Condensed consolidated interim financial statements
(Expressed in thousands of Canadian dollars)

Converge Technology Solutions Corp.

For the three months ended March 31, 2024 and 2023
(Unaudited)

Converge Technology Solutions Corp.

Condensed Consolidated Interim Statements of Financial Position (unaudited)
(expressed in thousands of Canadian dollars)

	Notes	**March 31, 2024 $**	December 31, 2023 $
Assets			
Current			
Cash		**158,056**	169,872
Restricted cash		**559**	547
Trade and other receivables		**820,584**	814,231
Inventories		**86,051**	73,166
Prepaid expenses and other assets		**26,608**	26,528
		1,091,858	1,084,344
Non-current			
Other assets		**51,235**	53,579
Property, equipment and right-of-use assets, net	10	**76,840**	75,488
Intangible assets, net	10	**361,510**	375,181
Goodwill	10	**572,725**	564,770
Total assets		**2,154,168**	2,153,362
Liabilities			
Current			
Trade and other payables		**1,015,537**	913,994
Other financial liabilities	5	**64,036**	54,095
Deferred revenue		**61,061**	59,325
Borrowings	4	**16,304**	1,664
Income taxes payable		**16,282**	9,286
		1,173,220	1,038,364
Non-current			
Other financial liabilities	5	**57,789**	57,668
Borrowings	4	**272,518**	378,007
Deferred tax liabilities		**64,103**	67,168
Total liabilities		**1,567,630**	1,541,207
Shareholders' equity			
Common shares		**575,507**	599,434
Contributed surplus		**11,742**	10,970
Accumulated other comprehensive income		**12,102**	3,963
Deficit		**(37,140)**	(28,167)
Total equity attributable to shareholders of Converge		**562,211**	586,200
Non-controlling interest ("NCI")		**24,327**	25,955
		586,538	612,155
Total liabilities and shareholders' equity		**2,154,168**	2,153,362

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

On behalf of the Board:

"Signed"
Director – Shaun Maine

"Signed"
Director – Darlene Kelly

Converge Technology Solutions Corp.

Condensed Consolidated Interim Statements of Income and Comprehensive Income (unaudited)
(expressed in thousands of Canadian dollars, except share amounts and per share information)

For the three months ended March 31,	Notes	**2024** **$**	2023 $
Revenue			
Product		**486,110**	536,689
Service		**142,656**	141,509
Total revenue	10	**628,766**	678,198
Cost of sales		**453,494**	506,610
Gross profit		**175,272**	171,588
Selling, general and administrative expenses	7	**135,893**	132,033
Income before the following		**39,379**	39,555
Depreciation and amortization		**24,213**	25,890
Finance expense		**8,427**	9,350
Acquisition, integration, restructuring and other	11	**3,588**	4,284
Change in fair value of contingent consideration	5[c]	**2,144**	-
Share-based compensation	6[b],6[c]	**772**	848
Other expense, net	12	**207**	2,469
Income (loss) before income taxes		**28**	(3,286)
Income tax expense		**3,568**	75
Net loss		**(3,540)**	(3,361)
Net loss attributable to:			
Shareholders of Converge		**(1,912)**	(1,957)
Non-controlling interest		**(1,628)**	(1,404)
		(3,540)	(3,361)
Other comprehensive income (loss)			
Item that may be reclassified subsequently to income (loss):			
Exchange differences on translation of foreign operations		**8,139**	2,173
		4,599	(1,188)
Comprehensive income (loss)			
Comprehensive income (loss) attributable to:			
Shareholders of Converge		**6,227**	216
Non-controlling interest		**(1,628)**	(1,404)
		4,599	(1,188)
Net loss per share – basic and diluted		**(0.01)**	(0.01)
Weighted average number of shares outstanding – basic		**203,681,626**	208,971,019
Weighted average number of shares outstanding – diluted		**203,681,626**	208,971,019

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Converge Technology Solutions Corp.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (unaudited)
(expressed in thousands of Canadian dollars, except share amounts and per share information)

