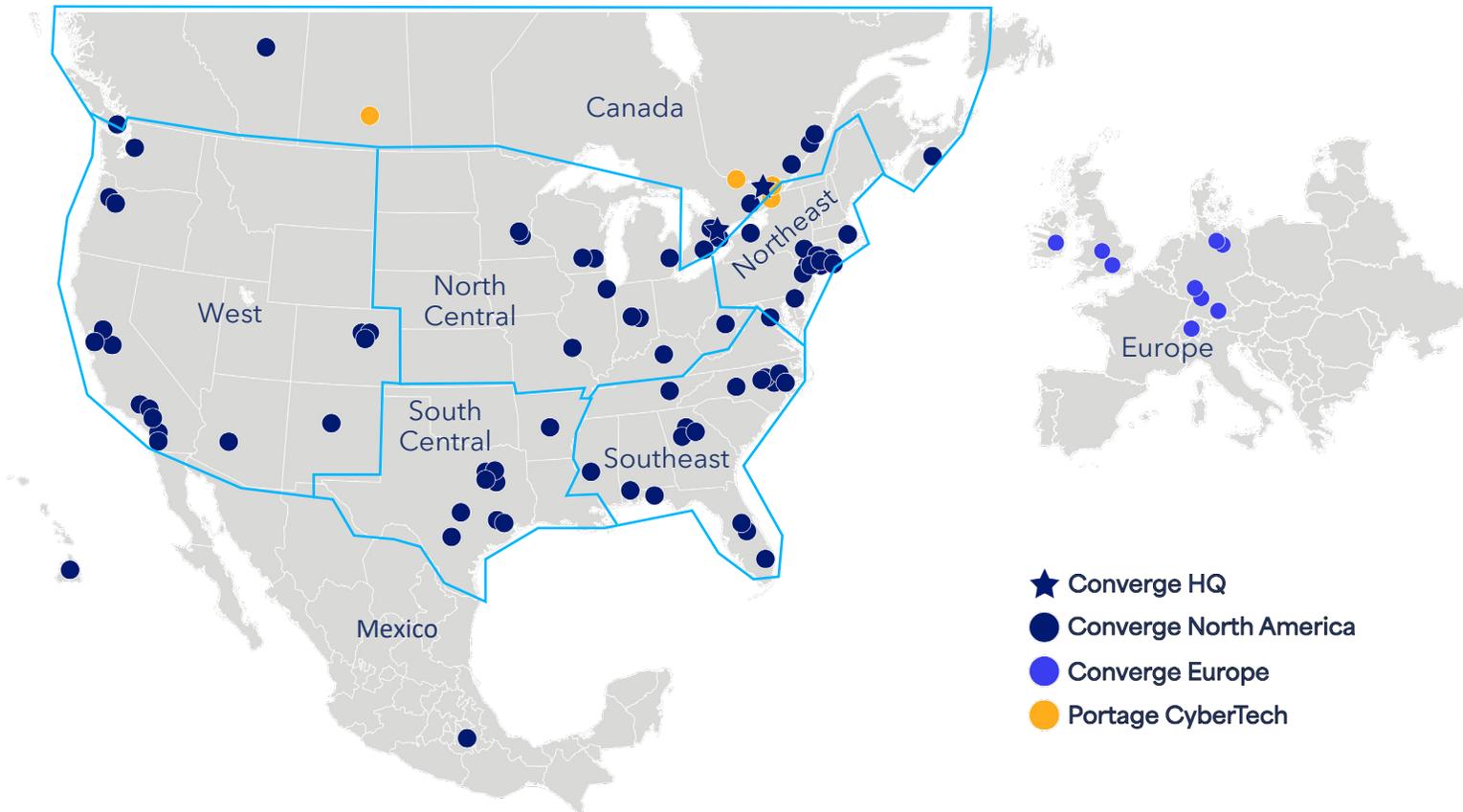


## Experienced and Proven Management Team

Converge benefits from a highly experienced management team, with extensive experience across the IT services, VAR, and software industries, which is aligned with shareholders through meaningful ownership of the Company

# Converge Platform

## Scaled Footprint with Strong Partner Relationships and Capabilities



<b>60+</b> Global Office Locations	<b>500+</b> Global Sales Personnel	<b>1,700+</b> Global Technical Resources
— with —		
<b>1,000+</b> Certifications	<b>4,000+</b> Customers	

