



---

### Enghouse Releases Third Quarter Results

FOR IMMEDIATE RELEASE

**Markham, Ontario – September 10, 2020** – Enghouse Systems Limited (TSX:ENGH) today announced its third quarter (unaudited) financial results for the period ended July 31, 2020. All of the financial information is in Canadian dollars unless otherwise indicated.

Key financial and operational highlights for the three months ended July 31, 2020 (compared to the same period in 2019) are as follows:

- Revenue grew 29.7% to \$131.3 million;
- Results from operating activities increased 56.2% to \$42.2 million;
- Net income increased 77.3% to \$26.0 million or \$0.46 per diluted share;
- Adjusted EBITDA increased 62.4% to \$45.6 million;
- Cash flows from operating activities excluding changes in working capital increased 58.8% to \$45.3 million;
- Cash, cash equivalents and short-term investments were \$228.9 million, an increase from \$150.3 million at October 31, 2019, which was achieved after making payments of \$19.5 million for dividends and \$43.9 million for acquisitions;
- The Company has no long-term debt other than a nominal amount that is non-interest bearing.

In the quarter, the Company experienced growth from both internal sources and from acquisitions. Internal growth includes the expansion of the acquired businesses, particularly Vidyo, since acquisition.

To date, COVID-19 continues to have an overall positive impact on revenue. Although the initial surge of customers requiring immediate remote-work and visual computing solutions upon the initial outbreak of the pandemic was primarily served in the second quarter of 2020, demand for these solutions remains above historic averages.

The pandemic has tested Enghouse's ability and capacity to respond to significantly altered circumstances. Enghouse's results continue to demonstrate the resiliency of its business model, which is based on significant recurring revenue streams, positive operating cash flows, large cash reserves with nominal debt and a disciplined cost management and value for money philosophy.

#### **Quarterly Dividend:**

Today, the Board of Directors approved the Company's eligible quarterly dividend of \$0.135 per common share, payable on November 30, 2020 to shareholders of record at the close of business on November 16, 2020.

**Enghouse Systems Limited**  
**Financial Highlights**  
(Unaudited, in thousands of Canadian dollars)

For the period ended July 31	Three months				Nine months			
	2020	2019	Variance		2020	2019	Variance	
	\$	\$	\$	%	\$	\$	\$	%
<b>Revenue</b>	<b>131,324</b>	<b>101,274</b>	<b>30,050</b>	<b>29.7</b>	<b>382,880</b>	<b>276,522</b>	<b>106,358</b>	<b>38.5</b>
Direct costs	39,740	31,749	7,991	25.2	111,916	86,421	25,495	29.5
<b>Revenue, net of direct costs</b>	<b>91,584</b>	<b>69,525</b>	<b>22,059</b>	<b>31.7</b>	<b>270,964</b>	<b>190,101</b>	<b>80,863</b>	<b>42.5</b>
<i>As a % of revenue</i>	69.7%	68.7%			70.8%	68.7%		
Operating expenses	49,351	42,038	7,313	17.4	150,157	110,142	40,015	36.3
Special charges	35	470	(435)	(92.6)	1,490	526	964	183.3
<b>Results from operating activities</b>	<b>42,198</b>	<b>27,017</b>	<b>15,181</b>	<b>56.2</b>	<b>119,317</b>	<b>79,433</b>	<b>39,884</b>	<b>50.2</b>
<i>As a % of revenue</i>	32.1%	26.7%			31.2%	28.7%		
Amortization of acquired software and customer relationships	(11,502)	(8,453)	(3,049)	(36.1)	(33,182)	(22,453)	(10,729)	(47.8)
Foreign exchange (losses) gains	(1,102)	( 131)	(971)	(741.2)	(1,148)	433	(1,581)	(365.1)
Interest expense – lease obligations	(302)	-	(302)	-	(864)	-	(864)	-
Finance income	209	469	(260)	(55.4)	691	1,474	(783)	(53.1)
Finance expenses	(5)	(11)	6	54.5	(39)	(66)	27	40.9
Other income	3,827	( 64)	3,891	6079.7	4,224	411	3,813	927.7
<b>Income before income taxes</b>	<b>33,323</b>	<b>18,827</b>	<b>14,496</b>	<b>77.0</b>	<b>88,999</b>	<b>59,232</b>	<b>29,767</b>	<b>50.3</b>
Provision for income taxes	7,330	4,166	3,164	75.9	19,781	13,070	6,711	51.3
<b>Net Income for the period</b>	<b>25,993</b>	<b>14,661</b>	<b>11,332</b>	<b>77.3</b>	<b>69,218</b>	<b>46,162</b>	<b>23,056</b>	<b>49.9</b>
Basic earnings per share	0.47	0.27	0.20	74.1	1.26	0.84	0.42	50.0
Diluted earnings per share	0.46	0.27	0.19	70.4	1.25	0.84	0.41	48.8
Operating cash flows	55,690	13,862	41,828	301.7	133,156	59,646	73,510	123.2
Operating cash flows excluding changes in working capital	45,294	28,531	16,763	58.8	130,510	84,662	45,848	54.2
<b>Adjusted EBITDA</b>								
Results from operating activities	42,198	27,017	15,181	56.2	119,317	79,433	39,884	50.2
Depreciation	801	570	231	40.5	2,446	1,599	847	53.0
Depreciation of right-of-use asset	2,534	-	2,534	-	6,925	-	6,925	-
Special charges	35	470	(435)	(92.6)	1,490	526	964	183.3
<b>Adjusted EBITDA</b>	<b>45,568</b>	<b>28,057</b>	<b>17,511</b>	<b>62.4</b>	<b>130,178</b>	<b>81,558</b>	<b>48,620</b>	<b>59.6</b>
<i>Adjusted EBITDA margin</i>	34.7%	27.7%			34.0%	29.5%		
<b>Adjusted EBITDA per diluted share</b>	<b>0.81</b>	<b>0.51</b>	<b>0.30</b>	<b>58.8</b>	<b>2.35</b>	<b>1.48</b>	<b>0.87</b>	<b>58.8</b>

