Converge Technology Solutions Corp.

Management Discussion and Analysis

For the three months ended March 31, 2019 and 2018

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[expressed in thousands of Canadian dollars]

For the three months ended March 31, 2019

General Information

The following management discussion and analysis ("MD&A") of the financial condition, changes in financial condition and results of operations of Converge Technology Solutions Corp. (formerly Norwick Capital Corp.) (the "Company" or "Converge") constitutes management's review of the factors that affected the Company's financial and operating performance for the three months ended March 31, 2019 and 2018. This MD&A should be read in conjunction with the unaudited condensed consolidated financial statements and accompanying notes thereto for the three months ended March 31, 2019, as well as the Company's audited annual MD&A and consolidated financial statements and accompanying notes thereto for the year ended December 31, 2018.

The condensed interim consolidated financial statements have been prepared in accordance with accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") in effect for the Company's reporting three months ended March 31, 2019. The condensed interim consolidated financial statements can be found at **www.sedar.com** and **www.convergetp.com**.

This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This MD&A is dated as at May 22, 2019 and was approved by the Board of Directors on that date. Results are reported in thousands of Canadian dollars unless otherwise stated.

The Company was incorporated under the provisions of the *Business Corporations Act* (British Columbia) on January 4, 2018 under the name "Norwick Capital Corp." The Company's head office is located at 161 Bay Street Suite 2325, Toronto, ON M5J 2S1.

On November 7, 2018, the Company completed its Qualifying Transaction (as defined in Policy 2.4 of the TSX Venture Exchange Inc. (the "TSXV")) pursuant to the terms of an acquisition agreement dated August 28, 2018 between the Company, Converge Technology Partners Inc. ("CTS") and Norwick Acquisition Corp. Pursuant to the acquisition agreement, the Company acquired all of the issued and outstanding Class A common shares of CTS and CTS amalgamated with Norwick Acquisition Corp. (the "Transaction") and became a wholly owned subsidiary of the Company. Upon completion of the Transaction, the Company's stock symbol was changed from "NWK.P" to "CTS" and the Company's name was changed from Norwick Capital Corp. to Converge Technology Solutions Corp. The acquisition of CTS by the Company is considered a reverse takeover within the meaning of National Instrument 51-102 – *Continuous Disclosure Obligations*.

Upon completion of the Transaction, the former shareholders of CTS owned approximately 98.25% of the issued and outstanding shares of the Company.

In accordance with IFRS 3, *Business Combinations,* the substance of the transaction is a reverse acquisition of a non-operating company. The transaction does not constitute a business combination as the Company prior to the Transaction did not meet the definition of a business under the standard. As a result, the Transaction is accounted for as a capital transaction with CTS being identified as the accounting acquirer and the equity consideration being measured at fair value. The resulting statement of financial position is presented as a continuance of CTS and comparative figures presented in the financial statements after the Transaction are those of CTS and references to the "Company" or "Converge" are references to the consolidated entity subsequent to the date of the completion of the Transaction and to CTS prior to that date.

For the three months ended March 31, 2019

About Forward-Looking Information

Certain information and statements within the MD&A and documents incorporated by reference may constitute "forward-looking information" (as defined in applicable Canadian securities legislation) which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company and its subsidiaries, or the industry in which the Company operates, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this MD&A, the words "estimate", "believe", "anticipate", "intend", "expect", "plan", "may", "should", "will", the negative thereof or other variations thereon or comparable terminology are intended to identify forward-looking statements. Such forward-looking statements reflect the current expectations of the management of the Company with respect to future events based on currently available information and are subject to risks and uncertainties that could cause actual results, performance or expansion and growth achievements to differ materially from those expressed or implied by those forward looking statements, such as significant changes in market conditions, the inability of the Company to close sales and the inability of the Company to attract sufficient financing and including the risk factors summarized above under the heading "Risks and Uncertainties". New risk factors may arise from time to time and it is not possible for management of the Company to predict all of those risk factors or the extent to which any factor or combination of factors may cause actual results, performance or achievements of the Company to be materially different from those expressed or implied in such forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Although the forward-looking statements contained in this MD&A are based upon what management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements contained in this MD&A speak only as of the date hereof. The Company does not undertake or assume any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as required by law.

