



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

## **Converge Technology Solutions Corp.**

For the three and six months ended June 30, 2024 and 2023  
(Unaudited)

## Converge Technology Solutions Corp.

### Condensed Consolidated Interim Statements of Financial Position (unaudited)

(expressed in thousands of Canadian dollars)

	Notes	June 30, 2024 \$	December 31, 2023 \$
<b>Assets</b>			
Current			
Cash		173,820	169,872
Restricted cash		267	547
Trade and other receivables		882,385	803,652
Inventories		82,664	73,166
Prepaid expenses and other assets		33,265	26,528
		<b>1,172,401</b>	1,073,765
Non-current			
Investment in associates	4	29,877	-
Unbilled receivables and other assets		115,349	64,158
Property, equipment and right-of-use assets, net	11	68,880	75,488
Intangible assets, net	11, 14	290,550	375,181
Goodwill	11, 14	387,573	564,770
<b>Total assets</b>		<b>2,064,630</b>	2,153,362
<b>Liabilities</b>			
Current			
Trade and other payables		1,055,632	853,655
Other financial liabilities	6	32,341	54,095
Deferred revenue		66,617	59,325
Borrowings	5	12,141	1,664
Income taxes payable		-	9,286
		<b>1,166,731</b>	978,025
Non-current			
Accrued liabilities and other payables		104,030	60,339
Other financial liabilities	6	42,875	57,668
Borrowings	5	319,538	378,007
Deferred tax liabilities		47,766	67,168
<b>Total liabilities</b>		<b>1,680,940</b>	1,541,207
<b>Shareholders' equity</b>			
Common shares		574,155	599,434
Contributed surplus		12,586	10,970
Accumulated other comprehensive income		15,997	3,963
Deficit		(219,048)	(28,167)
<b>Total equity attributable to shareholders of Converge</b>		<b>383,690</b>	586,200
Non-controlling interest ("NCI")		-	25,955
		<b>383,690</b>	612,155
<b>Total liabilities and shareholders' equity</b>		<b>2,064,630</b>	2,153,362

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

On behalf of the Board:

"Signed"  
Director – Thomas Volk

"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)

	Notes	For the three months ended		For the six months ended	
		June 30, 2024	2023	June 30, 2024	2023
		\$	\$	\$	\$
Revenue					
Product		516,448	511,597	1,002,558	1,048,286
Service		135,399	154,216	278,055	295,725
Total revenue	11	651,847	665,813	1,280,613	1,344,011
Cost of sales		472,563	490,141	926,057	996,751
<b>Gross profit</b>		<b>179,284</b>	<b>175,672</b>	<b>354,556</b>	<b>347,260</b>
Selling, general and administrative expenses	8	135,943	136,699	271,836	268,732
<b>Income before the following</b>		<b>43,341</b>	<b>38,973</b>	<b>82,720</b>	<b>78,528</b>
Depreciation and amortization		25,208	26,893	49,421	52,783
Finance expense		7,328	10,652	15,755	20,002
Acquisition, integration, restructuring and other	12	4,868	4,083	8,456	8,367
Change in fair value of contingent consideration	6[c]	1,129	9,209	3,273	9,209
Share-based compensation	7[b],7[c]	1,140	1,117	1,912	1,965
Other expense (income), net	13	48	(6,529)	255	(4,060)
Loss on loss of control of Portage	4	117	-	117	-
Impairment loss – Germany segment	14	176,124	-	176,124	-
<b>Loss before income taxes</b>		<b>(172,621)</b>	<b>(6,452)</b>	<b>(172,593)</b>	<b>(9,738)</b>
Income tax recovery		(7,658)	(1,957)	(4,090)	(1,882)
<b>Net loss</b>		<b>(164,963)</b>	<b>(4,495)</b>	<b>(168,503)</b>	<b>(7,856)</b>
Net loss attributable to:					
Shareholders of Converge		(163,318)	(3,548)	(165,230)	(5,505)
Non-controlling interest		(1,645)	(947)	(3,273)	(2,351)
		(164,963)	(4,495)	(168,503)	(7,856)
<b>Other comprehensive income (loss)</b>					
Item that may be reclassified subsequently to income (loss):					
Exchange differences on translation of foreign operations		3,895	(15,725)	12,034	(13,552)
		3,895	(15,725)	12,034	(13,552)
<b>Comprehensive loss</b>		<b>(161,068)</b>	<b>(20,220)</b>	<b>(156,469)</b>	<b>(21,408)</b>
Comprehensive loss attributable to:					
Shareholders of Converge		(159,423)	(19,273)	(153,196)	(19,057)
Non-controlling interest		(1,645)	(947)	(3,273)	(2,351)
		(161,068)	(20,220)	(156,469)	(21,408)
Net loss per share – basic and diluted		(0.82)	(0.02)	(0.82)	(0.03)
Weighted average number of shares outstanding – basic and diluted		199,616,272	208,331,122	201,658,683	208,649,302

