COMPUTER MODELLING GROUP LTD.
3710 33rd Street NW ▪ Calgary, AB, T2L 2M1 ▪ Canada
Tel: +1.403.531.1300 ▪ Fax: +1.403.289.8502
cmgl@cmgl.ca ▪ www.cmgl.ca

COMPUTER MODELLING GROUP ANNOUNCES YEAR END RESULTS

CALGARY, Alberta, May 28, 2020 (GlobeNewswire) – Computer Modelling Group Ltd. ("CMG" or the "Company") is pleased to announce its financial results for the year ended March 31, 2020.

Annual Performance

($ thousands, unless otherwise stated)	**March 31, 2020**	March 31, 2019[1]	March 31, 2018[1]
Annuity/maintenance licenses	**63,974**	63,800	64,679
Perpetual licenses	**4,672**	5,000	4,164
Software licenses	**68,646**	68,800	68,843
Professional services	**7,140**	6,057	5,837
Total revenue	**75,786**	74,857	74,680
Operating profit	**31,751**	29,554	28,030
Operating profit (%)	**42%**	39%	38%
Net income for the year	**23,485**	22,135	20,806
EBITDA[2]	**36,111**	31,507	30,027
Cash dividends declared and paid	**32,097**	32,090	32,041
Funds flow from operations	**28,765**	25,593	25,503
Free cash flow [2]	**26,547**	24,851	20,830
Total assets	**120,866**	90,305	97,990
Total shares outstanding	**80,249**	80,227	80,215
Trading price per share at March 31	**3.83**	6.15	9.29
Market capitalization at March 31	**307,353**	493,396	745,194
Per share amounts - ($/share)			
Earnings per share - basic and diluted	**0.29**	0.28	0.26
Cash dividends declared and paid	**0.40**	0.40	0.40
Funds flow from operations per share - basic	**0.36**	0.32	0.32
Free cash flow per share - basic [2]	**0.33**	0.31	0.26

(1) The Company adopted IFRS 16 Leases effective April 1, 2019 using the modified retrospective approach. Under this method, comparative information is not restated.
(2) Non-IFRS financial measures are defined in the "Non-IFRS Financial Measures" section.

Quarterly Performance

($ thousands, unless otherwise stated)	Fiscal 2019 Q1	Q2	Q3	Q4	Fiscal 2020 Q1	Q2	Q3	**Q4**
Annuity/maintenance licenses	14,715	15,111	17,240	16,734	15,756	16,373	16,612	**15,233**
Perpetual licenses	326	1,172	611	2,891	1,159	1,146	964	**1,403**
Software licenses	15,041	16,283	17,851	19,625	16,915	17,519	17,576	**16,636**
Professional services	1,664	1,658	1,222	1,513	1,208	2,354	1,699	**1,879**
Total revenue	16,705	17,941	19,073	21,138	18,123	19,873	19,275	**18,515**
Operating profit	5,374	7,024	8,406	8,750	7,068	9,343	7,538	**7,802**
Operating profit (%)	32	39	44	41	39	47	39	**42**
Profit before income and other taxes	5,980	7,104	9,406	8,400	6,439	9,350	7,054	**9,613**
Income and other taxes	1,722	2,048	2,559	2,426	1,997	2,482	1,942	**2,550**
Net income for the period	4,258	5,056	6,847	5,974	4,442	6,868	5,112	**7,063**
EBITDA	5,837	7,505	8,915	9,250	8,118	10,426	8,644	**8,923**
Cash dividends declared and paid	8,021	8,024	8,022	8,023	8,022	8,026	8,025	**8,024**
Funds flow from operations	5,242	5,777	7,550	7,024	6,097	7,787	7,366	**7,515**
Free cash flow	4,909	5,697	7,297	6,948	5,707	7,274	6,726	**6,840**
Per share amounts - ($/share)								
Earnings per share - basic and diluted	0.05	0.06	0.09	0.07	0.06	0.09	0.06	**0.09**
Cash dividends declared and paid	0.10	0.10	0.10	0.10	0.10	0.10	0.10	**0.10**
Funds flow from operations per share -	0.07	0.07	0.09	0.09	0.08	0.10	0.09	**0.09**
Free cash flow per share - basic	0.06	0.07	0.09	0.09	0.07	0.09	0.08	**0.09**

Highlights

During the three months / ***During the year***

ended March 31, 2020, compared to the same period of the previous fiscal year:

During the three months:

- Annuity/maintenance license revenue decreased by 9%, mainly due to one-time maintenance reactivation recorded in the comparative period;
- Total revenue decreased by 12%;
- Net income increased by 18%;
- EBITDA decreased by 4% (without the positive impact of IFRS 16 adoption, EBITDA decreased by 14%).