	Notes	Common shares #	Common shares $	Contributed surplus $	Exchange rights $	Accumulated other comprehensive income (loss) $	Deficit $	Non-controlling interest $	Total $
Balance, December 31, 2022		208,812,218	595,019	7,919	1,705	13,708	(18,441)	30,900	630,810
Share-based compensation	6	-	-	848	-	-	-	-	848
Exercise of exchange rights	(i)	321,685	1,705	-	(1,705)	-	-	-	-
Share repurchase commitment under normal course issuer bid ("NCIB")		-	2,509	-	-	-	-	-	2,509
Comprehensive income (loss)		-	-	-	-	2,173	(1,957)	(1,404)	(1,188)
Balance, March 31, 2023		209,133,903	599,233	8,767	-	15,881	(20,398)	29,496	632,979
Balance, December 31, 2023		203,946,284	599,434	10,970	-	3,963	(28,167)	25,955	612,155
Share-based compensation	6	**-**	**-**	**772**	**-**	**-**	**-**	**-**	**772**
Share purchase commitment under NCIB	6	**-**	**(17,800)**	**-**	**-**	**-**	**-**	**-**	**(17,800)**
Shares repurchased and cancelled	6	**(535,300)**	**(1,580)**	**-**	**-**	**-**	**(716)**	**-**	**(2,296)**
Shares repurchased to be cancelled	6	**(1,540,600)**	**(4,547)**	**-**	**-**	**-**	**(4,311)**	**-**	**(8,858)**
Dividends paid	6	**-**	**-**	**-**	**-**	**-**	**(2,034)**	**-**	**(2,034)**
Comprehensive income (loss)		**-**	**-**	**-**	**-**	**8,139**	**(1,912)**	**(1,628)**	**4,599**
Balance, March 31, 2024		**201,870,384**	**575,507**	**11,742**	**-**	**12,102**	**(37,140)**	**24,327**	**586,538**

(i) Purchase consideration for CarpeDatum included the issuance of a right to exchange 367,344 Class B membership interests for 367,644 common shares of the Company. During the three months ended March 31, 2023, 321,685 Class B membership interests were exchanged for 321,685 common shares at $5.30 per share for a value of $1,705. As at March 31, 2023, all Class B membership interests of CarpeDatum have been exchanged for common shares and nil are issued and outstanding.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Converge Technology Solutions Corp.

Condensed Consolidated Interim Statements of Cash Flows (unaudited)
(expressed in thousands of Canadian dollars)

For the three months ended March 31,	Notes	**2024** **$**	2023 $
Cash flows from operating activities			
Net loss		**(3,540)**	(3,361)
Adjustments to reconcile net loss to net cash from operating activities			
Depreciation and amortization		**27,044**	27,549
Unrealized foreign exchange loss		**-**	2,463
Share-based compensation expense	6[b],6[c]	**772**	848
Finance expense		**8,427**	9,350
Loss on sale of property and equipment		**61**	-
Change in fair value of contingent consideration		**2,144**	-
Income tax expense		**3,568**	75
		38,476	36,924
Changes in non-cash working capital items	13	**73,122**	(1,236)
		111,598	35,688
Income taxes paid		**(663)**	(6,925)
Cash from operating activities		**110,935**	28,763
Cash flows used in investing activities			
Purchase of property, equipment and intangible assets		**(1,858)**	(5,106)
Proceeds on disposal of property and equipment		**-**	68
Payment of contingent consideration	5	**(3,164)**	(8,960)
Payment of deferred consideration	5	**(7,865)**	(25,654)
Payment of NCI liability		**-**	(29,994)
Cash used in investing activities		**(12,887)**	(69,646)
Cash flows (used in) from financing activities			
Transfers (to) from restricted cash		**(3)**	216
Interest paid		**(6,773)**	(7,877)
Dividends paid	6[e]	**(2,034)**	-
Payments of lease liabilities		**(5,088)**	(5,135)
Repurchase of common shares		**(2,296)**	-
Repayment of notes payable		**(39)**	(40)
Net (repayment of) proceeds from borrowings		**(96,271)**	34,199
Cash (used in) from financing activities		**(112,504)**	21,363
Net change in cash during the period		**(14,456)**	(19,520)
Effect of foreign exchange on cash		**2,640**	(1,342)
Cash, beginning of period		**169,872**	159,890
Cash, end of period		**158,056**	139,028

