Enghouse Systems

Software engineered for results

2025 Annual Report

Chairman's Message:

Dear fellow Shareholders,

The current business landscape continues to be shaped by several factors including the evolving AI revolution. Changing geopolitical factors have also marked the fiscal year with uncertainty, adversely impacting many industries and markets as companies continue to struggle with negative operating margins and debt burdens. In this market, we are pleased to finish the fiscal year with steady performance and meaningful progress across our strategic priorities. In fiscal 2025 we demonstrated disciplined execution, consistently stable revenue and an ongoing commitment to matching our cost structure with revenue for continued profitability.

Revenue remained stable year over year and quarter over quarter, closing at $498.9 million, supported by our diversified business model and contributions from recurring revenue streams. These account for over 69% of total revenue and continue to provide predictability for our top-line revenue. We continue to diversify our revenue streams both geographically and through expanded product offerings to further insulate us from economic uncertainty.

We focused on operational efficiency throughout the year. Building on the restructuring initiatives introduced late in the third quarter, we advanced further actions to enhance efficiency heading into the new fiscal year and recorded associated special charges as part of these efforts. These initiatives are an important component of our core principles of matching our costs to revenue. The benefits of these actions began to be realized in the fourth quarter, contributing to improved adjusted EBITDA and are expected to yield further efficiency gains as the full effect of these measures take hold in fiscal 2026.

Net cash provided by operating activities, excluding changes in working capital and income taxes paid, was $129.5 million compared to $151.8 million in the prior year. During the year we returned $61.8 million to shareholders through dividends and paid $14.7 million for share repurchases. During fiscal 2025, we also deployed cash of $33.4 million on three acquisitions. These acquisitions were accretive and have broadened both our geographic and product markets with further investment in new European markets. Shortly after year end we closed the acquisition of the telecommunications division of Sixbell, which serves the Latin American market.

As we reflect on fiscal 2025, we see that our business model provides solid and profitable financial results. We continue to generate positive net cash provided by operating activities, supported by prudent working capital management and disciplined capital deployment, in a market where many others are struggling in the pursuit of growth. This is evident in our cash balances as Enghouse closed the year with $269.1 million in cash, cash equivalents and short-term investments, compared to $274.7 million in fiscal 2024, with no external debt financing. Our cash position remains robust, providing flexibility to pursue acquisitions that strengthen our strategic and financial position.

As we look toward fiscal 2026, our focus centers on strengthening our recurring revenue base, further enhancing operational efficiency and positioning the business for sustained long-term value creation. These efforts ensure our resources remain aligned with customer needs, innovation priorities, and long-term growth opportunities, while supporting a balanced and efficient operating model.

Today, the Board of Directors approved an eligible quarterly dividend of $0.30 per common share, payable on February 27, 2026, to shareholders of record at the close of business on February 13, 2026.

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 December 15, 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 2025 audited consolidated financial statements and the notes thereto. This MD&A covers the consolidated results of operations, financial condition and cash flows of Enghouse Systems and its subsidiaries, all wholly owned, for the year ended October 31, 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 consolidated 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 and operations 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.

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.

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 communication center and video software and services solutions 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, Mobility as a Service ("MaaS"), 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.

Key Events

Fiscal 2025 was marked by disciplined execution, strategic growth, and operational resilience across Enghouse's diversified business portfolio. Revenue remained steady throughout the year at $498.9 million, supported by recurring revenue streams, which have consistently accounted for approximately 69–71% of total revenues. This revenue base, which has a higher composition of SaaS revenue and cost of delivery, impacts profitability, while at the same time increases predictability and allows us to adjust costs accordingly and focus on operational efficiencies. This predictability also allowed the Company to navigate the many new macroeconomic and geopolitical uncertainties introduced this fiscal year.

Results from operating activities were $114.4 million in fiscal 2025 compared to $133.8 million in fiscal 2024 as a result of the ongoing change in composition of our revenue streams, the overlap of costs as we integrated acquisitions and increased investment in research and development ("R&D") of the newly acquired products. Net income was $73.7 million or $1.34 per diluted share compared to $81.3 million or $1.47 per diluted share last year. Operational efficiency remained a focus in the fiscal year, with restructuring and cost management initiatives undertaken in the third quarter contributing to improved quarterly adjusted EBITDA and net income in the fourth quarter.

The Company generated positive net cash provided by operating activities of $104.6 million, which provides strong financial flexibility and enables continued investment in strategic priorities and innovation. We increased dividends by 16.3% to $61.8 million and more than doubled share repurchases to $14.7 million.

The Company completed three acquisitions during the fiscal year, deploying capital of $33.4 million, compared to $43.4 million deployed on acquisitions in fiscal 2024.

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 ("CPaaS"), 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.

On March 4, 2025, Enghouse 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.

On April 14, 2025, the Company acquired Trafi Ltd. ("Trafi"), a provider of 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.).

Subsequent to year-end, we completed the acquisition of the telecommunications division ("Sixbell Telco") of Sixbell, a provider of telecommunications and customer engagement software solutions in Latin America and is headquartered in Santiago, Chile. Sixbell Telco provides a comprehensive suite of software platforms that enable service providers to modernize and transform their networks. Its portfolio spans converged charging, intelligent routing, signaling management and voice interaction solutions—each engineered to help operators evolve toward cloud-native, 5G-ready architectures.

Strategic acquisitions were a key driver of growth in fiscal 2025 as the three acquisitions completed in the year have been integrated and were accretive to earnings. Our disciplined approach to acquisition valuation, integration, and execution has strengthened the Company's market presence and long-term growth outlook, even as the macroeconomic environment remained uncertain throughout the year. After the deployment of capital as noted above, Enghouse closed the year with a robust cash balance of $269.1 million and no external debt to pursue further acquisitions and invest in strategic initiatives.

Outlook

As we enter fiscal 2026, Enghouse operates in a global environment characterized by persistent uncertainty, evolving economic conditions, and heightened geopolitical activity. While interest rates have moderated following reductions across major Central banks, the broader economic landscape remains challenging. Tariffs and trade actions shape the landscape for many of our customers and influence their cost structures, impacting demand. This makes our commitment to financial discipline and operational adaptability even more important. Despite this heightened uncertainty, the current environment continues to present attractive buying opportunities, enabling us to pursue acquisitions that align with our strategy and support long-term value creation.

Demand for digital transformation and SaaS solutions continues to advance across industries, but the market is not moving uniformly or rapidly toward SaaS-only models. Customers increasingly expect flexibility as we remain committed to offering both on-premise and cloud-based deployments to provide us an advantage. Our strategy to support this dual requirement ensures that customers can choose the model that best fits their operational, regulatory, security and financial requirements and at the same time we will not sacrifice profitability for revenue expansion as we have seen in the marketplace.

We will continue to match our costs with revenue, maintaining a consistent focus on profitability and operational efficiency. This includes ongoing discipline across all operating expenses and investments in R&D, where we balance innovation with financial returns to ensure that product investment supports meaningful growth opportunities. As stakeholders place increased emphasis on the relationship between R&D spending and revenue, we will continue to refine our investment priorities to advance technologies and product offerings that deliver the greatest long-term value at the most efficient cost.

In fiscal 2026, we expect volatility and global economic uncertainty to remain a defining feature of the operating environment. The broader market continues to evolve, with geopolitical activity, trade developments, and shifting investment cycles shaping customer outlooks. Within this environment, we will remain disciplined in our approach to acquisitions, cost management and capital allocation, while continuing to strengthen our recurring revenue base and enhancing operational efficiency. With a robust cash position, a leaner cost structure and a clear strategic roadmap, the Company is well-positioned to continue to deliver predictable performance, respond to emerging market trends and create shareholder value.

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 and demand for large perpetual and term software license orders, professional services and hardware sales as well as fluctuations in usage volumes of our software or 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 sets forth certain unaudited information for each of the eight most recent quarters.

For the three months ended	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Revenue	**$ 124,482**	**$ 125,577**	**$ 124,819**	**$ 124,000**	**$ 125,702**	**$ 130,501**	**$ 125,813**	**$ 120,489**
Direct costs	45,728	45,409	45,985	44,463	44,967	45,836	43,201	41,582
Revenue, net of direct costs	**$ 78,754**	**$ 80,168**	**$ 78,834**	**$ 79,537**	**$ 80,735**	**$ 84,665**	**$ 82,612**	**$ 78,907**
As a % of revenue	*63.3%*	*63.8%*	*63.2%*	*64.1%*	*64.2%*	*64.9%*	*65.7%*	*65.5%*
Operating expenses	47,160	49,905	52,345	48,457	47,133	49,120	49,031	46,180
Special charges	572	3,008	1,401	91	169	1,243	106	91
Results from operating activities	**$ 31,022**	**$ 27,255**	**$ 25,088**	**$ 30,989**	**$ 33,433**	**$ 34,302**	**$ 33,475**	**$ 32,636**
As a % of revenue	*24.9%*	*21.7%*	*20.1%*	*25.0%*	*26.6%*	*26.3%*	*26.6%*	*27.1%*
Amortization	(6,685)	(7,032)	(7,296)	(8,479)	(9,322)	(9,663)	(11,146)	(10,374)
Other	1,695	1,204	(1,003)	4,781	4,137	832	2,576	380
Income before income taxes	**$ 26,032**	**$ 21,427**	**$ 16,789**	**$ 27,291**	**$ 28,248**	**$ 25,471**	**$ 24,905**	**$ 22,642**
Provision for income taxes	4,904	4,254	3,328	5,387	5,607	4,891	4,931	4,509
Net Income for the period	**$ 21,128**	**$ 17,173**	**$ 13,461**	**$ 21,904**	**$ 22,641**	**$ 20,580**	**$ 19,974**	**$ 18,133**
Basic earnings per share	0.38	0.31	0.24	0.40	0.41	0.37	0.36	0.33
Diluted earnings per share	0.38	0.31	0.24	0.40	0.41	0.37	0.36	0.33
Net cash provided by operating activities	19,627	27,087	36,671	21,249	31,583	40,333	40,256	19,899
Net cash provided by operating activities excluding changes in working capital and income taxes paid	35,325	30,894	25,543	37,741	40,270	37,363	38,613	35,557
Cash and short-term investments	269,086	271,582	263,521	271,088	274,727	258,693	263,772	247,423
Total assets	856,818	848,946	868,673	865,393	833,493	840,837	822,065	800,070
Adjusted EBITDA:								
Results from operating activities	31,022	27,255	25,088	30,989	33,433	34,302	33,475	32,636
Depreciation	624	594	647	653	655	647	551	494
Depreciation of right-of-use assets	1,443	1,393	1,430	1,378	1,375	1,530	1,570	1,506
Special charges	572	3,008	1,401	91	169	1,243	106	91
Adjusted EBITDA	**$ 33,661**	**$ 32,250**	**$ 28,566**	**$ 33,111**	**$ 35,632**	**$ 37,722**	**$ 35,702**	**$ 34,727**
Adjusted EBITDA margin	*27.0%*	*25.7%*	*22.9%*	*26.7%*	*28.3%*	*28.9%*	*28.4%*	*28.8%*
Adjusted EBITDA per diluted share	**$ 0.61**	**$ 0.58**	**$ 0.52**	**$ 0.60**	**$ 0.64**	**$ 0.68**	**$ 0.64**	**$ 0.63**

Results of Operations

The following table provides details regarding operating results for the three and twelve months ended October 31, 2025.

For the period ended October 31	Three months 2025	2024	Var ($)	Var (%)	Twelve months 2025	2024	Var ($)	Var (%)
Revenue	**$ 124,482**	**$ 125,702**	**(1,220)**	***(1.0)***	**$ 498,878**	**$ 502,505**	**(3,627)**	***(0.7)***
Direct costs	45,728	44,967	761	*1.7*	181,585	175,586	5,999	*3.4*
Revenue, net of direct costs	**$ 78,754**	**$ 80,735**	**(1,981)**	***(2.5)***	**$ 317,293**	**$ 326,919**	**(9,626)**	***(2.9)***
As a % of revenue	*63.3%*	*64.2%*			*63.6%*	*65.1%*		
Operating expenses	47,160	47,133	27	*0.1*	197,867	191,464	6,403	*3.3*
Special charges	572	169	403	*238.5*	5,072	1,609	3,463	*215.2*
Results from operating activities	**$ 31,022**	**$ 33,433**	**(2,411)**	***(7.2)***	**$ 114,354**	**$ 133,846**	**(19,492)**	***(14.6)***
As a % of revenue	*24.9%*	*26.6%*			*22.9%*	*26.6%*		
Amortization of acquired software and customer relationships	(6,685)	(9,322)	2,637	*28.3*	(29,492)	(40,505)	11,013	*27.2*
Foreign exchange (losses) gains	(145)	1,870	(2,015)	*(107.8)*	(2,378)	(1,680)	(698)	*(41.5)*
Interest expense – lease obligations	(114)	(126)	12	*9.5*	(505)	(556)	51	*9.2*
Finance income	2,017	2,825	(808)	*(28.6)*	8,041	10,121	(2,080)	*(20.6)*
Finance expenses	(55)	(8)	(47)	*(587.5)*	(98)	(49)	(49)	*(100.0)*
Other (expense) income	(8)	(424)	416	*98.1*	1,617	89	1,528	*1716.9*
Income before income taxes	**$ 26,032**	**$ 28,248**	**(2,216)**	***(7.8)***	**$ 91,539**	**$ 101,266**	**(9,727)**	***(9.6)***
Provision for income taxes	4,904	5,607	(703)	*(12.5)*	17,873	19,938	(2,065)	*(10.4)*
Net Income for the period	**$ 21,128**	**$ 22,641**	**(1,513)**	**(6.7)**	**$ 73,666**	**$ 81,328**	**(7,662)**	***(9.4)***
Basic earnings per share	0.38	0.41	(0.03)	*(7.3)*	1.34	1.47	(0.13)	*(8.8)*
Diluted earnings per share	0.38	0.41	(0.03)	*(7.3)*	1.34	1.47	(0.13)	*(8.8)*
Net cash provided by operating activities	19,627	31,583	(11,956)	*(37.9)*	104,634	132,071	(27,437)	*(20.8)*
Net cash provided by operating activities excluding changes in working capital and income taxes paid	35,325	40,270	(4,945)	*(12.3)*	129,503	151,803	(22,300)	*(14.7)*

Revenue

The following table provides details regarding revenue for the three and twelve months ended October 31, 2025.

For the period ended October 31	Three months 2025	2024	Variance	Twelve months 2025	2024	Variance
Software licenses	$ 15,480	$ 15,860	$ (380)	$ 67,436	$ 72,906	$ (5,470)
SaaS and maintenance services	86,121	88,196	(2,075)	347,995	346,579	1,416
Professional services	17,349	18,469	(1,120)	68,238	70,046	(1,808)
Hardware	5,532	3,177	2,355	15,209	12,974	2,235
Revenue	**$ 124,482**	**$ 125,702**	**$ (1,220)**	**$ 498,878**	**$ 502,505**	**$ (3,627)**
Interactive Management Group	68,795	74,731	(5,936)	285,760	308,920	(23,160)
Asset Management Group	55,687	50,971	4,716	213,118	193,585	19,533
Revenue	**$ 124,482**	**$ 125,702**	**$ (1,220)**	**$ 498,878**	**$ 502,505**	**$ (3,627)**

Revenue for the three months ended October 31, 2025 was $124.5 million, a decrease of $1.2 million or 1.0% from the same period in the prior year. Revenue was positively impacted by $5.1 million as a result of favourable foreign exchange. The foreign exchange impact represents an increase of $3.4 million in SaaS and maintenance services revenue, $0.9 million in professional services revenue, $0.7 million in software licenses revenue and a nominal increase in hardware revenue. This is calculated by applying the change in the average exchange rates between 2024 and 2025 to our foreign currency denominated revenue in 2025. On a constant-currency basis, the negative variance of $6.3 million is explained by:

- A decrease of $5.5 million or 6.2% in SaaS and maintenance services revenue, attributable to expected churn from certain prior years' acquisitions and from the existing business, partially offset by contributions of $4.9 million from current year acquisitions. SaaS and maintenance services are an important source of revenue given their predictable and recurring nature and represented 69.2% of total revenues for the period and 70.2% for the comparative period.

- A decrease of $2.0 million or 10.9% in professional services revenue and $1.0 million or 6.7% in software licenses revenue, that can vary depending on the timing of transactions and is consistent with the on-going transition to SaaS based licensing models. Current year acquisitions contributed $1.1 million to professional services and software licenses revenue, which partially offset the decline from the existing business.
- An increase of $2.2 million or 69.2% in hardware revenue, primarily attributable to changes in product mix sold.

Revenue for the twelve months ended October 31, 2025 was $498.9 million, a decrease of $3.6 million or 0.7% from the prior year. These decreases are inclusive of favourable foreign exchange of $17.3 million. The foreign exchange impact represents increases of $11.5 million in SaaS and maintenance revenue, $2.8 million in professional services revenue, $2.5 million in software licenses revenue and $0.5 million in hardware revenue as calculated using the same methodology used for the three-month period.

On a constant-currency basis, the negative variance of $20.9 million is explained by:

- A decrease of $10.0 million or 2.9% in SaaS and maintenance services revenue, attributable to expected churn from certain prior years' acquisitions and the existing business, partially offset by contributions of $12.5 million from current year acquisitions.
- A decrease of $8.0 million or 11.0% in software licenses and $4.6 million or 6.6% in professional services revenue, offset by an increase of $1.7 million or 13.6% in hardware revenue, that can vary depending on timing of transactions. The decrease in software licenses and professional services revenue is also consistent with the on-going transition to SaaS based licensing models. Current year acquisitions contributed $3.4 million to professional services revenue and to a lesser degree to software licenses and hardware sales revenue.

