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COMPUTER MODELLING GROUP ANNOUNCES SECOND QUARTER RESULTS

CALGARY, Alberta, November 13, 2020 (GlobeNewswire) – Computer Modelling Group Ltd. ("CMG" or the "Company") announces its financial results for the three and six months ended September 30, 2020.

Quarterly Performance

	Fiscal 2019		Fiscal 2020				Fiscal 2021	
($ thousands, unless otherwise stated)	Q3	Q4	Q1	Q2	Q3	Q4	Q1	**Q2**
Annuity/maintenance licenses	17,240	16,734	15,756	16,373	16,612	15,233	14,523	**14,144**
Perpetual licenses	611	2,891	1,159	1,146	964	1,403	-	**1,775**
Software licenses	17,851	19,625	16,915	17,519	17,576	16,636	14,523	**15,919**
Professional services	1,222	1,513	1,208	2,354	1,699	1,879	2,149	**1,933**
Total revenue	19,073	21,138	18,123	19,873	19,275	18,515	16,672	**17,852**
Operating profit	8,406	8,750	7,068	9,343	7,538	7,802	5,711	**9,861**
Operating profit (%)	44	41	39	47	39	42	34	**55**
Profit before income and other taxes	9,406	8,400	6,439	9,350	7,054	9,613	4,405	**9,360**
Income and other taxes	2,559	2,426	1,997	2,482	1,942	2,550	1,143	**2,600**
Net income for the period	6,847	5,974	4,442	6,868	5,112	7,063	3,262	**6,760**
EBITDA(1)	8,915	9,250	8,118	10,426	8,644	8,923	6,767	**10,933**
Cash dividends declared and paid	8,022	8,023	8,022	8,026	8,025	8,024	4,013	**4,013**
Funds flow from operations	7,550	7,024	6,097	7,787	7,366	7,515	4,703	**7,991**
Free cash flow(1)	7,297	6,948	5,707	7,274	6,726	6,840	4,239	**7,474**
Per share amounts - ($/share)								
Earnings per share (EPS) - basic and diluted	0.09	0.07	0.06	0.09	0.06	0.09	0.04	**0.08**
Cash dividends declared and paid	0.10	0.10	0.10	0.10	0.10	0.10	0.05	**0.05**
Funds flow from operations per share - basic	0.09	0.09	0.08	0.10	0.09	0.09	0.06	**0.10**
Free cash flow per share - basic(1)	0.09	0.09	0.07	0.09	0.08	0.09	0.05	**0.09**

(1) Non-IFRS financial measures are defined in the "Non-IFRS Financial Measures" section.

Commentary on Quarterly Performance

For the Three Months ended	***For the Six Months ended***

September 30, 2020, and compared to the same period of the previous fiscal year, when appropriate:

For the Three Months ended:

- Annuity/maintenance license revenue decreased by 14%, primarily due to the ongoing disruption to the oil and gas industry caused by the COVID-19 pandemic, consolidations in the industry and reduced activity in unconventional shale plays both prior to and during the COVID-19 pandemic;
- Perpetual revenue increased by 55%, as CMG realized $1.8 million in perpetual sales ($1.0 in South America and $0.8 million in South-East Asia);
- Total revenue decreased by 10%, with lower annuity/maintenance revenue being partially offset by higher perpetual revenue;
- Total operating expenses decreased by 24%, as a result of a $2.5 million CEWS benefit and the Company implementing compensation reductions effective July 1;
- Quarterly operating profit of 55% exceeded the comparative quarter's figure of 47%, mainly due to the first and second quarter CEWS benefits both being recorded in the second quarter, combined with compensation reductions;
- Realized basic EPS of $0.08;
- Achieved free cash flow per share of $0.09;
- Declared and paid a dividend of $0.05 per share.