During the year:

- Annuity/maintenance license revenue remained flat, with more revenue being of a recurring nature, compared to the prior year;
- Total revenue increased by 1%;
- Net income increased by 6%;
- EBITDA increased by 15% (without the positive impact of IFRS 16 adoption, EBITDA increased by 3%).

During the three months

ended March 31, 2020, CMG:

- Realized basic EPS of $0.09;
- Achieved free cash flow per share of $0.08;
- Declared and paid a dividend of $0.10 per share.

During the year

ended March 31, 2020, CMG:

- Realized basic EPS of $0.29;
- Achieved free cash flow per share of $0.33;
- Declared and paid dividends of $0.40 per share.

President's Message:

It is my pleasure to report our fiscal 2020 results, albeit with mixed feelings. While the majority of the fiscal year was on track for growth, we started experiencing some headwinds in software license revenue in the fourth quarter. Nonetheless, we exited fiscal 2020 with a 7% increase in operating profit, a 4% increase in basic earnings per share and a 6% increase in free cash flow per share. We generated EBITDA of $36.1 million during the year. These are impressive results and a testament to the strength of our business model.

While we celebrate our fiscal 2020 achievements, I would be remiss not to acknowledge the change in circumstances occurring toward the end of the fourth quarter, which continue to prevail into fiscal 2021. In March, the World Health

Organization declared COVID-19 a pandemic, which led to a partial shutdown of the majority of the world's economies. The pandemic also led to declines in demand for oil and gas, which, combined with producer market share competition and concerns about a supply/demand imbalance, led to volatility in commodity prices and further production and/or spending curtailments by our customers. Most of all, the pandemic has brought challenges to our operating environment and reduced visibility into the future.

CMG's Response to Market Uncertainty

The health and safety of our employees, customers and communities is always a priority. In dealing with the COVID-19 pandemic, we have been following the advice of governments and local public health authorities in jurisdictions in which we operate. In mid-March 2020, amidst pandemic restrictions, CMG implemented procedures to enable us to continue to fully operate and minimize the impact to our business and customers. Fortunately, as a technology-based company, we were well positioned to maintain our productivity during and after a transition to working from home. We also adapted our customer training to online platforms and have since received a strong positive response from our current and prospective customers.

The ongoing disruption to the oil and gas industry, including volatility in commodity prices and reduction in energy consumption, precipitated by the COVID-19 crisis, could potentially have a significant adverse effect on our operations and future financial performance. In response to these unprecedented times of economic disruption and uncertainty, effective July 1, 2020, CMG is pre-emptively taking the following actions to preserve liquidity, manage costs and protect shareholder value:

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

These reductions 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 associated with fiscal 2021 corporate performance. These compensation reductions were taken in part to retain employees because we are prioritizing product development and support, both of which are important to our customers and to the long-term success of our business.

In addition, the Board of Directors has approved a dividend of $0.05 per Common Share, payable on June 15, 2020 to shareholders of record at the close of business on June 5, 2020. This represents a decrease from the Company's previous quarterly dividend of $0.10 per share.

We are implementing these measures to protect CMG's profitability and optimize free cash flow generation to maintain the strength of our balance sheet. The measures will also allow for maximum flexibility in our capital allocation decisions, including focusing on 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. CMG will continue to monitor the impact of the current environment on its customers, operations and financial performance and may adjust its compensation structure and capital allocation as appropriate.

In light of the uncertainty caused by COVID-19 and ongoing challenges that we foresee in the oil and gas sector, it is prudent to take timely actions aimed at optimizing our business operations and protecting our financial position.

We will continue to monitor the impact of the current environment on our operations and financial performance and consider the qualifying criteria and merits of applying for any government programs aimed at assisting companies to compensate for losses experienced as a result of the COVID-19 pandemic.

Fiscal 2020 Financial Achievement

Our fiscal 2020 total revenue increased by 1% compared to the previous fiscal year, supported by an increase in professional services revenue. Software license revenue remained consistent with the previous year as the headwinds experienced in the fourth quarter offset the growth experienced during the first three quarters.

