



# Converge Technology Solutions

## Q1 Fiscal 2024 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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**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).

# Q1'24 Highlights

Third Consecutive Quarter with  
**+\$1 Billion**  
Gross Sales<sup>1</sup>

**\$110.9 M**  
Cash from  
Operating Activities

**\$190.4 M Y/Y**  
**\$79.0 M Q/Q**  
Reduction in  
Net Debt

**0.76x**  
Net Debt to  
Adj. EBITDA<sup>1,2</sup>

**Q1'24**

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

\$1.01 B

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+4.2% y/y

**Gross Profit**

\$175.3 M

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+2.1% y/y

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

\$42.2 M

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+2.9% y/y

**4.2%**  
Q1'24 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.

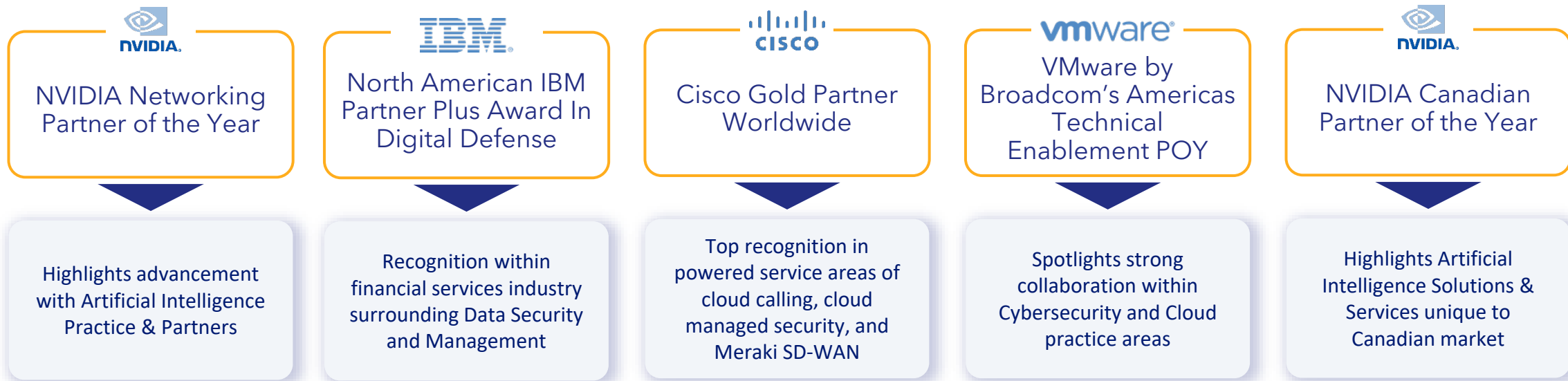
<sup>2</sup> **Net Debt to LTM Adjusted EBITDA<sup>1</sup>** calculated as net debt (current and non-current borrowings less cash) divided by LTM 2024 Q1 Adj. EBITDA .

# Partner Diversification & Depth

## Top Partner Alliances



## Q1'24 Partner Awards



# 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)

# Converge Solutions



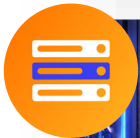
## Wealth Management Firm



- Leveraged our Digital Infrastructure and Cloud skills to move their IBM Power workloads to Google Cloud
- Assisted in their digital transformation strategy
- IP4G continues to drive revenue in areas of Professional Services, Managed Services, and third-party software

## Automotive Manufacturing Corporation

- Built the right solution by bringing together our Cyber solution architects with our Cloud Platforms licensing team for the AWS Marketplace
  - CrowdStrike expansion with Identity & SIEM modules in discussion



## Global HPC Leader

- Client required POC environment to test GPUs at scale in a simulated client infrastructure
- Leveraged Arista to gather architecture of client solution and simulated the switch platform on smaller scale
- Managed Services solution for GPU Support