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements

(expressed in thousands of Canadian dollars, except share amounts and per share information)
(Unaudited)

For the three months ended March 31, 2024 and 2023

1. Nature of business

Converge Technology Solutions Corp., which includes its global subsidiaries (the “Company”), is a services-led, software-enabled, IT and cloud solutions provider with operations in North America, United Kingdom, Ireland and Germany. The Company is organized around two operating segments: Converge Hybrid IT Solutions (“Converge”) and Portage Software-as-a-Solution (“SaaS”) Solutions (Note 10).

Converge is focused on delivering advanced analytics, 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.

Portage SaaS Solutions, the Company’s 51% owned subsidiary, 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.

The Company’s common shares are listed on the Toronto Stock Exchange under the symbol “CTS”.

The Company was incorporated on November 29, 2016. The Company’s registered head office is 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.

The Company has the following wholly owned subsidiaries as at March 31, 2024:

OHC International, LLC, Corus 360 Limited	Acumetrics Business Intelligence Inc.
Essextec Acquisition, LLC, Essex Technology Group, Inc., Essex Commercial Finance LLC	Portage CyberTech Inc., 10084182 Canada Inc. o/a Becker-Carroll, Vivvo Application Studios, OPIN Digital Inc., OPIN Digital Corp., 1CRM Systems Corp., Solutions Notarius Inc. (“Portage”)
Converge Technology Hybrid IT Solutions Europe Ltd.	Converge Technology Solutions US, LLC
Solutions P.C.D. Inc., P.C.D. Consultation Inc	Newcomp Analytics Inc., Newcomp Analytics Inc., Newcomp Solutions (USA), Inc
Infinity Systems Software, Inc.	Converge Technology Partners Inc.
Accudata Systems LLC	Northern Micro Inc.
ExactlyIT Inc., ExactlyIT, S. de R.L. de C.V (“ExactlyIT”)	VSS Holdings, LLC, VSS, LLC, Information Insights, LLC
Creative Breakthroughs, Inc.	Unique Digital, Inc.
IDX Systems Corp., 1176524 Alberta Ltd., 1190422 Alberta Ltd., 1245720 Alberta Ltd.	CarpeDatum LLC (“CarpeDatum”)
Gesellschaft für digitale Bildung GmbH, DEQSTER GmbH	Dasher Technologies, Inc.
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
Rednet AG (“Rednet”)	Vicom Infinity, Inc.
Stone Technologies Group Ltd., Granite One Hundred Holdings Ltd., Stone Computers Ltd., Stone Technologies Ltd., Compusys Ltd. (“Stone”)	

2. Basis of preparation

[a] Statement of compliance

These condensed consolidated interim financial statements ("Financial Statements") have been prepared in compliance with IAS 34 – *Interim Financial Reporting* ("IAS 34") and using the same accounting policies and methods as those used in the Company's audited consolidated financial statements for the year ended December 31, 2023, unless otherwise noted. Accordingly, certain disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed.

These Financial Statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2023. Certain comparative figures have been reclassified to conform to the financial presentation adopted for the current period.

These Financial Statements were approved and authorized for issuance by the Board of Directors of the Company on May 8, 2024.

[b] Basis of measurement

These Financial Statements have been prepared on a going-concern basis, using historical cost, except for certain assets and liabilities initially recognized in connection with business combinations, and contingent consideration related to business combinations, which are measured at their estimated fair value.

[c] Basis of consolidation

The Financial Statements comprise the financial statements of the Company and its subsidiaries.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases. Control is achieved when the Company has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. The Company reassesses 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. The financial information of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intracompany balances, transactions, and unrealized gains and losses resulting from intracompany transactions and dividends are eliminated on consolidation.

