Enghouse Systems

Software engineered for results

Second Quarter Ended April 30, 2025

June 5, 2025

Dear fellow Shareholders,

We are pleased to present our second-quarter results for the three months ending April 30, 2025. We continue to advance our strategic priorities with a focus on operational resilience, disciplined investment, and targeted acquisition growth. In a period of broader macroeconomic uncertainty, marked by capital investment delays from some customers as they assess the business impact of the rapidly changing trading environment, we maintained stability across key areas of our business and remain committed to long-term value creation.

Revenue for the second quarter of 2025 was $124.8 million compared to $125.8 million in the same period in the prior year and $124.0 million in the prior quarter. The predictability of our recurring revenue streams helps to insulate us from the larger impact of fluctuations in the timing of license revenue.

Over the last six months, we completed three acquisitions that have strengthened our long-term outlook but have adversely impacted near-term earnings. We also experienced increased volatility in foreign exchange markets, with large movements in the U.S. dollar, euro and pound sterling. With integration progressing and a clearer view into operations, we continue to take action to optimize costs and align resources across the Company.

Net income decreased in the quarter to $13.5 million or $0.24 per diluted share, compared to $20.0 million or $0.36 per diluted share, reported in the same period last year. The current quarter includes foreign exchange losses of $4.0 million and special charges of $1.4 million. Adjusted EBITDA decreased to $28.6 million or $0.52 per diluted share, compared to $35.7 million in the same period last year.

Net cash provided by operating activities, excluding changes in working capital and income taxes paid, was $25.5 million compared to $38.6 million in the prior year. During the second quarter we returned $14.3 million to shareholders through dividends and paid $26.8 million for acquisitions completed in the quarter. Enghouse closed the quarter with $263.5 million in cash, cash equivalents and short-term investments, compared to $274.7 million at October 31, 2024, with no external debt financing.

During the quarter, we acquired and largely integrated Margento, a business that has a scalable and easy to deploy Mobility-as-a-Service ("MaaS") platform providing a unique user-centric mobile transit experience. In addition, on April 14, 2025, the Company acquired Trafi, a MaaS solutions provider based in Lithuania. Trafi offers a scalable and comprehensive MaaS platform designed to integrate complex transportation networks into a single, user-centric application that enables cities and public transportation authorities to connect various mobility options. Integration efforts are underway. Both acquisitions fit well within our transportation portfolio in the Asset Management Group.

We enter the second half of the year with a clear operational focus, a healthy cash position, and strong momentum from recent acquisitions. We are confident that the actions underway will deliver value and position us to achieve improved growth and profitability.

Today, the Board of Directors approved an eligible quarterly dividend of $0.30 per common share, payable on August 29, 2025, to shareholders of record at the close of business on August 15, 2025.

Stephen J. Sadler
Chairman of the Board and Chief Executive Officer

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis ("MD&A") has been prepared as of June 5, 2025 and all information contained herein is current as of that date unless otherwise indicated. For a complete understanding of our business environment, risks, trends and uncertainties and the effect of critical accounting policies and estimates on our results, this MD&A should be read in conjunction with Enghouse Systems Limited's ("Enghouse Systems") and its subsidiaries (together "Enghouse", "we" "us" "our" or "the Company") fiscal 2024 MD&A and audited consolidated financial statements and the notes thereto. This MD&A covers the unaudited condensed consolidated interim results of operations, financial condition and cash flows of Enghouse Systems and its subsidiaries, all wholly owned, for the second quarter ended April 30, 2025.

Unless otherwise noted, the results reported herein have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are presented in Canadian dollars, stated in thousands, except per share amounts and as otherwise indicated.

This document is intended to assist the reader in better understanding operations and key financial results as of the date of this report. The unaudited Condensed Consolidated Interim Financial Statements and the MD&A have been reviewed by the Company's Audit Committee and approved by its Board of Directors.

Non-IFRS measures and forward-looking statements

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 Earnings before Interest, Taxes, Depreciation and Amortization ("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, equipment and right-of-use assets, and special charges for acquisition related restructuring costs. Management uses Adjusted EBITDA, Adjusted EBITDA margin, and Adjusted EBITDA per diluted share to evaluate operating performance as it excludes amortization of acquired 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.

Certain statements made or incorporated by reference in this MD&A are forward-looking and relate to, among other things, anticipated financial performance, business prospects, strategies, regulatory developments, new services, market forces, commitments and technological developments. By its nature, such forward-looking information is subject to various risks and uncertainties, including those discussed in this MD&A or in documents incorporated by reference in this MD&A, such as Enghouse Systems' Annual Information Form, which could cause the Company's actual results and experience to differ materially from the anticipated results or other expectations expressed herein. Readers are cautioned not to place undue reliance on this forward-looking information, and the Company shall have no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. This report should be viewed in conjunction with the Company's other publicly available filings, including its Annual Information Form, copies of which are filed electronically on SEDAR at www.sedarplus.com.

For additional information with respect to certain of these risks or factors, reference should be made to the "Risks and Uncertainties" section of the MD&A and notes to the audited consolidated financial statements for the year ended October 31, 2024, as well as to the Company's continuous disclosure materials filed from time to time with Canadian securities regulatory authorities, copies of which are filed electronically on SEDAR at www.sedarplus.com.

Corporate Overview

Enghouse is a Canadian publicly traded company (TSX: ENGH) that provides a wide range of mission critical vertically focused enterprise software solutions. Our core technologies are used for contact centers, video communications, virtual healthcare, education, telecommunications networks, IPTV, public safety and transit. The Company's two-pronged strategy to grow earnings focuses on both organic growth and acquisitions, which, to date, have been funded only through net cash provided by operating activities 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.

IMG specializes in contact center and video software and services designed to enhance customer service by increasing efficiency and managing customer communications across multiple types of interactions including voice, email, social channels, web chats, text and video. Products include contact center, video collaboration, video health monitoring, video capture technology, video room systems, interactive voice response, artificial intelligence tools, outbound dialers, attendant console, agent performance optimization, customer survey, business intelligence and analytics that may be deployed in private cloud, multi-tenant cloud or on-premise environments. IMG's customers are varied and include financial services companies, media businesses, education, telecoms, business process service providers, technology and health care providers.

AMG provides a portfolio of software and services solutions to network telecommunication providers, cable operators, media, transit, transportation, defence, utilities, government and public safety companies. Its products include network infrastructure, Operations Support Systems, Business Support Systems and revenue generation solutions such as video streaming and cloud IPTV solutions. AMG also provides transit e-ticketing, automated fare collections, fleet routing, dispatch, scheduling, communications and emergency control center solutions for the transportation, government, first responders and security sectors.

Enghouse continues to focus on building a vertically focused enterprise software company with a diversified product suite and global market presence. Enghouse's financial goals are to grow our business profitably, generating positive returns and net cash provided by operating activities that we deploy on building high quality products, funding acquisitions and returning to shareholders through dividends.

The Company generates the majority of its revenue from recurring revenue streams that increase the predictability of its operating results. While Enghouse continues to develop and enhance its existing product portfolio to grow organically, including expanding our Software as a Service ("SaaS") offerings (both private cloud and multi-tenant cloud), we augment and expedite this strategy through acquisitions. This dual-faceted approach enables us to broaden the spectrum of products and services available to our customer base more quickly than through organic means alone.

Second quarter overview

In the second quarter of fiscal 2025, Enghouse continued to demonstrate operational resilience, generating revenue of $124.8 million. This performance reflects macroeconomic uncertainty, demand-side hesitancy and capital investment delays from customers as they assess the impact of the rapidly changing trading environment on their business. Recurring revenue was $86.2 million, reinforcing our strategic focus on stable, long-term customer relationships through maintenance services, SaaS and cloud-based offerings.

We reported net income of $13.5 million and adjusted EBITDA of $28.6 million, lower than the same quarter in prior year, as a result of a shift in product mix, special charges and increased operating costs, primarily related to acquisitions as well as foreign exchange fluctuations. The Company continues to scale operating costs to prevailing revenue. Our robust cash position of over $263.5 million and healthy net cash provided by operating activities will enable continued investment in innovation, acquisitions and disciplined capital allocation.

On March 4, 2025, the Company completed the acquisition of Margento, a business that has a scalable and easy to deploy Mobility-as-a-Service ("MaaS") platform providing a unique user-centric mobile transit experience, which was integrated into the Company in the quarter. In addition, on April 14, 2025, the Company acquired Trafi, a MaaS solutions provider based in Lithuania. Trafi offers a scalable and comprehensive MaaS platform designed to integrate complex transportation networks into a single, user-centric application that enables cities and public transportation authorities to connect various mobility options. Both acquisitions fit well within our transportation portfolio in AMG. We remain actively engaged in identifying complementary acquisition opportunities to further expand our capabilities and reach.

Despite heightened global trade uncertainty and cautious enterprise spending, which may impact near term revenue, Enghouse remains committed to long-term value creation. Our diversified global footprint, recurring revenue base, and strong balance sheet position us well to navigate evolving market conditions and drive sustained growth.

Quarterly results of operations

The following table sets forth certain unaudited information for each of the eight most recent quarters. Our operating results may fluctuate quarterly, mainly as a result of the timing of large perpetual and term software license orders, professional services and hardware sales as well as fluctuations in usage volumes of our software and customers selecting SaaS offerings rather than on-premise solutions. Our quarterly results may also be influenced by inflation, seasonality, foreign exchange, timing of new acquisitions, geopolitical changes, as well as changes in staffing and infrastructure. See "Risks and Uncertainties" for more details.

