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COMPUTER MODELLING GROUP ANNOUNCES THIRD QUARTER RESULTS

CALGARY, Alberta, February 9, 2021 (GlobeNewswire) – Computer Modelling Group Ltd. ("CMG" or the "Company") announces its financial results for the three and nine months ended December 31, 2020.

Quarterly Performance

	Fiscal 2019	Fiscal 2020				Fiscal 2021		
($ thousands, unless otherwise stated)	Q4	Q1	Q2	Q3	Q4	Q1	Q2	**Q3**
Annuity/maintenance licenses	16,734	15,756	16,373	16,612	15,233	14,523	14,144	**13,477**
Perpetual licenses	2,891	1,159	1,146	964	1,403	-	1,775	**660**
Software licenses	19,625	16,915	17,519	17,576	16,636	14,523	15,919	**14,137**
Professional services	1,513	1,208	2,354	1,699	1,879	2,149	1,933	**1,901**
Total revenue	21,138	18,123	19,873	19,275	18,515	16,672	17,852	**16,038**
Operating profit	8,750	7,068	9,343	7,538	7,802	5,711	9,861	**8,437**
Operating profit (%)	41	39	47	39	42	34	55	**53**
Profit before income and other taxes	8,400	6,439	9,350	7,054	9,613	4,405	9,360	**7,410**
Income and other taxes	2,426	1,997	2,482	1,942	2,550	1,143	2,600	**1,535**
Net income for the period	5,974	4,442	6,868	5,112	7,063	3,262	6,760	**5,875**
EBITDA(1)	9,250	8,118	10,426	8,644	8,923	6,767	10,933	**9,509**
Cash dividends declared and paid	8,023	8,022	8,026	8,025	8,024	4,013	4,013	**4,015**
Funds flow from operations	7,024	6,097	7,787	7,366	7,515	4,703	7,991	**7,322**
Free cash flow(1)	6,948	5,707	7,274	6,726	6,840	4,239	7,474	**7,005**
Per share amounts - ($/share)								
Earnings per share (EPS) - basic and diluted	0.07	0.06	0.09	0.06	0.09	0.04	0.08	**0.07**
Cash dividends declared and paid	0.10	0.10	0.10	0.10	0.10	0.05	0.05	**0.05**
Funds flow from operations per share - basic	0.09	0.08	0.10	0.09	0.09	0.06	0.10	**0.09**
Free cash flow per share - basic(1)	0.09	0.07	0.09	0.08	0.09	0.05	0.09	**0.09**

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

Commentary on Quarterly Performance

December 31, 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 19%, 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 32%;
- Total revenue decreased by 17%, with lower software revenue being slightly offset by higher professional services revenue;
- Total operating expenses decreased by 35%, as a result of $1.7 million of CEWS and CERS benefits and the Company implementing compensation reductions effective July 1;
- Quarterly operating profit was up 12% and the operating profit margin of 53% exceeded the comparative quarter's figure of 39%, mainly due to the CEWS and CERS benefits and compensation reductions. Without the CEWS and CERS benefit, quarterly operating profit was 42%, more in line with our fiscal 2019 and fiscal 2020 historic average of 40%;
- Basic EPS of $0.07 was slightly higher than the comparative period;
- Achieved free cash flow per share of $0.09;
- Declared and paid a dividend of $0.05 per share.

For the Nine 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 decreased by 26%;
- Total revenue decreased by 12%, with lower software revenue being slightly offset by higher professional services revenue;
- Total operating expenses decreased by 20%, as a result of $4.2 million of CEWS and CERS benefits and the Company implementing compensation reductions effective July 1;
- Year-to-date operating profit was level with the comparative period and the operating profit margin was 47%. Without the CEWS and CERS benefits, year-to-date operating profit was 39%, essentially tracking to our fiscal 2019 and fiscal 2020 historic average of 40%;
- Basic EPS of $0.20 was level with the comparative period;
- Achieved free cash flow per share of $0.25;
- Declared and paid dividends of $0.15 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 nine months ended December 31, 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 nine months ended December 31, 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.

As a result of the decline in revenue, CMG became eligible for the CEWS and CERS programs and, during the three and nine months ended December 31, 2020, recorded a CEWS benefit of $1.6 million and $4.1 million, respectively, and a CERS benefit of $0.1 million and $0.1 million, respectively.

