CEO Letter to Shareholders

November 13, 2023

Dear fellow shareholders,

CMG finished the second quarter with strong momentum. We completed our first sizeable acquisition, posted solid financial performance, and recently announced a partnership with global technology leader, ABB.

The energy industry has also seen some remarkable events recently, with the announcement of two high profile consolidations. Industry consolidation has had an adverse effect on our business in the past, with acquirors reducing software licenses to streamline costs or achieve synergies. As we approach year-end, we acknowledge this challenge given the high volume of contract renewals we experience early in the new year (our fiscal Q4). Our customer teams are even more focused on building relationships, understanding market needs and collaborating closely with our clients to tailor solutions to address the specific challenges and objectives of these new, larger organizations.

On a positive note, acquirors are demonstrating that by leveraging technology, they can make accretive acquisitions based on increasing the value and productivity of existing assets. This ability to materially increase recovery rates, minimize cost and risk, and reduce environmental impacts using technology has been the driving value behind CMG for decades and our position as a trusted technology partner is now more important than ever. As the industry consolidates and needs more advanced technology solutions, we will continue to align both our simulation offerings and our newly acquired technologies with the evolving needs of our clients.

Integrated Production System Modelling (IPSM – CoFlow)

In honor of our 30-year partnership with ONGC, in September we proudly hosted the Chairman and the senior team of ONGC in our Calgary offices and used the opportunity to explore the topic of IPSM. At the same time, we connected with senior leaders at the World Petroleum Congress which was held in Calgary.

More recently, at SPE's ATCE event in San Antonio, CMG hosted a Tech Talk where I spoke, alongside our long-standing partner Shell, about the benefits of IPSM. This new strategy of growing our thought leadership in collaboration with Shell aims to build market understanding of IPSM and advance our commercialization efforts for CoFlow. While there are encouraging signs of progress, I acknowledge that we have yet to have a strong commercial win.

My conviction remains strong that CoFlow represents a significant opportunity for CMG by expanding our addressable market, growing our product offering across the upstream energy workflow, and moving CoFlow towards the same financial performance as the core business. I also strongly believe in the value it can deliver to large energy operators globally. But hope is not a strategy, and we continue to explore new ways to educate the market, including how we can support adoption and use through our consulting team. We will be critically evaluating the technology versus commercialization, particularly the return on investment, to gauge our progress with the new strategy over the coming quarters.

Bluware Acquisition

A major accomplishment this quarter was the meaningful start of our acquisition strategy (webcast link) and in early October, we showcased our expanding portfolio of technologies at ADIPEC, with Bluware attending as a CMG portfolio company.

Bluware brings CMG expertise in cloud delivery, data management and advanced technologies leveraging artificial intelligence (AI). AI has always been perceived with some skepticism as a “black box”, but with the explosion of ChatGPT, and other similar tools, it is becoming core for the digital transformation. As a society, we are becoming more comfortable interacting with AI technology, understanding how it is used and leveraging it as a decision support tool. This acceptance means its influence will continue to grow. I am a believer in the power of AI especially when you can remove the “black box” approach which drives user confidence and faster adoption. This transparency, with interactive training by the expert user, is what Bluware has done so well with its InteractivAI solution and why it was such a compelling investment for CMG.

The team spent several months on the due diligence process to ensure this complex transaction was done well and with the right level of scrutiny, something that sets up our processes for future acquisitions. Our focus on opportunities within the upstream energy workflow is not only core to driving inorganic growth but is also critical to sustained and durable organic growth. We are evolving as an organization to compete on a platform led strategy built on a portfolio of leading edge, differentiated technologies that enhance the workflow of our customers.

Strong Financial Performance

Second quarter revenue was strong, with annuity/maintenance revenue up 19% and total revenue up 25% from the same period last year. As a result, adjusted EBITDA was also exceptionally strong.

Growth is being fueled by a combination of underlying strength of the industry and the changes we have made to our business over the past year. We experienced growth in our annuity/maintenance revenue as well as perpetual licenses and consulting. A combination of new customers, increased licensing by existing customers, and price increases all contributed to our financial outperformance in the first half of the year.

Carbon capture and storage (CCS) interest is proving persistently strong, with 22% of Q2 software revenue attributed to energy transition. We are seeing a continuation of supportive government policies and incentives for energy transition initiatives in many jurisdictions around the world, many of which are tied to a requirement to invest capital immediately. This is leading to perpetual license sales in some geographies which, while not recurring in nature, do typically come with a maintenance revenue stream which is recurring.

We are pleased with our financial performance year-to-date and remain confident in our strategy to continue to deliver solid financial performance. We also recognize the challenge of sustaining year-over-year growth at a similar level. Our goal is to establish organic growth that is durable over the long-term and believe we are executing to that plan. Through the second half of the year, we will continue to invest to support our growth, anticipating that we will make some strategic hiring decisions in critical functional areas, including consulting and R&D. We also expect that, based on our performance year to date, our new sales compensation plan, which is structured with variable compensation tied to growth, will marginally increase costs as we approach the end of our fiscal year.

In Closing

I hope that these quarterly letters provide you with insight and transparency into my thinking about the business, what is important, what values drive our decisions and the goals we are working towards. In closing, I want to specifically reiterate an idea from our recent webcast. When pursuing acquisitions, it is easy to get caught up in the process. Everyone is excited; advisors and employees all want a deal to get done. The biggest risk, and a mistake that I believe many make, is relying on “synergies”. It’s a great buzz word in M&A. We suggest that 1+1 can equal 3 but how often does it happen? For me, every decision is about creating value. In acquisitions, this means looking at a business on a stand-alone basis, identifying where we can apply our “playbook”, or operating strategy, to grow the business, expand the margins and create value without relying on synergies that may or may not exist.

I specifically want to thank our team that was involved in the Bluware acquisition over the past several months. It was a monumental effort, and I am grateful to those who dedicated countless hours to ensure our success. Their efforts built our collective M&A “muscle” and lay a strong foundation for our future success.

I look forward to our next quarterly update.

Sincerely,

Pramod Jain

Chief Executive Officer

Computer Modelling Group Ltd. announces its second quarter results for the three and six months ended September 30, 2023.

Second Quarter Highlights

- Closed the Company's first major acquisition, Bluware-Headwave Ventures Inc. ("BHV" or "Bluware"), on September 25, 2023;
- Generated total revenue of $22.6 million in the second quarter of fiscal 2024 compared to $18.1 million in the prior year's quarter, an increase of 25%;
- Operating profit margin increased to 34%, compared to 31% in the same period of last fiscal year;
- Reported free cash flow of $11.0 million, representing $0.14 per share;
- Subsequent to quarter-end, declared a quarterly cash dividend of $0.05 per share to be paid on December 15, 2023 to all shareholders on record at the close of business on December 7, 2023.

Second Quarter Financial Highlights

	Three months ended September 30				Six months ended September 30			
($ thousands, except per share data)	**2023**	2022	$ change	% change	**2023**	2022	$ change	% change
Annuity/maintenance software licenses	**17,610**	14,825	2,785	19%	**33,217**	28,354	4,863	17%
Perpetual software licenses	**1,176**	780	396	51%	**3,025**	1,166	1,859	159%
Professional services revenue	**3,847**	2,477	1,370	55%	**7,139**	4,669	2,470	53%
Total revenue (1)	**22,633**	18,082	4,551	25%	**43,381**	34,189	9,192	27%
Operating profit (1)	**7,726**	5,555	2,171	39%	**17,490**	10,516	6,974	66%
Net income (1)	**6,516**	4,410	2,106	48%	**13,420**	8,223	5,197	63%
Earnings per share - basic	**0.08**	0.05	0.03	60%	**0.17**	0.10	0.07	70%
Funds flow from operations per share – basic	**0.14**	0.06	0.08	133%	**0.24**	0.12	0.12	100%
Free cash flow per share - basic (2)	**0.14**	0.06	0.08	133%	**0.23**	0.11	0.12	110%

(1) BHV contributed to total revenue of $0.6 million (software licenses - $0.2 million), operating profit of $0.2 million and net income of $0.1 million for the three and six months ended September 30, 2023.

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

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") of financial condition and results of operations for Computer Modelling Group Ltd. ("CMG", the "Company", "we" or "our"), dated November 13, 2023, should be read in conjunction with CMG's unaudited condensed consolidated interim financial statements (the "Financial Statements") and accompanying notes for the three and six months ended September 30, 2023 and 2022 and CMG's Annual Information Form dated May 24, 2023 ("AIF"), which are available under CMG's issuer profile at www.sedarplus.ca.

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Financial Statements are presented in Canadian dollars, which is the functional and presentation currency of CMG.

Figures within this MD&A are presented in Canadian dollars, unless otherwise indicated. Financial data, other than the non-IFRS financial measures, have been prepared in accordance with IFRS.

This MD&A was reviewed and approved by the Audit Committee and Board of Directors and is effective November 13, 2023.

Forward-Looking Information

Certain information included in this MD&A 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 MD&A, statements to the effect that the Company or its management "believes", "expects", "expected", "plans", "may", "will", "projects", "anticipates", "estimates", "would", "could", "should", "endeavors", "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.

With respect to forward-looking information contained in this MD&A, we have made assumptions regarding, among other things:

- future software license sales;
- the continued financing by and participation of the Company's CoFlow partner and it being completed in a timely manner, associated costs and future revenue;
- the Company's ability to increase or sustain its revenue in a volatile oil price environment;
- the Company's ability to pay dividends;
- ability to enter into additional software license agreements;
- ability to continue current research and new product development;
- ability to recruit and retain qualified staff;
- ability to recognize financial results of acquiring Bluware;
- ability to successfully execute on commercial partnerships and acquisitions.

Forward-looking information is not a guarantee of future performance and involves a number of risks and uncertainties, only some of which are described herein. Many factors could cause the Company's actual results, performance or achievements, or future events or developments to differ materially from those expressed or implied by the forward-looking information including, without limitation, the following factors, which are discussed in greater detail in the "Business Risks" section of this MD&A:

- Economic conditions in the energy industry;
- Reliance on key customers;
- Foreign exchange;
- Economic and political risks in countries where the Company currently does or proposes to do business;
- Increased competition;
- Reliance on employees with specialized skills or knowledge;
- Protection of proprietary rights.

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievement may vary materially from those expressed or implied by the forward-looking information contained in this MD&A. These factors should be carefully considered and readers are cautioned not to place undue reliance on forward-looking information, which speaks only as of the date of this MD&A. All subsequent forward-looking information attributable to the Company herein is expressly qualified in its entirety by the cautionary statements contained in or referred to herein. The Company does not undertake any obligation to release publicly any revisions to forward-looking information contained in this MD&A to reflect events or circumstances that occur after the date of this MD&A or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

Corporate Profile

CMG is a global software and consulting company providing advanced reservoir modelling capabilities to the energy industry. CMG provides cutting-edge technologies that support critical field development decisions for upstream planning and energy transition strategies. The Company has a diverse customer base of international oil companies 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, Oxford, Dubai, Bogota, Rio de Janeiro, Bengaluru, Kuala Lumpur and Oslo. CMG's Common Shares are listed on the Toronto Stock Exchange ("TSX") and trade under the symbol "CMG". CMG and its subsidiaries include the following; Computer Modelling Group Inc., CMG Middle East FZ LLC, CMGL Services Corporation Inc., CMG Europe Ltd., and CMG Collaboration Centre India Private Ltd., (together referred to as "CMGL Canada"), CMG Holdings (USA), Inc., and Bluware-Headwave Ventures Inc., Bluware Inc., Hue AS, and Kalkulo AS (together referred to as "BHV" or "Bluware").

Business Overview

Since its inception more than 40 years ago, CMG made the strategic decision to focus its research and development efforts on providing solutions for the simulation of difficult hydrocarbon recovery techniques, a decision that created the foundation for CMG's dominant market presence today in the simulation of advanced hydrocarbon recovery processes. CMG has demonstrated this commitment by continuously investing in research and development and working closely with its customers to develop simulation tools relevant to the challenges and opportunities they face. CMG are experts in modelling and de-risking subsurface exploration with the use of advanced physics-based simulation software and expert consulting.

