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## Enghouse Releases Fourth Quarter and Year End Results

**Markham, Ontario** – December 14, 2023 – **Enghouse Systems Limited (TSX:ENGH)** announces its fourth quarter (unaudited) and year-end financial results for the period ended October 31, 2023. All figures are denominated in Canadian dollars unless otherwise indicated.

Highlights for the Fourth Quarter ended October 31, 2023 compared to the same period in the prior year:

- Revenue increased 13.9% to \$123.1 million.
- Recurring revenue, which includes SaaS and maintenance services, grew 35.0% to \$87.2 million.
- Operating profits improved from \$33.1 to \$35.7 million, while achieving a 30.8% EBITDA margin.

Financial highlights for the three and twelve months ended October 31, 2023 compared to the three and twelve months ended October 31, 2022 are as follows:

- Revenue increased to \$123.1 and \$454.0 million, respectively, compared to revenue of \$108.1 and \$427.6 million;
- Results from operating activities were \$35.7 and \$122.1 million, respectively, compared to \$33.1 and \$129.7 million;
- Net income was \$25.1 and \$72.2 million, respectively, compared to \$36.9 and \$94.5 million;
- Adjusted EBITDA was \$37.9 and \$133.8 million, respectively, compared to \$35.8 and \$140.6 million;
- Cash flows from operating activities, excluding changes in working capital, was \$43.5 and \$140.5 million, respectively, compared to \$37.7 and \$145.1 million;

In fiscal 2023 we achieved a significant milestone by expanding our revenue, increasing our cash reserves and also deploying \$55.2 million on acquisitions. We are pleased to announce record annual SaaS and Maintenance services revenue of \$297.6 million, an increase of \$39.4 million or 15.2% compared to the prior year. SaaS and maintenance services are an important strategic source of revenue characterized by their predictable and recurring nature. They now represent 65.6% of total revenues for the year compared to 60.4% in the prior year.

The growth in revenue was accomplished through the expansion of our recurring SaaS revenue base, bolstered by new revenues from Qumu, Navita and Lifesize, all of which were acquired and successfully integrated in Fiscal 2023, combined with positive impacts from foreign exchange rates in the year. This positive momentum was somewhat offset by declining software license revenue as we see increasing customer preference for SaaS solutions. Aligned with our commitment to provide our customers choice, we are actively broadening the global availability of our SaaS offerings, particularly in our customer experience and contact center technologies where demand for SaaS is growing. Despite the industry shift, we remain profitable, reporting results from operating activities of \$122.1 million.

With cash reserves of \$240.4 million and no external debt, we continue to actively pursue opportunities to strategically deploy our cash reserves on acquisitions and return cash to our shareholders in the form of dividends.

### Quarterly dividends:

Today, the Board of Directors approved the Company's eligible quarterly dividend of \$0.22 per common share payable on February 29, 2024 to shareholders of record at the close of business on February 15, 2024.

# Enghouse Systems Limited

## Financial Highlights

(unaudited, in thousands of Canadian dollars)

