



Enghouse Releases Third Quarter Results

Markham, Ontario – September 9, 2021 – Enghouse Systems Limited (TSX:ENGH) today announced its third quarter unaudited financial results for the period ended July 31, 2021. All the financial information is in Canadian dollars unless otherwise indicated.

Financial and operational highlights for the three and nine months ended July 31, 2021 compared to the three and nine months ended July 31, 2020 are as follows:

- Revenue achieved was \$117.6 and \$354.1 million, respectively, compared to revenue of \$131.3 and \$382.9 million;
- Results from operating activities was \$38.5 and \$116.1 million, respectively, compared to \$42.2 and \$119.3 million;
- Net income was \$21.2 and \$62.6 million, respectively, compared to \$26.0 and \$69.2 million;
- Adjusted EBITDA was \$41.7 and \$126.4 million, respectively, compared to \$45.6 and \$130.2 million while Adjusted EBITDA margins increased from 34.0% to 35.7% for the current year to date period;
- Cash flows from operating activities excluding changes in working capital was \$41.1 and \$125.4 million, respectively compared to \$45.3 and \$130.5 million.

Revenue achieved for the quarter was \$117.6 million, compared to revenue of \$131.3 million in the same period in the prior year. The decrease reflects exceptional revenue in the comparative period as a result of COVID-19 related demand. Similar to the second quarter of 2021, the comparatively higher revenue last year was driven primarily by the previous year's significant increase in our Vidyo business that has now returned to levels that are more consistent with pre-COVID volumes. Revenue for the quarter was also negatively impacted by \$6.2 million as a result of foreign exchange as the Canadian dollar strengthened against the U.S. dollar and Euro.

During the quarter, Enghouse completed two tuck-in acquisitions, adding Nebu BV on June 3, 2021 and Momindum SAS on July 7, 2021. Nebu is an Amsterdam-based provider of market research and data analytics software solutions, which augments our existing market research and survey solutions. Momindum is an enterprise software provider of a secure, SaaS based platform for virtual events, recording, editing and sharing interactive video presentations. Momindum is complementary to our Vidyo offering and broadens our video collaboration solutions.

Enghouse closed the quarter with \$187.8 million in cash, cash equivalents and short-term investments, compared to \$251.8 million at October 31, 2020 and \$169.6 million as of April 30, 2021. The cash balance was achieved after making payments of \$36.3 million for acquisitions and \$106.9 million for dividends this year. Enghouse continues to prioritize its long-term growth strategy over quarter-to-quarter results, investing in products while ensuring continued profitability and maximizing operating cashflows. As a result, Enghouse continues to replenish its acquisition capital, while returning \$83.2 million in special dividends to shareholders and annually increasing its eligible quarterly dividend.

Quarterly dividends:

Today, the Board of Directors approved the Company's eligible quarterly dividend of \$0.16 per common share payable on November 30, 2021 to shareholders of record at the close of business on November 16, 2021.

Enhouse Systems Limited
Financial Highlights
(unaudited, in thousands of Canadian dollars)

