



Converge Technology Solutions Reports Fourth Quarter and Fiscal Year 2020 Financial Results

FOR IMMEDIATE RELEASE

March 9th, 2021 – TORONTO, ONTARIO, CANADA and GATINEAU, QUÉBEC, CANADA - Converge Technology Solutions Corp. (“**Converge**” or “the **Company**”) (TSX:CTS) (FSE:0ZB) (OTCQX:CTSDF) a national platform of regionally focused Hybrid IT solution providers in the U.S. and Canada, is pleased to provide its financial results for the three and twelve month periods ended December 31, 2020. All figures are in CAD dollars unless otherwise stated.

Q420 & FY20 Highlights

- Fourth quarter revenue increased 35% over the last year to \$289.6 million and annual revenue increased 38% to \$948.8 million
- Fourth quarter adjusted EBITDA increased 98% over the last year to \$23.4 and annual adjusted EBITDA increased 92% to \$60.5 million
- Fourth quarter net income was \$1.0 million and annual net loss was \$4.2 million
- Strengthened the balance sheet with \$109 million of equity raised in 2020
- Completed front office integration of 12 subsidiaries, resulting in over \$20 million of estimated annualized cost savings
- Closed a three-year committed \$140 million revolving credit facility that will result in over \$8 million in estimated annual interest cost savings
- Completed five acquisitions in 2020 including Quebec-based PCD Solutions, Inc., Texas-based Unique Digital, Inc., Missouri-based Workgroup Connections, Inc., Saskatchewan-based Vivvo Applications Studio LTD., and US Northeast-based Vicom Computer Services, Inc.
- Ranked as fastest growing Company on the 2020 CRN Fast Growth 150 List; named Red Hat Rising Star Partner of the Year; awarded 2020 Ingram Micro Cloud Reseller Partner of the Year North America; achieved Network Virtualization and Cloud Management & Automation VMware Master Competencies; achieved Titanium Partner status with Dell Technologies; and received Cisco CX Specialization Status

Subsequent to Quarter in 2021

- Closed \$86.5 million equity financing at \$4.85 per common share in January 2021
- Recognized as a top-performing Company on the OTCQX Best 50 List and the TSX Venture 50 List for 2 years in a row
- Graduated to the TSX from the TSX Venture Exchange on February 11th, 2021
- Completed two acquisitions including CarpeDatum LLC, an AI and analytics specialist and Accudata Systems, Inc., a cybersecurity and managed services provider

“Converge has never been stronger or better positioned for continued growth than it is today”, said Shaun Maine, CEO of Converge. “Our recent efforts ranging from the strengthening of our balance sheet, to the expansion of our geographical reach into valuable marketplaces such as Texas, to our recent graduation to the TSX, put us in an ideal position to meet the IT solutions needs of our large and growing base of customers. We had our strongest quarter to date in Q4, generating \$289.5 million of revenue and \$23.4 million of adjusted EBITDA. Annually adjusted EBITDA growth was over 90% for the second year in a row. We also welcomed a number of new institutional and individual investors as shareholders over the past year and will continue to focus on growth and executing on our business strategy for the benefit of all Converge stakeholders.”

“For our team to have produced these results while managing the pressure and demands of COVID-19, truly speaks volumes to the dedication and ambition of every one of our employees,” added Greg Berard, President of Converge. “As we celebrate the achievements and overcoming the adversity 2020 presented us with, we will harness that momentum to help drive further meaningful growth in the year to come.”

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: Tuesday, March 9th, 2021

Time: 5:00 PM 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: 40845533

Recording Playback Numbers:

Toronto (+1) 416 764 8677

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

Passcode: 845533#

Expiry Date: March 16th, 2021

Consolidated Statements of Financial Position
(expressed in thousands of Canadian dollars)

