

## Enghouse Releases First Quarter Results

**Markham, Ontario** – March 3, 2022 – Enghouse Systems Limited (TSX:ENGH) today announced its first quarter unaudited financial results for the period ended January 31, 2022. All the financial information is in Canadian dollars unless otherwise indicated.

Financial and operational highlights for the three months ended January 31, 2022 compared to the three months ended January 31, 2021 are as follows:

- Revenue achieved was \$111.1 million compared to revenue of \$119.1 million;
- Results from operating activities was \$35.7 million compared to \$40.7 million;
- Net income increased to \$21.6 million compared to \$20.6 million;
- Adjusted EBITDA was \$38.6 million compared to \$44.5 million;
- Cash flows from operating activities excluding changes in working capital was \$38.7 million compared to \$41.7 million.

Revenue for the first quarter of 2022 was \$111.1 million compared to revenue of \$119.1 million in the prior year. While revenue for the first quarter of the comparative year had mostly returned to pre-COVID volumes it represents the tail-end of a period positively impacted by an influx of COVID related demand for our remote-work and visual computing solutions. Revenue for the quarter was also negatively impacted by \$4.4 million as a result of foreign exchange compared to the prior year. We also continue to experience a shift towards cloud offerings, particularly in the contact center market.

Net income for the quarter was \$21.6 million or \$0.39 per diluted share, compared to \$20.6 million or \$0.37 per diluted share last year. The increase in Net income is a result of lower costs and higher other income despite lower revenues relative to the comparative period. Adjusted EBITDA was \$38.6 million or \$0.69 per diluted share, compared to \$44.5 million or \$0.80 per diluted share in the first quarter of 2021.

Enghouse closed the quarter with \$214.8 million in cash, cash equivalents and short-term investments, compared to \$198.8 million at October 31, 2021 with no external debt. The cash balance was achieved after making payments of \$8.9 million for dividends in the first quarter. Enghouse remains focused on its long-term growth strategy, investing in products while ensuring profitability and maximizing operating cashflows. As a result, Enghouse continues to replenish its acquisition capital while annually increasing its eligible quarterly dividend.

### Quarterly dividends:

Today, the Board of Directors approved the Company's eligible quarterly dividend of \$0.185 per common share, an increase of 16% over the prior dividend, payable on May 31, 2022 to shareholders of record at the close of business on May 17, 2022. This represents the 14<sup>th</sup> consecutive year in which the company increased its dividend by over 10%.

**Enhouse Systems Limited**  
**Financial Highlights**  
*(unaudited, in thousands of Canadian dollars)*

For the period ended January 31	Three months			
	2022	2021	Var (\$)	Var (%)
<b>Revenue</b>	\$ 111,102	\$ 119,100	(7,998)	(6.7)
Direct costs	32,828	31,508	1,320	4.2
<b>Revenue, net of direct costs</b>	\$ 78,274	\$ 87,592	(9,318)	(10.6)
<i>As a % of revenue</i>	70.5%	73.5%		
Operating expenses	42,551	46,510	(3,959)	(8.5)
Special charges	18	383	(365)	(95.3)
<b>Results from operating activities</b>	\$ 35,705	\$ 40,699	(4,994)	(12.3)
<i>As a % of revenue</i>	32.1%	34.2%		
Amortization of acquired software and customer relationships	(9,657)	(10,774)	1,117	10.4
Foreign exchange losses	(336)	(3,110)	2,774	89.2
Interest expense – lease obligations	(202)	(329)	127	38.6
Finance income	129	80	49	61.3
Finance expenses	(23)	(81)	58	71.6
Other income (expenses)	1,000	(324)	1,324	408.6
<b>Income before income taxes</b>	\$ 26,616	\$ 26,161	455	1.7
Provision for income taxes	5,019	5,519	(500)	(9.1)
<b>Net Income for the period</b>	\$ 21,597	\$ 20,642	955	4.6
Basic earnings per share	0.39	0.37	0.02	5.4
Diluted earnings per share	0.39	0.37	0.02	5.4
Operating cash flows	24,342	20,545	3,797	18.5
Operating cash flows excluding changes in working capital	38,743	41,715	(2,972)	(7.1)
<b>Adjusted EBITDA</b>				
Results from operating activities	35,705	40,699	(4,994)	(12.3)
Depreciation	720	735	(15)	2.0
Depreciation of right-of-use assets	2,112	2,703	(591)	21.9
Special charges	18	383	(365)	95.3
<b>Adjusted EBITDA</b>	\$ 38,555	\$ 44,520	(5,965)	(13.4)
<i>Adjusted EBITDA margin</i>	34.7%	37.4%		
<b>Adjusted EBITDA per diluted share</b>	\$ 0.69	\$ 0.80	(0.11)	(13.8)