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 \$
<b>Balance, December 31, 2022</b>		208,812,218	595,019	7,919	1,705	13,708	(18,441)	30,900	630,810
Share-based compensation	7	-	-	1,965	-	-	-	-	1,965
Exercise of exchange rights	(i)	321,685	1,705	-	(1,705)	-	-	-	-
Exercise of restricted share units		69,675	641	(641)	-	-	-	-	-
Share repurchase commitment under normal course issuer bid ("NCIB")		-	19,835	-	-	-	-	-	19,835
Shares repurchased and cancelled		(2,553,552)	(7,286)	-	-	-	(1,173)	-	(8,459)
Shares repurchased to be cancelled		(1,727,142)	(5,770)	-	-	-	-	-	(5,770)
Dividends paid	7	-	-	-	-	-	(2,067)	-	(2,067)
Comprehensive income (loss)		-	-	-	-	(13,552)	(5,505)	(2,351)	(21,408)
<b>Balance, June 30, 2023</b>		204,922,884	604,144	9,243	-	156	(27,186)	28,549	614,906
<b>Balance, December 31, 2023</b>		203,946,284	599,434	10,970	-	3,963	(28,167)	25,955	612,155
Share-based compensation	7	-	-	1,912	-	-	-	-	1,912
Share purchase commitment under NCIB	7	-	540	-	-	-	-	-	540
Shares repurchased and cancelled, net of tax	7, (ii)	(8,820,900)	(26,959)	-	-	-	(20,634)	-	(47,593)
Shares repurchased to be cancelled, net of tax	7, (ii)	(10,000)	(31)	-	-	-	(14)	-	(45)
Stock options exercised	7	300,000	1,171	(296)	-	-	-	-	875
Dividends paid	7	-	-	-	-	-	(5,003)	-	(5,003)
Derecognition of NCI due to loss of control of Portage	4	-	-	-	-	-	-	(22,682)	(22,682)
Comprehensive income (loss)		-	-	-	-	12,034	(165,230)	(3,273)	(156,469)
<b>Balance, June 30, 2024</b>		195,415,384	574,155	12,586	-	15,997	(219,048)	-	383,690

(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 six months ended June 30, 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 June 30, 2023, all Class B membership interests of CarpeDatum have been exchanged for common shares and nil are issued and outstanding.

(ii) 2% share buyback tax is applied to the value of the Company's repurchased shares in for the six months ended June 30, 2024.

