

Pivot Technology Solutions Reports First Quarter 2016 Results

Toronto, Canada, May 27, 2016

Pivot Technology Solutions, Inc. (“Pivot” or the “Company”) (TSX-V: PTG), today publishes its results for the first quarter ended March 31, 2016

Financial Highlights Q1 2016

- Revenues of \$332.8 million, up 12.3% compared to Q1 2015, attributable primarily to strong product sales.
 - o Product sales of \$291.7 million, up 14.1% compared to Q1 2015.
 - o Service revenues up 1.8% to \$39.3 million compared to Q1 2015.
- Gross profit up \$5.8 million, or 18.0%, to \$38.0 million from the same period in the prior year.
- Gross margin for the quarter was 11.4%, up from 10.9% in Q1 2015.
- Adjusted EBITDA* came in at \$1.5 million, up 10.8% from Q1 2015.
- Adjusted for changes in non-cash working capital balances, the Company generated \$0.9 million in cash from operating activities, as compared to \$1.2 million for the same period last year.

Events Subsequent to the Quarter

- The Company announced Board and Management changes. Kevin Shank has taken over as CEO from Warren Barnes, who remains affiliated with the Company as a Board member and consultant, effective May 1, 2016. Additionally, Kerri Brass resigned as CFO to pursue another opportunity, also effective May 1, 2016. Finally, John Sculley and Gordon McMillan announced they will not stand for re-election at the Company’s upcoming annual and special meeting of shareholders and since there are no further scheduled Board meetings prior to the annual meeting, they have stepped down from the Board.
- The Company announced that its Board of Directors has approved, under its dividend policy, a quarterly cash dividend on the common shares of the Company in the amount of CAD \$0.01 per common share (CAD \$0.04 per share annualized), payable on June 15, 2016, to holders of record at the close of business on May 31, 2016.
- The Company announced its annual and special meeting will be held on Tuesday, June 21, 2016 at 10:00 am (Toronto time) at the offices of Borden Ladner Gervais LLP, in the Elliot Room.

Management Commentary

“On a year over year basis, Pivot recorded another quarter of solid, double-digit top line and gross profit growth,” stated Kevin Shank, CEO of Pivot. “Specifically, the investments made in our product sales and product related-services helped drive and deliver this growth. However, as Q1 typically is the lightest quarter in terms of revenues throughout the year, the increase in operational expenses related to these investments resulted in relatively modest dollar growth of adjusted EBITDA. Going forward, we believe our

organization has capacity for growth, so that as revenue and gross margin increase, we are not adding cost at the same rate, thus creating positive leverage and improving our bottom line.”

“Strategically we continue to focus on growing our core business, developing industry specific offerings, and driving product-related professional services to our customer base. Longer term, we intend building capabilities and new offerings in the higher-margin managed services area, where we see significant growth opportunities, in particular with existing customers. Our approach will include expanding our solutions portfolio, adding services capability, and driving a commercial transformation of our sales and account management processes.

Going into Q2, while too early to make projections on revenue and profitability, we are witnessing a business climate in line with historically typical market activity.”

Q1 2016 Financial Review

Revenues came in at \$332.8 million, up \$36.4 million, or 12.3% from Q1 2015. Revenue growth was attributable predominantly to increased product sales, which came in at \$291.7 million, up \$36.1 million, or 14.1% over Q1 of 2015. A modest contribution to growth was recorded from the Company’s services business, which saw revenues increase by 1.8%, or \$0.7 million, to \$39.3 million.

The net increases in product sales over the prior year quarter was attributable predominantly to non-major customers, with a growth of \$32.3 million, combined with modest growth in product sales to major customers of \$3.8 million.

Overall, revenues from major customers increased by 2.3%, or \$2.2 million, while revenues from non-major customers increased by 17.3% or \$34.2 million.

Gross profit of \$38.0 million was up 18.0%, or \$5.8 million, from Q1 2015. Gross profit margin of 11.4% was up from 10.9% in Q1 2015. The increase in gross profit and gross profit margin quarter over quarter was attributable to higher revenues from non-major customers, which carry a higher overall profit margin.

The Company recorded adjusted EBITDA* for Q1 2016 of \$1.5 million, up 10.8%, or \$0.1 million, from Q1 2015. The increase over the same quarter in the prior year is relatively minor, as the Company continues to invest in traditional sales and product related services.

Selling and administrative expenses for Q1 2016 increased by 18.3%, or \$5.7 million, to \$36.6 million, as compared to Q1 2015. The bulk of this increase, or \$5.0 million, was due to increases in salaries and employee benefits. Underlying this increase was an increase in headcount as investments were made to drive future growth, salary increases and increased benefit costs, as well as higher commissions as a result of the increased revenue and gross profit period over period.

Adjusted for changes in non-cash working capital balances, the Company generated \$0.9 million in cash from operating activities, as compared to \$1.2 million for the same period last year. As at March 31, 2016, total cash on hand was \$14.5 million, up from \$8.0 million as at December 31, 2015. The changes in cash on hand were related to movements in working capital.

Cash used in investing activities decreased by \$1.9 million compared to the same period in the prior year. The decrease is due primarily to a reduction in capital expenditures, as substantial investments were made in the comparable prior year period due to costs incurred for a new, state of the art warehouse and integration center.

Normal fluctuations in revenue performance, which are commonplace in the industry, drive significant movements in working capital, in particular with regards to accounts receivable, inventory and accounts payable. Consequently, movements in working capital balances are largely volume related, however, the Company focuses on driving improvement in its business processes to optimize the use of its secured borrowing facilities and effectively manage working capital. As such, the Company uses the average undrawn availability on existing, secured credit facilities as a key measure of liquidity, which for the quarter stood at \$79.9 million, as compared to \$19.1 million for the comparable period in 2015.