For the Six Months ended:

- Annuity/maintenance license revenue decreased by 11%, primarily due to the ongoing disruption to the oil and gas industry caused by the COVID-19 pandemic, consolidations in the industry and reduced activity in unconventional shale plays both prior to and during the COVID-19 pandemic;
- Perpetual revenue, which is variable in nature, decreased by 23%;
- Total revenue decreased by 10%, with lower annuity/maintenance revenue being partially offset by higher professional services revenue;
- Total operating expenses decreased by 12%, as a result of a $2.5 million CEWS benefit and the Company implementing compensation reductions effective July 1;
- Year-to-date operating profit of 45% was boosted by the CEWS benefit. Without the CEWS benefit, year-to-date operating profit was 38%, slightly lower than the eight-quarter historic average of 41%;
- Realized basic EPS of $0.12;
- Achieved free cash flow per share of $0.15;
- Declared and paid dividends of $0.10 per share.

CMG's Response to the COVID-19 Pandemic

The COVID-19 pandemic and the related economic uncertainty negatively impacted our financial results for the three and six months ended September 30, 2020, as some of our customers, faced with the economic uncertainly and decreasing commodity prices, curtailed spending and chose not to renew their licensing agreements or to renew them at reduced levels. These factors continue to contribute to a decrease in software license revenue during the three and six months ended September 30, 2020.

CMG realizes that retaining its employees and continuing to prioritize product development and customer support is important to its customers as well as the long-term success of the business. Accordingly, effective July 1, 2020, CMG took the following pre-emptive actions to minimize the negative impact that the COVID-19 pandemic is expected to have on its business, and liquidity:

- reduced the CEO's annual salary by 25%;
- reduced directors' cash compensation by 20%;
- reduced executive officers' annual salaries by 20%;
- implemented graduated salary reductions to staff.

The reductions to compensation are expected to continue throughout the fiscal year and will be reassessed following review of the fiscal 2021 results. The staff, executive and CEO's base salary concessions were reallocated to variable cash compensation which is associated with fiscal 2021 corporate performance.

CMG assessed that it was eligible for the CEWS program and recorded a CEWS benefit of $2.5 million during the three months ended September 30, 2020. Of the $2.5 million recorded, $1.1 million related to the quarter ended June 30, 2020.

To further preserve liquidity and maintain balance sheet strength, CMG's Board reduced the quarterly dividend from $0.10 per share to $0.05 per share, starting June 15, 2020. On November 12, 2020, CMG's Board approved a quarterly dividend of $0.05 per share on CMG's Common Shares, payable on December 15, 2020 to shareholders of record at the close of business on December 7, 2020.

We implemented these measures to protect CMG's profitability and optimize free cash flow generation to maintain the strength of our balance sheet, in all potential scenarios. These measures also allow for maximum flexibility in our capital allocation decisions, including delivering a sustainable dividend. At the same time, it is our intention to continue to invest in research and development, and sales and marketing efforts, at approximately similar levels as historically proportionate to revenue. Since the start of the pandemic, we have been operating almost entirely remotely, and our research and development activities and technical support for our customers has continued uninterrupted.

CMG will continue to monitor the impact of the current environment on its customers, operations and financial performance and may make further adjustments as appropriate.

Revenue

Three months ended September 30, ($ thousands)	**2020**	2019	$ change	% change
Software license revenue	**15,919**	17,519	(1,600)	-9%
Professional services	**1,933**	2,354	(421)	-18%
Total revenue	**17,852**	19,873	(2,021)	-10%
Software license revenue as a % of total revenue	**89%**	88%		
Professional services as a % of total revenue	**11%**	12%		

Six months ended September 30, ($ thousands)	**2020**	2019	$ change	% change
Software license revenue	**30,442**	34,434	(3,992)	-12%
Professional services	**4,082**	3,562	520	15%
Total revenue	**34,524**	37,996	(3,472)	-9%
Software license revenue as a % of total revenue	**88%**	91%		
Professional services as a % of total revenue	**12%**	9%		

Total revenue for the three months ended September 30, 2020 decreased by 10%, compared to the same period of the previous fiscal year, due to decreases in both software license revenue and professional services revenue.

Total revenue for the six months ended September 30, 2020 decreased by 9%, compared to the same period of the previous fiscal year, due to a decrease in software license revenue, partially offset by an increase in professional services revenue.