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 February 8, 2021, CMG's Board approved a quarterly dividend of $0.05 per share on CMG's Common Shares, payable on March 15, 2020 to shareholders of record at the close of business on March 5, 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. 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 have 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 December 31, ($ thousands)	**2020**	2019	$ change	% change
Software license revenue	**14,137**	17,576	(3,439)	-20%
Professional services	**1,901**	1,699	202	12%
Total revenue	**16,038**	19,275	(3,237)	-17%
Software license revenue as a % of total revenue	**88%**	91%		
Professional services as a % of total revenue	**12%**	9%		

Nine months ended December 31, ($ thousands)	**2020**	2019	$ change	% change
Software license revenue	**44,579**	52,010	(7,431)	-14%
Professional services	**5,983**	5,261	722	14%
Total revenue	**50,562**	57,271	(6,709)	-12%
Software license revenue as a % of total revenue	**88%**	91%		
Professional services as a % of total revenue	**12%**	9%		

Total revenue for the three and nine months ended December 31, 2020 decreased by 17% and 12%, respectively, due to a decrease in software license revenue, partially offset by an increase in professional services revenue.

Software License Revenue

Three months ended December 31, ($ thousands)	2020	2019	$ change	% change
Annuity/maintenance license revenue	**13,477**	16,612	(3,135)	-19%
Perpetual license revenue	**660**	964	(304)	-32%
Total software license revenue	**14,137**	17,576	(3,439)	-20%
Annuity/maintenance as a % of total software license revenue	**95%**	95%		
Perpetual as a % of total software license revenue	**5%**	5%		

Nine months ended December 31, ($ thousands)	2020	2019	$ change	% change
Annuity/maintenance license revenue	**42,144**	48,741	(6,597)	-14%
Perpetual license revenue	**2,435**	3,269	(834)	-26%
Total software license revenue	**44,579**	52,010	(7,431)	-14%
Annuity/maintenance as a % of total software license revenue	**95%**	94%		
Perpetual as a % of total software license revenue	**5%**	6%		

During the three-month period, CMG's annuity/maintenance license revenue decreased by 19%, compared to the same period of the previous fiscal year. Canada, the US and South America contributed to the decrease, while the Eastern Hemisphere stayed essentially level. The decreases in Canada, the US and South America were 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.

During the nine-month period, CMG's annuity/maintenance license revenue decreased by 14%, compared to the same period of the previous fiscal year. Canada, the US and South America contributed to the decrease, while the Eastern Hemisphere increased by 4%, due to the addition of a multi-year contract and increased licensing by existing customers.

Perpetual license revenue decreased by 32% and 26% during the three and nine months ended December 31, 2020, compared to the same periods of the previous fiscal year. Low commodity prices and resulting lower cash flows in the oil and gas industry reduced our customers' ability to purchase perpetual licenses in the near term.

Software Revenue by Geographic Region

Three months ended December 31, ($ thousands)	**2020**	2019	$ change	% change
Annuity/maintenance license revenue				
Canada	**3,097**	3,950	(853)	-22%
United States	**3,649**	5,147	(1,498)	-29%
South America	**1,320**	2,015	(695)	-34%
Eastern Hemisphere[(1)]	**5,411**	5,500	(89)	-2%
	13,477	16,612	(3,135)	-19%
Perpetual license revenue				
Canada	**-**	-	-	0%
United States	**-**	-	-	0%
South America	**41**	511	(470)	-92%
Eastern Hemisphere	**619**	453	166	37%
	660	964	(304)	-32%
Total software license revenue				
Canada	**3,097**	3,950	(853)	-22%
United States	**3,649**	5,147	(1,498)	-29%
South America	**1,361**	2,526	(1,165)	-46%
Eastern Hemisphere	**6,030**	5,953	77	1%
	14,137	17,576	(3,439)	-20%

Nine months ended December 31, ($ thousands)	**2020**	2019	$ change	% change
Annuity/maintenance license revenue				
Canada	**9,452**	11,653	(2,201)	-19%
United States	**11,533**	15,131	(3,598)	-24%
South America	**4,412**	5,931	(1,519)	-26%
Eastern Hemisphere[(1)]	**16,747**	16,026	721	4%
	42,144	48,741	(6,597)	-14%
Perpetual license revenue				
Canada	**-**	-	-	0%
United States	**-**	298	(298)	-100%
South America	**1,020**	1,280	(260)	-20%
Eastern Hemisphere	**1,415**	1,691	(276)	-16%
	2,435	3,269	(834)	-26%
Total software license revenue				
Canada	**9,452**	11,653	(2,201)	-19%
United States	**11,533**	15,429	(3,896)	-25%
South America	**5,432**	7,211	(1,779)	-25%
Eastern Hemisphere	**18,162**	17,717	445	3%
	44,579	52,010	(7,431)	-14%

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

During the three and nine months ended December 31, 2020, total software license revenue decreased in all geographic regions except for the Eastern Hemisphere.

The Canadian region (representing 21% of year-to-date software license revenue) experienced decreases of 22% and 19% in annuity/maintenance license revenue during the three and nine months ended December 31, 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 year-to-date software license revenue) experienced decreases of 29% and 24% in annuity/maintenance license revenue during the three and nine months ended December 31, 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 before and during the COVID-19 pandemic.