For the period ended October 31	Three months				Twelve months			
	2023	2022	Var (\$)	Var (%)	2023	2022	Var (\$)	Var (%)
<b>Revenue</b>	\$ 123,129	\$ 108,060	15,069	13.9	\$ 454,022	\$ 427,585	26,437	6.2
Direct costs	41,213	32,340	8,873	27.4	149,999	130,097	19,902	15.3
<b>Revenue, net of direct costs</b>	\$ 81,916	\$ 75,720	6,196	8.2	\$ 304,023	\$ 297,488	6,535	2.2
<i>As a % of revenue</i>	66.5%	70.1%			67.0%	69.6%		
Operating expenses	46,115	42,448	3,667	8.6	179,438	167,418	12,020	7.2
Special charges	117	123	(6)	(4.9)	2,477	403	2,074	514.6
<b>Results from operating activities</b>	\$ 35,684	\$ 33,149	2,535	7.6	\$ 122,108	\$ 129,667	(7,559)	(5.8)
<i>As a % of revenue</i>	29.0%	30.7%			26.9%	30.3%		
Amortization of acquired software and customer relationships	(11,205)	(8,826)	(2,379)	(27.0)	(39,605)	(36,174)	(3,431)	(9.5)
Foreign exchange gains	2,753	931	1,822	n/a	1,266	1,954	(688)	(35.2)
Interest expense – lease obligations	(164)	(164)	-	0.0	(695)	(735)	40	5.4
Finance income	2,581	651	1,930	n/a	6,264	1,192	5,072	425.5
Finance expenses	(27)	(27)	-	0.0	(163)	(89)	(74)	(83.1)
Other (expense) income	17	(507)	524	103.4	(1,950)	423	(2,373)	(561.0)
<b>Income before income taxes</b>	\$ 29,639	\$ 25,207	4,432	17.6	\$ 87,225	\$ 96,238	(9,013)	(9.4)
Provision for (recovery of) income taxes	4,517	(11,742)	16,259	138.5	14,977	1,740	13,237	760.7
<b>Net Income for the period</b>	\$ 25,122	\$ 36,949	(11,827)	(32.0)	\$ 72,248	\$ 94,498	(22,250)	(23.5)
Basic earnings per share	0.45	0.67	(0.22)	(32.8)	1.31	1.70	(0.39)	(22.9)
Diluted earnings per share	0.45	0.67	(0.22)	(32.8)	1.31	1.70	(0.39)	(22.9)
Operating cash flows	28,318	18,539	9,779	52.7	115,298	103,181	12,117	11.7
Operating cash flows excluding changes in working capital	43,504	37,740	5,764	15.3	140,492	145,074	(4,582)	(3.2)
<b>Adjusted EBITDA</b>								
Results from operating activities	35,684	33,149	2,535	7.6	122,108	129,667	(7,559)	(5.8)
Depreciation	627	709	(82)	(11.6)	2,451	2,799	(348)	(12.4)
Depreciation of right-of-use assets	1,491	1,824	(333)	(18.3)	6,764	7,754	(990)	(12.8)
Special charges	117	123	(6)	(4.9)	2,477	403	2,074	514.6
<b>Adjusted EBITDA</b>	\$ 37,919	\$ 35,805	2,114	5.9	\$ 133,800	\$ 140,623	(6,823)	(4.9)
<i>Adjusted EBITDA margin</i>	30.8%	33.1%			29.5%	32.9%		
<b>Adjusted EBITDA per diluted share</b>	\$ 0.69	\$ 0.65	0.04	6.2	\$ 2.42	\$ 2.53	(0.11)	(4.3)

## Consolidated Statements of Financial Position

(in thousands of Canadian dollars)

	As at October 31, 2023	As at October 31, 2022
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 239,532	\$ 225,104
Short-term investments	827	2,950
Accounts receivable	93,383	93,104
Prepaid expenses and other assets	15,515	12,848
Income taxes recoverable	114	492
	<b>349,371</b>	<b>334,498</b>
<b>Non-current assets:</b>		
Property and equipment	3,273	4,186
Right-of-use assets	12,242	20,063
Intangible assets	109,659	85,902
Goodwill	280,241	230,002
Deferred income tax assets	28,884	30,347
	<b>434,299</b>	<b>370,500</b>
	<b>\$ 783,670</b>	<b>\$ 704,998</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$ 67,769	\$ 60,525
Dividends payable	12,156	10,221
Provisions	2,238	3,183
Deferred revenue	109,019	83,122
Lease obligations	6,322	6,822
	<b>197,504</b>	<b>163,873</b>
<b>Non-current liabilities:</b>		
Income taxes payable	1,333	2,576
Deferred income tax liabilities	13,340	12,038
Deferred revenue	8,170	3,470
Net employee defined benefit obligation	1,912	1,821
Lease obligations	6,080	13,055
	<b>30,835</b>	<b>32,960</b>
	<b>228,339</b>	<b>196,833</b>
<b>Shareholders' equity</b>		
Share capital	107,701	107,007
Contributed surplus	10,404	8,882
Retained earnings	426,397	401,247
Accumulated other comprehensive income (loss)	10,829	(8,971)
	<b>555,331</b>	<b>508,165</b>
	<b>\$ 783,670</b>	<b>\$ 704,998</b>