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)

	Notes	For the three months ended June 30,		For the six months ended June 30,	
		2024	2023	2024	2023
		\$	\$	\$	\$
<b>Cash flows from operating activities</b>					
Net loss		(164,963)	(4,495)	(168,503)	(7,856)
Adjustments to reconcile net loss to net cash from operating activities					
Depreciation and amortization		26,973	29,235	54,017	56,785
Unrealized foreign exchange gain		-	(5,281)	-	(2,818)
Share-based compensation expense	7[b],7[c]	1,140	1,117	1,912	1,965
Finance expense		7,328	10,652	15,755	20,002
Loss (gain) on sale of property and equipment		8	(598)	69	(598)
Change in fair value of contingent consideration		1,129	6,551	3,273	6,551
Impairment loss – Germany segment	14	176,124	-	176,124	-
Loss on loss of control of Portage	4	117	-	117	-
Income tax recovery		(7,658)	(1,957)	(4,090)	(1,882)
		40,198	35,224	78,674	72,149
Changes in non-cash working capital items	15	36,231	(40,349)	109,353	(41,585)
		76,429	(5,125)	188,027	30,564
Income taxes paid		(24,045)	(4,520)	(24,708)	(11,446)
<b>Cash from (used in) operating activities</b>		<b>52,384</b>	<b>(9,645)</b>	<b>163,319</b>	<b>19,118</b>
<b>Cash flows from investing activities</b>					
Purchase of property, equipment and intangible assets		(2,003)	(2,091)	(3,861)	(7,197)
Proceeds on disposal of property and equipment		-	3,681	-	3,749
Payment of contingent consideration	6[c]	(16,164)	(975)	(19,328)	(9,935)
Payment of deferred consideration	6[b]	(4,002)	(4,066)	(11,867)	(29,720)
Payment of NCI liability	6[b]	-	-	-	(29,994)
<b>Cash used in investing activities</b>		<b>(22,169)</b>	<b>(3,451)</b>	<b>(35,056)</b>	<b>(73,097)</b>
<b>Cash flows from financing activities</b>					
Transfers from restricted cash		296	2,371	293	2,587
Interest paid		(5,556)	(7,365)	(12,329)	(15,242)
Dividends paid	7[e]	(2,969)	(2,067)	(5,003)	(2,067)
Payments of lease liabilities		(5,028)	(5,089)	(10,116)	(10,224)
Repurchase of common shares	7[d]	(44,425)	(14,230)	(46,721)	(14,230)
Stock options exercised		875	-	875	-
Repayment of notes payable		-	(40)	(39)	(80)
Net proceeds from (repayment of) borrowings		41,799	(22,815)	(54,472)	11,384
<b>Cash used in financing activities</b>		<b>(15,008)</b>	<b>(49,235)</b>	<b>(127,512)</b>	<b>(27,872)</b>
<b>Net change in cash during the period</b>		<b>15,207</b>	<b>(62,331)</b>	<b>751</b>	<b>(81,851)</b>
Effect of foreign exchange on cash		1,631	1,746	4,271	404
Cash derecognized on loss of control of Portage		(1,074)	-	(1,074)	-
Cash, beginning of period		158,056	139,028	169,872	159,890
<b>Cash, end of period</b>		<b>173,820</b>	<b>78,443</b>	<b>173,820</b>	<b>78,443</b>

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

# Converge Technology Solutions Corp.

## 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 and six months ended June 30, 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 focused on delivering industry-leading solutions with operations in North America, Germany and United Kingdom (“UK”) (Note 11).

The Company’s operations in North America, UK and Germany are focused on delivering advanced analytics, artificial intelligence (AI), 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 (“Portage”), the Company’s 51% owned investment, accounted for as investment in associates as of June 27, 2024 on loss of control (Note 4) 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 June 30, 2024:

