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Converge Technology Solutions Reports First Quarter 2019 Financial Results

FOR IMMEDIATE RELEASE

May 22, 2019 – VANCOUVER, BRITISH COLUMBIA AND TORONTO, ONTARIO, CANADA – Converge Technology Solutions Corp. (“**Converge**” or “**Company**”) (TSXV:CTS) (FSE:OZB) (OTCQX:CTSDF), a Hybrid IT solutions provider (“ITSP”), is pleased to provide its financial results for the three months ended March 31, 2019. All figures are in CAD dollars unless otherwise stated.

“2019 is off to an exciting start. We are seeing continued momentum from the end of last year as our strategy of transforming ITSPs into Hybrid IT providers with a strong recurring revenue base delivers results,” said Shaun Maine, Chief Executive Officer of Converge. “The success in cross-selling opportunities between the Converge family of companies have already exceeded our expectations. In particular, we have seen a number of our longstanding clients begin their transition into cloud services, with particular emphasis on our Red Hat offerings from Lighthouse. This is only the beginning of an industry-wide paradigm shift towards ITSPs offering more cloud solutions and Converge is at the forefront of this change.”

First Quarter 2019 Financial Highlights

- Revenue for the three months ended March 31, 2019 was \$164.8 million compared to \$119.8 million for the same period in 2018, an increase of 37.5%.
- Gross profit for the three months ended March 31, 2019 was \$37.2 million or 22.6% compared to \$17.1 million or 14.3% for the same period in 2018.
- Adjusted EBITDA¹ for the three months ended March 31, 2019 was \$8.5 million compared to \$5.6 million for the same period in 2018, an increase of 50.8%.

¹ EBITDA and Adjusted EBITDA are non-IFRS financial measures and do not have any standardized meaning under IFRS. See “Use of Non-IFRS Financial Measures” below.

Key Items from the First Quarter

- The Company acquired Software Information Systems, LLC (“SIS”) for USD \$11.5 million in cash plus the issuance of a right for the vendors of SIS to exchange specific membership units in SIS for an aggregate of 8,000,000 common shares of Converge over a three-year period.
- Northern Micro, a Converge company, was announced as a qualified supplier of artificial intelligence solutions to the Government of Canada.
- Converge achieved five Microsoft Gold Competencies, most notably making remarkable use of the Gold Cloud Platform Competency to successfully migrate numerous clients from legacy data center technologies to Microsoft Azure infrastructure.
- Converge strengthened relationships with partners such as IBM and announced Platinum status on IBM’s PartnerWorld Program demonstrating that the Company consistently operates at the highest level of technical skill and client service.
- The Company achieved DELL/EMC Gold Partner tier status for all its US members, in addition to Northern Micro’s DELL/EMC Titanium partner status.

- Converge began trading on the Frankfurt Stock Exchange under the ticker OZB, enhancing the coverage and accessibility of the Company on a global scale.

Key Items Subsequent to Quarter End

- The Company began trading on the OTCQX Exchange under the symbol CTSD, providing a venue for American employees and investors to more easily acquire shares in the Company.
- Converge graduated to DELL/EMC Platinum Partner for all US based business units achieving competencies in Core Client, Storage and Server.

Quarterly Results Materials

The Company's outlook is contained in its MD&A for the three months ended March 31, 2019, which is available along with the complete condensed interim consolidated financial statements for the three months ended March 31, 2019 and 2018, at www.convergetp.com and at www.sedar.com.