South America (representing 12% of year-to-date software license revenue) experienced decreases of 34% and 26% in annuity/maintenance license revenue during the three and nine months ended December 31, 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 during the three and nine months ended December 31, 2020 were lower than in the comparative periods.

The Eastern Hemisphere (representing 41% of year-to-date software license revenue) experienced a slight decrease of 2% in annuity/maintenance license revenue during the three months ended December 31, 2020, compared to the same period of the previous fiscal year, as decreased licensing by some customers was nearly offset by increased licensing by others, including a new multi-year annuity contract that commenced at the end of the previous fiscal year. During the nine months ended December 31, 2020, annuity/maintenance license revenue increased by 4%, due to increased licensing from existing customers and the afore-mentioned multi-year contract, partially offset by reduced licensing by some customers. Perpetual sales were up by 37% during the three months and down by 16% during the nine months ended December 31, 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)	**15,347**	15,679		(332)	-2%
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.

The deferred revenue balance at the end of Q3 of fiscal 2021 decreased by 2% when compared to Q3 of fiscal 2020 and was positively affected by early renewals.

Expenses

Three months ended December 31, ($ thousands)	2020	2019	$ change	% change
Sales, marketing and professional services	**3,335**	4,744	(1,409)	-30%
Research and development	**3,092**	5,171	(2,079)	-40%
General and administrative	**1,174**	1,822	(648)	-36%
Total operating expenses	**7,601**	11,737	(4,136)	-35%
Direct employee costs(1)	**5,590**	9,202	(3,612)	-39%
Other corporate costs	**2,011**	2,535	(524)	-21%
	7,601	11,737	(4,136)	-35%

Nine months ended December 31, ($ thousands)	2020	2019	$ change	% change
Sales, marketing and professional services	**11,209**	13,728	(2,519)	-18%
Research and development	**11,158**	14,461	(3,303)	-23%
General and administrative	**4,186**	5,133	(947)	-18%
Total operating expenses	**26,553**	33,322	(6,769)	-20%
Direct employee costs(1)	**20,257**	25,752	(5,495)	-21%
Other corporate costs	**6,296**	7,570	(1,274)	-17%
	26,553	33,322	(6,769)	-20%

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

Direct employee costs for the three and nine months ended December 31, 2020 decreased by 39% and 21%, 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 $1.6 million and $4.1 million during the three and nine months ended December 31, 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 December 31, 2020, CMG’s full-time equivalent staff complement was 197 employees and consultants, up from 193 full-time equivalent employees and consultants at December 31, 2019, the majority of the increase being due to the commitment under the CoFlow agreement.

Other corporate costs for the three and nine months ended December 31, 2020 decreased by 21% and 17%, respectively, compared to the same periods of the previous fiscal year, due to lower travel, marketing and office costs as a result of COVID-19 restrictions and the $0.1 million CERS benefit. These decreases were partially offset by lower SR&ED credits, as explained in the next section.

Outlook

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 “Energy Transition” models related to CO_2 enhanced recovery, carbon sequestration and geothermal projects.

Our third quarter and year-to-date annuity/maintenance license revenue decreased by 19% and 14%, 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 discussed in the fourth quarter MD&A for the previous fiscal year.

While annuity/maintenance revenue from the Eastern Hemisphere essentially remained consistent on a quarterly basis and modestly increased on a year-to-date basis, annuity/maintenance revenue from Canada, the US and South America decreased on both a quarterly and year-to-date basis. On a year-to-date basis, the Eastern Hemisphere increased by 4%, due primarily to the addition of a multi-year annuity contract that started at the end of the previous fiscal year. Revenue from Canada decreased by 22% and 19% 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 29% and 24% 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 34% and 26% decreases in South America revenue, for the quarter and year to date, respectively, were primarily due to the negative impacts of COVID-19 and the related economic uncertainty affecting the oil and gas industry.

Looking at perpetual revenue, we generated $0.7 million in perpetual sales in South America and the Eastern Hemisphere during the quarter and $2.4 million year to date. We are pleased to have realized 75% of last year’s perpetual revenue over the same period. One significant perpetual sale during this fiscal year was to a customer in South East Asia, who chose CMG’s software for enhanced oil recovery and improving their long-term production declines, which validates our belief that companies will need CMG’s technology, even more so, as they engage in complex recovery processes to mitigate their declining production.

Total operating expenses were 35% and 20% lower than in the comparative quarter and year-to-date period, respectively, due to the CEWS and CERS benefits and cost containment measures. CMG recorded CEWS and CERS benefits of $1.7 million during the quarter and $4.2 million during the year to date.

Our cost containment measures, which came into effect on July 1, 2020, included 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 operating profit of 53% for the quarter and 47% for the year to date. If we exclude the CEWS and CERS benefits from operating expenses, operating profit was 42% for the quarter and 40% for the year to date, more in line with our fiscal 2019 and fiscal 2020 quarterly average of 40%.