OHC International, LLC, Corus 360 Limited	Acumetrics Business Intelligence Inc.
Essex Acquisition, LLC, Essex Technology Group, Inc., Essex Commercial Finance LLC	Converge Technology Solutions US, LLC
Converge Technology Hybrid IT Solutions Europe Ltd.	Newcomp Analytics Inc., Newcomp Analytics Inc., Newcomp Solutions (USA), Inc
Solutions P.C.D. Inc., P.C.D. Consultation Inc	Converge Technology Partners Inc.
Infinity Systems Software, Inc.	Northern Micro Inc.
Accudata Systems LLC	VSS Holdings, LLC, VSS, LLC, Information Insights, LLC
ExactlyIT Inc., ExactlyIT, S. de R.L. de C.V (“ExactlyIT”)	Unique Digital, Inc.
Creative Breakthroughs, Inc.	CarpeDatum LLC (“CarpeDatum”)
IDX Systems Corp., 1176524 Alberta Ltd., 1190422 Alberta Ltd., 1245720 Alberta Ltd.	Dasher Technologies, Inc.
Gesellschaft für digitale Bildung GmbH, DEQSTER GmbH	PDS Holding Company, Paragon Development Systems Inc., Works Computing, LLC, Paragon Staffing, LLC
PC Specialists, Inc., Itex, Inc., TIG Asia Limited, Technology Integration Group Hong Kong Limited, TIG (Shanghai) Co., Ltd.	Vicom Infinity, Inc.
Rednet AG (“Rednet”)	Stone Technologies Group Ltd., Granite One Hundred Holdings Ltd., Stone Computers Ltd., Stone Technologies Ltd., Compusys Ltd. (“Stone”)

# Converge Technology Solutions Corp.

## Notes to the condensed consolidated interim financial statements

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(Unaudited)

For the three and six months ended June 30, 2024 and 2023

### 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 August 7, 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, contingent consideration related to business combinations, and investment in associates initially recognized on loss of control of Portage, 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] Investment in associates

Associates are entities over which the Company exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but without control or joint control over those policies. The Company accounts for its investment in associates using the equity method of accounting.

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profits or losses of the investee in profit or loss, and the Company's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment. Where the Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealized gains on transactions between the

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### Notes to the condensed consolidated interim financial statements

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Company and its associate are eliminated to the extent of the Company's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees are consistent with the policies adopted by the Company.

The carrying amount of the investment is assessed for indicators of impairment at each reporting date. An impairment test is performed when there is objective evidence of impairment, such as significant adverse changes in the environment in which the associate operates or a significant or prolonged decline in the fair value of the investment below its carrying amount. An impairment loss is recorded when the recoverable amount becomes lower than the carrying amount.

[e] Functional currency and presentation currency

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

[f] 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 June 30, 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 impact on the Company's Financial Statements.



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### Notes to the condensed consolidated interim financial statements

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#### *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 amendments are intended to improve the requirements for sale and leaseback transactions in IFRS 16. The adoption of these amendments resulted in no 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 amendments 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 six months ended June 30, 2024. Appropriate disclosures (if required) will be included in the Company's annual consolidated financial statements for the year ending December 31, 2024.

#### *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:

- Lack of Exchangeability – Amendments to IAS 21
- Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7
- IFRS 18 – Presentation and Disclosures in Financial Statements issued in April 2024
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28

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#### 4. Investment in associates

On June 27, 2024, the Company fulfilled the criteria necessary for the deconsolidation of Portage by relinquishing control of Portage. The Company entered into a voting agreement with Portage whereby the Company waived its right to majority representation on Portage Board of Directors by limiting the representation to no more than one third. The Company has retained approximately 51% of the outstanding common shares of Portage in addition to the \$25 million principal amount of the long-term unsecured subordinated loan ("Promissory Note") payable by Portage to the Company. The Promissory Note bears interest at 6% per annum and capitalized and paid-in-kind monthly. The promissory note matures on December 27, 2028.

Following the loss of control, the Company has determined that it has significant influence over Portage and the Company's investments in Portage will be accounted for using the equity method of accounting as an investment in associate under IAS 28 *Investment in Associates and Joint Ventures*.

On loss of control, the Company measured its retained investments of equity interest and loan in Portage at fair value of \$29.9 million and derecognized the assets and liabilities including non-controlling interest at the carrying amounts resulting in a loss of \$117.