The following table provides details regarding operating results for the past eight quarters:

For the three months ended	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Revenue	**$ 124,819**	**$ 124,000**	**$ 125,702**	**$ 130,501**	**$ 125,813**	**$ 120,489**	**$ 123,129**	**$ 110,997**
Direct costs	45,985	44,463	44,967	45,836	43,201	41,582	41,213	35,872
Revenue, net of direct costs	**$ 78,834**	**$ 79,537**	**$ 80,735**	**$ 84,665**	**$ 82,612**	**$ 78,907**	**$ 81,916**	**$ 75,125**
As a % of revenue	*63.2%*	*64.1%*	*64.2%*	*64.9%*	*65.7%*	*65.5%*	*66.5%*	*67.7%*
Operating expenses	52,345	48,457	47,133	49,120	49,031	46,180	46,115	43,901
Special charges	1,401	91	169	1,243	106	91	117	331
Results from operating activities	**$ 25,088**	**$ 30,989**	**$ 33,433**	**$ 34,302**	**$ 33,475**	**$ 32,636**	**$ 35,684**	**$ 30,893**
As a % of revenue	*20.1%*	*25.0%*	*26.6%*	*26.3%*	*26.6%*	*27.1%*	*29.0%*	*27.8%*
Amortization	(7,296)	(8,479)	(9,322)	(9,663)	(11,146)	(10,374)	(11,205)	(9,730)
Other	(1,003)	4,781	4,137	832	2,576	380	5,160	568
Income before income taxes	**$ 16,789**	**$ 27,291**	**$ 28,248**	**$ 25,471**	**$ 24,905**	**$ 22,642**	**$ 29,639**	**$ 21,731**
Provision for income taxes	3,328	5,387	5,607	4,891	4,931	4,509	4,517	4,164
Net Income for the period	**$ 13,461**	**$ 21,904**	**$ 22,641**	**$ 20,580**	**$ 19,974**	**$ 18,133**	**$ 25,122**	**$ 17,567**
Basic earnings per share	0.24	0.40	0.41	0.37	0.36	0.33	0.45	0.32
Diluted earnings per share	0.24	0.40	0.41	0.37	0.36	0.33	0.45	0.32
Net cash provided by operating activities	36,671	21,249	31,583	40,333	40,256	19,899	28,318	39,020
Net cash provided by operating activities excluding changes in working capital and income taxes paid	25,543	37,741	40,270	37,363	38,613	35,557	43,504	35,481
Cash and short-term investments	263,521	271,088	274,727	258,693	263,772	247,423	240,359	249,676
Total assets	868,673	865,393	833,493	840,837	822,065	800,070	783,670	745,973
Adjusted EBITDA:								
Results from operating activities	25,088	30,989	33,433	34,302	33,475	32,636	35,684	30,893
Depreciation	647	653	655	647	551	494	627	585
Depreciation of right-of-use assets	1,430	1,378	1,375	1,530	1,570	1,506	1,491	1,606
Special charges	1,401	91	169	1,243	106	91	117	331
Adjusted EBITDA	**$ 28,566**	**$ 33,111**	**$ 35,632**	**$ 37,722**	**$ 35,702**	**$ 34,727**	**$ 37,919**	**$ 33,415**
Adjusted EBITDA margin	*22.9%*	*26.7%*	*28.3%*	*28.9%*	*28.4%*	*28.8%*	*30.8%*	*30.1%*
Adjusted EBITDA per diluted share	**$ 0.52**	**$ 0.60**	**$ 0.64**	**$ 0.68**	**$ 0.64**	**$ 0.63**	**$ 0.69**	**$ 0.60**

Results of operations

The following table provides details regarding operating results for the three and six months ended April 30, 2025.

	Three months				Six months			
For the period ended April 30	**2025**	**2024**	**Var ($)**	**Var (%)**	**2025**	**2024**	**Var ($)**	**Var (%)**
Revenue	**$ 124,819**	**$ 125,813**	**(994)**	**(0.8)**	**$ 248,819**	**$ 246,302**	**2,517**	***1.0***
Direct costs	45,985	43,201	2,784	6.4	90,448	84,783	5,665	*6.7*
Revenue, net of direct costs	**$ 78,834**	**$ 82,612**	**(3,778)**	**(4.6)**	**$ 158,371**	**$ 161,519**	**(3,148)**	***(1.9)***
As a % of revenue	*63.2%*	*65.7%*			*63.6%*	*65.6%*		
Operating expenses	52,345	49,031	3,314	6.8	100,802	95,211	5,591	*5.9*
Special charges	1,401	106	1,295	1221.7	1,492	197	1,295	*657.4*
Results from operating activities	**$ 25,088**	**$ 33,475**	**(8,387)**	**(25.1)**	**$ 56,077**	**$ 66,111**	**(10,034)**	***(15.2)***
As a % of revenue	*20.1%*	*26.6%*			*22.5%*	*26.8%*		
Amortization of acquired software and customer relationships	(7,296)	(11,146)	3,850	34.5	(15,775)	(21,520)	5,745	*26.7*
Foreign exchange losses	(3,962)	(86)	(3,876)	(4507.0)	(1,653)	(1,803)	150	*8.3*
Interest expense – lease obligations	(131)	(148)	17	11.5	(259)	(298)	39	*13.1*
Finance income	1,913	2,602	(689)	(26.5)	4,217	4,963	(746)	*(15.0)*
Finance expenses	(24)	(12)	(12)	(100.0)	(27)	(12)	(15)	*(125.0)*
Other income	1,201	220	981	445.9	1,500	106	1,394	*1315.1*
Income before income taxes	**$ 16,789**	**$ 24,905**	**(8,116)**	**(32.6)**	**$ 44,080**	**$ 47,547**	**(3,467)**	***(7.3)***
Provision for income taxes	3,328	4,931	(1,603)	(32.5)	8,715	9,440	(725)	*(7.7)*
Net Income for the period	**$ 13,461**	**$ 19,974**	**(6,513)**	**(32.6)**	**$ 35,365**	**$ 38,107**	**(2,742)**	***(7.2)***
Basic earnings per share	**0.24**	**0.36**	(0.12)	(33.3)	**0.64**	**0.69**	(0.05)	*(7.2)*
Diluted earnings per share	**0.24**	**0.36**	(0.12)	(33.3)	**0.64**	**0.69**	(0.05)	*(7.2)*
Net cash provided by operating activities	36,671	40,256	(3,585)	(8.9)	57,920	60,155	(2,235)	*(3.7)*
Net cash provided by operating activities excl. changes in working capital and income taxes paid	25,543	38,613	(13,070)	(33.8)	63,284	74,170	(10,886)	*(14.7)*

Revenue

The following table provides details regarding revenue for the three and six months ended April 30, 2025.

	Three months			Six months		
For the period ended April 30	**2025**	**2024**	**Variance**	**2025**	**2024**	**Variance**
Software licenses	$ 16,885	$ 20,492	$ (3,607)	$ 34,666	$ 37,467	$ (2,801)
SaaS and maintenance services	86,189	84,984	1,205	174,121	169,571	4,550
Professional services	17,625	17,401	224	33,733	33,346	387
Hardware	4,120	2,936	1,184	6,299	5,918	381
Revenue	**$ 124,819**	**$ 125,813**	**$ (994)**	**$ 248,819**	**$ 246,302**	**$ 2,517**
Interactive Management Group	74,118	80,530	(6,412)	147,339	156,666	(9,327)
Asset Management Group	50,701	45,283	5,418	101,480	89,636	11,844
Revenue	**$ 124,819**	**$ 125,813**	**$ (994)**	**$ 248,819**	**$ 246,302**	**$ 2,517**

Revenue for the three months ended April 30, 2025 was $124.8 million, a decrease of $1.0 million or 0.8% from the same period in the prior year. Revenue was positively impacted by $5.0 million as a result of favourable foreign exchange. On a constant-currency basis, the variance is explained by:

- A decrease of $4.3 million in software licenses revenue and $0.6 million in professional services revenue, that can vary depending on the timing of transactions. The decrease in software licenses revenue is also consistent with the on-going transition to SaaS based licensing models. The decrease was offset by an increase of $1.1 million in hardware sales revenue.

- A decrease of $2.2 million in SaaS and maintenance services revenue, attributable to expected churn from certain prior years' acquisitions and the existing business, mitigated by contributions of $2.4 million from current year acquisitions. SaaS and maintenance services are an important source of revenue given their predictable and recurring nature and represented 69.1% of total revenues for the period and 67.5% for the comparative period.

Revenue for the six months ended April 30, 2025 was $248.8 million, an increase of $2.5 million or 1.0% from the same period in the prior year. This increase is inclusive of a $8.2 million increase related to foreign exchange. On a constant currency basis, the net decrease is primarily attributable to:

- A decrease of $4.1 million in software licenses revenue and $0.8 million in professional services revenue, that can vary depending on the timing of transactions. The decrease in software licenses revenue is also consistent with the on-going transition to SaaS based licensing models. The decrease was offset by an increase of $0.2 million in hardware sales revenue.
- A decrease of $1.0 million in SaaS and maintenance services revenue, attributable to expected churn from certain prior years' acquisitions and the existing business, mitigated by contributions of $3.1 million from current year acquisitions.

Interactive Management Group

IMG revenue for the three months ended April 30, 2025 was $74.1 million, a decrease of $6.4 million or 8.0% from the same period in the prior year. The variance is inclusive of a $2.9 million increase as a result of foreign exchange. On a constant-currency basis, revenue decreased by $9.3 million, with $6.0 million attributable to decreased SaaS and maintenance services revenue, $1.8 million in professional services and $1.7 million software licenses revenue, which were mitigated by a nominal increase in hardware sales revenue. The decrease in SaaS and maintenance services revenue was related to expected churn from the existing business and prior years' acquisitions, as well as lower software licenses revenue related to the transition to the SaaS licensing model, which was not fully offset by new SaaS services revenue in the quarter.