CMG provides market-leading reservoir simulation software, recognized as the industry standard in traditional oil and gas including Enhanced Oil Recovery (EOR), Heavy Oil and unconventionals, and in Energy Transition including Carbon Capture and Storage (CCS), geothermal and hydrogen. In addition to offering reservoir simulation solutions, CMG has invested into the development of CoFlow, the industry's first fully implicit, multi-user and multi-disciplinary Integrated Reservoir and Production System Modelling (IPSM) software application. It provides a unified solution for integrated asset modelling by combining reservoir, production networks and geomechanics in one environment and allows reservoir and production engineers to make informed decisions on large, integrated oil and gas projects.

In combination with its principal business of licensing its software, CMG also provides professional services consisting of multi-disciplinary upstream consultants that provide software proficiency and technical competency to build and optimize reservoir development plans.

CMG continues to pursue its CMG 4.0 strategy which is aimed at transforming CMG to a market-led company, driven by sustained organic growth, leveraging the momentum towards digitization in the energy industry and the growing need for complex energy transition solutions to drive growth by winning new customers and selling additional products and services to existing customers.

CMG is recognizing the positive impact of this strategy demonstrated by the eighth consecutive quarter of year-over-year revenue increases. CMG sees mergers and acquisitions ("M&A") as a growth accelerator and maintains a robust and dynamic pipeline of opportunities, investing in both engagement and outreach while continuously evaluating value creation opportunities through inorganic growth.

Significant Events

Acquisition of Bluware-Headwave Ventures, Inc.

On September 25, 2023, we announced the acquisition of Bluware-Headwave Ventures, Inc. ("Bluware" or "BHV"), a software and services company specializing in cloud and interactive deep learning solutions for subsurface decision-making including seismic interpretation. Our acquisition of Bluware will enable us to diversify CMG's product offering across the upstream energy value-chain, to build on our expertise in cloud delivery, advanced technologies, and data management and to deliver improved workflows and collaboration with increased speed, performance and accuracy. We believe that our combined portfolio will allow customers to leverage the latest cloud, machine learning and AI innovations to revolutionize geoscience data and interpretation workflows, allowing geoscientists to deliver faster and smarter decisions about the subsurface while reducing costs and environmental impact.

Bluware is headquartered in Houston, Texas with operations in Oslo, Norway. Bluware develops software technology and offers consulting services. BHV's market focus is on upstream exploration and production (E&P) oil and gas companies, including public energy companies, national oil companies (NOC's), service companies, seismic acquisition companies, national data repositories and independent software vendors. Bluware enables the energy industry to explore the full value of subsurface data without the limitations of data size and legacy interpretation software.

Bluware's proprietary product VDS™ (Volume Data Storage) data format compresses raw and interpreted seismic data sets, making them adaptable and scalable depending on customer business needs, workflows and visualization requirements. VDS™ enables fast data access, cost-effective cloud storage, and compute-intensive workflows. With the power of the VDS™ Engine, clients can achieve previously unthinkable geophysical workflows, such as high-performance computing, interactive deep learning, mega-data visualization, cost-effective data transfer and cloud storage. VDS™ is the powerhouse behind Bluware's solutions InteractivAI™ and FAST™ (Flexible Access Storage Transcoding). InteractivAI™ is a cutting-edge deep learning seismic interpretation tool that enables geoscientists to quickly analyze vast amounts of seismic data to accelerate prospect generation while increasing confidence. Users can reduce the seismic interpretation workflow from months to days and shift focus to other critical evaluation and de-risking workflows. InteractivAI™ is the only tool in the market that gives full control to the interpreter and allows the user and application to work together interactively. FAST™, a data streaming and transcoding tool, provides customers with the ability to use VDS™ with existing interpretation applications to stream subsurface data from the cloud to legacy applications and workflows. FAST™ customers avoid duplicating datasets to feed their subsurface applications. Teleport™ provides the ability to transfer seismic data while preserving signal quality via satellite.

Bluware's consulting service business includes a team of highly experienced consultants who implement custom software solutions utilizing the Bluware platform to help companies maximize the value of their subsurface data and ultimately make better business decisions. Bluware specialists support all areas of the software lifecycle, creating value for customers across a wide range of industry competencies including data science, machine learning, numerical modeling, computational physics, data visualization, and data cloud platforms.

In addition to contributing to CMG's multi-faceted strategy to drive growth in the core reservoir simulation business while creating diversification through accretive acquisitions, Bluware is expected to enhance CMG's position in the market, as well as contribute the following benefits:

- Provide differentiated state-of-the-art technologies to expand our product portfolio to large and midsize E&P companies, many of whom are existing CMG customers that will aid in driving our long-term growth.
- Ability to leverage Bluware's existing strategic partnerships with leading energy companies to expand the commercial potential in both our software technology and consulting services business.
- Ability to expand on critical insights with respect to market trends and evolving industry needs, to drive software adoption by supporting implementation and usage.

This acquisition will grow CMGs existing professional services revenue and adds strategic IP to its portfolio.

For the three months ended September 30, 2023, the acquisition contributed revenue and net income before tax of $0.6 million and $0.1 million, respectively. CMG has identified and defined Bluware as an operating segment. In future reporting periods we will separately disclose the financial performance of this operating segment from the financial performance of CMGL Canada. If the acquisition would have occurred on April 1, 2023, management estimates that the pro-forma revenue and net income before taxes would have increased by $18.6 million ($5.5 million software revenue; $13.1 million service revenue) and $0.9 million, respectively, for the six months ended September 30, 2023. This pro-forma information is not necessarily indicative of the results of operations that would have resulted had the acquisition been reflected on the dates indicated, or that may be obtained in the future.

Refer to note 3(a) in the condensed consolidated interim financial statements for additional information.

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 and Reconciliation of Non-IFRS Measures

Certain financial measures in this MD&A – namely, Adjusted EBITDA, free cash flow, adjusted total operating expenses, direct employee costs, adjusted direct employee costs, other corporate costs, adjusted other corporate costs, adjusted operating profit, and adjusted net income – 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.

Adjusted EBITDA and Adjusted EBITDA as a % of Total Revenue

Adjusted EBITDA and Adjusted EBITDA as a % of total revenue refers to net income before adjusting for depreciation and amortization expense, interest income, interest expense, and income and other taxes, share-based compensation, restructuring charges, foreign exchange gains and losses, interest expense on lease liabilities, repayment of lease obligations, acquisition related costs and asset impairments. Adjusted EBITDA should not be construed as an alternative to operating income, net income or liquidity as determined by IFRS. The Company believes that Adjusted EBITDA and Adjusted EBITDA as a % total revenue are useful supplemental measures as they provide 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. In addition, management has determined that Adjusted EBITDA and Adjusted EBITDA as a % of total revenue is a more accurate measurement of the Company's operating performance and our ability to generate operating earnings as compared to EBITDA and EBITDA as a % of total revenue.

EBITDA was a metric utilized by management prior to fiscal year 2024 which had included stock-based compensation and excluded leases. The inclusion of stock-based compensation in EBITDA increased volatility in the metric and impacted our ability to make meaningful comparisons to our peer group and industry. Under IFRS, companies must reflect leases on the balance sheet and the lease payment is allocated between depreciation and interest expense. As such, these expenses were not reflected in EBITDA even though they represent an operating cost. We have Adjusted EBITDA to reflect the cash cost of lease payments as we believe that this more properly reflects the operating performance of the Company.

	Three months ended September 30				Six months ended September 30			
($ thousands, except per share data)	**2023**	2022	$ change	% change	**2023**	2022	$ change	% change
Net income	**6,516**	4,410	2,106	48%	**13,420**	8,223	5,197	63%
Add (deduct):								
Depreciation and amortization (1)	**1,021**	937	84	9%	**1,982**	1,868	114	6%
Stock-based compensation	**2,291**	427	1,864	437%	**2,395**	501	1,894	378%
Acquisition costs	**573**	-	573	100%	**573**	-	573	100%
Restructuring charges	**-**	2,341	(2,341)	(100%)	**-**	3,943	(3,943)	(100%)
Income and other tax expense	**2,277**	1,579	698	44%	**4,521**	2,948	1,573	53%
Interest income	**(692)**	(377)	(315)	84%	**(1,452)**	(557)	(895)	161%
Foreign exchange loss (gain)	**(856)**	(543)	(313)	59%	**51**	(1,074)	1,125	(105%)

Repayment of lease liabilities	**(412)**	(339)	(73)	19%	**(824)**	(642)	(182)	27%
Adjusted EBITDA(2) (3)	**10,718**	8,435	2,283	27%	**20,666**	15,210	5,456	36%
Adjusted EBITDA(2) (3) as a % of total revenue	**47%**	47%			**48%**	44%		

(1) Depreciation and amortization expense are primarily related to property and equipment, right-of-use and intangible assets. Depreciation and amortization expense for the three months and six months ended September 30, 2023, includes recognized depreciation expense on right-of-use assets of $0.6 million and $1.2 million (September 30, 2022 - $0.6 million; $1.2 million).

(2) BHV contributed $0.1 million to adjusted EBITDA for the three and six months ended September 30, 2023.

(3) This is a non-IFRS financial measure. See the "Non-IFRS Financial Measures" section.

Adjusted EBITDA as a percentage of total revenue for the three months ended September 30, 2023 was 47% which was consistent with the prior year comparative quarter mainly due to an increase in revenue partially offset by an increase in cost of revenue.

Adjusted EBITDA as a percentage of total revenue for the six months ended September 30, 2023 was 48%, up from 44%, mainly due to an increase in revenue and a decrease in operating expenses partially offset by an increase in cost of revenue.

Free Cash Flow

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. Free cash flow per share is calculated by dividing free cash flow by the number of weighted average outstanding shares during the period. Management uses free cash flow and free cash flow per share to help measure the capacity of the Company to pay dividends and invest in business growth opportunities.

Free Cash Flow Reconciliation to Funds Flow from Operations

	Fiscal 2022		Fiscal 2023				**Fiscal 2024**	
($ thousands, unless otherwise stated)	Q3	Q4	Q1	Q2	Q3	Q4	Q1	**Q2**
Funds flow from operations	7,022	7,105	4,558	4,974	8,169	7,656	7,920	**11,491**
Capital expenditures	(481)	(62)	-	(130)	(211)	(1,707)	(45)	**(51)**
Repayment of lease liabilities	(314)	(459)	(303)	(339)	(413)	(553)	(412)	**(412)**
Free cash flow	6,227	6,584	4,255	4,505	7,545	5,396	7,463	**11,028**
Weighted average shares – basic (thousands)	80,335	80,335	80,335	80,412	80,511	80,603	80,685	**80,834**
Free cash flow per share – basic	0.08	0.08	0.05	0.06	0.09	0.07	0.09	**0.14**

Direct Employee and Other Corporate Costs

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 direct employee 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.

Quarterly Performance

	Fiscal 2022[2]		Fiscal 2023[3]				**Fiscal 2024[4]**	
($ thousands, unless otherwise stated)	Q3	Q4	Q1	Q2	Q3	Q4	**Q1**	**Q2**
Annuity/maintenance license revenue	13,575	14,306	13,529	14,825	15,533	15,803	15,607	**17,610**
Perpetual license revenue	1,497	2,351	386	780	518	1,556	1,849	**1,176**
Software license revenue	15,072	16,657	13,915	15,605	16,051	17,359	17,456	**18,786**
Professional services revenue	1,973	2,137	2,192	2,477	3,341	2,906	3,292	**3,847**
Total revenue	17,045	18,794	16,107	18,082	19,392	20,265	20,748	**22,633**
Operating profit	7,755	7,312	4,961	5,555	8,435	6,909	9,764	**7,726**
Operating profit (%)	45	39	31	31	43	34	47	**34**
Profit before income and other taxes	7,310	6,563	5,182	5,989	8,350	7,127	9,148	**8,793**
Income and other taxes	1,736	1,611	1,369	1,579	2,002	1,901	2,244	**2,277**
Net income for the period	5,574	4,952	3,813	4,410	6,348	5,226	6,904	**6,516**
Adjusted EBITDA[1]	8,273	7,819	6,775	8,435	10,595	8,515	9,948	**10,718**
Cash dividends declared and paid	4,017	4,016	4,017	4,025	4,025	4,032	4,039	**4,043**
Funds flow from operations	7,022	7,105	4,558	4,974	8,169	7,656	7,920	**11,491**
Free cash flow[1]	6,227	6,584	4,255	4,505	7,545	5,396	7,463	**11,028**
Per share amounts – ($/share)								
Earnings per share (EPS) – basic	0.07	0.06	0.05	0.05	0.08	0.07	0.09	**0.08**
Earnings per share (EPS) - diluted	0.07	0.06	0.05	0.05	0.08	0.06	0.08	**0.08**
Cash dividends declared and paid	0.05	0.05	0.05	0.05	0.05	0.05	0.05	**0.05**
Funds flow from operations per share – basic	0.09	0.09	0.06	0.06	0.10	0.09	0.10	**0.14**
Free cash flow per share – basic[1]	0.08	0.08	0.05	0.06	0.09	0.07	0.09	**0.14**

(1) This is a non-IFRS financial measure. See the “Non-IFRS Financial Measures” section.
(2) Q3 and Q4 of fiscal 2022 include $nil and $0.8 million, respectively, of annuity/maintenance revenue that pertains to usage of CMG’s products in prior quarters.
(3) Q1, Q2, Q3, and Q4 of fiscal 2023 include $0.2 million, $0.3 million, $0.3 million and $0.4 million, respectively, of annuity/maintenance revenue that pertains to usage of CMG’s products in prior quarters.
(4) Q1 and Q2 of fiscal 2024 include $0.1 million and $0.4 million, respectively, of annuity/maintenance revenue that pertains to usage of CMG’s products in prior quarters.

