Enghouse Systems

Software engineered for results

First Quarter Ended January 31, 2026

March 12, 2026

Dear fellow Shareholders,

We are pleased to share our first quarter results for the three months ended January 31, 2026. In what seems to be a consistent theme of uncertainty, whether due to macroeconomic changes or everchanging AI impact predictions, our core principles remain consistent: disciplined execution, operational efficiency, and long-term value creation for our shareholders. Our business continues to be supported by embedded customer relationships, a balanced portfolio diversified across verticals and geographies as well as stable and positive cash flows quarter over quarter.

Revenue for the first quarter of 2026 was $120.1 million, compared to $124.0 million in the same period in the prior year. SaaS and maintenance services revenue consistently represents about 70% of total revenues and reflects changes in recurring maintenance support streams, while our core SaaS business remained steady. Our Asset Management group provided an increase over prior year as our expansion in that segment provides a more diverse revenue portfolio. Combined with offering a balanced mix of on-premise and SaaS solutions, we are both well positioned and funded to capitalize on emerging opportunities in the evolving technological landscape.

Net income was $17.5 million or $0.32 per diluted share in the quarter, compared to $21.9 million or $0.40 per diluted share, reported in the same period last year. Adjusted EBITDA was $31.1 million or $0.57 per diluted share in the quarter, compared to $33.1 million in the same period last year. Despite an unpredictable and challenging market, we remain focused on cost management measures and operational adjustments to scale costs to revenue, allowing us to maintain sustainable profitability.

During the quarter, Enghouse completed the acquisition of Sixbell Telco ("Sixbell"), a provider of telecommunications and customer engagement software solutions in Latin America. Sixbell provides a comprehensive suite of software platforms that enable service providers to modernize and transform their networks. Its solutions span converged charging, intelligent routing, signaling management, and voice interaction solutions.

Net cash provided by operating activities, excluding changes in working capital and income taxes paid, was $31.4 million compared to $37.7 million in the prior year. During the first quarter, in addition to funding the Sixbell acquisition, we returned $16.4 million to shareholders through dividends and repurchased $5.1 million of our shares. Enghouse closed the quarter with $260.2 million in cash, cash equivalents and short-term investments, compared to $269.1 million at October 31, 2025, with no external debt financing.

As we look at the business landscape, we continue to leverage our diversified portfolio and innovative solutions to capture emerging opportunities across key markets, while exploring AI capabilities and integration to enhance our offerings. With a strong cash position and a track record of successfully completing numerous accretive acquisitions, we have the ability to pursue further strategic acquisitions while delivering value to our customers and shareholders.

Today, the Board of Directors approved a 3.3% increase in the Company's eligible quarterly dividend to $0.31 per common share, payable on May 29, 2026, to shareholders of record at the close of business on May 15, 2026. This represents the 18th consecutive year in which the Company increased its dividend.

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 March 12, 2026 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 MD&A and audited consolidated financial statements and the notes thereto. This MD&A covers the unaudited condensed consolidated interim results of operations, financial condition and cash flows of Enghouse Systems and its subsidiaries, all wholly owned, for the first quarter ended January 31, 2026.

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

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

Non-IFRS measures and forward-looking statements

The Company uses non-IFRS measures to assess its operating performance. Securities regulations require that companies caution readers that earnings and other measures adjusted to a basis other than IFRS do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies. Accordingly, they should not be considered in isolation. The Company uses Adjusted Earnings before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA") as a measure of operating performance. Therefore, Adjusted EBITDA may not be comparable to similar measures presented by other issuers. Adjusted EBITDA is calculated based on results from operating activities adjusted for depreciation of property, equipment and right-of-use assets, and special charges for acquisition 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.

For additional information with respect to certain of these risks or factors, reference should be made to the "Risks and Uncertainties" section of the MD&A and notes to the audited consolidated financial statements for the year ended October 31, 2025, as well as to the Company's continuous disclosure materials filed from time to time with Canadian securities regulatory authorities, copies of which are filed electronically on SEDAR at www.sedarplus.com.

Corporate Overview

Enghouse is a Canadian publicly traded company (TSX: ENGH) that provides a wide range of mission critical vertically focused enterprise software solutions. Our core technologies are used for contact centers, video communications, virtual healthcare, education, telecommunications networks, IPTV, public safety and transit. The Company's two-pronged strategy to grow earnings focuses on both organic growth and acquisitions, which, to date, have been funded only through net cash provided by operating activities as the Company has no outstanding external debt financing. The Company is organized around two business segments, the Interactive Management Group ("IMG") and the Asset Management Group ("AMG") due to their unique customer segments and technology offerings.

IMG specializes in 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.

First quarter overview

In the first quarter of fiscal 2026, Enghouse continued to navigate through a complex global environment marked by economic uncertainty, trade pressures, and rapid technological advancements. Revenue for the quarter was $120.1 million, compared to $124.0 million in the same period last year and $124.5 million in the prior quarter. Recurring revenue accounted for $84.6 million, or 70.4% of total revenue, reflecting the continued strength of software and SaaS solutions as well as our focus on sustaining long-term customer relationships. Enterprise customers continue to require secure, mission-critical systems across networks, transportation, contact center and video environments. Our balanced mix of on-premise and cloud solutions positions us to participate constructively in this evolution.

We reported net income of $17.5 million in the first quarter, lower than the same quarter in prior year, due to a decline in overall revenue impacted by expected customer churn, foreign exchange swings and increased withholding taxes on cash repatriation. As a result of restructuring efforts and operational adjustments commenced in the latter half of the prior fiscal year, Enghouse continues to reduce operating costs and take further actions to scale resources across both our core business and acquired operations to match revenue and deliver profitable results.

During the quarter, Enghouse completed the acquisition of Sixbell Telco ("Sixbell"), a provider of telecommunications and customer engagement software solutions in Latin America. Sixbell 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.

Enghouse closed the quarter with a strong cash position of $260.2 million and consistently positive net cash provided by operating activities, positioning us to pursue accretive acquisitions and invest in initiatives that drive growth and innovation. In the quarter we funded the acquisition of Sixbell, returned $16.4 million to shareholders through dividends and repurchased $5.1 million of our shares.