Software License Revenue

Three months ended September 30, ($ thousands)	**2020**	2019	$ change	% change
Annuity/maintenance license revenue	**14,144**	16,373	(2,229)	-14%
Perpetual license revenue	**1,775**	1,146	629	55%
Total software license revenue	**15,919**	17,519	(1,600)	-9%
Annuity/maintenance as a % of total software license revenue	**89%**	93%		
Perpetual as a % of total software license revenue	**11%**	7%		

Six months ended September 30, ($ thousands)	**2020**	2019	$ change	% change
Annuity/maintenance license revenue	**28,667**	32,129	(3,462)	-11%
Perpetual license revenue	**1,775**	2,305	(530)	-23%
Total software license revenue	**30,442**	34,434	(3,992)	-12%
Annuity/maintenance as a % of total software license revenue	**94%**	93%		
Perpetual as a % of total software license revenue	**6%**	7%		

CMG's annuity/maintenance license revenue for the three and six months ended September 30, 2020 decreased by 14% and 11%, compared to the same periods of the previous fiscal year. All geographic regions, except for the Eastern Hemisphere, decreased due to decreased licensing, some of which was triggered by the COVID-19 pandemic and the resulting economic uncertainty, as well as consolidation activity in the oil and gas industry and reduced activity levels in unconventional shale plays.

Perpetual license revenue increased by 55% during the three months ended September 30, 2020, compared to the same period of the previous fiscal year. However, on a year-to-date base, perpetual license revenue was lower than in the comparative period. Low commodity prices and resulting lower cash flows in the oil and gas industry reduced our customers' desire to purchase perpetual licenses in the near term.

Software Revenue by Geographic Region

Three months ended September 30, ($ thousands)	2020	2019	$ change	% change
Annuity/maintenance license revenue				
Canada	**3,143**	3,927	(784)	-20%
United States	**3,649**	5,050	(1,401)	-28%
South America	**1,702**	1,971	(269)	-14%
Eastern Hemisphere[(1)]	**5,650**	5,425	225	4%
	14,144	16,373	(2,229)	-14%
Perpetual license revenue				
Canada	**-**	-	-	0%
United States	**-**	-	-	0%
South America	**979**	-	979	100%
Eastern Hemisphere	**796**	1,146	(350)	-31%
	1,775	1,146	629	55%
Total software license revenue				
Canada	**3,143**	3,927	(784)	-20%
United States	**3,649**	5,050	(1,401)	-28%
South America	**2,681**	1,971	710	36%
Eastern Hemisphere	**6,446**	6,571	(125)	-2%
	15,919	17,519	(1,600)	-9%

Six months ended September 30, ($ thousands)	2020	2019	$ change	% change
Annuity/maintenance license revenue				
Canada	**6,355**	7,703	(1,348)	-17%
United States	**7,884**	9,984	(2,100)	-21%
South America	**3,092**	3,916	(824)	-21%
Eastern Hemisphere[(1)]	**11,336**	10,526	810	8%
	28,667	32,129	(3,462)	-11%
Perpetual license revenue				
Canada	**-**	-	-	-
United States	**-**	298	(298)	-100%
South America	**979**	769	210	27%
Eastern Hemisphere	**796**	1,238	(442)	-36%
	1,775	2,305	(530)	-23%
Total software license revenue				
Canada	**6,355**	7,703	(1,348)	-17%
United States	**7,884**	10,282	(2,398)	-23%
South America	**4,071**	4,685	(614)	-13%
Eastern Hemisphere	**12,132**	11,764	368	3%
	30,442	34,434	(3,992)	-12%

(1) Includes Europe, Africa, Asia and Australia.

During the three months ended September 30, 2020, total software license revenue decreased in all geographic regions except for South America. During the six months ended September 30, 2020, total software license revenue decreased in all geographic regions except for the Eastern Hemisphere.

The Canadian region (representing 21% of total software license revenue) experienced decreases of 20% and 17% in annuity/maintenance license revenue during the three and six months ended September 30, 2020, compared to the same periods of the previous fiscal year, due to decreases in licensing by existing customers, partially caused by consolidation activity in the industry.

The United States (representing 26% of total software license revenue) experienced decreases of 28% and 21% in annuity/maintenance license revenue during the three and six months ended September 30, 2020, compared to the same periods of the previous fiscal year. The decreases were a result of decreased licensing by some customers, precipitated by consolidation in the industry and reduced activity levels in unconventional shale plays both pre- and during the COVID-19 pandemic.