Revenue for the six months ended April 30, 2025 was $147.3 million, a decrease of $9.3 million or 6.0% from the same period in the prior year. The variance is inclusive of a $4.7 million increase as a result of foreign exchange. On a constant-currency basis, the decrease is primarily attributable to a decline of $9.1 million in SaaS and maintenance services revenue, $2.7 million in software licenses revenue, $2.4 million in professional services revenue and a nominal increase in hardware revenue. The largest part of the decline in SaaS and maintenance services revenue is a result of a decrease of $7.6 million due to expected Lifesize attrition.

Asset Management Group

AMG revenue for the three months ended April 30, 2025 was $50.7 million, an increase of $5.4 million or 12.0% from same period in the prior year. The variance is inclusive of a $2.2 million increase as a result of foreign exchange. On a constant-currency basis, the revenue increase is primarily the result of a $3.8 million increase in SaaS and maintenance services revenue explained by the acquisitions completed in the last twelve months. Professional services revenue also increased by $1.3 million as a result of contributions from the same acquisitions, while hardware revenue increased by $0.7 million. Software licenses revenue declined by $2.6 million, primarily in the Networks EMEA region.

Revenue for the six months ended April 30, 2025 was $101.5 million, an increase of $11.8 million or 13.2% from the same period in the prior year. The variance is inclusive of a $3.5 million increase as a result of foreign exchange. On a constant-currency basis, the variance is primarily attributable to an increase of $8.1 million in SaaS and maintenance services revenue from acquisitions completed in the last twelve months, $1.6 million in professional services revenue and a decline of $1.4 million in software licenses revenue.

Direct Costs

The following table provides details regarding direct costs for the three and six months ended April 30, 2025.

	Three months			Six months		
For the period ended April 30	**2025**	**2024**	**Variance**	**2025**	**2024**	**Variance**
Software licenses	$ 703	$ 741	$ (38)	$ 1,439	$ 1,415	$ 24
Services	43,431	40,951	2,480	85,928	80,482	5,446
Hardware	1,851	1,509	342	3,081	2,886	195
Direct Costs	**$ 45,985**	**$ 43,201**	**$ 2,784**	**$ 90,448**	**$ 84,783**	**$ 5,665**
As a % of associated revenue						
Software licenses	*4.2%*	*3.6%*		*4.2%*	*3.8%*	
Services	*41.8%*	*40.0%*		*41.3%*	*39.7%*	
Hardware	*44.9%*	*51.4%*		*48.9%*	*48.8%*	
Total	*36.8%*	*34.3%*		*36.4%*	*34.4%*	
Interactive Management Group	25,811	26,573	(762)	51,524	51,979	(455)
Asset Management Group	20,174	16,628	3,546	38,924	32,804	6,120
Direct Costs	**$ 45,985**	**$ 43,201**	**$ 2,784**	**$ 90,448**	**$ 84,783**	**$ 5,665**
As a % of associated revenue						
Interactive Management Group	*34.8%*	*33.0%*		*35.0%*	*33.2%*	
Asset Management Group	*39.8%*	*36.7%*		*38.4%*	*36.6%*	
Revenue, net of Direct Costs	**78,834**	**$ 82,612**	**$ (3,778)**	**$ 158,371**	**$ 161,519**	**$ (3,148)**
As a % of revenue	*63.2%*	*65.7%*		*63.6%*	*65.6%*	

Direct costs for the three months ended April 30, 2025 were $46.0 million or 36.8% of revenue compared to $43.2 million or 34.3% of revenue in the same period in the prior year. Overall margins as a percentage of revenue declined as a result of a shift in product mix towards SaaS services, which have additional costs of cloud computing services and engineering cloud operations personnel costs that are required to provide our SaaS offerings. However, hardware margins improved in the quarter. Direct costs increased by $3.3 million as a result of acquisitions completed in the last twelve months.

Direct costs for the six months ended April 30, 2025 were $90.4 million or 36.4% of revenue compared to $84.8 million or 34.4% of revenue in the same period in the prior year. The decrease in margins is attributable to the same factors discussed for the three-month period, other than hardware margins, which were neutral. Acquisitions completed in the last twelve months added $8.2 million in services costs in the fiscal year to date.

Interactive Management Group

IMG direct costs for the three months ended April 30, 2025 were $25.8 million or 34.8% of segment revenue compared to $26.6 million or 33.0% of revenue in the same period in the prior year. The lower margins are primarily due to a shift in product mix towards SaaS, which has higher direct costs relating primarily to cloud computing and costs associated with our engineering cloud operations group.

IMG direct costs for the six months ended April 30, 2025 were $51.5 million or 35.0% of segment revenue compared to $52.0 million or 33.2% of revenue in the same period in the prior year, attributable to the same factors discussed for the three-month period. Acquisitions completed in the last twelve months added $3.8 million to direct costs.

Asset Management Group

AMG direct costs were $20.2 million or 39.8% of segment revenue for the three months ended April 30, 2025 compared to $16.6 million or 36.7% of revenue in the same period in the prior year. The increase in direct costs is largely due to acquisitions completed in the last twelve months that have added $2.6 million. The lower margins as a percentage of revenue are a result of higher deal specific third party software and hardware costs, while services margins improved slightly.

AMG direct costs for the six months ended April 30, 2025 were $38.9 million or 38.4% of segment revenue compared to $32.8 million or 36.6% of revenue in the same period in the prior year, attributable to the same factors discussed for the three-month period. Acquisitions completed in the last twelve months added $4.4 million to direct costs.

Revenue, Net of Direct Costs

Revenue, net of direct costs for the three months ended April 30, 2025 decreased by $3.8 million to $78.8 million, which represents 63.2% of revenue compared to $82.6 million or 65.7% in the same period in the prior year. The decrease is a result of lower software licenses revenue, increased direct costs to deliver cloud computing for additional SaaS services revenue and recent acquisitions that have not been fully integrated into our operations.

Revenue, net of direct costs for the six months ended April 30, 2025 decreased by $3.1 million to $158.4 million, which represents 63.6% of revenue compared to $161.5 million or 65.6% in the same period in the prior year. The decrease is a result of margin compression related to recent acquisitions as well as to changes in the product mix as previously noted.

Operating Expenses

The following table provides details regarding operating expenses for the three and six months ended April 30, 2025.

	Three months			Six months		
For the period ended April 30	**2025**	**2024**	**Variance**	**2025**	**2024**	**Variance**
Selling, general and administrative	$ 24,980	$ 24,812	$ 168	$ 48,616	$ 47,681	$ 935
Research and development	25,288	22,098	3,190	48,078	43,409	4,669
Depreciation	647	551	96	1,300	1,045	255
Depreciation of right-of-use assets	1,430	1,570	(140)	2,808	3,076	(268)
Special charges	1,401	106	1,295	1,492	197	1,295
Operating expenses	**$ 53,746**	**$ 49,137**	**$ 4,609**	**$ 102,294**	**$ 95,408**	**$ 6,886**
As a % of total revenue						
Selling, general and administrative	*20.0%*	*19.7%*		*19.5%*	*19.4%*	
Research and development	*20.3%*	*17.6%*		*19.3%*	*17.6%*	
Depreciation	*0.5%*	*0.4%*		*0.5%*	*0.4%*	
Depreciation of right-of-use assets	*1.1%*	*1.2%*		*1.1%*	*1.2%*	
Special charges	*1.1%*	*0.1%*		*0.6%*	*0.1%*	
Operating expenses	*43.1%*	*39.1%*		*41.1%*	*38.7%*	

Operating expenses for the three months ended April 30, 2025 totaled $53.7 million, an increase of $4.6 million or 9.4% compared to the same period in the prior year. The variance is largely explained by:

- An increase of $3.2 million in research and development ("R&D") expenses that includes $2.9 million related to acquisitions completed in the last twelve months, as well as investments to integrate SaaS deployment options and AI features into our product suite. R&D expenses are equivalent to 20.3% of revenue compared to 17.6% in the same period in the prior year.
- An increase of $0.2 million in selling, general and administrative costs resulting from increased expenditures of $1.4 million associated with acquisitions completed in the last twelve months, offset by reduction in costs associated with existing businesses. Selling, general and administrative expenses are equivalent to 20.0% of revenue compared to 19.7% in the same period in the prior year.
- An increase of $1.3 million in special charges, attributable to recent litigation settlements and acquisitions.
- These variances are inclusive of an overall increase in direct costs and operating expenses of $4.2 million as a result of foreign exchange, when compared to the same period in the prior year.

Operating expenses for the six months ended April 30, 2025 totaled $102.3 million, an increase of $6.9 million or 7.2% from the same period in the prior year. The variance is attributable to the factors discussed above for the three-month period. The variance is also inclusive of an overall increase in direct costs and operating expenses of $6.4 million as a result of foreign exchange, when compared to the prior year.

Foreign Exchange

The majority of our revenue is from sales denominated in foreign currencies. We do not hedge foreign currency exposure as most of our major international operations fund operating expenses with local operating cash flow surpluses that provide a natural hedge. While foreign exchange may have a significant impact on both revenue and expenses, the net impact on results from operating activities is lessened. This will also affect the relative cost of foreign currency denominated acquisitions stated in Canadian dollars.

During the three months ended April 30, 2025, the Canadian dollar weakened against most major currencies compared to the same period in the prior year. As result, in the second quarter, there was a positive impact to revenue of $5.0 million reported in Canadian dollars, while operating and direct costs were also higher by $4.2 million compared to the same period in the prior year. The movements in foreign exchange rates were particularly prevalent with the weakening of the Canadian dollar against the pound sterling, the U.S. dollar and the euro.

