



Converge Reports Preliminary Third Quarter 2024 Results

FOR IMMEDIATE RELEASE

October 24, 2024 – TORONTO, ONTARIO, CANADA and GATINEAU, QUÉBEC, CANADA – Converge Technology Solutions Corp. (“**Converge**” or “**the Company**”) (TSX:CTS) (FSE:OZB) (OTCQX:CTSDF) today announced select preliminary unaudited financial results for the three months ended September 30, 2024 (“**Q3-2024**”). All figures are in Canadian dollars unless otherwise stated.

Q3-2024 Preliminary Results

- Revenue is expected to be in the range of \$630.0 million to \$631.0 million, compared to (i) a previously guided range of \$636 million to \$658 million, and (ii) \$710.1 million in revenue for the third quarter of 2023 (“**Q3-2023**”).
- Gross profit is expected to be in the range of \$158.0 to \$158.5 million, compared to (i) a previously guided range of \$172 million to \$178 million, and (ii) \$174.1 million in gross profit for Q3-2023.
- Adjusted EBITDA¹ is expected to be in the range of \$31.8 to \$32.3 million, compared to, (i) a previously guided range of \$43 million to \$47 million, and (ii) \$41.3 million in Adjusted EBITDA¹ for Q3-2023.
- Cash from operating activities is expected to be in the range of \$48.0 to \$49.0 million, representing cash conversion¹ of approximately 150% from Adjusted EBITDA¹.

^[1] This is a Non-IFRS measure (including non-IFRS ratio) and not a recognized, defined or a standardized measure under IFRS. See the “Non-IFRS Financial Measures” section of this press release for definitions, uses and a reconciliation of historical non-IFRS financial measures to the most directly comparable IFRS financial measures.

Q3-2024 Commentary

Q3-2024 revenue was impacted by adverse macroeconomic conditions as certain customers delayed project spend as timelines shifted into the fourth quarter of 2024 or potentially the next fiscal year. Compared to Q3-2023, Q3-2024 revenue declined due to lower demand in North America for data center, networking, and storage solutions whereas Q3-2023 included a period of abnormally strong backlog fulfillment. Historically, the third quarter ended September 30 has been the weakest quarter from a seasonality perspective. In addition, refresh activity on end user devices continues to be pushed into 2025 as some customers are pausing the purchase cycle in advance of wider availability of AI PC’s. This resulted in reduced hardware and associated maintenance & support revenue. Cloud and software revenue has continued to increase year over year.

Subsequent to Q3-2024, the Company successfully completed the migration to its new enterprise resource planning (“ERP”) system. The new ERP system is expected to enable ongoing improvements in key systems and processes leading to greater operating efficiencies.

“While companies have remained conservative with their capex spend, particularly in hardware, we continued to see double-digit growth in our strategic investment areas around cloud, cybersecurity, software, and managed services in the third quarter of 2024,” said Greg Berard, Converge CEO. “We remain committed to leveraging our healthy pipeline into the fourth quarter of 2024 and, with the successful implementation of our new ERP system, we will look for greater efficiencies to help drive the cash flow performance of our business.”

Complete financial results for Q3-2024 along with an updated financial outlook for the fiscal year ended December 31, 2024 will be published before the markets open on the Toronto Stock Exchange on Tuesday, November 12, 2024. Further information and conference call webcast and dial-in details are available on the Company’s [Investor Relations website](#).

About Converge

Converge Technology Solutions Corp. is a services-led, software-enabled, IT & Cloud Solutions provider focused on delivering industry-leading solutions. Converge’s global approach delivers advanced analytics, artificial intelligence (AI), application modernization, cloud platforms, cybersecurity, digital infrastructure, and digital workplace offerings to clients across various industries. The Company supports these solutions with advisory, implementation, and managed services expertise across all major IT vendors in the marketplace. This multi-faceted approach enables Converge to address the unique business and technology requirements for all clients in the public and private sectors. For more information, visit convergetp.com.

For further information contact:

Converge Technology Solutions Corp.

Email: investors@convergetp.com

Phone: 416-360-1495

Non-IFRS Measures

This press release refers to certain performance indicators, including Adjusted EBITDA and cash conversion that do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. Management believes that 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.

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.

Adjusted EBITDA represents net income adjusted to exclude amortization, depreciation, interest expense and finance costs, foreign exchange gains and losses, share-based compensation expense, income tax expense, and special charges. Special charges consist primarily of restructuring related expenses for employee terminations, lease terminations, and restructuring of acquired companies, as well as certain legal fees or provisions related to acquired companies. From time to time, it may also include adjustments in the fair value of contingent consideration, and other such non-recurring costs related to restructuring, financing, and acquisitions. The IFRS measure most directly comparable to Adjusted EBITDA presented in the Company's financial statements is net (loss) income.