	December 31, 2020	December 31, 2019
Assets		
Current assets		
Cash	\$ 64,767	\$ 20,590
Restricted cash	-	7,848
Trade and other receivables	364,308	220,138
Inventories	37,868	23,376
Prepaid expenses and other assets	10,376	15,232
	477,319	287,184
Long-term assets		
Property, equipment, and right-of-use assets, net	23,558	27,428
Intangible assets, net	108,926	92,047
Goodwill	110,068	80,271
Other non-current assets	749	1,954
	\$ 720,620	\$ 488,884
Liabilities		
Current liabilities		
Trade and other payables	\$ 398,003	\$ 248,218
Borrowings	133,281	142,123
Other financial liabilities	22,125	35,734
Convertible debenture	-	5,114
Debentures	-	3,629
Deferred revenue and other liabilities	17,376	9,737
Income taxes payable	764	660
	571,549	445,215
Long-term liabilities		
Other financial liabilities	28,858	33,111
Borrowings	5,882	14,573
Deferred tax liability	12,584	5,862
	\$ 618,873	\$ 498,761
Shareholders' equity (deficiency)		
Common shares	135,354	20,612
Warrants	-	243
Contributed surplus	-	307
Exchange rights	4,853	6,773
Foreign exchange translation reserve	817	69
Deficit	(39,277)	(37,881)
	101,747	(9,877)
	\$ 720,620	\$ 488,884

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

(expressed in thousands of Canadian dollars)

	For the three months ended		For the twelve months ended	
	December 31,		December 31,	
	2020	2019	2020	2019
Revenues				
Product	\$ 241,091	\$ 159,459	\$ 750,232	\$ 539,719
Service	48,466	55,246	198,567	148,076
Total revenue	289,557	214,705	948,799	687,795
Cost of sales	218,630	161,350	715,793	526,211
Gross profit	70,927	53,355	233,006	161,584
Selling, general and administrative expenses	49,179	42,821	177,697	133,899
Income before the following	21,748	10,534	55,309	27,685
Depreciation and amortization	5,262	4,648	21,466	13,057
Finance expense, net	3,719	5,499	19,672	16,026
Special charges	7,149	2,455	15,063	10,640
Other expense (income)	1,723	(200)	1,609	719
Income (loss) before income taxes	3,895	(1,868)	(2,501)	(12,757)
Income tax expense (recovery)	2,945	(3,461)	1,674	(1,917)
Net income (loss)	\$ 950	\$ 1,593	\$ (4,175)	\$ (10,840)
Other comprehensive gain				
Exchange loss (gain) on translation of foreign operations	(1,151)	(741)	(748)	(784)
Comprehensive income (loss)	\$ 2,101	\$ 2,334	\$ (3,427)	\$ (10,056)
Adjusted EBITDA	\$ 23,375	\$ 11,832	\$ 60,493	\$ 31,622

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. Special charges consist primarily of restructuring related expenses for employee terminations, lease terminations, and restructuring of acquired companies, as well as certain legal fees or provisions related to acquired companies. From time to time, it may also include adjustments in the fair value of contingent consideration, and other such non-recurring costs related to restructuring, financing, and acquisitions. 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 December 31,		For the twelve months ended December 31,	
	2020	2019	2020	2019
Net income (loss) before taxes	\$ 3,895	\$ (1,868)	\$ (2,501)	\$ (12,756)
Finance expense	3,719	5,499	19,672	16,026
Depreciation and amortization	5,262	4,648	21,466	13,057
Depreciation included in cost of sales	1,058	1,342	5,109	4,830
Foreign exchange loss (gain)	3,486	(244)	2,878	(155)
PPP loan forgiveness	(1,194)	-	(1,194)	-
Special charges	7,149	2,455	15,063	10,620
Adjusted EBITDA	\$ 23,375	\$ 11,832	\$ 60,493	\$ 31,622

About Converge

Converge Technology Solutions Corp. is a North American software-enabled, Hybrid IT solution provider focused on delivering industry-leading solutions and services. Converge's regional sales and services organizations deliver advanced analytics, cloud, cybersecurity, and managed services offerings to clients across various industries. The Company supports these solutions with talent expertise and digital infrastructure offerings across all major IT vendors in the marketplace. This multi-faceted approach enables Converge to address the unique business and technology requirements for all clients in the public and private sectors. For more information, visit convergetp.com.

For further information contact:

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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 including its most recent Annual Information Form, its Management Discussion and Analysis and its Annual and Quarterly Financial Statements.