Interactive Management Group

IMG revenue for the three months ended October 31, 2025 was $68.8 million, a decrease of $5.9 million or 7.9% from the same period in the prior year. The variance is inclusive of a $2.6 million increase as a result of foreign exchange. On a constant-currency basis, the variance of $8.5 million is explained by:

- A decrease of $6.3 million in SaaS and maintenance services revenue, primarily attributable to expected churn from certain prior years' acquisitions and from the existing business.
- A decrease of $3.0 million in professional services and a nominal decrease in software licenses revenue, resulting from the decrease in demand for on-premise software and the ongoing transition to the SaaS licensing model, partially offset by an increase of $1.0 million in hardware revenue related to the timing of orders.

Revenue for the twelve months ended October 31, 2025 was $285.8 million, a decrease of $23.2 million or 7.5% from the same period in the prior year. The variance includes a $9.1 million increase as a result of foreign exchange. On a constant-currency basis, the $32.3 million revenue decrease is explained by a $20.5 million decrease in SaaS and maintenance services revenue, a $7.6 million decrease in professional services revenue and a $5.0 million decrease in software licenses revenue, offsetting a $0.8 million increase in hardware sales revenue. The decline in SaaS and maintenance services revenue is a result of a decrease of $12.3 million due to expected attrition from the Lifesize acquisition, as well as from churn in the existing maintenance services base. The decrease in professional services and software licenses revenue was attributable to the ongoing shift to SaaS revenue that has negatively impacted these revenue streams.

Asset Management Group

AMG revenue for the three months ended October 31, 2025 was $55.7 million, an increase of $4.7 million or 8.5% from the same period in the prior year. The variance includes a $2.5 million increase as a result of foreign exchange. On a constant-currency basis, the variance of $2.2 million is explained by:

- An increase of $1.2 million in hardware sales from the existing business, increases of $1.0 million in professional services and $0.8 million in SaaS and maintenance services revenue, primarily attributable to acquisitions, net of churn in the existing business, offset by a decrease of $0.8 million in software licenses revenue.

Revenue for the twelve months ended October 31, 2025 was $213.1 million, an increase of $19.5 million or 10.1% from the prior year. The variance includes an $8.2 million increase as a result of foreign exchange. On a constant-currency basis, the $11.3 million revenue increase was primarily as a result of a $10.4 million increase in SaaS and maintenance services revenue, including $7.6 million from current year acquisitions, $3.0 million in professional services revenue largely attributable to the same acquisitions and $0.9 million in

hardware sales revenue, offset by a $3.0 million decrease in software licenses revenue, primarily in Networks Middle East and European regions.

Direct Costs

The following table provides details regarding direct costs for the three and twelve months ended October 31, 2025.

	Three months			Twelve months		
For the period ended October 31	**2025**	**2024**	**Variance**	**2025**	**2024**	**Variance**
Software licenses	$ 673	$ 397	$ 276	$ 2,752	$ 3,501	$ (749)
Services	43,019	43,043	(24)	172,357	165,221	7,136
Hardware	2,036	1,527	509	6,476	6,864	(388)
Direct Costs	**$ 45,728**	**$ 44,967**	**$ 761**	**$ 181,585**	**$ 175,586**	**$ 5,999**
As a % of revenue						
Software licenses	*4.3%*	*2.5%*		*4.1%*	*4.8%*	
Services	*41.6%*	*40.4%*		*41.4%*	*39.7%*	
Hardware	*36.8%*	*48.1%*		*42.6%*	*52.9%*	
Total	***36.7%***	***35.8%***		***36.4%***	***34.9%***	
Interactive Management Group	23,787	25,900	(2,113)	100,133	102,390	(2,257)
Asset Management Group	21,941	19,067	2,874	81,452	73,196	8,256
Direct Costs	**$ 45,728**	**$ 44,967**	**$ 761**	**$ 181,585**	**$ 175,586**	**$ 5,999**
As a % of revenue						
Interactive Management Group	*34.6%*	*34.7%*		*35.0%*	*33.1%*	
Asset Management Group	*39.4%*	*37.4%*		*38.2%*	*37.8%*	
Revenue, net of Direct Costs	**$ 78,754**	**$ 80,735**	**$ (1,981)**	**$ 317,293**	**$ 326,919**	**$ (9,626)**
As a % of revenue	*63.3%*	*64.2%*		*63.6%*	*65.1%*	

Direct costs for the three months ended October 31, 2025 were $45.7 million or 36.7% of revenue compared to $45.0 million or 35.8% of revenue in the same period in the prior year. Overall margins as a percentage of revenue declined on professional services as well as maintenance services revenue due to a lag in scaling services costs to revenue, which was addressed late in the third quarter of this fiscal year, with the full effect to be realized in the new fiscal year. The decrease in software licenses margins was primarily attributable to lower third-party software in the quarter. However, hardware revenue margins significantly improved due to favorable changes in the product mix sold in the quarter.

Direct costs for the twelve months ended October 31, 2025 were $181.6 million or 36.4% of revenue compared to $175.6 million or 34.9% of revenue in the prior year. The overall margin decrease as a percentage of revenue is mainly attributable to the shift in product mix from high margin software to the lower margin SaaS and hardware revenue. Specific changes in overall margins as a percentage of revenue improved for software licenses and hardware revenue due to changes in the product mix sold, while services margins declined due to a lag in scaling costs to revenue.

Interactive Management Group

IMG direct costs for the three months ended October 31, 2025 were $23.8 million or 34.6% of segment revenue compared to $25.9 million or 34.7% of revenue in the prior year. The slightly improved margins are primarily due to improved SaaS margins as prior year acquisitions are further integrated. In addition, further actions were taken late in the third quarter to address the lag in scaling services costs to revenue, the benefits of which have begun to take effect.

IMG direct costs for the twelve months ended October 31, 2025 were $100.1 million or 35.0% of segment revenue compared to $102.4 million or 33.1% of revenue in the prior year. The lower margins are primarily due to a lag in scaling services costs to revenue, as noted for the three month period. Actions were taken in the third quarter to match expenses with revenue.

Asset Management Group

AMG direct costs were $21.9 million or 39.4% of segment revenue for the three months ended October 31, 2025 compared to $19.1 million or 37.4% of revenue in the same period in the prior year. The increase in direct costs is largely related to a higher proportion of contributions from SaaS and maintenance services revenue and professional services revenue in the quarter attributable to current year acquisitions and the relatively higher costs associated with delivering SaaS solutions. This was also impacted by higher deal specific hardware costs in the quarter.

AMG direct costs for the twelve months ended October 31, 2025 were $81.5 million or 38.2% of segment revenue, compared to $73.2 million or 37.8% of revenue in the prior year, primarily attributable to the same factors discussed for the three month period. This was mitigated by lower third-party software costs.

Revenue, Net of Direct Costs

Revenue, net of direct costs for the three months ended October 31, 2025 decreased by $2.0 million to $78.8 million or 63.3% of revenue compared to $80.7 million or 64.2% in the same period in the prior year. The majority of the decrease in absolute terms is a result of lower revenue, while the decline in margins is a result of increased proportional contributions from lower margin hardware, SaaS and maintenance services revenue and lower high margin software licenses revenue.

For the twelve months ended October 31, 2025, revenue, net of direct costs decreased by $9.6 million to $317.3 million or 63.6% of revenue compared to $326.9 million or 65.1% in the prior year, attributable to the same factors discussed for the three month period.

Operating Expenses

The following table provides details regarding operating expenses for the three and twelve months ended October 31, 2025.

	Three months			Twelve months		
For the period ended October 31	**2025**	**2024**	**Variance**	**2025**	**2024**	**Variance**
Selling, general and administrative	$ 21,267	$ 22,642	$ (1,375)	$ 93,635	$ 94,303	$ (668)
Research and development	23,826	22,461	1,365	96,070	88,833	7,237
Depreciation	624	655	(31)	2,518	2,347	171
Depreciation of right-of-use assets	1,443	1,375	68	5,644	5,981	(337)
Special charges	572	169	403	5,072	1,609	3,463
Operating expenses	**$ 47,732**	**$ 47,302**	**$ 430**	**$ 202,939**	**$ 193,073**	**$ 9,866**
As a % of revenue						
Selling, general and administrative	*17.1%*	*18.0%*		*18.8%*	*18.8%*	
Research and development	*19.1%*	*17.9%*		*19.3%*	*17.7%*	
Depreciation	*0.5%*	*0.5%*		*0.5%*	*0.5%*	
Depreciation of right-of-use assets	*1.2%*	*1.1%*		*1.1%*	*1.2%*	
Special charges	*0.5%*	*0.1%*		*1.0%*	*0.3%*	
Operating expenses	*38.3%*	*37.6%*		*40.7%*	*38.4%*	

Operating expenses for the three months ended October 31, 2025 totaled $47.7 million, an increase of 0.9% compared to the same period in the prior year and represent 38.3% of revenue compared to 37.6% in the same period in the prior year. The variance is explained by:

- An increase of $1.4 million in R&D expenses that include $2.1 million related to current year acquisitions, offset by expense reductions as we prioritize our development efforts on products to ensure favorable returns. Restructuring efforts were undertaken late in the third quarter that have and will continue to yield benefits in the future as they take full effect. R&D expenses are equivalent to 19.1% of revenue compared to 17.9% in the same period in the prior year.
- An increase of $0.4 million in special charges, largely attributable to severance charges related to continuing restructuring efforts.
- A decrease of $1.4 million in selling, general and administrative costs resulting from a reduction in costs associated with completing the integration of recent acquisitions and in the existing businesses. Selling, general and administrative expenses are equivalent to 17.1% of revenue compared to 18.0% in the same period in the prior year as a result of cost savings achieved by better aligning our cost structure to revenue.
- These variances are inclusive of an overall increase in direct costs and operating expenses of $3.6 million as a result of foreign exchange, when compared to the same period in the prior year.

Operating expenses for the twelve months ended October 31, 2025 totaled $202.9 million, an increase of $9.9 million or 5.1% from the same period in the prior year and represent 40.7% of revenue compared to 38.4% in the same period in the prior year. The variance is explained by:

- An increase of $7.2 million in R&D expenses that include $5.9 million related to current year acquisitions. Restructuring efforts were undertaken late in the third quarter that have and will continue to yield benefits in the future as they take full effect. R&D expenses are equivalent to 19.3% of revenue compared to 17.7% in the prior year.
- An increase of $3.5 million in special charges, largely attributable to severance charges related to restructuring efforts to match costs with revenue.

- These variances are inclusive of an overall increase in direct costs and operating expenses of $13.1 million as a result of foreign exchange, when compared to 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 surpluses in cash flow provided by operating activities 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 October 31, 2025, the Canadian dollar weakened against most major currencies compared to the same period in the prior year. As a result, in the fourth quarter, there was a positive impact to revenue of $5.1 million reported in Canadian dollars and total direct and operating expenses were higher by $3.6 million compared to the same period in the prior year. For the year ended October 31, 2025, the Canadian dollar also weakened against the same major currencies resulting in a positive impact to revenue of $17.3 million reported in Canadian dollars while operating expenses and direct costs were higher by $13.1 million compared to the prior year.

For the three months ended October 31, 2025, we recognized unrealized foreign exchange losses of $0.1 million related to foreign currency denominated monetary assets and liabilities compared to gains of $1.9 million in the same period in the prior year. The gain 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 twelve months ended October 31, 2025, we recognized $2.4 million of unrealized foreign exchange losses related to foreign currency denominated monetary assets and liabilities compared to losses of $1.7 million 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 (loss) account on the Consolidated Statements of Financial Position.

Amortization of Acquired Software and Customer Relationships

Amortization expense for acquired software and customer relationships for the three and twelve months ended October 31, 2025 decreased by $2.6 million to $6.7 million and by $11.0 million to $29.5 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 and twelve months ended October 31, 2025 decreased by $0.8 million to $2.0 million and by $2.1 million to $8.0 million, respectively, compared to the same periods 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 to maximize returns.

Other (expense) income

Other (expense) income for the three months ended October 31, 2025 was nominal, reflecting a decrease of $0.4 million compared to the same period in the prior year as a result of offsetting net realized losses and unrealized gains on investments in equity positions carried at fair value during the quarter. This is compared to net realized and unrealized losses in the comparative period. For the twelve months ended October 31, 2025, other (expense) income increased by $1.5 million compared to the same period in the prior year. The increase is attributable to gains recognized on the settlement of pre-acquisition tax grants in the second quarter. This was offset by increased net realized and unrealized losses on investments in equity positions carried at fair value compared to net realized and unrealized losses and a government assistance refund in the comparative period.

Provision for income taxes

The provision for income taxes for the three months ended October 31, 2025 decreased by $0.7 million to reflect a $4.9 million provision for income taxes, compared to a provision of $5.6 million in the same period in the prior year. For the twelve-month period ended October 31, 2025, the provision for income taxes decreased to $17.9 million compared to the prior year's provision of $19.9 million, in

line with the decrease in income before income taxes. For the three and twelve months ended October 31, 2025, our effective tax rate was 18.8% and 19.5%, respectively, compared to 19.8% and 19.7%, respectively, for the same periods in the prior year. The decrease in the effective tax rate in the three and twelve months ended October 31, 2025 is attributable to a decrease in withholding taxes paid on dividend funding repatriations, net of a decrease in tax-exempt income compared to those in prior periods.

Net income

Net income decreased by $1.5 million to $21.1 million and by $7.7 million to $73.7 million, for the three and twelve months ended October 31, 2025, respectively, compared to the same periods in the prior year. The decrease in net income is attributable to a combination of decreased revenue with a larger proportional contribution from lower margin SaaS and maintenance services revenue, incremental operating costs associated with the overlap in costs related to recent acquisitions and special charges incurred to scale the Company's operating costs to revenue. This was offset by lower amortization.

For the three and twelve months ended October 31, 2025, diluted earnings per share were $0.38 and $1.34, respectively, compared to $0.41 and $1.47, respectively, in the same periods in the prior year.

Net cash provided by operating activities

For the three months and twelve months ended October 31, 2025, net cash provided by operating activities was $19.6 million and $104.6 million, respectively, compared to $31.6 million and $132.1 million in the same periods in the prior year. The decrease for the quarter in net cash provided by operating activities reflects weaker net income as well as negative changes in non-cash operating working capital as a result of timing on collection of receivables and income taxes paid. The decrease for the twelve months is attributable to weaker net income and increased income taxes paid.

Net cash provided by operating activities, excluding changes in non-cash working capital items and income taxes paid, for the three months and twelve months, respectively, ended October 31, 2025 decreased by 12.3% and 14.7%, respectively, to $35.3 million and $129.5 million compared to the same periods in the prior year as a result of lower net income and reduced non-cash amortization expenses.

Adjusted EBITDA

The table below reconciles Adjusted EBITDA to the most directly comparable IFRS measure, Results from operating activities, for the three and twelve months ended October 31, 2025.

For the period ended October 31	Three months			Twelve months		
	2025	2024	Variance	2025	2024	Variance
Total revenue	$ 124,482	$ 125,702	$ (1,220)	$ 498,878	$ 502,505	$ (3,627)
Results from operating activities	31,022	33,433	(2,411)	114,354	133,846	(19,492)
Depreciation	624	655	(31)	2,518	2,347	171
Depreciation of right-of-use assets	1,443	1,375	68	5,644	5,981	(337)
Special charges	572	169	403	5,072	1,609	3,463
Adjusted EBITDA	**$ 33,661**	**$ 35,632**	**$ (1,971)**	**$ 127,588**	**$ 143,783**	**$ (16,195)**
Adjusted EBITDA margin	*27.0%*	*28.3%*		*25.6%*	*28.6%*	
Adjusted EBITDA per diluted share	**$ 0.61**	**$ 0.64**	**$ (0.03)**	**$ 2.31**	**$ 2.60**	**$ (0.29)**

Adjusted EBITDA for the three and twelve months ended October 31, 2025 decreased by $2.0 million and $16.2 million respectively, compared to the same periods in the prior year. The decreases are primarily a combination of lower operating results due to a larger proportional contribution from lower margin SaaS and maintenance services revenue as well as acquisitions that have not yet achieved their expected adjusted EBITDA margins.

Special charges, primarily reflecting restructuring efforts in the last two quarters of the year, have been excluded from adjusted EBITDA along with depreciation of property, equipment and right-of-use assets.

Liquidity and cash reserves

We closed the year with cash, cash equivalents and short-term investments of $269.1 million, compared to the October 31, 2024 balance of $274.7 million. This reflects continued steady net cash provided by operating activities for the year of $104.6 million offset by cash spent of $33.4 million on the Aculab, Margento, and Trafi acquisitions, $61.8 million for dividends and $14.7 million for the repurchase and cancellation of our common stock. Dividends paid increased 16.3% compared to the prior year to date.

For the year ended October 31, 2025, cash and cash equivalents decreased by a total of $5.2 million compared to an increase of $34.7 million in the prior year. This is the result of generating less net cash provided by operating activities through lower income before income taxes and increased taxes paid, as well as increased dividends and repurchases of common shares compared to the prior fiscal year. This was offset by a reduction in the amount paid for acquisitions completed in the fiscal year. The ability to generate net cash provided by operating activities is pivotal to our acquisition strategy, which has enabled us to pursue further acquisitions without the need to obtain external debt financing.

