



---

## Enghouse Releases Second Quarter Results

**Markham, Ontario** – June 7, 2022 – Enghouse Systems Limited (TSX:ENGH) today announced its second quarter unaudited financial results for the period ended April 30, 2022. All the financial information is in Canadian dollars unless otherwise indicated.

Financial and operational highlights for the three and six months ended April 30, 2022 compared to the three and six months ended April 30, 2021 are as follows:

- Revenue achieved was \$106.3 and \$217.4 million, respectively, compared to revenue of \$117.3 and \$236.4 million;
- Results from operating activities was \$31.1 and \$66.8 million, respectively, compared to \$36.9 and \$77.6 million;
- Net income was \$17.9 and \$39.5 million, respectively, compared to \$20.7 and \$41.4 million;
- Adjusted EBITDA was \$33.8 and \$72.3 million, respectively, compared to \$40.2 and \$84.7 million;
- Cash flows from operating activities excluding changes in working capital was \$34.5 and \$73.3 million, respectively, compared to \$42.6 and \$84.3 million.

Revenue for the second quarter of 2022 was \$106.3 million with results from operating activities of \$31.1 million and cash flows from operating activities excluding changes in working capital of \$34.5 million. As a result, we closed the quarter with \$231.2 million in cash, cash equivalents, and short-term investments with no external debt. We remain focused on operating a profitable, cash flow positive business that generates the necessary capital to fund our acquisition strategy without the need for financing.

Revenue for the second quarter of 2022 was down from \$117.3 million in the same period of the prior year and was negatively impacted by \$3.7 million as a result of unfavourable foreign exchange as European currencies have come under pressure with the recent conflict in Ukraine. Excluding the impact of foreign exchange, our Asset Management Group had comparable revenues to the second quarter of 2021. Our Interactive Management Group is experiencing increased competition from cloud solutions providers as the market shifts towards the cloud as more businesses adopt work from home operating models. While we differentiate ourselves from our competitors by providing customers choice between on-premise solutions, private cloud and multi-tenant cloud offerings we are augmenting our existing channel-partner model with additional focus on our direct go-to-market approach for our cloud solution that is still in the early stages of its global roll-out.

Net income for the quarter was \$17.9 million or \$0.32 per diluted share, compared to \$20.7 million or \$0.37 per diluted share last year. The decrease in net income is a result of higher revenue in the comparative period despite lower operating expenses in the current period. Adjusted EBITDA was \$33.8 million or \$0.61 per diluted share, compared to \$40.2 million or \$0.72 per diluted share in the second quarter of 2021.

Enghouse closed the quarter with \$231.2 million in cash, cash equivalents and short-term investments, compared to \$198.8 million as at October 31, 2021 with no external debt. The cash balance was achieved after making payments of \$17.8 million for dividends in the first six months of 2022. 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, payable on August 31, 2022 to shareholders of record at the close of business on August 17, 2022. This payment represents an increase of 16% compared to the prior year.

# Enghouse Systems Limited

## Financial Highlights

(unaudited, in thousands of Canadian dollars)