Recent progress in the development and distribution of the COVID-19 vaccine provides a reason for cautious optimism. While we are not in a position to predict the future, we are focusing on matters within our control: maintaining liquidity and protecting our bottom line by adjusting our cost structure. We are working closely with our customers to address their needs while acknowledging their ongoing challenges. Our business has remained comparatively resilient through the pandemic, as even though our customers are experiencing financial pressures, they recognize that they need CMG’s technology. 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 improve operating margins.

We closed the quarter with $39.2 million of cash and no debt. We realized free cash flow per share of $0.09 during the quarter and on February 8, 2021, 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 .

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 $)	**December 31, 2020**	March 31, 2020
Assets		
Current assets:		
Cash	**39,176**	40,505
Trade and other receivables	**15,420**	26,277
Prepaid expenses	**983**	913
Prepaid income taxes	**42**	771
	55,621	68,466
Property and equipment	**12,459**	13,507
Right-of-use assets	**36,106**	37,901
Deferred tax asset	**1,546**	992
Total assets	**105,732**	120,866
Liabilities and shareholders’ equity		
Current liabilities:		
Trade payables and accrued liabilities	**5,596**	6,224
Income taxes payable	**400**	60
Deferred revenue	**15,347**	33,838
Lease liability	**1,345**	1,313
	22,688	41,435
Lease liability	**40,088**	41,062
Total liabilities	**62,776**	82,497
Shareholders’ equity:		
Share capital	**80,051**	79,851
Contributed surplus	**14,064**	13,533
Deficit	**(51,159)**	(55,015)
Total shareholders' equity	**42,956**	38,369
Total liabilities and shareholders' equity	**105,732**	120,866

Condensed Consolidated Statements of Operations and Comprehensive Income

UNAUDITED (thousands of Canadian $ except per share amounts)	Three months ended December 31 **2020**	2019	Nine months ended December 31 **2020**	2019
Revenue	**16,038**	19,275	**50,562**	57,271
Operating expenses				
Sales, marketing and professional services	**3,335**	4,744	**11,209**	13,728
Research and development	**3,092**	5,171	**11,158**	14,461
General and administrative	**1,174**	1,822	**4,186**	5,133
	7,601	11,737	**26,553**	33,322
Operating profit	**8,437**	7,538	**24,009**	23,949
Finance income	**92**	278	**288**	922
Finance costs	**(1,119)**	(762)	**(3,122)**	(2,028)
Profit before income and other taxes	**7,410**	7,054	**21,175**	22,843
Income and other taxes	**1,535**	1,942	**5,278**	6,421
Net and total comprehensive income	**5,875**	5,112	**15,897**	16,422
Earnings per share				
Basic and diluted	**0.07**	0.06	**0.20**	0.20

Condensed Consolidated Statements of Cash Flows

UNAUDITED (thousands of Canadian $)	Three months ended December 31 **2020**	2019	Nine months ended December 31 **2020**	2019
Operating activities				
Net income	**5,875**	5,112	**15,897**	16,422
Adjustments for:				
Depreciation	**1,072**	1,106	**3,200**	3,239
Deferred income tax recovery	**(120)**	(246)	**(554)**	(348)
Stock-based compensation	**495**	1,394	**1,473**	1,937
Funds flow from operations	**7,322**	7,366	**20,016**	21,250
Movement in non-cash working capital:				
Trade and other receivables	**(4,345)**	(1,419)	**10,857**	7,448
Trade payables and accrued liabilities	**676**	325	**(1,371)**	(1,414)
Prepaid expenses	**98**	301	**(70)**	211
Income taxes payable	**(23)**	(15)	**1,069**	(60)
Deferred revenue	**(4,202)**	(8,170)	**(18,491)**	(19,336)
Increase in non-cash working capital	**(7,796)**	(8,978)	**(8,006)**	(13,151)
Net cash (used in) provided by operating activities	**(474)**	(1,612)	**12,010**	8,099
Financing activities				
Repayment of lease liability	**(310)**	(289)	**(942)**	(849)
Dividends paid	**(4,015)**	(8,025)	**(12,041)**	(24,073)
Net cash used in financing activities	**(4,325)**	(8,314)	**(12,983)**	(24,922)
Investing activities				
Property and equipment additions	**(7)**	(351)	**(356)**	(694)
Decrease in cash	**(4,806)**	(10,277)	**(1,329)**	(17,517)
Cash, beginning of period	**43,982**	47,050	**40,505**	54,290
Cash, end of period	**39,176**	36,773	**39,176**	36,773
Supplementary cash flow information				
Interest received	**91**	277	**289**	931
Interest paid	**517**	532	**1,563**	1,600
Income taxes paid	**722**	1,663	**4,200**	5,723

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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