Non-IFRS Financial Measures

This MD&A refers to certain performance indicators including EBITDA and Adjusted EBITDA 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 these measures are useful to most shareholders, creditors and other stakeholders in analyzing the Company's results. 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. See section "Non-IFRS Financial Measures".

Overview of the Business

Converge is a North American platform of regionally focused IT solution providers ("ITSP") in the United States of America ("US") and Canada connecting best of breed services and solutions to clients. Converge provides high quality hardware, software, and managed services solutions to corporate and government institutions.

Companies increasingly rely on the expertise and experience of an IT solutions provider to design their IT infrastructure and to procure and integrate the appropriate hardware and software for an integrated IT solution. This trend is largely driven by limited in-house capacity, higher costs and challenges related to internal development, deployment and maintenance of complex and rapidly changing IT infrastructure. Furthermore, clients are increasingly looking to consolidate their vendors and minimize the number of providers they interact with for their IT needs. Companies are looking for providers who offer a broad portfolio of end-to-end capabilities including next generation technologies and new delivery models. Converge offers an extensive range of products, services and solutions to meet these needs.

With significant increases in the amount of information and the abundance of data in today's market environment, companies are increasingly demanding a more agile, responsive technology infrastructure system that helps meet their strategic business objectives. These needs are increasingly under pressure with the desire to create virtual environments that can further leverage this growing dataset, including cloud computing. Cloud computing heavily leverages resource pools in a variety of different technologies – storage and networking, virtualization and the data center. Converge believes that these technologies are not only central aspects of a company's IT strategy, but also central to a company's broader business strategy.

[expressed in thousands of Canadian dollars]

As a buyer of ITSPs, Converge tends to seek out sellers that have digital transformation, cloud, compliance, security, vertical market and regional expertise. With a focus on these areas, Converge believes it is well positioned to become a solutions leader within these segments.

The following table presents further details on the acquired subsidiaries of Converge:

Company	Location	Ownership percentage
Northern Micro Inc. ("Northern Micro")	Ottawa, ON	100%
Corus Group, LLC ("Corus360")	Atlanta, GA	100%
BlueChip Tek, Inc. ("BCT")	Santa Clara, CA	100%
Key Information Systems, Inc. ("KeyInfo")	Agoura Hills, CA	100%
10084182 Canada Inc. o/a Becker-Carroll ("Becker-Carroll")	Ottawa, ON	100%
Lighthouse Computer Services, Inc., Creative Computing LLC, Lighthouse Middleware, LLC, Acumetrics Business Intelligence Inc. ("Lighthouse")	Providence, RI	100%
SIS Holding Company, LLC, Software Information Systems, LLC ("SIS")	Lexington, KY	100%

Strategy

Identify and Acquire. Converge's strategy is to identify and acquire ITSPs that offer a multi-vendor technology solution for clients. Selecting the right companies for acquisition is essential to creating market momentum and is pivotal in delivering lasting value for the company's stakeholders. Converge selects ITSPs with proven business, technical, enterprise client and industry experience that are known and recognized for the business value they create for its clients and partners.

Invest and Transform. Building on the capabilities, relationships and value of acquired companies, Converge invests in resources, education, tools and relationships to deepen domain level expertise in specific technology practice areas and industry sectors. Converge has acquired and built public and private cloud capabilities that transform ITSPs into Hybrid IT providers.

Consolidate Certain Back-Office Functions. Starting with back office and support functions, Converge creates significant financial and operating efficiencies and service level gains by leveraging its best-of-breed systems, purchasing power, staff and processes across acquired companies.

Volume Rebates. Converge provides value to clients and the market by identifying and expanding business, industry and technical solutions competencies across acquired businesses, including leveraging vendor certifications and hardware volumes across groups to receive increased pricing incentives and rebates.