## Consolidated Statement of Operations and Comprehensive Income

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

Periods ended October 31	Three months		Twelve months	
	2023 (unaudited)	2022 (Unaudited)	2023	2022
<b>Revenue</b>				
Software licenses	\$ 17,467	\$ 25,588	\$ 80,054	\$ 90,602
SaaS and maintenance services	87,196	64,575	297,635	258,277
Professional services	16,483	16,066	67,273	68,648
Hardware	1,983	1,831	9,060	10,058
	<b>123,129</b>	<b>108,060</b>	<b>454,022</b>	<b>427,585</b>
<b>Direct costs</b>				
Software licenses	622	704	2,910	4,340
Services	39,108	30,594	141,802	119,762
Hardware	1,483	1,042	5,287	5,995
	41,213	32,340	149,999	130,097
<b>Revenue, net of direct costs</b>	<b>81,916</b>	<b>75,720</b>	<b>304,023</b>	<b>297,488</b>
<b>Operating expenses</b>				
Selling, general and administrative	23,702	21,727	90,889	84,603
Research and development	20,295	18,188	79,334	72,262
Depreciation	627	709	2,451	2,799
Depreciation of right-of-use assets	1,491	1,824	6,764	7,754
Special charges	117	123	2,477	403
	<b>46,232</b>	<b>42,571</b>	<b>181,915</b>	<b>167,821</b>
<b>Results from operating activities</b>	<b>35,684</b>	<b>33,149</b>	<b>122,108</b>	<b>129,667</b>
Amortization of acquired software and customer relationships	(11,205)	(8,826)	(39,605)	(36,174)
Foreign exchange gains	2,753	931	1,266	1,954
Interest expense – lease obligations	(164)	(164)	(695)	(735)
Finance income	2,581	651	6,264	1,192
Finance expenses	(27)	(27)	(163)	(89)
Other income (expense)	17	(507)	(1,950)	423
<b>Income before income taxes</b>	<b>29,639</b>	<b>25,207</b>	<b>87,225</b>	<b>96,238</b>
<b>Provision for (recovery of) income taxes</b>	<b>4,517</b>	<b>(11,742)</b>	<b>14,977</b>	<b>1,740</b>
<b>Net income for the period</b>	<b>\$ 25,122</b>	<b>\$ 36,949</b>	<b>\$ 72,248</b>	<b>\$ 94,498</b>
<u>Items that may be subsequently reclassified to income:</u>				
Cumulative translation adjustment	12,394	17,883	19,800	5,613
<b>Other comprehensive income</b>	<b>12,394</b>	<b>17,883</b>	<b>19,800</b>	<b>5,613</b>
<b>Comprehensive income</b>	<b>\$ 37,516</b>	<b>\$ 54,832</b>	<b>\$ 92,048</b>	<b>\$ 100,111</b>
<b>Earnings per share</b>				
Basic	\$ 0.45	\$ 0.67	\$ 1.31	\$ 1.70
Diluted	\$ 0.45	\$ 0.67	\$ 1.31	\$ 1.70

## Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)

Periods ended October 31	Three months		Twelve months	
	2023 (Unaudited)	2022 (Unaudited)	2023	2022
<b>OPERATING ACTIVITIES</b>				
Net income for the period	\$ 25,122	\$ 36,949	\$ 72,248	\$ 94,498
Adjustments for non-cash items				
Depreciation	627	709	2,451	2,799
Depreciation of right-of-use assets	1,491	1,824	6,764	7,754
Interest expense – lease obligations	164	164	695	735
Amortization of acquired software and customer relationships	11,205	8,826	39,605	36,174
Stock-based compensation expense	368	476	1,639	1,708
Provision for (recovery of) income taxes	4,517	(11,742)	14,977	1,740
Finance expenses and other (expense) income	10	534	2,113	(334)
	<b>43,504</b>	<b>37,740</b>	<b>140,492</b>	<b>145,074</b>
Changes in non-cash operating working capital	(11,624)	(14,467)	(11,244)	(26,139)
Income taxes paid	(3,562)	(4,734)	(13,950)	(15,754)
<b>Net cash provided by operating activities</b>	<b>28,318</b>	<b>18,539</b>	<b>115,298</b>	<b>103,181</b>
<b>INVESTING ACTIVITIES</b>				
Purchase of property and equipment, net	(453)	(321)	(1,060)	(919)
Acquisitions, net of cash acquired*	(27,189)	(14,139)	(55,167)	(20,231)
Recovery (payment) of purchase consideration for prior-year acquisitions	13	528	(999)	120
Sale (purchase) of short-term investments	65	-	(4)	(60)
<b>Net cash used in investing activities</b>	<b>(27,564)</b>	<b>(13,932)</b>	<b>(57,230)</b>	<b>(21,090)</b>
<b>FINANCING ACTIVITIES</b>				
Issuance of share capital	-	-	604	971
Normal course issuer bid share repurchases	(425)	(367)	(425)	(9,318)
Repayment of lease obligations	(1,440)	(2,010)	(7,194)	(8,235)
Dividends paid	(12,159)	(10,224)	(44,765)	(38,286)
<b>Net cash used in financing activities</b>	<b>(14,024)</b>	<b>(12,601)</b>	<b>(51,780)</b>	<b>(54,868)</b>
Impact of foreign exchange on cash and cash equivalents	4,018	7,152	8,140	1,991
<b>(Decrease) increase in cash and cash equivalents</b>	<b>(9,252)</b>	<b>(842)</b>	<b>14,428</b>	<b>29,214</b>
Cash and cash equivalents - beginning of period	248,784	225,946	225,104	195,890
<b>Cash and cash equivalents - end of period</b>	<b>\$ 239,532</b>	<b>\$ 225,104</b>	<b>\$ 239,532</b>	<b>\$ 225,104</b>

