



Converge Technology Solutions Reports First Quarter 2021 Financial Results

FOR IMMEDIATE RELEASE

May 11, 2021 – TORONTO, ONTARIO, CANADA and GATINEAU, QUÉBEC, CANADA - Converge Technology Solutions Corp. (“**Converge**” or “the **Company**”) (TSX:CTS) (FSE:0ZB) (OTCQX:CTSDF) is pleased to provide its financial results for the three month period ended March 31, 2021. All figures are in CAD dollars unless otherwise stated.

Q121 Highlights

- First quarter revenue increased 28% over last year to \$310.2 million
- Gross profit increased 24% over last year to \$67.8 million
- Adjusted EBITDA increased to \$18.8 million from \$11.0 million last year
- Net income was \$3.7 million compared to a loss of \$1.4 million last year
- Closed \$86.5 million equity financing at \$4.85 per common share in January 2021
- Graduated to the TSX from the TSX Venture Exchange on February 11th, 2021
- Expanded ABL credit facility from \$140 million to \$190 million on March 22nd, 2021
- Completed the acquisitions of CarpeDatum LLC. and Accudata Systems, Inc., adding key capabilities around analytics, networking, and security

Subsequent to Quarter

- Achieved Five Key 2021 IBM Awards including: the Beacon Award; Top North America Sell Business Partner of the Year; Top North America IBM and Red Hat Synergy Partner of the Year; IBM Data and AI Business Unit Excellence Award for Cloud Pak for Data; and, IBM Business Unit Excellence Award for Protect: Digital Trust
- Announced partnership with Lucira Health to provide first single-use PCR quality over the counter COVID 19 at-home test kit
- Completed acquisition of Dasher Technologies, Inc., a leading Silicon Valley-based IT solution provider

“Converge has attained yet another historic Q1 earnings and I am pleased to witness our 2020 momentum carry us successfully into the new year, despite the challenges we continue to face around the globe. I am especially honored that our team is partnering with Lucira Health to help enable the safe re-opening of our communities and economies, while also showing the unique combination of capabilities that Converge offers its customers”, said Shaun Maine, CEO of Converge. “Converge and all of its employees have continued to work extremely hard through the quarter executing on milestones such as the TSX graduation, the additional \$86.5 million equity financing, the expansion of our ABL credit facility, our recent acquisitions and being recognized as both IBM and RedHat’s partners of the Year.”

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.

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, May 11th, 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: 09152198

Recording Playback Numbers:

Toronto (+1) 416 764 8677

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

Passcode: 152198 #

Expiry Date: May 18th, 2021

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

	March 31, 2021	December 31, 2020
Assets		
Current assets		
Cash	\$ 68,432	\$ 64,767
Restricted cash	49,671	-
Trade and other receivables	345,239	364,308
Inventories	51,710	37,868
Prepaid expenses and other assets	10,397	10,376
	525,449	477,319
Long-term assets		
Property, equipment, and right-of-use assets, net	25,509	23,558
Intangible assets, net	113,066	108,926
Goodwill	121,447	110,068
Other non-current assets	2,023	749
	\$ 787,494	\$ 720,620
Liabilities and shareholders' equity		
Current liabilities		
Trade and other payables	\$ 370,030	\$ 398,003
Borrowings	141,316	133,281
Other financial liabilities	19,952	22,125
Deferred revenue and other liabilities	20,885	17,376
Income taxes payable	1,461	764
	553,644	571,549
Long-term liabilities		
Other financial liabilities	30,403	28,858
Borrowings	895	5,882
Deferred tax liability	14,527	12,584
	\$ 599,469	\$ 618,873
Shareholders' equity		
Common shares	217,907	135,354
Exchange rights	5,115	4,853
Foreign exchange translation reserve	614	817
Deficit	(35,611)	(39,277)
	188,025	101,747
	\$ 787,494	\$ 720,620

Summary of Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(expressed in thousands of dollars)

For the three months ended March 31,	2021	2020
Revenues		
Product	\$ 252,507	\$ 190,383
Service	57,695	51,142
Total revenue	310,202	241,525
Cost of sales	242,405	186,690
Gross profit	67,797	54,835
Selling, general and administrative expenses	49,643	45,204
Income before the following	18,154	9,631
Depreciation and amortization	6,488	5,401
Finance expense, net	2,420	5,499
Special charges	3,051	1,939
Other expense (income)	1,093	(1,619)
Income (loss) before income taxes	5,102	(1,589)
Income tax expense (recovery)	1,436	(173)
Net income (loss)	\$ 3,666	\$ (1,416)
Other comprehensive loss		
Exchange loss on translation of foreign operations	203	1,699
Comprehensive income (loss)	\$ 3,463	\$ (3,115)
Adjusted EBITDA	\$ 18,768	\$ 11,044

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 March 31,	
	2021	2020
Net income (loss) before taxes	\$ 5,102	\$ (1,589)
Finance expense	2,420	5,499
Depreciation and amortization	6,488	5,401
Depreciation included in cost of sales	695	1,434
Foreign exchange loss (gain)	1,012	(1,640)
Special charges	3,051	1,939
Adjusted EBITDA	\$ 18,768	\$ 11,044

About Converge

Converge Technology Solutions Corp. is a software-enabled IT & Cloud Solutions provider focused on delivering industry-leading solutions and services. Converge’s regional sales and services organizations deliver advanced analytics, cloud, and cybersecurity offerings to clients across various industries. The Company supports these solutions with managed services, digital infrastructure, and talent expertise 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.

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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.