Looking forward, uncertainty in global markets, continued trade tensions, and the impact of accelerating technological change on both customers and organizations are expected to remain defining factors. Enghouse will maintain focus on expanding recurring revenue, optimizing operational efficiency, and advancing R&D initiatives that deliver the highest long-term value. With a robust cash position, no external debt, and a diverse portfolio of revenue offerings, Enghouse is well-positioned to adapt to evolving market conditions and continue to create sustainable 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 provides details regarding operating results for the past eight quarters:

For the three months ended	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024
Revenue	**$ 120,098**	**$ 124,482**	**$ 125,577**	**$ 124,819**	**$ 124,000**	**$ 125,702**	**$ 130,501**	**$ 125,813**
Direct costs	**44,627**	45,728	45,409	45,985	44,463	44,967	45,836	43,201
Revenue, net of direct costs	**$ 75,471**	**$ 78,754**	**$ 80,168**	**$ 78,834**	**$ 79,537**	**$ 80,735**	**$ 84,665**	**$ 82,612**
As a % of revenue	*62.8%*	*63.3%*	*63.8%*	*63.2%*	*64.1%*	*64.2%*	*64.9%*	*65.7%*
Operating expenses	46,390	47,160	49,905	52,345	48,457	47,133	49,120	49,031
Special charges	810	572	3,008	1,401	91	169	1,243	106
Results from operating activities	$ 28,271	**$ 31,022**	**$ 27,255**	**$ 25,088**	**$ 30,989**	**$ 33,433**	**$ 34,302**	**$ 33,475**
As a % of revenue	*23.5%*	*24.9%*	*21.7%*	*20.1%*	*25.0%*	*26.6%*	*26.3%*	*26.6%*
Amortization	(6,621)	(6,685)	(7,032)	(7,296)	(8,479)	(9,322)	(9,663)	(11,146)
Other	1,761	1,695	1,204	(1,003)	4,781	4,137	832	2,576
Income before income taxes	$ 23,411	**$ 26,032**	**$ 21,427**	**$ 16,789**	**$ 27,291**	**$ 28,248**	**$ 25,471**	**$ 24,905**
Provision for income taxes	5,911	4,904	4,254	3,328	5,387	5,607	4,891	4,931
Net Income for the period	**$ 17,500**	**$ 21,128**	**$ 17,173**	**$ 13,461**	**$ 21,904**	**$ 22,641**	**$ 20,580**	**$ 19,974**
Basic earnings per share	**0.32**	0.38	0.31	0.24	0.40	0.41	0.37	0.36
Diluted earnings per share	**0.32**	0.38	0.31	0.24	0.40	0.41	0.37	0.36
Net cash provided by operating activities	20,791	19,627	27,087	36,671	21,249	31,583	40,333	40,256
Net cash provided by operating activities excluding changes in working capital and income taxes paid	31,407	35,325	30,894	25,543	37,741	40,270	37,363	38,613
Cash and short-term investments	260,212	269,086	271,582	263,521	271,088	274,727	258,693	263,772
Total assets	856,217	856,818	848,946	868,673	865,393	833,493	840,837	822,065
Adjusted EBITDA:								
Results from operating activities	**28,271**	31,022	27,255	25,088	30,989	33,433	34,302	33,475
Depreciation	614	624	594	647	653	655	647	551
Depreciation of right-of-use assets	1,451	1,443	1,393	1,430	1,378	1,375	1,530	1,570
Special charges	810	572	3,008	1,401	91	169	1,243	106
Adjusted EBITDA	**$ 31,146**	**$ 33,661**	**$ 32,250**	**$ 28,566**	**$ 33,111**	**$ 35,632**	**$ 37,722**	**$ 35,702**
Adjusted EBITDA margin	*25.9%*	*27.0%*	*25.7%*	*22.9%*	*26.7%*	*28.3%*	*28.9%*	*28.4%*
Adjusted EBITDA per diluted share	**$ 0.57**	**$ 0.61**	**$ 0.58**	**$ 0.52**	**$ 0.60**	**$ 0.64**	**$ 0.68**	**$ 0.64**

Results of Operations

The following table provides details regarding operating results for the three months ended January 31, 2026.

For the period ended January 31	Three months			
	2026	2025	Var ($)	Var (%)
Revenue	**$ 120,098**	**$ 124,000**	**(3,902)**	***(3.1)***
Direct costs	44,627	44,463	164	*0.4*
Revenue, net of direct costs	**$ 75,471**	**$ 79,537**	**(4,066)**	***(5.1)***
As a % of revenue	*62.8%*	*64.1%*		
Operating expenses	46,390	48,457	(2,067)	*(4.3)*
Special charges	810	91	719	*790.1*
Results from operating activities	**$ 28,271**	**$ 30,989**	**(2,718)**	***(8.8)***
As a % of revenue	*23.5%*	*25.0%*		
Amortization of acquired software and customer relationships	(6,621)	(8,479)	1,858	*21.9*
Foreign exchange (losses) gains	(1,044)	2,309	(3,353)	*(145.2)*
Interest expense – lease obligations	(128)	(128)	0	*0.0*
Finance income	1,548	2,304	(756)	*(32.8)*
Finance expenses	(74)	(3)	(71)	*(2366.7)*
Other income	1,459	299	1,160	*388.0*
Income before income taxes	**$ 23,411**	**$ 27,291**	**(3,880)**	***(14.2)***
Provision for income taxes	5,911	5,387	524	*9.7*
Net Income for the period	**$ 17,500**	**$ 21,904**	**(4,404)**	***(20.1)***
Basic earnings per share	0.32	0.40	(0.08)	*(20.0)*
Diluted earnings per share	0.32	0.40	(0.08)	*(20.0)*
Net cash provided by operating activities	20,791	21,249	(458)	*(2.2)*
Net cash provided by operating activities excluding changes in working capital and income taxes paid	31,407	37,741	(6,334)	*(16.8)*

Revenue

The following table provides details regarding revenue for the three months ended January 31, 2026.