With its first acquisitions in 2017, Corus360 and Northern Micro, Converge was able to establish an acquisition platform that closely aligned with its stated strategy. During the first quarter of 2018, Converge acquired Becker-Carroll, a company specialized in delivering powerful blockchain solutions. During the second quarter of 2018, Converge expanded its offerings with the acquisition of Key Information Systems, Inc. ("KeyInfo"), an infrastructure company that simplifies complex technology challenges, and BlueChip Tek Inc. ("BCT"), an information technology professional services organization specialized in data center infrastructure integration, cloud optimization, and data center infrastructure solutioning. In the fourth quarter of 2018, Converge acquired Lighthouse Computer Services, Inc., Creative Computing, LLC, Lighthouse Middleware, LLC, and Acumetrics Business Intelligence Inc. (collectively "Lighthouse"), a highly skilled company experienced in analytics, hybrid cloud, infrastructure, and cybersecurity. During the first quarter of 2019, Converge acquired SIS Holding Company, LLC and Software Information Systems, LLC (collectively "SIS"), a strategic company focused on managed cloud delivery, compute efficiency, network optimization, and IT spend optimization.

Business and Financial Highlights

Financial results for the three months ended March 31, 2019:

- Revenues for the three months ended March 31, 2019 was $164,762, an increase of 37.5%, or $44,977, compared to $119,785 for the three months ended March 31, 2018. Gross profit of $37,192 increased $20,106 or 117.7% for the three months ended March 31, 2019 from $17,086 for the comparable period in 2018 and gross profit margin increased to 22.6% from 14.3%. Adjusted EBITDA of $8,453 increased $2,846 or 50.8% from $5,607 for the comparable period in 2018. The increases are primarily due to acquisitions.
- In January 2016, the IASB issued IFRS 16, which specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The Company has adopted IFRS 16 effective January 1, 2019 and applied the requirements of the standard retrospectively without restatement of comparative periods. The implementation of IFRS 16 resulted in the Company recognizing a right-of-use asset and lease liability of $7,209 for office building leases on January 1, 2019. In addition to the office leases that was transitioned as at January 1, 2019, office and equipment leases acquired as part of the acquisition of Software Information Systems, LLC ("SIS") was recognized under IFRS 16 during the three months ended March 31, 2019. These acquired leases resulted in the recognition of a right-of-use asset and corresponding lease liability of $7,563.

Financing

- On January 18, 2019, Converge NE Commercial Finance, LLC, a wholly owned subsidiary of the Company, entered into a revolving credit agreement with a Canadian lender. The ABL can be drawn to a certain percentage of the eligible trade receivables to a maximum of $12,500. Interest is payable monthly at a rate of the higher of 9.25% or the published TD Bank prime rate plus 5.3% - 8.3% based on the advance rate of the trade receivables.

- On March 1, 2019, the Company entered into a three-year credit agreement with a third party. The lender advanced cash of $5,457 ($4,000 USD) with an interest rate of 7% per annum.

Acquisition

- On January 18, 2019, the Company acquired all of the issued and outstanding shares of Software Information Systems, LLC ("SIS") located in Kentucky, USA. SIS is a 36-year-old technology solutions and services company, collaborating with customers on innovative data center strategy, technology solutions in the cloud or on-premise to help customers drive impactful business results. Consideration for the purchase consisted of (i) $11,500 USD in cash; plus (ii) the issuance of a right to exchange 8,000,000 Class B shares for an aggregate of 8,000,000 common shares of the Company. No exchange will be permitted until at least six months from the acquisition date, at which point 1,500,000 common shares will become eligible for issuance pursuant to the agreement. An additional 1,500,000 common shares will become eligible for exchange on each six-month anniversary of the completion of the transaction thereafter, such that all 8,000,000 common shares will only be available for exchange following the three-year anniversary of the acquisition.

Outlook for fiscal 2019

The consumption of information technology continues to be strong across the globe. The demand for IT infrastructure equipment, services and the adoption of cloud are fueling the Company's growth across the US and Canada. The uncertainty caused by aging infrastructure, monolithic applications, and the increasing complexity of emerging technology and digital transformation are creating more of a demand for the Company's solutions and services. The Company's position as a leading North American hybrid IT solution provider provides the Company with the ability to better serve customers' technology requirements. As a result of the Company's acquisitions and investments, the Company's solution portfolio consists of a broader set of technology offerings and services including cognitive applications, cloud services, and blockchain solutions. Management believes the Company's growth trajectory will be consistent with the overall market expectations in 2019. Management also believes the Company is well positioned to capitalize on the expansion of the hybrid IT market and demand for cloud services as a result of its partnerships with cloud market leaders Microsoft, Amazon Web Services, and Google, all of which are experiencing double digit growth. Furthermore, as a result of the Lighthouse acquisition, the Company is now one of twelve Red Hat partners that are recognized in their top Application Partner Program. The Company believes this represents a significant services business opportunity and that it will drive both growth and the need for industry expertise for Red Hat's hybrid-cloud, container and related technologies which is essential for success with the adoption of a digital transformation strategy. According to IDC, public cloud services spend should experience a compound annual growth rate of approximately 21.9% from 2015 to 2021.*