At October 31, 2025 working capital was $156.3 million compared to $171.9 million at the end of fiscal 2024. The decrease in working capital is predominately the result of lower operating results in the fiscal year, higher dividends and increased share repurchases. Management remains confident that the Company has the funds necessary to meet its existing and future financial operating commitments and fund its 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 54,754,683 Common Shares issued and outstanding as at December 15, 2025. During the year, no stock options were exercised compared to 313,000 stock options and $9.1 million in cash to the Company in the prior year. The Company granted 145,000 stock options, 2,061 Restricted Share Units ("RSUs"), no Performance Share Units ("PSUs") and 13,253 Deferred Share Units ("DSUs") in fiscal 2025 compared to 295,000 stock options, no RSUs, 25,000 PSUs and 5,486 DSUs granted in 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 332,224 common shares at a weighted average price of $20.84 per share, plus applicable tax, for a total cost of $7.2 million in the fourth quarter and 619,518 common shares in fiscal 2025 at a weighted average price of $23.33 per share, plus applicable tax, for a total cost of $14.7 million. In fiscal 2024, the Company repurchased and cancelled 195,416 common shares, at a weighted average price of $30.67 per share for a total cost of $6.0 million.

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 RSUs and 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.

Restricted Share Units

RSUs granted are a bonus for services in the year the award is earned. 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 was recognized in the year the bonus was earned. As at October 31, 2025, 2,133 RSUs were outstanding.

Performance Share Units

PSUs granted will be for services over the three-year vesting period. 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 October 31, 2025, 10,628 PSUs were outstanding.

Deferred Share Unit Plan

On March 9, 2023, a new 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 October 31, 2025, 19,231 DSUs were outstanding.

Dividend Policy

The Company has paid regular quarterly dividends since May 31, 2007 and has increased its regular quarterly dividend in each of the past seventeen years from $0.013 per common share in 2007 to $0.30 per common share presently.

The following table provides details regarding dividends declared for the last three fiscal years.

Declaration date *(in thousands of dollars, except per share amounts)*	Record date	Payment date	Common shares outstanding	Dividend per share ($)	Total Dividend ($)
September 4, 2025	November 14, 2025	November 28, 2025	54,754,683	0.300	16,426
June 5, 2025	August 15, 2025	August 29, 2025	55,086,907	0.300	16,526
March 10, 2025	May 16, 2025	May 30, 2025	55,155,491	0.300	16,547
December 12, 2024	February 14, 2025	February 28, 2025	55,155,491	0.260	14,340
					63,839
September 5, 2024	November 15, 2024	November 29, 2024	55,374,201	0.260	14,397
June 10, 2024	August 16, 2024	August 30, 2024	55,373,447	0.260	14,397
March 13, 2024	May 17, 2024	May 31, 2024	55,375,982	0.260	14,398
December 14, 2023	February 15, 2024	February 29, 2024	55,399,617	0.220	12,188
					55,380
September 7, 2023	November 16, 2023	November 30, 2023	55,256,617	0.220	12,156
June 8, 2023	August 17, 2023	August 31, 2023	55,270,239	0.220	12,159
March 9, 2023	May 17, 2023	May 31, 2023	55,270,239	0.220	12,159
December 15, 2022	February 14, 2023	February 28, 2023	55,270,239	0.185	10,226
					46,700

The decision on whether to declare a dividend is subject to the Board of Director's discretion. In determining whether to declare and the amount of the dividend, the Board of Directors takes into account the Company's financial condition, results of operations, capital requirements and such other factors as the Board of Directors deems relevant at the time.

Commitments and Contractual Obligations

We have no significant commercial commitments or obligations other than for the leases of the facilities we currently occupy, automobiles, office and computer equipment. During fiscal 2025, we continued to decrease our lease facility obligations as we have adopted a hybrid work environment requiring less facilities.

We have certain obligations related to a defined benefit pension plan that was assumed as part of a previous acquisition. Further information regarding the plan commitments is included within our consolidated financial statements.

Off-Statement of Financial Position Arrangements

We have 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 Consolidated Statements of Financial Position.

Transactions with Related Parties

We have not entered into any transactions with related parties during the period, other than transactions between wholly owned subsidiaries and us in the normal course of business, which are eliminated on consolidation.

Basis of Preparation and Material Accounting Policies

The consolidated 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 ("IASB").

Our material accounting policies are described in Note 3 of the audited consolidated financial statements as at October 31, 2025, which is available on SEDAR (*www.sedarplus.com*). The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of December 15, 2025, the date the Board of Directors approved the consolidated financial statements.

Critical Accounting Estimates and Judgments

The preparation of our consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities, at the date of the financial statements. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on a regular basis. Significant areas requiring us to make estimates, assumptions and judgments include those related to revenue recognition, intangible assets, the carrying value of goodwill and income taxes. We base our estimates on historical experience as well as on various other assumptions that are believed to be reasonable under the circumstances at the time.

Under different assumptions or conditions, the actual results would differ, potentially materially, from those previously estimated. Many of the conditions impacting these assumptions and estimates are beyond our control. Revisions to the accounting estimates are recognized in the period in which the estimates are revised and will be recorded with corresponding impact on net income.

Revenue Recognition

Separation and Measurement of Customer Contract Obligations and Deliverables

Management applies significant judgment when evaluating contracts with customers to deliver more than one type of product or service within a single arrangement. Significant judgment is exercised to evaluate whether the goods or services are considered distinct performance obligations that should be accounted for separately from some or all of the other goods or services in the arrangement and in determining the relative contract consideration allocated to the distinct performance obligations.

In certain arrangements with multiple performance obligations, the standalone selling price ("SSP") may not always be directly observable. In arrangements with a combination of license and services we allocate the transaction price between the license and other performance obligations. Given that the SSP of the license is highly variable, contract consideration is assigned in sequence to each performance obligation using a residual approach:

- A portion of contract consideration is allocated to hardware at cost plus a standard margin.
- A portion of contract consideration is allocated to the services using standard rates. Rates are based on cost plus margin, daily rates or, where applicable, a percentage of the list price based on standard selling terms.
- The residual amount is assigned as the fair-value to the software license.

Judgment and estimates could impact the timing of when revenue is recognized and could have a material impact on our consolidated financial statements.

Acquired Assets and Liabilities Including Intangible Assets and Goodwill

We account for business combinations using the acquisition method, under which an allocation of the excess of the purchase price of business acquisitions over the fair value of identifiable net assets acquired to goodwill is made. One of the most significant estimates relates to the determination of the fair value of the assets and liabilities acquired. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, purchase price allocations are derived from a valuation analysis prepared by management. Fair values are determined using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows and are closely linked to the assumptions made by management regarding the future performance of the assets concerned and the discount rate applied. Significant judgment is applied in making assumptions about inputs that impact the amount and timing of future cash flows.

Any goodwill or intangible assets with indefinite useful lives acquired in business combinations are not amortized to income over their useful lives but are assessed annually for any potential in value.

All other intangible assets are amortized to operations over their estimated useful lives. Our intangible assets relate to acquired technology, patents and customer relationships. We also review the carrying value of amortizable intangible assets for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected from its use and eventual disposition. In assessing the recoverability of these intangible assets, we must make assumptions regarding estimated future cash flows, market conditions and other factors to determine the fair value of the assets. If these estimates or related assumptions change in the future, we may be required to record impairment charges for these assets.

Goodwill Impairment

The goodwill recorded in the consolidated financial statements relates to two significant groups of cash generating units ("CGUs"): AMG and IMG. Our assumptions used in testing goodwill for impairment are affected by current market conditions, which may affect expected revenue and costs. We also have significant competition in the markets in which we operate, which may impact our revenues and operating costs. The recoverable amount of the groups of CGUs was based on an assessment of value in use using a discounted cash flow approach. The approach uses cash flow projections based on financial budgets approved by management covering a one-year period. Cash flows for the years thereafter are extrapolated using estimated annual growth rates. We use a pre-tax discount rate, which has been estimated based on the industry's weighted average cost of capital. The risk premiums expected by market participants related to uncertainties about the industry and assumptions relating to future cash flows may differ or change quickly, depending on economic conditions and other events. Future changes in assumptions could negatively impact future assessments of the recoverable amount for the groups of CGUs and we could be required to recognize an impairment loss.

Income Taxes

Management uses significant judgment to determine the provision for (recovery of) income taxes, current and deferred income tax assets and liabilities and the recoverability of income tax assets recorded. We operate in multiple tax jurisdictions and to the extent that there are profits in these jurisdictions, the profits are subject to income taxes at varying tax rates and regulations under the legislation of these jurisdictions. Our effective tax rate may be affected by changes to or application of tax laws in any particular jurisdiction, changes in the geographical mix of revenue and expense, level of relative profitability in each jurisdiction, utilization of non-capital losses and income tax loss carry-forwards and management's assessment of its ability to realize deferred income tax assets. Accordingly, management must estimate the provision for (recovery of) income taxes of the Company on a quarterly basis, which involves determining taxable income, temporary differences between tax and accounting carrying values and income tax loss carry-forwards. Favourable or unfavourable adjustments to the provision for (recovery of) income taxes may result when tax positions are resolved or settled at amounts that differ from those estimates.

We have deferred income tax assets that are subject to periodic recoverability assessments. Realization of our deferred income tax assets is largely dependent upon its achievement of projected future taxable income and the continued applicability of ongoing tax planning strategies. Our judgments regarding future profitability may change due to future market conditions, changes in tax legislation and other factors that could adversely affect the ongoing value of the deferred income tax assets. These changes, if any, may require the material adjustment of these deferred income tax asset balances through an adjustment to the carrying value thereon in the future. This adjustment would reduce the deferred income tax asset to the amount that is considered to be more likely than not to be realized and would be recorded in the period such a determination was to be made.

Environmental, Social, Governance ("ESG"):

Enghouse is committed to fulfilling its Environmental, Social and Governance ("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

We continue to operate in an ever-changing and competitive business and economic environment that exposes the Company to a number of risks and uncertainties. The following section describes some, but not all, of the risks and uncertainties that may adversely impact our business, financial condition, or results of operations. Additional risks and uncertainties not described below or not presently known to us may also impact our business and operations and cause the price of our common shares to decline.

If any of these risks actually occur, our business, financial condition or results of operations could be seriously harmed and the trading price of the Company's common shares could be materially affected. The reader should understand that the sole purpose of discussing these risks and uncertainties is to alert the reader to factors that could cause actual results to differ materially from past results or from those described in forward-looking statements and not to describe facts, trends and circumstances that could have a favourable impact on our results or financial position.

System or network failures or information security breaches in connection with both our internal systems and our services and products could reduce our sales, impair our reputation, increase costs or result in liability claims and seriously harm our business.

We receive confidential information and recognize the continued importance of cyber security. Despite implementing security measures, information technology and infrastructure may be vulnerable to unforeseen break-ins, theft, hacks, viruses, phishing, malware, denial of service attacks and other improper activity that could jeopardize the security of information for which we are responsible and/or impair our operations. Although we generally do not store third-party financial data, cyber attacks could compromise our networks and stored information could be accessed, lost, stolen, or used maliciously. The increasing use of artificial intelligence ("AI") by malicious actors is elevating the sophistication, frequency, and potential impact of cyber-attacks. AI-driven tools can automate the discovery of vulnerabilities, generate highly convincing phishing attempts, and create deepfakes or other social engineering vectors, increasing the risk of security breaches and data loss. Any such breach could expose the Company to litigation, loss of customers or otherwise harm our reputation and business. To minimize this risk, we have employees whose role is to monitor information technology, adhere to industry standards for cyber security, use encryption technology and have remediation plans that can be engaged should the need arise.

Some of our businesses provide SaaS services for certain of our software products. These SaaS services, which generally take place through third-party data centers, depend upon the uninterrupted operation of data centers and the ability to protect computer equipment and information stored in these data centers against damage that may be caused by natural disaster, fire, power loss, telecommunications or internet failure, unauthorized intrusion, computer viruses and other similar damaging events. If any of the data centers we use were to become inoperable for an extended period, we might be unable to provide our customers with contracted services. Although we take what we believe to be reasonable precautions against such occurrences and we maintain business interruption and cyber risk insurance in certain limited circumstances, no assurance can be given that damaging events such as these will not result in a prolonged interruption of our services, which could result in customer dissatisfaction, loss of revenue and damage to our business. To minimize this risk, we engage leading hosting providers who employ cutting edge security practices.

The rapid advancement and integration of AI in our industry may adversely impact our ability to compete and operate in our current markets and cause our operating results to suffer.

As AI technologies evolve, products and services that do not incorporate or adapt to these advancements may quickly become outdated, leading to potential financial losses for the Company. Moreover, the emergence of new, disruptive companies leveraging AI can pose a threat to us in the market. These newcomers, unencumbered by legacy systems or traditional business models, have the potential to swiftly gain market share and redefine industry dynamics. The unpredictable nature of AI development and its impacts on our market further contribute to uncertainties, making it challenging to anticipate and navigate potential disruptions. To mitigate these risks, we must remain agile, continuously innovate, and proactively embrace AI to stay competitive in this evolving landscape.

Our success depends on our ability to continue to innovate and create new products and enhancements to our existing products.

To keep pace with technological developments, satisfy increasingly sophisticated customer requirements and achieve market acceptance, we must enhance and improve existing products and continue to introduce new products and services including those that address our customer's increasing SaaS requirements. If we are unable to successfully develop new products, develop, update and offer SaaS versions of our product suite where applicable, integrate acquired products or enhance and improve existing products or if we fail to position and/or price our products to meet market demand, our business and operating results will be adversely affected. Accelerated product introductions and short product life cycles require high levels of expenditures for research and development that could adversely affect our results of operations. Further, the introduction of new products could require long development and testing periods and may not be introduced in a timely manner or may not achieve the broad market acceptance necessary to generate significant revenue.

No assurance can be provided that our software products will remain compatible with evolving computer hardware and software platforms and operating environments. In addition, competitive or technological developments and new regulatory requirements may require us to make substantial, unanticipated investments in new products and technologies. If we are required to expend substantial

resources to respond to specific technological or product changes, our operating results could be adversely affected. Our continuing ability to address these risks will depend, to a large extent, on our ability to retain a technically competent research and development staff and to adapt to rapid technological advances in the industry, including the growing shift towards SaaS offerings.

Our existing customers might cancel their SaaS or maintenance services contracts with us, fail to renew contracts on their renewal dates and/or fail to purchase additional services and products. We may be unable to attract new customers.

We continue to realize a significant amount (69.2% in fiscal 2025 compared to 70.2% in fiscal 2024) of our revenue from SaaS and maintenance services provided in connection with the products we provide as part of our core business strategy. We expect that a substantial portion of our revenue will continue to be derived from renewals of these SaaS and maintenance arrangements with our customers as well as from professional services engagements for these customers. The continued expansion of this revenue stream as a result of license and SaaS sales and through the acquisition of companies with existing SaaS and maintenance customer bases is a key tenet to our revenue growth strategy, as is further developing our current SaaS service offerings.

However, there can be no assurances that the rate of customer attrition, which would result in lower revenue, will be offset by a combination of new SaaS and maintenance services revenue associated with incremental license and SaaS sales, acquisitions and contract price increases. Attrition in our customer base occurs when existing customers elect not to renew their SaaS or maintenance arrangements. Customer attrition occurs for a variety of reasons, including a customer's decision to replace our software product with that of a competing vendor, to purchase maintenance or consulting services from a third-party service provider or to forego maintenance services altogether. It can also occur when a customer is acquired or ceases operations. Any factors that adversely affect the ability of our software products to compete with those available from others, such as availability of competitors' products offering more advanced product architecture, on a SaaS basis, superior functionality or performance or lower prices could lead to increased rates of customer attrition.

We may not remain competitive. Increased competition could seriously harm our business.

We experience intense competition from other software companies. Competitors may announce new products, services or enhancements including SaaS offerings that better meet the needs of customers or changing industry standards. Increased competition may cause price reductions, reduced gross margins and loss of market share, any of which could have a material adverse effect on the business, results of operations and financial condition of the Company. Many of our competitors and potential competitors have significantly greater technical, marketing, service or financial resources or SaaS capabilities. We have also observed unprofitable pricing behaviour being used to drive revenue growth in the marketplace. Other competitive factors include price, performance, product features, market timing, brand recognition, product quality, product availability, breadth of product line, design expertise, customer service and post contract support. A very important selection factor from a customer perspective is a large installed customer base that has widely and productively implemented our software products, which not only increases the potential for repeat business, but also provides reference accounts to promote our products and solutions with new customers. While management believes that we have a significant installed customer base in IMG and AMG, many of our competitors have a larger installed base of users, longer operating histories or greater name recognition. In addition, if one or more of our competitors were to merge or partner with other competitors, the change in the competitive landscape could adversely affect our ability to compete effectively.

We may have difficulties identifying, successfully completing, or integrating acquisitions, or maintaining or growing our acquired businesses.

We remain committed to our dual faceted growth strategy, pursuing accretive acquisitions and scaling our organic operations to be consistently profitable. In the current fiscal year, we completed the acquisitions of Aculab, Margento and Trafi and paid $33.4 million in aggregate, net of cash acquired and holdbacks. While we have both the experience and financial resources required to execute our acquisition strategy, we do not have control over the market conditions prevailing or likely to prevail in the future, including international pandemics, which may impact our ability to execute this strategy. There can be no assurance that we will be able to identify suitable acquisition candidates available for sale at reasonable valuations, consummate any acquisition or successfully integrate any acquired business into our operations. We have and will likely continue to have competition for acquisition candidates from other parties including those that have greater resources or are willing to pay higher valuation multiples. Acquisitions may involve a number of other risks including: diversion of management's attention; disruption to our ongoing business; failure to retain key acquired personnel; difficulties in integrating acquired operations, technologies, products or personnel; unanticipated expenses, events or circumstances; assumption of disclosed and undisclosed liabilities; and inappropriate valuation of the acquired in-process research and development, or the entire acquired business.

Changes in the value of the Canadian dollar, as compared to the currencies of other countries where we transact business, could harm our operating results and financial condition.

We continue to actively pursue a strategy of growth by acquisition, most of which are in international markets, that exposes us to revenue denominated in numerous foreign currencies. Our organizational structure includes a large presence in Scandinavia and Europe as well as the United States of America and United Kingdom and our corporate headquarters in Canada. We have operations in a number of countries around the world that have exposed us to foreign currency risk on a global basis.