For the period ended January 31	Three months		
	2026	2025	Variance
Software licenses	$ 16,859	$ 17,781	$ (922)
SaaS and maintenance services	84,553	87,932	(3,379)
Professional services	16,096	16,108	(12)
Hardware	2,590	2,179	411
Revenue	**$ 120,098**	**$ 124,000**	**$ (3,902)**
Interactive Management Group	67,296	73,221	(5,925)
Asset Management Group	52,802	50,779	2,023
Revenue	**$ 120,098**	**$ 124,000**	**$ (3,902)**

Revenue for the three months ended January 31, 2026 was $120.1 million, a decrease of $3.9 million or 3.1% from the same period in the prior year. Revenue was positively impacted by $3.5 million as a result of favourable foreign exchange. On a constant-currency basis, the variance of $7.4 million is explained by:

- A decrease of $5.5 million or 6.3% in SaaS and maintenance services revenue, attributable to expected churn from certain prior years' acquisitions and from the existing business, primarily in maintenance services revenue. SaaS and maintenance services are an important source of revenue given their predictable and recurring nature and represented 70.4% of total revenues for the period and 70.9% for the comparative period.
- A decrease of $1.4 million or 8.0% in software licenses revenue and $0.9 million or 5.0% in professional services 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 $1.0 million to professional services and software licenses revenue, which partially offset the decline from the existing business.

- An increase of $0.4 million or 16.6% in hardware revenue related to the timing of orders.

Interactive Management Group

IMG revenue for the three months ended January 31, 2026 was $67.3 million, a decrease of $5.9 million or 8.1% from the same period in the prior year. The variance is inclusive of a $1.7 million increase as a result of foreign exchange. On a constant-currency basis, the variance of $7.6 million is explained by:

- A decrease of $6.0 million in SaaS and maintenance services revenue, attributable to expected attrition of $2.7 million from recent acquisitions including Lifesize, as well as churn in the existing maintenance services base.
- A decrease of $0.7 million in each of professional services and software licenses revenue, resulting from the decrease in demand for on-premise software and the ongoing transition to the SaaS licensing model. There was also a nominal decrease in hardware revenue related to the timing of orders.

Asset Management Group

AMG revenue for the three months ended January 31, 2026 was $52.8 million, an increase of $2.0 million or 4.0% from same period in the prior year. The variance is inclusive of a $1.8 million increase as a result of foreign exchange. On a constant-currency basis, the variance of $0.2 million is explained by:

- Excluding current year acquisitions, software licenses decreased by $1.1 million and professional services revenue decreased by $0.7 million while hardware sales revenue increased by $0.6 million, resulting from the timing of orders in the existing business. SaaS and maintenance services revenue decreased by $0.3 million. Current year acquisitions contributed $1.7 million in the quarter roughly equally across all categories except hardware.

Direct Costs

The following table provides details regarding direct costs for the three months ended January 31, 2026.

	Three months		
For the period ended January 31	**2026**	**2025**	**Variance**
Software licenses	$ 646	$ 736	$ (90)
Services	42,659	42,497	162
Hardware	1,322	1,230	92
Direct Costs	**$ 44,627**	**$ 44,463**	**$ 164**
As a % of revenue			
Software licenses	*3.8%*	*4.1%*	
Services	*42.4%*	*40.8%*	
Hardware	*51.0%*	*56.4%*	
Total	***37.2%***	***35.9%***	
Interactive Management Group	22,798	25,713	(2,915)
Asset Management Group	21,829	18,750	3,079
Direct Costs	**$ 44,627**	**$ 44,463**	**$ 164**
As a % of revenue			
Interactive Management Group	*33.9%*	*35.1%*	
Asset Management Group	*41.3%*	*36.9%*	
Revenue, net of Direct Costs	**$ 75,471**	**$ 79,537**	**$ (4,066)**
As a % of revenue	*62.8%*	*64.1%*	

Direct costs for the three months ended January 31, 2026 were $44.6 million or 37.2% of revenue compared to $44.5 million or 35.9% of revenue in the same period in the prior year. Overall services margins declined as a percentage of revenue on professional services due to timing of projects and on SaaS and maintenance services revenue due to the lag in scaling services costs to the decline in the related revenue. Hardware and software licenses margins improved due to favorable changes in the product mix sold in the quarter.

Interactive Management Group

IMG direct costs for the three months ended January 31, 2026 were $22.8 million or 33.9% of segment revenue compared to $25.7 million or 35.1% of revenue in the same period in the prior year. The improved margins are attributable to small improvements across all revenue streams. In addition, prior year acquisitions also contributed as they are further integrated into the business at margins more consistent with the overall business.

Asset Management Group

AMG direct costs for the three months ended January 31, 2026 were $21.8 million or 41.3% of segment revenue compared to $18.8 million or 36.9% of revenue in the same period in the prior year. The decrease in margins is largely attributable to the timing of professional services projects and a higher proportion of contributions from services revenue in the quarter from current and prior year acquisitions, which have relatively higher costs.

Revenue, Net of Direct Costs

Revenue, net of direct costs for the three months ended January 31, 2026 decreased by $4.0 million to $75.5 million or 62.8% of revenue compared to $79.5 million or 64.1% 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 the timing of professional services projects and a lag in scaling costs to the decline in SaaS and maintenance services revenue.

Operating Expenses

The following table provides details regarding operating expenses for the three months ended January 31, 2026.