The Company will continue to focus on its three phased expansion plan of organic growth and selective, accretive acquisitions. As part of such plan, the Company will focus on strengthening its geographic footprint throughout the Central US along with identifying larger, strategic targets that enhance and accelerate the Company's growth avenues, including gaining capabilities, cross-selling to existing clients and entering new markets and verticals.

The Company will continue to focus on the execution of its cross-selling strategy in all markets and will invest in enhancing relationships with its diverse partner ecosystem. The Company will also invest in resources to support the go-to-market efforts where new capabilities are introduced as a result of the Company's acquisitions.

*Source: IDC U.S. Small and Medium-Sized Business Forecast, 2018-2022, Doc #US42181318 May 2018

[expressed in thousands of Canadian dollars]

For the three months ended March 31, 2019

Summary of Consolidated Financial Results

The following table provides consolidated financial results for the Company as indicated below:

	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 (loss) 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)
Net Income (loss) before taxes	**$**	**(1,840)**	$	22
Income tax expense		**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(i)	**$**	**5,055**	$	2,260
Adjusted EBITDA(i)		**8,453**		5,607

(i) EBITDA and Adjusted EBITDA are non-IFRS financial measures and do not have any standardized meaning under IFRS. See the “Non-IFRS Financial Measures” section of this MD&A for more details, including reconciliations to the most comparable IFRS financial statements.

Overall Company Performance and Key Changes in Financial Results

Revenue

Revenue for the three months ended March 31, 2019 of $164,762 as compared to $119,785 for the three months ended March 31, 2018 was derived from the Company’s US subsidiaries, including Corus360, KeyInfo, BCT, Lighthouse and SIS which collectively accounted for $106,978 in revenue, combined with Canadian subsidiaries Northern Micro and Becker-Carroll, which accounted for $57,784 in revenue for the period. The increase in revenue of $44,977 for the three months ended March 31, 2019 compared to the three months ended March 31, 2018 is primarily due to the acquisitions of KeyInfo, BCT, Lighthouse, and Becker-Carroll during 2018.

For the three months ended March 31, 2018, the Company had acquired Corus360 on October 8, 2017 and Northern Micro on November 9, 2017. The combined revenue of Corus360 and Northern Micro for the three months ended March 31, 2019 was $104,797 (three months ended March 31, 2018 - $119,785). The main reason for the decrease in revenue is due to the reduction in spending by a major customer year-over-year, which is generally driven by the federal budget.

[expressed in thousands of Canadian dollars]

For the three months ended March 31, 2019

Gross Profit and Gross Profit Margin

For the three months ended March 31, 2019, gross profit was $37,192, with a gross profit margin of 22.6%. For the three months ended March 31, 2018, gross profit was $17,086 with a gross profit margin of 14.3%. The increase in gross profit margin is due to the change in mix of product and service revenue lines acquired in 2019 compared to 2018. Corus360 and Northern Micro have a combined gross profit of $19,926 with a gross profit margin of 19.0% for the three months ended March 31, 2019, which increased gross profit and gross profit margin from three months ended March 31, 2018 by $2,840 and 4.7%, respectively. The increase in gross margin is attributed to sale of higher margin product and an increase in vendor rebates for the three months ended March 31, 2019.

Net Loss

For the three ended March 31, 2019, the Company's net loss of $2,895, was driven by a gross profit of $37,192 and offset by $29,631 in selling, general, and administrative expenses, $3,381 in finance expense, and $3,178 in transaction costs for the period. For the three months ended March 31, 2018, the Company's net loss of $1,468 was driven by a gross profit of $17,086 offset by $11,735 in selling, general, and administrative expenses, $1,490 in income taxes, $1,248 in finance expense, and $3,013 in change in fair value of contingent consideration. Selling, general, and administrative expenses are mainly comprised of $24,776 (three months ended March 31, 2018 - $10,101) in employee compensation and benefits and $2,793 (three months ended March 31, 2018 - $1,762) in rent and office expenses.