We achieved $4.7 million in perpetual license sales. While it represents a decrease of 7% from the previous year, it is a notable achievement in light of the economic challenges affecting the oil and gas sector and forcing many of our customers to restrain their capital spending.

Annuity and maintenance revenue remained flat compared to the previous fiscal year with the increases in the United States and the Eastern Hemisphere offset by the decreases in Canada and South America. Two items that impacted the fiscal 2020 annuity and maintenance revenue comparison include a payment that was received in the previous fiscal year from a long-standing customer from South America that is recognized on a cash basis, and a one-time reactivation fee on a maintenance contract recorded in the Eastern Hemisphere in the fourth quarter of the previous year. Without these one-time items occurring in the previous fiscal year, annuity and maintenance revenue would have increased in mid-single digits. We are pleased with this performance because a greater portion of the fiscal 2020 annuity and maintenance revenue was of recurring nature and not as affected by the non-recurring amounts as in the prior year.

Canada was showing improvement in annuity and maintenance revenue into the third quarter of the fiscal year but decreased licensing in the fourth quarter, partially due to the negative impact of the consolidation activity in the oil and gas industry, offset the growth experienced earlier in the year. The United States region continued to benefit from strong activity by unconventional customers for most of the year, to experience only a slight decrease in fourth quarter revenue. South America, on a normalized basis (see the previous note about the payment from the South American customer), experienced a double-digit increase in annuity and maintenance revenue due to increased licensing by existing customers. While annuity and maintenance revenue in the Eastern Hemisphere showed increases during the first three quarters of the fiscal year, revenue decreased in the fourth quarter due to the one-time maintenance reactivation fee recorded in the comparative quarter.

During fiscal 2020 we controlled our operating costs which were comparable to fiscal 2019 (prior to the impact of IFRS 16 conversion). We were again pleased with our profitability margins. Operating profit was 40% of total revenue, representing a 3% increase from the previous fiscal year (prior to the impact of IFRS 16 conversion). Similarly, our EBITDA was 42% of total revenue, which is comparable to the previous year (prior to the impact of IFRS 16 conversion).

Basic earnings per share were at $0.29 per share, a 4% increase from the previous fiscal year.

We closed the year with $40.5 million of cash and no debt. We further demonstrated solid liquidity by generating $0.33 per share in free cash flow, representing an increase of 6% from the previous fiscal year.

Research and Development Update

During fiscal 2020, we continued with various research and development initiatives aimed at product feature development and performance enhancements to support our superior technological offerings. During the fiscal year, we invested $19.2 million in research and development. Some of the year's research and development achievements include:

High Performance Computing. Distributed parallel computing is carried out both on local computer networks and on the cloud, offering users an unprecedented ability to run large problems with excellent run time.

Flux Boundary. Flux boundaries allow users to take advantage of smaller sector models created from a full-field run, without compromising on boundary conditions, to achieve faster time-to-decision.

Discrete Fracture Network. Technology has been developed to simulate reservoirs with fractured networks. These fractures are high permeability planes that could go in any direction and are the main flow paths for fluids in the reservoir. This will extend CMG's capabilities in modelling both naturally-fractured as well as hydraulically-fractured ("unconventional") reservoirs.

CMGFRAC. Geomechanics-based hydraulic fracture is extensively used to model production from unconventional shale oil and gas wells. In collaboration with third-party hydraulic fracture design tools, CMG developed a data format, "CMGFRAC", that can be used to import hydraulic fracture design and fracture parameters for hundreds of stages per well, for several wells, all at once. CMGFRAC will help customers easily model complex geomechanics-based hydraulic fractures in CMG simulators and create reliable forecasts for their reservoirs.

TRACERS. IMEX's new Passive Tracer option is used to track fluid movement from desired reservoir regions, injection wells, and aquifers. Tracer functionality could be used to track injector to produced fluid movement when optimizing sweep efficiency in flood-type recovery processes, tracing hydraulic fracture fluid in frac hits from one well to another, and in estimating recovery of hydraulic fracture fluid from unconventional wells.

We continued to invest in our cloud solutions and made more of our products available on the cloud platform.

CoFlow commercialization efforts continued throughout the fiscal 2020. As previously announced, we added one new customer in April 2019, and had two customers renew their contracts during the year. We actively continue to work on CMG opportunities as well as additional deployments with our partner, Shell. The combined impact of COVID-19, commodity price volatility and an uncertain economic outlook are expected to slow down our CoFlow commercialization efforts. We are focused on gaining additional traction for the product but expect that commercial conversations with customers could be delayed.