	Three months		
For the period ended January 31	**2026**	**2025**	**Variance**
Selling, general and administrative	$ 22,395	$ 23,636	$ (1,241)
Research and development	21,930	22,790	(860)
Depreciation	614	653	(39)
Depreciation of right-of-use assets	1,451	1,378	73
Special charges	810	91	719
Operating expenses	**$ 47,200**	**$ 48,548**	**$ (1,348)**
As a % of revenue			
Selling, general and administrative	*18.6%*	*19.1%*	
Research and development	*18.3%*	*18.4%*	
Depreciation	*0.5%*	*0.5%*	
Depreciation of right-of-use assets	*1.2%*	*1.1%*	
Special charges	*0.7%*	*0.1%*	
Operating expenses	*39.3%*	*39.2%*	

Operating expenses for the three months ended January 31, 2026 totaled $47.2 million, a decrease of $1.3 million or 2.8% compared to the same period in the prior year. The variance is largely explained by:

- A decrease of $1.2 million in selling, general and administrative costs resulting from cost savings achieved by better aligning our cost structure to revenue based on recent restructuring efforts. This is also net of the impact of current and prior year acquisitions that were not included in the comparative period that have been integrated into the operations. Selling, general and administrative expenses are equivalent to 18.6% of revenue compared to 19.1% in the same period in the prior year.
- A decrease of $0.9 million in research and development (“R&D”) expenses resulting from expense reductions as current and prior year acquisitions, that were not included in the comparative period, are integrated into the operations. Additional restructuring efforts that were commenced in the latter half of fiscal 2025 continued to yield benefits into fiscal 2026. Research and development expenses are equivalent to 18.3% of revenue compared to 18.4% in the same period in the prior year.
- An increase of $0.7 million in special charges, largely attributable to severance charges related to continuing restructuring efforts.
- These variances are inclusive of an overall increase in direct costs and operating expenses of $2.6 million as a result of foreign exchange, when compared to the same period in the prior year.

Foreign Exchange

The majority of our revenue is from sales denominated in foreign currencies. We do not hedge foreign currency exposure as most of our major international operations fund operating expenses with local 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 January 31, 2026, the Canadian dollar weakened against the pound sterling and euro while strengthening against the US dollar compared to the same period in the prior year. As a result, in the first quarter, there was a positive impact to revenue of $3.5 million reported in Canadian dollars, while operating expenses and direct costs were higher by $2.6 million versus the comparative period.

For the three months ended January 31, 2026, we recognized foreign exchange losses of $1.0 million related to foreign currency denominated monetary assets and liabilities compared to gains of $2.3 million in the same period in the prior year. The loss was a result of movements in non-functional currencies on monetary assets and liabilities relative to the functional currencies of the entities recording the gain or loss.

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 (loss) income account on the Unaudited Condensed Consolidated Interim Statements of Financial Position.

Amortization of Acquired Software and Customer Relationships

Amortization expense for acquired software and customer relationships for the three months ended January 31, 2026 decreased by $1.9 million to $6.6 million compared to the same period in the prior year. The variance is attributable to expiring amortization, net of incremental amortization of acquired software and customer relationships from current and prior year acquisitions.

Finance Income

Finance income, which is primarily comprised of interest income on cash accounts, for the three months ended January 31, 2026 decreased by $0.8 million to $1.5 million compared to the same period in the prior year, as a result of declining interest rates. Efforts continue to repatriate and move cash into high-interest-bearing regions and accounts to maximize returns.

Other income

Other income for the three months ended January 31, 2026 increased by $1.2 million to $1.5 million compared to the same period in the prior year as a result of a gain recognized on the sale of a domain name and settlement of the holdback associated with a prior acquisition.

Provision for income taxes

The provision for income taxes for the three months ended January 31, 2026 increased by $0.5 million to $5.9 million, compared to the same period in the prior year. For the three months ended January 31, 2026, our effective tax rate was 25.2% compared to 19.7% for the same period in the prior year. The increase reflects incremental withholding taxes paid on cash repatriation.

Net income

Net income for the three months ended January 31, 2026 decreased by $4.4 million to $17.5 million, compared to the same period in the prior year. The decrease in net income is attributable to a combination of lower revenue, net of direct costs, increased special charges incurred to scale the Company's operating costs to revenue, increased foreign exchange losses and incremental withholding taxes. This was offset by lower amortization.

For the three months ended January 31, 2026, diluted earnings per share was $0.32 compared to $0.40 in the same period in the prior year.

Net cash provided by operating activities

For the three months ended January 31, 2026, net cash provided by operating activities was $20.8 million compared to $21.2 million in the same period in the prior year. The decrease for the quarter in net cash provided by operating activities reflects lower net income and incremental withholding taxes paid, offset by comparatively favorable changes in non-cash operating working capital.

Adjusted EBITDA

The table below reconciles Adjusted EBITDA to the most directly comparable IFRS measure, Results from operating activities, for the three months ended January 31, 2026.

For the period ended January 31	Three months		
	2026	2025	Variance
Total revenue	$ 120,098	$ 124,000	$ (3,902)
Results from operating activities	28,271	30,989	(2,718)
Depreciation	614	653	(39)
Depreciation of right-of-use assets	1,451	1,378	73
Special charges	810	91	719
Adjusted EBITDA	**$ 31,146**	**$ 33,111**	**$ (1,965)**
Adjusted EBITDA margin	*25.9%*	*26.7%*	
Adjusted EBITDA per diluted share	**$ 0.57**	**$ 0.60**	**$ (0.03)**

Adjusted EBITDA for the three months ended January 31, 2026 decreased by $2.0 million compared to the same period in the prior year. The decrease is primarily a combination of lower revenue, mitigated by reductions in operating costs attributable to cost savings from restructuring efforts.

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

Liquidity and cash reserves

We closed the period with cash, cash equivalents and short-term investments of $260.2 million, compared to the October 31, 2025 balance of $269.1 million. For the three months ended January 31, 2026, cash and cash equivalents decreased by a total of $8.9 million. This reflects continued steady net cash provided by operating activities for the year-to-date of $20.8 million, offset by net cash spent of $5.5 million on the Sixbell acquisition, $16.4 million on dividends and $5.1 million on the repurchase and cancellation of our common stock. Dividends paid increased 14.1% compared to the prior year.

At January 31, 2026, working capital was $154.6 million compared to $156.3 million at the end of prior year. The decrease in working capital is attributable to a decrease in cash related to the aforementioned factors, and an increase in deferred revenue due to annual billings, net of the increase in accounts receivable. This is offset by a decrease in accounts payable and accrued liabilities. Management is confident that the Company has the funds necessary to meet its existing and future financial operating commitments and dividend strategy. Future acquisition growth may be funded through a combination of cash, debt and equity consideration.