South America (representing 13% of total software license revenue) experienced decreases of 14% and 21% in annuity/maintenance license revenue during the three and six months ended September 30, 2020, mainly due to the negative impact of the COVID-19 pandemic and the resulting economic uncertainty on the renewal of some of our maintenance contracts. Perpetual sales were up 100% and 27% during the three and six months ended September 30, 2020, compared to the same periods of the previous fiscal year.

The Eastern Hemisphere (representing 40% of total software license revenue) experienced increases of 4% and 8% in annuity/maintenance license revenue during the three and six months ended September 30, 2020, compared to the same periods of the previous fiscal year, due to a new multi-year contract with a customer and increased licensing by existing customers. Perpetual sales decreased by 31% and 36% during the three and six months ended September 30, 2020, compared to the same periods of the previous fiscal year.

Deferred Revenue

($ thousands)	**Fiscal 2021**	Fiscal 2020	Fiscal 2019	$ change	% change
Deferred revenue at:					
Q1 (June 30)	**25,492**	29,266		(3,774)	-13%
Q2 (September 30)	**19,549**	23,849		(4,300)	-18%
Q3 (December 31)		15,679	13,782	1,897	14%
Q4 (March 31)		33,838	35,015	(1,177)	-3%

CMG's deferred revenue consists primarily of amounts for prepaid licenses. Our annuity/maintenance revenue is deferred and recognized ratably over the license period, which is generally one year or less. Amounts are deferred for licenses that have been provided and revenue recognition reflects the passage of time.

The above table illustrates the normal trend in the deferred revenue balance from the beginning of the calendar year (which corresponds with Q4 of our fiscal year), when most renewals occur, to the end of the calendar year (which corresponds with Q3 of our fiscal year). Our fourth quarter corresponds with the beginning of the fiscal year for most oil and gas companies, representing a time when they enter a new budget year and sign/renew their contracts.

Deferred revenue as at the end of Q2 of fiscal 2021 decreased by 18% compared to Q2 of fiscal 2020, due to lower licensing renewals in Canada, the US and South America, a trend similar to what is reflected in annuity and maintenance revenue.

Expenses

Three months ended September 30, ($ thousands)	2020	2019	$ change	% change
Sales, marketing and professional services	**3,590**	4,354	(764)	-18%
Research and development	**3,107**	4,539	(1,432)	-32%
General and administrative	**1,294**	1,637	(343)	-21%
Total operating expenses	**7,991**	10,530	(2,539)	-24%
Direct employee costs(1)	**5,714**	7,886	(2,172)	-28%
Other corporate costs	**2,277**	2,644	(367)	-14%
	7,991	10,530	(2,539)	-24%

Six months ended September 30, ($ thousands)	2020	2019	$ change	% change
Sales, marketing and professional services	**7,874**	8,984	(1,110)	-12%
Research and development	**8,066**	9,290	(1,224)	-13%
General and administrative	**3,012**	3,311	(299)	-9%
Total operating expenses	**18,952**	21,585	(2,633)	-12%
Direct employee costs(1)	**14,667**	16,550	(1,883)	-11%
Other corporate costs	**4,285**	5,035	(750)	-15%
	18,952	21,585	(2,633)	-12%

(1) Includes salaries, bonuses, stock-based compensation, benefits, commissions, and professional development. See "Non-IFRS Financial Measures".

Direct employee costs for the three and six months ended September 30, 2020 decreased by 28% and 11%, respectively, compared to the same periods of the previous fiscal year. The decrease was due to the CEWS benefit and salary reductions that were announced in our March 31, 2020 MD&A and implemented effective July 1, 2020. As a result of the decline in revenue, CMG became eligible for the CEWS program and recorded a CEWS benefit of $2.5 million during the three months ended September 30, 2020, of which $1.4 million related to the current quarter and $1.1 million related to the quarter ended June 30, 2020.

This decrease was partially offset by an increase in direct employee costs due to higher staffing levels in the current fiscal year to date, compared to the previous fiscal year to date. At September 30, 2020, CMG's full-time equivalent staff complement was 200 employees and consultants, up from 187 full-time equivalent employees and consultants at September 30, 2019, the majority of the increase being due to the commitment under the amendment to the CoFlow agreement.

