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Converge Technology Solutions Reports Third Quarter 2019 Financial Results

FOR IMMEDIATE RELEASE

November 20, 2019 – VANCOUVER, BRITISH COLUMBIA AND TORONTO, ONTARIO, CANADA – Converge Technology Solutions Corp. (“**Converge**” or “**Company**”) (TSXV:CTS) (FSE:OZB) (OTCQX:CTSDF), a Software Enabled Hybrid IT Solutions Provider, is pleased to provide its financial results for the three and nine month period ended September 30, 2019. All figures are in CAD dollars unless otherwise stated.

“As small and medium sized enterprises continue their journey towards cloud integration, Converge continues to benefit strongly by guiding these organizations through the transition process,” said Shaun Maine, Chief Executive Officer of Converge Technology Solutions. “With 12.5% of our annualized gross revenue driven from monthly recurring cloud, managed services and annualized software revenue, our cloud strategy has become increasingly effective and the Converge family of companies continues to cross-sell opportunities to each others’ customers and generate new business between themselves. On a quarterly basis, we are seeing gross margins further reflect this growth in the high-margin segment of our cloud business and we are very pleased to report gross margins in excess of 24% in Q3, a significant shift from traditional Value Added Resellers. The Artificial Intelligence, Analytics, Cybersecurity, and RedHat Ansible roadshows that our President Greg Berard implemented around our Converge practice areas have driven hundreds of opportunities across the company and bodes well as we look forward to Q4 and into 2020.”

Mr. Maine continued, “We are pleased to announce that we are near completion of our Phase II strategy and we intend to initiate our Phase III strategy beginning in 2020 which is primarily focused on generating additional operating leverage and efficiencies, working towards further increasing our Adjusted EBITDA margin.”

Third Quarter 2019 Financial Highlights

- Revenue for the three months ended September 30, 2019 was \$144.5 million compared to \$100.0 million for the same period in 2018, an increase of 44.4%. Revenue for the nine months ended September 30, 2019 was \$473.1 million compared to \$323.1 million for the same period in 2018, an increase of 46.4%.
- Gross profit for the three months ended September 30, 2019 was \$34.9 million or 24.1% compared to \$20.2 million or 20.2% for the same period in 2018. Gross profit for the nine months ended September 30, 2019 was \$108.2 million or 22.9% compared to \$59.7 million or 18.5% for the same period in 2018.
- Adjusted EBITDA¹ for the three months ended September 30, 2019 was \$5.8 million compared to an Adjusted EBITDA loss of \$0.2 million for the same period in 2018. Adjusted EBITDA¹ for the nine month period ended September 30, 2019 totaled \$19.8 million compared to \$10.7 million for the same period in 2018, an increase of 84.1%.

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 Third Quarter

- Converge acquired Nordisk Systems Inc., a Northwest-based partner focused on infrastructure, cloud, security, analytics, business continuity and managed services solutions.
- The Company appointed industry-leader Greg Berard as President of Converge to help further solidify the Company's position as a leading provider of Red Hat and software solutions.
- Converge's family of companies named as Red Hat premier partners, and selected by Red Hat Inc. to join its Apex partner program, allowing the Company to leverage new and innovative technologies that enable clients to achieve business goals that require the implementation of cloud solutions.

Key Items Subsequent to Quarter End

- Converge acquired Datatrend Technologies Inc., a leading technology solutions provider located in the Minneapolis/St. Paul region, focused on Next Gen Data Center, Hybrid Cloud, Infrastructure, Multi-Site IT Deployments, and ISV/OEM solutions.
- Converge acquired Essex Technology Group, Inc. ("**Essextec**"), a leading Wall Street-based cloud, cognitive, and cybersecurity solution provider in the Northeast US. This acquisition transitioned Essextec from being a key strategic partner in the Converge family of companies to being a fully owned subsidiary of Converge.
- Converge acquired VSS Holdings, LLC a Northeast based partner specializing in managed services, technology solutions, IT portfolio management and consulting services. This marked the eleventh acquisition completed by Converge since October 2017.

Third 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, November 21st, 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: 59985193

Recording Playback Numbers:

Toronto (+1) 416 764 8677

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

Passcode: 985193 #

Expiry Date: Thursday, November 28, 2019 at 11:59pm

Quarterly and Annual Results Materials

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

Summary of Consolidated Financial Results (in thousands of dollars)

	For the three months ended September 30,		For the nine months ended September 30,	
	2019	2018	2019	2018
Revenues	\$ 144,504	\$ 100,044	\$ 473,091	\$ 323,105
Cost of sales	109,615	79,812	364,861	263,458
Gross profit	34,889	20,232	108,230	59,647
Selling, general and administrative expenses	31,342	21,119	92,777	50,506
Income before the following:	3,547	(887)	15,453	9,141
Depreciation and amortization	3,225	1,306	8,409	3,250
Finance expense, net	3,880	1,608	10,527	4,998
Change in fair value of contingent consideration	2,140	190	2,140	7,633
Transaction costs – acquisitions, including retention bonuses	843	2,157	4,327	4,685
Initial public offering costs	-	385	-	660
Other expense	466	61	919	99
Net loss before taxes	\$ (7,007)	\$ (6,594)	\$ (10,889)	\$ (12,185)
Income tax expense	70	182	1,544	1,854
Net loss	(7,077)	(6,776)	(12,433)	(14,039)
Exchange loss (gain) on translation of foreign operations	155	80	(43)	222
Comprehensive loss	\$ (7,232)	\$ (6,856)	\$ (12,390)	\$ (14,261)
EBITDA ¹	\$ 1,446	\$ (2,982)	\$ 11,535	\$ (2,328)
Adjusted EBITDA ¹	\$ 5,827	\$ (189)	\$ 19,790	\$ 10,749

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.

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.

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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 April 1st, 2019 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, 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.