Capital Stock

The Company had 54,498,611 Common Shares issued and outstanding as at March 12, 2026. There were no stock options granted or exercised during the first quarters of fiscal 2026 or 2025.

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 256,072 common shares at a weighted average price of $19.72 per share for a total cost of $5.1 million in the first quarter compared to the repurchase and cancellation of 218,710 common shares at a weighted average price of $27.21 per share for a total cost of $6.0 million in the same period in the prior year.

Share Unit Plan

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

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 January 31, 2026, 5,571 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 January 31, 2026, 10,788 PSUs were outstanding.

Deferred Share Unit Plan

On March 9, 2023, a new Deferred Share Unit Plan (the "DSU Plan") was approved by shareholders. The maximum number of common shares reserved for issuance under the DSU Plan is a fixed 80,000. Under the DSU Plan, non-executive directors of the Company may elect to defer a portion of their compensation until they leave the Board and have the value of such portion fluctuate with the value of common shares. The purpose of the DSU Plan is to attract and retain qualified persons to serve on the Board. DSUs will be paid in either cash or an issuance of common shares, at the discretion of the Committee. The Company plans to settle all DSUs with issuance of common shares. The share-based payment expense of DSUs will be recognized upon grant, when the DSUs vest. As at January 31, 2026, 23,287 DSUs were outstanding.

Off-statement of financial position arrangements

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

Transactions with related parties

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

Basis of preparation and material accounting policies

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

Our 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 unaudited condensed consolidated interim financial statements are based on IFRS issued and outstanding as of March 12, 2026, the date the Board of Directors approved the unaudited condensed consolidated interim financial statements.

Environmental, Social, Governance ("ESG"):

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

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

Risks and uncertainties

With the exception of geopolitical instability and armed conflicts discussed below, the primary risks and uncertainties that affect or may affect the Company and its business, financial condition, and results of operations remain substantially unchanged from those discussed in the Company's latest Annual Information Form and its Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended October 31, 2025, contained in the Company's 2025 Annual Report to Shareholders and all such risks and uncertainties are incorporated herein by reference.

Geopolitical instability and armed conflicts

Geopolitical instability and armed conflicts may adversely affect the Company's business, financial condition, and results of operations. As a software company with customers, employees, and third-party service providers across multiple jurisdictions, such events could disrupt customer demand, lengthen sales cycles, increase customer credit risk, or reduce technology spending. Armed conflicts may also impair the availability or performance of cloud infrastructure, telecommunications networks, or other third-party services critical to the delivery of the Company's software and may increase cybersecurity risks. In addition, sanctions, export controls, or other regulatory actions arising from such conflicts could limit the Company's ability to operate in certain markets or transact with specific customers or partners. The scope and duration of these impacts are uncertain and difficult to predict, and any escalation of geopolitical tensions could have a material adverse effect on the Company's business, financial performance, or financial position.

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 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 quarter ended January 31, 2026 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Additional information

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

Notice of no auditor review of Interim Financial Statements

The accompanying unaudited condensed consolidated interim financial statements of the Company for the three months ended January 31, 2026 have been prepared by and are the responsibility of the Company's management.

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

Condensed Consolidated Interim Statements of Financial Position

(in thousands of Canadian dollars) (unaudited)	Notes	As at January 31, 2026	As at October 31, 2025
ASSETS			
Current assets:			
Cash and cash equivalents		$ 260,190	$ 269,061
Short-term investments		22	25
Accounts receivable		106,396	88,980
Prepaid expenses and other assets		15,779	17,001
		382,387	**375,067**
Non-current assets:			
Property and equipment		4,109	3,890
Right-of-use assets		10,892	11,453
Intangible assets	4	85,851	89,710
Goodwill	4	338,520	341,593
Deferred income tax assets		34,458	35,105
		473,830	**481,751**
		$ 856,217	**$ 856,818**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable and accrued liabilities		$ 67,984	$ 76,167
Income taxes payable		10,644	10,662
Dividends payable		16,350	16,426
Provisions	5	1,861	2,013
Deferred revenue		126,647	108,268
Lease obligations		4,288	5,197
		227,774	**218,733**
Non-current liabilities:			
Deferred income tax liabilities		14,114	13,439
Deferred revenue		5,866	6,791
Net employee defined benefit obligation		2,408	2,442
Lease obligations		6,213	5,944
		28,601	**28,616**
		256,375	**247,349**
Shareholders' equity			
Share capital		116,347	116,894
Contributed surplus		11,688	11,110
Retained earnings		439,769	443,134
Accumulated other comprehensive income	6	32,038	38,331
		599,842	**609,469**
		$ 856,217	**$ 856,818**

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

Condensed Consolidated Interim Statements of Operations and Comprehensive Income

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

Periods ended January 31	Notes	Three months 2026	2025
Revenue			
Software licenses		$ 16,859	$ 17,781
SaaS and maintenance services		84,553	87,932
Professional services		16,096	16,108
Hardware		2,590	2,179
		120,098	**124,000**
Direct costs			
Software licenses		646	736
Services		42,659	42,497
Hardware		1,322	1,230
		44,627	44,463
Revenue, net of direct costs		**75,471**	**79,537**
Operating expenses			
Selling, general and administrative		22,395	23,636
Research and development		21,930	22,790
Depreciation		614	653
Depreciation of right-of-use assets		1,451	1,378
Special charges		810	91
		47,200	**48,548**
Results from operating activities		**28,271**	**30,989**
Amortization of acquired software and customer relationships	4	(6,621)	(8,479)
Foreign exchange (losses) gains		(1,044)	2,309
Interest expense – lease obligations		(128)	(128)
Finance income		1,548	2,304
Finance expenses		(74)	(3)
Other income		1,459	299
Income before income taxes		**23,411**	**27,291**
Provision for income taxes	8	5,911	5,387
Net income for the period		**$ 17,500**	**$ 21,904**
Items that may be subsequently reclassified to income:			
Cumulative translation adjustment		(6,293)	9,571
Other comprehensive (loss) income		**(6,293)**	**9,571**
Comprehensive income		**$ 11,207**	**$ 31,475**
Earnings per share			
Basic	9	**$ 0.32**	$ 0.40
Diluted	9	**$ 0.32**	$ 0.40