For the three months ended April 30, 2025, we recognized foreign exchange losses of $4.0 million related to foreign currency denominated monetary assets and liabilities compared to losses of $0.1 million in the same period in the prior year. The loss was a result of the movement in non-functional currencies on monetary assets and liabilities relative to the functional currencies of the entities recording the gain or loss.

For the six months ended April 30, 2025, we recognized $1.7 million of foreign exchange losses related to foreign currency denominated monetary assets and liabilities, compared to $1.8 million of foreign exchange losses in the same period in the prior year.

Translation gains or losses incurred upon consolidation of our foreign operations' statements of financial position into Canadian dollars are included in our Accumulated other comprehensive income account on the Unaudited Condensed Consolidated Interim Statements of Financial Position.

Amortization of Software and Customer Relationships

Amortization expense for acquired software and customer relationships for the three and six months ended April 30, 2025 decreased by $3.9 million to $7.3 million and by $5.7 million to $15.8 million, respectively, compared to the same periods in the prior year. Both variances are attributable to expiring amortization, net of incremental amortization of acquired software and customer relationships from current and prior year acquisitions.

Finance Income

Finance income, which is primarily comprised of interest income on cash accounts, for the three months ended April 30, 2025 decreased by $0.7 million relative to the same period in the prior year as a result of declining interest rates. Efforts continue to repatriate and move cash into high-interest-bearing regions and accounts. For the six months ended April 30, 2025, finance income decreased by $0.7 million compared to the same period in the prior year. The decrease is attributable to the same factors discussed for the three-month period.

Other income (expenses)

Other income (expenses) for the three months ended April 30, 2025 increased by $1.0 million relative to the comparative quarter as a result of gains recognized on the settlement of pre-acquisition tax grants. This was offset by increased unrealized losses on investments in equity positions carried at fair value during the quarter compared to unrealized gains in the comparative period. For the six months ended April 30, 2025, other income (expenses) increased by $1.4 million compared to the same period in the prior year. The increase is attributable to the same factors as described for the three-month period.

Provision for income taxes

The provision for income taxes for the three months ended April 30, 2025 decreased by $1.6 million to $3.3 million, compared to the same period in the prior year. For the three and six months ended April 30, 2025, our effective tax rate for both periods was 19.8%, compared to 19.8% and 19.9%, respectively, for the three and six month periods in the prior year.

Net income

Net income for the three months ended April 30, 2025 decreased by $6.5 million to $13.5 million, compared to the same period in the prior year. The decrease in net income is primarily attributable to increased direct and operating costs, as a result of incremental services costs attributable to the shift towards increased contributions from lower margin SaaS revenue as well as special charges and the overlap in costs related to recent acquisitions. For the six months ended April 30, 2025, net income decreased by $2.7 million to $35.4 million attributable to the same factors as described for the three-month period, offset by lower amortization.

For the three and six months ended April 30, 2025, diluted earnings per share were $0.24 and $0.64, respectively, compared to $0.36 and $0.69 in the same periods in the prior year.

Net cash provided by operating activities

For the three months ended April 30, 2025, net cash provided by operating activities was $36.7 million compared to $40.3 million in the same period in the prior year, a decrease of 8.9%. The decrease in net cash provided by operating activities reflects weaker net income offset by positive changes in non-cash operating working capital as a result of stronger collections in the quarter.

For the six months ended April 30, 2025, net cash provided by operating activities decreased 3.8% to $57.9 million compared to $60.2 million, in the same period in the prior year. The decrease in net cash provided by operating activities is attributable to the same factors mentioned above for the three-month period.

Net cash provided by operating activities, excluding changes in non-cash working capital items and income taxes paid, for the three and six months ended April 30, 2025 decreased to $25.5 million and $63.3 million, respectively, compared to the same periods in the prior year.

Adjusted EBITDA

The table below reconciles Adjusted EBITDA to the most directly comparable IFRS measure, results from operating activities, for the three and six months ended April 30, 2025.

For the period ended April 30	Three months			Six months		
	2025	2024	Variance	2025	2024	Variance
Revenue	$ 124,819	$ 125,813	$ (994)	$ 248,819	$ 246,302	$ 2,517
Results from operating activities	25,088	33,475	(8,387)	56,077	66,111	(10,034)
Depreciation	647	551	96	1,300	1,045	255
Depreciation of right-of-use assets	1,430	1,570	(140)	2,808	3,076	(268)
Special charges	1,401	106	1,295	1,492	197	1,295
Adjusted EBITDA	**$ 28,566**	**$ 35,702**	**$ (7,136)**	**$ 61,677**	**$ 70,429**	**$ (8,752)**
Adjusted EBITDA margin	*22.9%*	*28.4%*		*24.8%*	*28.6%*	
Adjusted EBITDA per diluted share	**$ 0.52**	**$ 0.64**	**$ (0.12)**	**$ 1.12**	**$ 1.27**	**$ (0.15)**

Adjusted EBITDA for the three and six months ended April 30, 2025 decreased by $7.1 million and $8.8 million, respectively, compared to the same periods in the prior year. The decreases are primarily a result of acquisitions that have not yet achieved their expected adjusted EBITDA margins and lower margins associated with the SaaS model.

Special charges, primarily reflecting litigation settlements and acquisition-related charges, have been excluded from adjusted EBITDA along with depreciation of property, equipment and right-of-use assets.

Liquidity and cash reserves

We closed the period with cash, cash equivalents and short-term investments of $263.5 million, compared to the October 31, 2024 balance of $274.7 million. For the six months ended April 30, 2025, cash, cash equivalents and short-term investments decreased by a total of $11.2 million. This reflects continued positive net cash provided by operating activities for the year-to-date of $57.9 million, offset by net cash spent of $33.4 million on the Aculab, Margento and Trafi acquisitions, $28.7 million for dividends and $6.0 million for the repurchase and cancellation of our common stock. Dividends paid increased 18.0% compared to the prior year-to-date.

At April 30, 2025, working capital was $150.0 million compared to $171.9 million at the end of prior year. The decrease in working capital is predominately the result of net cash spent on acquisitions completed in the fiscal year. Management is confident that the Company has the funds necessary to meet its existing and future financial operating commitments and dividend strategy. Future acquisition growth may be funded through a combination of cash, debt and equity consideration, which could cause dilution to existing shareholders.

Capital Stock

The Company had 55,155,491 Common Shares issued and outstanding as at June 5, 2025. During the quarter, no stock options were exercised compared to 14,000 stock options exercised in the same period in the prior year, which contributed $0.4 million. The Company granted 145,000 options in the first two quarters of 2025 compared to 40,000 options granted in the first two quarters of the prior year.

The Company renewed its Normal Course Issuer Bid commencing May 7, 2025 and expiring May 6, 2026, allowing the Company to repurchase up to a maximum of 3,000,000 common shares of Enghouse. The Company repurchased and cancelled 218,710 common shares at a weighted average price of $27.21 per share for a total cost of $6.0 million in the first two quarters of fiscal 2025 compared to 37,635 common shares repurchased and cancelled for a total cost of $1.1 million in the same period in the prior year.

Share Unit Plan

On March 9, 2023, a new Share Unit Plan (the "Unit Plan") was approved by shareholders. Under the Unit Plan, certain officers and employees may receive restricted share units ("RSUs") and performance share units ("PSUs"). The maximum number of shares reserved for issuance under the Unit Plan is a fixed 700,000. RSUs and PSUs will vest in a period specified by the Compensation Committee ("Committee"), which shall be not later than December 15th of the third year following the year in which the eligible participant performed the services related to the grant. PSUs will also be subject to performance conditions that are approved by the Board and Committee.

RSUs

Upon vesting, RSUs will be paid in either cash or an issuance of common shares, at the discretion of the Committee. The Company plans to settle all RSUs with common shares. The share-based payment expense will be recognized evenly over the vesting period. As at April 30, 2025, 2,081 RSUs were outstanding.

PSUs

PSUs granted will be a bonus for services in the year the award is granted. Depending on the specific purpose of the award, the Committee will determine the associated performance metrics, weightings and performance period. Performance metrics may include financial (including, without limitation, common share price), personal, operational or transaction-based performance criteria. These metrics may be measured on an absolute basis, or at the sole election of the Board and Committee, may result in the percentage of vested PSUs in a grant exceeding 100%, but to a maximum of 200%. Upon vesting, PSUs will be paid in either cash or an issuance of common shares, at the discretion of the Committee. The Company plans to settle all PSUs with issuance of common shares. The share-based payment expense relating to market-based performance conditions will be recognized evenly over the vesting period, while the share-based payment expense relating to non-market performance conditions will be recognized over the vesting period, subject to measurement adjustments. As at April 30, 2025, 10,371 PSUs were outstanding.

Deferred Share Unit Plan

On March 9, 2023, a new Deferred Share Unit Plan (the "DSU Plan") was approved by shareholders. The maximum number of common shares reserved for issuance under the DSU Plan is a fixed 80,000. Under the DSU Plan, non-executive directors of the Company may elect to defer a portion of their compensation until they leave the Board and have the value of such portion fluctuate with the value of common shares. The purpose of the DSU Plan is to attract and retain qualified persons to serve on the Board. DSUs will be paid in either cash or an issuance of common shares, at the discretion of the Committee. The Company plans to settle all DSUs with issuance of common shares. The share-based payment expense of DSUs will be recognized upon grant, when the DSUs vest. As at April 30, 2025, 11,493 DSUs were granted and vested.