In fiscal 2025, compared to the prior year the Canadian dollar weakened against most major world currencies. The U.S. dollar was reported using an average foreign exchange rate of $1.40 in fiscal 2025 versus $1.36 in fiscal 2024, representing a 2.9% increase while the pound sterling averaged $1.83 in the current year compared to $1.74 in the prior fiscal year, a 5.2% increase. Meanwhile, the euro averaged $1.56, a 5.4% increase compared to $1.48 in the prior year.

Overall, revenue generated by our U.S. based operations was 39%, down from 41% in the prior fiscal year. Whereas 13% of our revenue was generated by operations in the U.K., increasing from 12% in the prior fiscal year, while revenue generated by European operations increased to 20% from 19% in the prior fiscal year and revenue generated by our Scandinavian operations was 16% in both the current and prior year. Approximately 7% of our revenue was generated by operations in the Asia-Pacific and other regions compared to 6% in fiscal 2024, with the balance being generated by Canadian operations. Further changes in foreign exchange rates between Canada and other countries could have a material effect, either favourable or adverse, on both our revenue and expenses going forward. However, these currencies generally act as a natural hedge as we have both revenue and expenses denominated in these currencies. There can be no assurances that we will prove successful in our efforts to manage this risk, which may adversely impact our operating results.

If we fail to attract and retain key personnel, it could adversely affect our ability to develop and effectively manage our business.

Our success depends on the continued efforts and abilities of our key technical, sales and management personnel. The loss of the services of any of these persons could have a material adverse effect on our business, results of operations and financial condition. We do not carry key man insurance.

Success is also highly dependent on our continuing ability to identify, recruit, hire, train, motivate and retain highly qualified management, finance, technical, sales and marketing personnel. Any such new hire may require a significant transition period prior to making a meaningful contribution to the Company. Competition for qualified employees is particularly intense in the technology industry, especially in the current labour market and we have in the past experienced difficulty recruiting qualified employees at reasonable salaries. Our failure to attract and to retain the necessary qualified personnel could seriously harm our operating results and financial condition. As previously mentioned, this is further exacerbated by current macroeconomic trends, including inflation, labour shortages and flexible work arrangements along with an increased propensity to switch jobs.

Our success is dependent on our ability to manage growth from financial and human resources perspectives.

The growth of our operations places a strain on financial and human resources. Our success depends on our ability to manage growth from a financial and human resources perspective. Our ability to manage future growth will depend in large part upon a number of factors, including the ability to: build and train sales and marketing staff to create an expanding presence in the evolving marketplace for our products; attract and retain qualified technical personnel in order to continue to develop reliable and scalable products and services that respond to evolving customer needs; develop customer support capacity as sales increase, so that we can provide customer support without diverting resources from product development efforts; and expand our internal management and financial controls significantly, so that we can maintain control over our operations and provide support to other functional areas within the Company as the number of personnel and size of the Company increases. Our inability to achieve any of these objectives could harm our business and operating results.

We are dependent on certain technologies used in our products that are licensed on a non-exclusive basis from third parties. An inability to access third-party technologies could disrupt our ability to ship products.

We license certain technologies used in our products from third parties, generally on a non-exclusive basis. The termination of any of these licenses, or the failure of the licensors to adequately maintain or update their products, could delay our ability to ship our products while we seek to implement alternative technology offered by other sources and may require significant unplanned

investments. In addition, alternative technology may not be available on commercially reasonable terms. In the future, it may be necessary or desirable to purchase other third-party technology licenses relating to one or more of our products or relating to current or future technologies. There is a risk that we will not be able to obtain licensing rights to the needed technology on commercially reasonable terms, if at all.

Our success and ability to compete depends upon our ability to secure and protect patents, trademarks and other proprietary rights.

A number of competitors and other third parties have been issued patents and may have filed patent applications or obtain additional patents and proprietary rights for technologies similar to those in our products. Some of these patents may grant very broad protection to the owners of the patents. We cannot determine with certainty whether any existing third-party patents or the issuance of any third-party patents would require us to alter our technology, obtain licenses or cease certain activities. We may become subject to claims by third parties alleging our technology infringes their property rights due to the growth of software products in our target markets, the overlap in functionality of these products and the prevalence of software products. We provide our 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 us or our customers letters alleging that our products infringe or might infringe upon the owner's intellectual property rights. Accordingly, where appropriate, we forward any such allegation or licensing request to outside legal counsel for review. We generally attempt to resolve any such matter by informing the owner of our position concerning non-infringement or invalidity. Even though we attempt to resolve these matters without litigation, it is always possible that the owner of a patent or copyrighted work will bring an action against the Company.

We rely on a combination of copyright and trade secret laws and contractual provisions to establish and protect our rights in our software and proprietary technology. We generally enter into non-disclosure agreements with employees and customers and historically have restricted access to our software products' source code. We regard our source code as proprietary information and attempt to protect the source code versions of our products as trade secrets and as unpublished copyrighted works. In a few cases, we have provided copies of source code for certain products to third-party escrow agents to be released on certain predefined terms. Despite our precautions, it may be possible for unauthorized parties to copy or otherwise reverse engineer portions of our products or otherwise obtain and use information that we regard as proprietary.

Existing copyright and trade secret laws offer only limited protection and the laws of certain countries in which our products may be used in the future do not protect our products and intellectual property rights to the same extent as the laws of Canada and the United States. Certain provisions of the license and strategic alliance agreements that may be entered into in the future by us, including provisions protecting against unauthorized use, transfer and disclosure, may be unenforceable under the laws of certain jurisdictions and we are required to negotiate limits on these provisions from time to time.

Litigation may be necessary to determine the scope, enforceability and validity of third-party proprietary rights or to establish our proprietary rights. Some competitors have substantially greater resources and may be able to sustain the costs of complex intellectual property litigation to a greater degree and for a longer period of time than we could. Regardless of their merit, any such claims could: be time consuming; be expensive to defend; divert management's attention and focus away from the business; cause product shipment delays or stoppages; subject us to significant liabilities; and require us to enter into costly royalty or licensing agreements or to modify or stop using the infringing technology, any of which may adversely affect our revenue, financial condition and results of operations. There can be no assurance that the steps taken by us to protect our proprietary rights will be adequate to deter misappropriation of our technology or independent development by others of technologies that are substantially equivalent or superior to our technology.

We may be subject to product liability claims from customers if the occurrence of errors or failures is significant given the business-critical nature of our products.

As a result of their complexity, software products may contain undetected errors or failures when entering the market. Despite conducting testing and quality assurance, defects and errors may be found in new software products after commencement of commercial shipments or the offering of a network service using these software products. In these circumstances, we may be unable to successfully correct the errors in a timely manner or at all. The occurrence of errors and failures in our software products could result in negative publicity and a loss of, or delay in, market acceptance of those software products. Such publicity could reduce revenue from new licenses and lead to increased customer attrition. Alleviating these errors and failures could require significant expenditure of capital and other resources by us. The consequences of these errors and failures could have a material adverse effect on our business, results of operations and financial condition. Because many of our customers use our software products for business-critical applications, any errors, defects, or other performance problems could result in financial or other damage to our customers.

Our customers or other third parties could seek to recover damages from us in the event of actual or alleged failures of our software solutions.

Although we maintain product liability insurance in certain limited circumstances and our license agreements with customers typically contain provisions designed to limit our exposure to potential product liability claims, it is possible that this insurance and these limitation of liability provisions may not effectively protect us against these claims and the liability and associated costs. While we have not experienced any product liability claims to date, the sale and support of our products may entail the risk of those claims, which are likely to be substantial considering the use of our products in critical applications. Accordingly, any such claim could have a material adverse effect upon our business, results of operations and financial condition. In addition, defending this kind of claim, regardless of its merits, or otherwise satisfying affected customers, could entail substantial expense and require the devotion of significant time and attention by key management personnel.

From time to time, we may be subject to litigation or dispute resolution that could result in significant costs to us and damage our reputation.

In addition to being subject to litigation in the ordinary course of business, we may become subject to class actions, securities litigation, or other actions, including anti-trust and anti-competitive actions. Any litigation may be time-consuming, expensive and distracting from the conduct of our day-to-day business. The adverse resolution of any specific lawsuit could have a material adverse effect on our financial condition and liquidity. In addition, the resolution of those matters may require us to issue additional common shares, which could potentially result in dilution. Expenses incurred in connection with these matters (which include fees of lawyers and other professional advisors and potential obligations to indemnify officers and directors who may be parties to such actions) could adversely affect our cash position.

Our success is dependent on certain strategic relationships with third parties to execute our operations and strategy and to uphold our reputation.

We currently have strategic relationships with resellers, original equipment manufacturers ("OEMs"), hosted service providers, system integrators and enterprise application providers. We depend on these relationships to: distribute our products; generate sales leads; build brand and market awareness; and implement and support our solutions. We believe that our success depends, in part, on our ability to develop and maintain strategic relationships with resellers, OEMs, hosted service providers, system integrators and enterprise application providers. We generally do not have long-term or exclusive agreements with these strategic partners. If we lose a strategic partner in a key market, or if a current or future strategic partner fails to adequately provide customer service to our customers, our reputation will suffer and sales of our product and services could be substantially diminished.

The significance of our international operations increases our exposure to international business risks that could cause our operating results to suffer.

We intend to maintain and expand our international operations, which may include entry into new international markets. The possible expansion of our international operations will require management attention and financial resources to establish additional foreign operations, hire additional personnel and recruit additional international resellers. Incremental revenue may not be adequate to cover the expenses of international expansion. Our possible expansion into new international markets may take longer than anticipated and could directly impact how quickly we increase product sales into these markets. International markets may take additional time and resources to penetrate successfully. Any disruption in the ability of our personnel to travel could impact our ability to expand international operations and to service our international customers, which could, in turn, have a material adverse effect on our business, results of operations and financial condition. Other risks we may encounter in conducting international business activities generally could include the following: economic and political instability; climate change; unexpected changes in foreign regulatory requirements and laws; tariffs and other trade barriers; timing, cost and potential difficulty of adapting our product to the local language standards; longer sales cycles and accounts receivable cash collections cycles; potentially adverse tax consequences; inflation; fluctuations in foreign currencies; and restrictions on the repatriation of funds. The imposition of tariffs, protectionist legislation or immigration restrictions may directly impact the delivered cost of our products and services or indirectly impact the cost structure or supply chains of our customers which may negatively impact demand for our products and services.

We may have exposure to greater than anticipated tax liabilities or expenses.

We conduct our business operations in various foreign jurisdictions and through legal entities primarily in Canada, the United States, Sweden, Norway, Denmark, Germany, Ireland, Australia, New Zealand, Spain, Portugal, Belgium, France, the Netherlands, Italy, Brazil and the United Kingdom. Accordingly, we are subject to income taxes as well as non-income-based taxes in Canada, as well as these and other foreign jurisdictions and our tax structure is subject to review by numerous taxation authorities. The tax laws of these jurisdictions have detailed and varied tax rules, which are subject to change.

Significant judgment is required in determining our worldwide provision for (recovery of) income taxes, deferred tax assets and other tax liabilities. Although we strive to ensure that our tax estimates and filing positions are reasonable, no assurance can be provided that the final determination of any tax audits or litigation will not be different from what is reflected in our historical income tax provisions and accruals and any such differences may materially affect our operating results for the affected period or periods. We also have exposure to additional non-income tax liabilities such as payroll, sales, use, value-added, non-resident withholding, repatriation, net worth, property, harmonized and goods and services taxes in Canada, the United States, Sweden, Norway, Denmark, Germany, Ireland, Australia, New Zealand, Spain, Portugal, Belgium, France, the Netherlands, Italy, Brazil, the United Kingdom and other foreign jurisdictions.

International taxation authorities in these regions could challenge the validity of our tax filings or introduce new tax legislation. If any of these taxation authorities are successful in challenging our tax filings or introduce new tax legislation, our provision for (recovery of) income taxes may be adversely affected and we could also be subject to interest and penalty charges. Any such increase in our provision for or decrease in our recovery of income taxes and related interest and penalties could have a significant impact on future net earnings and future cash flows. Additionally, increases in tax rates as a result of increased government spending could increase our deferred tax liabilities and, as a result, our cash-paid taxes.

Changes in privacy and contact center laws and regulations may adversely impact on our ability to compete and operate in our current markets and cause our operating results to suffer.

Our customers can use our products to collect, use, process and store information regarding their customers and individuals. Federal, provincial and foreign government bodies and agencies may adopt or change laws and regulations regarding the collection, use, processing, storage and disclosure of such information obtained from consumers and individuals. In the European Union, some of our operations are subject to the European Union's General Data Protection Regulation ("GDPR") that took effect May 25, 2018. The GDPR introduces a number of new obligations for subject companies including, for example, expanded disclosures about how personal data is to be used, new mechanisms for obtaining consent from data subjects, new controls for data subjects with respect to their personal data, limitations on retention of personal data and mandatory data breach notifications. Additionally, the GDPR places companies under new obligations relating to data transfers and the security of the personal data they possess. Given the breadth of the GDPR, there can be no assurance that the measures we have taken for the purposes of compliance will be successful in preventing breach of the GDPR. In addition to government regulatory activity, privacy advocacy groups and the technology industry and other industries may consider various new, additional, or different self-regulatory standards that may place additional burdens directly on our customers and target customers and indirectly on us. Our products are expected to be capable of use by our customers in compliance with such laws and regulations. The functional and operational requirements and costs of compliance with such laws and regulations may adversely impact our business and failure to enable our products to comply with such laws and regulations could lead to significant fines and penalties imposed by regulators, as well as claims by our customers or third parties. Additionally, all of these domestic and international legislative and regulatory initiatives could adversely affect our customers' ability or desire to collect, use, process and store certain information, which could reduce demand for our products.

Our results from operating activities may vary significantly from quarter to quarter and therefore may be difficult to predict or may fail to meet investment community expectations.

While we continue to focus on expanding our SaaS revenue base to increase the predictability of our revenue streams, overall revenue is difficult to forecast and may fluctuate significantly from quarter to quarter. In addition, our operating results may not follow any past trends. The factors affecting revenue and results, many of which are outside of our control, include: foreign exchange fluctuations; competitive conditions; market acceptance of our products; the ability to hire, train and retain sufficient sales and professional services staff; the ability to complete our service obligations related to product sales in a timely manner; varying size, timing and contractual terms of orders for products, including conversion to SaaS offerings, which may delay the recognition of revenue; the ability to maintain existing relationships and to create new relationships to assist with sales and marketing efforts; the discretionary nature of

customers' purchasing and budget cycles and changes in their budgets for and timing of, software and related purchases; the length and variability of the sales cycles for our products; strategic decisions by us or our competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments or changes in business strategy; general weakening of the economy including rising interest rates and inflation resulting in a decrease in the overall demand for computer software and services or otherwise affecting customers' capital investment levels in enterprise software; changes in our pricing policies and the pricing policies of our competitors; timing of product development and new product initiatives; and changes in the mix of revenue attributable to substantially lower-margin service revenue, including SaaS-based product and service offerings, as opposed to higher-margin product license and maintenance revenue.

While we have consistently managed our businesses by scaling our costs to prevailing revenue levels to ensure that we operate profitably and generate positive net cash provided by operating activities to increase our cash reserves and fund our acquisition strategy internally, no assurance can be provided that we will be able to sustain this profitability on a quarterly or annual basis.

We, on at least an annual basis, review the value of acquired intangibles and goodwill to determine whether any impairment exists. We also periodically review opportunities to organize operations more efficiently and may record restructuring charges in connection with any such reorganization. Our acquisition strategy provides management with a regular opportunity with each new acquisition to revisit and re-organize our operations to leverage the strength and synergies introduced by new organizations. Any write-down of intangible assets or goodwill or restructuring charges in the future could affect our results of operations materially and adversely and as a result our share price may decline.

The price of our common shares has in the past been volatile and may also be volatile in the future.

The market price of our common shares ("Common Shares") may be volatile and could be subject to wide fluctuations due to a number of factors, including: actual or anticipated fluctuations in results of operations; changes in estimates of future results of operations; announcements of technological innovations or new product introductions by us or our competitors; general industry changes in the enterprise software markets: or other events or factors. In addition, the financial markets have experienced significant price and value fluctuations that have particularly affected the market prices of equity securities of many technology companies and that sometimes have been unrelated to the operating performance of these companies. Broad market fluctuations, as well as economic conditions generally and in the software industry specifically, may adversely affect the market price of our Common Shares.

There can be no assurance that an active trading market for the Common Shares will be sustained in the future. If an active public market is not sustained, the liquidity of an investment in the Common Shares may be limited and the Company's share price may decline.

A significant national or international health pandemic increases our exposure to business risks that could cause our operating results to suffer.

International health pandemics, including but not limited to COVID-19, may present a source of economic uncertainty to the Company. The duration and effects of a pandemic on the Company would be unknown and it is not possible to reliably estimate the length and severity of any future pandemic-related impacts on the financial results and operations of the Company.

Additional changes by customers, suppliers and regulators in response to international health pandemics could materially impact the Company's financial results and may include effects on: timing and collectability of receivables, supply chains and distribution channels impacting delivery schedules, restrictions on cross-border commerce and travel, greater currency volatility, increased staff turnover, increased tax and/or higher interest rates, delays in hiring and increased risks to IT systems, cybersecurity networks and digital services. These uncertain economic conditions may adversely impact operations and the financial performance of the Company and its customers, demand for the Company's products and services or the equity markets, which could adversely affect the Company's financial performance. Furthermore, a pandemic could further exacerbate difficulties in identifying and successfully completing or integrating acquisitions as travel restrictions make it more difficult to perform due diligence.

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, 2025, 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 consolidated financial statements in accordance with IFRS.

