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## Enghouse Releases Second Quarter Results

**Markham, Ontario** – June 12, 2023 – Enghouse Systems Limited (TSX:ENGH) today announced its second quarter unaudited financial results for the period ended April 30, 2023. All the financial information is in Canadian dollars unless otherwise indicated.

Financial and operational highlights for the three and six months ended April 30, 2023 compared to the three and six months ended April 30, 2022 are as follows:

- Revenue achieved was \$113.5 and \$219.9 million, respectively, compared to revenue of \$106.3 and \$217.4 million;
- Results from operating activities was \$25.6 and \$55.5 million, respectively, compared to \$31.1 and \$66.8 million;
- Net income was \$12.5 and \$29.6 million, respectively, compared to \$17.9 and \$39.5 million;
- Adjusted EBITDA was \$30.2 and \$62.5 million, respectively, compared to \$33.8 and \$72.3 million;
- Cash flow from operating activities excluding changes in working capital was \$28.9 and \$61.5 million, respectively, compared to \$34.5 and \$73.3 million.

Revenue for the second quarter reflects an increase of 6.7% compared to the same period in the prior year and was positively impacted by \$3.6 million as a result of foreign exchange, which also adversely impacted cost of revenue and operating expenses by \$2.2 million. Consistent with our strategy, revenue growth was largely driven by recent acquisitions.

Net income for the quarter was \$0.23 per diluted share compared to \$0.32 per diluted share last year. The decrease was primarily a result of incremental operating costs related to acquisitions as we integrate them into Enghouse combined with higher third-party costs and special charges related to acquisitions. Adjusted EBITDA was \$0.54 per diluted share, compared to \$0.61 per diluted share in the second quarter of 2022.

Year-to-date revenue was positively impacted by foreign exchange, which also increased costs. Year-to-date results from operating activities reflect increased revenue and costs related to acquisitions as well as increased third-party costs of providing services. Year-to-date Adjusted EBITDA was \$1.13 per diluted share compared to \$1.30 per diluted share last year as a result of the initial margin compression related to increased acquisition activity as well as increased third-party costs of providing services.

As previously announced, Enghouse completed two acquisitions, purchasing Qumu Corporation (“Qumu”) (Nasdaq:QUMU) on February 8, 2023 and Mobi All Technologies S.A (“Navita”) on February 9, 2023. Qumu’s video Engagement platform provides video creation, content management and highly scalable delivery solutions that complement Enghouse’s enterprise video suite of products. Navita offers a comprehensive suite of products focused on managing and controlling critical mobile assets as well as telecom and IT expense management. The results from both acquisitions are included in the Interactive Management Group. The efforts to integrate and onboard these acquisitions were substantially completed in the quarter.

### Quarterly dividends:

Today, the Board of Directors approved the Company’s eligible quarterly dividend of \$0.22 per common share, payable on August 31, 2023 to shareholders of record at the close of business on August 17, 2023.

# Enghouse Systems Limited

## Financial Highlights

(unaudited, in thousands of Canadian dollars)