Commentary on Quarterly Performance

For the Three Months Ended / ***For the Six Months Ended***

September 30, 2023 and compared to the same period of the previous fiscal year, when appropriate:

For the Three Months Ended

- Annuity/maintenance license revenue increased by 19%;
- Total revenue increased by 25%;
- Total operating expenses increased by 14%. Adjusted for acquisition costs in the current quarter and restructuring charges in the prior year’s second quarter, operating expenses increased by 39%, primarily due to stock-based compensation expense, increased headcount and headcount-related costs, higher professional services, travel-related and office-related costs;
- Quarterly operating profit margin was 34%, increasing from 31% in the comparative quarter. Adjusted for acquisition costs in the current quarter and restructuring charges in the prior year’s second quarter, operating profit margin was 37%, decreasing from 44% in the comparative quarter;

For the Six Months Ended

- Annuity/maintenance license revenue increased by 17%;
- Total revenue increased by 27%;
- Total operating expenses increased by 6%. Adjusted for acquisition costs in the current year and restructuring charges in the prior year, operating expenses increased by 28% from the comparative period in the prior year, primarily due to stock-based compensation expenses, increased headcount and headcount related costs, higher professional services, travel-related and office-related costs;
- Year-to-date operating profit margin was 40%, increasing from 31% in the comparative period. Adjusted for acquisition costs in the current year and restructuring charges in the prior year, operating profit margin was 42%, which remained consistent with the comparative period;

- Basic EPS of $0.08, up $0.03 per share from the comparative quarter in the prior fiscal year;
- Achieved free cash flow per share of $0.14;
- Declared and paid a dividend of $0.05 per share.

- Basic EPS of $0.17, up $0.07 per share from the comparative period in the prior fiscal year;
- Achieved free cash flow per share of $0.23;
- Declared and paid dividends of $0.10 per share.

CMG's annuity/maintenance revenue increased by 19% during Q2 of fiscal 2024 compared to Q2 of fiscal 2023, and 17% during Q2 YTD of fiscal 2024 compared to Q2 YTD of fiscal 2023 continuing the trend of comparative quarterly increases that started in Q3 of the previous fiscal year. Consistent with previous quarters, this increase was driven by increase in license fees and licenses by existing customers and addition of new customers.

Geographically, all regions saw increases in annuity/maintenance revenue due to new customers and increased licensing by existing customers. Our existing customers continue to grow their product offerings on contract renewals.

Perpetual license revenue increased by $0.4 million in Q2 of fiscal 2024 compared to Q2 of fiscal 2023, supported by sales in the Eastern Hemisphere and South America. Perpetual license revenue increased by $1.8 million during Q2 YTD of fiscal 2024 compared to Q2 YTD of fiscal 2023, supported by increased sales across all regions.

During the quarter, operating expenses increased by $1.5 million compared to Q2 of fiscal 2023. During the year, operating expenses increased by $1.2 million compared to Q2 YTD of fiscal 2023. The increases are driven by an increase in stock-based compensation, higher headcount, increase in professional services, travel-related, office-related and acquisition costs.

Adjusted operating profit margin was 37%, compared to 44% in Q2 of fiscal 2023, which is driven by the increase in total revenue partially offset by the increase in operating expenses. Adjusted operating profit margin was 42% at Q2 of fiscal 2024 which was comparable to Q2 of fiscal 2023.

CMG maintains a strong financial position and closed the quarter with $48.2 million in cash and no debt. We generated $0.14 per share of free cash flow, an increase of $0.08 per share as compared to Q2 of fiscal 2023.

Revenue

	Three months ended September 30				Six months ended September 30			
($ thousands)	**2023**	2022	$ change	% change	**2023**	2022	$ change	% change
Software license revenue	**18,786**	15,605	3,181	20%	**36,242**	29,520	6,722	23%
Professional services revenue	**3,847**	2,477	1,370	55%	**7,139**	4,669	2,470	53%
Total revenue (1)	**22,633**	18,082	4,551	25%	**43,381**	34,189	9,192	27%
Software license revenue as a % of total revenue	**83%**	86%			**84%**	86%		
Professional services revenue as a % of total revenue	**17%**	14%			**16%**	14%		

(1) BHV consolidated revenue for the three and six months ended September 30, 2023 was $0.6 million.

CMG's revenue is comprised of software license sales, which provides the majority of the Company's revenue, and fees for professional services. The growth and future success of our business depends on many factors and variables. While each of these events present significant opportunities for our business, they also present challenges which are discussed in CMG's 2023 financial report and in the "Risk Factors" section of CMG's Annual Information Form dated May 24, 2023, which is available under the Company's profile on SEDAR at www.sedarplus.ca.

Total revenue for the three and six months ended September 30, 2023 increased by 25% and 27%, respectively, over the comparable period of the previous fiscal year due to increases in both software license revenue and professional services revenue.

Software License Revenue

Software license revenue is made up of annuity/maintenance license fees charged for the use of the Company's software products, which is generally for a term of one year or less, and perpetual software license sales, whereby the customer purchases the then-current version of the software and has the right to use that version in perpetuity. Annuity/maintenance license fees have historically had a high renewal rate and, accordingly, provide a recurring revenue stream, while perpetual license sales are more variable and unpredictable in nature as the purchase decision and its timing fluctuate with the customers' needs and budgets. The majority of CMG's customers who have acquired perpetual software licenses subsequently purchase our maintenance package to ensure ongoing product support and access to current versions of CMG's software.

	Three months ended September 30				Six months ended September 30			
($ thousands)	**2023**	2022	$ change	% change	**2023**	2022	$ change	% change
Annuity/maintenance	**17,610**	14,825	2,785	19%	**33,217**	28,354	4,863	17%
Perpetual license	**1,176**	780	396	51%	**3,025**	1,166	1,859	159%
Total software license revenue [(1)]	**18,786**	15,605	3,181	20%	**36,242**	29,520	6,722	23%
Annuity/maintenance as a % of total software license revenue	**94%**	95%			**92%**	96%		
Perpetual as a % of total software license revenue	**6%**	5%			**8%**	4%		

(1) For the three and six months ended September 30, 2023, BHV's total software license revenue was $0.2 million.

Total software license revenue for the three months and six months ended September 30, 2023 increased by 20% and 23%, respectively, compared to the same periods in the previous fiscal year, due to increases in both annuity/maintenance license revenue and perpetual license revenue.

Annuity/maintenance license revenue increased by 19% and 17% during the three and six months ended September 30, 2023, respectively, compared to the same periods in the previous fiscal year, due to increases in all regions, supported by license fee increases, increased license usage by existing customers and the addition of new customers. We continue to see strong contribution in revenue from our energy transition customers and estimate that 22% of total software revenue during the three and six months ended September 30, 2023 is related to energy transition.

Perpetual license revenue increased by 51% during the three months ended September 30, 2023, compared to the same period of the previous fiscal year, due to new perpetual license sales in South America and the Eastern Hemisphere. During the six months ended September 30, 2023, compared to the same period of the previous fiscal year, perpetual license revenue increased by 159% due to increases in all regions, supported by increased license usage by existing customers and the addition of new customers. Sales of perpetual licenses may fluctuate significantly between periods due to the uncertainty associated with the timing and the location where sales are generated. For this reason, even though we expect to achieve a certain level of perpetual sales on an annual basis, we expect to observe fluctuations in the quarterly perpetual revenue amounts throughout the fiscal year. In our experience, the majority of perpetual sales are generated in South America and the Eastern Hemisphere, as North American customers usually prefer annuity licenses to perpetual purchases.

We can observe from the tables below that the change in the exchange rate used to convert US dollar denominated revenue to Canadian dollars had a positive impact on reported annuity/maintenance license revenue during the three and six months ended September 30, 2023, compared to the same periods of the previous fiscal year.

Three months ended September 30, ($ thousands)	2022	Incremental License Growth/(Decrease)	Foreign Exchange Impact	**2023**
Annuity/maintenance license revenue	14,825	1,968	817	**17,610**
Perpetual license revenue	780	409	(13)	**1,176**
Total software license revenue	15,605	2,377	804	**18,786**

Six months ended September 30, ($ thousands)	2022	Incremental License Growth/(Decrease)	Foreign Exchange Impact	**2023**
Annuity/maintenance license revenue	28,354	3,364	1,499	**33,217**
Perpetual license revenue	1,166	1,801	58	**3,025**
Total software license revenue	29,520	5,165	1,557	**36,242**

Software Revenue by Geographic Region

	Three months ended September 30				**Six months ended September 30**			
($ thousands)	**2023**	2022	$ change	% change	**2023**	2022	$ change	% change
Annuity/maintenance license revenue								
Canada	**3,318**	3,181	137	4%	**6,558**	6,131	427	7%
United States(1)	**4,583**	3,704	879	24%	**8,838**	7,054	1,784	25%
South America	**2,477**	1,894	583	31%	**4,300**	3,593	707	20%
Eastern Hemisphere(1)(2)	**7,232**	6,046	1,186	20%	**13,521**	11,576	1,945	17%
	17,610	14,825	2,785	19%	**33,217**	28,354	4,863	17%
Perpetual license revenue								
Canada	**-**	-	-	0%	**115**	-	115	100%
United States	**-**	157	(157)	(100%)	**233**	157	76	48%
South America	**324**	-	324	100%	**324**	-	324	100%
Eastern Hemisphere	**852**	623	229	37%	**2,353**	1,009	1,344	133%
	1,176	780	396	51%	**3,025**	1,166	1,859	159%
Total software license revenue								
Canada	**3,318**	3,181	137	4%	**6,673**	6,131	542	9%
United States(1)	**4,583**	3,861	722	19%	**9,071**	7,211	1,860	26%
South America	**2,802**	1,894	908	48%	**4,624**	3,593	1,031	29%
Eastern Hemisphere(1)(2)	**8,083**	6,669	1,414	21%	**15,874**	12,585	3,288	26%
	18,786	15,605	3,181	20%	**36,242**	29,520	6,722	23%

(1) BHV's consolidated total software license revenue for the three and six months ended September 30, 2023 was $0.2 million and is predominantly domiciled in the United States and Norway
(2) Includes Europe, Africa, Asia and Australia.

During the three and six months ended September 30, 2023, compared to the same periods of the previous fiscal year, total software license revenue increased in all regions.

The Canadian region (representing 18% of year-to-date total software license revenue) experienced increases of 4% and 7% in annuity/maintenance license revenue during the three and six months ended September 30, 2023, respectively, compared to the same periods in the previous fiscal year, mainly due to license fee increases and increased licensing by existing customers. While no perpetual license revenue was generated in the current quarter, it increased by 100% during the six months ended September 30, 2023, due to a license sale in the first quarter of the current fiscal year.

The United States (representing 25% of year-to-date total software license revenue) experienced increases of 24% and 25% in annuity/maintenance license revenue during the three and six months ended September 30, 2023, respectively, compared to the same periods in the previous fiscal year, due to new customers, increased license fees and increased licensing by existing customers. There were no perpetual license sales in the current quarter. Perpetual license revenue increased by 48% for the six months ended September 30, 2023 due to a new customer license purchase.