For the period ended April 30	Three months				Six months			
	2022	2021	Var (\$)	Var (%)	2022	2021	Var (\$)	Var (%)
<b>Revenue</b>	\$ 106,312	\$ 117,334	(11,022)	(9.4)	\$ 217,414	\$ 236,434	(19,020)	(8.0)
Direct costs	33,581	33,533	48	0.1	66,409	65,041	1,368	2.1
<b>Revenue, net of direct costs</b>	\$ 72,731	\$ 83,801	(11,070)	(13.2)	\$ 151,005	\$ 171,393	(20,388)	(11.9)
<i>As a % of revenue</i>	68.4%	71.4%			69.5%	72.5%		
Operating expenses	41,629	46,852	(5,223)	(11.1)	84,180	93,362	(9,182)	(9.8)
Special charges	46	57	(11)	(19.3)	64	440	(376)	(85.5)
<b>Results from operating activities</b>	\$ 31,056	\$ 36,892	(5,836)	(15.8)	\$ 66,761	\$ 77,591	(10,830)	(14.0)
<i>As a % of revenue</i>	29.2%	31.4%			30.7%	32.8%		
Amortization of acquired software and customer relationships	(9,207)	(10,854)	1,647	15.2	(18,864)	(21,628)	2,764	12.8
Foreign exchange gains (losses)	314	1,587	(1,273)	(80.2)	(22)	(1,523)	1,501	98.6
Interest expense – lease obligations	(196)	(277)	81	29.2	(398)	(606)	208	34.3
Finance income	122	36	86	238.9	251	116	135	116.4
Finance expenses	(21)	17	(38)	(223.5)	(44)	(64)	20	31.3
Other income (expenses)	23	(1,122)	1,145	102.0	1,023	(1,446)	2,469	170.7
<b>Income before income taxes</b>	\$ 22,091	\$ 26,279	(4,188)	(15.9)	\$ 48,707	\$ 52,440	(3,733)	(7.1)
Provision for income taxes	4,220	5,540	(1,320)	(23.8)	9,239	11,059	(1,820)	(16.5)
<b>Net Income for the period</b>	\$ 17,871	\$ 20,739	(2,868)	(13.8)	\$ 39,468	\$ 41,381	(1,913)	(4.6)
Basic earnings per share	0.32	0.37	(0.05)	(13.5)	0.71	0.75	(0.04)	(5.3)
Diluted earnings per share	0.32	0.37	(0.05)	(13.5)	0.71	0.74	(0.03)	(4.1)
Operating cash flows	31,142	39,155	(8,013)	(20.5)	55,484	59,702	(4,218)	(7.1)
Operating cash flows excluding changes in working capital	34,510	42,600	(8,090)	(19.0)	73,253	84,317	(11,064)	(13.1)
<b>Adjusted EBITDA</b>								
Results from operating activities	31,056	36,892	(5,836)	(15.8)	66,761	77,591	(10,830)	(14.0)
Depreciation	705	758	(53)	7.0	1,425	1,493	(68)	4.6
Depreciation of right-of-use assets	1,969	2,492	(523)	21.0	4,081	5,195	(1,114)	21.4
Special charges	46	57	(11)	19.3	64	440	(376)	85.5
<b>Adjusted EBITDA</b>	\$ 33,776	\$ 40,199	(6,423)	(16.0)	\$ 72,331	\$ 84,719	(12,388)	(14.6)
<i>Adjusted EBITDA margin</i>	31.8%	34.3%			33.3%	35.8%		
<b>Adjusted EBITDA per diluted share</b>	\$ 0.61	\$ 0.72	(0.11)	(15.3)	\$ 1.30	\$ 1.52	(0.22)	(14.5)

## Condensed Consolidated Interim Statements of Financial Position

(in thousands of Canadian dollars)  
(unaudited)