# 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)

# Diversified Blue Chip Mid-Market Customer Base

Converge focuses on the underserved mid-market and lacks significant customer or sector concentration

## Case Studies



Medical Device Company Achieves DevSecOps Compliance



Construction Company Rebuilds After Ransomware Attack



Institutional Brokerage Firm Invests in Business Intelligence



Federal Health Agency Discovers the Art of Possible with AI for Remote Work



Global Fintech Leader Banks on Talent Solutions for Application Modernization & Cloud Migration



Industry-Leading Manufacturer Finds the Right Talent



State's Internal IT Services Successfully Establishes Disaster Recovery Plan



County Consolidates Disparate Systems to Single Data Protection Solution

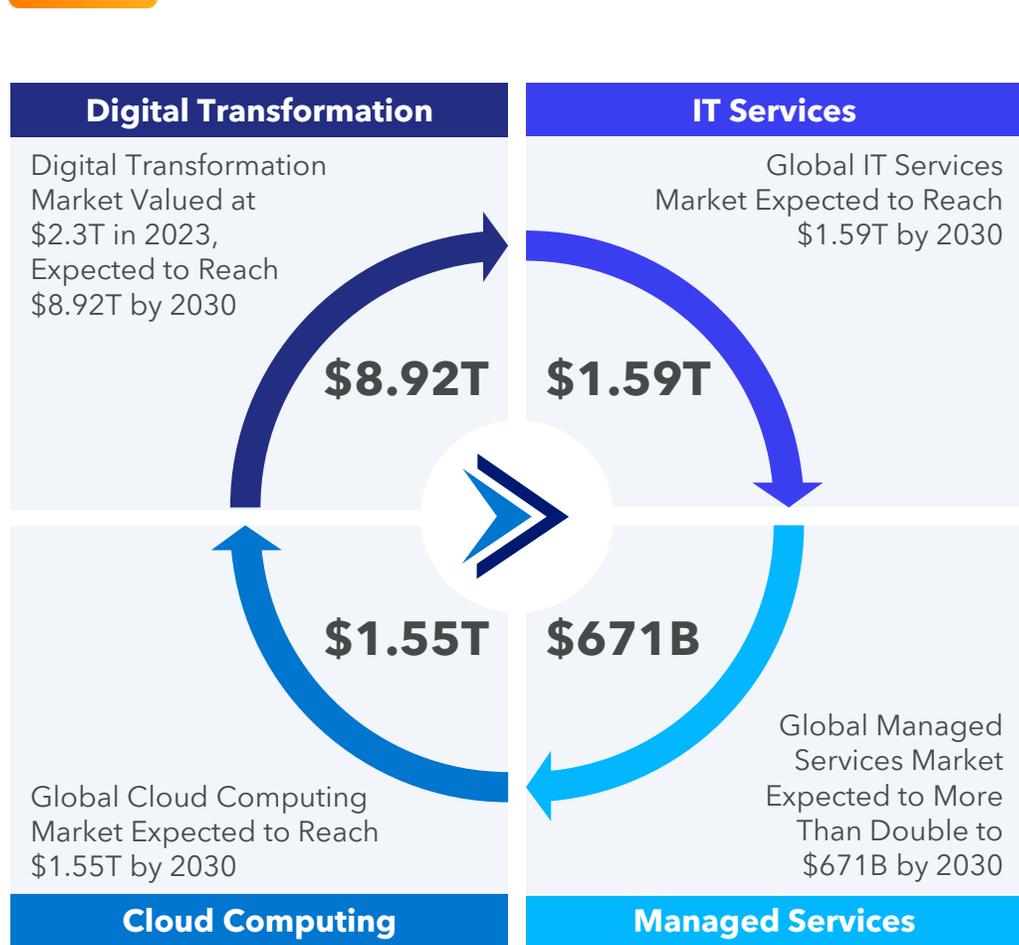


World-Class Data Science Firm Builds Data Lake and Pipeline Application to Store & Transform Data