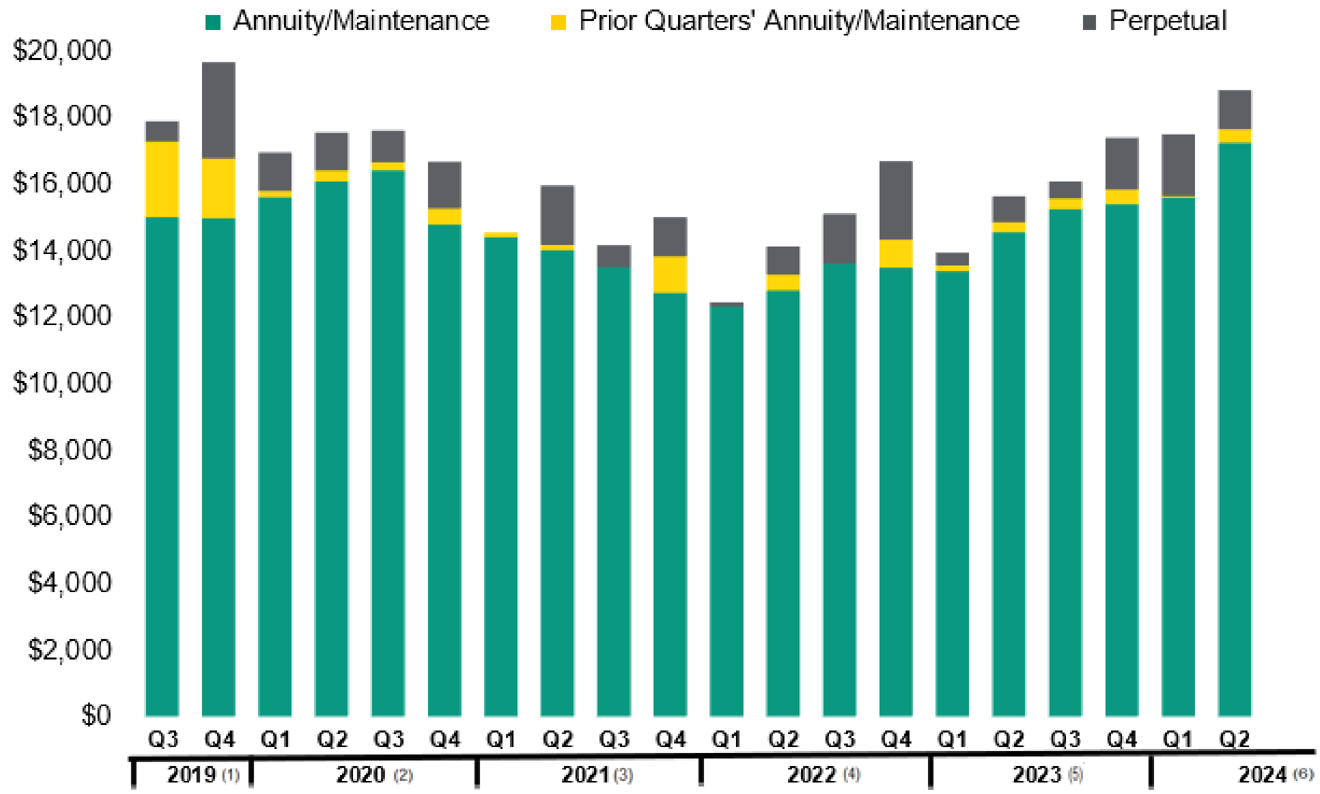
South America (representing 13% of year-to-date total software license revenue) experienced increases of 31% and 20% in annuity/maintenance license revenue during the three and six months ended September 30, 2023, respectively, compared to the same periods in the previous fiscal year, due to increased licensing by existing customers. Perpetual license revenue increased by 100% for both the three and six months ended September 30, 2023 due to a new customer license purchase.

The Eastern Hemisphere (representing 44% of year-to-date total software license revenue) experienced increases of 20% and 17% in annuity/maintenance license revenue during the three and six months ended September 30, 2023, respectively, compared to the same periods in the previous fiscal year, due to increased license fees and licensing by existing customers. Perpetual license revenue increased by 37% and 133%, respectively, for the three and six months ended September 30, 2023, primarily due to new perpetual license sales in Asia relating to energy transition.

As footnoted in the Quarterly Software License Revenue graph, during the normal course of business CMG may complete the negotiation of certain annuity/maintenance contracts and/or fulfill revenue recognition requirements within a current quarter that includes usage of CMG's products in prior quarters. This situation particularly affects contracts negotiated with countries that face increased economic and political risks, leading to the revenue recognition criteria being satisfied only at the time of the receipt of cash. The dollar magnitude of such contracts may be significant to the quarterly comparatives of our annuity/maintenance license revenue stream. To provide a normalized comparison, we specifically identify the revenue component where revenue recognition is satisfied in the current period for products provided in previous quarters. Please refer to the yellow bars and the footnotes in the following graph:

Quarterly Software License Revenue

($ thousands)



(1) Q3 and Q4 of fiscal 2019 include $2.3 million, and $1.8 million, respectively, in revenue that pertains to usage of CMG's products in prior quarters.
(2) Q1, Q2, Q3 and Q4 of fiscal 2020 include $0.2 million, $0.3 million, $0.2 million and $0.5 million, respectively, in revenue that pertains to usage of CMG's products in prior quarters.
(3) Q1, Q2, Q3 and Q4 of fiscal 2021 include $0.2 million, $0.2 million, $nil and $1.1 million, respectively, in revenue that pertains to usage of CMG's products in prior quarters.
(4) Q1, Q2, Q3 and Q4 of fiscal 2022 include $nil, $0.5 million, $nil and $0.8 million, respectively, in revenue that pertains to usage of CMG's products in prior quarters.
(5) Q1, Q2, Q3 and Q4 of fiscal 2023 includes $0.2 million, $0.3 million, $0.3 million and $0.4million, respectively, in revenue that pertains to usage of CMG's products in prior quarters.
(6) Q1 and Q2 of fiscal 2024 include $0.1 million and $0.4 million, respectively, in revenue that pertains to usage of CMG's products in prior quarters.

Deferred Revenue

($ thousands)	**Fiscal 2024**	Fiscal 2023	Fiscal 2022	$ change	% change
Deferred revenue at:					
Q1 (June 30)	**26,616**	24,409		2,207	9%
Q2 (September 30)	**32,339**(1)	24,164		8,175	34%
Q3 (December 31)		26,717	23,056	3,661	16%
Q4 (March 31)		34,797	30,454	4,343	14%

(1) BHV represents approximately $2.8 million of the deferred revenue balance as at Q2 2024.

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 Q2 of fiscal 2024 was 34% higher than in Q2 of fiscal 2023. While 12% of the increase is related to BHV acquisition, we did not note significant timing differences in the remaining balance.

Professional Services Revenue

Professional services revenue for the three and six months ended September 30, 2023 was $3.9 million and $7.2 million which represents increases of 55% and 53%, respectively, compared to the same periods of the previous fiscal year due to increased revenue from consulting projects due to expanded services to address customer demand.

Professional services revenue consists of specialized consulting, training, and contract research activities. CMG performs consulting and contract research activities on an ongoing basis. Our experience is that consulting activities are variable in nature as both the timing and dollar magnitude of work are dependent on activities and budgets within customer companies.

Cost of Revenue

Cost of revenue primarily consists of direct employee, external consultants and overhead costs associated with customer support, training, and consulting, and public cloud hosting applications. These costs are generally related to headcount and are driven by management’s decision to add customer success and consulting capacity. In general, these costs fluctuate as a percentage of revenue as CMG adds headcount to support increased demand for our software and consulting services.

	Three months ended September 30				Six months ended September 30			
($ thousands)	**2023**	2022	$ change	% change	**2023**	2022	$ change	% change
Cost of revenue[1]	**2,493**	1,657	836	50%	**4,398**	3,421	977	28%

(1) BHV consolidated cost of revenue for the three and six months ended September 30, 2023 was $0.2 million.

Cost of revenue increased by 50% and 28% for the three and six months ended September 30, 2023, respectively compared to the same periods of the previous fiscal year related to increased headcount and headcount-related costs.

Operating Expenses

Sales and Marketing

Sales and marketing expenses are comprised primarily of employee salaries, commissions, benefits and share-based compensation, as well direct costs related to the delivery of marketing programs and events. Sales and marketing expenses also include travel-related expenses and corporate overhead allocations. We plan to continue to expand sales and marketing efforts to attract new customers, retain existing customers and increase revenues from both new and existing customers.

Research and Development

Research and development expenses are comprised primarily of personnel expenses including employee salaries, benefits and share-based compensation, product-related expenses including product management, product research and development, and other corporate overhead allocations off-set by certain tax benefits realized through the Canadian Scientific Research and Experimental Development Tax Credit program (“SR&ED”). We continue to invest in our research and development program by adding new features and functionality to our products, maintaining our expansive artifact infrastructure, and delivering new products to market.

General and Administrative

General and administrative expenses are comprised primarily of personnel expenses including salaries, benefits, and share-based compensation expense for our administrative, finance, legal, information technology, and people and culture teams, allocated rent, travel and general office and administrative expenses, consulting and professional fees.

($ thousands)	Three months ended September 30				Six months ended September 30			
	2023	2022	$ change	% change	**2023**	2022	$ change	% change
Sales and marketing	**3,384**	2,291	1,093	48%	**5,739**	4,194	1,545	37%
Research and development	**4,767**	5,043	(276)	(5%)	**8,819**	9,172	(353)	(4%)
General and administrative	**4,263**	3,536	727	21%	**6,935**	6,886	49	1%
Total operating expenses[(1)]	**12,414**	10,870	1,544	14%	**21,493**	20,252	1,241	6%
Direct employee costs[(2)]	**8,538**	8,263	275	3%	**14,696**	15,752	(1,056)	-7%
Other corporate costs[(2)]	**3,876**	2,607	1,269	49%	**6,797**	4,500	2,297	51%
	12,414	10,870	1,544	14%	**21,493**	20,252	1,241	6%

(1) BHV contributed $0.1 million, $0.1 million, and $0.1 million to sales and marketing, research and development and general and administrative respectively for the three and six months ended September 30, 2023.
(2) This is a non-IFRS financial measure. See the "Non-IFRS Financial Measures" section.

Adjusted total operating expenses, adjusted direct employee costs and adjusted other corporate costs are non-IFRS financial measures. They do not have a standard meaning prescribed by IFRS and, accordingly, may not be comparable to measures used by other companies. Restructuring charges and acquisition-related costs are excluded from total operating expenses. Management believes that analyzing the Company's expenses exclusive of these items illustrates underlying trends in our costs and provides better comparability between periods.

The following table provides a reconciliation of total operating expenses to adjusted total operating expenses, direct employee costs to adjusted direct employee costs and other corporate costs to adjusted other corporate costs:

($ thousands)	Three months ended September 30				Six months ended September 30			
	2023	2022	$ change	% change	**2023**	2022	$ change	% change
Total operating expenses	**12,414**	10,870	1,544	14%	**21,493**	20,252	1,241	6%
Acquisition-related costs	**(573)**	-	(573)	(100%)	**(573)**	-	(573)	(100%)
Restructuring charge	**-**	(2,341)	2,341	100%	**-**	(3,943)	3,943	100%
Adjusted total operating expenses	**11,841**	8,529	3,312	39%	**20,920**	16,309	4,611	28%
Direct employee costs	**8,538**	8,264	274	3%	**14,696**	15,752	(1,056)	(7%)
Restructuring charge	**-**	(2,293)	2,293	100%	**-**	(3,771)	3,771	100%
Adjusted direct employee costs	**8,538**	5,971	2,567	43%	**14,696**	11,981	2,715	23%
Other corporate costs	**3,876**	2,607	1,269	49%	**6,797**	4,500	2,297	51%
Acquisition-related costs	**(573)**	-	(573)	(100%)	**(573)**	-	(573)	(100%)
Restructuring charge	**-**	(48)	48	100%	**-**	(172)	172	100%
Adjusted other corporate costs	**3,303**	2,559	744	29%	**6,224**	4,328	1,896	44%

Total operating expenses for the three and six months ended September 30, 2023 increased by 14% and 6%, respectively, compared to the same periods of the previous fiscal year. Adjusted total operating expenses increased by 39% and 28% for the three and six months ended September 30, 2023, respectively, compared to the same periods of the previous fiscal year due to an increase in both direct employee costs and professional services, travel-related and other corporate costs. As the Company resumes post-pandemic operations, travel, marketing and office-related activities have increased as compared to the second quarter of the previous fiscal year.