Selling, general, and administrative expenses

Selling, general, and administrative expenses comprised of the following expenses for the periods indicated below:

	Three months ended March 31,	
	2019	2018
	$	$
Employee compensation and benefits	**24,775**	8,841
Rent and office	**2,793**	1,762
Professional fees	**1,245**	966
Marketing events and showcase expenses	**750**	111
Other expense	**68**	55
	29,631	11,735

Finance expense

Finance expense is comprised primarily of interest expense on the Company's revolving credit facilities, debenture, and convertible debenture. The increase in finance expense for the three months ended March 31, 2019 to $3,381 is due to the acquisition of BCT, KeyInfo, Lighthouse, and SIS which resulted in a higher credit facility balance of $98,480 as at March 31, 2019 compared to the finance expense for the three months ended March 31, 2018 of $1,248. The Company has also entered into two loans with a third party for $6,200 USD on May 18, 2018 and $4,000 USD on March 1, 2019 at an interest rate of 7% per annum. The Company recognized debenture interest expense of $189 during the three months ended March 31, 2019 (three months ended March 31, 2018 - $176) and convertible debenture interest expense of $140 during the three months ended March 31, 2019 (three months ended March 31, 2018 – nil).

Fair value change in contingent consideration

There was nil change in fair value of contingent consideration for the three months ended March 31, 2019. The change in fair value of contingent consideration for the three months ended March 31, 2018 was due to revised estimates of earn-out payments to sellers of Northern Micro of $3,013.

[expressed in thousands of Canadian dollars]

For the three months ended March 31, 2019

Non-IFRS Financial Measures

The Company uses non-IFRS financial measures that do not have any standardized meaning prescribed by IFRS. **"**EBITDA" and "Adjusted EBITDA**"** are measures of the Company's operating profitability. Management believes that EBITDA and Adjusted EBITDA provide useful information to investors because they exclude transactions not related to the core operating business activities, allowing meaningful analysis of the performance of core operations.

EBITDA is an indicator of the financial results generated by the Company's business activities excluding:

- the impact of finance expense;
- income taxes with respect to various jurisdictions; and
- depreciation of property and equipment and amortization of intangible assets.

Adjusted EBITDA is a further refinement of EBITDA to remove the effect of:

- acquisition, merging and restructuring related costs;
- share-based compensation expense;
- write-off of goodwill or other impairments to any financial and non-financial assets;
- fair value adjustments on contingent consideration; and
- gains and losses resulting from the translation of non-Canadian dollar balances.

As such, Adjusted EBITDA provides more meaningful continuity with respect to the comparison of operating results over time. EBITDA and Adjusted EBITDA are derived from the interim condensed consolidated statements of loss and comprehensive loss and consolidated statements of cash flows.

EBITDA and Adjusted EBITDA are calculated as follows:

	For the three months ended March 31,	
	2019	2018
Net loss as reported	**$ (2,895)**	$ (1,468)
Add:		
Finance expense	**3,381**	1,248
Income tax expense	**1,055**	1,490
Depreciation and amortization	**2,608**	812
Depreciation included in cost of sales	**906**	178
EBITDA	**5,055**	2,260
Add:		
Change in fair value of contingent consideration	**-**	3,013
Transaction costs – acquisitions, including retention bonuses	**3,178**	23
Reverse take-over costs	**-**	275
Other expenses	**220**	36
Adjusted EBITDA	**$ 8,453**	$ 5,607

[expressed in thousands of Canadian dollars]

Quarterly Financial Results

	Three months ended (*unaudited*)							
	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
Revenues	**164,762**	136,088	100,044	103,277	119,785	52,788	-	-
Gross Profit*	**37,192**	30,322	20,232	22,329	17,086	10,652	-	-
Adjusted EBITDA	**8,453**	5,759	(189)	5,331	5,607	(299)	(15)	(2)
Net loss	**(2,895)**	(4,197)	(6,776)	(5,796)	(1,468)	(3,901)	(15)	(2)
Loss per share:								
Basic	**(0.04)**	(0.07)	(0.11)	(0.10)	(0.03)	(0.21)	-	-
Diluted	**(0.04)**	(0.07)	(0.11)	(0.10)	(0.03)	(0.21)	-	-
Total assets	**326,354**	256,298	176,436	166,418	161,173	108,850	3,590	17
Total current liabilities	**287,363**	236,710	162,978	158,070	148,147	100,654	8	2

The Company's quarterly financial results above show selected financial information from the results of operations for the periods indicated. In general, the business tends to fluctuate quarter over quarter based on a variety of factors. The spending of key customers are seasonal and heavily dependent on budgeted capital to be used before the end of their respective fiscal periods. The financial results shown above may not be indicative of the Company's financial performance in a future comparative period.