[d] Functional currency and presentation currency

These Financial Statements are presented in Canadian dollars, which is the Company's functional currency.

[e] Use of estimates and judgments

The preparation of these 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 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.

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 on its Financial Statements. As at March 31, 2024, 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.

3. New standards, amendments and interpretations

New standards, amendments and interpretations adopted by the Company

The following new accounting standards were applied or adopted by the Company on January 1, 2024:

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

The narrow scope of these 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 adoption of this amendment resulted in no significant impact on the Company's Financial Statements.

Amendments to IFRS 16 in September 2022, IASB issued Lease Liability in a Sale and Leaseback

The amendments 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 adoption of this amendment resulted in no significant impact on the Company's Financial Statements.

Amendments to IAS 7 and IFRS 7 in May 2023, IASB 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 the 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. The relief provisions of the amendment allow an exemption for interim financial statements in the first year of adoption and therefore no disclosure has been made in the Financial Statements for the three months ended March 31, 2024. Appropriate disclosures (if required) will be included in the Company's annual financial statements for the year ending December 31, 2024.

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

Amendments to IAS 12 in May 2023, IASB issued International Tax Reform – Pillar Two Model Rules

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Company operates. The Company has performed an assessment of the Company's potential exposure to Pillar Two income taxes. This assessment is based on the most recent information available regarding the financial performance of the constituent entities in the Company. Based on the assessment performed, the Pillar Two effective tax rates in all jurisdictions in which the Company operates are above 15%. Therefore, the Company does not expect a potential exposure to Pillar Two top-up taxes.

New standards, amendments and interpretations issued but not yet adopted by the Company:

The following new and amended standards and interpretations will become effective in future fiscal years. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective:

- *Amendments to IAS 21 in August 2023, IASB issued Lack of Exchangeability*
- *IFRS 18 – Presentation and Disclosures in Financial Statements* issued in April 2024

4. Borrowings

Borrowings outstanding as at March 31, 2024 and December 31, 2023 were as follows:

Facility	**March 31,2024** **$**	December 31, 2023 $
Revolver Credit Facility and other	**288,822**	379,671
Current liabilities	**16,304**	1,664
Non-current liabilities	**272,518**	378,007
Total	**288,822**	379,671

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 from $500,000 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 three months ended March 31, 2024 was 7.3%. 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 March 31, 2024, 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.

The consolidated interest expense for all borrowings for the three months ended March 31, 2024 was $6,445 (2023 – $7,073).

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

5. Other financial liabilities

Other financial liabilities as at March 31, 2024 and December 31, 2023 consist of the following:

	Notes	**March 31, 2024** $	December 31, 2023 $
Notes payable	[a]	**1,654**	1,670
Deferred consideration	[b]	**9,462**	17,093
Contingent consideration	[c]	**29,381**	28,600
Lease liabilities		**52,608**	53,616
NCIB liability	6[d]	**20,300**	2,500
NCI liability	[d]	**8,420**	8,284
		121,825	111,763
Current liabilities		**64,036**	54,095
Non-current liabilities		**57,789**	57,668
		121,825	111,763

[a] Notes payable

As at March 31, 2024, the Company had a note payable to a third party of $nil (December 31, 2023 – $37). Interest on the note payable was 5.57% per annum and the maturity date was March 16, 2024.

As at March 31, 2024, Portage had a note payable to a third party of $1,654 (December 31, 2023 – $1,633). Interest on the note payable is 4% per annum and the maturity date is March 22, 2032.