Direct Employee Costs

As a technology company, CMG's largest investment is its people, and approximately 69% of total operating expenses relate to direct employee costs during the six months ending September 30, 2023. At September 30, 2023, CMG's full-time equivalent staff complement was 296 employees and consultants (CMGL Canada – 185; BHV – 111); (September 30, 2022 – CMGL Canada - 159).

In May 2022, Ryan Schneider stepped down as the Company's President and CEO and Pramod Jain was appointed CEO. This change resulted in a one-time restructuring cost of $1.6 million during the first quarter of the previous fiscal year. During the second quarter of the previous fiscal year, the Company restructured primarily its Calgary office, resulting in additional restructuring costs of $2.3 million bringing the total restructuring charges for the six months ended September 30, 2022 to $3.9 million.

For the three and six months ended September 30, 2023, adjusted direct employee costs increased by 43% and 23% respectively, compared to the same periods of the previous fiscal year primarily due to an increase in headcount and share-based compensation expense as a result of an increase in share price in the current quarter.

Other Corporate Costs

For the three and six months ended September 30, 2023, adjusted other corporate costs increased by 29% and 44% respectively, compared to the same periods of the previous fiscal year, primarily due to increased agent commissions and other office-related costs.

Research and Development

	Three months ended September 30				Six months ended September 30			
($ thousands)	**2023**	2022	$ change	% change	**2023**	2022	$ change	% change
Research and development, net of government grants	**4,862**	5,256	(394)	(9%)	**9,026**	9,572	(546)	(6%)
SR&ED credits	**(95)**	(213)	118	55%	**(207)**	(400)	193	48%
Research and development	**4,767**	5,043	(276)	(5%)	**8,819**	9,172	(353)	(4%)
Research and development as a % of total revenue								
Research and development, net of government grants	**21%**	28%			**20%**	27%		

Research and development costs for the three and six months ended September 30, 2023 decreased by 5% and 4%, respectively, compared to the same periods of the previous fiscal year, primarily due to restructuring that occurred during the second quarter of the previous fiscal year partially offset by lower SR&ED credits.

CMG works closely with its customers to provide solutions to complex problems related to proven and new advanced recovery processes through investment in research and development.

The above research and development costs include $1.9 million and $3.6 million of costs for CoFlow for the three and six months ended September 30, 2023, respectively, consistent with $1.9 million and $3.8 million in the same periods of the previous fiscal year. See discussion under "Commitments, Off Balance Sheet Items and Transactions with Related Parties".

Depreciation and Amortization

Depreciation of property and equipment and amortization of intangible assets allocated to:

	Three months ended September 30				Six months ended September 30			
($ thousands)	**2023**	2022	$ change	% change	**2023**	2022	$ change	% change
Cost of revenue	**106**	112	(6)	(5%)	**209**	223	(14)	(6%)
Sales and marketing	**116**	106	10	9%	**221**	208	13	6%
Research and development(1)	**629**	604	25	4%	**1,196**	1,208	(12)	(1%)
General and administrative	**170**	115	55	48%	**357**	229	127	55%
Total depreciation and amortization	**1,021**	937	84	9%	**1,982**	1,868	114	6%

(1) Amortization of intangible assets for the three months and six months ended September 30, 2023 is $0.1 million and $0.2 million respectively (September 30, 2022 three and six months ended – nil) allocated to the research and development department.

Depreciation for the three and six months ended September 30, 2023 increased by 9% and 6% respectively, compared to the same periods of the previous fiscal year.

Finance Income and Costs

	Three months ended September 30				Six months ended September 30			
($ thousands)	**2023**	2022	$ change	% change	**2023**	2022	$ change	% change
Interest income	**692**	377	315	84%	**1,452**	557	895	161%
Foreign exchange gain	**856**	543	313	58%	**-**	1,074	(1,074)	(100%)
Total finance income	**1,548**	920	628	68%	**1,452**	1,631	(179)	(11%)
Interest expense on lease liability	**(481)**	(486)	5	1%	**(950)**	(976)	26	(3%)
Foreign exchange loss	**-**	-	-	-	**(51)**	-	(51)	100%
Total finance costs	**(481)**	(486)	5	1%	**(1,001)**	(976)	(25)	-3%

Interest income for the three and six months ended September 30, 2023 was 84% and 161% higher, respectively, compared to the same periods of the previous fiscal year, primarily due to higher interest rates.

Interest expense on the lease liabilities for the three and six months ended September 30, 2023 was consistent with the comparative period.

CMG is impacted by foreign exchange fluctuations, as 69% of CMG's revenue for the six months ended September 30, 2023 (2022 – 70%) is denominated in US dollars, whereas only 27% (2022 – 23%) of CMG's total costs are denominated in US dollars.

The following chart shows the exchange rates used to translate CMG's USD-denominated working capital at September 30, 2023, 2022 and 2021 and the average exchange rate used to translate income statement expense items during the six months ended September 30, 2023, 2022 and 2021:

CDN$ to US$	At June 30	At September 30	Six-month trailing average
2021	0.8068	0.7849	0.8066
2022	0.7744	0.7302	0.7691
2023	**0.7545**	**0.7364**	**0.7427**

CMG recorded a foreign exchange gain of $0.9 million and a foreign exchange loss of $0.1 million for the three and six months ended September 30, 2023, respectively, due to a strengthening of the US dollar during the three months ended September 30, 2023, which positively affected the valuation of the USD-denominated portion of the Company's working capital.

Income and Other Taxes

CMG's effective tax rate for the three months ended September 30, 2023 is 25.2% (2022 – 26.4%), whereas the Canadian statutory tax rate for the Company's 2024 fiscal year is 23% (September 30, 2022 – 23%). The difference between the effective rate and the statutory rate is primarily due to the non-tax deductibility of stock-based compensation expense and the benefit of certain foreign withholding taxes being realized only as a tax deduction as opposed to a tax credit.

The benefit recorded in CMG's books on the scientific research and experimental development ("SR&ED") investment tax credit program impacts deferred income taxes. The investment tax credit earned in the current fiscal year reduces income taxes otherwise payable for the current fiscal year but bears an inherent tax liability as the amount of the credit is included in the subsequent year's taxable income for both federal and provincial purposes. The inherent tax liability on these investment tax credits is reflected in the year the credit is earned as a non-current deferred tax liability and then, in the following fiscal year, is transferred to income taxes payable.

Operating Profit and Net Income

	Three months ended September 30				**Six months ended September 30**			
($ thousands)	**2023**	2022	$ change	% change	**2023**	2022	$ change	% change
Total revenue	**22,633**	18,082	4,551	25%	**43,381**	34,189	9,192	27%
Cost of revenue	**(2,493)**	(1,657)	(836)	50%	**(4,398)**	(3,421)	(977)	28%
Operating expenses	**(12,414)**	(10,870)	(1,544)	14%	**(21,488)**	(20,252)	(1,236)	6%
Operating profit	**7,726**	5,555	2,171	39%	**17,490**	10,516	6,985	66%
Operating profit as a % of revenue	**34%**	31%			**40%**	31%		
Net income	**6,516**	4,410	2,106	48%	**13,420**	8,223	5,197	63%
Net income as a % of total revenue	**29%**	24%			**31%**	24%		
Basic earnings per share ($/share)	**0.08**	0.05	0.03	60%	**0.17**	0.10	0.07	70%

Adjusted operating profit and adjusted net income are non-IFRS financial measures. They do not have a standard meaning prescribed by IFRS and, accordingly, may not be comparable to measures used by other companies. Adjusted operating profit is calculated as operating profit excluding restructuring charges and acquisition-related costs. Adjusted net income is calculated as net income excluding tax-affected restructuring charges and tax-affected acquisition costs. Management believes that analyzing the Company's performance exclusive of these items illustrates underlying trends in our business and provides better comparability between periods.

The following table provides a reconciliation of operating profit to adjusted operating profit and net income to adjusted net income:

	Three months ended September 30		Six months ended September 30	
($ thousands)	**2023**	2022	**2023**	2022
Operating profit	**7,726**	5,555	**17,490**	10,516
Acquisition-related costs	**573**	-	**573**	-
Restructuring charge	**-**	2,341	**-**	3,943
Adjusted operating profit	**8,299**	7,896	**18,063**	14,459
Adjusted operating profit as a % of revenue	**37%**	44%	**42%**	42%
Net income	**6,516**	4,410	**13,420**	8,223
Acquisition-related costs	**573**	-	**573**	-
Restructuring charge	**-**	2,341	**-**	3,943
Tax impact of adjusting items	**(132)**	(538)	**(132)**	(907)
Adjusted net income	**6,957**	6,213	**13,861**	11,259
Adjusted net income as a % of total revenue	**31%**	34%	**32%**	33%

Operating profit as a percentage of total revenue for the three months ended September 30, 2023 was 34%, up from 31% in the comparative quarter. Adjusted operating profit was 37%, down from 44% in the comparative quarter, primarily due to an increase in total revenue partially offset by an increase in operating expenses.

Operating profit as a percentage of total revenue for the six months ended September 30, 2023 was 40%, up from 31% in the comparative quarter. Adjusted operating profit was 42%, which was consistent with the comparative quarter.

Net income as a percentage of total revenue for the three months ended September 30, 2023 was 29%, up from 24% in the comparative quarter. Adjusted net income as a percentage of total revenue was 31% in the current quarter, down from 34% in the comparative quarter, primarily due to the same factors impacting adjusted operating profit, partially offset by higher foreign exchange gains in the current quarter relative to the comparative quarter as a result of the impact of a stronger US dollar on CMG's earnings.

Net income as a percentage of total revenue for the six months ended September 30, 2023 was 31%, up from 24% in the comparative period. Adjusted net income as a percentage of total revenue was 32% in the current period, down from 33% in the comparative period, primarily due to the same factors impacting adjusted operating profit, and lower finance income in the current quarter primarily due to lower foreign exchange gains partially offset by increased interest income.

Liquidity and Capital Resources

	Three months ended September 30				Six months ended September 30			
($ thousands)	**2023**	2022	$ change	% change	**2023**	2022	$ change	% change
Cash, beginning of period	**64,242**	55,082	9,160	17%	**66,850**	59,660	7,190	12%
Cash provided by (used in):								
Operating activities	**13,038**	5,856	7,182	123%	**14,225**	5,598	8,627	154%
Financing activities	**(5,954)**	(3,949)	(2,005)	51%	**(9,704)**	(8,269)	(1,435)	17%
Investing activities	**(23,101)**	(130)	(22,971)	17,670%	**(23,146)**	(130)	(23,016)	17,705%
Cash, end of period	**48,225**	56,859	(8,634)	-15%	**48,225**	56,859	(8,634)	-15%

At September 30, 2023, CMG had $48.3 million in cash, no borrowings and access to approximately $1.1 million under a line of credit with its principal banker. The Company's primary non-operating use of cash is from the corporate acquisition of Bluware and dividend payments. Management believes that the Company has sufficient capital resources to meet its operating and capital expenditure needs.

During the six months ended September 30, 2023, 9.9 million shares of CMG's public float were traded on the TSX. As at September 30, 2023, CMG's market capitalization based upon its September 30, 2023 closing price of $8.50 was $687.5 million.

Operating Activities

Cash provided by operating activities increased by $7.2 million during the three months ended September 30, 2023, compared to the same period of the previous fiscal year. Funds flow from operations has increased significantly from the comparative quarter, primarily as a result of an increase in net income of $2.1 million and an increase in deferred income tax recovery of $1.8 million in the current quarter. There was a $1.5 million increase in cash as a result of changes in non-cash working capital, primarily driven by the timing of when sales are recorded and when the resulting receivables are collected and the change in the deferred revenue balance.

Cash provided by operating activities increased by $8.6 million during the six months ended September 30, 2023, compared to the same period of the previous fiscal year. Funds flow from operations has increased significantly from the comparative quarter, primarily as a result of an increase in net income of $5.2 million and an increase in deferred income tax recovery of $1.9 million in the current year. There was a $5.2 million decrease in cash as a result of changes in non-cash working capital, primarily driven by the timing of when sales are recorded and when the resulting receivables are collected and the change in the deferred revenue balance.

Financing Activities

Cash used in financing activities increased by 51% during the three months ended September 30, 2023 compared to the same period of the previous fiscal year. The increase is primarily attributable to the repayment of the acquired line of credit. In the three months ended September 30, 2023 and 2022, CMG paid $4.0 million in dividends, representing a payment of a quarterly dividend of $0.05 per share on CMG's common shares.

