



Enghouse Systems Limited to Acquire Espial Group Inc.

Ottawa and Markham, Ontario – March 25, 2019 – Espial Group Inc. ("Espial" or the "Company"), (TSX: ESP) and Enghouse Systems Limited (TSX: ENGH), jointly announced that they have entered into an arrangement agreement (the "Arrangement Agreement") pursuant to which Enghouse has agreed to acquire all of the issued and outstanding common shares of Espial (the "Espial Shares") by way of a statutory plan of arrangement under the *Canada Business Corporations Act* (the "Transaction").

The Arrangement Agreement

Under the terms of the Arrangement Agreement, each Espial shareholder (a "Shareholder") will receive cash consideration of C\$1.57 for each Espial Share held (the "Consideration"), valuing Espial's total equity at approximately C\$56.5 million. All holders of outstanding stock options of Espial will be entitled to receive the "in-the-money" value of such stock options, less applicable withholdings. The Consideration represents a 39% premium to the closing price of the Espial Shares on the Toronto Stock Exchange (the "TSX") on March 22, 2019 and a 35% premium to the volume weighted average price ("VWAP") of the Espial Shares over the last 30 trading days.

Benefits to Espial Shareholders

- Immediate and significant premium of approximately 39% to the closing price of the Espial Shares on March 22, 2019, and approximately 35% based on the 30-day VWAP
- All cash offer that is not subject to a financing condition

Independent Committee and Board of Directors Recommendations

An independent committee of Espial's board of directors (the "Independent Committee") comprised of Neil McDonnell, Aamir Hussain, Michael Lee and Peter Seeligsohn was constituted to consider the Transaction. The Independent Committee, on behalf of the Espial board of directors, obtained a fairness opinion (the "Fairness Opinion") from Paradigm Capital Inc. in connection with the Transaction. The Fairness Opinion states that in the opinion of Paradigm Capital Inc., and based upon and subject to the assumptions, limitations and qualifications set forth therein, the Consideration is fair, from a financial point of view, to the Shareholders.

The board of directors after receiving financial and legal advice, following receipt of the Fairness Opinion, and the recommendation of the Independent Committee, unanimously approved the Transaction and recommend that Shareholders vote in favor of the Transaction.

In addition, Shareholders collectively holding 31% of Espial's issued and outstanding common shares (including all directors and senior officers of Espial, collectively hold approximately 3% of

Espial's issued and outstanding common shares) have entered into agreements to support the Transaction and vote their Espial Shares in favor of the Transaction.

Transaction Conditions and Timing

The Transaction will be implemented by way of a court-approved plan of arrangement under the *Canada Business Corporations Act* and will require the approval of: (i) 66 2/3% of the votes cast by the holders of Espial's common shares; and (ii) a simple majority of the votes cast by shareholders whose votes are required to be excluded in determining such approval in accordance with Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*. Closing of the Transaction is also subject to certain other closing conditions, including court approval and certain third-party consents.

The completion of the Transaction will also be subject to obtaining required court and other approvals and satisfaction of closing conditions customary for a transaction of this nature. The Arrangement Agreement provides for customary deal protection provisions, including a non-solicitation covenant on the part of Espial and a right for Enghouse to match any Superior Proposal (as defined in the Arrangement Agreement). The Arrangement Agreement includes a termination fee of C\$2.0 million, payable by Espial, under certain circumstances (including if the Arrangement Agreement is terminated in connection with Espial pursuing a Superior Proposal).

It is anticipated that the special meeting of Espial shareholders (the “**Special Meeting**”) to consider the Transaction will be held in May 2019. The effect of Shareholders voting for the resolution to approve the plan of arrangement and it becoming effective will be the cancellation of the Espial Shares from trading on the TSX following closing of the Transaction. The Transaction is expected to close in the calendar second quarter of 2019.

Additional Information about the Proposed Transaction

Copies of the Fairness Opinion and a description of the various factors considered by the board of directors of the Company in its determination to approve the Transaction, as well as other relevant background information, will be included in the management information circular to be sent to the Company's shareholders at least 21 days in advance of the Special Meeting. The management information circular, the Arrangement Agreement, the plan of arrangement and certain related documents will be filed with the Canadian securities regulators and will be available on SEDAR at www.sedar.com.

About Espial

Espial is a public software company, established in 1997 and headquartered in Ottawa, Canada. Espial solutions are used by over 100 video service providers and device manufacturers across US, Canada, Europe & Asia. Espial's solution portfolio includes client, server and cloud software products along with system integration services to help service providers launch next generation video offerings. Espial's customers have deployed over 50 million devices, and are serviced

through Espial's global sales, support, and innovation centers. Espial has partnered with leading companies like Netflix, Amazon and Google among others for its Elevate SaaS solution, which powers cable, IPTV & App-based IP video services for over 30 video service providers. For more information on Espial's solutions, visit www.Espial.com. For more information about Espial Elevate cloud IPTV platform, visit www.Espial.com/elevate.

About Enghouse

Enghouse Systems Limited is a leading global provider of enterprise software solutions serving a variety of vertical markets. Its strategy is to build a more diverse enterprise software company through strategic acquisitions and managed growth within its business sectors: Contact Center, Networks (OSS/BSS) and Transportation/Public Safety. Enghouse shares are listed on the Toronto Stock Exchange (TSX:ENGH). Further information about Enghouse is available at www.enghouse.com.

Forward Looking Statement

This press release contains information that is forward looking information with respect to Espial and Enghouse within the meaning of Section 138.4(9) of the Ontario Securities Act (forward looking statements) and other applicable securities laws. In some cases, forward-looking information can be identified by the use of terms such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "continue" or the negative of these terms or other similar expressions concerning matters that are not historical facts. In particular, statements or assumptions about, but is not limited to, management's assessment of the anticipated benefits to Espial shareholders of the proposed Transaction, anticipated meeting date, timing for completion of the Transaction and delisting from the TSX are or involve forward-looking information.

Forward-looking information is based on certain factors and assumptions. While the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. Forward-looking information, by its nature necessarily involves known and unknown risks and uncertainties. A number of factors could cause actual results to differ materially from those in the forward-looking statements or could cause our current objectives and strategies to change, including but not limited to the failure to complete the Transaction or delisting from the TSX, changing conditions and other risks associated with the on-demand TV software industry and the market segments in which Espial operates, competition, Espial's ability to continue to supply existing customers and partners with its products and services and avoid being displaced by competitive offerings, effectively grow its integration and support capabilities, execute on market opportunities, develop its distribution channels and generate increased demand for its products, economic conditions, technological change, unanticipated changes in our costs, regulatory changes, litigation, the emergence of new opportunities, many of which are beyond our control and current expectation or knowledge.

Additional risks and uncertainties affecting Espial can be found in Management's Discussion and Analysis of Results of Operations and Financial Condition and its Annual Information Form for the

fiscal year ended December 31, 2017 and when filed December 31, 2018 on SEDAR at www.sedar.com. If any of these risks or uncertainties were to materialize, or if the factors and assumptions underlying the forward-looking information were to prove incorrect, actual results could vary materially from those that are expressed or implied by the forward-looking information contained herein and our current objectives or strategies may change. Espial and Enghouse assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof.

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