For the period ended April 30	Three months				Six months			
	2023	2022	Var (\$)	Var (%)	2023	2022	Var (\$)	Var (%)
<b>Revenue</b>	\$ 113,461	\$ 106,312	7,149	6.7	\$ 219,896	\$ 217,414	2,482	1.1
Direct costs	38,106	33,581	4,525	13.5	72,914	66,409	6,505	9.8
<b>Revenue, net of direct costs</b>	\$ 75,355	\$ 72,731	2,624	3.6	\$ 146,982	\$ 151,005	(4,023)	(2.7)
<i>As a % of revenue</i>	66.4%	68.4%			66.8%	69.5%		
Operating expenses	47,712	41,629	6,083	14.6	89,422	84,180	5,242	6.2
Special charges	2,001	46	1,955	4250.0	2,029	64	1,965	3070.3
<b>Results from operating activities</b>	\$ 25,642	\$ 31,056	(5,414)	(17.4)	\$ 55,531	\$ 66,761	(11,230)	(16.8)
<i>As a % of revenue</i>	22.6%	29.2%			25.3%	30.7%		
Amortization of acquired software and customer relationships	(9,838)	(9,207)	(631)	(6.9)	(18,670)	(18,864)	194	1.0
Foreign exchange (losses) gains	(790)	314	(1,104)	(351.6)	(1,843)	(22)	(1,821)	(8277.3)
Interest expense – lease obligations	(192)	(196)	4	2.0	(359)	(398)	39	9.8
Finance income	1,006	122	884	724.6	1,982	251	1,731	689.6
Finance expenses	(124)	(21)	(103)	(490.5)	(131)	(44)	(87)	(197.7)
Other (expenses) income	(528)	23	(551)	(2395.7)	(655)	1,023	(1,678)	(164.0)
<b>Income before income taxes</b>	\$ 15,176	\$ 22,091	(6,915)	(31.3)	\$ 35,855	\$ 48,707	(12,852)	(26.4)
Provision for income taxes	2,640	4,220	(1,580)	(37.4)	6,296	9,239	(2,943)	(31.9)
<b>Net Income for the period</b>	\$ 12,536	\$ 17,871	(5,335)	(29.9)	\$ 29,559	\$ 39,468	(9,909)	(25.1)
Basic earnings per share	0.23	0.32	(0.09)	(28.1)	0.53	0.71	(0.18)	(25.4)
Diluted earnings per share	0.23	0.32	(0.09)	(28.1)	0.53	0.71	(0.18)	(25.4)
Operating cash flows	18,698	31,142	(12,444)	(40.0)	47,960	55,484	(7,524)	(13.6)
Operating cash flows excluding changes in working capital	28,875	34,510	(5,635)	(16.3)	61,507	73,253	(11,746)	(16.0)
<b>Adjusted EBITDA</b>								
Results from operating activities	25,642	31,056	(5,414)	(17.4)	55,531	66,761	(11,230)	(16.8)
Depreciation	613	705	(92)	13.0	1,239	1,425	(186)	13.1
Depreciation of right-of-use assets	1,931	1,969	(38)	1.9	3,667	4,081	(414)	10.1
Special charges	2,001	46	1,955	(4250.0)	2,029	64	1,965	(3070.3)
<b>Adjusted EBITDA</b>	\$ 30,187	\$ 33,776	(3,589)	(10.6)	\$ 62,466	\$ 72,331	(9,865)	(13.6)
<i>Adjusted EBITDA margin</i>	26.6%	31.8%			28.4%	33.3%		
<b>Adjusted EBITDA per diluted share</b>	\$ 0.54	\$ 0.61	(0.07)	(11.5)	\$ 1.13	\$ 1.30	(0.17)	(13.1)

## Condensed Consolidated Interim Statements of Financial Position

(in thousands of Canadian dollars)  
(unaudited)