| For the period ended July 31 | Three months | | | | Nine months | | | |
|--|--------------|------------|----------|---------|-------------|------------|----------|---------|
| | 2021 | 2020 | Var (\$) | Var (%) | 2021 | 2020 | Var (\$) | Var (%) |
| Revenue | \$ 117,644 | \$ 131,324 | (13,680) | (10.4) | \$ 354,078 | \$ 382,880 | (28,802) | (7.5) |
| Direct costs | 33,437 | 39,740 | (6,303) | (15.9) | 98,478 | 111,916 | (13,438) | (12.0) |
| Revenue, net of direct costs | \$ 84,207 | \$ 91,584 | (7,377) | (8.1) | \$ 255,600 | \$ 270,964 | (15,364) | (5.7) |
| <i>As a % of revenue</i> | 71.6% | 69.7% | | | 72.2% | 70.8% | | |
| Operating expenses | 45,267 | 49,351 | (4,084) | (8.3) | 138,629 | 150,157 | (11,528) | (7.7) |
| Special charges | 433 | 35 | 398 | 1137.1 | 873 | 1,490 | (617) | (41.4) |
| Results from operating activities | \$ 38,507 | \$ 42,198 | (3,691) | (8.7) | \$ 116,098 | \$ 119,317 | (3,219) | (2.7) |
| <i>As a % of revenue</i> | 32.7% | 32.1% | | | 32.8% | 31.2% | | |
| Amortization of acquired software and customer relationships | (10,355) | (11,502) | 1,147 | 10.0 | (31,983) | (33,182) | 1,199 | 3.6 |
| Foreign exchange losses | (453) | (1,102) | 649 | 58.9 | (1,976) | (1,148) | (828) | (72.1) |
| Interest expense – lease obligations | (212) | (302) | 90 | 29.8 | (818) | (864) | 46 | 5.3 |
| Finance income | 46 | 209 | (163) | (78.0) | 162 | 691 | (529) | (76.6) |
| Finance expenses | (12) | (5) | (7) | (140.0) | (76) | (39) | (37) | (94.9) |
| Other (expenses) income | (516) | 3,827 | (4,343) | (113.5) | (1,962) | 4,224 | (6,186) | (146.4) |
| Income before income taxes | \$ 27,005 | \$ 33,323 | (6,318) | (19.0) | \$ 79,445 | \$ 88,999 | (9,554) | (10.7) |
| Provision for income taxes | 5,778 | 7,330 | (1,552) | (21.2) | 16,837 | 19,781 | (2,944) | (14.9) |
| Net Income for the period | \$ 21,227 | \$ 25,993 | (4,766) | (18.3) | \$ 62,608 | \$ 69,218 | (6,610) | (9.5) |
| Basic earnings per share | 0.38 | 0.47 | (0.09) | (19.1) | 1.13 | 1.26 | (0.13) | (10.3) |
| Diluted earnings per share | 0.38 | 0.46 | (0.08) | (17.4) | 1.12 | 1.25 | (0.13) | (10.4) |
| Operating cash flows | 33,552 | 55,690 | (22,138) | (39.8) | 93,254 | 133,156 | (39,902) | (30.0) |
| Operating cash flows excluding changes in working capital | 41,105 | 45,294 | (4,189) | (9.2) | 125,422 | 130,510 | (5,088) | (3.9) |
| Adjusted EBITDA | | | | | | | | |
| Results from operating activities | 38,507 | 42,198 | | | 116,098 | 119,317 | | |
| Depreciation | 719 | 801 | | | 2,212 | 2,446 | | |
| Depreciation of right-of-use assets | 2,006 | 2,534 | | | 7,201 | 6,925 | | |
| Special charges | 433 | 35 | | | 873 | 1,490 | | |
| Adjusted EBITDA | \$ 41,665 | \$ 45,568 | (3,903) | (8.6) | \$ 126,384 | \$ 130,178 | (3,794) | (2.9) |
| <i>Adjusted EBITDA margin</i> | 35.4% | 34.7% | | | 35.7% | 34.0% | | |
| Adjusted EBITDA per diluted share | \$ 0.75 | \$ 0.81 | (0.06) | (7.4) | \$ 2.26 | \$ 2.35 | (0.09) | (3.8) |

Condensed Consolidated Interim Statements of Financial Position

(in thousands of Canadian dollars)
(unaudited)

| | As at July 31, 2021 | As at October 31, 2020 |
|---|---------------------|------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 184,429 | \$ 244,792 |
| Short-term investments | 3,368 | 6,999 |
| Accounts receivable | 94,266 | 90,789 |
| Prepaid expenses and other assets | 12,645 | 14,772 |
| | 294,708 | 357,352 |
| Non-current assets: | | |
| Property and equipment | 5,931 | 6,301 |
| Right-of-use assets | 29,957 | 42,832 |
| Intangible assets | 113,447 | 123,616 |
| Goodwill | 226,852 | 217,426 |
| Deferred income tax assets | 16,169 | 16,119 |
| | 392,356 | 406,294 |
| | \$ 687,064 | \$ 763,646 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 71,138 | \$ 80,339 |
| Income taxes payable | 5,089 | 13,245 |
| Dividends payable | 8,883 | 7,472 |
| Provisions | 6,657 | 5,697 |
| Deferred revenue | 92,197 | 89,927 |
| Lease obligations | 8,387 | 9,914 |
| | 192,351 | 206,594 |
| Non-current liabilities: | | |
| Income taxes payable | 2,967 | 3,829 |
| Deferred income tax liabilities | 19,256 | 14,782 |
| Deferred revenue | 10,631 | 7,021 |
| Net employee defined benefit obligation | 2,739 | 2,855 |
| Lease obligations | 21,071 | 32,242 |
| | 56,664 | 60,729 |
| | 249,015 | 267,323 |
| Shareholders' equity | | |
| Share capital | 105,276 | 99,405 |
| Contributed surplus | 7,283 | 6,583 |
| Retained earnings | 333,722 | 379,378 |
| Accumulated other comprehensive (loss) income | (8,232) | 10,957 |
| | 438,049 | 496,323 |
| | \$ 687,064 | \$ 763,646 |