Off-statement of financial position arrangements

The Company has not entered into off-statement of financial position financing arrangements. Except for operating leases and other low probability and/or immeasurable contingencies (not accrued in accordance with IFRS), all commitments are reflected on our unaudited Condensed Consolidated Interim Statements of Financial Position.

Transactions with related parties

The Company has not entered into any transactions with related parties during the period, other than transactions with wholly-owned subsidiaries in the normal course of business, which are eliminated on consolidation.

Basis of preparation and significant accounting policies

The unaudited condensed consolidated interim financial statements of the Company and its subsidiaries have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

Our significant accounting policies are described in Note 3 of the audited consolidated financial statements as at October 31, 2024, which is available on SEDAR (*www.sedarplus.com*). The policies applied in these unaudited condensed consolidated interim financial statements are based on IFRS issued and outstanding as of June 5, 2025, the date the Board of Directors approved the unaudited condensed consolidated interim financial statements.

Environmental, Social, Governance ("ESG"):

Enghouse is committed to fulfilling its ESG responsibilities. Reducing our physical footprint results in a positive environmental impact while providing cost-savings. Encouraging diversity in our workforce and supporting our employees creates a work environment that we believe increases productivity and reduces turnover. We also believe good governance protects our operations and assets while all three elements help ensure a strong standing within the broader community.

Additional information on ESG can be found in our Annual Information Form ("AIF"). Further supplementing the information contained in our AIF, our ESG policies are published on our website.

Risks and uncertainties

The primary risks and uncertainties that affect or may affect the Company and its business, financial condition, and results of operations remain substantially unchanged from those discussed in the Company's latest Annual Information Form and its Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended October 31, 2024, contained in the Company's 2024 Annual Report to Shareholders and all such risks and uncertainties are incorporated herein by reference.

Controls and procedures

In compliance with the Canadian Securities Administrators' National Instrument 52-109 ("NI 52-109"), the Company has filed with applicable Canadian securities regulatory authorities, certificates signed by its Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") that, among other things, report on the design and effectiveness of disclosure controls and procedures and the design of internal controls over financial reporting.

Disclosure controls and procedures

Disclosure controls and procedures have been designed under the supervision of the CEO and CFO, with the participation of other management, to provide reasonable assurance that all relevant information required to be disclosed by us is recorded, processed, summarized and reported on a timely basis to senior management, as appropriate, to allow timely decisions regarding required public disclosure. Pursuant to NI 52-109, as of October 31, 2024, an evaluation of the effectiveness of our disclosure controls and procedures was carried out under the supervision of the CEO and CFO. Based on this evaluation, the CEO and the CFO concluded that the design and operation of these disclosure controls and procedures were effective. This evaluation considered our disclosure policy, a sub-certification process and the functioning of our Disclosure Committee.

Internal controls over financial reporting

The Company's CEO and CFO are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements in accordance with IFRS.

As at October 31, 2024, an evaluation was carried out of the effectiveness of the design and operation of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting. Based on that evaluation, the Company's CEO and CFO have concluded that, as at October 31, 2024, the design and operation of controls over financial reporting was effective. These evaluations were conducted in accordance with the standards established in *Internal Control – Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission, and the requirements of NI 52-109. The control framework used by the CEO and the CFO to design the Company's internal control over financial reporting is the "Internal Control – Integrated Framework (2013)" published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

There were no changes to the Company's internal control over financial reporting during the quarter ended April 30, 2025 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Additional information

Additional information relating to the Company including our most recently completed Annual Information Form ("AIF") is available on SEDAR at *www.sedarplus.com* and on our website at *www.enghouse.com*.

Notice of no auditor review of Interim Financial Statements

The accompanying unaudited condensed consolidated interim financial statements of the Company for the three and six months ended April 30, 2025 have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these unaudited condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of the interim financial statements by an entity's auditor.

Condensed Consolidated Interim Statements of Financial Position

(in thousands of Canadian dollars) *(unaudited)*	Notes	As at April 30, 2025	As at October 31, 2024
ASSETS			
Current assets:			
Cash and cash equivalents		$ 263,285	$ 274,240
Short-term investments		236	487
Accounts receivable		104,957	92,348
Prepaid expenses and other assets		18,809	16,100
		387,287	**383,175**
Non-current assets:			
Property and equipment		4,359	4,192
Right-of-use assets		11,376	11,473
Intangible assets	4	99,162	98,594
Goodwill	4	339,389	309,831
Deferred income tax assets		27,100	26,228
		481,386	**450,318**
		$ 868,673	**$ 833,493**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable and accrued liabilities		$ 77,897	$ 70,087
Income taxes payable		4,920	5,525
Dividends payable		16,547	14,397
Provisions	5	1,389	1,834
Deferred revenue		130,884	114,080
Lease obligations		5,664	5,344
		237,301	**211,267**
Non-current liabilities:			
Deferred income tax liabilities		12,786	10,500
Deferred revenue		9,997	8,094
Net employee defined-benefit obligation		2,169	2,081
Lease obligations		5,162	5,744
		30,114	**26,419**
		267,415	**237,686**
Shareholders' equity:			
Share capital		117,750	118,217
Contributed surplus		10,311	9,764
Retained earnings		445,731	446,748
Accumulated other comprehensive income	6	27,466	21,078
		601,258	**595,807**
		$ 868,673	**$ 833,493**

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Operations and Comprehensive Income

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

Periods ended April 30	Notes	Three months 2025	Three months 2024	Six months 2025	Six months 2024
Revenue					
Software licenses		$ 16,885	$ 20,492	$ 34,666	$ 37,467
SaaS and maintenance services		86,189	84,984	174,121	169,571
Professional services		17,625	17,401	33,733	33,346
Hardware		4,120	2,936	6,299	5,918
		124,819	**125,813**	**248,819**	**246,302**
Direct costs					
Software licenses		703	741	1,439	1,415
Services		43,431	40,951	85,928	80,482
Hardware		1,851	1,509	3,081	2,886
		45,985	43,201	90,448	84,783
Revenue, net of direct costs		**78,834**	**82,612**	**158,371**	**161,519**
Operating expenses					
Selling, general and administrative		24,980	24,812	48,616	47,681
Research and development		25,288	22,098	48,078	43,409
Depreciation		647	551	1,300	1,045
Depreciation of right-of-use assets		1,430	1,570	2,808	3,076
Special charges		1,401	106	1,492	197
		53,746	**49,137**	**102,294**	**95,408**
Results from operating activities		**25,088**	**33,475**	**56,077**	**66,111**
Amortization of acquired software and customer relationships	4	(7,296)	(11,146)	(15,775)	(21,520)
Foreign exchange losses		(3,962)	(86)	(1,653)	(1,803)
Interest expense – lease obligations		(131)	(148)	(259)	(298)
Finance income		1,913	2,602	4,217	4,963
Finance expenses		(24)	(12)	(27)	(12)
Other income		1,201	220	1,500	106
Income before income taxes		**16,789**	**24,905**	**44,080**	**47,547**
Provision for income taxes	8	3,328	4,931	8,715	9,440
Net income for the period		**13,461**	**19,974**	**35,365**	**38,107**
Item that may be subsequently reclassified to income:					
Cumulative translation adjustment		(3,183)	9,455	6,388	1,438
Other comprehensive (loss) income		**(3,183)**	**9,455**	**6,388**	**1,438**
Comprehensive income		**$ 10,278**	**$ 29,429**	**$ 41,753**	**$ 39,545**
Earnings per share					
Basic	9	$ 0.24	$ 0.36	$ 0.64	$ 0.69
Diluted	9	$ 0.24	$ 0.36	$ 0.64	$ 0.69

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

(in thousands of Canadian dollars) *(unaudited)*	Share capital (#)	Share capital	Contributed surplus	Accumulated other comprehensive income	Retained earnings	Total
As at November 1, 2024	**55,374,201**	**$ 118,217**	**$ 9,764**	**$ 21,078**	**$ 446,748**	**$ 595,807**
Net income for the period	-	-	-	-	35,365	35,365
Cumulative translation adjustment (Note 6)	-	-	-	6,388	-	6,388
Comprehensive income	**-**	**$ -**	**$ -**	**$ 6,388**	**$ 35,365**	**$ 41,753**
Employee share-based compensation:						
Value of services recognized	-	-	547	-	(12)	535
Normal course issuer bid share repurchases (Note 6)	(218,710)	(467)	-	-	(5,483)	(5,950)
Dividends declared (Note 6)	-	-	-	-	(30,887)	(30,887)
As at April 30, 2025	**55,155,491**	**$ 117,750**	**$ 10,311**	**$ 27,466**	**$ 445,731**	**$ 601,258**
As at November 1, 2023	**55,256,617**	**$ 107,701**	**$ 10,404**	**$ 10,829**	**$ 426,397**	**$ 555,331**
Net income for the period	-	-	-	-	38,107	38,107
Cumulative translation adjustment (Note 6)	-	-	-	1,438	-	1,438
Comprehensive income	**-**	**$ -**	**$ -**	**$ 1,438**	**$ 38,107**	**$ 39,545**
Employee share-based compensation:						
Value of services recognized	-	-	778	-	-	778
Proceeds from issuance of shares	157,000	5,613	(930)	-	-	4,683
Normal course issuer bid share repurchases (Note 6)	(37,635)	(77)	-	-	(1,070)	(1,147)
Dividends declared (Note 6)	-	-	-	-	(26,586)	(26,586)
As at April 30, 2024	**55,375,982**	**$ 113,237**	**$ 10,252**	**$ 12,267**	**$ 436,848**	**$ 572,604**

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Cash Flows

(in thousands of Canadian dollars)
(unaudited)