The JPMC credit facility, which replaced the PNC Bank facility in September 2015, was increased to \$225 million in January 2016, providing additional liquidity to the Company to support growth.

Conference Call

DATE: Friday, May 27, 2016

TIME: 11:00 a.m. ET

DIAL IN NUMBER: +1 647-427-7450
+1 888-231-8191

TAPED REPLAY: 416-849-0833 or 1-855-859-2056
Available from May 27, 2016 14:00 ET to June 10, 2016 23:59 ET
Reference number: 6758084

Subsequently, a recording of the call will be posted on the Company's website: www.pivotts.com.

About Pivot Technology Solutions, Inc.

Together with its portfolio companies and partners, Pivot delivers solutions that enable organizations to design, build, implement and maintain computing and communication infrastructure that addresses their unique business needs. Pivot's approach supports improvement of business performance, helps organizations reduce capital and operating expenses, and accelerates the delivery of new products and services to end-customers. With over 2,000 customers, many of whom are Fortune 1000 companies, Pivot extends its value added solutions to help organizations of all sizes improve operating efficiency, reduce complexity and enhance service delivery through virtualization and cloud computing. Pivot enables businesses to extend their enterprise through mobility solutions to better connect business partners and customers. Pivot has offices throughout North America and can be found online at www.pivotts.com.

Forward Looking Statements

This news release contains statements that, to the extent they are not recitations of historical fact, may constitute "forward-looking statements" within the meaning of applicable Canadian securities laws. Forward-looking statements include statements regarding the payment of a quarterly cash dividend on June 15, 2016, timing of Pivot's annual and special meeting of shareholders, business climate for Q2, expansion

of Pivot's services and international businesses, continued innovation, capitalizing on opportunities in the higher-margin managed services segment, improved liquidity under the JPMC credit facility and the assumptions underlying any of the foregoing. Pivot uses words such as "may", "would", "could", "will", "likely", "expect", "believe", "intend" and similar expressions to identify forward-looking statements. Any such forward-looking statements are based on assumptions and analyses made by Pivot in light of its experience and its perception of historical trends, current conditions and expected future developments, including the assumption that opportunities identified by Pivot may lead to expansion of its services and cross-selling opportunities across the business, continued innovation by Pivot and achievement of cross-selling synergies, that the general business climate will not deteriorate, that the Company will be in a financial position to pay a dividend in subsequent periods, that such payment will be permitted under the Company's credit facilities, as well as other factors Pivot believes are appropriate under the relevant circumstances. However, whether actual results and developments will conform to Pivot's expectations and predictions is subject to any number of risks, assumptions and uncertainties. Many factors could cause Pivot's actual results to differ materially from those expressed or implied by the forward-looking statements contained in this news release. These factors include, without limitation: the possibility that Pivot's annual and special meeting of shareholders will be adjourned, uncertainty in the global economic environment; delays in the purchasing decisions of Pivot's customers; the competition Pivot faces in its industry and/or marketplace; the possibility of technical, logistical or planning issues in connection with the deployment of Pivot's products or services; the possibility that Pivot will not be able to further align its support functions with the selling and delivery arms of the business; uncertainty with respect to the ability of the Company to pay a quarterly dividend under its credit facilities; and the possibility that Pivot will be unable to capitalize on opportunities it has identified in the manner and timeframe anticipated. The "forward-looking statements" contained herein speak only as of the date of this press release and, unless required by applicable law, the Company undertakes no obligation to publicly update or revise such information, whether as a result of new information, future events or otherwise.

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.

Pivot Technology Solutions, Inc.

SELECTED FINANCIAL INFORMATION

Full financial statements and related Management Discussion and Analysis can be found on SEDAR and the Company's website www.pivotts.com

All figures are in US \$'000s

	Three months ended March 31, (unaudited)	
	2016	2015
Revenues	332,787	296,373
Cost of sales	294,784	264,177
Gross profit	38,003	32,196
Selling and administrative expenses	36,552	30,887
Adjusted EBITDA*	1,451	1,309
Depreciation and amortization	2,879	3,085
Transaction costs	191	17
Interest expense	1,038	1,837
Change in fair value of liabilities	683	725
Other expense	1,443	1
Loss before income taxes	(4,783)	(4,356)
Recovery of income taxes	(1,028)	(1,249)
Net and comprehensive loss	(3,755)	(3,107)

Note: Amounts presented are in thousands of U.S. dollars, except per share amounts

*Non-IFRS Financial Measures

The Company internally measures its performance and results of initiatives through a number of measures that are not recognized under IFRS and may not be comparable to similar measures used by other companies.

***Adjusted EBITDA**

In the Company's financial reporting, adjusted EBITDA is a non-IFRS measure which is defined as gross profit less selling and administrative expenses, and corresponds to income before income taxes, depreciation and amortization, transaction costs, interest expense, change in fair value of liabilities and other income or expense. Management believes this is an important indicator as adjusted EBITDA excludes items that are either 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 also used by 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. Adjusted EBITDA is not a recognized measure under IFRS, has no standardized meaning and is therefore unlikely to be comparable to similar measures used by other companies. Readers are cautioned that this term should not be construed as an alternative to net income determined in accordance with IFRS.

The following provides a reconciliation of adjusted EBITDA* to loss before income taxes:

	Three months ended March 31, (unaudited)	
	2016	2015
Loss before income taxes	(4,783)	(4,356)
Depreciation and amortization	2,879	3,085
Transaction costs	191	17
Interest expense	1,038	1,837
Change in fair value of liabilities	683	725
Other expense	1,443	1
Adjusted EBITDA*	1,451	1,309

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