As at October 31, 2025, 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, 2025, 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 year ended October 31, 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 is available on SEDAR at *www.sedarplus.com* and on our website at *www.enghouse.com*.

Management's Responsibility for Financial Reporting

Management is responsible for the preparation of the Company's consolidated financial statements and all other information in Management's Discussion and Analysis as well as the Annual Report. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), which involve management's best estimates and judgments based on available information.

Management maintains appropriate systems of internal accounting and administrative controls, which are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

The Board of Directors of Enghouse Systems Limited (the "Board") is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board carries out this responsibility principally through its Audit Committee (the "Committee").

The Committee is appointed by the Board and all of its members are independent directors. The Committee meets periodically with management and the external auditors to discuss internal controls over financial reporting, auditing matters and financial reporting issues, to satisfy itself that management's responsibilities are properly discharged and to recommend approval of the consolidated financial statements to the Board.

The consolidated financial statements have been audited on behalf of shareholders by Ernst & Young LLP, the external auditors, in accordance with Canadian generally accepted auditing standards. The external auditors have full and free access to management and the Committee.

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

Rob Medved
Chief Financial Officer and
Corporate Secretary

Markham, Ontario
December 15, 2025

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Enghouse Systems Limited

Opinion

We have audited the consolidated financial statements of Enghouse Systems Limited and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at October 31, 2025 and 2024, and the consolidated statements of operations and comprehensive income, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at October 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Revenue Recognition - Allocation of transaction price in customer arrangements with multiple performance obligations	
The Group enters into arrangements with customers whereby they have multiple performance obligations of which some are delivered at a point in time while other performance obligations are provided over time. On-premise software licenses provided on a fixed-fee basis, subject to monthly or annual minimum payments, are recognized at the time that both the right to use the software has commenced and the software has been made available to the customer. Typically, the Group's software license arrangements also contain multiple performance obligations that may include the provision of some, or all, of SaaS and maintenance services, professional services and hardware. Consideration from the customer arrangement is allocated based on the standalone selling price to the performance obligations in accordance with International Financial Reporting Standard 15. Typically, the standalone selling price for software licenses is determined utilizing the residual approach where the software license is allocated the remaining contract consideration after the allocation to other performance obligations. The hardware standalone selling price is determined using cost plus a standard margin. The contract consideration allocated to maintenance is supported by observable standalone selling prices for maintenance renewals. The standalone selling price of professional services is determined on daily rates that are based on employee costs plus a profit margin that is considered to be consistent with that of comparable companies. For the year ended October 31, 2025, the Group recorded total revenue of $499 million.	In respect to the allocation of consideration of customer arrangements within multiple performance obligations, our procedures among others, included the following: • We obtained an understanding of the Group's methodology in allocating revenue for customer arrangements with multiple performance obligations. • Our understanding included an assessment of the appropriateness of management using the residual approach and their assertion that the pricing of software licenses is highly variable. • We evaluated the design and tested the operating effectiveness of the controls over the review and setup of transactions involving a bundling of services. • We tested a sample of customer arrangements to determine whether management had applied their allocation policy in a consistent and appropriate manner. • We assessed the support for the standalone selling prices of maintenance by comparing the consistency of standard list prices and contractual renewal rates. • We also assessed management's cost-plus margin approach for allocating consideration to professional services by validating cost rates are derived from accurate costs and that margins are consistent with historic margins and other comparable companies.

Key audit matter	How our audit addressed the key audit matter
Acquisitions - Accounting for purchase price and allocation to identifiable assets and liabilities	
As described in note 13 of the Group's consolidated financial statements, the Group completed three acquisitions during the year ended October 31, 2025 with total purchase consideration of $46 million. The preliminary purchase price allocation includes goodwill of approximately $22.2 million and intangible assets of $19 million. The Group applies the acquisition method to account for business combinations whereby the excess of the fair value of the consideration transferred, including contingent or deferred consideration, over the fair value of the assets and liabilities acquired is considered goodwill. Acquisition related costs are expensed as incurred and classified as special charges. Auditing business combinations was complex, given the degree of judgment and subjectivity in evaluating management's estimates and assumptions in determining the fair value of the assets acquired and liabilities assumed, in particular, determining the fair value of acquired software and customer relationship intangible assets using a multi-period excess earnings method. Significant assumptions included the future performance of the assets concerned, and the discount rate applied.	Our audit procedure, included the following: • We gained an understanding of management's rationale for the acquisition made. • We have read the purchase agreements to obtain an understanding of the key terms and conditions to identify the necessary accounting considerations and identification of assets acquired and liabilities assumed. • We obtained the closing balance sheet and performed audit procedures over significant accounts as of the transaction closing date. • We involved our valuation specialists to assess the valuation methodology applied for the fair value of the intangible assets acquired and the various inputs utilized, including the selected rates of return and we consulted with our tax specialists around country specific tax attributes. • We assessed the appropriateness of forecasted revenue growth rates and margin percentages used in the estimation of fair value of the intangible assets acquired by comparing to historical performance and similar acquisitions made by the Group. • We assessed the consistency of methods and assumptions applied by management for acquisitions made in the year as well as prior acquisitions made. • We assessed the adequacy of the Group's disclosures included in note 13 of the consolidated financial statements in relation to this matter.

Other information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the consolidated financial statements and our auditor's report thereon, in the Annual Report

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If based on the work we will perform on this other information, we conclude there is a material misstatement of other information, we are required to report that fact to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Laura Sluce.

/s/ Ernst & Young LLP
Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
December 15, 2025

Consolidated Statements of Financial Position

(in thousands of Canadian dollars)	Notes	As at October 31, 2025	As at October 31, 2024
ASSETS			
Current assets:			
Cash and cash equivalents	18	$ 269,061	$ 274,240
Short-term investments	18	25	487
Accounts receivable	4/18	88,980	92,348
Prepaid expenses and other assets		17,001	16,100
		375,067	**383,175**
Non-current assets:			
Property and equipment	5	3,890	4,192
Right-of-use assets	14	11,453	11,473
Intangible assets	6	89,710	98,594
Goodwill	6	341,593	309,831
Deferred income tax assets	11	35,105	26,228
		481,751	**450,318**
		$ 856,818	**$ 833,493**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable and accrued liabilities		$ 76,167	$ 70,087
Income taxes payable		10,662	5,525
Dividends payable	9	16,426	14,397
Provisions	7	2,013	1,834
Deferred revenue	8	108,268	114,080
Lease obligations	14	5,197	5,344
		218,733	**211,267**
Non-current liabilities:			
Deferred income tax liabilities	11	13,439	10,500
Deferred revenue	8	6,791	8,094
Net employee defined benefit obligation		2,442	2,081
Lease obligations	14	5,944	5,744
		28,616	**26,419**
		247,349	**237,686**
Shareholders' equity			
Share capital	9	116,894	118,217
Contributed surplus		11,110	9,764
Retained earnings		443,134	446,748
Accumulated other comprehensive income	9	38,331	21,078
		609,469	**595,807**
		$ 856,818	**$ 833,493**

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

On Behalf of the Board of Directors:

Stephen J. Sadler
Director

Jane Mowat
Director

Consolidated Statements of Operations and Comprehensive Income

(in thousands of Canadian dollars except per share amounts)

Year ended October 31	Notes	2025	2024
Revenue			
Software licenses		$ 67,436	$ 72,906
SaaS and maintenance services		347,995	346,579
Professional services		68,238	70,046
Hardware		15,209	12,974
		498,878	**502,505**
Direct costs			
Software licenses		2,752	3,501
Services		172,357	165,221
Hardware		6,476	6,864
		181,585	**175,586**
Revenue, net of direct costs		**317,293**	**326,919**
Operating expenses			
Selling, general and administrative		93,635	94,303
Research and development		96,070	88,833
Depreciation	5	2,518	2,347
Depreciation of right-of-use assets	14	5,644	5,981
Special charges		5,072	1,609
		202,939	**193,073**
Results from operating activities		**114,354**	**133,846**
Amortization of acquired software and customer relationships	6	(29,492)	(40,505)
Foreign exchange losses		(2,378)	(1,680)
Interest expense – lease obligations	14	(505)	(556)
Finance income		8,041	10,121
Finance expenses		(98)	(49)
Other income		1,617	89
Income before income taxes		**91,539**	**101,266**
Provision for income taxes	11	17,873	19,938
Net income for the year		**$ 73,666**	**$ 81,328**
Item that may be subsequently reclassified to income:			
Cumulative translation adjustment	9	17,253	10,249
Other comprehensive income		**17,253**	**10,249**
Comprehensive income		**$ 90,919**	**$ 91,577**
Earnings per share			
Basic	12	$ **1.34**	$ 1.47
Diluted	12	$ **1.34**	$ 1.47

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

Consolidated Statements of Changes in Shareholders' Equity

(in thousands of Canadian dollars)	Share capital (#)	Share capital	Contributed surplus	Accumulated other comprehensive income (loss)	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 year	-	-	-	-	73,666	73,666
Cumulative translation adjustment (Note 9)	-	-	-	17,253	-	17,253
Comprehensive income	**-**	**$ -**	**$ -**	**$ 17,253**	**$ 73,666**	**$ 90,919**
Employee share-based compensation:						
Value of services recognized	-	-	1,346	-	(22)	1,324
Normal course issuer bid share repurchases (Note 9)	(619,518)	(1,323)	-	-	(13,419)	(14,742)
Dividends declared (Note 9)	-	-	-	-	(63,839)	(63,839)
As at October 31, 2025	**54,754,683**	**$ 116,894**	**$ 11,110**	**$ 38,331**	**$ 443,134**	**$ 609,469**
As at November 1, 2023	55,256,617	$ 107,701	$ 10,404	$ 10,829	$ 426,397	**$ 555,331**
Net income for the year	-	-	-	-	81,328	81,328
Cumulative translation adjustment (Note 9)	-	-	-	10,249	-	10,249
Comprehensive income	**-**	**$ -**	**$ -**	**$ 10,249**	**$ 81,328**	**$ 91,577**
Employee share-based compensation:						
Value of services recognized	-	-	1,192	-	(4)	1,188
Issuance of shares	313,000	10,917	(1,832)	-	-	9,085
Normal course issuer bid share repurchases (Note 9)	(195,416)	(401)	-	-	(5,593)	(5,994)
Dividends declared (Note 9)	-	-	-	-	(55,380)	(55,380)
As at October 31, 2024	**55,374,201**	**$ 118,217**	**$ 9,764**	**$ 21,078**	**$ 446,748**	**$ 595,807**

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

Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)

Year ended October 31	Notes	2025	2024
OPERATING ACTIVITIES			
Net income for the year		$ 73,666	$ 81,328
Adjustments for non-cash items			
Depreciation	5	2,518	2,347
Depreciation of right-of-use assets	14	5,644	5,981
Interest expense – lease obligations	14	505	556
Amortization of acquired software and customer relationships	6	29,492	40,505
Stock-based compensation expense	10	1,324	1,188
Provision for income taxes	11	17,873	19,938
Finance expenses and other (income)		(1,519)	(40)
		$ 129,503	**$ 151,803**
Changes in non-cash operating working capital	19	(6,361)	(7,920)
Income taxes paid		(18,508)	(11,812)
Net cash provided by operating activities		**$ 104,634**	**$ 132,071**
INVESTING ACTIVITIES			
Purchase of property and equipment, net	5	$ (1,479)	$ (1,977)
Acquisitions, net of cash acquired*	13	(33,399)	(43,448)
Proceeds from sale of short-term investments		75	-
Recovery of purchase consideration for prior-year acquisitions		-	171
Net cash used in investing activities		**$ (34,803)**	**$ (45,254)**
FINANCING ACTIVITIES			
Issuance of share capital	9	-	9,085
Normal course issuer bid share repurchases	9	(14,742)	(5,994)
Repayment of lease obligations	14	(6,074)	(7,030)
Dividends paid		(61,810)	(53,139)
Net cash used in financing activities		**$ (82,626)**	**$ (57,078)**
Impact of foreign exchange on cash and cash equivalents		7,616	4,969
(Decrease) increase in cash and cash equivalents		**$ (5,179)**	**$ 34,708**
Cash and cash equivalents - beginning of year		274,240	239,532
Cash and cash equivalents - end of year		**$ 269,061**	**$ 274,240**

** Acquisitions are net of cash acquired of $9,287 for the year ended October 31, 2025 (2024 – $742).*
The accompanying notes form an integral part of these consolidated 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 communication 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, Mobility as a Service ("MaaS"), fleet routing, dispatch, scheduling, communications and emergency control center solutions for the transportation, government, first responders and security sectors.

Enghouse Systems 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

The consolidated 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 ("IASB").

The preparation of consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are material to the consolidated financial statements, are disclosed in Note 3.

These consolidated financial statements were approved by the Board of Directors for issue on December 15, 2025.

3. Summary of Material Accounting Policies

Basis of Measurement

The consolidated financial statements are 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. All financial information is presented in Canadian dollars rounded to the nearest thousand, except as otherwise noted.

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions, balances and unrealized profits and losses from intercompany transactions have been eliminated upon consolidation, unless the transaction provides evidence of an impairment of the transferred asset. The Company does not have any special purpose entities to be consolidated. The accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with the policies adopted by the Company.

Subsidiaries are all entities (including structured entities) over which Enghouse has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

Business Combinations

The Company applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Company expenses acquisition-related expenses as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognized in profit or loss.

Any contingent consideration to be transferred by the Company is recognized at fair value as at the acquisition date. Subsequent changes to the fair value of the contingent consideration are recognized in the Consolidated Statements of Operations and Comprehensive Income. A portion of the consideration on acquisitions is subject to holdback and adjustment in accordance with the terms of the purchase agreements. The Company accrues holdbacks as part of the consideration payable on acquisition.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

Foreign Currency Translation

(i) 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 consolidated financial statements are presented in Canadian dollars, which is also the parent company's functional currency.

When the Company disposes of its entire interest in a foreign operation, or loses control over a foreign operation, the foreign currency gains or losses in accumulated other comprehensive income (loss) related to the foreign operation are recognized in profit or loss. If the Company disposes of part of an interest in a foreign operation that remains a subsidiary, a proportionate amount of foreign currency gains or losses in accumulated other comprehensive income (loss) related to the subsidiary is reallocated between controlling and non-controlling interests.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation's

functional currency are recognized in the Consolidated Statements of Operations and Comprehensive Income and disclosed separately below the results from operating activities.

(iii) Foreign Operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Canadian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Canadian dollars using average exchange rates for the month during which the transactions occurred. Foreign currency differences are recognized in other comprehensive income (loss) in the cumulative translation account.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held with banks and other short-term highly liquid investments with original maturities of three months or less.

Short-Term Investments

Short-term investments include equity securities, which are investments in publicly available securities that are carried at fair market value, as well as fixed-income securities with original maturities of one year or less that do not qualify for measurement at either amortized cost or fair value through other comprehensive income ("FVOCI").

Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets and liabilities are offset and the net amount is reported in the Consolidated Statements of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Financial Assets at Fair Value Through Profit or Loss

The Company classifies the following financial assets at fair value through profit or loss: debt investments that do not qualify for measurement at either amortized cost or FVOCI, equity investments held for trading and equity investments for which the Company has not elected to recognize gains and losses through other comprehensive income (loss). The equities held by the Company are those of publicly traded companies whose fair values are determined by the closing quoted market values for each investment at the Consolidated Statement of Financial Position dates. The fair value of the Company's equity portfolio is subject to fluctuations in equity markets and is denominated in Canadian dollars.

Interest on cash and cash equivalents, calculated using the effective interest rate method, is recognized in the Consolidated Statements of Operations and Comprehensive Income as part of finance income.

Dividends on equity investments that are held for trading are recognized in the Consolidated Statements of Operations and Comprehensive Income as part of finance income when the Company's right to receive payment is established.

Trade Receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. These are classified in current assets, except for the portion expected to be realized or paid beyond twelve months of the Consolidated Statement of Financial Position dates, which is classified as non-current. Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognized at fair value. The Company holds trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest rate method.

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

Cash and Cash Equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable within 24 hours' notice with no loss of interest.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities include trade payables, accrued liabilities, hold-backs on acquisitions and other payables. Trade payables are unsecured and are usually paid within 45 days of recognition and are initially recognized at the amount required to be paid, less, when material, a discount to reduce trade payables to fair value. The carrying amounts of accounts payable and accrued liabilities are considered to be the same as their fair values, due to their short-term nature. Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

The Company is not party to any derivative financial instruments.

Impairment of Financial Assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not otherwise consider, or indications that a debtor or issuer will enter bankruptcy.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over prior periods and the corresponding historical credit losses experienced during this period.

Impairment losses on financial assets measured at amortized cost are calculated as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and recorded as an expected credit loss against receivables. When a subsequent event causes the impairment loss to decrease, the decrease is reversed through profit or loss.

Property and Equipment

Property and equipment are recorded at acquisition cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of an asset. Subsequent costs are included in the asset’s carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Repairs and maintenance costs are charged to the Consolidated Statements of Operations and Comprehensive Income during the period in which they are incurred.

The major categories of property and equipment are depreciated as follows:

Furniture and fixtures	5 years straight-line
Computer hardware	3 years straight-line
Leasehold improvements	Shorter of useful life or initial lease term

The Company allocates the amount initially recognized in respect of an item of property and equipment to its significant parts (if any) and separately depreciates each part. Residual values, method of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate. The cost and accumulated depreciation of replaced assets are derecognized when replaced. Gains and losses on disposal of property and equipment are determined by comparing the proceeds with the carrying amount of the assets and are included as part of other income (expense) in the Consolidated Statements of Operations and Comprehensive Income.