**Enghouse Systems Limited**  
**Consolidated Interim Statements of Financial Position**  
*(Unaudited, in thousands of Canadian dollars)*

	As at July 31, 2020	As at October 31, 2019
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 219,423	\$ 144,764
Short-term investments	9,515	5,505
Accounts receivable	98,360	84,982
Prepaid expenses and other assets	12,346	11,147
	<b>339,644</b>	<b>246,398</b>
<b>Non-current assets:</b>		
Property and equipment	6,554	6,280
Right-of-use assets	38,457	-
Intangible assets	135,831	121,885
Goodwill	221,540	203,298
Deferred income tax assets	16,073	12,739
	<b>418,455</b>	<b>344,202</b>
	<b>\$ 758,099</b>	<b>\$ 590,600</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$ 74,288	\$ 62,813
Income taxes payable	15,459	6,953
Dividends payable	7,463	6,021
Provisions	6,139	6,536
Deferred revenue	106,033	78,405
Lease obligations	8,370	-
Current portion of long-term loans	269	249
	<b>218,021</b>	<b>160,977</b>
<b>Non-current liabilities:</b>		
Non-current portion of income taxes payable	3,854	4,434
Deferred income tax liabilities	15,868	16,197
Deferred revenue	6,304	3,665
Net employee defined benefit obligation	2,896	2,380
Lease obligations	28,969	-
Long-term loans	875	874
	<b>58,766</b>	<b>27,550</b>
	<b>276,787</b>	<b>188,527</b>
<b>Shareholders' equity</b>		
Share capital	98,527	81,576
Contributed surplus	5,366	6,677
Retained earnings	357,478	309,198
Accumulated other comprehensive income	19,941	4,622
	<b>481,312</b>	<b>402,073</b>
	<b>\$ 758,099</b>	<b>\$ 590,600</b>

**Enghouse Systems Limited**  
**Condensed Consolidated Interim Statements of Operations and Comprehensive Income**  
*(Unaudited, in thousands of Canadian dollars)*