Condensed Consolidated Interim Statements of Operations and Comprehensive Income

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

| Periods ended July 31 | Three months | | Nine months | |
|---|------------------|------------------|------------------|------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Revenue | | | | |
| Software licenses | \$ 26,807 | \$ 29,438 | \$ 80,274 | \$ 106,629 |
| Hosted and maintenance services | 68,419 | 77,356 | 211,064 | 213,733 |
| Professional services | 18,779 | 16,059 | 53,076 | 47,329 |
| Hardware | 3,639 | 8,471 | 9,664 | 15,189 |
| | 117,644 | 131,324 | 354,078 | 382,880 |
| Direct costs | | | | |
| Software licenses | 1,334 | 2,058 | 4,020 | 8,445 |
| Services | 29,633 | 30,417 | 88,248 | 91,843 |
| Hardware | 2,470 | 7,265 | 6,210 | 11,628 |
| | 33,437 | 39,740 | 98,478 | 111,916 |
| Revenue, net of direct costs | 84,207 | 91,584 | 255,600 | 270,964 |
| Operating expenses | | | | |
| Selling, general and administrative | 23,726 | 25,812 | 68,885 | 80,106 |
| Research and development | 18,816 | 20,204 | 60,331 | 60,680 |
| Depreciation | 719 | 801 | 2,212 | 2,446 |
| Depreciation of right-of-use assets | 2,006 | 2,534 | 7,201 | 6,925 |
| Special charges | 433 | 35 | 873 | 1,490 |
| | 45,700 | 49,386 | 139,502 | 151,647 |
| Results from operating activities | 38,507 | 42,198 | 116,098 | 119,317 |
| Amortization of acquired software and customer relationships | (10,355) | (11,502) | (31,983) | (33,182) |
| Foreign exchange losses | (453) | (1,102) | (1,976) | (1,148) |
| Interest expense – lease obligations | (212) | (302) | (818) | (864) |
| Finance income | 46 | 209 | 162 | 691 |
| Finance expenses | (12) | (5) | (76) | (39) |
| Other (expenses) income | (516) | 3,827 | (1,962) | 4,224 |
| Income before income taxes | 27,005 | 33,323 | 79,445 | 88,999 |
| Provision for income taxes | 5,778 | 7,330 | 16,837 | 19,781 |
| Net income for the period | \$ 21,227 | \$ 25,993 | \$ 62,608 | \$ 69,218 |
| <u>Items that may be subsequently reclassified to income:</u> | | | | |
| Cumulative translation adjustment | 3,953 | 2,868 | (19,189) | 15,319 |
| Other comprehensive income (loss) | 3,953 | 2,868 | (19,189) | 15,319 |
| Comprehensive income | \$ 25,180 | \$ 28,861 | \$ 43,419 | \$ 84,537 |
| Earnings per share | | | | |
| Basic | \$ 0.38 | \$ 0.47 | \$ 1.13 | \$ 1.26 |
| Diluted | \$ 0.38 | \$ 0.46 | \$ 1.12 | \$ 1.25 |

Condensed Consolidated Interim Statements of Cash Flows

(in thousands of Canadian dollars)
(unaudited)

| Periods ended July 31 | Three months | | Nine months | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 2021 | 2020 | 2021 | 2020 |
| OPERATING ACTIVITIES | | | | |
| Net income for the period | \$ 21,227 | \$ 25,993 | \$ 62,608 | \$ 69,218 |
| Adjustments to reconcile net income to net cash provided by operating activities | | | | |
| Depreciation | 719 | 801 | 2,212 | 2,446 |
| Depreciation of right-of-use assets | 2,006 | 2,534 | 7,201 | 6,925 |
| Interest expense – lease obligations | 212 | 302 | 818 | 864 |
| Amortization of acquired software and customer relationships | 10,355 | 11,502 | 31,983 | 33,182 |
| Stock-based compensation expense | 280 | 654 | 1,725 | 2,279 |
| Provision for income taxes | 5,778 | 7,330 | 16,837 | 19,781 |
| Finance expenses and other expenses (income) | 528 | (3,822) | 2,038 | (4,185) |
| | 41,105 | 45,294 | 125,422 | 130,510 |
| Changes in non-cash operating working capital | (942) | 17,614 | (9,857) | 18,150 |
| Income taxes paid | (6,611) | (7,218) | (22,311) | (15,504) |
| Net cash provided by operating activities | 33,552 | 55,690 | 93,254 | 133,156 |
| INVESTING ACTIVITIES | | | | |
| Purchase of property and equipment | (505) | (458) | (1,849) | (1,902) |
| Acquisitions, net of cash acquired* | (3,837) | 1,103 | (36,137) | (46,561) |
| Purchase consideration for prior-year acquisitions | (1,263) | 3,201 | (158) | 2,655 |
| (Purchase) sale of short-term investments | (44) | 233 | 1,570 | (1,569) |
| Net cash (used in) provided by investing activities | (5,649) | 4,079 | (36,574) | (47,377) |
| FINANCING ACTIVITIES | | | | |
| Issuance of share capital | 666 | 7,789 | 4,846 | 13,361 |
| Repayment of loans | - | - | - | (62) |
| Repayment of lease obligations | (2,398) | (2,483) | (7,319) | (6,935) |
| Dividends paid | (8,879) | (7,427) | (106,853) | (19,496) |
| Net cash used in financing activities | (10,611) | (2,121) | (109,326) | (13,132) |
| Impact of foreign exchange on cash and cash equivalents | 1,471 | (555) | (7,717) | 2,012 |
| Increase (decrease) in cash and cash equivalents | 18,763 | 57,093 | (60,363) | 74,659 |
| Cash and cash equivalents - beginning of period | 165,666 | 162,330 | 244,792 | 144,764 |
| Cash and cash equivalents - end of period | \$ 184,429 | \$ 219,423 | \$ 184,429 | \$ 219,423 |