Acquired Software and Customer Relationships

The Company uses the income approach to value its acquired software and customer relationship intangible assets. This approach is a valuation technique that calculates the fair value of an intangible asset based on the cash flows that an asset could be expected to generate over its remaining useful life. The Company's intangible assets include customer relationships and acquired software with finite useful lives. These assets are capitalized and are amortized to operations over their estimated useful lives from the date that they are acquired and available for use, since this most closely reflects the expected usage and consumption patterns related to the future economic benefits embodied in the assets. The Company considers the length of time over which it expects to earn or recover the cost of the assets. The estimated useful lives for the current and comparative periods are as follows:

Acquired software	4 to 8 years straight-line
Customer relationships	4 to 8 years straight-line

Amortization methods, estimates of useful lives and residual values are reviewed at least annually and are adjusted as appropriate.

Goodwill

Goodwill represents the excess of the purchase price of business acquisitions over the fair values of identifiable net assets acquired in such acquisitions and is allocated as at the date of the business combination. Goodwill acquired through a business combination is allocated to each cash-generating unit ("CGU") or group of CGUs that are expected to benefit from the related business combination. A group of CGUs represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, which is not higher than an operating segment. The Company has two groups of CGUs: IMG and AMG, for which goodwill is monitored. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Impairment of Non-Financial Assets

The unamortized portions of property and equipment, acquired software and customer relationships are reviewed when events or circumstances indicate that the carrying amounts may not be recoverable. Intangible assets with an indefinite useful life or intangible assets not yet available for use are subject to an annual impairment test. Goodwill is not subject to amortization but is assessed for impairment on at least an annual basis and, additionally, whenever events and changes in circumstances suggest that the carrying amount may not be recoverable. The recoverable amount is estimated annually on October 31 of each year.

For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash inflows. The recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is measured as the amount by which the asset's or CGU's carrying amount exceeds its recoverable amount. Impairment losses are recognized in the Consolidated Statements of Operations and Comprehensive Income.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

No such impairment losses have been recognized during the year.

Employee Benefits

(i) Post-Employment Benefit Obligations

Employees of companies included in these audited consolidated financial statements have entitlements under the Company's pension plans, which include both defined contribution and defined benefit pension plans. These plans take different forms depending on the legal, financial and tax regime of each country. The cost of defined contribution pension plans is charged to expense as the contributions become payable and cease when an employee leaves the Company.

The Company's obligations and expenses related to defined benefit pension plans are determined using actuarial valuations and are dependent on a number of assumptions. The defined benefit obligations and benefit cost levels will change because of future changes in actuarial methods and assumptions, membership data, plan provisions, legislative rules and future experience gains or losses, which may not have been anticipated at this time. Emerging experience, differing from assumptions, will result in gains or losses that will be disclosed in future accounting valuations.

(ii) Stock-Based Compensation Plans

The Company grants stock options to certain employees. Stock options are granted at a price equal to or above the market value of the shares at the date of the grant. When the stock options are exercised, the Company issues new common shares. The consideration received on the exercise of stock options is credited to share capital at the time of exercise. Performance Share Units ("PSUs") granted will be for services over the three-year vesting period. 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. Under the Deferred Share Unit Plan ("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. 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. Restricted Share Units ("RSUs") will be granted as a percentage of the current year bonus earned. 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 Company's stock option compensation plan is described in Note 10.

Stock options generally vest over four or five years in a tiered manner and expire after seven years. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over the tranche's vesting period on a straight-line basis based on the number of awards expected to vest, with a corresponding credit to contributed surplus. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately.

(iii) Termination Benefits

The Company recognizes termination benefits as an expense when it is demonstrably committed to either terminating the employment of current employees in accordance with a detailed formal plan without possibility for withdrawal or providing benefits as a result of an offer made to encourage voluntary termination. Benefits falling due more than twelve months after the end of the reporting period are discounted to their present value.

(iv) Short-Term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under the Company's incentive compensation plan if the Company has a legal or constructive obligation to pay this amount at the time bonuses are paid as a result of past service provided by the employee and the obligation can be reliably estimated.

Provisions

Provisions, including those for acquisition-related employment matters and litigation, restructuring efforts and onerous contracts, are recognized when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured based on management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material.

The Company performs evaluations to identify onerous contracts and legal claims and, where applicable, records provisions for such items. A provision for onerous contracts is recognized when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits expected to be received from the contract. A provision for restructuring is recognized when the Company has approved a detailed and formal restructuring plan and the restructuring either has commenced or been publicly announced.

Restructuring provisions include such items as employee termination payments and over-market and excess capacity lease obligations and other contracts acquired in business combinations. Provisions are not recognized for future operating losses.

A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Income Taxes

The provision for (recovery of) income taxes is comprised of current and deferred income tax expense. Current income tax expense and deferred income tax expense are recognized in the Consolidated Statements of Operations and Comprehensive Income, except to the extent that they relate to items recognized directly in other comprehensive income (loss) or equity, in which case the income tax is also recognized directly in other comprehensive income (loss) or equity.

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting periods and any adjustment to the tax payable in respect of previous years.

In general, deferred income tax is the amount of income taxes expected to be paid or recoverable in future periods in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, carry-forwards of unused tax losses and unused tax credits. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the Consolidated Statement of Financial Position dates and are expected to apply when the deferred income tax asset or liability is settled. Deferred income tax assets, including unutilized tax losses, are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets are recognized to the extent it is probable that taxable profits will be available against which the deductible temporary differences and unused tax losses and tax credits can be utilized. The carrying value of deferred income tax assets is reviewed at each Consolidated Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be recovered.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be recognized simultaneously. Deferred income tax assets and liabilities are presented as non-current.

Dividends

Dividends on common shares are recognized in the Company's consolidated financial statements in the period in which the dividends are declared and approved by the Company's Board of Directors.

Leases

The Company leases various facilities, equipment and vehicles. Lease terms are negotiated on an individual lease basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- Where possible, uses recent third-party financing received by, or available to, the individual lessee as a starting point, adjusted to reflect changes in financing conditions since the third-party financing was received;
- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company and its subsidiaries that do not have recent third-party financing; and
- Makes adjustments specific to the lease, e.g., term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the liability less any lease payments at or before the commencement date less any lease incentives received.

All short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of twelve months or less.

Share Capital

Common shares are classified as equity. Incremental costs attributable to the issuance of shares are recognized as a deduction from equity.

Revenue Recognition

Revenue represents the amount the Company expects to receive for products and services in its contracts with customers, net of discounts and sales taxes. The Company accounts for customer contracts when it secures written approval in the form of a signed contract, the parties are committed to the contract with the rights of the parties, including payment terms, specifically identified, the contract has commercial substance and the consideration is probable of collection. The timing of revenue recognition often differs from contract payment schedules and milestones, resulting in revenue that has been earned but not billed. These amounts are included as accounts receivable. Amounts billed in accordance with customer contracts, but in advance of revenue being recognized, are classified as deferred revenue.

(i) Arrangements with Multi-Performance Obligations

The Company typically contracts with customers to deliver more than one of the goods and services noted below as part of a single arrangement. The Company exercises significant judgment to evaluate these arrangements to determine whether the goods or services are considered distinct performance obligations that should be accounted for separately from some or all of the other goods or services in the arrangement. A good or service is distinct if the customer can benefit from it on its own or together with other readily available resources and the Company's promise to transfer the good or service is separately identifiable from other promises in the contract. Goods and services that are not distinct are combined with other goods and services until they are distinct as a bundle and can be accounted for as a single performance obligation. Where a contract consists of more than one performance obligation, revenue is allocated to each based on their estimated relative standalone selling price ("SSP"). The SSP reflects the price Enghouse charges for a specific good or service if it was sold separately to similar customers in similar circumstances. This is typically determined using observable data and is based on a narrow range of prices or rates established from historical analysis. This range is subject to periodic review and assessment when material changes in facts and circumstances warrant it.

The SSP may not be directly observable for all performance obligations within bundled transactions. In bundled transactions with license and customer maintenance, the Company typically allocates the transaction price between license and maintenance using the residual approach as it has determined the SSP for certain goods and services, such as licenses, in these arrangements is highly variable.

(ii) Nature of Goods and Services

Revenue consists primarily of fees for licenses of the Company's software, term licenses, Software as a Service ("SaaS") and maintenance services, professional services and hardware revenue.

(iii) License Revenue

The Company sells on-premise software licenses on both a perpetual and specified-term basis. Perpetual licenses provide customers the right to use the software for an indefinite period of time in exchange for a one-time license fee, generally paid at contract inception. Term licenses provide the customer with the right to use software for a specified period in exchange for a fee, which may be paid at contract inception or paid in installments over the period of the contract. Revenue from the licensing of software on a perpetual basis is recognized at the time that both the right to use the software has commenced and the software has been made available to the customer for download at the commencement of the term. Term license revenue provided on a fixed-fee basis, subject to monthly or annual minimum fees, is recognized at the time that both the right to use the software has commenced and the software has been made available to the customer. Term license revenue provided on a variable usage basis, such as the number of transactions, subscribers or other variable measure, is recognized over time based on a customer's utilization in a given period. The Company also sells third-party software as an added service to customers. This revenue is generally recognized on delivery to the customer on the same terms and basis as the Company provides its own proprietary software to customers.

(iv) Hardware Revenue

Hardware is sold to customers to complement the Company's software offering. This revenue is generally recognized on delivery to the customer when the Company has transferred control of the hardware to the buyer under the terms of an enforceable contract.

(v) SaaS and Maintenance Services Revenue

In the Company's SaaS arrangements, the end user does not take possession of the software and the software application resides on the Company's hardware or that of a third party with the customer obtaining the right to access the software. SaaS solutions and services are provided on a usage basis, which can vary depending on the number of users or subscribers and is recognized based on a customer's utilization of the services over the term of the arrangement.

Maintenance revenue consists primarily of technical support and the provision of unspecified upgrades and updates made on a when-and-if-available basis. This support is related to the Company's perpetual and term-based on-premise license arrangements. Maintenance is not critical to the customer's ability to derive benefit from its right to use the Company's software and is considered a distinct performance obligation when sold together with licenses in a bundled transaction.

The amount of the selling price associated with SaaS and maintenance services revenue agreements is deferred and recognized as revenue over the period during which the services are performed. This deferred revenue is included on the Consolidated Statements of Financial Position as a current liability to the extent the services are to be delivered in the next twelve months. Setup fees on SaaS services revenue are deferred and recognized on a straight-line basis over the estimated life of the customer relationship period.

(vi) Professional Services Revenue

Professional services revenue includes installation, implementation, configuration, consulting and training services provided as a bundle along with software licenses or on a standalone basis. Payment for professional services is either on a fixed-fee or time and materials basis. As the Company's professional services do not significantly alter the functionality of the license and its customers can benefit from its professional services on their own or together with other readily available resources, professional services are considered a distinct performance obligation within the context of the contract. Professional services revenue is recognized as delivered, typically on an input-based measure of progress such as total labour hours incurred versus total expected labour hours.

(vii) Performance Obligations

A summary of the Company's typical performance obligations and when the obligations are satisfied is as follows:

Performance obligation	When performance obligation is satisfied
Software licenses revenue:	
Perpetual licenses	When software is made available for download (point in time)
Term licenses – fixed-fee basis	When software is made available for download (point in time)
Term licenses – variable/usage basis	Based on customer utilization (over time)
SaaS and maintenance services revenue	Ratable over course of the service term (over time)
Professional service revenue	As the services are delivered (over time)
Hardware revenue	As control of the hardware transferred (point in time)

Direct Costs

Direct costs include third-party costs related to the delivery of software, hardware and professional, SaaS and maintenance services as well as commissions payable to sales staff.

Research and Development Costs

The Company qualifies for certain investment tax credits related to the research and development of its computer software. Expenditures related to research are expensed as incurred and are reduced by related investment tax credits, which are recognized as a reduction to research and development expense on the Consolidated Statements of Operations and Comprehensive Income when reasonable assurance of realization exists. Expenditures during the development phase are capitalized if certain criteria, including technical feasibility and intent and ability to develop and use or sell the technology, are met; otherwise, they are expensed as incurred. No costs have been deferred on the Consolidated Statements of Financial Position as at October 31, 2025 or 2024.

Special Charges

Special charges include costs for restructuring, legal settlements, as well as acquisition-related restructuring, transaction costs and similar charges.

Finance Income and Finance Expenses

Finance income comprises interest income, gains and losses on the disposal of short-term investments and dividend income. Interest income is recognized as it is accrued through profit or loss, using the effective interest rate method.

Finance expenses comprise interest expense on letters of credit guarantees or other similar arrangements, bank charges and impairment losses recognized on financial assets other than trade receivables.

Earnings per Share

Basic earnings per share are computed by dividing the net income for the period by the weighted average number of common shares, including DSUs, outstanding during the period.

Diluted earnings per share are calculated by adjusting the weighted average number of common shares outstanding for stock options, RSUs, DSUs and PSUs issued by the Company. The number of shares included with respect to stock options and PSUs is computed using the Treasury Stock method. This method assumes that proceeds, which could be obtained upon the exercise of in-the-money stock options and PSUs, would be used to purchase common shares at the average market price during the year.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM is the person or persons who are responsible for allocating resources and assessing performance of the operating segments. The CODM has been identified as the Chief Executive Officer.

Critical Accounting Estimates and Judgments

The preparation of the Company's consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities, at the date of the consolidated financial statements. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on a regular basis. Significant areas requiring the Company to make estimates, assumptions and judgments include those related to revenue recognition, intangible assets, the carrying value of goodwill and income taxes. The Company bases its estimates on historical experience as well as on various other assumptions that are believed to be reasonable under the circumstances at the time.

Under different assumptions or conditions, the actual results would differ, potentially materially, from those previously estimated. Many of the conditions impacting these assumptions and estimates are beyond the Company's control. Revisions to the accounting estimates are recognized in the period in which the estimates are revised and will be recorded with a corresponding impact on net income.

Revenue Recognition

Separation and Measurement of Customer Contract Obligations and Deliverables

Management applies significant judgment when evaluating contracts with customers to deliver more than one type of product or service within a single arrangement. Significant judgment is exercised to evaluate whether the goods or services are considered distinct performance obligations that should be accounted for separately from some or all of the other goods or services in the arrangement and in determining the relative contract consideration allocated to the distinct performance obligations.

In certain arrangements with multiple performance obligations, the SSP may not always be directly observable. In arrangements with a combination of license and services, the Company allocates the transaction price between the license and other performance obligations. Given that the SSP of the license is highly variable, contract consideration is assigned in sequence to each performance obligation using a residual approach:

- A portion of contract consideration is allocated to hardware at cost plus a standard margin.
- A portion of contract consideration is allocated to the services using standard rates. Rates are based on cost plus margin, daily rates or, where applicable, a percentage of the list price based on standard selling terms.
- The residual amount is assigned as the fair value to the software license.

Judgment and estimates could impact the timing of when revenue is recognized and could have a material impact on the Company's consolidated financial statements.

Acquired Assets and Liabilities Including Intangible Assets and Goodwill

The Company accounts for business combinations using the acquisition method, under which it allocates the excess of the purchase price of business acquisitions over the fair value of identifiable net assets acquired to goodwill. One of the most significant estimates relates to the determination of the fair value of the assets and liabilities acquired. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, purchase price allocations are derived from a valuation analysis prepared by management. Fair values are determined using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows and are closely linked to the assumptions made by management regarding the future performance of the assets concerned and the discount rate applied. Significant judgment is applied in making assumptions about inputs that impact the amount and timing of future cash flows.

Any goodwill or intangible assets with indefinite useful lives acquired in business combinations are not amortized to income over their useful lives but are assessed annually for any potential impairment in value.

All other intangible assets are amortized over their estimated useful lives. The Company's intangible assets relate to acquired software and customer relationships. Enghouse also reviews the carrying value of amortizable intangible assets for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected from its use and eventual disposition. In assessing the recoverability of these intangible assets, the Company must make assumptions

regarding estimated future cash flows, market conditions and other factors to determine the fair value of the assets. If these estimates or related assumptions change in the future, the Company may be required to record impairment charges for these assets.

Goodwill Impairment

The goodwill recorded in the consolidated financial statements relates to two significant groups of CGUs: the IMG and AMG. The Company's assumptions used in testing goodwill for impairment are affected by current market conditions, which may affect expected revenue and costs. The Company also has significant competition in markets in which it operates, which may affect its revenues and operating costs. The recoverable amount of the groups of CGUs was based on an assessment of value in use using a discounted cash flow approach. The approach uses cash flow projections based on financial budgets approved by management covering a one-year period. Cash flows for the years thereafter are extrapolated using estimated annual growth rates. The Company uses a pre-tax discount rate, which has been estimated based on the industry's weighted average cost of capital. The risk premiums expected by market participants related to uncertainties about the industry and assumptions relating to future cash flows may differ or change quickly, depending on economic conditions and other events. Future changes in assumptions could negatively affect future assessments of the recoverable amount for the groups of CGUs and the Company would be required to recognize an impairment loss.

As at October 31, 2025 and 2024, the Company's estimate of the recoverable amounts for each of the AMG CGU and IMG CGU exceeded their respective carrying values by a significant margin and, as such, the Company determined that the groups of CGUs with goodwill had not been impaired. Based on its sensitivity analysis, management believes that a reasonable change in key assumptions used to calculate the recoverable amounts would have no impact on the results of the impairment test. Below is a summary of key assumptions:

Key Assumptions	2025	2024
Discount rate	12%	13%
Growth rate	0%	0%

Income Taxes

Management uses significant judgment to determine the provision for (recovery of) income taxes, current and deferred income tax assets and liabilities and the recoverability of income tax assets recorded. The Company operates in multiple tax jurisdictions and to the extent that there are profits in these jurisdictions, the profits are subject to tax at varying tax rates and regulations under the legislation of these jurisdictions. The Company's effective tax rate may be affected by changes to or application of tax laws in any particular jurisdiction, changes in the geographical mix of revenue and expense, level of relative profitability in each jurisdiction, utilization of non-capital losses and income tax loss carry-forwards and management's assessment of its ability to realize deferred income tax assets. Accordingly, management must estimate the provision for (recovery of) income taxes of the Company, which involves determining taxable income, temporary differences between tax and accounting carrying values and income tax loss carry-forwards. Favourable or unfavourable adjustments to the provision for (recovery of) income taxes may result when tax positions are resolved or settled at amounts that differ from those estimates.