	As at April 30, 2023	As at October 31, 2022
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 232,151	\$ 225,104
Short-term investments	2,337	2,950
Accounts receivable	109,320	93,104
Prepaid expenses and other assets	16,267	12,848
Income taxes recoverable	739	492
	<b>360,814</b>	<b>334,498</b>
<b>Non-current assets:</b>		
Property and equipment	3,658	4,186
Right-of-use assets	17,461	20,063
Intangible assets	101,804	85,902
Goodwill	258,992	230,002
Deferred income tax assets	32,820	30,347
	<b>414,735</b>	<b>370,500</b>
	<b>\$ 775,549</b>	<b>\$ 704,998</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$ 67,842	\$ 60,525
Dividends payable	12,159	10,221
Provisions	3,171	3,183
Deferred revenue	113,137	83,122
Lease obligations	7,314	6,822
	<b>203,623</b>	<b>163,873</b>
<b>Non-current liabilities:</b>		
Income taxes payable	1,305	2,576
Deferred income tax liabilities	17,049	12,038
Deferred revenue	3,976	3,470
Net employee defined-benefit obligation	2,027	1,821
Lease obligations	9,655	13,055
	<b>34,012</b>	<b>32,960</b>
	<b>237,635</b>	<b>196,833</b>
<b>Shareholders' equity:</b>		
Share capital	107,728	107,007
Contributed surplus	9,696	8,882
Retained earnings	408,423	401,247
Accumulated other comprehensive income (loss)	12,067	(8,971)
	<b>537,914</b>	<b>508,165</b>
	<b>\$ 775,549</b>	<b>\$ 704,998</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	
	2023	2022	2023	2022
<b>Revenue</b>				
Software licenses	\$ 22,016	\$ 21,420	\$ 42,751	\$ 45,198
SaaS and maintenance services	71,634	63,745	138,137	130,172
Professional services	17,995	17,879	34,886	35,831
Hardware	1,816	3,268	4,122	6,213
	<b>113,461</b>	<b>106,312</b>	<b>219,896</b>	<b>217,414</b>
<b>Direct costs</b>				
Software licenses	698	1,286	1,568	2,613
Services	36,793	30,560	69,218	60,154
Hardware	615	1,735	2,128	3,642
	38,106	33,581	72,914	66,409
<b>Revenue, net of direct costs</b>	<b>75,355</b>	<b>72,731</b>	<b>146,982</b>	<b>151,005</b>
<b>Operating expenses</b>				
Selling, general and administrative	23,935	19,897	44,733	42,304
Research and development	21,233	19,058	39,783	36,370
Depreciation	613	705	1,239	1,425
Depreciation of right-of-use assets	1,931	1,969	3,667	4,081
Special charges	2,001	46	2,029	64
	<b>49,713</b>	<b>41,675</b>	<b>91,451</b>	<b>84,244</b>
<b>Results from operating activities</b>	<b>25,642</b>	<b>31,056</b>	<b>55,531</b>	<b>66,761</b>
Amortization of acquired software and customer relationships	(9,838)	(9,207)	(18,670)	(18,864)
Foreign exchange (losses) gains	(790)	314	(1,843)	(22)
Interest expense – lease obligations	(192)	(196)	(359)	(398)
Finance income	1,006	122	1,982	251
Finance expenses	(124)	(21)	(131)	(44)
Other (expenses) income	(528)	23	( 655)	1,023
<b>Income before income taxes</b>	<b>15,176</b>	<b>22,091</b>	<b>35,855</b>	<b>48,707</b>
<b>Provision for income taxes</b>	<b>2,640</b>	<b>4,220</b>	<b>6,296</b>	<b>9,239</b>
<b>Net income for the period</b>	<b>12,536</b>	<b>17,871</b>	<b>29,559</b>	<b>39,468</b>
<u>Item that may be subsequently reclassified to income:</u>				
Cumulative translation adjustment	11,295	(9,198)	21,038	(5,072)
<b>Other comprehensive income (loss)</b>	<b>11,295</b>	<b>(9,198)</b>	<b>21,038</b>	<b>(5,072)</b>
<b>Comprehensive income</b>	<b>\$ 23,831</b>	<b>\$ 8,673</b>	<b>\$ 50,597</b>	<b>\$ 34,396</b>
<b>Earnings per share</b>				
Basic	\$ 0.23	\$ 0.32	\$ 0.53	\$ 0.71
Diluted	\$ 0.23	\$ 0.32	\$ 0.53	\$ 0.71

## Condensed Consolidated Interim Statements of Cash Flows

(in thousands of Canadian dollars)  
(unaudited)

Periods ended April 30	Three months		Six months	
	2023	2022	2023	2022
<b>OPERATING ACTIVITIES</b>				
Net income for the period	\$ 12,536	\$ 17,871	\$ 29,559	\$ 39,468
Adjustments for non-cash items				
Depreciation	613	705	1,239	1,425
Depreciation of right-of-use assets	1,931	1,969	3,667	4,081
Interest expense – lease obligations	192	196	359	398
Amortization of acquired software and customer relationships	9,838	9,207	18,670	18,864
Stock-based compensation expense	473	344	931	757
Provision for income taxes	2,640	4,220	6,296	9,239
Finance and other expenses (income)	652	(2)	786	(979)
	<b>28,875</b>	<b>34,510</b>	<b>61,507</b>	<b>73,253</b>
Changes in non-cash operating working capital	(5,989)	1,513	(3,987)	(9,689)
Income taxes paid	(4,188)	(4,881)	(9,560)	(8,080)
<b>Net cash provided by operating activities</b>	<b>18,698</b>	<b>31,142</b>	<b>47,960</b>	<b>55,484</b>
<b>INVESTING ACTIVITIES</b>				
Net purchase of property and equipment	(66)	(593)	(171)	(358)
Acquisitions, net of cash acquired*	(25,617)	-	(25,617)	-
Purchase consideration for prior-year acquisition	233	(408)	233	(408)
Purchase of short-term investments	-	(60)	(69)	(60)
<b>Net cash used in investing activities</b>	<b>(25,450)</b>	<b>(1,061)</b>	<b>(25,624)</b>	<b>( 826)</b>
<b>FINANCING ACTIVITIES</b>				
Issuance of share capital	-	970	604	970
Repayment of lease obligations	(2,470)	(2,148)	(4,280)	(4,241)
Dividends paid	(10,225)	(8,889)	(20,446)	(17,778)
<b>Net cash used in financing activities</b>	<b>(12,695)</b>	<b>(10,067)</b>	<b>(24,122)</b>	<b>(21,049)</b>
Impact of foreign exchange on cash and cash equivalents	3,797	(3,536)	8,833	(2,122)
<b>(Decrease) increase in cash and cash equivalents</b>	<b>(15,650)</b>	<b>16,478</b>	<b>7,047</b>	<b>31,487</b>
Cash and cash equivalents - beginning of period	247,801	210,899	225,104	195,890
<b>Cash and cash equivalents - end of period</b>	<b>\$ 232,151</b>	<b>\$ 227,377</b>	<b>\$ 232,151</b>	<b>\$ 227,377</b>