Periods ended July 31	Three months		Nine months	
	2020	2019	2020	2019
<b>Revenue</b>				
Software licenses	\$ 29,438	\$ 22,081	\$ 106,629	\$ 62,328
Hosted and maintenance services	77,356	58,416	213,733	158,699
Professional services	16,059	15,281	47,329	43,927
Hardware	8,471	5,496	15,189	11,568
	<b>131,324</b>	<b>101,274</b>	<b>382,880</b>	<b>276,522</b>
<b>Direct costs</b>				
Software licenses	2,058	1,327	8,445	4,058
Services	30,417	26,399	91,843	74,125
Hardware	7,265	4,023	11,628	8,238
	<b>39,740</b>	<b>31,749</b>	<b>111,916</b>	<b>86,421</b>
<b>Revenue, net of direct costs</b>	<b>91,584</b>	<b>69,525</b>	<b>270,964</b>	<b>190,101</b>
<b>Operating expenses</b>				
Selling, general and administrative	25,812	24,890	80,106	66,786
Research and development	20,204	16,578	60,680	41,757
Depreciation	801	570	2,446	1,599
Depreciation of right-of-use assets	2,534	-	6,925	-
Special charges	35	470	1,490	526
	<b>49,386</b>	<b>42,508</b>	<b>151,647</b>	<b>110,668</b>
<b>Results from operating activities</b>	<b>42,198</b>	<b>27,017</b>	<b>119,317</b>	<b>79,433</b>
Amortization of acquired software and customer relationships	(11,502)	(8,453)	(33,182)	(22,453)
Foreign exchange (losses) gains	(1,102)	(131)	(1,148)	433
Interest expense – lease obligations	(302)	-	(864)	-
Finance income	209	469	691	1,474
Finance expenses	(5)	(11)	(39)	(66)
Other income (expense)	3,827	(64)	4,224	411
<b>Income before income taxes</b>	<b>33,323</b>	<b>18,827</b>	<b>88,999</b>	<b>59,232</b>
<b>Provision for income taxes</b>	<b>7,330</b>	<b>4,166</b>	<b>19,781</b>	<b>13,070</b>
<b>Net income for the period</b>	<b>\$ 25,993</b>	<b>\$ 14,661</b>	<b>\$ 69,218</b>	<b>\$ 46,162</b>
<u>Items that may be subsequently reclassified to income:</u>				
Cumulative translation adjustment	2,868	(9,947)	15,319	(3,966)
<b>Other comprehensive income (loss)</b>	<b>2,868</b>	<b>(9,947)</b>	<b>15,319</b>	<b>(3,966)</b>
<b>Comprehensive income</b>	<b>\$ 28,861</b>	<b>\$ 4,714</b>	<b>\$ 84,537</b>	<b>\$ 42,196</b>
<b>Earnings per share</b>				
Basic	\$ 0.47	\$ 0.27	\$ 1.26	\$ 0.84
Diluted	\$ 0.46	\$ 0.27	\$ 1.25	\$ 0.84

**Enghouse Systems Limited**  
**Condensed Consolidated Interim Statements of Cash Flows**  
*(Unaudited, in thousands of Canadian dollars)*

Periods ended July 31	Three months		Nine months	
	2020	2019	2020	2019
<b>OPERATING ACTIVITIES</b>				
Net income for the period	\$ 25,993	\$ 14,661	\$ 69,218	\$ 46,162
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation	801	570	2,446	1,599
Depreciation of right-of-use assets	2,534	-	6,925	-
Interest expense – lease obligations	302	-	864	-
Amortization of acquired software and customer relationships	11,502	8,453	33,182	22,453
Stock-based compensation expense	654	606	2,279	1,723
Provision for income taxes	7,330	4,166	19,781	13,070
Finance expenses and other (income) expenses	(3,822)	75	(4,185)	(345)
	<b>45,294</b>	<b>28,531</b>	<b>130,510</b>	<b>84,662</b>
Changes in non-cash operating working capital	17,614	(10,174)	18,150	(10,801)
Income taxes paid	(7,218)	(4,495)	(15,504)	(14,215)
<b>Net cash provided by operating activities</b>	<b>55,690</b>	<b>13,862</b>	<b>133,156</b>	<b>59,646</b>
<b>INVESTING ACTIVITIES</b>				
Purchase of property and equipment	(458)	(559)	(1,902)	(1,340)
Acquisitions, net of cash acquired*	1,103	(68,667)	(46,561)	(94,233)
Purchase consideration for prior-year acquisitions	3,201	-	2,655	(1,105)
Purchase of short-term investments	233	743	(1,569)	(1,110)
<b>Net cash provided by (used in) investing activities</b>	<b>4,079</b>	<b>(68,483)</b>	<b>(47,377)</b>	<b>(97,788)</b>
<b>FINANCING ACTIVITIES</b>				
Interest paid on lease obligations	(302)	-	(864)	-
Issuance of share capital	7,789	563	13,361	1,348
Repayment of loans	-	-	(62)	(957)
Repayment of lease obligations	(2,181)	-	(6,071)	-
Dividends paid	(7,427)	(6,011)	(19,496)	(15,840)
<b>Net cash used in financing activities</b>	<b>(2,121)</b>	<b>(5,448)</b>	<b>(13,132)</b>	<b>(15,449)</b>
Effect of currency translation adjustments on cash and cash equivalents	(555)	(3,393)	2,012	(538)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>57,093</b>	<b>(63,462)</b>	<b>74,659</b>	<b>(54,129)</b>
Cash and cash equivalents - beginning of period	162,330	196,884	144,764	187,551
<b>Cash and cash equivalents - end of period</b>	<b>\$ 219,423</b>	<b>\$ 133,422</b>	<b>\$ 219,423</b>	<b>\$ 133,422</b>