As at June 30, 2024, the carrying value of investment in associate is \$29,877 and the Company's share of loss from associate for the three and six months ended June 30, 2024 was nil.

Below is the summarized financial information of Portage as at June 30, 2024:

<b>As at June 30, 2024</b>	<b>\$</b>
Current Assets	16,505
Non-current Assets	67,023
Current Liabilities	8,751
Non-current Liabilities	41,729

#### 5. Borrowings

Borrowings outstanding as at June 30, 2024 and December 31, 2023 are as follows:

<b>Facility</b>	<b>June 30, 2024</b>	<b>December 31, 2023</b>
	<b>\$</b>	<b>\$</b>
Revolver Credit Facility and other	<b>331,679</b>	379,671
Current liabilities	<b>12,141</b>	1,664
Non-current liabilities	<b>319,538</b>	378,007
<b>Total</b>	<b>331,679</b>	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

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1.25% to 2.25%. The effective interest rate for the six months ended June 30, 2024 was 7.1%. 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 June 30, 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. As at June 30, 2024 and for the six months ended June 30, 2024, this limit was not applicable.

The consolidated interest expense for all borrowings for the three and six months ended June 30, 2024 was \$5,723 and \$12,168, respectively (2023 – \$8,709 and \$15,782).

#### 6. Other financial liabilities

Other financial liabilities as at June 30, 2024 and December 31, 2023 consist of the following:

	Notes	June 30, 2024 \$	December 31, 2023 \$
Notes payable	[a]	-	1,670
Deferred consideration	[b]	504	17,093
Contingent consideration	[c]	15,701	28,600
Lease liabilities		48,495	53,616
NCIB liability	7[d]	2,004	2,500
NCI liability	[d]	8,512	8,284
		<b>75,216</b>	111,763
Current liabilities		<b>32,341</b>	54,095
Non-current liabilities		<b>42,875</b>	57,668
		<b>75,216</b>	111,763

[a] Notes payable

As at June 30, 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 December 31, 2023, Portage had a note payable to a third party of \$1,633. Interest on the note payable was 4% per annum and the maturity date was March 22, 2032. Portage note payable was derecognized on loss of control of Portage on June 27, 2024.

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### Notes to the condensed consolidated interim financial statements

(expressed in thousands of Canadian dollars, except share amounts and per share information)  
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[b] Deferred consideration

The following table details the Company's deferred consideration outstanding as at June 30, 2024 and December 31, 2023:

	\$
<b>As at December 31, 2023</b>	17,093
Payments	<b>(11,867)</b>
Interest expense	<b>215</b>
Derecognized due to loss of control of Portage	<b>(5,155)</b>
Effects of foreign exchange	<b>218</b>
<b>As at June 30, 2024</b>	<b>504</b>
Current	<b>504</b>
Non-current	-
<b>Total</b>	<b>504</b>

#### *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.

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 six months ended June 30, 2024, the Company paid deferred consideration of \$11,867 (six months ended June 30, 2023 – \$29,720).

During the three and six months ended June 30, 2024, the Company recognized interest expense on deferred consideration of \$90 and \$215, respectively (2023 – \$156 and \$266).

## Converge Technology Solutions Corp.

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For the three and six months ended June 30, 2024 and 2023

#### [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 June 30, 2024 and December 31, 2023:

	\$
<b>As at December 31, 2023</b>	28,600
Payments	<b>(19,328)</b>
Remuneration expense [i]	<b>2,445</b>
Change in fair value [ii]	<b>3,273</b>
Effects of foreign exchange	<b>711</b>
<b>As at June 30, 2024</b>	<b>15,701</b>
Current	<b>13,610</b>
Non-current	<b>2,091</b>
<b>Total</b>	<b>15,701</b>

[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 and six months ended June 30, 2024, \$1,232 and \$2,445 remuneration expense has been recognized, presented within acquisition, integration, restructuring and other costs, respectively (2023 – \$3,057 and \$3,369).