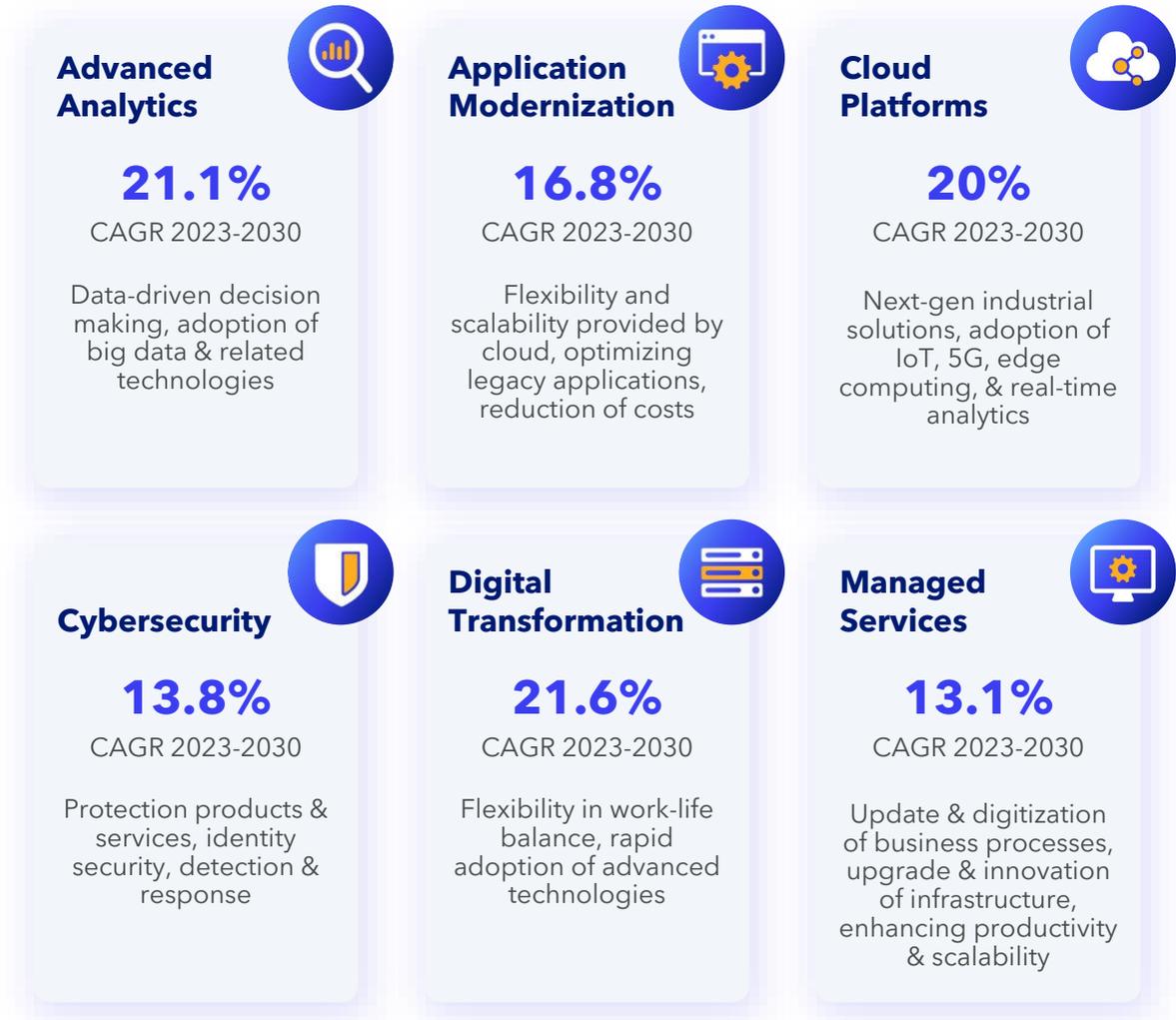
## Executive Briefings

- Converge has been very successful in building relationships with customers through holding Executive Briefing sessions
- A sales rep will take a senior team of Converge specialists to meet with an existing customer's CTO and all relevant technology focused senior staff
- Converge's aim for this meeting is to ensure that the client is aware of the breadth of services and expertise that it has, especially for customers in divisions that have been recently acquired by Converge who would have been provided a much more limited service previously
- The customer can talk through its existing solutions, where it is unhappy with a service provider or frustrations it is having with established processes to see if the team can suggest alternatives
- The Converge team can recommend the latest best practices and introduce its specialists to see if they can deliver better service
- This has worked well for both small and large accounts - a recent success came in one of Converge's larger accounts where they met with the customer's CTO and 5 senior VPs in technology which resulted in seven new service leads for the Converge team to follow up