Cash used in financing activities increased by 17% during the six months ended September 30, 2023 compared to the same period in the previous fiscal year. The increase is primarily attributable to the dividend payment, repayment of the acquired line of credit and proceeds from stock option issuances. In the six months ended September 30, 2023 and 2022, CMG paid dividends of $8.1 million and $8.0 million respectively, representing a quarterly dividend of $0.05 per share on CMG's common shares.

On November 13, 2023, CMG announced the payment of a quarterly dividend of $0.05 per share on CMG's common shares. The dividend will be paid on December 15, 2023 to shareholders of record at the close of business on December 7, 2023. Decisions with respect to dividend payments are made by the Board of Directors on a quarterly basis and take into account market conditions and the financial performance of the Company.

Investing Activities

CMG's investing activities consist of capital asset additions and the corporate acquisition of Bluware, all which are funded internally. During the three and six months ended September 30, 2023, respectively, CMG's capital asset additions were composed of computer equipment and totalled $0.1 million, consistent with the same periods of the previous fiscal year. CMG's capital budget for fiscal 2024 is $1.5 million.

Commitments, Off Balance Sheet Items and Transactions with Related Parties

CMG, in partnership with Shell Global Solutions International B.V. ("Shell") at present, and also in partnership with Petroleo Brasileiro S.A. historically, is the developer of CoFlow, the newest generation of reservoir and production system simulation software.

On January 1, 2017, Shell and CMG entered into an agreement (the "CoFlow Agreement") for an initial five-year term, whereby CMG would be responsible for the research and development costs of CoFlow and Shell would be responsible for providing a contribution for the continuing development of the software.

On December 21, 2020, the CoFlow Agreement was amended when Shell exercised its right to request a five-year term extension, commencing January 1, 2022. All other terms and conditions in the CoFlow Agreement, including any related amendments, remain unchanged and in full force and effect during the extended term. In September 2021, CMG and Shell agreed that CMG would add and/or allocate up to six additional full-time employees in order to accelerate CoFlow development and support targeted CoFlow deployments, and Shell's contribution would increase accordingly.

CMG has only minor ongoing material contractual obligations other than prepaid licenses, which are reflected as deferred revenue on the statement of financial position, and contractual obligations for office leases, which are estimated to be as follows as at September 30, 2023:

(thousands of $)	Undiscounted lease liability payments	Operating costs and short-term leases	Total commitments
Less than one year	4,901	1,273	6,174
Between one and five years	13,942	4,332	18,274
More than five years	34,401	9,567	43,968
	53,244	15,172	68,416

Business Risks, Critical Accounting Estimates and Judgments

These remain unchanged from the factors detailed in CMG's 2023 Financial Report.

Outstanding Share Data

The following table represents the number of common shares, stock options, restricted share units and performance share units outstanding:

As at November 13, 2023 (thousands)	
Common shares	80,933
Stock options	4,985
Restricted share units[(1)]	472
Performance share units[(1)]	154

(1) Upon vesting, restricted share units and performance share units can be exchanged for common shares of the Company or surrendered for cash.

The maximum number of common shares that may be reserved for issuance under the Company's security-based compensation plans is limited to 10% of the issued and outstanding common shares. Based on this calculation, at November 13, 2023, CMG could reserve up to 8,093,333 common shares for issuance under its security-based compensation plans.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

Management is responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR") as defined under National Instrument 52-109. These controls and procedures were reviewed and the effectiveness of their design and operation was evaluated in fiscal 2023 in accordance with the COSO control framework (2013). The evaluation confirmed the effectiveness of DC&P and ICFR at March 31, 2023. During the 2024 fiscal year, we continue to monitor and review our controls and procedures.

During the three months ended September 30, 2023, there have been no significant changes to the Company's ICFR that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

Condensed Consolidated Statements of Financial Position

UNAUDITED (thousands of Canadian $)	**September 30, 2023**	March 31, 2023
Assets		
Current assets:		
Cash	**48,225**	66,850
Restricted cash	**97**	-
Trade and other receivables	**26,625**	23,910
Prepaid expenses	**1,085**	1,060
Prepaid income taxes (note 10)	**1,739**	444
	77,771	92,264
Intangible assets	**25,012**	1,321
Right-of-use assets	**30,875**	30,733
Property and equipment	**9,919**	10,366
Goodwill (note 3(a))	**6,571**	-
Deferred tax asset (note 10)	**-**	2,444
Total assets	**150,148**	137,128
Liabilities and shareholders' equity		
Current liabilities:		
Trade payables and accrued liabilities	**12,446**	9,883
Income taxes payable (note 10)	**75**	33
Acquisition holdback payable (note 3(a))	**3,561**	-
Deferred revenue (note 5)	**32,339**	34,797
Lease liabilities (note 6)	**3,106**	1,829
	51,527	46,542
Lease liabilities (note 6)	**35,386**	36,151
Stock-based compensation liabilities (note 11(c))	**2,090**	1,985
Acquisition earnout (note 3(a))	**1,507**	-
Other long-term liabilities	**213**	-
Deferred tax liabilities	**65**	-
Total liabilities	**90,788**	84,678
Shareholders' equity:		
Share capital (note 11(b))	**83,246**	81,820
Contributed surplus	**15,612**	15,471
Cumulative translation adjustment	**4**	-
Deficit	**(39,502)**	(44,841)
Total shareholders' equity	**59,360**	52,450
Total liabilities and shareholders' equity	**150,148**	137,128

Subsequent event (note 15)

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Statements of Operations and Comprehensive Income

UNAUDITED (thousands of Canadian $ except per share amounts)	Three months ended September 30 2023	Three months ended September 30 2022 (note 2(e))	Six months ended September 30 2023	Six months ended September 30 2022 (note 2(e))
Revenue (note 7)	**22,633**	18,082	**43,381**	34,189
Cost of revenue	**2,493**	1,657	**4,398**	3,421
Gross profit	**20,140**	16,425	**38,983**	30,768
Operating expenses				
Sales and marketing	**3,384**	2,291	**5,739**	4,194
Research and development (note 8)	**4,767**	5,043	**8,819**	9,172
General and administrative	**4,263**	3,536	**6,935**	6,886
	12,414	10,870	**21,493**	20,252
Operating profit	**7,726**	5,555	**17,490**	10,516
Finance income (note 9)	**1,548**	920	**1,452**	1,631
Finance costs (note 9)	**(481)**	(486)	**(1,001)**	(976)
Profit before income and other taxes	**8,793**	5,989	**17,941**	11,171
Income and other taxes (note 10)	**2,277**	1,579	**4,521**	2,948
Net income for the period	**6,516**	4,410	**13,420**	8,223
Other comprehensive income:				
Foreign currency translation adjustment	**4**	-	**4**	-
Other comprehensive income	**4**	-	**4**	-
Total comprehensive income	**6,520**	4,410	**13,424**	8,223
Net income per share – basic (note 11(d))	**0.08**	0.05	**0.17**	0.10
Net income per share – diluted (note 11(d))	**0.08**	0.05	**0.16**	0.10
Dividend per share	**0.05**	0.05	**0.10**	0.10

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Statements of Changes in Equity

UNAUDITED (thousands of Canadian $)	Share capital	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total equity
Balance, April 1, 2022	80,248	15,009	-	(48,539)	46,718
Comprehensive income for the period	-	-	-	8,223	8,223
Dividends paid	-	-	-	(8,042)	(8,042)
Shares issued on redemption of restricted share units (note 11(b))	309	-	-	-	309
Shares issued on exercise of stock options	498	(83)	-	-	415
Stock-based compensation:					
Current period expense (note 11(c))	-	297	-	-	297
Balance, September 30, 2022	81,055	15,223	-	(48,358)	47,920
Balance, April 1, 2023	**81,820**	**15,471**	**-**	**(44,841)**	**52,450**
Net income for the period	**-**	**-**	**-**	**13,420**	**13,420**
Foreign currency translation adjustment	**-**	**-**	**4**	**-**	**4**
Dividends paid	**-**	**-**	**-**	**(8,081)**	**(8,081)**
Shares issued on exercise of stock options	**1,426**	**(213)**	**-**	**-**	**1,213**
Stock-based compensation:					
Current period expense (note 11(c))	**-**	**354**	**-**	**-**	**354**
Balance, September 30, 2023	**83,246**	**15,612**	**4**	**(39,502)**	**59,360**

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Statements of Cash Flows

UNAUDITED (thousands of Canadian $)	Three months ended September 30 **2023**	2022	Six months ended September 30 **2023**	2022
Operating activities				
Net income	**6,516**	4,410	**13,420**	8,223
Adjustments for:				
Depreciation and amortization of property, equipment, right-of use assets	**892**	937	**1,796**	1,868
Amortization of intangible assets	**129**	-	**186**	-
Deferred income tax expense (recovery) (note 10)	**2,028**	235	**1,978**	81
Stock-based compensation (note 11(c))	**1,604**	(608)	**1,709**	(640)
Foreign exchange and other non-cash items	**322**	-	**322**	-
Funds flow from operations	**11,491**	4,974	**19,411**	9,532
Movement in non-cash working capital:				
Trade and other receivables	**(581)**	1,428	**3,301**	3,824
Trade payables and accrued liabilities	**405**	323	**(2,389)**	(622)
Prepaid expenses and other assets	**291**	(360)	**290**	(422)
Income taxes receivable (payable)	**(1,612)**	(264)	**(1,251)**	(424)
Deferred revenue	**3,044**	(245)	**(5,137)**	(6,290)
Change in non-cash working capital	**1,547**	882	**(5,186)**	(3,934)
Net cash provided by operating activities	**13,038**	5,856	**14,225**	5,598
Financing activities				
Repayment of acquired line of credit	**(2,012)**	-	**(2,012)**	-
Proceeds from issuance of common shares	**512**	415	**1,213**	415
Repayment of lease liabilities (note 6)	**(412)**	(339)	**(824)**	(642)
Dividends paid	**(4,042)**	(4,025)	**(8,081)**	(8,042)
Net cash used in financing activities	**(5,954)**	(3,949)	**(9,704)**	(8,269)
Investing activities				
Corporate acquisition, net of cash acquired (note 3(a))	**(23,050)**	-	**(23,050)**	-
Property and equipment additions	**(51)**	(130)	**(96)**	(130)
Net cash used in investing activities	**(23,101)**	(130)	**(23,146)**	(130)
Increase (decrease) in cash	**(16,017)**	1,777	**(18,625)**	(2,801)
Cash, beginning of period	**64,242**	55,082	**66,850**	59,660
Cash, end of period	**48,225**	56,859	**48,225**	56,859
Supplementary cash flow information				
Interest received (note 9)	**692**	377	**1,452**	557
Interest paid (notes 6 and 9)	**481**	486	**950**	976
Income taxes paid	**2,580**	1,387	**4,358**	2,883

See accompanying notes to condensed consolidated interim financial statements.

Notes to Condensed Consolidated Interim Financial Statements

For the three and six months ended September 30, 2023 and 2022.

1. Reporting Entity:

Computer Modelling Group Ltd. ("CMG") is a company domiciled in Alberta, Canada and is incorporated pursuant to the Alberta Business Corporations Act, with its common shares listed on the Toronto Stock Exchange under the symbol "CMG". The address of CMG's registered office is 3710 33 Street N.W., Calgary, Alberta, Canada, T2L 2M1. The condensed consolidated interim financial statements as at and for the three and six months ended September 30, 2023, comprise CMG and its subsidiaries: Computer Modelling Group Inc., CMG Middle East FZ LLC, CMGL Services Corporation Inc., CMG Europe Ltd., and CMG Collaboration Centre India Private Ltd., (together referred to as "CMGL Canada"), CMG Holdings (USA), Inc., and Bluware-Headwave Ventures Inc., Bluware Inc., Hue AS, and Kalkulo AS (together referred to as "BHV"). The Company is a global software and consulting technology company engaged in both the development and licensing of reservoir simulation and seismic interpretation software. The Company also provides professional services consisting of highly specialized support, consulting, training, and contract research activities.

2. Basis of Preparation:

(a) Statement of Compliance:

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). Accordingly, they do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's most recent annual consolidated financial statements as at and for the year ended March 31, 2023, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These unaudited condensed consolidated interim financial statements as at and for the three and six months ended September 30, 2023 were authorized for issuance by the Board of Directors on November 13, 2023.