[ii] During the three and six months ended June 30, 2024, the Company recognized an expense of \$1,129 and \$3,273 in the condensed consolidated interim statements of income and comprehensive income (2023 – \$9,209), respectively, 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

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### Notes to the condensed consolidated interim financial statements

(expressed in thousands of Canadian dollars, except share amounts and per share information)  
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valuation of the liability recognized in the condensed consolidated interim statements of income and comprehensive income. During the six months ended June 30, 2024, the Company paid nil to the sellers of Stone (2023 – nil). As at June 30, 2024, the fair value of the NCI liability was \$8,512 (December 31, 2023 – \$8,284).

#### 7. 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 June 30, 2024 and December 31, 2023.

##### [b] Stock option plans

During the three and six months ended June 30, 2024, 200,000 stock options were granted under the Company’s long-term incentive plan (2023 – 1,200,000). The options vest over a four-year period with one quarter of the options vesting every twelve months from the grant date. The fair value of the options was calculated using the Black-Scholes option pricing model on the grant date.

During the three and six months ended June 30, 2024, 300,000 stock options (2023 – nil) were exercised for cash proceeds of \$875 (2023 – nil) and the related grant date fair value of the options of \$296 (2023 – nil) was reclassified from contributed surplus to capital stock.

During the three and six months ended June 30, 2024, the Company recognized share-based compensation expense related to stock options of \$723 and \$1,414, respectively (2023 – \$1,117 and \$1,836).

##### [c] Restricted stock units (“RSUs”)

During the three and six months ended June 30, 2024, 652,600, and 1,107,318 RSUs, respectively, 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.

During the three and six months ended June 30, 2024, the Company recognized share-based compensation expense related to RSUs of \$417 and \$498 (2023 – nil and \$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

## Converge Technology Solutions Corp.

### Notes to the condensed consolidated interim financial statements

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For the three and six months ended June 30, 2024 and 2023

six months ended June 30, 2024, 8,830,900 common shares were repurchased under the 2023 NCIB for an aggregate purchase price of \$46,721. As at June 30, 2024, 8,820,900 common shares had been cancelled and the remainder were cancelled in July 2024.

As at June 30, 2024, the Company recognized an obligation for the repurchase of shares for an aggregate purchase price of \$2,004 (December 31, 2023 – \$2,500).

[e] Dividends

The Company paid dividends to shareholders during the three and six months ended June 30, 2024 of \$2,969 and \$5,003, respectively, based on a dividend of \$0.01 per share paid on March 26, 2024 and \$0.015 per share paid on June 6, 2024 (2023 – \$2,067).

#### 8. Selling, general and administrative expenses

Selling, general and administrative expenses for the three and six months ended June 30, 2024 and 2023 are detailed in the following table:

	For the three months ended		For the six months ended	
	2024	June 30, 2023	2024	June 30, 2023
	\$	\$	\$	\$
Salaries and benefits	112,030	110,024	218,426	221,359
Office, travel and events	17,411	18,902	35,575	34,038
Professional fees	4,131	5,239	8,270	9,872
Other expenses	2,371	2,534	9,565	3,463
<b>Total</b>	<b>135,943</b>	<b>136,699</b>	<b>271,836</b>	<b>268,732</b>

#### 9. 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 and six months ended June 30, 2024 and 2023 is as follows:

	For the three months ended		For the six months ended	
	2024	June 30, 2023	2024	June 30, 2023
	\$	\$	\$	\$
Salaries and benefits <sup>[a]</sup>	1,724	2,282	3,691	4,597
Share-based compensation	1,140	1,117	1,912	1,965
<b>Total</b>	<b>2,864</b>	<b>3,399</b>	<b>5,603</b>	<b>6,562</b>

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

## Converge Technology Solutions Corp.

### Notes to the condensed consolidated interim financial statements

(expressed in thousands of Canadian dollars, except share amounts and per share information)  
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For the three and six months ended June 30, 2024 and 2023

As at June 30, 2024, \$731 (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.