# Market Opportunity - By Sector



Source: IDC, Forrester, eMarketer, Gartner, Marketing Land, BigCommerce, IDG, Canals, Spiceworks, Research And Markets, Mordor Intelligence, Grand View Research

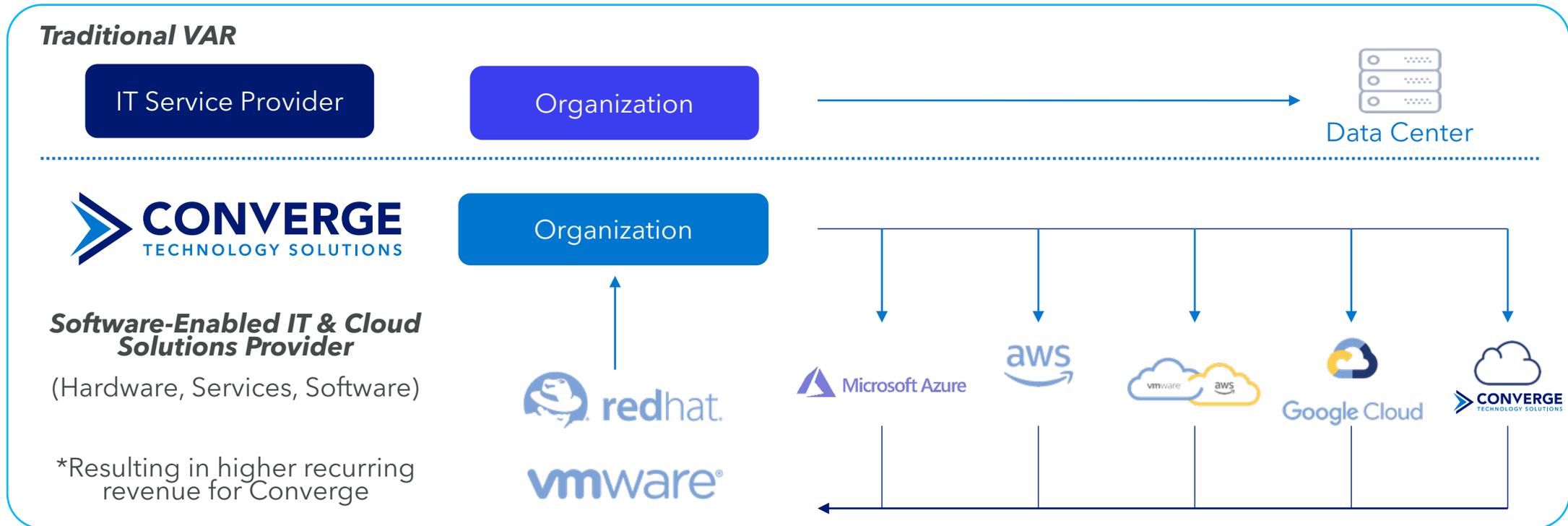


Source: Markets and Markets, Fortune Business Insights, Market Research Future

# Differentiated Business Model with Unique Strategic Focus Areas



# Transformation into a Software-Enabled IT & Cloud Solution Provider



- VARs are experiencing the impact of a shift of IT towards software and the cloud as their clients become less dependent on hardware
- These small, sub-scale and undercapitalised regional VARs are not able to build a sophisticated services offering themselves

- Converse upsells higher-margin and recurring managed services contracts along with specialised services depending on the stage of a customer's journey to cloud
- These are higher-margin, multi-year contracts that reduce customer churn and add revenue visibility

# Proven M&A Track Record and Growth Roadmap

Converge has a proven M&A track record and strategy targeting new geographies, expanding capabilities, and differentiating itself from competitors