(b) Basis of Measurement:

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain assets and liabilities initially recognized in connection with business combinations, which are measured at their estimated fair value at the time of the transaction, and contingent consideration related to business combinations which is recorded at fair value at each reporting date.

(c) Functional and Presentation Currency:

The condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company's functional currency. The functional currency of CMG Holdings (USA) Inc., Bluware-Headwave Ventures Inc. and Bluware Inc. has been determined to be United States dollar. The functional currency of Hue AS and Kalkulo AS has been determined to be Norwegian Krone. All financial information presented in Canadian dollars has been rounded to the nearest thousand.

(d) Use of Estimates, Judgments and Assumptions:

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, costs and expenses. Estimates and underlying assumptions are based on historical experience and other assumptions that are considered reasonable in the circumstances and are reviewed on an ongoing basis. Actual results may differ from such estimates and it is possible that the differences could be material. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Unless otherwise noted within these condensed consolidated interim financial statements, the significant accounting policies are consistent with those used in the preparation of the 2023 annual financial statements.

(e) Change in Presentation of Operating Expenses:

Prior to April 1, 2023, the Company classified costs related to software licenses and professional services (including costs associated with customer support and training, and consulting services) under sales and marketing expenses, and costs related to public cloud hosting services under research and development expenses in the statement of operations. In order to better align with industry peers for comparability purposes, the Company has changed the presentation of the direct costs to deliver professional services and software licenses as a cost of revenue. Cost of revenue includes direct employee, external consultant and overhead costs associated with customer support, training, consulting, and public cloud hosting applications. The change in presentation had no effect on the reported results of operations. The comparative period has been updated to reflect this presentation change.

Three months ended September 30,

(thousands of $)

	As presented September 30, 2022	Reclassification in Presentation	Restated September 30, 2022
Cost of revenue	-	1,657	**1,657**
Sales and marketing	3,872	(1,581)	**2,291**
Research and development	5,119	(76)	**5,043**

Six months ended September 30,

(thousands of $)

	As presented September 30, 2022	Reclassification in Presentation	Restated September 30, 2022
Cost of revenue	-	3,421	**3,421**
Sales and marketing	7,463	(3,269)	**4,194**
Research and development	9,324	(152)	**9,172**

3. Acquisitions:

(a) Bluware-Headwave Ventures Inc. Acquisition:

On September 25, 2023, CMG completed the acquisition of 100% of the outstanding shares of BHV, a software and services company specializing in cloud and interactive deep learning solutions for subsurface decision-making including seismic interpretation. The purchase price consideration of $29.0 million consisted of cash consideration of $23.9 million paid on closing, $3.6 million withheld as indemnification holdback for a period of 12 months which is recorded as Acquisition holdback payable and $1.5 million of earnout provision. The earnout provision of up to US$8 million, is payable if certain revenue thresholds related to key contracts of BHV are met during the 18-month period after closing. Payments pursuant to the earnout will be settled in cash no later than 90 days following March 25, 2025. The earnout is treated as contingent consideration, measured at a fair value of $1.5 million and is considered a long-term liability in the condensed consolidated interim statement of financial position. The fair value of the contingent consideration will be remeasured at each reporting period end until the earnout period expires.

The acquisition was accounted for as a business combination, under the acquisition method, whereby the net assets acquired, and liabilities assumed were recorded at fair value at the acquisition date and the results of operations were included in these condensed consolidated interim financial statements from the date of the acquisition.

The goodwill of $6.6 million recognized in connection with this acquisition is primarily attributable to CMG's best practices to improve the operations of the BHV, opportunities for BHV to increase sales to new customers, margins on revenue as the business expands, and other intangible assets that do not qualify for separate recognition including assembled workforce. Goodwill is not expected to be deductible for income tax purposes.

Due to the timing and the complexity of the acquisition, CMG is in the process of determining and finalizing the estimated fair value of the net assets acquired. The amounts determined on a provisional basis generally related to net asset assessments and measurements of assumed liabilities. The provisional purchase price allocations may differ from the final purchase price allocations, and these differences may be material. Revisions to allocations will occur as additional information about the fair value of assets and liabilities becomes available.

The impact of acquisition accounting method applied on a provisional basis in connection with the acquisition of BHV is as follows:

(thousands of $)	
Cash	**1,203**
Net working capital, excluding deferred revenue	**2,637**
Right-of-use assets	**1,332**
Lease liabilities	**(1,327)**
Deferred revenue	**(2,668)**
Line of credit(1)	**(2,012)**
Other assets and liabilities	**249**
Intangible assets: technology	**20,338**
Intangible assets: customer relationships	**2,349**
Intangible assets: trade name and trademarks	**1,176**
Deferred tax liability	**(859)**
Net assets acquired	**22,418**
Goodwill	**6,569**
Total purchase consideration	**28,987**

(1) Subsequent to the acquisition, the line of credit was repaid.

These condensed consolidated interim financial statements include the results of BHV, Bluware Inc., Hue AS, and Kalkulo AS for the period following closing of the transaction on September 25, 2023. For the three months ended September 30, 2023, the acquisition contributed revenues and net income before tax of $0.6 million and $0.1 million, respectively. If the acquisition would have occurred on April 1, 2023, management estimates that the pro forma revenues and net income before taxes would have increased by $18.6 million and increased $0.9 million, respectively, for the six months ended September 30, 2023. This pro-forma information is not necessarily indicative of the results of operations that would have resulted had the acquisition been reflected on the dates indicated, or that may be obtained in the future.

During the three and six months ended September 30, 2023, the Company incurred $0.6 million of transaction costs, including consulting, legal, travel and professional services related to the acquisition of BHV. These costs have been included in General and administrative expenses.

(b) Unconventional Subsurface Integration LLC Acquisition:

On February 15, 2023, the Company acquired all of the assets of Unconventional Subsurface Integration LLC ("USI"), an early-stage AI-based data analytics technology used for the development and optimization of shale reservoirs. Total consideration for USI's assets was $1.3 million (US$1.0 million) settled in cash. In accordance with IFRS 3, this acquisition was accounted for as a business combination with the results of operations included in these consolidated financial statements from the date of the acquisition. This acquisition will help the Company to establish its presence in data analytics and deliver physics-based solutions to a broader range of users.

The purchase consideration has been allocated exclusively to the intellectual property acquired in the transaction based on the fair value calculated using the discounted cash flow methodology.

4. Segmented Information:

The Company provides professional services, consisting of support, training, consulting and contract research activities, to promote the use and development of its software; however, these activities is considered a single line of business and all products function around this purpose and not evaluated as a separate business segment. The Company's operations are organized into two operating segments represented by CMGL Canada, the development and licensing of reservoir simulation software and BHV, the development and licensing of seismic interpretation software.

Non-current assets include property, equipment, intangible and right-of-use assets of the Company are located in the following geographic regions (for revenue by geographic region, refer to note 7), based on location of the respective operations:

(thousands of $)	**September 30, 2023**	March 31, 2023
Canada	**60,478**	41,835
United States	**5,105**	345
South America	**121**	148
Eastern Hemisphere[(1)]	**102**	92
	65,806	42,420

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

5. Deferred Revenue:

The following table presents changes in the deferred revenue balance:

(thousands of $)	**September 30, 2023**	March 31, 2023
Balance, beginning of year	**34,797**	30,454
Acquired deferred revenue (note 3)	**2,669**	-
Invoiced during the period, excluding amounts recognized as revenue during the period	**18,576**	33,533
Recognition of deferred revenue included in the balance at the beginning of the period	**(23,703)**	(29,190)
Balance, end of period	**32,339**	34,797

6. Lease Liabilities:

The Company's leases are for office space in Canada, United States, Europe, India, and Colombia, the most significant of which is the twenty-year head office lease in Calgary, Canada that commenced in 2017. These leases contain renewal options for additional terms, but since the Company is not reasonably certain it will exercise the renewal options, they have not been included in the measurement of the lease obligations.

(thousands of $)	**September 30, 2023**	March 31, 2023
Balance, beginning of year	**37,980**	39,588
Acquired lease liabilities (note 3)	**1,327**	-
Interest on lease liabilities (note 9)	**950**	1,931
Lease payments	**(1,765)**	(3,539)
Balance, end of period	**38,492**	37,980

Current	**3,106**	1,829
Long-term	**35,386**	36,151

The following table presents contractual undiscounted payments for lease liabilities as at September 30, 2023:

(thousands of $)	
Less than one year	4,901
Between one and five years	13,942
More than five years	34,401
Total undiscounted payments	**53,244**

7. Revenue:

In the following table, revenue is disaggregated by geographical region based on where the customer is located and timing of revenue recognition. In the case of revenues recognized through a reseller arrangement the geographic segmentation is based on the resellers' location:

	Three months ended September 30,		Six months ended September 30,	
(thousands of $)	**2023**	2022	**2023**	2022
Annuity/maintenance license revenue				
Canada	**3,318**	3,181	**6,559**	6,131
United States	**4,583**	3,704	**8,837**	7,054
South America	**2,477**	1,894	**4,299**	3,593
Eastern Hemisphere	**7,232**	6,046	**13,522**	11,576
	17,610	14,825	**33,217**	28,354
Perpetual license revenue				
Canada	**-**	-	**115**	-
United States	**-**	157	**233**	157
South America	**324**	-	**324**	-
Eastern Hemisphere	**852**	623	**2,353**	1,009
	1,176	780	**3,025**	1,166
Total software license revenue	**18,786**	15,605	**36,242**	29,520
Professional services				
Canada	**2,228**	2,103	**4,576**	4,177
United States	**592**	89	**847**	144
South America	**571**	35	**947**	64
Eastern Hemisphere	**456**	250	**769**	284
	3,847	2,477	**7,139**	4,669
Total revenue				
Canada	**5,546**	5,284	**11,250**	10,308
United States	**5,175**	3,950	**9,917**	7,355
South America	**3,372**	1,929	**5,570**	3,657
Eastern Hemisphere	**8,540**	6,919	**16,644**	12,869
	22,633	18,082	**43,381**	34,189

(1) BHV consolidated revenue for the three months ended September 30, 2023 was $0.6 million and is predominantly domiciled in the United States and Norway.

The amount of revenue recognized during the six months ended September 30, 2023 from performance obligations satisfied (or partially satisfied) in previous periods is $1.4 million (six months ended September 30, 2022 – $1.3 million).

The Company applies the practical expedient available under IFRS 15 and does not disclose the amount of the transaction price allocated to unsatisfied performance obligations if the underlying contract has an expected duration of one year or less.

Receivables and contract assets from contracts with customers included in "Trade and other receivables" were as follows:

(thousands of $)	**September 30, 2023**	March 31, 2023
Receivables	**26,040**	22,901
Contract assets	**2,130**	462

(1) BHV represented $4.7 million of the receivables and $1.3 million of the contract assets in the above table.

During the six months ended September 30, 2023, one customer comprised 10.4% of the Company's total revenue (six months ended September 30, 2022 – one customer, 12.9%).

8. Research and Development Costs:

	Three months ended September 30,		Six months ended September 30,	
(thousands of $)	**2023**	2022	**2023**	2022
Research and development, net of government grants	**4,862**	5,256	**9,026**	9,572
Scientific research and experimental development ("SR&ED") investment tax credits	**(95)**	(213)	**(207)**	(400)
	4,767	5,043	**8,819**	9,172

9. Finance Income and Finance Costs:

	Three months ended September 30,		Six months ended September 30,	
(thousands of $)	**2023**	2022	**2023**	2022
Interest income	**692**	377	**1,452**	557
Foreign exchange gain	**856**	543	**-**	1,074
Finance income	**1,548**	920	**1,452**	1,631
Foreign exchange loss	**-**	-	**(51)**	-
Interest expense on lease liabilities (note 6)	**(481)**	(486)	**(950)**	(976)
Finance costs	**(481)**	(486)	**(1,001)**	(976)

10. Income and Other Taxes:

The major components of income tax expense are as follows:

Six months ended September 30, (thousands of $)	**2023**	2022
Current year income tax expense	**2,194**	2,651
Adjustment for prior year	**(91)**	62
Current year income taxes	**2,103**	2,713
Deferred tax expense (recovery)	**1,978**	81
Foreign withholding and other taxes	**440**	154
	4,521	2,948

The provision for income and other taxes reported differs from the amount computed by applying the combined Canadian Federal and Provincial statutory rate to the profit before income and other taxes. The reasons for this difference and the related tax effects are as follows:

Six months ended September 30, (thousands of $, unless otherwise stated)	**2023**	2022
Combined statutory tax rate	**23.00%**	23.00%
Expected income tax	**4,127**	2,569
Non-deductible costs	**94**	260
Withholding taxes	**318**	131
Effect of tax rates in foreign jurisdictions	**(6)**	(6)
Adjustment for prior year	**(91)**	62
Other	**79**	(68)
	4,521	2,948

The components of the Company's deferred tax asset (liability) are as follows:

(thousands of $)	**September 30, 2023**	March 31, 2023
Other current liabilities	**332**	-
Right-of-use assets	**1,668**	1,653
Stock-based compensation liability	**1,352**	1,041
Property and equipment	**(93)**	70
Intangible Assets	**(3,278)**	(150)
SR&ED investment tax credits	**(46)**	(170)
Net deferred tax asset (liability)	**(65)**	2,444

All movement in deferred tax assets and liabilities is recognized through net income of the respective period.