\* Acquisitions are net of cash acquired of nil and \$6,906 for the three and nine months ended July 31, 2020, respectively, and \$27,683 and \$33,965 for the three and nine months ended July 31, 2019, respectively.

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

Three months ended July 31, 2020	IMG	AMG	Total
Revenue	\$ 75,151	\$ 56,173	\$ 131,324
Direct costs	(18,152)	(21,588)	(39,740)
<b>Revenue, net of direct costs</b>	<b>56,999</b>	<b>34,585</b>	<b>91,584</b>
Operating expenses excluding special charges	(22,871)	(12,735)	(35,606)
Depreciation of property and equipment	(646)	(155)	(801)
Depreciation of right-of-use assets	(1,447)	(1,087)	(2,534)
<b>Segment profit</b>	<b>\$ 32,035</b>	<b>\$ 20,608</b>	<b>\$ 52,643</b>
Special charges			(35)
Corporate and shared service expenses			(10,410)
<b>Results from operating activities</b>			<b>\$ 42,198</b>

Three months ended July 31, 2019	IMG	AMG	Total
Revenue	\$ 56,869	\$ 44,405	\$ 101,274
Direct costs	(14,838)	(16,911)	(31,749)
<b>Revenue, net of direct costs</b>	<b>42,031</b>	<b>27,494</b>	<b>69,525</b>
Operating expenses excluding special charges	(20,163)	(12,506)	(32,669)
Depreciation of property and equipment	(404)	(166)	(570)
<b>Segment profit</b>	<b>\$ 21,464</b>	<b>\$ 14,822</b>	<b>\$ 36,286</b>
Special charges			(470)
Corporate and shared service expenses			(8,799)
<b>Results from operating activities</b>			<b>\$ 27,017</b>

Nine months ended July 31, 2020	IMG	AMG	Total
Revenue	\$ 227,949	\$ 154,931	\$ 382,880
Direct costs	(54,240)	(57,676)	(111,916)
<b>Revenue, net of direct costs</b>	<b>173,709</b>	<b>97,255</b>	<b>270,964</b>
Operating expenses excluding special charges	(69,722)	(40,815)	(110,537)
Depreciation of property and equipment	(1,619)	(827)	(2,446)
Depreciation of right-of-use assets	(3,891)	(3,034)	(6,925)
<b>Segment profit</b>	<b>\$ 98,477</b>	<b>\$ 52,579</b>	<b>\$ 151,056</b>
Special charges			(1,490)
Corporate and shared service expenses			(30,249)
<b>Results from operating activities</b>			<b>\$ 119,317</b>

Nine months ended July 31, 2019	IMG	AMG	Total
Revenue	\$ 144,863	\$ 131,659	\$ 276,522
Direct costs	(37,877)	(48,544)	(86,421)
<b>Revenue, net of direct costs</b>	<b>106,986</b>	<b>83,115</b>	<b>190,101</b>
Operating expenses excluding special charges	(51,642)	(34,363)	(86,005)
Depreciation of property and equipment	(1,184)	(415)	(1,599)
<b>Segment profit</b>	<b>\$ 54,160</b>	<b>\$ 48,337</b>	<b>\$ 102,497</b>
Special charges			(526)
Corporate and shared service expenses			(22,538)
<b>Results from operating activities</b>			<b>\$ 79,433</b>

## About Enghouse

Enghouse is a Canadian publicly traded company (TSX:ENGH), which provides enterprise software solutions focusing on remote work, visual computing and communications for next-generation software-defined networks. The Company's two-pronged growth strategy focuses on internal growth and acquisitions, which, to date, have been funded through operating cash flows. The Company is well capitalized, has nominal 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, September 11, 2020 at 8:45 a.m. EST. To participate, please call +1-647-490-5367 or North American Toll-Free +1-800-367-2403. Confirmation code: 9567603. 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)

\*\*\*\*

*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.*