Note: Acquisitions over the last two fiscal years  
1. Acquired in December 2020

# Significant Cost Savings Realized as Acquired Companies Migrate onto Converge Platform



## Acquisition Strategy Template<sup>(1)</sup>

**5.0x**  
multiple on  
\$3m EBITDA

- Acquire Target which generates \$100m of revenue and 3% EBITDA margins for 5.0x EBITDA (\$15m)

**+\$3.5M**  
EBITDA

- Target can access Converge's volume discounts with key vendors adding 1.5% to the EBITDA margin (4.5% margin)
- Cost savings through headcount reduction adds a further 2% to EBITDA margin (6.5% margin)

**2.5x**  
multiple on  
\$6.5m EBITDA

- By following this strategy Converge can lower the effective multiple paid from 5.0x to 2.5x EBITDA
- Acquisitions are value accretive very quickly

**+\$3M**  
cash

- Target can access Converge's superior payment terms, lengthening payment terms from 45 days to 60-75 days
- This can free up \$3-7m of working capital

**+\$3-4M**  
EBITDA

- Target can cross-sell Converge's broader offering including managed services to its existing customer base

## Additional Growth Drivers

- Improved Technical Knowledge
  - Larger knowledge base enabling enhanced training and retooling opportunities for acquired staff, increasing employee satisfaction, and lowering churn
- Improved Systems and Reporting
  - Migration to consolidated ERP and reporting tools allowing for better visibility, optimization and planning
  - Introduce Converge "TrustBuilder" platform into large North American customer footprint
- Optimized Marketing Spend
  - Run campaigns with tier-1 vendors repeating industry sales across geographies
- Broader & Deeper Solutions Offerings
  - Cross-sell best of breed solutions and higher margin services to other Converge customers
- Scale Begets Scale
  - Leverage relationships to increase enterprise and large government opportunities

# Integration Timeline Strategy

	30 Days	90 Days	120 Days	270 Days
Finance Integration Plan (Public Controls)	X			
Top Vendor Certifications	X			
Sales and services staff regionalized and reporting to President	X			
HR, IT, Operational Finance and Sales Support Staff Regionalized and Reporting to COO	X			
Brand as a "Converge Company"	X			
Cross Sell New Services and Products (Executive Briefings, Customer Workshops)		X		
Marketing Programs to Promote Cloud Services and Expertise		X		
IT Integration			X	
Financial ERP, PSA Integration, Concur				X
CRM				X

## Key Deliverables

### 30 Days

- Small visible changes
- Signal the post acquisition reality of being a Converge Company
- Increase vendor rebates
- Accounting and reporting standards established

