



NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES

## Converge Technology Solutions Reports First Quarter 2020 Financial Results

FOR IMMEDIATE RELEASE

**May 13, 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 month period ended March 31, 2020. All figures are in CAD dollars unless otherwise stated.

### Recent Highlights

- First quarter revenue increased 42% over last year to \$241.5 million
- Gross profit increased 47% over last year to \$54.8 million and margins increased to 22.7% from 21.8% last year
- Adjusted EBITDA increased to \$11.0 million from \$8.5 million last year
- Acquired P.C.D. Solutions, which focuses on solutions in enterprise system architecture, storage and information management, virtualization and cloud, business continuity and disaster recovery
- Launched a sales and engineering office in Toronto
- Closed an \$8.27 million over-subscribed bought deal financing
- Achieved VMWare’s Master Services Competency for network virtualization
- Appointed Carl Smith as Chief Financial Officer
- Introduced Cisco Virtual Care technology solution
- Awarded the 2020 IBM Business Unit Excellence Award
- Named Red Hat Rising Star Partner of the Year by Red Hat Inc.
- Announced a preferred partnership with Trek10, expanding AWS services and expertise for Converge Customers

“First, let me acknowledge the incredible job our management team and employees have done, in partnership with our customers and suppliers, having delivered yet another quarter of significant revenue growth and increases in both gross profit and adjusted EBITDA during extremely difficult circumstances due to COVID-19,” commented Shaun Maine, Chief Executive Officer of Converge Technology Solutions. “The move to remote working has driven more digital transformation in our customer base and resulted in a significant increase in recurring revenues related to cloud and software services and solutions. This new normal that we are all facing demonstrates how hybrid IT Service Providers are better able to serve the needs of our customers as organizations and governments continue their transition to cloud-based solutions.”

Mr. Maine continued, “As a result of our acquisition strategy over the past several years, we have built a

national footprint throughout Canada and the US that allows us the flexibility to meet the needs of our customers with industry-leading solutions. Our partnerships with our vendors such as IBM/RedHat, Cisco and VMware puts Converge at the forefront of change for our customers. In the early parts of 2020, we have been publicly recognized by these organizations including winning the Red Hat Rising Star of the Year award and the IBM Excellence Award for our Analytics practice area.”

Mr. Maine added, “We also continue to focus on establishing our own proprietary technology, particularly within Becker-Carroll. I am incredibly pleased to announce the launch of our Converge TrustBuilder platform, designed to enable public entities to offer their products and services online in a secure and transparent way. We are looking forward to sharing more details about this exciting initiative in the weeks ahead”

### **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 14<sup>th</sup>, 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

Germany – 08007240293

United Kingdom - 08006522435

Conference ID: 60564007

Recording Playback Numbers:

Toronto (+1) 416 764 8677

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

Passcode: 564007

Expiry Date: Thursday, May 21<sup>st</sup>, 2020 at 11:59pm

**Summary of Consolidated Financial Results**  
**(in thousands of dollars)**

For the three months ended March 31,	2020		2019	
Revenues	\$	241,525	\$	170,601
Cost of sales		186,690		133,394
<b>Gross profit</b>		<b>54,835</b>		<b>37,207</b>
Selling, general and administrative expenses		46,741		29,646
<b>Income before the following:</b>		<b>8,094</b>		<b>7,561</b>
Depreciation and amortization		5,401		2,608
Finance expense, net		5,499		3,381
Transaction costs		402		3,178
Other expense (income)		(1,619)		234
<b>Net loss before taxes</b>	\$	<b>(1,589)</b>	\$	<b>(1,840)</b>
Income tax (recovery) expense		(173)		1,055
<b>Net income (loss)</b>		<b>(1,416)</b>		<b>(2,895)</b>
Exchange (loss) gain on translation of foreign operations		1,699		33
<b>Comprehensive income (loss)</b>	\$	<b>(3,115)</b>	\$	<b>(2,928)</b>
Adjusted EBITDA	\$	<b>11,044</b>	\$	<b>8,453</b>

**Adjusted EBITDA (Non-IFRS Financial Measurement)**

Adjusted EBITDA represents net loss or income adjusted to exclude amortization, depreciation, interest expense and finance costs, foreign exchange gains and losses, income tax expense, and special charges related to acquisition and restructuring costs. The Company uses Adjusted EBITDA to provide investors with a supplemental measure of its operating performance and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures. The Company 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.

Adjusted EBITDA is not a recognized, defined or standardized measure under IFRS. The Company's definition of Adjusted EBITDA will likely differ from that used by other companies and therefore comparability may be limited. Adjusted EBITDA should not be considered a substitute for or in isolation from measures prepared in accordance with IFRS. Investors are encouraged to review the Company's financial statements and disclosures in their entirety and are cautioned not to put undue reliance on non-IFRS measures and view them in conjunction with the most comparable IFRS financial measures. The Company has reconciled Adjusted EBITDA to the most comparable IFRS financial measure as follows:

	For the three months ended March 31,	
	2020	2019
<b>Net loss before taxes</b>	\$ (1,589)	\$ (1,840)
Finance expense	5,499	3,381
Depreciation and amortization	5,401	2,608
Depreciation included in cost of sales	1,434	906
Foreign exchange loss (gain)	(1,640)	220
Special charges	1,939	3,178
<b>Adjusted EBITDA</b>	\$ 11,044	\$ 8,453

### 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 regional 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:

Carl Smith  
 Chief Financial Officer  
 Converge Technology Solutions Corp.  
 Email: [investors@convergetp.com](mailto:investors@convergetp.com)  
 Phone: 416-360-1495

Virtus Advisory Group  
 Shareholder Inquiries  
 Email: [converge@virtusadvisory.com](mailto:converge@virtusadvisory.com)  
 Phone: 416-644-5081

## 1. **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 filings statement available on SEDAR under the Company's profile at [www.sedar.com](http://www.sedar.com) including its most recent Annual Information Form, its Management Discussion and Analysis and its Annual and Quarterly Financial Statements.

*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.