#### 10. Fair value measurement

The fair values of cash, trade and other receivables, other assets, investment in associates, 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 and six months ended June 30, 2024 and 2023, there were no transfers of amounts between levels.

#### 11. Segmented information

The Company's Group CEO has been identified as the Chief Operating Decision Maker ("CODM"). During the three months ended June 30, 2024, it was identified that 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 the regional level, being North America, Germany and UK. The CODM may also consider industry trends and other externally available financial information when evaluating the performance of the Company. As a result of internal reporting changes undertaken by the Company that affect how the Company views and monitors performance, the Company has determined that it is composed of three operating segments: i) North America, ii) Germany, and iii) UK.



## Converge Technology Solutions Corp.

### Notes to the condensed consolidated interim financial statements

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For the three and six months ended June 30, 2024 and 2023

Portage was an operating segment prior to loss of control on June 27, 2024 (Note 4).

For the three months ended June 30,	2024					2023				
	North America	Germany	UK	Portage	Total	North America	Germany	UK	Portage	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Total revenue	525,963	62,196	58,880	4,808	651,847	531,240	64,701	64,787	5,085	665,813
Cost of sales	373,820	49,820	47,515	1,408	472,563	384,125	51,183	53,041	1,792	490,141
Gross profit	152,143	12,376	11,365	3,400	179,284	147,115	13,518	11,746	3,293	175,672
Selling, general and administrative expenses	111,605	10,195	9,233	4,910	135,943	111,821	10,726	9,684	4,468	136,699
Income (loss) before income taxes	13,425	(180,250)	(2,080)	(3,716)	(172,621)	3,114	(4,205)	(2,114)	(3,247)	(6,452)

For the six months ended June 30,	2024					2023				
	North America	Germany	UK	Portage	Total	North America	Germany	UK	Portage	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Total revenue	1,034,919	116,519	119,847	9,328	1,280,613	1,066,463	142,183	125,585	9,780	1,344,011
Cost of sales	731,107	94,540	97,403	3,007	926,057	775,052	114,633	103,948	3,118	996,751
Gross profit	303,812	21,979	22,444	6,321	354,556	291,411	27,550	21,637	6,662	347,260
Selling, general and administrative expenses	224,593	19,113	19,021	9,109	271,836	219,261	21,631	19,126	8,714	268,732
Income (loss) before income taxes	26,573	(187,091)	(4,816)	(7,259)	(172,593)	4,771	(5,670)	(2,593)	(6,246)	(9,738)

The Company has four geographic segments, being Canada, USA, Europe 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 and six months ended June 30, 2024 and 2023:

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
USA	495,893	493,616	877,556	909,262
Canada	34,878	42,709	166,691	166,981
Europe	62,196	64,701	116,519	142,183
UK	58,880	64,787	119,847	125,585
	651,847	665,813	1,280,613	1,344,011

## Converge Technology Solutions Corp.

### Notes to the condensed consolidated interim financial statements

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For the three and six months ended June 30, 2024 and 2023

Property, equipment, right-of-use assets, intangible assets and goodwill as at June 30, 2024 and December 31, 2023 are as follows:

June 30, 2024	Property, equipment, right-of-use assets	Intangible assets	Goodwill	Total
	\$	\$	\$	\$
USA	41,578	187,373	308,424	537,375
Canada	8,139	29,813	41,537	79,489
Europe	7,661	46,402	-	54,063
UK and Ireland	11,502	26,962	37,612	76,076
	<b>68,880</b>	<b>290,550</b>	<b>387,573</b>	<b>747,003</b>

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
Europe	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

## 12. Acquisition, integration, restructuring and other

Acquisition, integration, restructuring and other costs for the three months ended June 30, 2024 and 2023 are detailed as follows:

	For the three months ended		For the six months ended	
	2024	June 30, 2023	2024	June 30, 2023
	\$	\$	\$	\$
Acquisition and transaction-related costs	1,536	1,472	2,866	2,884
Restructuring costs	2,054	2,104	3,475	3,357
Integration costs	1,158	46	1,654	398
Other costs	120	461	461	1,728
<b>Total</b>	<b>4,868</b>	4,083	<b>8,456</b>	8,367

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.