* Certain costs have been reclassified from selling, general and administrative to cost of sales for each of the three months ended September 30, June 30 and March 31, 2018 having an insignificant impact on gross margin.

[expressed in thousands of Canadian dollars]

Overview of Financial Position

The following table provides the financial position of the Company as indicated below:

As at		**March 31, 2019**		December 31, 2018
Assets				
Current assets	$	**194,943**	$	162,851
Long-term assets		**131,411**		93,447
Total assets	$	**326,354**	$	256,298
Current liabilities		**287,363**		236,710
Long-term liabilities		**40,956**		24,092
Total liabilities	$	**328,319**	$	260,802
Shareholders' equity				
Common Shares		**18,178**		17,826
Warrants		**488**		493
Contributed surplus		**319**		319
Exchange rights		**5,120**		-
Foreign exchange translation reserve		**(748)**		(715)
Deficit		**(25,322)**		(22,427)
Total shareholders' deficiency	$	**(1,965)**	$	(4,504)
Total liabilities and shareholders' equity	$	**326,354**	$	256,298

Current Assets

Current assets are mainly comprised of trade and other receivables of $158,639 (December 31, 2018 - $129,979), inventories of $15,358 (December 31, 2018 - $12,392), and cash of $9,046 (December 31, 2018 - $10,482). Trade and other receivables increased $28,660 due to an overall increase in sales and the acquisition of SIS. Inventory increase of $2,966 is due to the regular seasonality of the Company's operations as well as timing of receiving products in warehouse from vendors at quarter end.

Long-term assets

Long-term assets are mainly comprised of goodwill of $49,375 (December 31, 2018 - $32,614) and intangible assets of $55,533 (December 31, 2018 - $46,033). Goodwill increased for the three months ended March 31, 2019 due to the acquisition of KeyInfo, BCT, Lighthouse, and SIS, reflecting the benefits attributable to synergies, revenue growth, future market development, and the estimated fair value of an assembled workforce. As at March 31, 2019, intangible assets consisted of $39,958 (December 31, 2018 - $34,004) in customer relationships, $14,254 (December 31, 2018 - $11,677) in trade name and trademarks, $339 in computer software (December 31, 2018 – $352), and $982 in managed service contracts (December 31, 2018 – nil).

Current Liabilities

Current liabilities are mainly comprised of $161,390 (December 31, 2018 - $136,208) in trade and other payables from the Company's operations, $102,272 (December 31, 2018 - $75,993) in borrowings and $14,111 (December 31, 2018 - $19,487) in other financial liabilities.

In October 2017, Corus Commercial Finance, LLC, a wholly owned subsidiary of the Company entered into an asset based loan with a Canadian lender. As at March 31, 2019, the outstanding balance on the loan was $15,027 (December 31, 2018 - $13,173). In November 2017, Northern Micro entered into an asset based loan with the same Canadian lender. As at March 31, 2019, the outstanding balance on the loan was $7,500 (December 31, 2018 - $5,797). In April 2018, KeyInfo entered into an asset based loan with the same Canadian lender. As at March 31, 2019, the outstanding balance on the loan was $4,936 (December 31, 2018 - $4,402). In May 2018, BCT entered into an asset based loan with the same Canadian lender. As at March 31, 2019, the outstanding balance on the loan was $2,504 (December 31, 2018 - $5,982). On October 11, 2018, the Company entered into an asset based loan with the same Canadian lender. As at March 31, 2019 the outstanding balance on the loan was $51,202 (December 31, 2018- $37,361). On November 30, 2018, Lighthouse entered into an asset based loan with the same Canadian lender. As at March 31, 2019, the outstanding balance on the loan was $7,862 (December 31, 2018 - $6,551). On January 18, 2019, SIS entered into an asset based loan with the same Canadian lender. As at March 31, 2019, the outstanding balance on the loan was $9,450 (December 31, 2018 - nil). On March 1, 2019, the Company entered into a three-year credit agreement with a third party. The lender advanced cash of $5,457 ($4,000 USD) with an interest rate of 7% per annum. As at March 31, 2019, the outstanding balance on the loan was $5,031 (December 31, 2018 - nil).