[b] Deferred consideration

The following table details the Company's deferred consideration outstanding as at March 31, 2024 and December 31, 2023:

	$
As at December 31, 2023	17,093
Payments	(7,865)
Interest expense	125
Effects of foreign exchange	109
As at March 31, 2024	**9,462**
Current	**4,380**
Non-current	**5,082**
Total	**9,462**

Rednet

Under the terms of the Rednet acquisition, the seller had the right to exercise a put option that would require the Company to purchase the seller's remaining 25% NCI, resulting in the recognition of an NCI liability. The terms of the acquisition also included a reciprocal call option, which would require the sellers to sell their 25% ownership interest to the Company. Both the call and put options would be exercised for consideration based on the future earnings before interest, taxes, depreciation and amortization ("EBITDA") of Rednet at the time of exercise. The put option would have become exercisable between the periods August 1, 2024 to October 31, 2024; July 1, 2025 to September 30, 2025; and July 1, 2026 to September 30, 2026. The call option would have become exercisable between the periods January 1, 2025 to June 30, 2025; January 1, 2026 to June 30, 2026; and indefinitely after October 1, 2027. The NCI liability was a financial instrument that was measured at fair value, which was equal to the present value of the future estimated redemption amount. The fair value was reviewed on an ongoing basis, with the impact of any subsequent remeasurement of the valuation of the liability recognized in the condensed consolidated interim statements of income and comprehensive income.

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

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

During the three months ended March 31, 2024, the Company paid deferred consideration of $7,865 (three months ended March 31, 2023 – $25,654).

During the three months ended March 31, 2024, the Company recognized interest expense on deferred consideration of $125 (three months ended March 31, 2023 – $110).

[c] Contingent consideration

Contingent consideration consists of earn-out payments due to sellers of acquired companies for meeting certain gross profit and EBITDA conditions over three to five years following the date of acquisition. The fair value of contingent consideration is classified as Level 3 in the fair value hierarchy and was determined based on best estimates using various assumptions including gross profit and EBITDA forecast.

The following table details the fair values of the Company's contingent consideration outstanding as at March 31, 2024 and December 31, 2023:

	$
As at December 31, 2023	28,600
Payments	(3,164)
Remuneration expense [i]	1,214
Change in fair value [ii]	2,144
Effects of foreign exchange	587
As at March 31, 2024	**29,381**
Current	**22,213**
Non-current	**7,168**
Total	**29,381**

[i] As part of the acquisition of ExactlyIT, the sellers are entitled to future remuneration that becomes payable over a five-year period commencing on January 1, 2022. Remuneration is based on the achievement of certain milestones and is expensed over time, as it becomes earned, in the condensed consolidated interim statements of income and comprehensive income. For the three months ended March 31, 2024, $1,214 remuneration expense has been recognized, presented within acquisition, integration, restructuring and other costs (2023 – $338).

[ii] During the three months ended March 31, 2024, the Company recognized an expense of $2,144 in the condensed consolidated interim statements of income and comprehensive income (2023 – $nil), which is presented under change in fair value of contingent consideration.

[d] NCI liability

Stone

Under the terms of the Stone acquisition, the seller has the right to exercise a put option that would require the Company to purchase the seller's remaining 11% NCI, resulting in the recognition of an NCI liability. The terms of the acquisition also include a reciprocal call option, which would require the sellers to sell their 11% ownership interest to the Company. Both the call and put options would be exercised for consideration based on the future EBITDA of Stone at the time of exercise. The put option becomes exercisable between the periods February 1, 2026 to February 28, 2026; February 1, 2027 to February 28, 2027; and indefinitely after February 1, 2028. The call option becomes exercisable between the periods January 1, 2026 to January 31, 2026; January 1, 2027 to January 31, 2027; January 1, 2028 to January 31, 2028; and indefinitely after March 1, 2028. The NCI liability is a financial instrument classified as Level 3 in the fair value hierarchy that is measured at fair value, which is equal to the present value of the future estimated redemption amount. The fair value is reviewed on an ongoing basis, with the impact of any subsequent remeasurement of the valuation of the liability recognized in the condensed consolidated interim statements of income and comprehensive income. During the three months ended March 31, 2024, the Company paid $nil to the sellers of Stone (2023 – $nil). As at March 31, 2024, the fair value of the NCI liability was $8,420 (December 31, 2023 – $8,284).

6. Share capital

[a] Authorized

The authorized share capital of the Company consists of an unlimited number of Class A common shares ("common shares"), Class B common shares and preference shares. No Class B common shares and preference shares have been issued as at March 31, 2024 and December 31, 2023.