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

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

(in thousands of Canadian dollars) (unaudited)	Share capital (#)	Share capital	Contributed surplus	Accumulated other comprehensive income (loss)	Retained earnings	Total
As at November 1, 2025	**54,754,683**	**$ 116,894**	**$ 11,110**	**$ 38,331**	**$ 443,134**	**$ 609,469**
Net income for the period	-	-	-	-	17,500	17,500
Cumulative translation adjustment (Note 6)	-	-	-	(6,293)	-	(6,293)
Comprehensive income	**-**	**$ -**	**$ -**	**$ (6,293)**	**$ 17,500**	**$ 11,207**
Employee share-based compensation:						
Value of services recognized	-	-	578	-	(11)	567
Normal course issuer bid share repurchases (Note 6)	(256,072)	(547)	-	-	(4,504)	(5,051)
Dividends declared (Note 6)	-	-	-	-	(16,350)	(16,350)
As at January 31, 2026	**54,498,611**	**$ 116,347**	**$ 11,688**	**$ 32,038**	**$ 439,769**	**$ 599,842**
As at November 1, 2024	**55,374,201**	**$ 118,217**	**$ 9,764**	**$ 21,078**	**$ 446,748**	**$ 595,807**
Net income for the period	-	-	-	-	21,904	21,904
Cumulative translation adjustment (Note 6)	-	-	-	9,571	-	9,571
Comprehensive income	**-**	**$ -**	**$ -**	**$ 9,571**	**$ 21,904**	**$ 31,475**
Employee share-based compensation:						
Value of services recognized	-	-	114	-	(6)	108
Normal course issuer bid share repurchases (Note 6)	(218,710)	(467)	-	-	(5,483)	(5,950)
Dividends declared (Note 6)	-	-	-	-	(14,340)	(14,340)
As at January 31, 2025	**55,155,491**	**$ 117,750**	**$ 9,878**	**$ 30,649**	**$ 448,823**	**$ 607,100**

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

Condensed Consolidated Interim Statements of Cash Flows

(in thousands of Canadian dollars)
(unaudited)

Periods ended January 31	Notes	Three months 2026	2025
OPERATING ACTIVITIES			
Net income for the period		$ 17,500	$ 21,904
Adjustments for non-cash items			
Depreciation		614	653
Depreciation of right-of-use assets		1,451	1,378
Interest expense – lease obligations		128	128
Amortization of acquired software and customer relationships	4	6,621	8,479
Stock-based compensation expense	7	567	108
Provision for income taxes		5,911	5,387
Finance expenses and other (income)		(1,385)	(296)
		31,407	**37,741**
Changes in non-cash operating working capital	13	(3,911)	(11,891)
Income taxes paid		(6,705)	(4,601)
Net cash provided by operating activities		**20,791**	**21,249**
INVESTING ACTIVITIES			
Purchase of property and equipment, net		(824)	(404)
Acquisition, net of cash acquired*	10	(5,524)	(6,586)
Proceeds from sale of intangible asset		701	-
Net cash used in investing activities		**(5,647)**	**(6,990)**
FINANCING ACTIVITIES			
Normal course issuer bid share repurchases		(5,051)	(5,950)
Repayment of lease obligations		(1,589)	(1,374)
Dividends paid		(16,426)	(14,397)
Net cash used in financing activities		**(23,066)**	**(21,721)**
Impact of foreign exchange on cash and cash equivalents		(949)	3,526
Decrease in cash and cash equivalents		**(8,871)**	**(3,936)**
Cash and cash equivalents – beginning of period		269,061	274,240
Cash and cash equivalents – end of period		**$ 260,190**	**$ 270,304**

**Acquisitions are net of cash acquired of $83 for the three months ended January 31, 2026 and $2,620 for the three months ended January 31, 2025.*

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

1. Description of the Business and Reporting Entity

Enghouse Systems Limited ("Enghouse Systems") and its subsidiaries (together "Enghouse", "our" or "the Company") provides a wide range of mission critical vertically focused enterprise software solutions. Our core technologies are used for contact centers, video communications, virtual healthcare, education, telecommunications networks, IPTV, public safety and transit. The Company's two-pronged strategy to grow earnings focuses on both organic growth and acquisitions, which, to date, have been funded only through net cash provided by operating activities as the Company has no outstanding external debt financing. The Company is organized around two business segments, the Interactive Management Group ("IMG") and the Asset Management Group ("AMG"), due to their unique customer segments and technology offerings.

IMG specializes in 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 healthcare providers.

AMG provides a portfolio of software and services solutions to network telecommunication providers, cable operators, media, transit, transportation, defence, utilities, government and public safety companies. Its products include network infrastructure, Operations Support Systems, Business Support Systems and revenue generation solutions such as video streaming and cloud IPTV solutions. AMG also provides transit e-ticketing, automated fare collections, 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, Chile and Austria.

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

(a) Statement of Compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* ("IAS 34"). The unaudited condensed consolidated interim financial statements should be read in conjunction with the annual audited consolidated financial statements for the year ended October 31, 2025, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Board of Directors, on the recommendation of its Audit Committee, approved these unaudited condensed consolidated interim financial statements for issue on March 12, 2026.

(b) Basis of Preparation and Measurement

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 as issued by the International Accounting Standards Board. The unaudited condensed consolidated interim financial statements reflect the material accounting policies disclosed in Note 3 of the Company's 2025 audited annual consolidated financial statements, except as disclosed herein. They have been prepared on a going concern basis, using historical cost, except for investments in equity securities designated at fair value through profit or loss, certain assets and liabilities initially recognized in connection with business combinations and derivative financial instruments, which are measured at fair value.

The policies applied in these unaudited condensed consolidated interim financial statements are based on IFRS issued and outstanding as of March 12, 2026.