## Converge Technology Solutions Corp.

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#### 13. Other expense (income), 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 (income), net for the three and six months ended June 30, 2024 and 2023 is detailed in the following table:

	For the three months ended		For the six months ended	
	2024	June 30, 2023	2024	June 30, 2023
	\$	\$	\$	\$
Unrealized foreign exchange loss	73	(6,317)	230	(3,855)
Other (income) expense	(25)	(212)	25	(205)
Other expense (income), net	48	(6,529)	255	(4,060)

#### 14. Impairment

Goodwill is tested annually for impairment on October 1, or more frequently when there is an indication that goodwill may be impaired. As a result of the change in operating segments, the Company performed an impairment test as of June 1, 2024 resulting from a continued decline in Germany business. For the purpose of impairment testing, goodwill is tested at the operating segment level.

The Company performed goodwill impairment tests using the value-in-use model under which the recoverable amount is calculated based on the present value of expected cash flows expected to be derived from the entity. The fair value measurement was categorized as a Level 3 fair value based on the inputs in the valuation technique used. As at June 30, 2024, the Company concluded that the carrying value of the Germany cash generating unit ("CGU") was higher than its recoverable amount and accordingly recognized a non-cash goodwill impairment charge of \$145,935 and intangible assets impairment charge of \$30,189 (2023 – nil) in the condensed consolidated interim statements of income and comprehensive income.

The calculation of the recoverable amount is most sensitive to the following assumptions:

- Discount rates – Discount rates represent the current market assessment of the risks specific to the group of CGUs. The discount rate calculation is based on the specific circumstances of the Company and is derived from its weighted average cost of capital ("WACC"). The WACC reflects the expected return on investment by the Company's investors.
- Terminal growth rates – Growth rates are based on the Company's long-term strategic plans and industry outlook. The Company has applied a rate of 2% growth rate to determine the terminal value of the operating segment.
- Projected EBITDA – Projections around EBITDA are most impacted by management's estimates regarding future revenue growth considering internal and external available information. The cash flow forecasts considers past experience of actual operating results in conjunction with anticipated future growth opportunities. Management also estimates expected costs to be incurred considering historical results, planned operations and external information such as market expectations around inflation.

No indicators of impairment were identified for the Company's other operating segments.

## Converge Technology Solutions Corp.

### Notes to the condensed consolidated interim financial statements

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For the three and six months ended June 30, 2024 and 2023

#### 15. Changes in non-cash working capital

The changes in non-cash working capital items for the three and six months ended June 30, 2024 and 2023 were as follows:

	For the three months ended		For the six months ended	
	2024	June 30, 2023	2024	June 30, 2023
	\$	\$	\$	\$
Trade and other receivables	(126,009)	(20,597)	(112,126)	(23,038)
Inventories	3,947	(7,447)	(7,627)	(6,119)
Prepaid expenses and other assets	(3,829)	(1,662)	(3,359)	(3,088)
Trade and other payables	151,159	(3,881)	219,711	(3,100)
Other financial liabilities	1,231	3,013	2,445	3,369
Deferred revenue and customer deposits	9,732	(9,775)	10,309	(9,609)
Changes in non-cash working capital items	36,231	(40,349)	109,353	(41,585)

#### 16. 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.

#### 17. Subsequent events

On August 7, 2024, the Board declared a quarterly dividend of \$0.015 per common share to be paid on September 10, 2024 to shareholders of record at the close of business on August 27, 2024.