Other corporate costs for the three and six months ended September 30, 2020 decreased by 14% and 15%, respectively, compared to the same periods of the previous fiscal year, mainly due to lower travel-related costs as a result of COVID-19 restrictions, partially offset by lower SR&ED credits

Outlook

The difficult circumstances that occurred towards the end of the previous fiscal year continued into fiscal 2021. Our second quarter and year-to-date annuity/maintenance license revenue decreased by 14% and 11%, respectively, compared to the same periods of the previous fiscal year. The COVID-19 pandemic and the related economic uncertainty were partially responsible for the decrease, as were low commodity prices that constrained our customers' spending. The remaining decrease was due to pre-COVID licensing cuts by some of our customers, as signaled in the fourth quarter MD&A for the previous fiscal year.

All geographic regions, except for the Eastern Hemisphere, experienced decreases in annuity/maintenance revenue. The Eastern Hemisphere saw an increase of 4% and 8% for the quarter and year to date, respectively, due to the addition of a multi-year contract and increased licensing by existing customers. Revenue from Canada decreased by 20% and 17% for the quarter and year to date, respectively, as consolidation activity in the oil and gas industry translated into lower licensing needs by the new, merged entities. The 28% and 21% decreases in US revenue for the quarter and year to date, respectively, were caused by a combination of consolidation in the industry and the slowdown of US shale production. The 14% and 21% decreases for the quarter and year to date, respectively, in South America revenue were primarily due to the negative impacts of COVID-19 and the related economic uncertainty affecting the oil and gas industry.

We generated $1.8 million in perpetual sales in South America and the Eastern Hemisphere during the quarter and year to date, an achievement we are pleased with considering the current economic uncertainty in the oil and gas industry.

Total operating expenses were 24% and 12% lower than in the comparative quarter and year-to-date period, respectively, due to the CEWS benefit and compensation reductions. During the quarter, CMG assessed that it was eligible for the CEWS program and recorded a $2.5 million CEWS benefit. Of the $2.5 million, $1.1 million related to the quarter ended June 30, 2020. We will continue to evaluate CMG's eligibility for the CEWS program in future periods, but changes to this program mean that we expect future potential subsidy amounts to decrease.

Our cost containment measures include reducing the CEO's annual salary and executives' annual salary by 25% and 20%, respectively, reducing directors' cash compensation by 20% and implementing graduated staff salary reductions. These measures will be reassessed following review of the fiscal 2021 results and adjusted as appropriate.

The reduction in operating expenses resulted in an uncharacteristically high operating profit of 55% for the quarter and 45% for the year to date. If we exclude the CEWS benefit from operating expenses, operating profit was 41% for the quarter and 38% for the year to date, in line with our eight-quarter historic average of 41%.

While we are not in a position to predict the future, we are focusing on matters within our control, including ensuring the resilience of our business by adjusting our cost structure and protecting liquidity to be well positioned to deal with these uncertain times. As we enter the busier part of our renewal season, we are working closely with our customers to address their needs while acknowledging their ongoing financial pressures. We believe that the value of our reservoir simulation software is even greater during times of market uncertainty, as companies strive to optimize their production and operating margins through engaging in more complex recovery processes to arrest their declining production.

Through the COVID-19 pandemic and economic crises, we continue our research and development activities and continue providing technical support to our customers globally. We have seen increased support requests, training activity and commercial customers running models related to CO_2 enhanced recovery, carbon sequestration and geothermal projects. In September, we shipped General Release 2020, which includes such enhancements as additional support for fractured reservoirs, workflows for modelling unconventional and hydraulically fractured plays and support for higher performance on significantly large models. Also in September, we released a second generation of our public cloud, with a step-change in capabilities based on valuable feedback from our early CMG public cloud users, and R24 of CoFlow, which combines existing CMG technology with CoFlow in order to accelerate the capabilities, performance and applicability of CoFlow for prospective assets and customers.