(c) Functional and Presentation Currency

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

(d) Use of Estimates and Judgments

The preparation of the unaudited condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates. In preparing these unaudited condensed consolidated interim financial statements, the significant judgments made by management and the key sources of estimation uncertainty were the same as those that applied to the audited annual consolidated financial statements for the year ended October 31, 2025.

3. Material Accounting Policies

The material accounting policies used in preparing these unaudited condensed consolidated interim financial statements are unchanged from those disclosed in the Company's audited annual consolidated financial statements for the year ended October 31, 2025. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

4. Intangible Assets and Goodwill

	Acquired software	Customer relationships	Total intangible assets	Goodwill
As at November 1, 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**
Period ended January 31, 2026				
Opening net book value	$ 48,981	$ 40,729	$ 89,710	$ 341,593
Acquisitions	3,546	953	4,499	1,590
Amortization	(3,388)	(3,233)	(6,621)	-
Exchange difference	(1,027)	(710)	(1,737)	(4,663)
Closing net book value	**$ 48,112**	**$ 37,739**	**$ 85,851**	**$ 338,520**
As at January 31, 2026				
Cost	330,939	223,260	554,199	338,520
Accumulated amortization	(282,827)	(185,521)	(468,348)	-
Net book value	**$ 48,112**	**$ 37,739**	**$ 85,851**	**$ 338,520**

	Acquired software	Customer relationships	Total intangible assets	Goodwill
As at November 1, 2024				
Cost	$ 318,075	$ 212,635	$ 530,710	$ 309,831
Accumulated amortization	(264,863)	(167,253)	(432,116)	-
Net book value	**$ 53,212**	**$ 45,382**	**$ 98,594**	**$ 309,831**
Period ended January 31, 2025				
Opening net book value	$ 53,212	$ 45,382	$ 98,594	$ 309,831
Acquisitions	2,600	766	3,366	4,456
Amortization	(4,527)	(3,952)	(8,479)	-
Exchange difference	1,727	1,344	3,071	6,710
Closing net book value	**$ 53,012**	**$ 43,540**	**$ 96,552**	**$ 320,997**
As at January 31, 2025				
Cost	320,675	213,401	534,076	320,997
Accumulated amortization	(267,663)	(169,861)	(437,524)	-
Net book value	**$ 53,012**	**$ 43,540**	**$ 96,552**	**$ 320,997**

5. Provisions

Provisions for the period primarily 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.

Three months ended January 31	2026	2025
At beginning of period	**$ 2,013**	**$ 1,834**
Additions	511	-
Reversed	-	(3)
Utilized during the period	(667)	(66)
Effect of movements in foreign exchange	4	12
At end of period	**$ 1,861**	**$ 1,777**

6. Share Capital and Other Components of Shareholders' Equity

Share Capital

The authorized share capital of the Company consists of an unlimited number of common shares with no par value; an unlimited 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 54,498,611 common shares outstanding as at January 31, 2026. There were no Class A and no Class B preference shares issued and outstanding as at either January 31, 2026 or October 31, 2025.

Normal Course Issuer Bid Repurchases

On May 7, 2025, the Company renewed its common share repurchase plan, whereby it may repurchase up to a maximum of 3,000,000 common shares of the Company, expiring on May 6, 2026. The Company repurchased and cancelled 256,072 common shares in the first quarter of fiscal 2026 at a weighted average price of $19.72 per share for a total cost of $5.1 million, compared to the repurchase and cancellation of 218,710 common shares at a weighted average price of $27.21 per share for a total cost of $6.0 million in the first quarter of fiscal 2025.

Dividends

During the three months ended January 31, 2026, the Company declared and paid dividends of $0.30 per common share compared to $0.26 per common share during the same period in the prior year.

Accumulated Other Comprehensive Income

A summary of accumulated other comprehensive income on translation of foreign operations as at January 31, 2026 and 2025 and changes during the quarters ended on those dates is presented as follows:

		Total
As at November 1, 2025	$	38,331
Cumulative translation adjustment		(6,293)
As at January 31, 2026	**$**	**32,038**
As at November 1, 2024	$	21,078
Cumulative translation adjustment		9,571
As at January 31, 2025	**$**	**30,649**

7. Stock-based Compensation

The Company has granted options to purchase common shares to certain directors, officers and employees of the Company, pursuant to the terms of the Company's stock option plan (the "Plan"). The Plan provides that a total of 2,736,900 (January 31, 2025 – 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 January 31, 2026 and 2025, and changes during the periods ended on those dates, is presented as follows:

Three months ended January 31	Number of options		Weighted average exercise price	
	2026	2025	2026	2025
Outstanding at beginning of period	1,122,500	1,414,500	$ 34.97	$ 36.43
Forfeited	(3,000)	(139,000)	35.64	37.03
Outstanding at end of period	**1,119,500**	**1,275,500**	**$ 34.97**	**$ 36.37**
Exercisable at end of period	**561,000**	**694,500**	**$ 39.14**	**$ 38.69**

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. The Company recorded a non-cash charge of $0.4 million relating to stock options for the three months ended January 31, 2026, compared to a nominal amount in the same period in the prior year.

For any options granted in the period, the fair value of each stock option on the date of the grant was estimated using the Black-Scholes option pricing model. Estimated volatility is calculated using daily historical closing prices, as adjusted for certain events that management deemed to be non-recurring and non-indicative of future events over a period that reflects the expected life of the options. No options were granted in either the three months ended January 31, 2026 or 2025.

Share Unit Plan

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

Restricted Share Units

RSUs granted are a bonus for services in the year the award is granted. Upon vesting, RSUs will be paid in either cash or an issuance of common shares, at the discretion of the Committee. The Company plans to settle all RSUs with common shares. The share-based payment expense will be recognized evenly over the vesting period. The Company recorded a non-cash charge of $0.1 million relating to RSUs for the three months ended January 31, 2026, compared to a nominal amount in the same period in the prior year.