Executive Appointments in Fiscal 2020

During the third quarter, we implemented organizational changes in order to focus on the usability of our software, improved workflows and positive customer experience. Anjani Kumar, formerly Vice President, Engineering Solutions and Marketing, retains the role of Vice President, Engineering Solutions and, in addition to leading our consulting, support and training group, will now oversee the ongoing development of Builder and Results, our data import, model build and visualization applications, with the objective of improving customer workflows and bringing more user perspective to our software development. The marketing team, with renewed emphasis on customer experience, will report directly to myself.

During the fourth quarter, Jason Close, General Manager, CoFlow was promoted to Vice President, CoFlow Commercialization. With Jason's extensive experience building relationships with CMG's customers in his previous role as the Manager of Canadian Sales, in combination with his technical acumen and leadership skills, Jason is well-suited to lead the CoFlow team and foster business growth opportunities.

Long Nghiem, in his role of Vice President, Research and Development and Chief Technology Officer, retains oversight of the entire research and development team.

These organizational changes position us to continue to operate effectively and efficiently, and to deliver cutting-edge technology to our customers.

Sustainability Reporting

We are committed to managing and reporting on certain environmental and social issues and would refer you to the section in our Information Circular headed *Commitment to Environmental and Social Responsibility* for details.

Closing Remarks

I am confident that with our strong team and fiscal prudence we are well positioned to deal with these uncertain times and maintain financial and operational discipline to take advantage of future opportunities. We are not in a position to predict the future and we are focusing on matters within our control including ensuring the resilience of our business by adjusting our cost structure and protecting liquidity. Through the COVID-19 and economic crises, we continue our research and development activities and we continue providing technical support to our customers globally. In addition, due to our customers working from home, we are seeing an unprecedented attendance at our webinars and training sessions. All of these initiatives will help position us to emerge from this period of uncertainty with strength and superior technological offerings for our customers while delivering value to our shareholders.

The value of reservoir simulation is arguably even greater during these challenging times of economic and regulatory uncertainty. We will continue to work with our customers to help them to deal with such challenges and improve the value of their assets by optimizing production and increasing productivity. We will further employ new and innovative technologies to continue reinforcing our position as a leading developer and supplier of reservoir simulation software in the world.

Ultimately, the success of this company is built on the efforts and talents of our employees. I would like to express my deep appreciation to all CMG staff and the executive team for their outstanding efforts and dedication throughout the fiscal year especially during these difficult times. Together we will prevail through these challenges and continue to make CMG a great success story. I would also like to express my gratitude to our Board of Directors for their continued support and trusted counsel throughout the year.

(signed)

Ryan N. Schneider
President and Chief Executive Officer
May 27, 2020

Revenue

Three months ended March 31, ($ thousands)	**2020**	2019	$ change	% change
Software license revenue	**16,636**	19,625	(2,989)	-15%
Professional services	**1,879**	1,513	366	24%
Total revenue	**18,515**	21,138	(2,623)	-12%
Software license revenue as a % of total revenue	**90%**	93%		
Professional services as a % of total revenue	**10%**	7%		

Years ended March 31, ($ thousands)	**2020**	2019	$ change	% change
Software license revenue	**68,646**	68,800	(154)	0%
Professional services	**7,140**	6,057	1,083	18%
Total revenue	**75,786**	74,857	929	1%
Software license revenue as a % of total revenue	**91%**	92%		
Professional services as a % of total revenue	**9%**	8%		

CMG's revenue is comprised of software license sales, which provide the majority of the Company's revenue, and fees for professional services.

Total revenue for the three months ended March 31, 2020 decreased by 12%, compared to the same period of the previous fiscal year, due to a decrease in software license revenue, which was partially offset by an increase in professional services revenue.

Total revenue for the year ended March 31, 2020 increased by 1% compared to the previous fiscal year, as professional services revenue increased and software licenses revenue remained flat.