### 90 Days

- Cross Selling

### 120 - 270 days

- Some larger process and system changes
- Back-office integration



# Key Financials

Q1 2024

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

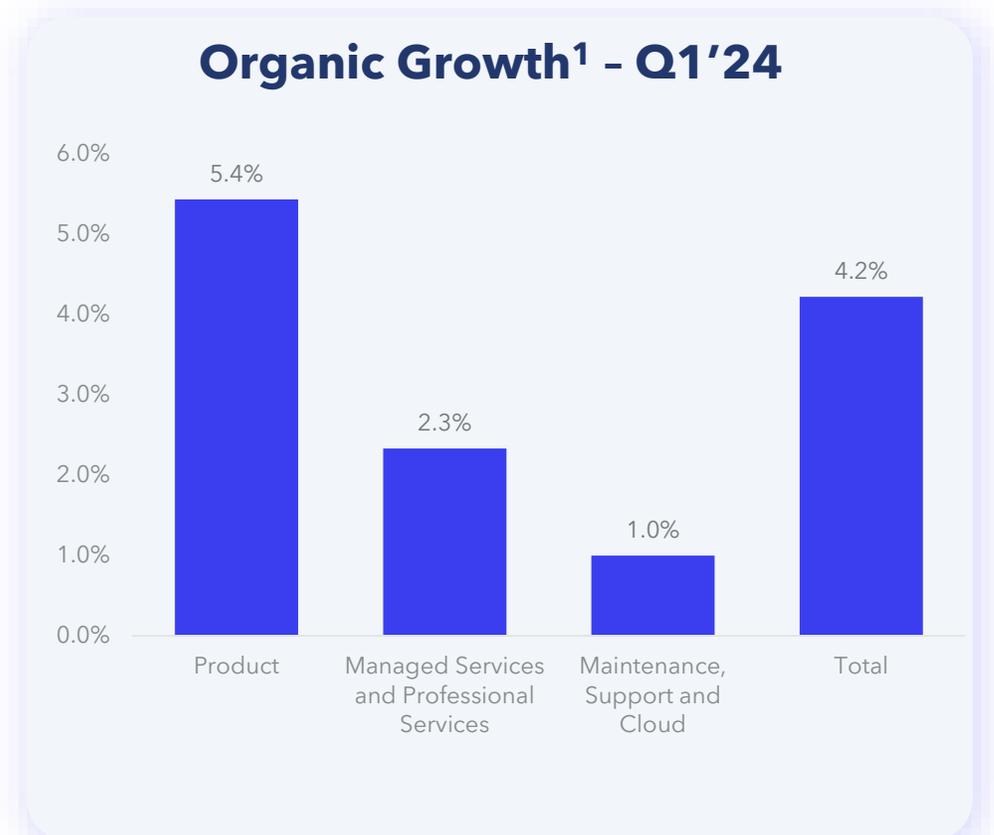
# Key Financial Metrics

*In \$000s except per share amounts*

	Q1 24	Q1 23
<b>Gross Sales<sup>1</sup></b>	<b>1,005,989</b>	956,258
<b>Revenue</b>	<b>628,766</b>	678,198
<b>Gross Profit (GP)</b>	<b>175,272</b>	171,588
<b>Gross Profit (GP) %</b>	<b>27.9%</b>	25.3%