	As at April 30, 2022	As at October 31, 2021
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 227,377	\$ 195,890
Short-term investments	3,841	2,944
Accounts receivable	98,592	89,374
Prepaid expenses and other assets	14,536	13,322
Income taxes recoverable	-	2,130
	<b>344,346</b>	<b>303,660</b>
<b>Non-current assets:</b>		
Property and equipment	4,766	6,246
Right-of-use assets	22,741	25,943
Intangible assets	82,462	101,822
Goodwill	218,019	223,021
Deferred income tax assets	16,548	13,932
	<b>344,536</b>	<b>370,964</b>
	<b>\$ 688,882</b>	<b>\$ 674,624</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$ 59,055	\$ 71,506
Income taxes payable	1,957	-
Dividends payable	10,285	8,889
Provisions	3,389	5,588
Deferred revenue	95,685	80,614
Lease obligations	7,447	7,941
	<b>177,818</b>	<b>174,538</b>
<b>Non-current liabilities:</b>		
Income taxes payable	2,414	2,949
Deferred income tax liabilities	11,770	13,392
Deferred revenue	8,032	9,111
Net employee defined benefit obligation	2,518	2,663
Lease obligations	15,069	17,660
	<b>39,803</b>	<b>45,775</b>
	<b>217,621</b>	<b>220,313</b>
<b>Shareholders' equity</b>		
Share capital	107,672	106,470
Contributed surplus	7,931	7,406
Retained earnings	375,314	355,019
Accumulated other comprehensive loss	(19,656)	(14,584)
	<b>471,261</b>	<b>454,311</b>
	<b>\$ 688,882</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 April 30	Three months		Six months	
	2022	2021	2022	2021
<b>Revenue</b>				
Software licenses	21,420	\$ 25,167	\$ 45,198	\$ 53,467
Hosted and maintenance services	63,745	70,402	130,172	142,645
Professional services	17,879	18,468	35,831	34,297
Hardware	3,268	3,297	6,213	6,025
	<b>106,312</b>	<b>117,334</b>	<b>217,414</b>	<b>236,434</b>
<b>Direct costs</b>				
Software licenses	1,286	1,485	2,613	2,686
Services	30,560	30,143	60,154	58,615
Hardware	1,735	1,905	3,642	3,740
	<b>33,581</b>	<b>33,533</b>	<b>66,409</b>	<b>65,041</b>
<b>Revenue, net of direct costs</b>	<b>72,731</b>	<b>83,801</b>	<b>151,005</b>	<b>171,393</b>
<b>Operating expenses</b>				
Selling, general and administrative	19,897	22,208	42,304	45,159
Research and development	19,058	21,394	36,370	41,515
Depreciation	705	758	1,425	1,493
Depreciation of right-of-use assets	1,969	2,492	4,081	5,195
Special charges	46	57	64	440
	<b>41,675</b>	<b>46,909</b>	<b>84,244</b>	<b>93,802</b>
<b>Results from operating activities</b>	<b>31,056</b>	<b>36,892</b>	<b>66,761</b>	<b>77,591</b>
Amortization of acquired software and customer relationships	(9,207)	(10,854)	(18,864)	(21,628)
Foreign exchange gains (losses)	314	1,587	(22)	(1,523)
Interest expense – lease obligations	(196)	(277)	(398)	(606)
Finance income	122	36	251	116
Finance expenses	(21)	17	(44)	(64)
Other income (expenses)	23	(1,122)	1,023	(1,446)
<b>Income before income taxes</b>	<b>22,091</b>	<b>26,279</b>	<b>48,707</b>	<b>52,440</b>
<b>Provision for income taxes</b>	<b>4,220</b>	<b>5,540</b>	<b>9,239</b>	<b>11,059</b>
<b>Net income for the period</b>	<b>\$ 17,871</b>	<b>\$ 20,739</b>	<b>\$ 39,468</b>	<b>\$ 41,381</b>
<u>Items that may be subsequently reclassified to income:</u>				
Cumulative translation adjustment	(9,198)	(18,274)	(5,072)	(23,142)
<b>Other comprehensive loss</b>	<b>(9,198)</b>	<b>(18,274)</b>	<b>(5,072)</b>	<b>(23,142)</b>
<b>Comprehensive income</b>	<b>\$ 8,673</b>	<b>\$ 2,465</b>	<b>\$ 34,396</b>	<b>\$ 18,239</b>
<b>Earnings per share</b>				
Basic	\$ 0.32	\$ 0.37	\$ 0.71	\$ 0.75
Diluted	\$ 0.32	\$ 0.37	\$ 0.71	\$ 0.74

## Condensed Consolidated Interim Statements of Cash Flows

(in thousands of Canadian dollars)  
(unaudited)

Periods ended April 30	Three months		Six months	
	2022	2021	2022	2021
<b>OPERATING ACTIVITIES</b>				
Net income for the period	\$ 17,871	\$ 20,739	\$ 39,468	\$ 41,381
Adjustments for non-cash items				
Depreciation	705	758	1,425	1,493
Depreciation of right-of-use assets	1,969	2,492	4,081	5,195
Interest expense – lease obligations	196	277	398	606
Amortization of acquired software and customer relationships	9,207	10,854	18,864	21,628
Stock-based compensation expense	344	835	757	1,445
Provision for income taxes	4,220	5,540	9,239	11,059
Finance and other (expenses) income	(2)	1,105	(979)	1,510
	<b>34,510</b>	<b>42,600</b>	<b>73,253</b>	<b>84,317</b>
Changes in non-cash operating working capital	1,513	2,440	(9,689)	(8,915)
Income taxes paid	(4,881)	(5,885)	(8,080)	(15,700)
<b>Net cash provided by operating activities</b>	<b>31,142</b>	<b>39,155</b>	<b>55,484</b>	<b>59,702</b>
<b>INVESTING ACTIVITIES</b>				
Net purchase of property and equipment	(593)	(666)	(358)	(1,344)
Acquisitions, net of cash acquired*	-	(3,810)	-	(32,300)
Purchase consideration for prior-year acquisition	(408)	444	(408)	1,105
(Purchase) sale of short-term investments	(60)	(932)	(60)	1,614
<b>Net cash used in investing activities</b>	<b>(1,061)</b>	<b>(4,964)</b>	<b>(826)</b>	<b>(30,925)</b>
<b>FINANCING ACTIVITIES</b>				
Issuance of share capital	970	4,028	970	4,180
Repayment of lease obligations	(2,148)	(2,091)	(4,241)	(4,921)
Dividends paid	(8,889)	(90,502)	(17,778)	(97,974)
<b>Net cash used in financing activities</b>	<b>(10,067)</b>	<b>(88,565)</b>	<b>(21,049)</b>	<b>(98,715)</b>
Impact of foreign exchange on cash and cash equivalents	(3,536)	(5,937)	(2,122)	(9,188)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>16,478</b>	<b>(60,311)</b>	<b>31,487</b>	<b>(79,126)</b>
Cash and cash equivalents - beginning of period	210,899	225,977	195,890	244,792
<b>Cash and cash equivalents - end of period</b>	<b>\$ 227,377</b>	<b>\$ 165,666</b>	<b>\$ 227,377</b>	<b>\$ 165,666</b>