Periods ended April 30	Notes	Three months 2025	Three months 2024	Six months 2025	Six months 2024
OPERATING ACTIVITIES					
Net income for the period		$ 13,461	$ 19,974	$ 35,365	$ 38,107
Adjustments for non-cash items					
Depreciation		647	551	1,300	1,045
Depreciation of right-of-use assets		1,430	1,570	2,808	3,076
Interest expense – lease obligations		131	148	259	298
Amortization of acquired software and customer relationships	4	7,296	11,146	15,775	21,520
Stock-based compensation expense	7	427	501	535	778
Provision for income taxes		3,328	4,931	8,715	9,440
Finance expenses and other (income) expense		(1,177)	(208)	(1,473)	(94)
		25,543	**38,613**	**63,284**	**74,170**
Changes in non-cash operating working capital	13	16,261	6,651	4,370	(6,489)
Income taxes paid		(5,133)	(5,008)	(9,734)	(7,526)
Net cash provided by operating activities		**36,671**	**40,256**	**57,920**	**60,155**
INVESTING ACTIVITIES					
Purchase of property and equipment		(403)	(418)	(807)	(778)
Acquisitions, net of cash acquired*	10	(26,813)	(12,594)	(33,399)	(12,594)
Recovery of purchase consideration for prior-year acquisitions	10	-	-	-	171
Net cash used in investing activities		**(27,216)**	**(13,012)**	**(34,206)**	**(13,201)**
FINANCING ACTIVITIES					
Issuance of share capital		-	373	-	4,683
Normal course issuer bid share repurchases		-	(1,147)	(5,950)	(1,147)
Repayment of lease obligations		(1,835)	(1,798)	(3,209)	(3,400)
Dividends paid		(14,340)	(12,188)	(28,737)	(24,344)
Net cash used in financing activities		**(16,175)**	**(14,760)**	**(37,896)**	**(24,208)**
Impact of foreign exchange on cash and cash equivalents		(299)	3,682	3,227	640
(Decrease) increase in cash and cash equivalents		**(7,019)**	**16,166**	**(10,955)**	**23,386**
Cash and cash equivalents - beginning of period		270,304	246,752	274,240	239,532
Cash and cash equivalents - end of period		**$ 263,285**	**$ 262,918**	**$ 263,285**	**$ 262,918**

**Acquisitions are net of cash acquired of $6,667 and $9,287 for the three and six months ended April 30, 2025, respectively, and $497 for the three and six months ended April 30, 2024.*

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

1. Description of the Business and Reporting Entity

Enghouse Systems Limited ("Enghouse Systems") and its subsidiaries (together "Enghouse", "our" or the "Company") provides a wide range of mission critical vertically focused enterprise software solutions. Our core technologies are used for contact centers, video communications, virtual healthcare, education, telecommunications networks, IPTV, public safety and transit. The Company's two-pronged strategy to grow earnings focuses on both organic growth and acquisitions, which, to date, have been funded only through net cash provided by operating activities 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.

IMG specializes in contact center and video software and services designed to enhance customer service by increasing efficiency and managing customer communications across multiple types of interactions including voice, email, social channels, web chats, text and video. Products include contact center, video collaboration, video health monitoring, video capture technology, video room systems, interactive voice response, artificial intelligence tools, outbound dialers, attendant console, agent performance optimization, customer survey, business intelligence and analytics that may be deployed in private cloud, multi-tenant cloud or on-premise environments. IMG's customers are varied and include financial services companies, media businesses, education, telecoms, business process service providers, technology and healthcare providers.

AMG provides a portfolio of software and services solutions to network telecommunication providers, cable operators, media, transit, transportation, defence, utilities, government and public safety companies. Its products include network infrastructure, Operations Support Systems, Business Support Systems and revenue generation solutions such as video streaming and cloud IPTV solutions. AMG also provides transit e-ticketing, automated fare collections, fleet routing, dispatch, scheduling, communications and emergency control center solutions for the transportation, government, first responders and security sectors.

Enghouse Systems Limited is a Canadian publicly traded company (TSX: ENGH) that is incorporated and domiciled in Canada. The address of its registered office is 80 Tiverton Court, Suite 800, Markham, Ontario, L3R 0G4. The Company has offices around the world, including the United States, the United Kingdom, Sweden, Norway, Denmark, the Netherlands, France, Belgium, Brazil, Germany, Ireland, Australia, New Zealand, Israel, Lebanon, Romania, Italy, Spain, Japan, Colombia, Croatia, China, Portugal, Poland, Lithuania, Slovenia and Austria.

2. Basis of Preparation and Adoption of International Financial Reporting Standards

(a) Statement of Compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* ("IAS 34"). The unaudited condensed consolidated interim financial statements should be read in conjunction with the annual audited consolidated financial statements for the year ended October 31, 2024, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Board of Directors, on the recommendation of its Audit Committee, approved these unaudited condensed consolidated interim financial statements for issue on June 5, 2025.

(b) Basis of Preparation and Measurement

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 as issued by the International Accounting Standards Board. The unaudited condensed consolidated interim financial statements reflect the accounting policies disclosed in Note 3 of the Company's 2024 audited annual consolidated financial statements, except as disclosed herein. They have been prepared on a going-concern basis, using historical cost, except for investments in equity securities designated at fair value through profit or loss, certain assets and liabilities initially recognized in connection with business combinations and derivative financial instruments, which are measured at fair value.

The policies applied in these unaudited condensed consolidated interim financial statements are based on IFRS issued and outstanding as of June 5, 2025.

(c) Functional and Presentation Currency

The Company's subsidiaries generally operate in their local currency environment. Accordingly, items included in the financial statements of each legal entity consolidated within the Enghouse group are measured using the currency of the primary economic environment in which the legal entity operates (the "functional currency"). The unaudited condensed consolidated interim financial statements are presented in Canadian dollars, which is also the Company's functional currency.

(d) Use of Estimates and Judgments

The preparation of the unaudited condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates. In preparing these unaudited condensed consolidated interim financial statements, the significant judgments made by management and the key sources of estimation uncertainty were the same as those that applied to the audited annual consolidated financial statements for the year ended October 31, 2024.

3. Material Accounting Policies

The material accounting policies used in preparing these unaudited condensed consolidated interim financial statements are unchanged from those disclosed in the Company's audited annual consolidated financial statements for the year ended October 31, 2024. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The accounting policies have been applied consistently by the Company's subsidiaries.

4. Intangible Assets and Goodwill

	Acquired software	Customer relationships	Total intangible assets	Goodwill
As at November 1, 2024				
Cost	$ 318,075	$ 212,635	$ 530,710	$ 309,831
Accumulated amortization	(264,863)	(167,253)	(432,116)	-
Net book value	**$ 53,212**	**$ 45,382**	**$ 98,594**	**$ 309,831**
Period ended April 30, 2025				
Opening net book value	$ 53,212	$ 45,382	$ 98,594	$ 309,831
Acquisitions	9,396	6,659	16,055	25,813
Amortization	(7,726)	(8,049)	(15,775)	-
Exchange difference	7	281	288	3,745
Closing net book value	**$ 54,889**	**$ 44,273**	**$ 99,162**	**$ 339,389**
As at April 30, 2025				
Cost	$ 327,471	$ 219,294	$ 546,765	$ 339,389
Accumulated amortization	(272,582)	(175,021)	(447,603)	-
Net book value	**$ 54,889**	**$ 44,273**	**$ 99,162**	**$ 339,389**

	Acquired software	Customer relationships	Total intangibles	Goodwill
As at November 1, 2023				
Cost	$ 298,196	$ 203,352	$ 501,548	$ 280,241
Accumulated amortization	(241,649)	(150,240)	(391,889)	-
Net book value	**$ 56,547**	**$ 53,112**	**$ 109,659**	**$ 280,241**
Period ended April 30, 2024				
Opening net book value	$ 56,547	$ 53,112	$ 109,659	$ 280,241
Acquisitions	8,882	1,929	10,811	13,029
Amortization	(12,931)	(8,589)	(21,520)	-
Exchange difference	(285)	(412)	(697)	(280)
Closing net book value	**$ 52,213**	**$ 46,040**	**$ 98,253**	**$ 292,990**
As at April 30, 2024				
Cost	$ 307,078	$ 205,281	$ 512,359	$ 292,990
Accumulated amortization	(254,865)	(159,241)	(414,106)	-
Net book value	**$ 52,213**	**$ 46,040**	**$ 98,253**	**$ 292,990**

5. Provisions

Provisions for the fiscal year primarily include accruals for acquisition related employment matters and litigation that are measured based on management's best estimate of the expenditure required to settle the obligation at the end of the reporting period.

Six months ended April 30	2025	2024
At beginning of period	**$ 1,834**	**$ 2,238**
Additions	105	180
Reversed	(3)	(517)
Utilized during the period	(592)	(476)
Effect of movements in foreign exchange	45	(5)
At end of period	**$ 1,389**	**$ 1,420**

6. Share Capital and Other Components of Shareholders' Equity

Share Capital

The authorized share capital of the Company consists of an unlimited number of common shares with no par value, an unlimited number of Class A, redeemable, retractable, non-voting, non-cumulative, preference shares and an unlimited number of Class B, redeemable, retractable, non-voting, preference shares. There were 55,155,491 common shares outstanding as at April 30, 2025. There were no Class A and no Class B preference shares issued and outstanding as at either April 30, 2025 or October 31, 2024.

