



Converge Technology Solutions Reports Second Quarter 2021 Financial Results

Company announces another record quarter as it positions itself for expansion into new markets.

FOR IMMEDIATE RELEASE

August 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 and six months ended June 30, 2021. All figures are in Canadian dollars unless otherwise stated.

Q221 Highlights

- Second quarter revenue increased 52% over last year to \$345.3 million
- Gross profit increased 43% over last year to \$78.2 million
- Adjusted EBITDA increased 86% to \$21.7 million from \$11.7 million last year
- Not included in our Q2 results are \$54.6 million of revenue and \$3.9 million of Adjusted EBITDA which are part of the Vicom Infinity and Infinity System acquisitions announced on June 30th but not yet closed
- Net income was \$1.0 million compared to a loss of \$4.4 million last year
- Closed \$172.5 million equity financing at \$7.50 per common share in June 2021
- Added Doris Albiez to the European Advisory Board and appointed Darlene Kelly and Thomas Volk to the Converge Board at the Converge Annual General Meeting
- Completed the acquisitions of Dasher Technologies, Inc., a leading Silicon Valley-based IT solution provider; Exactly IT, a next generation managed IT service provider; and signed definitive agreements to acquire both Vicom Infinity, Inc. and Infinity Systems Software
- 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
- Added 121 Net New Logos throughout the Quarter
- Achieved Titanium Partner Status with Intel Corporation; Diamond Status with Palo Alto Networks; Elite Partner Status with Pure Storage; and ranked within top fifty on CRN’s 2021 Solution Provider 500 List

Subsequent to Quarter

- Completed acquisition of REDNET AG, an IT service provider headquartered in Mainz,

Germany marking our first European Acquisition

- Ranked fourteenth on CRN's 2021 Fast Growth 150 List; Announced as Ingram Micro's Blue Series Partner of the Year and CORE Partner of the Year for North America; and recipient of the 2021 North American Microsoft Surface Reseller of the Year

"Converge is extremely proud to announce another record quarter of performance", said Shaun Maine, CEO of Converge. "The team continues to execute in all aspects of our business as we focus on providing best in class solutions to our increasing roster of valued customers. In addition to our exceptional North American growth, we are extremely excited to have closed our platform acquisition in Europe and we look forward to replicating our North American success overseas. To further expand our investor base around our European expansion, the Company will be exploring a secondary listing on the London Stock Exchange. Our scale and reach as well as the depth of expertise within our key practice areas make Converge one of the premier IT solutions providers in the market and we look forward to continuing to deliver for our valued customers, shareholders, employees and stakeholders. Additionally, Converge has created a new cybersecurity-focused SaaS entity, Portage CyberTech Inc, which combines its Becker Carrol and Vivvo business units. Portage will focus on growing its unique offerings and expanding its footprint in the months ahead and may raise external capital directly to finance organic and M&A growth for its SaaS solutions. These are exciting times for Converge and we remain steadfast in our objective to meet and exceed the expectations of our customers and shareholders."

Conference Call Details:

Date: Thursday, August 12th, 2021

Time: 9:00 AM Eastern Time

Participant Dial-in Numbers:

Local – Toronto (+1) 647 794 4605

Toll Free – North America (+1) 888 204 4368

Germany – 0800 589 4609

United Kingdom – 0800 358 6377

Conference ID: 7839132

Recording Playback Numbers:

Toronto (+1) 647 436 0148

Toll Free – North America (+1) 888 203 1112

Passcode: 7839132

Expiry Date: August 19th, 2021

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.

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.

For further information contact:

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Summary of Consolidated Statements of Financial Position

(expressed in thousands of dollars)

	June 30, 2021	December 31, 2020
Assets		
Current assets		
Cash	\$ 124,923	\$ 64,767
Trade and other receivables	351,663	364,308
Inventories	62,096	37,868
Prepaid expenses and other assets	9,757	10,376
	548,439	477,319
Long-term assets		
Property, equipment, and right-of-use assets, net	27,108	23,558
Intangible assets, net	147,903	108,926
Goodwill	186,995	110,068
Other non-current assets	1,969	749
	\$ 912,414	\$ 720,620
Liabilities and shareholders' equity		
Current liabilities		
Trade and other payables	\$ 377,127	\$ 398,003
Borrowings	50,513	133,281
Other financial liabilities	26,437	22,125
Deferred revenue and other liabilities	34,656	17,376
Income taxes payable	2,453	764
	491,186	571,549
Long-term liabilities		
Other financial liabilities	41,535	28,858
Borrowings	723	5,882
Deferred tax liability	24,618	12,584
	\$ 558,062	\$ 618,873
Shareholders' equity		
Common shares	383,696	135,354
Exchange rights	3,808	4,853
Foreign exchange translation reserve	1,435	817
Deficit	(34,587)	(39,277)
	354,352	101,747
	\$ 912,414	\$ 720,620

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

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Revenues				
Product	\$ 281,287	\$ 175,307	\$ 533,794	\$ 365,691
Service	64,020	52,535	121,715	103,676
Total revenue	345,307	227,842	655,509	469,367
Cost of sales	267,063	172,993	509,469	359,683
Gross profit	78,244	54,849	146,040	109,684
Selling, general and administrative expenses	57,630	44,174	107,273	89,576
Income before the following	20,614	10,675	38,767	20,108
Depreciation and amortization	7,898	5,623	14,386	11,024
Finance expense, net	1,727	5,316	4,147	10,815
Special charges	5,354	4,307	8,405	6,049
Other expense (income)	1,913	999	3,006	(620)
Income (loss) before income taxes	3,722	(5,570)	8,823	(7,160)
Income tax expense (recovery)	2,697	(1,169)	4,133	(1,342)
Net income (loss)	\$ 1,025	\$ (4,401)	\$ 4,690	\$ (5,818)
Other comprehensive income (loss)				
Exchange loss on translation of foreign operations	(820)	(951)	(618)	748
Comprehensive income (loss)	\$ 1,845	\$ (3,450)	\$ 5,308	\$ (6,566)
Adjusted EBITDA	\$ 21,720	\$ 11,654	\$ 40,488	\$ 22,500

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 June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Net income (loss) before taxes	\$ 3,722	\$ (5,570)	\$ 8,823	\$ (7,160)
Finance expense	1,727	5,316	4,148	10,815
Depreciation and amortization	7,898	5,623	14,386	11,024
Depreciation included in cost of sales	1,065	1,346	1,760	2,780
Foreign exchange loss (gain)	1,954	632	2,966	(1,008)
Special charges	5,354	4,307	8,405	6,049
Adjusted EBITDA	\$ 21,720	\$ 11,654	\$ 40,488	\$ 22,500

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.