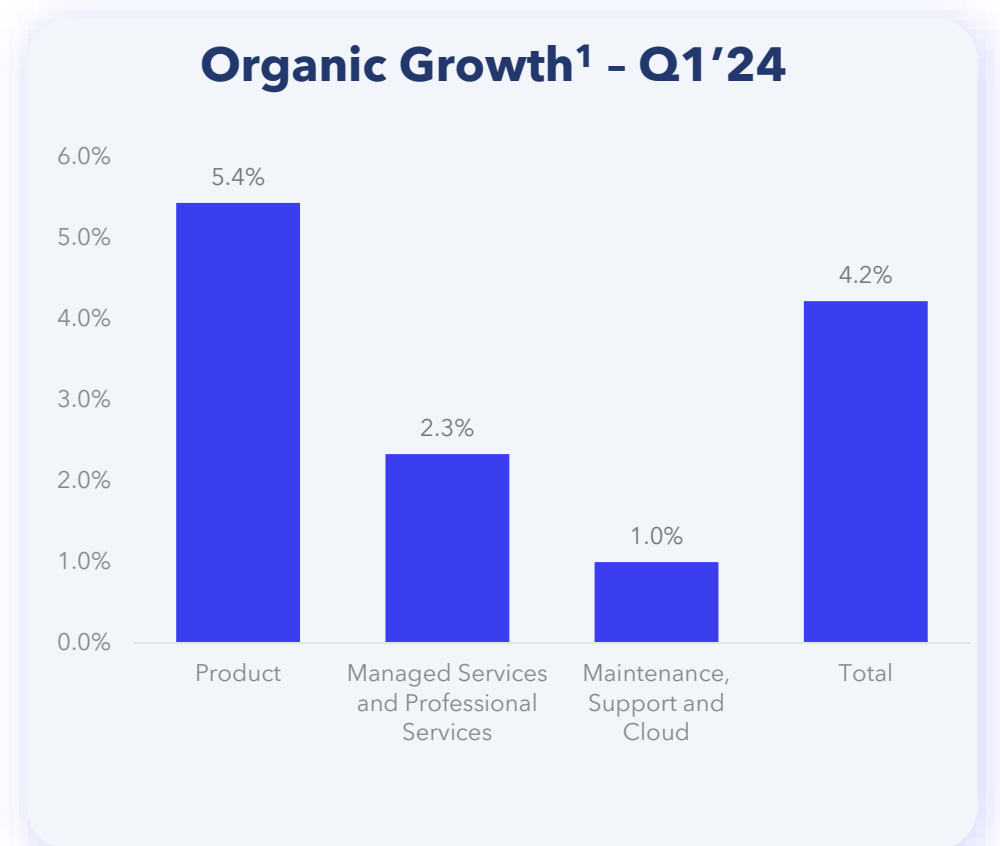
# Key Financial Metrics

*In \$000s except per share amounts*

	<b>Q1 24</b>	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

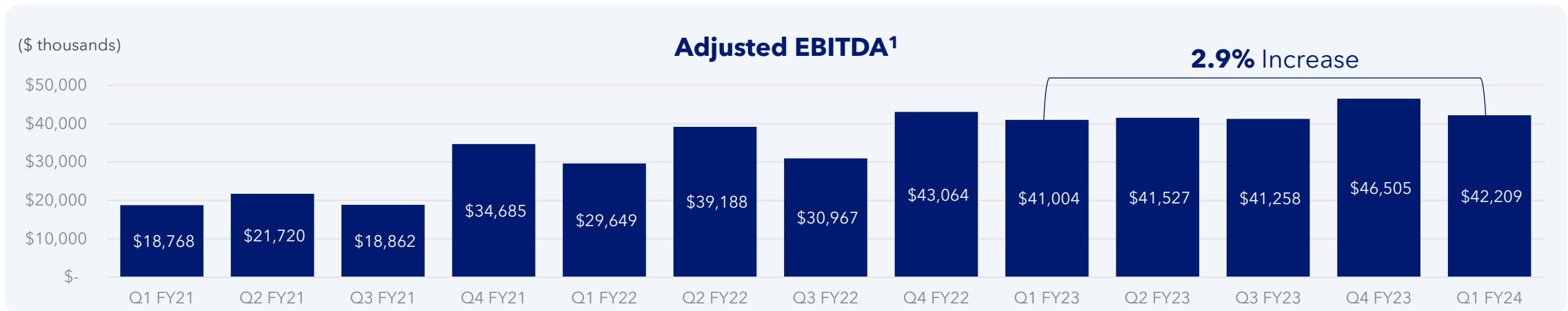


**Gross sales organic growth<sup>1</sup> of 4.2% drive by strong solutions sales**

<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.