\* Acquisitions are net of cash acquired of nil and \$2,088 for the quarter and year ended October 31, 2023, respectively and nil and \$3,647 for the quarter and year ended October 31, 2022, respectively.

## Enghouse Systems Limited

### Segment Reporting Information

(in thousands of Canadian dollars)

For the period ended October 31, 2023	Three months			Twelve months		
	IMG	AMG	Total	IMG	AMG	Total
Revenue	\$ 78,578	\$ 44,551	\$ 123,129	\$ 265,311	\$ 188,711	\$ 454,022
Direct costs	(24,337)	(16,876)	(41,213)	(78,788)	(71,211)	(149,999)
<b>Revenue, net of direct costs</b>	<b>54,241</b>	<b>27,675</b>	<b>81,916</b>	<b>186,523</b>	<b>117,500</b>	<b>304,023</b>
Operating expenses excluding special charges	(21,807)	(10,450)	(32,257)	(84,493)	(45,169)	(129,662)
Depreciation	(485)	(142)	(627)	(1,969)	(482)	(2,451)
Depreciation of right-of-use assets	(904)	(587)	(1,491)	(4,184)	(2,580)	(6,764)
<b>Segment profit</b>	<b>\$ 31,045</b>	<b>\$ 16,496</b>	<b>\$ 47,541</b>	<b>\$ 95,877</b>	<b>\$ 69,269</b>	<b>\$ 165,146</b>
Special charges			(117)			(2,477)
Corporate and shared service expenses			(11,740)			(40,561)
<b>Results from operating activities</b>			<b>\$ 35,684</b>			<b>\$ 122,108</b>

For the period ended October 31, 2022	Three months			Twelve months		
	IMG	AMG	Total	IMG	AMG	Total
Revenue	\$ 61,759	\$ 46,301	\$ 108,060	\$ 235,925	\$ 191,660	\$ 427,585
Direct costs	(15,815)	(16,525)	(32,340)	(62,079)	(68,018)	(130,097)
<b>Revenue, net of direct costs</b>	<b>45,944</b>	<b>29,776</b>	<b>75,720</b>	<b>173,846</b>	<b>123,642</b>	<b>297,488</b>
Operating expenses excluding special charges	(18,394)	(11,859)	(30,253)	(75,272)	(45,816)	(121,088)
Depreciation	(583)	(126)	(709)	(2,336)	(463)	(2,799)
Depreciation of right-of-use assets	(1,112)	(712)	(1,824)	(4,742)	(3,012)	(7,754)
<b>Segment profit</b>	<b>\$ 25,855</b>	<b>\$ 17,079</b>	<b>\$ 42,934</b>	<b>\$ 91,496</b>	<b>\$ 74,351</b>	<b>\$ 165,847</b>
Special charges			(123)			(403)
Corporate and shared service expenses			(9,662)			(35,777)
<b>Results from operating activities</b>			<b>\$ 33,149</b>			<b>\$ 129,667</b>

#### About Enghouse

Enghouse is a Canadian publicly traded company (TSX:ENGH) that provides mission-critical vertically focused enterprise software solutions. Our core technologies are used for contact centers, video communications, virtual healthcare, telecommunications networks, public safety and the transit market. The Company's two-pronged growth strategy to grow earnings focuses on organic growth and acquisitions, which, to date, have been funded through operating cash flows as the Company has no outstanding external debt financing. The Company is organized around two business segments, the Interactive Management Group ("IMG") and the Asset Management Group ("AMG") due to their unique customer segments and technology offerings. 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, December 15, 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: 44260758 A webcast is also available at: <https://www.enghouse.com/investors.php>.

#### For further information please contact:

Sam Anidjar

Vice President, Corporate Development

Tel: (905) 946-3200

Email: [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, Adjusted EBITDA margin and Adjusted EBITDA per diluted share as measures of operating performance. Therefore, these collective Adjusted EBITDA measures 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.