We closed the quarter with $44.0 million of cash and no debt. We realized free cash flow per share of $0.09 during the quarter and on November 12, 2020, the Board declared a dividend of $0.05 per share.

For further details on the results, please refer to CMG's Management Discussion and Analysis and Consolidated Financial Statements, which are available on SEDAR at www.sedar.com or on CMG's website at www.cmgl.ca .

Audit Committee Member Appointment

On August 10, 2020, the Board of Directors appointed Mr. Mark Miller to the Audit Committee. Mr. Miller is considered independent and financially literate, both as defined under National Instrument 52-110 Audit Committees.

Additional IFRS Measure

Funds flow from operations is an additional IFRS measure that the Company presents in its consolidated statements of cash flows. Funds flow from operations is calculated as cash flows provided by operating activities adjusted for changes in non-cash working capital. Management believes that this measure provides useful supplemental information about operating performance and liquidity, as it represents cash generated during the period, regardless of the timing of collection of receivables and payment of payables, which may reduce comparability between periods.

Non-IFRS Financial Measures

Certain financial measures in this press release – namely, direct employee costs, other corporate costs, EBITDA and free cash flow – do not have a standard meaning prescribed by IFRS and, accordingly, may not be comparable to measures used by other companies. Management believes that these indicators nevertheless provide useful measures in evaluating the Company’s performance.

Direct employee costs include salaries, bonuses, stock-based compensation, benefits, commission expenses, and professional development. Other corporate costs include facility-related expenses, corporate reporting, professional services, marketing and promotion, computer expenses, travel, and other office-related expenses. Direct employee costs and other corporate costs should not be considered an alternative to total operating expenses as determined in accordance with IFRS. People-related costs represent the Company’s largest area of expenditure; hence, management considers highlighting separately corporate and people-related costs to be important in evaluating the quantitative impact of cost management of these two major expenditure pools. See “Expenses” heading for a reconciliation of direct employee costs and other corporate costs to total operating expenses.

EBITDA refers to net income before adjusting for depreciation expense, finance income, finance costs, and income and other taxes. EBITDA should not be construed as an alternative to net income as determined by IFRS. The Company believes that EBITDA is useful supplemental information as it provides an indication of the results generated by the Company’s main business activities prior to consideration of how those activities are amortized, financed or taxed.

Free cash flow is a non-IFRS financial measure that is calculated as funds flow from operations less capital expenditures and repayment of lease liabilities. Management uses free cash flow to help measure the capacity of the Company to pay dividends and invest in business growth opportunities.

Forward-looking Information

Certain information included in this press release is forward-looking. Forward-looking information includes statements that are not statements of historical fact and which address activities, events or developments that the Company expects or anticipates will or may occur in the future, including such things as investment objectives and strategy, the development plans and status of the Company’s software development projects, the Company’s intentions, results of operations, levels of activity, future capital and other expenditures (including the amount, nature and sources of funding thereof), business prospects and opportunities, research and development timetable, and future growth and performance. When used in this press release, statements to the effect that the Company or its management “believes”, “expects”, “expected”, “plans”, “may”, “will”, “projects”, “anticipates”, “estimates”, “would”, “could”, “should”, “endeavours”, “seeks”, “predicts” or “intends” or similar statements, including “potential”, “opportunity”, “target” or other variations thereof that are not statements of historical fact should be construed as forward-looking information. These statements reflect management’s current beliefs with respect to future events and are based on information currently available to management of the Company. The Company believes that the expectations reflected in such forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking information should not be unduly relied upon.

Corporate Profile

CMG is a computer software technology company serving the oil and gas industry. The Company is a leading supplier of advanced process reservoir modelling software with a blue chip customer base of international oil companies and technology centers in approximately 60 countries. The Company also provides professional services consisting of highly specialized support, consulting, training, and contract research activities. CMG has sales and technical support services based in Calgary, Houston, London, Dubai, Bogota and Kuala Lumpur. CMG's Common Shares are listed on the Toronto Stock Exchange ("TSX") and trade under the symbol "CMG".