Software License Revenue

Three months ended March 31, ($ thousands)	2020	2019	$ change	% change
Annuity/maintenance license revenue	**15,233**	16,734	(1,501)	-9%
Perpetual license revenue	**1,403**	2,891	(1,488)	-51%
Total software license revenue	**16,636**	19,625	(2,989)	-15%
Annuity/maintenance as a % of total software license revenue	**92%**	85%		
Perpetual as a % of total software license revenue	**8%**	15%		

Years ended March 31, ($ thousands)	2020	2019	$ change	% change
Annuity/maintenance license revenue	**63,974**	63,800	174	0%
Perpetual license revenue	**4,672**	5,000	(328)	-7%
Total software license revenue	**68,646**	68,800	(154)	0%
Annuity/maintenance as a % of total software license revenue	**93%**	93%		
Perpetual as a % of total software license revenue	**7%**	7%		

Total software license revenue for the three months ended March 31, 2020 decreased by 15% compared to the same period of the previous fiscal year, due to decreases in both annuity/maintenance license revenue and perpetual license revenue.

Total software license revenue for the year ended March 31, 2020 remained flat compared to the previous fiscal year.

CMG's annuity/maintenance license revenue for the three months ended March 31, 2020 decreased by 9%, compared to the same period of the previous fiscal year. All geographic regions experienced decreases, but the largest decrease was in the Eastern Hemisphere, because the comparative quarter included revenue related to one-time maintenance contract reactivation.

Annuity/maintenance license revenue for the year ended March 31, 2020 remained flat, as increases in the United States and the Eastern Hemisphere were offset by decreases in Canada and South America.

Our annuity/maintenance license revenue can be significantly impacted by the variability of the amounts recorded from a long-standing South American customer and its affiliates for whom revenue recognition criteria are fulfilled only at the time of the receipt of funds. Due to the economic conditions in the country where this customer and its affiliates are located, revenue from them will continue to be recognized on a cash basis. The timing of such payments may skew the comparison of annuity/maintenance license revenue between periods. We recorded revenue from this customer in the third quarter of the previous fiscal year, but none during the current fiscal year. Normalized for this prior year revenue, annuity/maintenance license revenue for the year ended Mach 31, 2020, compared to the previous fiscal year, increased by 3% instead of remaining flat.

Perpetual license revenue for the three months ended March 31, 2020 decreased by 51% as there were fewer perpetual sales in the United States and the Eastern Hemisphere and none in Canada and South America. Perpetual license revenue for the year ended March 31, 2020 decreased by 7% compared to the previous fiscal year, as lower perpetual sales in Canada, the United States and the Eastern Hemisphere were partially offset by higher perpetual sales in South America.

Software Revenue by Geographic Region

Three months ended March 31, ($ thousands)	**2020**	2019	$ change	% change
Annuity/maintenance license revenue				
Canada	**3,324**	3,725	(401)	-11%
United States	**4,524**	4,664	(140)	-3%
South America	**1,694**	1,924	(230)	-12%
Eastern Hemisphere[1]	**5,691**	6,421	(730)	-11%
	15,233	16,734	(1,501)	-9%
Perpetual license revenue				
Canada	**-**	-	-	0%
United States	**163**	582	(419)	-72%
South America	**-**	-	-	0%
Eastern Hemisphere	**1,240**	2,309	(1,069)	-46%
	1,403	2,891	(1,488)	-51%
Total software license revenue				
Canada	**3,324**	3,725	(401)	-11%
United States	**4,687**	5,246	(559)	-11%
South America	**1,694**	1,924	(230)	-12%
Eastern Hemisphere	**6,931**	8,730	(1,799)	-21%
	16,636	19,625	(2,989)	-15%

Years ended March 31, ($ thousands)	**2020**	2019	$ change	% change
Annuity/maintenance license revenue				
Canada	**14,977**	15,151	(174)	-1%
United States	**19,655**	18,620	1,035	6%
South America	**7,625**	8,734	(1,109)	-13%
Eastern Hemisphere[1]	**21,717**	21,295	422	2%
	63,974	63,800	174	0%
Perpetual license revenue				
Canada	**-**	156	(156)	-100%
United States	**461**	1,096	(635)	-58%
South America	**1,280**	6	1,274	21233%
Eastern Hemisphere	**2,931**	3,742	(811)	-22%
	4,672	5,000	(328)	-7%
Total software license revenue				
Canada	**14,977**	15,307	(330)	-2%
United States	**20,116**	19,716	400	2%
South America	**8,905**	8,740	165	2%
Eastern Hemisphere	**24,648**	25,037	(389)	-2%
	68,646	68,800	(154)	0%

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

During the three months ended March 31, 2020, total software license revenue decreased in all geographic regions. During the year ended March 31, 2020, the United States and South America increased, while Canada and the Eastern Hemisphere decreased, resulting in consistent total software license revenue year over year.