Summary of Consolidated Financial Results

(in thousands of dollars)

	For the three months ended March 31,	
	2019	2018
Revenues	\$ 164,762	\$ 119,785
Cost of sales	127,570	102,699
Gross profit	37,192	17,086
Selling, general and administrative expenses	29,631	11,735
Income before the following:	7,561	5,351
Depreciation and amortization	2,608	812
Finance expense, net	3,381	1,248
Change in fair value of contingent consideration	-	3,013
Transaction costs – acquisitions, including retention bonuses	3,178	334
Other expense (income)	234	(78)
Gain (Loss) before income taxes	\$ (1,840)	\$ 22
Income tax expense (recovery)	1,055	1,490
Net loss	(2,895)	(1,468)
Exchange loss on translation of foreign operations	33	47
Comprehensive loss	\$ (2,928)	\$ (1,515)
EBITDA ¹	\$ 5,055	\$ 2,260
Adjusted EBITDA ¹	8,453	5,607

¹ EBITDA and Adjusted EBITDA are non-IFRS financial measures and do not have any standardized meaning under IFRS. See "Use of Non-IFRS Financial Measures" below.

First Quarter Conference Call

The Company will host a conference call featuring management's quarterly remarks and follow-up question and answer period.

A recording of the call will be available and posted on the Company's website. Dial-in details can be found below.

Conference Call Details:

Date: Thursday, May 23rd, 2019

Time: 9:00 AM Eastern Time

Participant Dial-in Numbers:

Local – Toronto (+1) 416 764 8609

Toll Free – North America (+1) 888 390 0605

Conference ID: 86063067

Recording Playback Numbers:

Toronto (+1) 416 764 8677

Toll Free – North America (+1) 888 390 0541

Passcode: 063067 #

Expiry Date: Thursday, June 6th, 2019 11:59pm

About Converge

Converge Technology Solutions Corp. combines innovation accelerators and foundational infrastructure solutions to deliver best-of-breed solutions and services to customers. The Company is building a platform of regionally-focused Hybrid IT solution providers to enhance their ability to provide multi-cloud solutions, blockchain, resiliency, and managed services, enabling Converge to address the business and IT issues that public and private-sector organizations face today.

For further information contact:

Mary Anne Palangio

Chief Financial Officer

Converge Technology Solutions Corp.

investors@convergetp.com

(416) 360-1495

Virtus Advisory Group

Shareholder Inquiries

Email: converge@virtusadvisory.com

Phone: 416-644-5081

Notice to Reader: Use of Non-IFRS Financial Measures and Forward-Looking Statements

1. Non-IFRS Financial Measures

In this news release, management uses certain non-IFRS measures to evaluate the performance of the Company. The term “Adjusted EBITDA” does not have any standardized meaning prescribed within IFRS and therefore may not be comparable to similar measures presented by other companies. Such measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS such as net income. Adjusted EBITDA is defined as gross profit less selling, general and administrative expenses, and corresponds to income before income tax, depreciation and amortization, finance expenses, change in fair value of contingent consideration, transaction costs for acquisitions, initial public offering costs and other non-operating expenses.

Management believes Adjusted EBITDA is an important indicator as it excludes certain items that are non-cash expenses, items that cannot be influenced by management in the short term and items that do not impact core operating performance, demonstrating the Company’s ability to generate liquidity through operating cash flow to fund working capital needs, service outstanding debt and fund future capital expenditures. Adjusted EBITDA is used by some investors and analysts for the purposes of valuing an issuer. The intent of Adjusted EBITDA is to provide additional useful information to investors and analysts and is also used by management as an internal performance measurement. A reconciliation of Adjusted EBITDA to net income is contained in the MD&A (see “Non-IFRS Financial Measures”).

2. 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. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Except as required by law, Converge assumes no obligation to update the forward-looking statements of beliefs, opinions, projections, or other factors, should they change. The reader is cautioned not to place undue reliance on forward-looking statements.

For a detailed description of the risks and uncertainties facing the Company and its business and affairs, readers should refer to the Company’s filing statement dated November 1st, 2018 which is available on SEDAR under the Company’s profile at www.sedar.com in addition to the consolidated financial statements for the years ended December 31 2018, and 2017 together with the corresponding Management’s Discussion and Analysis for additional risk factors described under “Risk Management”.

Neither the TSX Venture Exchange nor its regulation services provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

This press release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”) or any state securities laws and may not be offered or sold within the United States unless registered under the U.S. Securities Act and applicable state securities laws, unless an exemption from such registration is available.