The Company has deferred income tax assets that are subject to periodic recoverability assessments. Realization of the Company's deferred income tax assets is largely dependent upon its achievement of projected future taxable income and the continued applicability of ongoing tax planning strategies. The Company's judgments regarding future profitability may change due to future market conditions, changes in tax legislation and other factors that could adversely affect the ongoing value of the deferred income tax assets. These changes, if any, may require the material adjustment of these deferred income tax asset balances through an adjustment to the carrying value thereon in the future. This adjustment would reduce the deferred income tax asset to the amount that is considered to be more likely than not to be realized and would be recorded in the period such a determination was to be made.

New Standards and Interpretations Adopted

The Company applied for the first time certain amendments to standards, which are effective for annual periods beginning on or after January 1, 2024.

IAS 1 – Presentation of Financial Statements ("IAS 1")

In January 2020, the IASB issued an amendment to IAS 1, which affects only the presentation of liabilities in the interim condensed consolidated statements of financial position and not the amount or timing of their recognition. The amendment clarifies that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the right to defer settlement by at least 12 months. That classification is unaffected by the likelihood that an entity will exercise its deferral right. The amendment is effective for annual reporting periods beginning on or after January 1, 2024 and are to be applied retrospectively. The Company concluded that there was no impact of adopting this amendment on its consolidated financial statements.

Standards Issued But Not Yet Effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's consolidated financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 9 – Financial Instruments ("IFRS 9") and IFRS 7 – Financial Instruments: Disclosures ("IFRS 7")

In May 2024, the IASB issued amendments to IFRS 9 and IFRS 7, relating to the classification and measurement requirements of financial instruments recognized within those standards. These amendments will be effective for annual periods beginning on or after January 1, 2026 and will be applied retrospectively with an adjustment to opening retained earnings. Prior periods will not be required to be restated and can only be restated without using hindsight. Entities can early adopt the amendments that relate to the classification of financial assets plus the related disclosures, and can apply other amendments subsequently. The Company is still assessing the impact of adopting this amendment on its consolidated financial statements.

IFRS 18 – Presentation and Disclosure in Financial Statements ("IFRS 18")

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes. In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after January 1, 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Company is assessing the impact of adopting this amendment on its consolidated financial statements.

4. Accounts Receivable

Year ended October 31	2025	2024	2023
Trade receivable	$ 85,013	$ 87,112	$ 87,383
Unbilled revenue (contract asset)	13,920	21,909	17,923
Allowance for expected credit losses	(9,953)	(16,673)	(11,923)
Total Accounts Receivable	**$ 88,980**	**$ 92,348**	**$ 93,383**

5. Property and Equipment

	Furniture and fixtures	Computer hardware	Leasehold improvements	Total
As at October 31, 2023				
Cost	$ 2,223	$ 25,919	$ 2,825	$ 30,967
Accumulated depreciation	(2,095)	(23,150)	(2,449)	(27,694)
Net book value	**$ 128**	**$ 2,769**	**$ 376**	**$ 3,273**
Year ended October 31, 2024				
Opening net book value	$ 128	$ 2,769	$ 376	$ 3,273
Additions	3	1,966	8	1,977
Acquisitions (Note 13)	-	1,203	-	1,203
Depreciation	(36)	(2,148)	(163)	(2,347)
Exchange difference	(17)	123	(20)	86
Closing net book value	**$ 78**	**$ 3,913**	**$ 201**	**$ 4,192**
As at October 31, 2024				
Cost	$ 2,209	$ 29,211	$ 2,813	$ 34,233
Accumulated depreciation	(2,131)	(25,298)	(2,612)	(30,041)
Net book value	**$ 78**	**$ 3,913**	**$ 201**	**$ 4,192**
Year ended October 31, 2025				
Opening net book value	$ 78	$ 3,913	$ 201	$ 4,192
Additions	77	1,288	114	1,479
Acquisitions (Note 13)	33	527	-	560
Depreciation	(140)	(2,282)	(96)	(2,518)
Exchange difference	17	300	(140)	177
Closing net book value	**$ 65**	**$ 3,746**	**$ 79**	**$ 3,890**
As at October 31, 2025				
Cost	$ 2,336	$ 31,326	$ 2,787	$ 36,449
Accumulated depreciation	(2,271)	(27,580)	(2,708)	(32,559)
Net book value	**$ 65**	**$ 3,746**	**$ 79**	**$ 3,890**

6. Intangible Assets and Goodwill

	Acquired software	Customer relationships	Total intangibles	Goodwill
As at October 31, 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**
Year ended October 31, 2024				
Opening net book value	$ 56,547	$ 53,112	$ 109,659	$ 280,241
Acquisitions (Note 13)	19,879	9,283	29,162	24,303
Amortization	(23,398)	(17,107)	(40,505)	-
Exchange difference	184	94	278	5,287
Closing net book value	**$ 53,212**	**$ 45,382**	**$ 98,594**	**$ 309,831**
As at October 31, 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**
Year ended October 31, 2025				
Opening net book value	$ 53,212	$ 45,382	$ 98,594	$ 309,831
Acquisitions (Note 13)	9,318	9,672	18,990	22,247
Amortization	(14,233)	(15,259)	(29,492)	-
Exchange difference	684	934	1,618	9,515
Closing net book value	**$ 48,981**	**$ 40,729**	**$ 89,710**	**$ 341,593**
As at October 31, 2025				
Cost	$ 327,393	$ 222,307	$ 549,700	$ 341,593
Accumulated amortization	(278,412)	(181,578)	(459,990)	-
Net book value	**$ 48,981**	**$ 40,729**	**$ 89,710**	**$ 341,593**

7. Provisions

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

Year ended October 31	2025	2024
At beginning of year	**$ 1,834**	**$ 2,238**
Additions	2,162	1,141
Reversed	(27)	(517)
Utilized during the year	(2,073)	(1,052)
Effect of movements in foreign exchange	117	24
At end of year	**$ 2,013**	**$ 1,834**

8. Deferred Revenue

Year ended October 31	2025	2024
At beginning of year	**$ 122,174**	**$ 117,189**
Recognition of previously deferred revenue	(114,080)	(109,019)
Revenue deferred during the year, net	98,558	107,808
Increases from business combinations, net	1,328	3,666
Effect of movements in foreign exchange	7,079	2,530
At end of year	**$ 115,059**	**$ 122,174**

Revenue allocated to remaining performance obligations represents contracted revenue that has not yet been recognized ("contracted not yet recognized") and includes unearned revenue and amounts that will be invoiced and recognized as revenue in future periods. Contracted not yet recognized revenue was approximately $193 million as of October 31, 2025 (2024 – $206 million), of which we expect to recognize an estimated 56% of the revenue over the next 12 months (2024 – 55%) and the remainder thereafter.

9. 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 amount 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 54,754,683 common shares outstanding as at October 31, 2025 (2024 – 55,374,201). There were no Class A and no Class B preference shares issued and outstanding as at either October 31, 2025 or 2024.

Normal Course Issuer Bid Share 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 May 6, 2026.

During the year ended October 31, 2025, the Company repurchased and cancelled 619,518 common shares (2024 – 195,416) at a weighted average price of $23.33 per share plus 2% applicable tax for a total cost of $14.7 million (2024 – $6.0 million, or $30.67 per share).

Dividends

During the year ended October 31, 2025, the Company declared dividends of $63,839 ($1.16 per common share) of which $16,426 was paid on November 28, 2025 and was reflected as a liability in the Consolidated Statements of Financial Position as at October 31, 2025 (2024 – $14,397). For the year ended October 31, 2024, dividends declared were $55,380 ($1.00 per common share).

Accumulated Other Comprehensive Income

A summary of accumulated other comprehensive income on translation of foreign operations as at October 31, 2025 and 2024 and changes during the years ended on those dates is presented as follows:

	Total
As at November 1, 2023	**$** 10,829
Cumulative translation adjustment	10,249
As at October 31, 2024	**$ 21,078**
Cumulative translation adjustment	17,253
As at October 31, 2025	**$ 38,331**

10. 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, as of October 31, 2025, a total of 2,736,900 (2024 – 2,736,900) common shares remain 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 or five 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 October 31, 2025 and 2024 and changes during the years ended on those dates is presented as follows:

	Number of options		Weighted average exercise price	
	2025	2024	2025	2024
Outstanding at beginning of year	1,414,500	1,481,500	$ 36.43	$ 35.97
Granted	145,000	295,000	26.08	31.04
Exercised	-	(313,000)	-	29.03
Forfeited	(437,000)	(49,000)	36.75	37.39
Outstanding at end of year	**1,122,500**	**1,414,500**	**$ 34.97**	**$ 36.43**
Exercisable at end of year	**555,000**	**694,500**	**$ 39.27**	**$ 38.69**

A summary of stock options outstanding and exercisable as at October 31, 2025 is set out below:

	Outstanding stock options			Exercisable stock options	
Exercise price	Number outstanding	Weighted average remaining contractual life in years	Weighted average exercise price in $	Number exercisable	Weighted average exercise price in $
$26.00 to $35.00	725,000	4.96	31.55	178,500	34.52
$35.01 to $40.00	267,500	0.96	37.89	246,500	38.08
$40.01 to $50.00	115,000	1.15	46.30	115,000	46.30
$50.01 to $62.00	15,000	2.37	61.41	15,000	61.41
	1,122,500	**3.58**	**34.97**	**555,000**	**39.27**

The Company uses the fair value method for recording compensation expense 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. During fiscal 2025, the Company recorded a non-cash charge of $1.0 million (2024 – $1.0 million) relating to stock options.

For options granted in the year, 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 monthly basis using historical closing prices, as adjusted for certain events that management deemed 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	2025	2024
Risk-free interest rate	4.02%	3.98%
Estimated volatility	37%	36%
Dividend yield	$1.20	$1.04
Expected life (in years)	5.0	5.0
Weighted average fair value	$7.29	$8.65
Weighted average share price at grant date	$26.08	$31.04

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.

Restricted Share Units

RSUs granted are a bonus for services in the year the award is earned. 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 was recognized in the year the bonus was earned.

A summary of the status of the Company's RSUs as at October 31, 2025 and 2024, and changes during the years ended on those dates, is presented as follows:

Year ended October 31	2025	2024
Outstanding at beginning of year	-	-
Granted	2,061	-
Dividend equivalent units issued	72	-
Outstanding at end of year	**2,133**	**-**

Performance Share Units

PSUs granted will be for services over the three-year vesting period. 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 October 31, 2025 and 2024, and changes during the years ended on those dates, is presented as follows:

Year ended October 31	2025	2024
Outstanding at beginning of year	25,447	-
Granted	-	25,000
Forfeited	(15,364)	-
Dividend equivalent units issued	545	447
Outstanding at end of year	**10,628**	**25,447**

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. During fiscal 2025, the Company recorded a non-cash charge of $0.3 million (2024 – $0.2 million) relating to DSUs.

A summary of the status of the Company's DSUs as at October 31, 2025 and 2024, and changes during the years ended on those dates, is presented as follows:

Year ended October 31	2025	2024
Outstanding at beginning of year	5,512	-
Granted	13,253	5,486
Dividend equivalent units issued	466	26
Outstanding at end of year	**19,231**	**5,512**

11. Income taxes

(A) The provision for income taxes consists of the following:

Current income taxes:	**2025**	**2024**
Current tax on profits for the year	$ 22,822	$ 16,843
Foreign withholding taxes	1,290	3,000
Adjustments upon filing of tax returns	1,450	290
	$ 25,562	**$ 20,133**
Deferred income taxes:		
Origination and reversal of temporary differences	(3,534)	3,116
Change in tax rates	44	(5)
Changes in unrecognized tax assets	(4,199)	(3,306)
	$ (7,689)	**$ (195)**
Provision for income taxes	**$ 17,873**	**$ 19,938**

(B) The Company operates in multiple tax jurisdictions. The provision for income taxes differs from the expense that would be obtained by applying the combined federal and provincial statutory rate in Canada as a result of the following:

	2025		2024	
Expected income tax amount at statutory rate	$ 24,259	% 26.5	$ 26,835	% 26.5
Foreign earnings subject to different income tax rates	(1,545)	(1.7)	(1,524)	(1.5)
Change in tax rates	44	-	(5)	-
Non-deductible expenses	510	0.6	439	0.4
Tax-exempt income	(4,462)	(4.9)	(6,262)	(6.2)
Foreign withholding taxes	1,290	1.4	3,000	3.0
Resolution of tax positions	1,976	2.2	761	0.8
Changes in unrecognized tax assets	(4,199)	(4.6)	(3,306)	(3.3)
Effective income tax amount and rate	**$ 17,873**	**% 19.5**	**$ 19,938**	**% 19.7**

During the year, tax rate changes have been substantively enacted as follows:

Jurisdiction	New rate	Prior rate	Effective date
Kenya	30.0%	37.5%	January 2025
Portugal	20.0%	21.0%	January 2025

(C) The Company has recognized deferred income tax assets and liabilities as at October 31, 2025 and 2024 of the following:

Deferred income tax assets:	**2025**	**2024**
Provisions and reserves	$ 5,185	$ 4,942
Income tax loss carry-forwards	11,721	10,622
SRED expenditures	10,625	6,525
Property and equipment	7,574	4,139
	35,105	26,228
Deferred income tax liabilities:		
Acquired software	2,880	1,367
Other intangibles	6,168	5,291
Deferred revenue reserves	4,391	3,842
	13,439	10,500
Net deferred income tax assets	**$ 21,666**	**$ 15,728**

(D) The movement in deferred income tax assets and liabilities during the year is as follows:

	Balance November 1, 2024	Recognized in profit or loss	Acquired in business combinations	Other	Balance October 31, 2025
Provisions and reserves	$ 4,942	$ 243	$ -	$ -	$ 5,185
Income tax loss carry-forwards	10,622	(1,805)	2,904	-	11,721
SRED expenditures	6,525	4,100	-	-	10,625
Property and equipment	4,139	3,435	-	-	7,574
Other	-	283	-	(283)	-
Assets	**$ 26,228**	**$ 6,256**	**$ 2,904**	**$ (283)**	**$ 35,105**
Acquired software	1,367	(680)	2,193	-	2,880
Intangible assets	5,291	(1,302)	2,179	-	6,168
Deferred revenue reserves	3,842	549	-	-	4,391
Liabilities	**$ 10,500**	**$ (1,433)**	**$ 4,372**	**$ -**	**$ 13,439**

	Balance November 1, 2023	Recognized in profit or loss	Acquired in business combinations	Other	Balance October 31, 2024
Provisions and reserves	$ 6,208	$ (1,266)	$ -	$ -	$ 4,942
Income tax loss carry-forwards	8,679	1,943	-	-	10,622
SRED expenditures	5,852	673	-	-	6,525
Property and equipment	2,547	1,592	-	-	4,139
Acquired software	5,598	(5,598)	-	-	-
Other	-	11	-	(11)	-
Assets	**$ 28,884**	**$ (2,645)**	**$ -**	**$ (11)**	**$ 26,228**
Acquired software	2,712	(1,345)	-	-	1,367
Intangible assets	7,202	(1,911)	-	-	5,291
Deferred revenue reserves	3,426	416	-	-	3,842
Liabilities	**$ 13,340**	**$ (2,840)**	**$ -**	**$ -**	**$ 10,500**

The Company and its subsidiaries have non-capital losses available for carry-forward for income tax purposes, which may be subject to restriction on their availability to shelter income as follows:

Jurisdiction	Non-capital losses available 2025	Non-capital losses available 2024	Expiry terms
Canada	$118,000	$111,000	Expire in periods commencing in 2029 – 2046
United States	44,000	62,000	Expire in periods commencing in 2026 – 2040
United Kingdom	50,000	23,000	No expiry
Israel	41,000	45,000	No expiry
France	16,000	17,000	No expiry
Belgium	6,000	8,000	No expiry
Other	29,000	24,000	No expiry
	$304,000	**$290,000**	

The Company has $304 million of non-capital losses available, of which $236 million have not been recognized. Of the unrecognized amount, $32 million in losses were incurred by companies resident in the U.S., which are subject to IRC 382 limitations expiring over the next 13 years. These limit the use of losses that are available and provide that these losses can only be applied on a straight-line basis over the applicable expiry period. Based on the attributes and the Company's profitability in the U.S., it is uncertain whether there will be sufficient future taxable income with which to offset these losses during this period. Of the remaining $204 million, $100 million of losses were incurred in Canada and $104 million in losses are related to losses incurred by other foreign subsidiaries that have been acquired during the year or in previous years. Due to a lack of financial history and historical losses in these entities, management believes that it is not appropriate to fully recognize tax assets for losses acquired with these businesses, which could potentially reverse.

Additionally, the Company has not recognized approximately $93 million of deductible temporary differences as it is uncertain whether future taxable income in the tax jurisdictions in which the temporary differences arise will be available from which to realize the benefits. Of this amount, $19 million relates to scientific research and development credits available in Canada that are subject to expiry between 2026 and 2043. The current year's tax provision includes a credit of $1.8 million booked for the recognition of deferred income tax assets related primarily to non-capital losses for tax purposes, compared to a credit of $2.8 million recorded in fiscal 2024 for the same reason.

12. Earnings per Share

Basic earnings per share are calculated by dividing net income for the period by the weighted average number of common shares, including DSUs, outstanding during the year.