Prepaid income taxes and current income taxes payable have not been offset as the amounts relate to income taxes levied by different tax authorities on different taxable entities.

11. Share Capital:

(a) Authorized:

An unlimited number of common shares, an unlimited number of non-voting shares, and an unlimited number of preferred shares, issuable in series.

(b) Issued:

(thousands of shares)	Common shares
Balance, April 1, 2022	80,335
Issued on redemption of restricted share units	67
Issued on exercise of stock options	104
Balance, September 30, 2022	80,506
Balance, April 1, 2023	**80,637**
Issued for cash on exercise of stock options	**242**
Balance, September 30, 2023	**80,879**

(c) Stock-Based Compensation:

Stock-Based Compensation Expense

The following table summarizes stock-based compensation expense:

	Three months ended September 30,		Six months ended September 30,	
(thousands of $)	**2023**	2022	**2023**	2022
Equity-settled plans	**182**	87	**354**	297
Cash-settled plans	**2,109**	340	**2,041**	204
Total stock-based compensation expense	**2,291**	427	**2,395**	501

Liability Recognized for Stock-Based Compensation(1)

The following table summarizes liabilities for the Company's cash-settled plans:

(thousands of $)	**September 30, 2023**	March 31, 2023
SARs	**232**	931
RSUs	**3,129**	1,975
PSUs	**661**	437
DSUs	**1,857**	1,184
Total stock-based compensation liability	**5,879**	4,527
Current, recorded within trade payables and accrued liabilities	**3,789**	2,542
Long-term	**2,090**	1,985

(1) The intrinsic value of the vested awards at September 30, 2023 is $2.5 million.

The Company has several stock-based compensation plans, including a stock option plan, a share appreciation rights plan, a performance share unit and restricted share unit plan, and a deferred share unit plan.

The maximum number of common shares reserved for issuance under the Company's security-based compensation plans is limited to 10% of the issued and outstanding common shares. Based on this calculation, at September 30, 2023, the Company may reserve up to 8,087,900 common shares for issuance under its security-based compensation plans.

(i) Stock Option Plan

The Company adopted a rolling stock option plan as of July 13, 2005, which was reaffirmed by the Company's shareholders on July 16, 2020. Stock options granted by the Company provide the holder with the right to purchase common shares at the market price on the grant date, subject to fulfilling vesting terms. The majority of the Company's options vest over a three-year period, with fifty percent vesting on the first-year anniversary from the grant date and 25% vesting on each of the second and third year anniversary dates. In fiscal 2023, the Company granted stock options that vest when certain share price thresholds are achieved. All stock options have a five-year life.

The following table outlines changes in stock options:

	Six months ended September 30, 2023		Year ended March 31, 2023	
	Number of Options (thousands)	**Weighted Average Exercise Price ($/share)**	Number of Options (thousands)	Weighted Average Exercise Price ($/share)
Outstanding at beginning of period	**5,017**	**5.21**	3,680	6.38
Granted(1)	**376**	**8.52**	3,196	4.86
Exercised	**(242)**	**5.01**	(236)	4.52
Forfeited/expired	**(137)**	**6.53**	(1,623)	7.30
Outstanding at end of period	**5,014**	**5.43**	5,017	5.21
Options exercisable at end of period	**1,737**	**5.81**	1,573	6.14

(1) 2,525,000 stock options granted during the year ended March 31, 2023 are exercisable when specified share price targets are achieved.

The range of exercise prices of stock options outstanding and exercisable at September 30, 2023 is as follows:

			Outstanding		Exercisable
Exercise Price ($/option)	Number of Options (thousands)	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price ($/option)	Number of Options (thousands)	Weighted Average Exercise Price ($/option)
3.98 to 4.62	751	3.2	4.13	387	3.98
4.63 to 4.87	1,800	3.7	4.74	-	-
4.88 to 5.04	667	4.0	5.00	233	5.00
5.05 to 5.88	714	2.8	5.24	414	5.08
5.89 to 9.20	1,082	2.1	7.86	703	7.52
	5,014	**3.2**	**5.43**	**1,737**	**5.81**

The fair value of stock options was estimated using the Black Scholes pricing model under the following assumptions:

	Year ended March 31, 2023
Fair value at grant date ($/option)	0.10 to 1.37
Share price at grant date ($/share)	4.49 to 5.45
Risk-free interest rate (%)	2.55 to 3.76
Estimated hold period prior to exercise (years)	3 to 5
Volatility in the price of common shares (%)	39 to 45
Dividend yield per common share (%)	3.91 to 4.45

(ii) Share Appreciation Rights Plan

The Company adopted a share appreciation rights plan ("SAR Plan") in November 2015. A share appreciation right ("SAR") entitles the holder to receive a cash payment equal to the difference between the stated exercise price and the market price of the Company's common shares on the date the SAR is exercised. SARs are granted to executive officers and employees residing and working outside of Canada. Fifty percent of SARs vest on the first year anniversary from the grant date and then 25% vest on each of the second and third year anniversary dates. SARs have a five-year life.

The following table outlines changes in SARs:

	Six months ended September 30, 2023		Year ended March 31, 2023	
	Number of SARs (thousands)	**Weighted Average Exercise Price ($/SAR)**	Number of SARs (thousands)	Weighted Average Exercise Price ($/SAR)
Outstanding at beginning of period	**957**	**6.47**	1,395	7.11
Granted[(1)]	**131**	**8.52**	304	6.25
Exercised	**(178)**	**4.66**	(23)	5.42
Forfeited/expired	**(36)**	**7.57**	(719)	7.64
Outstanding at end of period	**874**	**7.12**	957	6.47
SARs exercisable at end of period	**449**	**7.32**	544	7.04

(1) 200,000 SARs granted during the year ended March 31, 2023 are exercisable when specified share price targets are achieved.

(iii) Share Unit Plans

Performance Share Units (PSUs) and Restricted Share Units (RSUs)

The Performance Share Unit and Restricted Share Unit Plan (“PSU & RSU Plan”) is open to all employees and contractors of the Company. PSUs cliff-vest at the end of three years, with the vesting multiplier ranging from 0.0 to 2.0 contingent upon achieving certain corporate performance criteria. RSUs vest annually over a three-year period. Upon vesting, PSUs and RSUs can be exchanged for common shares of the Company or surrendered for cash at the option of the holder. As such, the Company accounts for PSUs and RSUs as cash-settled awards and recognizes a liability for potential cash settlements.

The International Employees PSU & RSU Plan includes substantially the same terms, conditions and PSU performance criteria as the PSU & RSU Plan, with the main two exceptions being that (i) it is available only to employees and contractors residing and working outside of Canada and (ii) PSUs and RSUs under this plan can be redeemed for cash only. As such, the Company accounts for PSUs and RSUs issued under the International Employees PSU & RSU Plan as cash-settled awards and recognizes a liability for potential cash settlements.

Deferred Share Units (DSUs)

The DSU Plan was adopted in May 2017 and is limited to non-employee members of the Board of Directors. DSUs vest immediately, but are redeemable for cash only after a director ceases Board membership.

The following table summarizes the activity related to the Company’s share unit plans:

(thousands)	**Six months ended September 30, 2023**			Year ended March 31, 2023		
	RSUs	**PSUs**	**DSUs**	RSUs	PSUs	DSUs
Outstanding at beginning of period	**542**	**68**	**163**	722	165	123
Granted	**154**	**86**	**55**	305	3	82
Exercised	**-**	**-**	**-**	(273)	-	(42)
Forfeited/expired	**(46)**	**-**	**-**	(212)	(100)	-
Outstanding at end of period	**650**	**154**	**218**	542	68	163

(d) Earnings Per Share:

The following table summarizes the earnings and weighted average number of common shares used in calculating basic and diluted earnings per share:

Three months ended September 30, (thousands except per share amounts)		2023			2022	
	Earnings ($)	**Weighted average shares outstanding**	**Earnings per share ($/share)**	Earnings ($)	Weighted average shares outstanding	Earnings per share ($/share)
Basic	**6,516**	**80,834**	**0.08**	4,410	80,412	0.05
Dilutive effect of share-based awards		**1,905**			414	
Diluted	**6,516**	**82,739**	**0.08**	4,410	80,826	0.05

Six months ended September 30, (thousands except per share amounts)		2023			2022	
	Earnings ($)	**Weighted average shares outstanding**	**Earnings per share ($/share)**	Earnings ($)	Weighted average shares outstanding	Earnings per share ($/share)
Basic	**13,420**	**80,761**	**0.17**	8,223	80,373	0.10
Dilutive effect of share-based awards		**1,793**			523	
Diluted	**13,420**	**82,554**	**0.16**	8,223	80,896	0.10

During the three and six months ended September 30, 2023, no awards were excluded from the computation of the weighted average number of diluted shares outstanding because their effect was not dilutive (three and six months ended September 30, 2022 - 224,000 and 299,000 awards, respectively).

12. Financial Instruments and Risk Management:

Financial assets include cash and trade and other receivables which are classified as and measured at amortized cost, which approximates their fair values.

Financial liabilities include trade payables and accrued liabilities, acquisition holdback payable, and other long-term liabilities which are classified as other financial liabilities and are measured at amortized cost, which approximates their fair values. The acquisition earnout liability is classified as long-term and recorded at an estimated fair value of $1.5 million as at September 30, 2023 ($nil – March 31, 2023). Adjustments to the estimated fair value will be recorded in the statement of operations and comprehensive income.

13. Commitments:

(a) Research Commitment:

CMG, in partnership with Shell Global Solutions International B.V. (“Shell”) at present, and also in partnership with Petroleo Brasileiro S.A. historically, is the developer of CoFlow, the newest generation of reservoir and production system simulation software.

On January 1, 2017, Shell and CMG entered into an agreement (the "CoFlow Agreement") with an initial five-year term whereby CMG would be responsible for the research and development costs of CoFlow and Shell would be responsible for providing a contribution for the continuing development of the software.

On December 21, 2020, the CoFlow Agreement was amended when Shell exercised its right to request a five-year term extension, commencing January 1, 2022. All other terms and conditions in the CoFlow Agreement, including any related amendments, remain unchanged and in full force and effect during the extended term. In September 2021, CMG and Shell agreed that CMG would add and/or allocate up to six additional full-time employees in order to accelerate CoFlow development and support targeted CoFlow deployments, and Shell's contribution would increase accordingly.

During the three and six months ended September 30, 2023, the Company recorded professional services revenue of $1.9 million and $3.8 million, respectively (three and six months ended September 30, 2022 – $2.0 million and $3.9 million, respectively), and CoFlow costs of $1.9 million and $3.6 million, respectively, to research and development expenses (three and six months ended September 30, 2022 – $1.9 million and $3.8 million).

(b) Commitments:

The Company's non-lease commitments include operating cost commitments and short-term office leases:

(thousands of $)	September 30, 2023
Less than one year	**1,273**
Between one and five years	**4,332**
More than five years	**9,567**
	15,172

(1) BHV has added $0.2 million of short-term office leases that are less than one year

14. Line of Credit:

The Company has arranged for a $2.0 million line of credit with its principal banker, which can be drawn down by way of a demand operating credit facility or may be used to support letters of credit. As at September 30, 2023, $1.1 million (September 30, 2022 – $1.1 million) had been reserved on this line of credit for letters of credit supporting performance bonds.

15. Subsequent Event:

On November 13, 2023, the Board of Directors declared a quarterly cash dividend of $0.05 per share on its common shares, payable on December 15, 2023 to all shareholders of record at the close of business on December 7, 2023.