## Condensed Consolidated Interim Statements of Financial Position

(in thousands of Canadian dollars)  
(unaudited)

	As at January 31, 2021	As at October 31, 2021
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 210,899	\$ 195,890
Short-term investments	3,915	2,944
Accounts receivable	108,927	89,374
Prepaid expenses and other assets	13,669	13,322
Income taxes recoverable	-	2,130
	<b>337,410</b>	<b>303,660</b>
<b>Non-current assets:</b>		
Property and equipment	5,090	6,246
Right-of-use assets	24,153	25,943
Intangible assets	93,038	101,822
Goodwill	223,194	223,021
Deferred income tax assets	16,399	13,932
	<b>361,874</b>	<b>370,964</b>
	<b>\$ 699,284</b>	<b>\$ 674,624</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$ 61,690	\$ 71,506
Income taxes payable	1,373	-
Dividends payable	8,889	8,889
Provisions	3,933	5,588
Deferred revenue	100,222	80,614
Lease obligations	8,130	7,941
	<b>184,237</b>	<b>174,538</b>
<b>Non-current liabilities:</b>		
Income taxes payable	2,325	2,949
Deferred income tax liabilities	14,046	13,392
Deferred revenue	8,574	9,111
Net employee defined benefit obligation	2,655	2,663
Lease obligations	15,889	17,660
	<b>43,489</b>	<b>45,775</b>
	<b>227,726</b>	<b>220,313</b>
<b>Shareholders' equity</b>		
Share capital	106,470	106,470
Contributed surplus	7,819	7,406
Retained earnings	367,727	355,019
Accumulated other comprehensive loss	(10,458)	(14,584)
	<b>471,558</b>	<b>454,311</b>
	<b>\$ 699,284</b>	<b>\$ 674,624</b>

## Condensed Consolidated Interim Statements of Operations and Comprehensive Income

(in thousands of Canadian dollars, except per share amounts)  
(unaudited)

Periods ended January 31	Three months	
	2022	2021
<b>Revenue</b>		
Software licenses	\$ 23,778	\$ 28,300
Hosted and maintenance services	66,427	72,243
Professional services	17,952	15,829
Hardware	2,945	2,728
	<b>111,102</b>	<b>119,100</b>
<b>Direct costs</b>		
Software licenses	1,327	1,201
Services	29,594	28,472
Hardware	1,907	1,835
	<b>32,828</b>	<b>31,508</b>
<b>Revenue, net of direct costs</b>	<b>78,274</b>	<b>87,592</b>
<b>Operating expenses</b>		
Selling, general and administrative	22,407	22,951
Research and development	17,312	20,121
Depreciation	720	735
Depreciation of right-of-use assets	2,112	2,703
Special charges	18	383
	<b>42,569</b>	<b>46,893</b>
<b>Results from operating activities</b>	<b>35,705</b>	<b>40,699</b>
Amortization of acquired software and customer relationships	(9,657)	(10,774)
Foreign exchange losses	(336)	(3,110)
Interest expense – lease obligations	(202)	(329)
Finance income	129	80
Finance expenses	(23)	(81)
Other income (expenses)	1,000	( 324)
<b>Income before income taxes</b>	<b>26,616</b>	<b>26,161</b>
<b>Provision for income taxes</b>	<b>5,019</b>	<b>5,519</b>
<b>Net income for the period</b>	<b>\$ 21,597</b>	<b>\$ 20,642</b>
<u>Items that may be subsequently reclassified to income:</u>		
Cumulative translation adjustment	4,126	(4,868)
<b>Other comprehensive income (loss)</b>	<b>4,126</b>	<b>(4,868)</b>
<b>Comprehensive income</b>	<b>\$ 25,723</b>	<b>\$ 15,774</b>
<b>Earnings per share</b>		
Basic	\$ 0.39	\$ 0.37
Diluted	\$ 0.39	\$ 0.37

## Condensed Consolidated Interim Statements of Cash Flows

(in thousands of Canadian dollars)  
(unaudited)