\* Acquisitions are net of cash acquired of \$2,088 for the three and six months ended April 30, 2023 and \$NIL for the three and six months ended April 30, 2022, respectively.

**Enghouse Systems Limited**  
**Segment Reporting Information**  
*(in thousands of Canadian dollars)*

Three months ended April 30	2023			2022		
	IMG	AMG	Total	IMG	AMG	Total
Revenue	\$ 64,578	\$ 48,883	\$ 113,461	\$ 57,218	\$ 49,094	\$ 106,312
Direct costs	(19,133)	(18,973)	(38,106)	(15,313)	(18,268)	(33,581)
<b>Revenue, net of direct costs</b>	<b>45,445</b>	<b>29,910</b>	<b>75,355</b>	<b>41,905</b>	<b>30,826</b>	<b>72,731</b>
Operating expenses excluding special charges	(23,034)	(12,596)	(35,630)	(19,412)	(11,101)	(30,513)
Depreciation	(544)	(69)	(613)	(600)	(105)	(705)
Depreciation of right-of-use assets	(941)	(990)	(1,931)	(1,192)	(777)	(1,969)
<b>Segment profit</b>	<b>\$ 20,926</b>	<b>\$ 16,255</b>	<b>\$ 37,181</b>	<b>\$ 20,701</b>	<b>\$ 18,843</b>	<b>\$ 39,544</b>
Special charges			(2,001)			(46)
Corporate and shared service expenses			(9,538)			(8,442)
<b>Results from operating activities</b>			<b>\$ 25,642</b>			<b>\$ 31,056</b>

Six months ended April 30	2023			2022		
	IMG	AMG	Total	IMG	AMG	Total
Revenue	\$ 122,431	\$ 97,465	\$ 219,896	\$ 119,089	\$ 98,325	\$ 217,414
Direct costs	(35,564)	(37,350)	(72,914)	(30,756)	(35,653)	(66,409)
<b>Revenue, net of direct costs</b>	<b>86,867</b>	<b>60,115</b>	<b>146,982</b>	<b>88,333</b>	<b>62,672</b>	<b>151,005</b>
Operating expenses excluding special charges	(42,285)	(23,916)	(66,201)	(38,963)	(22,273)	(61,236)
Depreciation	(1,081)	(158)	(1,239)	(1,196)	(229)	(1,425)
Depreciation of right-of-use assets	(2,041)	(1,626)	(3,667)	(2,519)	(1,562)	(4,081)
<b>Segment profit</b>	<b>\$ 41,460</b>	<b>\$ 34,415</b>	<b>\$ 75,875</b>	<b>\$ 45,655</b>	<b>\$ 38,608</b>	<b>\$ 84,263</b>
Special charges			(2,029)			(64)
Corporate and shared service expenses			(18,315)			(17,438)
<b>Results from operating activities</b>			<b>\$ 55,531</b>			<b>\$ 66,761</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 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 Tuesday, June 13, 2023 at 8:45 a.m. EST. To participate, please call +1-416-764-8646 or North American Toll-Free +1-888-396-8049. Confirmation code: 18752188. A webcast is also available at: <https://www.enghouse.com/investors.php>.

## For further information please contact:

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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.*