Normal Course Issuer Bid Repurchases

On May 7, 2025, the Company renewed its common share repurchase plan, whereby it may repurchase up to a maximum of 3,000,000 common shares of the Company, expiring on May 6, 2026. The Company repurchased and cancelled 218,710 common shares to date in fiscal 2025 at a weighted average price of $27.21 per share for a total cost of $6.0 million, compared to repurchases and cancellations of 37,635 common shares at a weighted average price of $30.47 per share for a total cost of $1.1 million in the first two quarters of fiscal 2024.

Dividends

During the three months ended April 30, 2025, the Company declared dividends of $0.30 per common share compared to $0.26 per common share in the comparative period of the prior year, and paid dividends of $0.26 compared to $0.22 during the same period in the prior year.

Accumulated Other Comprehensive Income

Accumulated other comprehensive income comprises the following separate components of equity:

	Translation of foreign operations	Unrealized losses	Total
As at November 1, 2024	$ 21,197	$ (119)	$ 21,078
Cumulative translation adjustment	6,388	-	6,388
As at April 30, 2025	**$ 27,585**	**$ (119)**	**$ 27,466**
As at November 1, 2023	$ 10,948	$ (119)	$ 10,829
Cumulative translation adjustment	1,438	-	1,438
As at April 30, 2024	**$ 12,386**	**$ (119)**	**$ 12,267**

7. Stock-Based Compensation

The Company has granted options to purchase common shares to certain directors, officers and employees of the Company, pursuant to the terms of the Company's stock option plan (the "Plan"). The Plan provides that a total of 2,736,900 (April 30, 2024 – 2,892,900) common shares are reserved for options and that the shares reserved for options, which could become exercisable in any one year, will not exceed more than 10% of the issued and outstanding common shares of the Company at the time such options may be exercisable. These options vest at various times over four years and expire seven years after the grant date. The exercise price of each option equals the market price of the Company's stock on the date the options are granted.

A summary of the status of the Company's Plan as at April 30, 2025 and April 30, 2024, and changes during the period ended on those dates, is presented as follows:

Three months ended April 30	Number of options		Weighted average exercise price	
	2025	2024	2025	2024
Outstanding at beginning of period	1,275,500	1,310,500	$ 36.37	$ 36.55
Granted	145,000	40,000	26.08	30.87
Exercised	-	(14,000)	-	26.55
Forfeited	(268,000)	(1,000)	36.87	34.71
Outstanding at end of period	**1,152,500**	**1,335,500**	**$ 34.95**	**$ 36.48**
Exercisable at end of period	**573,000**	**847,500**	**$ 39.13**	**$ 36.78**

Six months ended April 30	Number of options		Weighted average exercise price	
	2025	2024	2025	2024
Outstanding at beginning of period	1,414,500	1,481,500	$ 36.43	$ 35.97
Granted	145,000	40,000	26.08	30.87
Exercised	-	(157,000)	-	29.82
Forfeited	(407,000)	(29,000)	36.92	38.60
Outstanding at end of period	**1,152,500**	**1,335,500**	**$ 34.95**	**$ 36.48**
Exercisable at end of period	**573,000**	**847,500**	**$ 39.13**	**$ 36.78**

The Company uses the fair value method for recording expenses related to equity instruments awarded to employees, officers and directors in accordance with IFRS 2, *Share-Based Payments*. For the purposes of expensing stock options, each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Compensation expense is recognized over the tranche's vesting period by increasing contributed surplus based on the number of awards expected to vest. The Company recorded a non-cash charge of $0.4 million and $0.5 million, respectively, for the three and six months ended April 30, 2025, compared to $0.5 million and $0.8 million, respectively, in the same periods in the prior year.

For options granted in the period, the fair value of each stock option on the date of the grant was estimated using the Black-Scholes option pricing model as set out below. Estimated volatility is calculated on a daily basis using historical closing prices, as adjusted for certain events that management may deem to be non-recurring and non-indicative of future events over a period, noted below, which reflects the expected life of the options.

Options granted in the six months ended April 30	2025	2024
Risk-free interest rate	4.02%	3.69%
Estimated volatility	37%	32%
Dividend yield	$ 1.20	$ 1.04
Expected life (in years)	5.0	5.0
Weighted average fair value	$ 7.29	$ 7.37
Weighted average share price at grant date	$26.08	$30.87

Share Unit Plan

On March 9, 2023, a new Share Unit Plan (the "Unit Plan") was approved by shareholders. Under the Unit Plan, certain officers and employees may receive restricted share units ("RSUs") and performance share units ("PSUs"). The maximum number of shares reserved for issuance under the Unit Plan is a fixed 700,000. RSUs and PSUs will vest in a period specified by the Compensation Committee ("Committee"), which shall be no later than December 15th of the third year following the year in which the eligible participant performed the services related to the grant. PSUs will also be subject to performance conditions that are approved by the Board and Committee.

RSUs

Upon vesting, RSUs will be paid in either cash or an issuance of common shares, at the discretion of the Committee. The Company plans to settle all RSUs with common shares. The share-based payment expense will be recognized evenly over the vesting period.

A summary of the status of the Company's RSUs as at April 30, 2025 and 2024, and changes during the quarter ended on those dates, is presented as follows:

Period ended April 30	Three months Number of RSUs		Six months Number of RSUs	
	2025	2024	2025	2024
Outstanding at beginning of period	2,061	-	-	-
Granted	-	-	2,061	-
Dividend equivalent units issued	20	-	20	-
Outstanding at end of period	**2,081**	**-**	**2,081**	**-**

PSUs

PSUs granted will be a bonus for services in the year the award is granted. Depending on the specific purpose of the award, the Committee will determine the associated performance metrics, weightings and performance period. Performance metrics may include financial (including, without limitation, common share price), personal, operational or transaction-based performance criteria. These metrics may be measured on an absolute basis, or at the sole election of the Board and Committee, may result in the percentage of vested PSUs in a grant exceeding 100%, but to a maximum of 200%. Upon vesting, PSUs will be paid in either cash or an issuance of common shares, at the discretion of the Committee. The Company plans to settle all PSUs with issuance of common shares. The share-based payment expense relating to market-based performance conditions will be recognized evenly over the vesting period, while the

share-based payment expense relating to non-market performance conditions will be recognized over the vesting period, subject to measurement adjustments.

A summary of the status of the Company's PSUs as at April 30, 2025 and 2024, and changes during the period ended on those dates, is presented as follows:

Period ended April 30	Three months Number of PSUs		Six months Number of PSUs	
	2025	2024	2025	2024
Outstanding at beginning of period	15,404	-	25,447	-
Granted	-	25,000	-	25,000
Forfeited	(5,185)		(15,364)	
Dividend equivalent units issued	152	-	288	-
Outstanding at end of period	**10,371**	**25,000**	**10,371**	**25,000**

Deferred Share Unit Plan

On March 9, 2023, a new Deferred Share Unit Plan (the "DSU Plan") was approved by shareholders. The maximum number of common shares reserved for issuance under the DSU Plan is a fixed 80,000. Under the DSU Plan, non-executive directors of the Company may elect to defer a portion of their compensation until they leave the Board and have the value of such portion fluctuate with the value of common shares. The purpose of the DSU Plan is to attract and retain qualified persons to serve on the Board. DSUs will be paid in either cash or an issuance of common shares, at the discretion of the Committee. The Company plans to settle all DSUs with issuance of common shares. The share-based payment expense of DSUs will be recognized upon grant, when the DSUs vest.

A summary of the status of the Company's DSUs as at April 30, 2025 and 2024, and changes during the period ended on those dates, is presented as follows:

Period ended April 30	Three months Number of DSUs		Six months Number of DSUs	
	2025	2024	2025	2024
Outstanding at beginning of period	8,423	-	5,512	-
Granted	2,987	-	5,849	-
Dividend equivalent units issued	83	-	132	-
Outstanding at end of period	**11,493**	**-**	**11,493**	**-**

8. Income Taxes

The provision for income taxes is recognized based on management's best estimate of the estimated annual income tax rate expected for the full financial year applied to the pre-tax income for the interim period for each entity in the consolidated group. As a result of foreign exchange fluctuations, acquisitions and the relative mix of income earned in differing jurisdictions, the Company has determined that a reasonable estimate of a weighted average annual tax rate cannot be determined for the consolidated group.

For the three months ended April 30, 2025, the Company recorded a provision for income taxes of $3.3 million (19.8% effective tax rate) as compared to a provision of $4.9 million (19.8%) for the same period in the prior year.

For the six months ended April 30, 2025, the Company recorded a provision for income taxes of $8.7 million (19.8% effective tax rate) as compared to a provision of $9.4 million (19.9%) for the same period in the prior year.

9. Earnings per Share

Basic earnings per share is calculated by dividing net income by the weighted average number of common shares outstanding during the period.

Periods ended April 30	Three months		Six months	
	2025	2024	2025	2024
Net income for the period	$ 13,461	$ 19,974	$ 35,365	$ 38,107
Weighted average number of common shares outstanding ('000s)	55,165	55,384	55,236	55,335
Basic earnings per share	**$ 0.24**	**$ 0.36**	**$ 0.64**	**$ 0.69**

Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all potentially dilutive common shares. The Company has stock options, RSUs and PSUs as being potentially dilutive to common shares. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's outstanding shares for the period) based on the monetary value of the subscription rights attached to the stock options, RSUs and PSUs. The number of shares calculated above is compared to the number of shares that would have been issued assuming the exercise of the stock options, RSUs and PSUs.