Condensed Consolidated Statements of Financial Position

UNAUDITED (thousands of Canadian $)	**September 30, 2020**	March 31, 2020
Assets		
Current assets:		
Cash	**43,982**	40,505
Trade and other receivables	**11,075**	26,277
Prepaid expenses	**1,081**	913
Prepaid income taxes	**39**	771
	56,177	68,466
Property and equipment	**12,920**	13,507
Right-of-use assets	**36,709**	37,901
Deferred tax asset	**1,426**	992
Total assets	**107,232**	120,866
Liabilities and shareholders’ equity		
Current liabilities:		
Trade payables and accrued liabilities	**4,614**	6,224
Income taxes payable	**420**	60
Deferred revenue	**19,549**	33,838
Lease liability	**1,332**	1,313
	25,915	41,435
Lease liability	**40,411**	41,062
Total liabilities	**66,326**	82,497
Shareholders’ equity:		
Share capital	**80,051**	79,851
Contributed surplus	**13,874**	13,533
Deficit	**(53,019)**	(55,015)
Total shareholders' equity	**40,906**	38,369
Total liabilities and shareholders' equity	**107,232**	120,866

Condensed Consolidated Statements of Operations and Comprehensive Income

	Three months ended September 30		Six months ended September 30	
UNAUDITED (thousands of Canadian $ except per share amounts)	**2020**	2019	**2020**	2019
Revenue	**17,852**	19,873	**34,524**	37,996
Operating expenses				
Sales, marketing and professional services	**3,590**	4,354	**7,874**	8,984
Research and development	**3,107**	4,539	**8,066**	9,290
General and administrative	**1,294**	1,637	**3,012**	3,311
	7,991	10,530	**18,952**	21,585
Operating profit	**9,861**	9,343	**15,572**	16,411
Finance income	**97**	541	**196**	644
Finance costs	**(598)**	(534)	**(2,003)**	(1,266)
Profit before income and other taxes	**9,360**	9,350	**13,765**	15,789
Income and other taxes	**2,600**	2,482	**3,743**	4,479
Net and total comprehensive income	**6,760**	6,868	**10,022**	11,310
Earnings per share				
Basic and diluted	**0.08**	0.09	**0.12**	0.14

Condensed Consolidated Statements of Cash Flows

UNAUDITED (thousands of Canadian $)	Three months ended September 30 **2020**	**2019**	Six months ended September 30 **2020**	2019
Operating activities				
Net income	**6,760**	6,868	**10,022**	11,310
Adjustments for:				
Depreciation	**1,072**	1,083	**2,128**	2,133
Deferred income tax (recovery) expense	**(7)**	58	**(434)**	(102)
Stock-based compensation	**166**	(222)	**978**	543
Funds flow from operations	**7,991**	7,787	**12,694**	13,884
Movement in non-cash working capital:				
Trade and other receivables	**(3,383)**	2,297	**15,202**	8,867
Trade payables and accrued liabilities	**(1,282)**	(5)	**(2,047)**	(1,739)
Prepaid expenses	**(128)**	(140)	**(168)**	(90)
Income taxes payable	**62**	314	**1,092**	(45)
Deferred revenue	**(5,943)**	(5,417)	**(14,289)**	(11,166)
Increase in non-cash working capital	**(10,674)**	(2,951)	**(210)**	(4,173)
Net cash (used in) provided by operating activities	**(2,683)**	4,836	**12,484**	9,711
Financing activities				
Repayment of lease liability	**(317)**	(278)	**(632)**	(560)
Dividends paid	**(4,013)**	(8,026)	**(8,026)**	(16,048)
Net cash used in financing activities	**(4,330)**	(8,304)	**(8,658)**	(16,608)
Investing activities				
Property and equipment additions	**(200)**	(235)	**(349)**	(343)
(Decrease) increase in cash	**(7,213)**	(3,703)	**3,477**	(7,240)
Cash, beginning of period	**51,195**	50,753	**40,505**	54,290
Cash, end of period	**43,982**	47,050	**43,982**	47,050
Supplementary cash flow information				
Interest received	**99**	321	**198**	654
Interest paid	**521**	534	**1,046**	1,068
Income taxes paid	**3,294**	1,986	**3,478**	4,060

See accompanying notes to condensed consolidated interim financial statements, which are available on SEDAR at www.sedar.com or on CMG's website at www.cmgl.ca.

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