Other financial liabilities as at March 31, 2019 consists of the following: note payable of $1,946 (December 31, 2018 – $3,676), employee retention bonus of nil (December 31, 2018 – $6,573), fair value of contingent consideration of $7,918 (December 31, 2018 – $8,511), and short-term finance lease payable of $3,637 (December 31, 2018 - $727). The employee retention bonus outstanding as at December 31, 2018 was fully repaid on March 1, 2019. Short-term finance lease payable has increased from December 31, 2018 due to the adoption of IFRS 16 on January 1, 2019 where right-of-use assets and lease liabilities of $7,209 were recognized on the condensed interim consolidated statements of financial position.

Long-term liabilities

Long-term liabilities are mainly comprised of $21,921 (December 31, 2018 - 7,864) in other financial liabilities, $7,559 in borrowings (December 31, 2018 – $4,382), and a convertible debenture with a fair value of $5,003 (December 31, 2018 - $4,966) issued in 2018. Other financial liabilities are comprised of notes payable of $3,000 (December 31, 2018 - $3,000), fair value of contingent consideration of $6,659 (December 31, 2018 - $10,776), and long-term finance lease payable of $11,067 (December 31, 2018 - $661). Contingent consideration decreased in the period ended March 31, 2019 due to a $2,500 repayment of the Northern Micro earnout offset by a $2,492 increase in the Lighthouse earnout liability to be recognized on acquisition. Long-term finance lease payable has increased from December 31, 2018 due to the adoption of IFRS 16 on January 1, 2019 where right-of-use assets and lease liabilities of $14,370 were recognized on the condensed interim consolidated statements of financial position. In addition to the office lease that was transitioned as at January 1, 2019, office and equipment leases acquired as part of the acquisition of SIS was recognized under IFRS 16 during the three months ended March 31, 2019. These leases resulted in the recognition of a right-of-use asset and corresponding lease liability of $7,563.

On March 1, 2019, the Company entered into a three-year credit agreement with a third party. The lender advanced cash of $5,457 ($4,000 USD) with an interest rate of 7% per annum. As at March 31, 2019, the outstanding balance on the loan was $5,031 (December 31, 2018 - nil).

Liquidity and Capital Resources

The Company’s capital management objectives are to maintain financial flexibility in order to pursue its strategy of organic and acquisition growth and to provide returns to its shareholders. The Company manages its capital structure in accordance with changes in economic conditions. In order to maintain or adjust its capital structure, the Company may elect to issue or repay financial liabilities, issue shares, repurchase shares, pay dividends or undertake any other activities as deemed appropriate under the specific circumstances. The Company is not subject to any externally imposed capital requirements.

As at March 31, 2019, total cash on hand was $9,046 (December 31, 2018 - $10,482). As at March 31, 2019, amounts borrowed under existing credit facilities were $109,831 (December 31, 2018 – $80,375).

[expressed in thousands of Canadian dollars]

Cash Flow Analysis

The following table provides a summary of the Company's cash flows for the periods indicated below:

For the three months ended March 31,	**2019**	2018
Cash used in operating activities	**$ (315)**	$ (3,218)
Cash used in investing activities	**(15,530)**	(933)
Cash received in financing activities	**14,195**	141
Net decrease in cash and cash equivalents	**(1,650)**	(4,010)
Cash and cash equivalents at the beginning of the year	**10,482**	7,786
Effect of foreign exchange fluctuations on cash held	**214**	59
Cash and cash equivalents at the end of the period	**$ 9,046**	$ 3,835

Cash provided by operating activities increased by $2,903 for the three months period ended March 31, 2019 primarily due to the acquisitions of KeyInfo, BCT, Lighthouse, and SIS. Due to the seasonal fluctuation at the three months ended March 31, 2019, cash from operating activities increased to meet high volume customer demand. In 2018, the Company had acquired only Northern Micro, Corus360, and Becker-Carroll in the first quarter.