The Canadian region (representing 22% of annual total software license revenue) experienced decreases of 11% and 1% in annuity/maintenance license revenue during the three months and year ended March 31, 2020, respectively, compared to the same periods of the previous fiscal year. The region showed growth during the first three quarters of the current fiscal year, but decreased in the fourth quarter, due to decreases in licensing by existing customers, partially caused by the negative impact of the consolidation activity in the industry. No perpetual sales were realized in Canada during the three months and year ended March 31, 2020.

The United States (representing 29% of annual total software license revenue) experienced a 3% decrease in annuity/maintenance license revenue during the three months and a 6% increase during the year ended March 31, 2020, compared to the same periods of the previous fiscal year. The region performed strongly during the first three quarters of the year, but dropped in the fourth quarter due to decreased licensing by some customers. Perpetual sales in the United States were lower during the three months and year ended March 31, 2020, compared to the same periods of the previous fiscal year.

South America (representing 13% of annual total software license revenue) experienced decreases of 12% and 13% in annuity/maintenance license revenue during the three months and year ended March 31, 2020, respectively. Our revenue in South America can be significantly impacted by the variability of the amounts recorded from a customer and its affiliates for whom revenue is recognized only when cash is received. We received payment from this customer in the third quarter of the previous fiscal year, but none during the current fiscal year. To provide a normalized comparison, if we exclude revenue from this customer from the previous year, we note that South American annuity/maintenance license revenue increased by 11% (instead of decreasing by 13%) during the year ended March 31, 2020, compared to the previous fiscal year. This normalized increase during the current fiscal year was mainly due to increased licensing by existing customers. There were more perpetual sales realized in South America during the current fiscal year than in the previous fiscal year.

The Eastern Hemisphere (representing 36% of annual total software license revenue) experienced a decrease of 11% in annuity/maintenance license revenue during the three months ended March 31, 2020, compared to the same period of the previous fiscal year, due to maintenance contract reactivation recorded in the comparative period. Despite this decrease during the fourth quarter, annuity/maintenance license revenue in this region grew by 2% on a full year basis, due to a combination of increased licensing by existing customers and the addition of new customers. Perpetual license revenue decreased by 46% and 22% during the three months and year ended March 31, 2020, compared to the same periods of the previous fiscal year.

Deferred Revenue

($ thousands)	**Fiscal 2020**	Fiscal 2019	$ change	% change
Deferred revenue at:				
Q1 (June 30)	**29,266**	29,350	(84)	0%
Q2 (September 30)	**23,849**	23,222	627	3%
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 pre-sold licenses. With the exception of certain term-based software licenses that are recognized at the start of the license period, 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 fiscal 2020 decreased by 3% compared to fiscal 2019 and included a positive impact of the timing of renewals.

Expenses

Three months ended March 31, ($ thousands, except per share data)	Previous lease standard 2020	IFRS 16 impact	**IFRS 16 2020**	2019	$ change	% change
Sales, marketing and professional services	4,467	(69)	**4,398**	5,216	(818)	-16%
Research and development	5,012	(229)	**4,783**	5,280	(497)	-9%
General and administrative	1,587	(55)	**1,532**	1,892	(360)	-19%
Total operating expenses	11,066	(353)	**10,713**	12,388	(1,675)	-14%
Direct employee costs[1]	8,153	-	**8,153**	9,237	(1,084)	-12%
Other corporate costs	2,913	(353)	**2,560**	3,151	(591)	-19%
	11,066	(353)	**10,713**	12,388	(1,675)	-14%

Years ended March 31, ($ thousands, except per share data)	Previous lease standard 2020	IFRS 16 impact	**IFRS 16 2020**	2019	$ change	% change
Sales, marketing and professional services	18,394	(268)	**18,126**	18,690	(564)	-3%
Research and development	20,160	(916)	**19,244**	19,893	(649)	-3%
General and administrative	6,885	(220)	**6,665**	6,720	(55)	-1%
Total operating expenses	45,439	(1,404)	**44,035**	45,303	(1,268)	-3%
Direct employee costs[1]	33,905	-	**33,905**	33,481	424	1%
Other corporate costs	11,534	(1,404)	**10,130**	11,822	(1,692)	-14%
	45,439	(1,404)	**44,035**	45,303	(1,268)	-3%

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

Prior to applying IFRS 16, total operating expenses for the three months ended March 31, 2020 decreased by 11%, due to lower stock-based compensation on cash-settled awards as a result of a decreased share price. Prior to applying IFRS 16, total operating expenses for the year ended March 31, 2020 remained flat compared to the previous fiscal year.