Periods ended April 30	Three months		Six months	
	2025	2024	2025	2024
Net income for the period	$ 13,461	$ 19,974	$ 35,365	$ 38,107
Weighted average number of common shares outstanding ('000s)	55,165	55,384	55,236	55,335
Adjustment for stock options, RSUs and PSUs	2	25	8	34
Weighted average number of common shares outstanding for diluted earnings per share ('000s)	55,167	55,409	55,244	55,369
Diluted earnings per share	**$ 0.24**	**$ 0.36**	**$ 0.64**	**$ 0.69**

10. Acquisitions

Acquisitions have been recorded under the acquisition method of accounting and results have been included in the unaudited condensed consolidated interim financial statements from their respective acquisition dates. Accordingly, the allocation of the purchase price to assets and liabilities is based on fair value, with the excess of the purchase price over the fair value of the assets acquired being allocated to goodwill.

2025 Acquisitions

On April 14, 2025, the Company acquired Trafi Ltd. ("Trafi"), a leading provider of Mobility-as-a-Service ("MaaS") solutions based in Lithuania. Trafi offers a scalable and comprehensive MaaS platform designed to integrate complex transportation networks into a single, user-centric application that enables cities and public transportation authorities to connect various mobility options. These include public transportation, car rental, taxi and micromobility (bicycles, scooters, etc.). The acquisition was completed for an aggregate cash purchase price of $23.9 million, with $3.9 million held in escrow subject to potential adjustment. Results for the acquisition are included in AMG from the date of acquisition.

On March 4, 2025, the Company acquired Margento R&D d.o.o ("Margento"), a European provider of transit fare collection, account based ticketing, automatic vehicle tracking and payment solutions based in Slovenia. Margento has a scalable and easy to deploy MaaS platform providing a unique user-centric mobile transit experience. The Company's products are sold directly to public transportation agencies and transit operators such as bus, railway and parking companies. The acquisition was completed for an aggregate cash purchase price of $11.5 million, with $2.0 million subject to hold-back and potential adjustment. Results for the acquisition are included in AMG from the date of acquisition.

On December 16, 2024, the Company acquired Aculab PLC ("Aculab"), a provider of on-premise and cloud-based communications and AI software solutions. Aculab offers a cutting-edge suite of solutions designed to elevate communication and security experiences. These include a robust communications platform as a service, state-of-the-art AI-driven answering machine detection, advanced voice and face biometrics technologies, as well as high-performance gateways, media processing and signaling products. The acquisition was completed for an aggregate cash purchase price of $10.6 million, with $1.5 million subject to hold-back and potential adjustment. Results for the acquisition are included in IMG from the date of acquisition.

Revenue and profit or loss from the current year's acquisitions are not disclosed separately as they are integrated shortly after acquisition within the Company's operations, making standalone disclosure not comparable. The Company also believes it is impracticable to provide pre-acquisition financial information for the current year's acquisitions due to the lack of completeness and consistency with the Company's accounting policies.

2024 Acquisitions

On May 9, 2024, the Company acquired substantially all of the assets of SeaChange International, Inc. ("SeaChange") related to its IPTV products and services business. SeaChange is a provider of streaming video services, cable TV broadcast platforms and advanced advertising insertion technology. The Company provides its IPTV technology to operators, broadcasters and content owners worldwide to help them deliver the highest quality video experience to consumers. The acquisition was completed for an aggregate cash purchase price of $31.1 million, with $1.4 million held in escrow subject to potential adjustment. Results for the acquisition are included in AMG from the date of acquisition.

On February 12, 2024, the Company acquired substantially all of the assets of Mediasite, a SaaS video recording and streaming business from Sonic Foundry, Inc. (OTC: SOFO). The addition of Mediasite expands Enghouse's footprint in the Japanese market and provides a suite of SaaS video software solutions to augment current offerings. The acquisition was completed for an aggregate cash purchase price of $14.3 million, with $1.4 million subject to hold-back and potential adjustment. Results for the acquisition are included in IMG from the date of acquisition.

Management has established the preliminary price allocations, taking into account all relevant information at the time of preparing these notes to the unaudited condensed consolidated interim financial statements. The purchase price allocations have not been finalized, subject to receipt of additional information and the settlement of the hold-back obligations.

Purchase Price Allocation

	AMG Preliminary 2025	IMG Preliminary 2025	AMG Preliminary 2024	IMG Preliminary 2024
Cash and cash equivalents	$ 6,667	$ 2,620	$ 245	$ 497
Accounts receivable	4,766	2,276	8,082	2,029
Prepaid expenses and other assets	505	761	2,609	977
Property and equipment	522	38	903	300
Deferred income tax assets	1,593	636	-	140
Acquired software	6,796	2,600	10,997	8,882
Customer relationships	5,893	766	7,354	1,929
Right-of-use assets	196	-	-	570
Goodwill	21,357	4,456	11,377	12,926
Total assets acquired	**$ 48,295**	**$ 14,153**	**$ 41,567**	**$ 28,250**
Current liabilities assumed	$ 10,059	$ 2,419	$ 10,468	$ 13,739
Other long-term liabilities	45	262	-	254
Deferred income tax liabilities	2,799	841	-	-
Total liabilities assumed	**$ 12,903**	**$ 3,522**	**$ 10,468**	**$ 13,993**
Net assets acquired for cash consideration	**$ 35,392**	**$ 10,631**	**$ 31,099**	**$ 14,257**

11. Segment Information

The Company has two operating segments, IMG and AMG, and evaluates segment performance based on revenue and results from operations. A description of the Company's segments is provided in Note 1. The accounting policies followed by these segments are the same as those described in the summary of significant accounting policies.

Three months ended April 30	2025			2024		
	IMG	AMG	Total	IMG	AMG	Total
Revenue	$ 74,118	$ 50,701	$ 124,819	$ 80,530	$ 45,283	$ 125,813
Direct costs	(25,811)	(20,174)	(45,985)	(26,573)	(16,628)	(43,201)
Revenue, net of direct costs	**48,307**	**30,527**	**78,834**	**53,957**	**28,655**	**82,612**
Operating expenses excluding special charges	(24,001)	(14,957)	(38,958)	(23,483)	(11,751)	(35,234)
Depreciation	(393)	(254)	(647)	(392)	(159)	(551)
Depreciation of right-of-use assets	(927)	(503)	(1,430)	(997)	(573)	(1,570)
Segment profit	**$ 22,986**	**$ 14,813**	**$ 37,799**	**$ 29,085**	**$ 16,172**	**$ 45,257**
Special charges			(1,401)			(106)
Corporate and shared service expenses			(11,310)			(11,676)
Results from operating activities			**$ 25,088**			**$ 33,475**

Six months ended April 30	2025			2024		
	IMG	AMG	Total	IMG	AMG	Total
Revenue	$ 147,339	$ 101,480	$ 248,819	$ 156,666	$ 89,636	$ 246,302
Direct costs	(51,524)	(38,924)	(90,448)	(51,979)	(32,804)	(84,783)
Revenue, net of direct costs	**95,815**	**62,556**	**158,371**	**104,687**	**56,832**	**161,519**
Operating expenses excluding special charges	(46,603)	(26,935)	(73,538)	(44,909)	(23,447)	(68,356)
Depreciation	(795)	(505)	(1,300)	(769)	(276)	(1,045)
Depreciation of right-of-use assets	(1,836)	(972)	(2,808)	(1,933)	(1,143)	(3,076)
Segment profit	**$ 46,581**	**$ 34,144**	**$ 80,725**	**$ 57,076**	**$ 31,966**	**$ 89,042**
Special charges			(1,492)			(197)
Corporate and shared service expenses			(23,156)			(22,734)
Results from operating activities			**$ 56,077**			**$ 66,111**

12. Litigation and Contingencies

The Company provides its customers with a qualified indemnity against the infringement of third-party intellectual property rights. From time to time, various owners of patents and copyrighted works send the Company or its customers letters alleging that the Company's products do or might infringe upon the owner's intellectual property rights, and/or suggesting that the Company or its customers should negotiate a license agreement with the owner. The Company's policy is to never knowingly infringe upon any third party's intellectual property rights. Accordingly, where appropriate, the Company forwards any such allegation or licensing request to its outside legal counsel for review. The Company generally attempts to resolve any such matter by informing the owner of the Company's position concerning non-infringement or invalidity. Even though the Company attempts to resolve these matters without litigation, it is always possible that the owner of a patent or copyrighted work will sue the Company.

In response to correspondence from and, in a few instances, litigation instigated by, third-party patent holders, a few of the Company's customers have attempted to tender to the Company the defence of its products under contractual indemnity provisions. With respect to this litigation, and any other litigation the Company becomes involved with, under a contractual indemnity or any other legal theory, the Company has and will continue to consider all its options for resolution and vigorously assert all appropriate defences. There are no material claims outstanding against the Company as at April 30, 2025.

13. Changes in Non-Cash Operating Working Capital

Periods ended April 30	Three months		Six months	
	2025	2024	2025	2024
Decrease (increase) in accounts receivable	$ 16,256	$ 14,975	$ (1,976)	$ (14,272)
Decrease (increase) in prepaid expenses and other assets	729	1,263	(1,107)	(394)
Increase (decrease) in accounts payable and accrued liabilities	5,190	968	(3,587)	(1,320)
Decrease in provisions	(328)	(7)	(460)	(791)
(Decrease) increase in income taxes payable net of recoverable	(830)	(353)	98	468
(Decrease) increase in deferred revenue	(4,756)	(10,195)	11,402	9,820
Changes in non-cash operating working capital	**$ 16,261**	**$ 6,651**	**$ 4,370**	**$ (6,489)**

Changes in non-cash operating working capital are inclusive of results from acquisitions for the period(s) subsequent to the date that they are acquired.

14. Comparative Financial Information

The comparative unaudited condensed consolidated interim financial statements have been reclassified from statements previously presented to conform to the presentation of the second quarter of 2025 unaudited condensed consolidated interim financial statements.