<b>Adjusted EBITDA<sup>1</sup></b>	<b>42,209</b>	41,004
<b>Adjusted EBITDA<sup>1</sup> as % of GP</b>	<b>24.1%</b>	23.9%
<b>Net loss</b>	<b>(3,540)</b>	(3,361)
<b>Adjusted net income<sup>1</sup></b>	<b>22,707</b>	24,441
<b>Adjusted EPS<sup>1</sup></b>	<b>0.11</b>	0.12

<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.

# Q1'24 | Gross Sales



**Gross sales organic growth<sup>1</sup> of 4.2% drive by strong solutions sales**

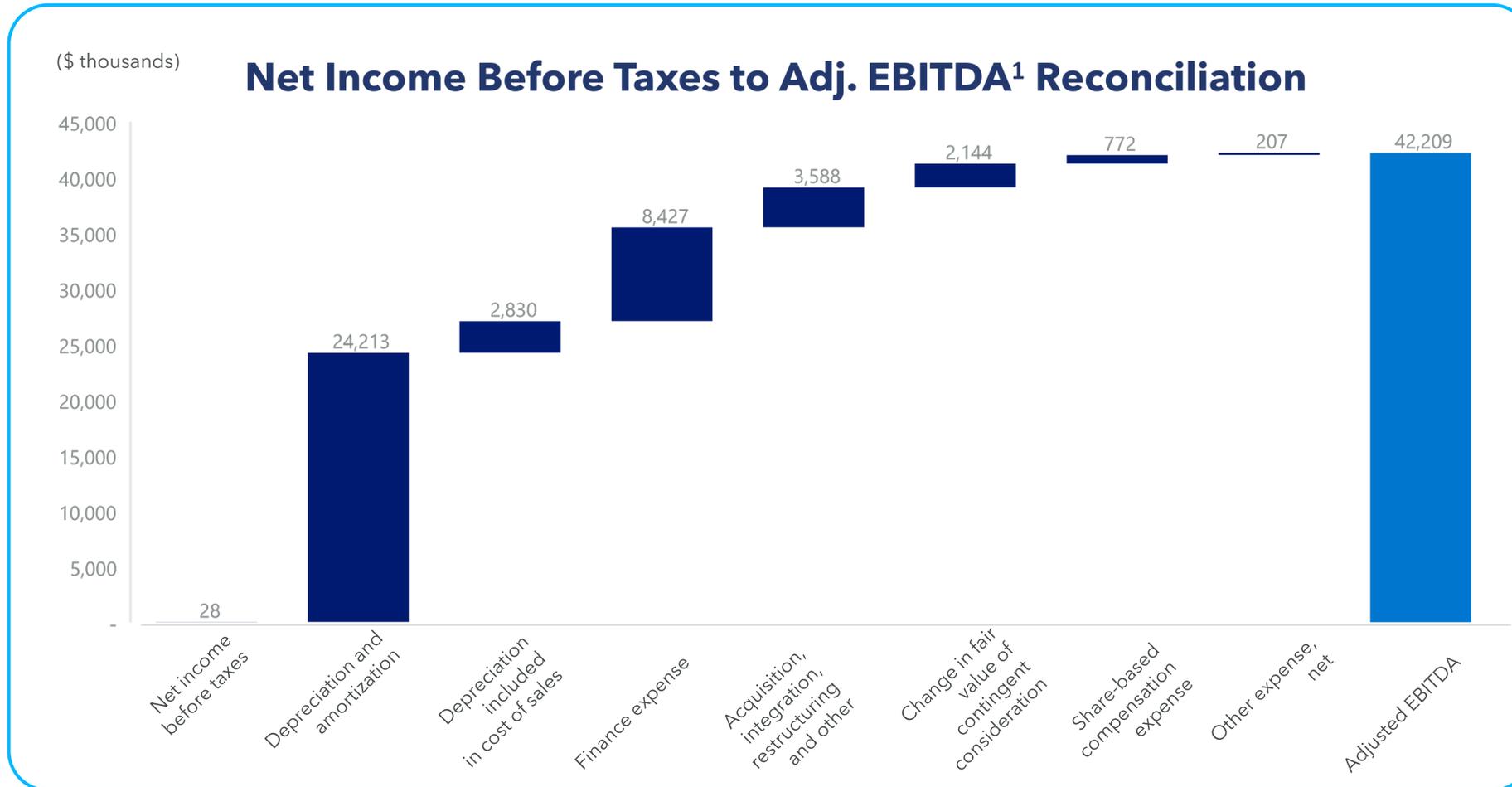
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# Profitability