[b] Stock option plans

During the three months ended March 31, 2024, nil stock options were granted under the Company's long-term incentive plan (2023 – nil).

During the three months ended March 31, 2024, the Company recognized share-based compensation expense related to stock options of $691 (2023 – $719).

[c] Restricted stock units ("RSUs")

On March 13, 2024, 454,718 RSUs were granted under the Company's long-term incentive plan (2023 – nil). The RSUs vest over a three-year period with one third of the RSUs vesting every 12 months from the grant date. The Company valued the RSUs at fair value based on the closing stock price on the date of the grant of $5.89.

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

During the three months ended March 31, 2024, the Company recognized share-based compensation expense related to RSUs of $81 (2023 – $129).

[d] Share purchase plan

On August 9, 2023, the Company announced that the Toronto Stock Exchange approved the Company's Notice of Intention to make a Normal Course Issuer Bid ("2023 NCIB"). Pursuant to the 2023 NCIB, the Company may purchase for cancellation up to an aggregate of 19,427,276 common shares of the Company representing 10% of the issued and outstanding common shares as at July 28, 2023. The 2023 NCIB commenced on August 9, 2023, and terminates one year after its commencement, or earlier if the maximum number of common shares under the 2023 NCIB have been purchased or the 2023 NCIB is terminated at the option of the Company. All common shares acquired by the Company under the 2023 NCIB will be cancelled.

The Company had also entered into an automatic purchase plan agreement with a broker upon commencement of the 2023 NCIB to allow for purchases of common shares during certain pre-determined blackout periods when the Company ordinarily would not be active in the market due to its own internal trading blackout periods, insider trading rules or otherwise. The surplus paid over the carrying value of the common shares was charged to deficit. During the three months ended March 31, 2024, 2,075,900 common shares were repurchased under the 2023 NCIB for an aggregate purchase price of $11,154. As at March 31, 2024, 535,300 common shares had been cancelled and the remainder were cancelled in April 2024.

As at March 31, 2024, the Company recognized an obligation for the repurchase of shares for an aggregate purchase price of $20,300 (December 31, 2023 – $2,500).

[e] Dividends

The Company paid dividends to shareholders during the three months ended March 31, 2024 of $2,034, based on a dividend of $0.01 per share (2023 – $nil).

7. Selling, general and administrative expenses

Selling, general and administrative expenses for the three months ended March 31, 2024 and 2023 are detailed in the following table:

	2024	2023
	$	$
Salaries and benefits	**106,396**	111,335
Office, travel and events	**18,164**	15,136
Professional fees	**4,139**	4,633
Other expenses	**7,194**	929
Total	**135,893**	132,033

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

8. 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 three months ended March 31, 2024 and 2023 is as follows:

	2024	2023
	$	$
Salaries and benefits [a]	**1,967**	2,203
Share-based compensation	**772**	848
Total	**2,739**	3,051

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

As at March 31, 2024, $950 (December 31, 2023 – $1,208) was included in trade and other payables 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.

9. Fair value measurement

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 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.

During the three months ended March 31, 2024 and 2023, there were no transfers of amounts between levels.

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

10. Segmented information

The Company's Group CEO has been identified as the chief operation decision maker ("CODM"). The CODM evaluates the performance of the Company and allocates resources primarily based on revenue, gross profit less selling, general and administrative expenses as provided by the Company's internal management system at a consolidated level. The CODM may also consider industry trends and other externally available financial information when evaluating the performance of the Company. The Company has determined that it is composed of two operating segments: i) Converge Hybrid IT Solutions ("Converge"), and ii) Portage SaaS Solutions ("Portage"). A description of the Company's operating segments is provided in Note 1.