Cash used in investing activities for the three month period ended March 31, 2019 was mainly due to the acquisition of SIS for $14,483. The remaining change is due to the Lighthouse initial purchase consideration non-cash revaluation increase of $4,281 in the three months ended March 31, 2019.

Cash received from financing activities is primarily driven by the proceeds from the ABL credit facility of SIS for $9,450 for the three months ended March 31, 2019. Cash was also received from the Company's ABL Facility that was entered into October 11, 2018 which had a balance of $51,202 as at March 31, 2019.

Related Party Transactions

The Company entered into an operating lease arrangement with an executive employee of the Company for a period of five years ending on October 31, 2022. The Company is obligated to make payments of $262 on an annual basis under the lease arrangement. For the three months ended March 31, 2019, the Company recognized lease expense of $13 (for the three months ended March 31, 2019 - $66) under this arrangement on transition under IFRS 16.

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.

Total compensation expense for the Company's key management personnel was $681 (for the three months ended March 31, 2018 - $95) for the three months ended March 31, 2019.

Outstanding Share Capital

The table below provides a summary of the outstanding share capital of the Company as at March 31, 2019.

Capital	**Authorized**	**Outstanding as at March 31, 2019**
Common shares	Unlimited	75,855,659
Warrants	Not applicable	7,895,865
Stock Options	Not applicable	31,250
Convertible Debenture	Not applicable	5,250,000
Exchange rights	Not applicable	8,000,000

Critical Accounting Policies and Estimates

Please see the Company's audited consolidated financial statements for the year ended December 31, 2018 for a discussion of the accounting policies and estimates that are critical to the understanding of the Company's business operations and the results of its operations.

The following new accounting standards were applied or adopted during the period ended March 31, 2019:

[i] IFRS 16 – Leases ("IFRS 16")

In January 2016, the IASB issued IFRS 16, which specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019, and a lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. Early adoption is permitted if IFRS 15 has also been adopted. The Company has adopted IFRS 16 effective January 1, 2019 and applied the requirements of the standard retrospectively without restatement of comparative periods. The implementation of IFRS 16 resulted in the Company recognizing a right-of-use asset and lease liability of $7,209 for office building leases on January 1, 2019. In addition to the office lease that was transitioned as at January 1, 2019, office and equipment leases acquired as part of the acquisition of Software Information Systems, LLC ("SIS") was recognized under IFRS 16 during the three months ended March 31, 2019. This lease resulted in the recognition of a right-of-use asset and corresponding lease liability of $7,563.

The Company applied the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered or modified before, on, or after January 1, 2019. In preparation for the first-time application of IFRS 16, the Company has carried out an implementation project. The project has resulted in the assessment of contracts to determine whether a lease exists at inception of a contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payment as an operating expense on a straight-line basis over the term of the lease. The right of use asset is initially measured at cost and includes the amount of the initial lease liability and all direct costs incurred by the Company and the lease incentives previously recognized as a liability with respect to operating leases have been derecognized with the amount factored into the measurement of the right-of-use assets.

The lease liability is initially measured at the present value of the lease payments that have not been paid at the commencement date, discounted by using the incremental borrowing rate for the lease. The change in policy resulted in a decrease in operating expenses and an increase in amortization and interest expense.

[ii] IFRIC 23 – Uncertainty over Income Tax Treatment ("IFRIC 23")

In June 2017, the IASB issued IFRIC 23, which clarifies the accounting for uncertainties in income taxes. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019. The requirements are applied by recognizing the cumulative effect of initially applying them in retained earnings, or in other appropriate components of equity, at the start of the reporting period in which the Company first applies them, without adjusting comparative information. Full retrospective application is permitted, if the Company can do so without using hindsight. The adoption of this interpretation did not have an impact on the consolidated financial statements.

Risks and Uncertainties

The Company's business is subject to a number of risk factors which are described in its Filing Statement dated as of November 1, 2018 available at **www.sedar.com** under the Company's profile. The risks presented should not be considered to be exhaustive and may not be all of the risks that Converge may face. It is believed that these are the factors that could cause actual results to be different from expected and historical results. If any of the noted risks occur, it may negatively affect the financial results of the Company and adversely affect the market price of Converge.

Further Information

Additional information relating to the Company is available on the Company's website at www.convergetp.com.