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# Adjusted EBITDA



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

\$42.2 M

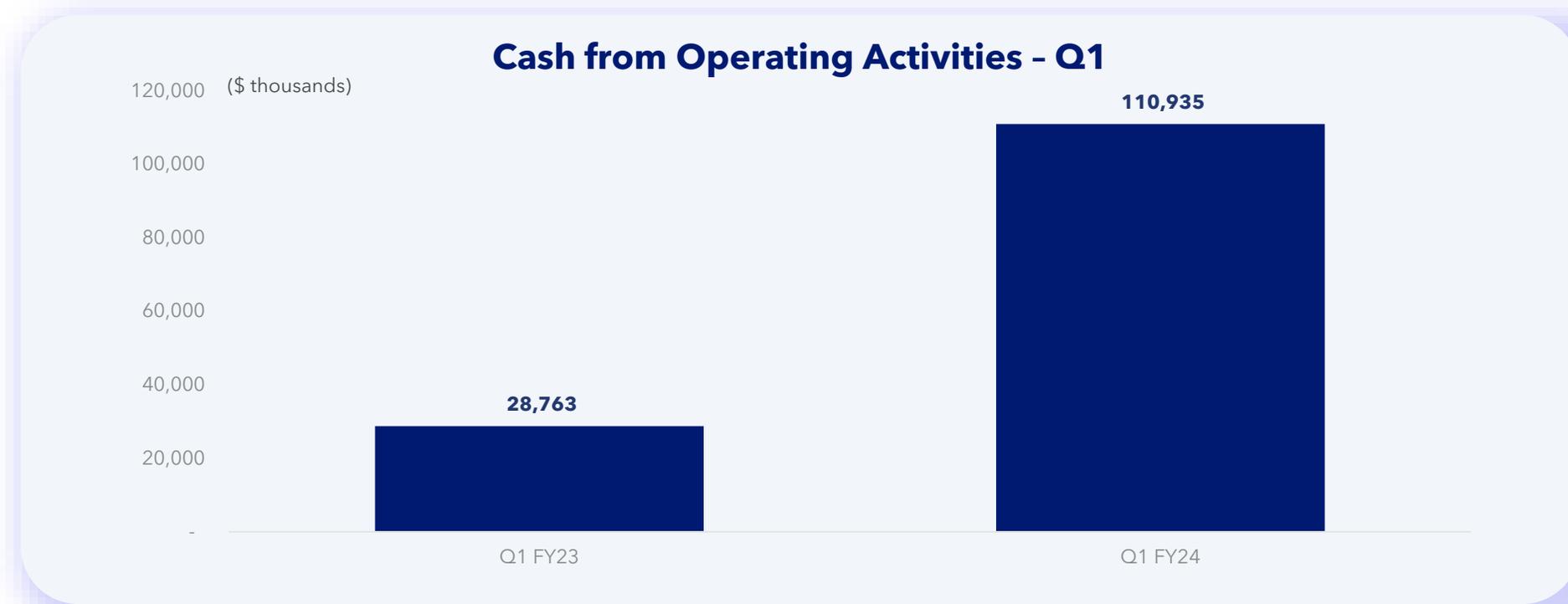
+2.9% y/y

**Gross  
Profit**

\$175.3 M

+2.1% y/y

# Liquidity and Cash Flows



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

**>\$450M**

**Net Debt to LTM Adj. EBITDA<sup>1,3</sup> 0.76x**

<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.

<sup>3</sup> **Net Debt to LTM Adjusted EBITDA<sup>1</sup>** calculated as net debt (current and non-current borrowings less cash) divided by LTM 2024 Q1 Adj. EBITDA.



**Thank you.**

**Investor Relations**

[investors@convergetp.com](mailto:investors@convergetp.com)

# Non-IFRS Measures & Reconciliation

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

	Q1 2024	Q1 2023
<b>Net (loss) income before taxes</b>	<b>28</b>	<b>(3,286)</b>
Depreciation and amortization	24,213	25,890
Depreciation included in cost of sales	2,830	1,455
Finance expense	8,427	9,350
Acquisition, integration, restructuring and other	3,588	4,284
Change in fair value of contingent Consideration	2,144	-
Share-based compensation expense	772	848
Other expense, net	207	2,463
<b>Adjusted EBITDA</b>	<b>42,209</b>	<b>41,004</b>

<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>

	Q1 2024	Q1 2023
Product	701,451	665,310
Managed services and professional services	122,253	119,467
Maintenance, support, and cloud solutions	182,285	180,481
<b>Gross sales</b>	<b>1,005,989</b>	<b>965,258</b>
Less: Adjustment for sales transacted as agent	377,223	287,060
<b>Revenue</b>	<b>628,766</b>	<b>678,198</b>

## Gross Sales Organic Growth<sup>2</sup>

	Q1 2024	Q1 2023
<b>Gross sales</b>	<b>1,005,989</b>	<b>965,258</b>
Less: gross sales from Companies not owned in comparative period	-	245,630
<b>Gross sales of Companies owned in comparative period</b>	<b>1,005,989</b>	<b>719,628</b>
Prior period gross sales	965,258	673,929
<b>Organic Growth - \$</b>	<b>40,731</b>	<b>45,699</b>
<b>Organic Growth - %</b>	<b>4.2%</b>	<b>6.8%</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>

	Q1 2024	Q1 2023
<b>Net Loss</b>	<b>(3,540)</b>	(3,361)
Acquisition, integration, restructuring and other	<b>3,588</b>	4,284
Change in fair value of contingent consideration	<b>2,144</b>	-
Amortization on intangibles	<b>19,586</b>	20,207
Foreign exchange loss	<b>157</b>	2,463
Share-based compensation	<b>772</b>	848
<b>Adjusted Net Income</b>	<b>22,707</b>	24,441
<b>Adjusted Earnings per Share (EPS) - basic</b>	<b>\$ 0.11</b>	\$ 0.12
<b>Weighted average # of shares - basic</b>	<b>203,681,626</b>	208,971,019

<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>

	Q1 2024	Q1 2023
<b>Gross profit</b>	<b>175,272</b>	171,588
Less: gross profit from companies not owned in comparative period	-	44,597
<b>Gross profit of companies owned in comparative period</b>	<b>175,272</b>	126,991
Prior period gross revenue	<b>171,588</b>	109,045
<b>Organic Growth - \$</b>	<b>3,684</b>	17,946
<b>Organic Growth - %</b>	<b>2.1%</b>	16.5%

<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.