Periods ended January 31	Three months	
	2022	2021
<b>OPERATING ACTIVITIES</b>		
Net income for the period	\$ 21,597	\$ 20,642
Adjustments for non-cash items		
Depreciation	720	735
Depreciation of right-of-use assets	2,112	2,703
Interest expense – lease obligations	202	329
Amortization of acquired software and customer relationships	9,657	10,774
Stock-based compensation expense	413	608
Provision for income taxes	5,019	5,519
Finance and other (expenses) income	(977)	405
	<b>38,743</b>	<b>41,715</b>
Changes in non-cash operating working capital	(11,202)	(11,355)
Income taxes paid	(3,199)	(9,815)
<b>Net cash provided by operating activities</b>	<b>24,342</b>	<b>20,545</b>
<b>INVESTING ACTIVITIES</b>		
Sale (purchase) of property and equipment	235	(678)
Acquisitions, net of cash acquired*	-	(27,829)
Sale of short-term investments	-	2,546
<b>Net cash provided by (used in) investing activities</b>	<b>235</b>	<b>(25,961)</b>
<b>FINANCING ACTIVITIES</b>		
Issuance of share capital	-	154
Repayment of lease obligations	(2,093)	(2,830)
Dividends paid	(8,889)	(7,472)
<b>Net cash used in financing activities</b>	<b>(10,982)</b>	<b>(10,148)</b>
Impact of foreign exchange on cash and cash equivalents	1,414	(3,251)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>15,009</b>	<b>(18,815)</b>
Cash and cash equivalents - beginning of period	195,890	244,792
<b>Cash and cash equivalents - end of period</b>	<b>\$ 210,899</b>	<b>\$ 225,977</b>

\* Acquisitions are net of cash acquired of nil and \$1,463 for the three months ended January 31, 2022 and 2021, respectively.

# Enghouse Systems Limited

## Segment Reporting Information

(in thousands of Canadian dollars)

Three months ended January 31, 2022	IMG		AMG		Total
Revenue	\$	61,871	\$	49,231	\$ 111,102
Direct costs		(15,444)		(17,384)	(32,828)
<b>Revenue, net of direct costs</b>		<b>46,427</b>		<b>31,847</b>	<b>78,274</b>
Operating expenses excluding special charges		(19,551)		(11,172)	(30,723)
Depreciation		(596)		(124)	(720)
Depreciation of right-of-use assets		(1,327)		(785)	(2,112)
<b>Segment profit</b>	<b>\$</b>	<b>24,953</b>	<b>\$</b>	<b>19,766</b>	<b>\$ 44,719</b>
Special charges					(18)
Corporate and shared service expenses					(8,996)
<b>Results from operating activities</b>				<b>\$</b>	<b>35,705</b>

Three months ended January 31, 2021	IMG		AMG		Total
Revenue	\$	70,303	\$	48,797	\$ 119,100
Direct costs		(15,457)		(16,051)	(31,508)
<b>Revenue, net of direct costs</b>		<b>54,846</b>		<b>32,746</b>	<b>87,592</b>
Operating expenses excluding special charges		(22,663)		(12,125)	(34,788)
Depreciation		(671)		(64)	(735)
Depreciation of right-of-use assets		(1,818)		(885)	(2,703)
<b>Segment profit</b>	<b>\$</b>	<b>29,694</b>	<b>\$</b>	<b>19,672</b>	<b>\$ 49,366</b>
Special charges					(383)
Corporate and shared service expenses					(8,284)
<b>Results from operating activities</b>				<b>\$</b>	<b>40,699</b>

### About Enghouse

Enghouse is a Canadian publicly traded company (TSX:ENGH) that provides enterprise software solutions focusing on telehealth, visual computing and communications networks. The Company's two-pronged strategy to grow earnings focuses on internal growth and acquisitions, which, to date, have been funded through operating cash flows. The Company is well capitalized, has no long-term debt and is organized around two business segments: the Interactive Management Group and the Asset Management Group. Further information about Enghouse may be obtained from the Company's website at [www.enghouse.com](http://www.enghouse.com).

### Conference Call and Webcast

A conference call to discuss the results will be held on Friday, March 4, 2022 at 8:45 a.m. EST. To participate, please call +1-647-689-4521 or North American Toll-Free +1-833-235-7649. Confirmation code: 8096823. A webcast is also available at: <https://www.enghouse.com/investors.php>.

### For further information please contact:

Sam Anidjar  
Vice President, Corporate Development  
(905) 946-3200  
[investor@enghouse.com](mailto:investor@enghouse.com)

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*The Company uses non-IFRS measures to assess its operating performance. Securities regulations require that companies caution readers that earnings and other measures adjusted to a basis other than IFRS do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies. Accordingly, they should not be considered in isolation. The Company uses Adjusted EBITDA as a measure of operating performance. Therefore, Adjusted EBITDA may not be comparable to similar measures presented by other issuers. Adjusted EBITDA is calculated based on results from operating activities adjusted for depreciation of property and equipment and right-of-use assets, and special charges for acquisition related restructuring costs. Management uses Adjusted EBITDA to evaluate operating performance as it excludes amortization of software and intangibles (which is an accounting allocation of the cost of software and intangible assets arising on acquisition), any impact of finance and tax related activities, asset depreciation, foreign exchange gains and losses, other income and restructuring costs primarily related to acquisitions.*