The Company has reconciled Adjusted EBITDA to the most comparable financial measure as follows:

| | For the three months ended September 30, | |
|---|---|-------------|
| | 2023 | 2022 |
| Net (loss) income before income taxes | \$ (4,373) | \$ 15,726 |
| Finance expense, net | 10,867 | 5,886 |
| Share-based compensation expense | 774 | 1,275 |
| Depreciation and amortization | 29,456 | 23,094 |
| Depreciation included in cost of sales | 2,103 | 1,008 |
| Other (income) expense | (170) | (24,233) |
| Change in fair value of contingent consideration | - | - |
| Acquisition, integration, restructuring and other | 2,601 | 8,211 |
| Adjusted EBITDA | \$ 41,258 | \$ 30,967 |

Cash conversion is calculated as cash from operating activities divided by Adjusted EBITDA. The Company believes it is a useful measure of its performance in cash flow generation.

Please see "Non-IFRS Financial & Supplementary Financial Measures" and "Summary of Consolidated Financial Results" in the Company's most recent Management's Discussion and Analysis, which is available on the Company's profile on SEDAR+ at www.sedarplus.ca, for further details on certain non-IFRS measures, which information is incorporated by reference herein.

Forward-Looking Information

This press release contains certain "forward-looking information" and "forward-looking statements" (collectively, "**forward-looking statements**") within the meaning of applicable Canadian securities legislation regarding Converge and its business. Any statement that involves discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as "expects", or "does not expect", "is expected" "anticipates" or "does not anticipate", "plans", "budget", "scheduled", "forecasts". "estimates", "believes" or "intends" or variations of such words and phrases or stating that certain actions, events or

results “may” or “could”, “would”, “might” or “will” be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements.

Specifically, statements regarding Converge's forecast on revenue, gross profit, Adjusted EBITDA, cash from operating activities and cash conversion, expectations of future results, performance, prospects, the markets in which it operates, or about any future intention with regard to its business and acquisition strategies are considered forward-looking information. The foregoing demonstrates Converge's objectives, which are not forecasts or estimates of its financial position, but are based on the implementation of its strategic goals, growth prospects, and growth initiatives. The forward-looking information, including management's assessments of, and outlook for, revenue, gross profit, Adjusted EBITDA, cash from operating activities and cash conversion, are based on management's opinions, estimates and assumptions, including, but not limited to: (i) Converge's results of operations will continue as expected, (ii) the Company will continue to effectively execute against its key strategic growth priorities, (iii) the Company will continue to retain and grow its existing customer base and market share, (iv) the Company will be able to take advantage of future prospects and opportunities, and realize on synergies, including with respect of acquisitions, (v) there will be no changes in legislative or regulatory matters that negatively impact the Company's business, (vi) current tax laws will remain in effect and will not be materially changed, (vii) economic conditions will remain relatively stable throughout the period, (viii) the industries Converge operates in will continue to grow consistent with past experience, and (ix) those assumptions described under the heading “About Forward-Looking Information” in the Company's Management's Discussion and Analysis for the six months ended June 30, 2024. While these opinions, estimates and assumptions are considered by the Company to be appropriate and reasonable in the circumstances as of the date of this press release, they are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, levels of activity, performance, or achievements to be materially different from those expressed or implied by such forward-looking information.

The forward looking information, including the achievement of target revenue, gross profit, Adjusted EBITDA, cash from operating activities and cash conversion set out above, are subject to significant risks including, without limitation: that the Company will be unable to effectively execute against its key strategic growth priorities, including in respect of acquisitions; the Company will be unable to continue to retain and grow its existing customer base and market share; risks related to the Company's business and financial position; that the Company may not be able to accurately predict its rate of growth and profitability; risks related to economic and political uncertainty; income tax related risks; and those risk factors discussed in greater detail under the “Risk Factors” section of the Company's most recent annual information form and under the heading “Risks and Uncertainties” in the Company's most recent Management's Discussion and Analysis, which are each available under the Company's profile on SEDAR+ at www.sedarplus.ca. Many of these risks are beyond the Company's control.

If any of these risks or uncertainties materialize, or if the opinions, estimates or assumptions underlying the forward-looking information prove incorrect, actual results or future events might vary materially from those anticipated in the forward-looking information. Although the Company has attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other risk factors not presently known to the Company or that the Company presently believes are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information.

Although the Company bases these forward-looking statements on assumptions that it believes are reasonable when made, the Company cautions investors that forward-looking statements are not guarantees of future performance and that its actual results of operations, financial condition and liquidity and the development of the industry in which it operates may differ materially from those made in or suggested by the forward-looking statements contained in this press release. In addition, even if the Company's results of operations, financial condition and liquidity and the development of the industry in which it operates are consistent with the forward-looking statements contained in this press release, those results of developments may not be indicative of results or developments in subsequent periods.

There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. No forward-looking statement is a guarantee of future results. Accordingly, you should not place undue reliance on forward-looking information, which speaks only as of the date made. The forward-looking information contained in this press release represents the company's expectations as of the date specified herein, and are subject to change after such date. However, the Company disclaims any intention or obligation or undertaking to update or revise any forward-looking information or to publicly announce the results of any revisions to any of those statements, whether as a result of new information, future events or otherwise, except as required under applicable securities laws. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless specifically expressed as such, and should only be viewed as historical data.

All of the forward-looking information contained in this press release is expressly qualified by the foregoing cautionary statements.