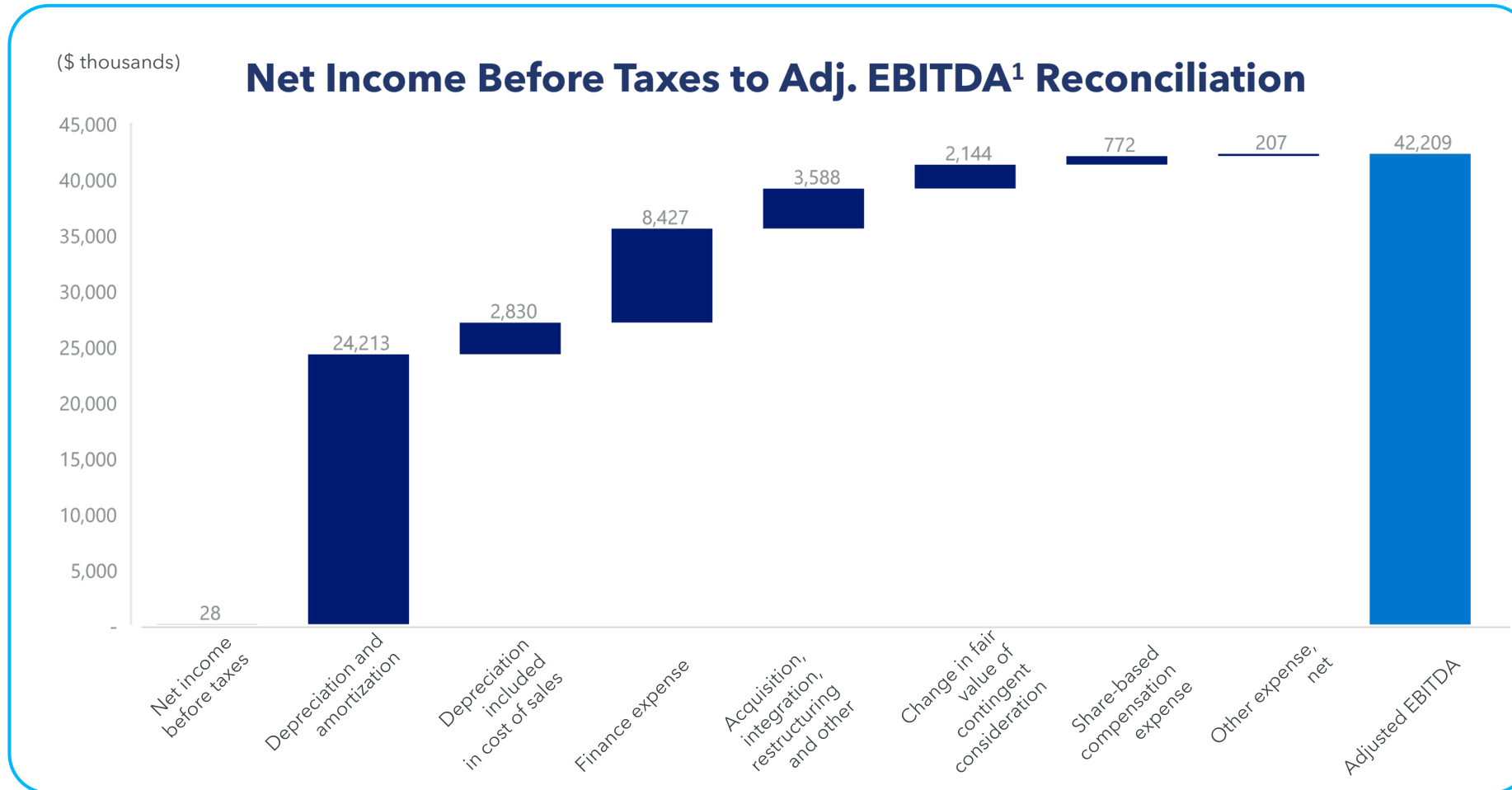


# Profitability



<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>**

\$42.2 M

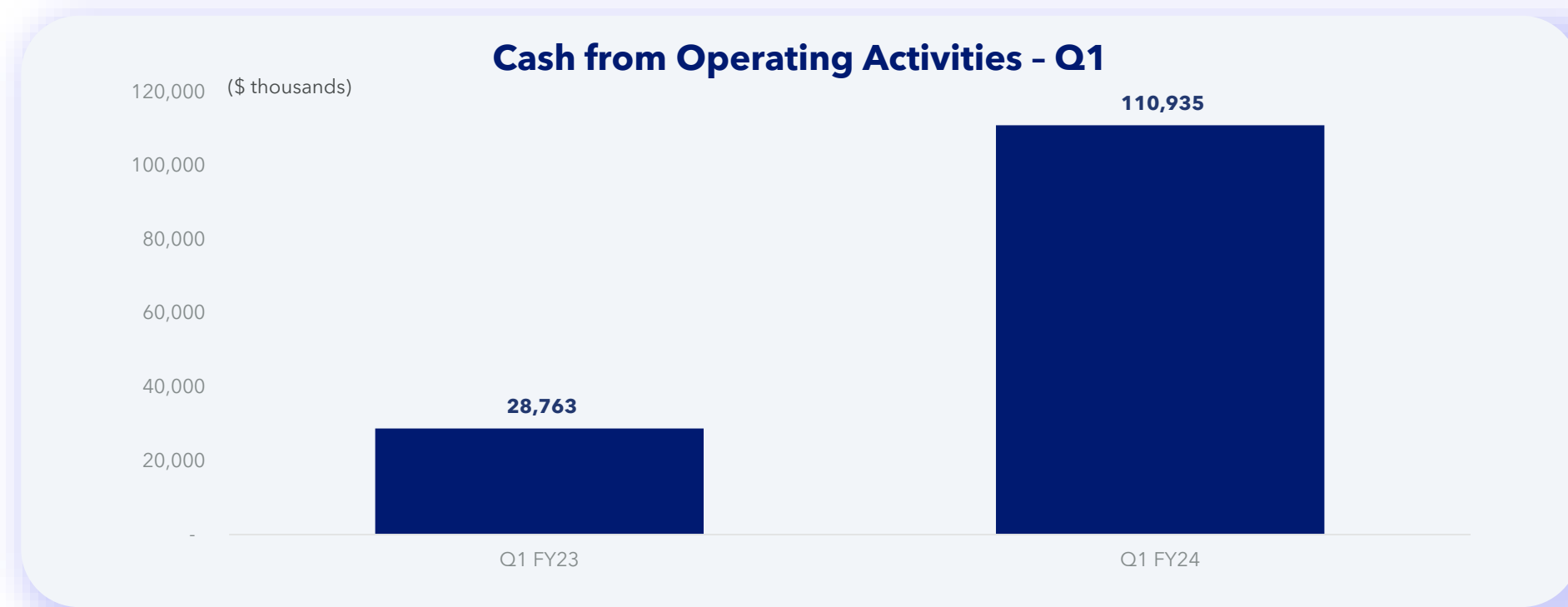
+2.9% y/y

**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.



# 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>

	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.