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Converge Technology Solutions Reports Fourth Quarter and Fiscal Year 2019 Financial Results

FOR IMMEDIATE RELEASE

April 1, 2020 – 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 twelve month period ended December 31, 2019. All figures are in CAD dollars unless otherwise stated.

“We are very pleased with our results from the last fiscal year, as we grew gross profit by 80% and Adjusted EBITDA by 92%” stated Shaun Maine, Chief Executive Officer of Converge Technology Solutions. “In addition to our strong financial performance, in 2019 we acquired 5 companies and achieved our goal of having a national footprint of regionally focused IT Service Providers supported nationally by our 6 Converge-branded practice areas: Cybersecurity, Analytics, Cloud, Digital Infrastructure, Digital Transformation and Talent. We are now well positioned as we focus on generating additional operating leverage and efficiencies, working towards further increasing our Adjusted EBITDA margin in 2020.”

“As a result of the outbreak of COVID-19 resulting in government mandates like social distancing and requiring non-essential business to temporarily close or curtail their operations, we have experienced increased demand for solutions that allow employees to work remotely” said Mr. Maine. “To date, all of our companies have been operational and we have been able to fulfil this demand even at time when demand is increasing and supply chains are under pressure. In the states and provinces that have enacted laws to limit business operations, we have been considered an essential service due to our ability to help governments and companies support and enable remote workers. We believe that as a result of the COVID-19 virus, a trend for companies to increase the use of cloud and hybrid cloud computing and remote access will likely gain additional traction in the foreseeable future. We also believe our national footprint and partnerships with several of the leading hardware and software companies, positions us well to support this trend. We are committed to supporting our customers to the extent possible through these challenging times and helping them prepare for the future.”

Fourth Quarter 2019 Financial Highlights

- Revenue for the three months ended December 31, 2019 was \$214.7 million compared to \$136.1 million for the same period in 2018, an increase of 58%. Revenue for the twelve months ended December 31, 2019 was \$687.8 million compared to \$459.2 million for the same period in 2018, an increase of 50%.
- Gross profit for the three months ended December 31, 2019 was \$53.4 million or 24.9% compared to \$30.3 million or 22.3% for the same period in 2018, an increase of 76%. Gross profit for the twelve months ended December 31, 2019 was \$161.6 million or 23.5% compared to \$90.0 million or 19.6% for the same period in 2018, an increase of 80%.

- Adjusted EBITDA¹ for the three months ended December 31, 2019 was \$11.8 million or 5.6% compared to Adjusted EBITDA of \$5.8 million or 4.2% for the same period in 2018, an increase of 105%. Adjusted EBITDA¹ for the twelve month period ended December 31, 2019 totaled \$31.6 million or 4.6% compared to \$16.5 million or 3.6% for the same period in 2018, an increase of 92%.

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 Fourth Quarter

- Converge acquired Datatrend Technologies Inc., a leading technology solutions provider located in the Minneapolis/St. Paul region.
- Converge acquired Essex Technology, a Wall Street-based cloud, cognitive, and cybersecurity provider in the Northeast US.
- Converge acquired VSS Holdings, a Northeast-based partner focused on managed services, technology solutions, IT portfolio management and consulting services.

Key Items Subsequent to Quarter End

- Converge acquired PCD Solutions, a Canadian-based partner focused on solution in the enterprise system architecture, storage and information management, virtualization and cloud, business continuity and disaster recovery.
- Converge completed a \$8.3 million bought-deal financing led by Raymond James and Hampton Securities.

COVID-19

- Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The extent to which COVID-19 and any other pandemic or public health crisis impacts the Company’s business, affairs, operations, financial condition, liquidity, availability of credit and results of operations will depend on future developments that are highly uncertain and cannot be predicted with any meaningful precision, including new information which may emerge concerning the severity of the COVID-19 virus and the actions required to contain the COVID-19 virus or remedy its impact, among others. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods.

Fourth 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.

A live audio webcast and archive of the conference call will be available by visiting the Company's website at <https://convergetp.com/investor-relations/>. Please connect at least 15 minutes prior to the conference call to ensure time for any software download that may be needed to hear the webcast.

Conference Call Details:

Date: Thursday, April 2nd, 2020

Time: 8:30 AM Eastern Time

Participant Dial-in Numbers:

Local – Toronto (+1) 416 764 8609

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

Conference ID: 31436623

Recording Playback Numbers:

Toronto (+1) 416 764 8677

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

Passcode: 436623

Expiry Date: Thursday, April 9th, 2020 at 11:59pm

Summary of Consolidated Financial Results

(in thousands of dollars)

	For the three months ended December 31,		For the twelve months ended December 31,	
	2019	2018	2019	2018
Revenues	\$ 214,705	\$ 136,088	\$ 687,796	\$ 459,193
Cost of sales	161,350	105,765	526,211	369,224
Gross profit	53,355	30,323	161,585	89,969
Selling, general and administrative expenses	44,172	25,149	136,949	75,655
Income before the following:	9,183	5,174	24,636	14,314
Depreciation and amortization	4,648	1,850	13,057	5,100
Finance expense, net	5,499	2,551	16,026	7,549
Change in fair value of contingent consideration	(841)	(186)	1,299	7,447
Transaction costs – acquisitions, including retention bonuses	1,945	3,063	6,292	7,748
Initial public offering costs	-	1,622	-	2,282
Other expense	(200)	(323)	719	(224)
Net loss before taxes	\$ (1,868)	\$ (3,403)	\$ (12,757)	\$ (15,588)
Income tax (recovery) expense	(3,641)	794	(1,917)	2,648
Net income (loss)	1,593	(4,197)	(10,840)	(18,236)
Exchange (loss) gain on translation of foreign operations	(741)	469	(784)	691
Comprehensive income (loss)	\$ 2,334	\$ (4,666)	\$ (10,056)	\$ (18,927)
EBITDA ¹	\$ 7,961	\$ 1,583	\$ 19,496	\$ (744)
Adjusted EBITDA ¹	\$ 11,832	\$ 5,759	\$ 31,622	\$ 16,509

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 Amended Annual Information Form for the year ended December 31, 2018 dated as of July 8, 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 2019 and 2018 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.