* Acquisitions are net of cash acquired of \$2,150 and \$3,613 for the three and nine months ended July 31, 2021, respectively, and nil and \$6,906 for the three and nine months ended July 31, 2020, respectively.

Enghouse Systems Limited

Segment Reporting Information

(in thousands of Canadian dollars)

| Three months ended July 31, 2021 | IMG | AMG | Total |
|--|------------------|------------------|------------------|
| Revenue | \$ 65,556 | \$ 52,088 | \$ 117,644 |
| Direct costs | (17,273) | (16,164) | (33,437) |
| Revenue, net of direct costs | 48,283 | 35,924 | 84,207 |
| Operating expenses excluding special charges | (21,822) | (11,718) | (33,540) |
| Depreciation of property and equipment | (607) | (112) | (719) |
| Depreciation of right-of-use assets | (1,203) | (803) | (2,006) |
| Segment profit | \$ 24,651 | \$ 23,291 | \$ 47,942 |
| Special charges | | | (433) |
| Corporate and shared service expenses | | | (9,002) |
| Results from operating activities | | | \$ 38,507 |

| Three months ended July 31, 2020 | IMG | AMG | Total |
|--|------------------|------------------|------------------|
| Revenue | \$ 75,151 | \$ 56,173 | \$ 131,324 |
| Direct costs | (18,152) | (21,588) | (39,740) |
| Revenue, net of direct costs | 56,999 | 34,585 | 91,584 |
| 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) |
| Segment profit | \$ 32,035 | \$ 20,608 | \$ 52,643 |
| Special charges | | | (35) |
| Corporate and shared service expenses | | | (10,410) |
| Results from operating activities | | | \$ 42,198 |

| Nine months ended July 31, 2021 | IMG | AMG | Total |
|--|------------------|------------------|-------------------|
| Revenue | \$ 201,738 | \$ 152,340 | \$ 354,078 |
| Direct costs | (49,660) | (48,818) | (98,478) |
| Revenue, net of direct costs | 152,078 | 103,522 | 255,600 |
| Operating expenses excluding special charges | (68,559) | (36,057) | (104,616) |
| Depreciation of property and equipment | (1,902) | (310) | (2,212) |
| Depreciation of right-of-use assets | (4,687) | (2,514) | (7,201) |
| Segment profit | \$ 76,930 | \$ 64,641 | \$ 141,571 |
| Special charges | | | (873) |
| Corporate and shared service expenses | | | (24,600) |
| Results from operating activities | | | \$ 116,098 |

| Nine months ended July 31, 2020 | IMG | AMG | Total |
|--|------------------|------------------|-------------------|
| Revenue | \$ 227,949 | \$ 154,931 | \$ 382,880 |
| Direct costs | (54,240) | (57,676) | (111,916) |
| Revenue, net of direct costs | 173,709 | 97,255 | 270,964 |
| 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) |
| Segment profit | \$ 98,477 | \$ 52,579 | \$ 151,056 |
| Special charges | | | (1,490) |
| Corporate and shared service expenses | | | (30,249) |
| Results from operating activities | | | \$ 119,317 |

About Enghouse

Enghouse is a Canadian publicly traded company (TSX:ENGH) that 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 no 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.

Conference Call and Webcast

A conference call to discuss the results will be held on Friday, September 10, 2021 at 8:45 a.m. EST. To participate, please call +1-647-689-4521 or North American Toll-Free +1-833-235-7649. Confirmation code: 8499981. 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.