Year ended October 31	2025	2024
Net income for the year	$ 73,666	$ 81,328
Weighted average number of common shares outstanding	55,151	55,352
Basic earnings per share	**$ 1.34**	**$ 1.47**

Diluted earnings per share are calculated by adjusting the weighted average number of common shares outstanding to assumed conversion of all potentially dilutive common shares. The Company has stock options, RSUs and PSUs as being potentially dilutive to common shares. DSUs are included in the basic earnings per share calculation and are thus not considered dilutive. 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.

Year ended October 31	2025	2024
Net income for the year	$ 73,666	$ 81,328
Weighted average number of common shares outstanding	55,151	55,352
Adjustment for stock options, RSUs and PSUs	2	10
Weighted average number of common shares outstanding for diluted earnings per share	**55,153**	**55,362**
Diluted earnings per share	**$ 1.34**	**$ 1.47**

13. Acquisitions

Acquisitions have been recorded under the acquisition method of accounting and results have been included in the consolidated 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 fair value of the assets acquired being allocated to goodwill.

2025 Acquisitions

On April 14, 2025, the Company acquired Trafi Ltd. ("Trafi"), a provider of 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. SeaChange provides their 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. 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 holdback 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 consolidated financial statements. The purchase price allocations for acquisitions completed in 2024 have been finalized, while acquisitions completed in 2025 have not been finalized, subject to receipt of additional information related to the settlement of the holdback obligations.

Purchase Price Allocation

	AMG Preliminary 2025	IMG Preliminary 2025	AMG Final 2024	IMG Final 2024
Cash and cash equivalents	$ 6,667	$ 2,620	$ 245	$ 497
Accounts receivable	4,770	2,276	8,082	2,029
Prepaid expenses and other assets	532	761	2,609	977
Property and equipment	522	38	903	300
Deferred income tax assets	2,268	636	-	140
Acquired software	6,718	2,600	10,997	8,882
Customer relationships	8,906	766	7,354	1,929
Right-of-use assets	196	-	-	570
Goodwill	17,791	4,456	11,377	12,926
Total assets acquired	**$ 48,370**	**$ 14,153**	**$ 41,567**	**$ 28,250**
Current liabilities assumed	$ 9,402	$ 2,419	$ 10,468	$ 13,739
Other long-term liabilities	45	262	-	254
Deferred income tax liabilities	3,531	841	-	-
Total liabilities assumed	**$ 12,978**	**$ 3,522**	**$ 10,468**	**$ 13,993**
Net assets acquired for cash consideration	**$ 35,392**	**$ 10,631**	**$ 31,099**	**$ 14,257**

The gross contractual amounts of acquired receivables in 2025 were $7.1 million (2024 – $21.3 million). However, acquired receivables are generally represented as collectible by the sellers and therefore are expected to be fully collectible from either the customers or sellers. The Company does not believe the impact of the acquisitions is material to either consolidated revenue or consolidated net income.

The goodwill recognized in connection with 2025 acquisitions is primarily attributable to the anticipated improvement in the operations of the companies acquired and synergies with existing operations as a result of implementation of the Company's business strategies and methodologies. Goodwill also includes other intangibles such as assembled workforce that do not qualify for separate recognition under IFRS. Of the total goodwill of $22.2 million recorded in 2025, nothing will be deductible for tax purposes, while $20.8 million of the $24.3 million recorded in 2024 is deductible for tax purposes.

14. Leases

The Company has the right-of-use of land, buildings, automobiles and equipment under lease. The non-cancellable contract period for the Company's leases typically ranges from less than one year to ten years.

		2025		2024
Less than 1 year*	$	5,197	$	5,344
Between 1 and 5 years		8,032		5,699
More than 5 years		127		521
	$	**13,356**	**$**	**11,564**

*Includes short-term and low-value leases in addition to leases accounted for under IFRS 16, *Leases*.

Lease Liabilities and Right-of-Use Assets

Below is a summary of the activity related to lease liabilities and right-of-use assets for the years ended October 31, 2025 and 2024:

Lease liabilities		2025		2024
Beginning of year	$	11,088	$	12,402
Additions		2,481		2,011
Acquisitions		196		570
Lease modifications		2,356		2,657
Interest expense		505		556
Payments, including repayments of interest		(6,074)		(7,030)
Foreign exchange		589		(78)
End of year	**$**	**11,141**	**$**	**11,088**
Current portion of lease liabilities		5,197		5,344
Long-term portion of lease liabilities		5,944		5,744

Right-of-use assets		2025		2024
Cost				
Beginning of year	$	42,810	$	38,327
Additions		2,481		2,011
Acquisitions		196		570
Lease modifications		2,356		2,657
Foreign exchange		2,061		(755)
End of year	**$**	**49,904**	**$**	**42,810**
Accumulated depreciation				
Beginning of year		31,337		26,085
Depreciation		5,644		5,981
Foreign exchange		1,470		(729)
End of year	**$**	**38,451**	**$**	**31,337**
Net book value	**$**	**11,453**	**$**	**11,473**

Expenses associated with short-term leases were $1.7 million and nominal on low-value leases for the year ended October 31, 2025 and were $1.9 million and $0.1 million, respectively, for the year ended October 31, 2024.

15. 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 material accounting policies.

Year ended October 31	2025			2024		
	IMG	AMG	Total	IMG	AMG	Total
Revenue	$ 285,760	$ 213,118	$ 498,878	$ 308,920	$ 193,585	$ 502,505
Direct costs	(100,133)	(81,452)	(181,585)	(102,390)	(73,196)	(175,586)
Revenue, net of direct costs	**185,627**	**131,666**	**317,293**	**206,530**	**120,389**	**326,919**
Operating expenses excluding special charges	(90,066)	(55,625)	(145,691)	(90,871)	(47,238)	(138,109)
Depreciation	(1,441)	(1,077)	(2,518)	(1,574)	(773)	(2,347)
Depreciation of right-of-use assets	(3,568)	(2,076)	(5,644)	(3,870)	(2,111)	(5,981)
Segment profit	**$ 90,552**	**$ 72,888**	**$ 163,440**	**$ 110,215**	**$ 70,267**	**$ 180,482**
Special charges			(5,072)			(1,609)
Corporate and shared service expenses			(44,014)			(45,027)
Results from operating activities			**$ 114,354**			**$ 133,846**

Goodwill allocated to IMG and AMG is $222,325 and $119,268, respectively, for the year ended October 31, 2025 and was $211,951 and $97,880, respectively, for the year ended October 31, 2024.

Revenue from customers as well as non-current assets are attributable to individual countries based on the reporting entity that records the transaction and is distributed geographically as follows:

Jurisdiction	Revenue (%)		Non-current assets	
	2025	2024	2025	2024
United States	39	41	$ 213,932	$ 227,907
Europe, excluding Scandinavia	20	19	73,910	66,035
Scandinavia	16	16	41,827	38,726
United Kingdom	13	12	61,796	33,637
Asia-Pacific and other	7	6	13,581	9,968
Canada	5	6	41,600	47,817
Total	**100**	**100**	**$ 446,646**	**$ 424,090**
Deferred income tax assets			35,105	26,228
Total non-current assets			**$ 481,751**	**$ 450,318**

16. Litigation and Contingencies

General

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 at October 31, 2025.

17. Capital Disclosures

The Company's objectives in managing capital are to ensure sufficient liquidity to pursue its strategy of organic growth combined with strategic acquisitions and to deploy capital to provide an appropriate return on investment to its shareholders. The capital structure of the Company consists of shareholders' equity, comprising retained earnings, share capital and accumulated other comprehensive income or loss amounts relating to equity securities held for trading and cumulative translation adjustments. The Company does not have any outstanding debt financing. The Company manages its capital structure and adjusts it in light of economic conditions and the risk characteristics of the underlying assets. The Company's primary uses of capital are to finance non-cash working capital requirements, capital expenditures and acquisitions, which are currently funded from its internally generated cash flows.

The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. There has been no change with respect to the overall capital risk management strategy during the years ended October 31, 2025 and 2024.

18. Financial Instruments

Fair Value of Financial Instruments

The Company has determined that the fair value of its cash, cash equivalents, short-term investments and financial liabilities approximate their respective carrying amounts as at the Consolidated Statement of Financial Position dates due to their short-term nature.

Fair Value Hierarchy

The table below analyzes financial instruments carried at fair value, by valuation method. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e., prices) or indirectly (i.e., derived from prices). Level 3 inputs are inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs).

In the following table, the Company has segregated all financial assets and liabilities that are measured at fair value into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date. The Company has no financial assets that are measured using Level 2 or 3 inputs.

Financial assets and financial liabilities that are measured at fair value as at October 31, 2025 and 2024 in the consolidated financial statements are summarized below. The Company has no significant financial liabilities measured at fair value initially other than those recognized in connection with business combinations. There were no transfers of fair value measurements between Level 1 and Level 2 of the fair value hierarchy in 2025 and 2024.

	October 31, 2025			October 31, 2024		
Assets	**Level 1**	**Level 2**	**Total**	**Level 1**	**Level 2**	**Total**
Cash and cash equivalents	$ 269,061	$ -	$ 269,061	$ 274,240	$ -	$ 274,240
Short-term investments	25	-	25	487	-	487
Total	**$ 269,086**	**$ -**	**$ 269,086**	**$ 274,727**	**$ -**	**$ 274,727**

Risk Management

The Company, through its financial assets and liabilities, is exposed to risks of varying degrees of significance that could impact its ability to achieve its strategic growth objectives. The main objective of the Company's risk management process is to ensure that risks are properly identified and addressed. The Company has exposure to credit risk, market risk and liquidity risk.

The Company manages its short-term investment portfolio to maximize returns, maintain liquidity and diversify its credit risk exposure to safeguard its principal. To achieve this objective, the Company has established an investment committee consisting of the Company's Chief Executive Officer, Chief Financial Officer and Chairperson of the Audit Committee. The Company has also adopted a formal investment policy to govern the management of the Company's investment portfolio, which specifies eligible investments, investment limits, minimum allowable credit ratings of investments and the permissible concentration of credit risk. The Company does not enter into any hedge transactions in its investment portfolio and is not party to any derivative financial instruments.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's accounts receivable. The amounts reported in the Consolidated Statements of Financial Position are net of the expected credit loss allowance for bad debts, estimated by the Company's management based on prior experience and their assessment of the current economic environment. The lifetime expected credit loss reflects the Company's best estimate of losses on the accounts receivable and unbilled revenues. The Company reviews its trade receivable accounts regularly and makes adjustments as soon as the account is determined not to be fully collectible. The Company believes that its credit risk with respect to accounts receivable is limited for a number of reasons including dealing primarily with large companies and governmental agencies, diversifying its customer base across varying industries and geographic locations, regular management review, negotiating progress payments as contracts are executed and past experience with bad debt expense. The Company historically has not experienced any significant losses related to individual customers or groups of customers in any particular industry or geographic area. No individual customer's trade receivable poses a significant credit risk to the Company.

Accounts receivable had a carrying value of $89.0 million as at October 31, 2025 (2024 – $92.3 million), representing the maximum exposure to credit risk of those financial assets, net of the loss allowance of $10.0 million. The Company's expected credit loss for accounts receivable decreased from $16.7 million as at October 31, 2024 primarily as a result of an increased focus on collection activities. The definition of items that are past due is determined by reference to payment terms agreed to with individual customers, which are normally within 30 to 60 days. Approximately 10.1% or $9.0 million of accounts receivable as at October 31, 2025 was outstanding more than 90 days, compared to 15.0% or $16.4 million past due as at October 31, 2024.

With respect to its investment portfolio, the Company limits its exposure to credit risks from counterparties to financial instruments by dealing only with major financial institutions and large multi-national corporations with high credit ratings, investing only in high-grade investment products and limiting exposure to any one financial institution, commercial issuer or investment type and limiting the term of maturity. Management does not expect any counterparties to fail to meet their obligations. The carrying amount of financial assets represents the maximum credit exposure to the Company.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its financial instruments.

Foreign Exchange Risk

Foreign exchange risk is related to the portion of the Company's business transactions denominated in currencies other than Canadian dollars, a large portion of which relates to fluctuations in the value of the Canadian dollar relative to that of the U.S. dollar. However, a significant proportion of revenue is also generated by the Company's U.K. and European operations, which diversifies the risk.

If all the foreign currencies in which the Company transacts were to fluctuate by 1% from existing rates against the Canadian dollar, results from operating activities would be increased or decreased by approximately $1.1 million in the Consolidated Statements of Operations and Comprehensive Income.

For the Company's foreign currency transactions, fluctuations in the respective exchange rates relative to the Canadian dollar will create volatility in the Company's cash flows and the reported amounts for revenue and selling, general and administrative expenses on a period-to-period basis.

Additional earnings volatility arises from the translation of monetary assets and liabilities denominated in currencies other than the functional currency of the subsidiary in which they are recorded. Changes in the rates of exchange at each Consolidated Statement of

Financial Position date of these monetary assets and liabilities are reported as a foreign exchange gain or loss. For the year ended October 31, 2025, the Company reported foreign exchange losses of $2.4 million compared to losses of $1.7 million in fiscal 2024.

Translation gains or losses incurred upon consolidation of the Company's foreign operations' financial positions into Canadian dollars are included in the Company's accumulated other comprehensive income account on the Consolidated Statements of Financial Position. During fiscal 2025, the exchange rate for U.S. dollars to Canadian dollars averaged $1.40 (2024 – $1.36), while the pound sterling averaged $1.83 (2024 – $1.74), and the euro averaged $1.56 (2024 – $1.48). If exchange rates were to fluctuate by 1%, the translation gain or loss on the Company's net assets could be valued at plus or minus $0.9 million due to the fluctuation and would be recorded in other comprehensive income (loss).

Interest Rate Risk

Interest rate risk arises because of the fluctuation in interest rates. The Company is subject to interest rate risk on its cash and short-term investments. If interest rates were to fluctuate proportionally by 1% of existing rates, interest income would be increased or decreased by approximately $2.6 million per year.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach is to ensure that it has sufficient liquidity to meet its obligations, mainly accounts payable, accrued liabilities, accrued provisions and deferred revenue, when due. The Company does not have any outstanding external debt financing and settles its financial obligations out of cash. The Company relies on its ability to generate net cash provided by operating activities, collect accounts receivable in a timely manner and maintain sufficient cash on hand. As at October 31, 2025, the Company's current liabilities, all of which fall due for payment within twelve months of the Consolidated Statement of Financial Position date, were $218.7 million (2024 – $211.3 million). As at October 31, 2025, the Company had a working capital surplus of $156.3 million (2024 – $171.9 million), which includes cash and short-term investments balances of $269.1 million (2024 – $274.7 million).

19. Changes in Non-Cash Operating Working Capital

Year ended October 31	2025	2024
Decrease in accounts receivable	$ 17,765	$ 13,904
Decrease in prepaid expenses and other assets	1,168	3,703
Decrease in accounts payable and accrued liabilities	(5,860)	(6,226)
Increase (decrease) in provisions	123	(403)
Changes in income taxes payable	(1,519)	(3,553)
Decrease in deferred revenue	(18,038)	(15,345)
Changes in non-cash operating working capital	**$ (6,361)**	**$ (7,920)**

20. Additional IFRS Information

Expense by nature	2025	2024
Third-party license, maintenance and services	$ 59,181	$ 55,718
Hardware	6,476	6,864
Staff costs	274,099	260,936
Technology and computer supplies	15,109	14,761
Travel and marketing	7,068	8,778
Communications	1,555	1,617
Occupancy cost and administrative expenses	2,856	5,527
Professional services	4,946	4,522
Restructuring and special charges	5,072	1,609
Depreciation of right-of-use assets	5,644	5,981
Depreciation	2,518	2,347
Total	**$ 384,524**	**$ 368,660**

Staff costs	2025	2024
Salaries and wages	$ 203,652	$ 187,309
Employee benefits	39,338	36,125
Stock-based compensation	1,324	1,188
Termination benefits	459	162
Bonuses	5,236	5,694
Commissions	3,203	3,598
Contractors	20,887	26,860
Total	**$ 274,099**	**$ 260,936**

Included in employee benefits is the Company's share of costs related to defined contribution pension plans of $6.1 million (2024 – $5.5 million).

21. Related Parties

Related Party Transactions
The Company has not entered into any related party transactions other than the key management compensation discussed below.

Key Management Personnel Compensation
The key management personnel of the Company are the eight members of the Company's executive management team located in Canada and the U.S. who control approximately 11.7% (2024 – 11.6%) of the outstanding shares of Enghouse.

	2025	2024
Salaries, bonuses and employee benefits	$ 8,565	$ 7,964
Stock options expense	775	573
Total	**$ 9,340**	**$ 8,537**

22. Defined Benefit Pension Obligation

The Company assumed certain defined benefit pension obligations with respect to several employees in Belgium, Germany and the Netherlands resulting from the Company's Tollgrade acquisition. There are no plan assets and therefore the net defined benefit obligation per the Consolidated Statements of Financial Position represents the complete benefit obligation for all three countries. As at October 31, 2025 , the majority of the defined benefit obligation relates to Germany, which is carried at fair value of $1.6 million (2024 – $1.5 million). Sensitivity resulting from the pension plan's significant actuarial assumptions and variables does not have a significant impact on the Consolidated Statements of Operations and Comprehensive Income.

23. Subsequent Events

On November 7, 2025, the Company announced the acquisition of the telecommunications division ("Sixbell Telco") of Sixbell, a provider of telecommunications and customer engagement software solutions in Latin America headquartered in Santiago, Chile. Sixbell Telco provides a comprehensive suite of software platforms that enable service providers to modernize and transform their networks. Results will be included in the AMG from the date of acquisition.

24. Comparative Financial Information

The comparative consolidated annual financial statements have been reclassified from statements previously presented to conform to the presentation of the 2025 consolidated annual financial statements.