A summary of the status of the Company's RSUs as at January 31, 2026 and 2025, and changes during the quarters ended on those dates, is presented as follows:

Three months ended January 31	RSUs	
	2026	2025
Outstanding at beginning of period	2,133	-
Granted	3,406	2,061
Dividend equivalent units issued	32	-
Outstanding at end of period	**5,571**	**2,061**

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 January 31, 2026 and 2025, and changes during the quarters ended on those dates, is presented as follows:

Three months ended January 31	PSUs	
	2026	2025
Outstanding at beginning of period	10,628	25,447
Forfeited	-	(10,179)
Dividend equivalent units issued	160	136
Outstanding at end of period	**10,788**	**15,404**

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. The Company recorded a non-cash charge of $0.1 million relating to DSUs for the three months ended January 31, 2026, compared to $0.1 million in the same period in the prior year.

A summary of the status of the Company's DSUs as at January 31, 2026 and 2025, and changes during the periods ended on those dates, is presented as follows:

Three months ended January 31	DSUs	
	2026	2025
Outstanding at beginning of period	19,231	5,512
Granted	3,767	2,862
Dividend equivalent units issued	289	49
Outstanding at end of period	**23,287**	**8,423**

8. Income Taxes

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

For the three months ended January 31, 2026, the Company recorded a provision for income taxes of $5.9 million (25.2% effective tax rate) as compared to a provision of $5.4 million (19.7%) for the same period in the prior year.

9. 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 period.

Periods ended January 31	Three months	
	2026	2025
Net income for the period	$ 17,500	$ 21,904
Weighted average number of common shares outstanding ('000s)	54,698	55,311
Basic earnings per share	**$ 0.32**	**$ 0.40**

Diluted earnings per share are calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all potentially dilutive common shares. The Company has stock options, RSUs and PSUs as being potentially dilutive to common shares. 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.

Periods ended January 31	Three months	
	2026	2025
Net income for the period	$ 17,500	$ 21,904
Weighted average number of common shares outstanding ('000s)	54,698	55,311
Adjustment for stock options, RSUs and PSUs	3	-
Weighted average number of common shares outstanding for diluted earnings per share ('000s)	54,701	55,311
Diluted earnings per share	**$ 0.32**	**$ 0.40**

10. Acquisitions

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

2026 Acquisitions

On November 7, 2025, Enghouse completed the acquisition of Sixbell Telco ("Sixbell"). Sixbell provides a comprehensive suite of software platforms that enable service providers to modernize and transform their networks. Sixbell was integrated within Enghouse's Asset Management Group. The acquisition was completed for an aggregate cash purchase price of $5.6 million, with $0.6 million held in escrow subject to potential adjustment. Results for the acquisition are included in AMG from the date of acquisition.

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 $1.9 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.

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

Purchase Price Allocation

	AMG Preliminary 2026	AMG Preliminary 2025	IMG Preliminary 2025
Cash and cash equivalents	$ 83	$ 6,667	$ 2,620
Accounts receivable	2,012	4,770	2,276
Prepaid expenses and other assets	431	532	761
Property and equipment	17	522	38
Deferred income tax assets	-	2,268	636
Acquired software	3,546	6,718	2,600
Customer relationships	953	8,906	766
Right-of-use assets	-	196	-
Goodwill	1,590	17,791	4,456
Total assets acquired	**$ 8,632**	**$ 48,370**	**$ 14,153**
Current liabilities assumed	$ 1,491	$ 9,402	$ 2,419
Other long-term liabilities	-	45	262
Deferred income tax liabilities	1,534	3,531	841
Total liabilities assumed	**$ 3,025**	**$ 12,978**	**$ 3,522**
Net assets acquired for cash consideration	**$ 5,607**	**$ 35,392**	**$ 10,631**

11. Segment Information

The Company has two operating segments, IMG and AMG, and evaluates segment performance based on revenue and results from operations. A description of the Company's segments is provided in Note 1. The accounting policies followed by these segments are the same as those described in the summary of material accounting policies in the Company's audited annual consolidated financial statements for the year ended October 31, 2025.

Three months ended January 31	2026			2025		
	IMG	AMG	Total	IMG	AMG	Total
Revenue	$ 67,296	$ 52,802	$ 120,098	$ 73,221	$ 50,779	$ 124,000
Direct costs	(22,798)	(21,829)	(44,627)	(25,713)	(18,750)	(44,463)
Revenue, net of direct costs	**44,498**	**30,973**	**75,471**	**47,508**	**32,029**	**79,537**
Operating expenses excluding special charges	(21,511)	(12,695)	(34,206)	(22,602)	(11,978)	(34,580)
Depreciation	(326)	(288)	(614)	(402)	(251)	(653)
Depreciation of right-of-use assets	(926)	(525)	(1,451)	(909)	(469)	(1,378)
Segment profit	**$ 21,735**	**$ 17,465**	**$ 39,200**	**$ 23,595**	**$ 19,331**	**$ 42,926**
Special charges			(810)			(91)
Corporate and shared service expenses			(10,119)			(11,846)
Results from operating activities			**$ 28,271**			**$ 30,989**

12. Litigation and Contingencies

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

In response to correspondence from and, in a few instances, litigation instigated by, third-party patent holders, a few of the Company's customers have attempted to tender to the Company the defence of its products under contractual indemnity provisions. With respect to this litigation, and any other litigation the Company becomes involved with, under a contractual indemnity or any other legal theory, the Company has and will continue to consider all its options for resolution and vigorously assert all appropriate defences. There are no material claims outstanding against the Company as at January 31, 2026.

13. Changes in Non-Cash Operating Working Capital

For the periods ended January 31 *Source (use) of net cash*	Three months	
	2026	2025
Increase in accounts receivable	$ (16,240)	$ (18,232)
Decrease (increase) in prepaid expenses and other assets	1,459	(1,836)
Decrease in accounts payable and accrued liabilities	(7,748)	(8,776)
Decrease in provisions	(132)	(133)
Increase in income taxes payable	153	928
Increase in deferred revenue	18,597	16,158
Changes in non-cash operating working capital	**$ (3,911)**	**$ (11,891)**

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

14. Comparative Financial Information

The comparative unaudited condensed consolidated interim financial statements have been reclassified from statements previously presented to conform to the presentation of the first quarter of 2026 unaudited condensed consolidated interim financial statements.