For the three months ended March 31,		**2024**			2023	
	Converge	**Portage**	**Total**	Converge	Portage	Total
	$	$	$	$	$	$
Total revenue	**624,220**	**4,546**	**628,766**	673,503	4,695	678,198
Cost of sales	**451,869**	**1,625**	**453,494**	505,284	1,326	506,610
Gross profit	**172,351**	**2,921**	**175,272**	168,219	3,369	171,588
Selling, general and administrative expenses	**131,694**	**4,199**	**135,893**	127,787	4,246	132,033
Income (loss) before the following	**40,657**	**(1,278)**	**39,379**	40,432	(877)	39,555
Depreciation and amortization	**22,880**	**1,333**	**24,213**	24,653	1,237	25,890
Finance expense	**7,998**	**429**	**8,427**	8,789	561	9,350
Acquisition, integration, restructuring and other	**3,445**	**143**	**3,588**	3,964	320	4,284
Change in fair value of contingent consideration	**2,144**	**-**	**2,144**	-	-	-
Share-based compensation	**772**	**-**	**772**	848	-	848
Other expense, net	**198**	**9**	**207**	2,465	4	2,469
Income (loss) before income taxes	**3,220**	**(3,192)**	**28**	(287)	(2,999)	(3,286)

The Company has four geographic segments, being Canada, USA, Germany and UK and Ireland. The following tables present details on revenue derived and details on property and equipment and intangible assets domiciled in the following geographical locations.

Revenue for the three months ended March 31, 2024 and 2023:

For the three months ended March 31,	**2024** **$**	2023 $
USA	**381,663**	415,646
Canada	**131,813**	124,272
Germany	**54,323**	77,482
UK	**60,967**	60,798
	628,766	678,198

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

Property, equipment, right-of-use assets, intangible assets and goodwill as at March 31, 2024 and December 31, 2023:

March 31, 2024	**Property, equipment, right-of-use assets**	**Intangible assets**	**Goodwill**	**Total**
	$	$	$	$
USA	**47,371**	**196,977**	**305,337**	**549,685**
Canada	**9,619**	**55,813**	**85,424**	**150,856**
Germany	**7,944**	**80,053**	**144,751**	**232,748**
UK and Ireland	**11,906**	**28,667**	**37,213**	**77,786**
	76,840	**361,510**	**572,725**	**1,011,075**

December 31, 2023	Property, equipment, right-of-use assets	Intangible assets	Goodwill	Total
	$	$	$	$
USA	44,820	202,833	298,036	545,689
Canada	10,295	58,500	85,424	154,219
Germany	8,094	83,821	144,692	236,607
UK and Ireland	12,279	30,027	36,618	78,924
	75,488	375,181	564,770	1,015,439

11. Acquisition, integration, restructuring and other

Acquisition, integration, restructuring and other costs for the three months ended March 31, 2024 and 2023 are detailed as follows:

	2024	2023
	$	$
Acquisition and transaction-related costs	**1,330**	1,411
Integration costs	**496**	353
Restructuring costs	**1,421**	1,253
Other costs	**341**	1,267
	3,588	4,284

Acquisition and transaction-related costs primarily consist 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.

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

12. Other expense, net

Other expense, net consists primarily of foreign exchange gains or losses, interest income, and other income and expenses. Foreign exchange gains and losses mainly relate to the translation of certain foreign currency denominated monetary net asset balances denominated in a currency different from the functional currency of the related entity.

Other expense, net for the three months ended March 31, 2024 and 2023 is detailed in the following table:

	2024	2023
	$	$
Unrealized foreign exchange loss	**157**	2,463
Other expense	**50**	6
Other expense, net	**207**	2,469

13. Changes in non-cash working capital

The changes in non-cash working capital for the three months ended March 31, 2024 and 2023 were as follows:

	2024	2023
	$	$
Trade and other receivables	**13,883**	(2,441)
Inventories	**(11,574)**	1,328
Prepaid expenses and other assets	**470**	(1,426)
Trade and other payables	**68,552**	781
Other financial liabilities	**1,214**	356
Deferred revenue and customer deposits	**577**	166
Changes in non-cash working capital items	**73,122**	(1,236)

14. 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.

15. Subsequent events

On May 8, 2024, the Board 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.