The application of IFRS 16 decreased total operating expenses by $0.4 million in the three-month period and by $1.4 million in the year ended March 31, 2020. This net decrease is a combination of lower rent expense (because under IFRS 16 rent payments are classified as finance costs and repayment of lease liability), partially offset by higher depreciation expense on the recognition of right-of-use assets.

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".

Consolidated Statements of Financial Position

(thousands of Canadian $)	**March 31, 2020**	March 31, 2019*
Assets		
Current assets:		
Cash	**40,505**	54,290
Trade and other receivables	**26,277**	19,220
Prepaid expenses	**913**	1,332
Prepaid income taxes	**771**	367
	68,466	75,209
Property and equipment	**13,507**	14,501
Right-of-use assets	**37,901**	-
Deferred tax asset	**992**	595
Total assets	**120,866**	90,305
Liabilities and shareholders' equity		
Current liabilities:		
Trade payables and accrued liabilities	**6,224**	6,162
Income taxes payable	**60**	60
Deferred revenue	**33,838**	34,653
Lease liability	**1,313**	-
	41,435	40,875
Deferred revenue	**-**	362
Lease liability	**41,062**	-
Deferred rent liability	**-**	1,813
Total liabilities	**82,497**	43,050
Shareholders' equity:		
Share capital	**79,851**	79,711
Contributed surplus	**13,533**	12,808
Deficit	**(55,015)**	(45,264)
Total shareholders' equity	**38,369**	47,255
Total liabilities and shareholders' equity	**120,866**	90,305

Consolidated Statements of Operations and Comprehensive Income

Years ended March 31, (thousands of Canadian $ except per share amounts)	2020	2019*
Revenue	**75,786**	74,857
Operating expenses		
Sales, marketing and professional services	**18,126**	18,690
Research and development	**19,244**	19,893
General and administrative	**6,665**	6,720
	44,035	45,303
Operating profit	**31,751**	29,554
Finance income	**2,833**	1,336
Finance costs	**(2,128)**	-
Profit before income and other taxes	**32,456**	30,890
Income and other taxes	**8,971**	8,755
Net and total comprehensive income	**23,485**	22,135
Earnings per share		
Basic and diluted	**0.29**	0.28

Consolidated Statements of Cash Flows

Years ended March 31, (thousands of Canadian $)	**2020**	2019*
Operating activities		
Net income	**23,485**	22,135
Adjustments for:		
Depreciation	**4,360**	1,953
Deferred income tax recovery	**(13)**	(74)
Stock-based compensation	**933**	1,154
Deferred rent	**-**	425
Funds flow from operations	**28,765**	25,593
Movement in non-cash working capital:		
Trade and other receivables	**(7,057)**	(2,947)
Trade payables and accrued liabilities	**86**	(63)
Prepaid expenses	**317**	83
Income taxes payable	**(404)**	(618)
Deferred revenue	**(1,177)**	1,338
Increase in non-cash working capital	**(8,235)**	(2,207)
Net cash provided by operating activities	**20,530**	23,386
Financing activities		
Proceeds from the issue of common shares	**-**	17
Repayment of lease liability	**(1,228)**	-
Dividends paid	**(32,097)**	(32,090)
Net cash used in financing activities	**(33,325)**	(32,073)
Investing activities		
Property and equipment additions	**(990)**	(742)
Decrease in cash	**(13,785)**	(9,429)
Cash, beginning of period	**54,290**	63,719
Cash, end of period	**40,505**	**54,290**
Supplementary cash flow information		
Interest received	**1,135**	1,221
Interest paid	**(2,128)**	-
Income taxes paid	**(7,893)**	(8,135)

* The Company adopted IFRS 16 *Leases* effective April 1, 2019 using the modified retrospective approach. Under this method, comparative information is not restated.

See accompanying notes to consolidated financial statements.

For further information, contact:

Ryan N. Schneider
President & CEO
(403) 531-1300
ryan.schneider@cmgl.ca
www.cmgl.ca

or

Sandra Balic
Vice President, Finance & CFO
(403) 531-1300
sandra.balic@cmgl.ca