\* Acquisitions are net of cash acquired of nil for the three and six months ended April 30, 2022 and nil and \$1,463 for the three and six months ended April 30, 2021, respectively.

# Enhouse Systems Limited

## Segment Reporting Information

(in thousands of Canadian dollars)

Three months ended April 30, 2022				IMG	AMG	Total
Revenue	\$	57,218	\$	49,094	\$	106,312
Direct costs		(15,313)		(18,268)		(33,581)
<b>Revenue, net of direct costs</b>		<b>41,905</b>		<b>30,826</b>		<b>72,731</b>
Operating expenses excluding special charges		(19,412)		(11,101)		(30,513)
Depreciation		(600)		(105)		(705)
Depreciation of right-of-use assets		(1,192)		(777)		(1,969)
<b>Segment profit</b>	\$	<b>20,701</b>	\$	<b>18,843</b>	\$	<b>39,544</b>
Special charges						(46)
Corporate and shared service expenses						(8,442)
<b>Results from operating activities</b>					\$	<b>31,056</b>

Three months ended April 30, 2021				IMG	AMG	Total
Revenue	\$	65,879	\$	51,455	\$	117,334
Direct costs		(16,930)		(16,603)		(33,533)
<b>Revenue, net of direct costs</b>		<b>48,949</b>		<b>34,852</b>		<b>83,801</b>
Operating expenses excluding special charges		(24,074)		(12,214)		(36,288)
Depreciation		(624)		(134)		(758)
Depreciation of right-of-use assets		(1,666)		(826)		(2,492)
<b>Segment profit</b>	\$	<b>22,585</b>	\$	<b>21,678</b>	\$	<b>44,263</b>
Special charges						(57)
Corporate and shared service expenses						(7,314)
<b>Results from operating activities</b>					\$	<b>36,892</b>

Six months ended April 30, 2022				IMG	AMG	Total
Revenue	\$	119,089	\$	98,325	\$	217,414
Direct costs		(30,756)		(35,653)		(66,409)
<b>Revenue, net of direct costs</b>		<b>88,333</b>		<b>62,672</b>		<b>151,005</b>
Operating expenses excluding special charges		(38,963)		(22,273)		(61,236)
Depreciation		(1,196)		(229)		(1,425)
Depreciation of right-of-use assets		(2,519)		(1,562)		(4,081)
<b>Segment profit</b>	\$	<b>45,655</b>	\$	<b>38,608</b>	\$	<b>84,263</b>
Special charges						(64)
Corporate and shared service expenses						(17,438)
<b>Results from operating activities</b>					\$	<b>66,761</b>

Six months ended April 30, 2021				IMG	AMG	Total
Revenue	\$	136,182	\$	100,252	\$	236,434
Direct costs		(32,387)		(32,654)		(65,041)
<b>Revenue, net of direct costs</b>		<b>103,795</b>		<b>67,598</b>		<b>171,393</b>
Operating expenses excluding special charges		(46,737)		(24,339)		(71,076)
Depreciation		(1,295)		(198)		(1,493)
Depreciation of right-of-use assets		(3,484)		(1,711)		(5,195)
<b>Segment profit</b>	\$	<b>52,279</b>	\$	<b>41,350</b>	\$	<b>93,629</b>
Special charges						(440)
Corporate and shared service expenses						(15,598)
<b>Results from operating activities</b>					\$	<b>77,591</b>

## About Enghouse

Enghouse is a Canadian publicly traded company (TSX:ENGH) that provides vertical enterprise software solutions focused on contact centers, video communications, healthcare, telecommunications networks, public safety and the transit market. 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 has no external debt financing and is organized around two business segments: the Interactive Management Group ("IMG") and the Asset Management Group ("AMG"). 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 Wednesday, June 8, 2022 at 8:45 a.m. EST. To participate, please call +1-416-764-8658 or North American Toll-Free +1-888-886-7786. Confirmation code: 86805714. 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)

\*\*\*\*

*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.*