CEO Letter to Shareholders

August 6, 2025

Dear Shareholders,

This quarter's letter comes on the heels of two significant milestones for CMG: the acquisition of SeisWare and the appointment of Vipin Khullar as our new CFO. Both mark important steps in our journey to become a more robust, diversified, and durable software company. However, I also want to be upfront about the short-term realities we're facing. Let's start there before turning to the long game.

Near-Term Outlook

Fiscal 2026 was already shaping up to be a transition year as we intentionally manage down our services revenue mix and sharpen focus on recurring software. Market uncertainty, in energy and energy transition, continues to impact the business by extending sales cycles, lengthening procurement processes, and slowing the pace of closing new opportunities.

Adding to those issues, we were recently unsuccessful in negotiating a renewal with a long-standing customer in our reservoir simulation business. Despite strong user advocacy and positive feedback on the software, we lost the renewal due to unusually aggressive discounting and competitive bundling by a global peer.

As CEO, I need to answer for whether this speaks to lack of sales execution, changes in customer preferences, or a naturally competitive environment. While customers frequently flex their number of licenses up or down, it is rare for CMG to lose a client.

Looking at the sales opportunities for our reservoir and production solutions, I don't believe this was due to broader trends in our customer relationships or market position. We have a seat at the table for multiple opportunities throughout the second half of the year including new discussions with a number of strategic customers for long-term licensing arrangements. These upcoming opportunities are strengthened by the addition of Bluware and Sharp as we raise the bar in our own competitiveness with bundling strategies that deliver exceptional value for our customers.

This is why I believe we remain well-positioned to compete effectively and why I remain confident in our strategy, our team, and the progress we're making. There is work to be done to make up for the loss and I have line of sight to do so, but nothing is done until it's signed. We are being vigilant in staying close to every customer.

The impact in Q2 is expected to be a mid-single-digit decline in Recurring Revenue compared to Q1, the impact of which is also expected to be felt in Adjusted EBITDA. As a result, Adjusted EBITDA for the year (excluding SeisWare and any future acquisitions) may end up lower than Fiscal 2025. Despite the headwind, I also expect higher revenue and margin in the second half of the year compared to the first half of the year, driven by seasonal contract renewals, revenue recognition timing, and continued strong performance in our seismic solutions.

To support this outlook, we have accelerated work with channel partners in the Eastern Hemisphere, focused on the Middle East and Africa where there are significant market share expansion opportunities. We've launched an Energy Advisory Board, a new initiative that brings together senior executives from global oil and gas operators to help deepen strategic relationships. And most importantly, we're continuing to invest in product portfolio expansion, organically and through acquisition, to strengthen our value proposition.

The value of acquisitions in growing our portfolio of solutions and strengthening our positioning is a critical reason we started this journey. And it is why the rest of this letter is dedicated to M&A.

To continue prioritizing acquisitions, the decision was made this quarter to reduce the dividend by 80% to $0.01/share. This results in an additional $13 million annually that can be put towards acquisitions which I believe has the potential to generate incremental value. After many conversations with shareholders, I believe that most of you feel the same.

We are also in the late stages of negotiating a credit facility that will allow us to take on a conservative amount of leverage to further our ability to move forward decisively with our strategy. These changes mark a thoughtful departure from our historical capital structure but one that I believe positions us to deliver much greater value creation over time. What follows are some of the common questions I am asked about our approach and that I believe are critical for our investors to understand.

Acquisitions – Q&A

Q: Why do we do M&A?

A: Our business generates strong, steady cash flow. Our North Star is to deploy 100% of our available capital at attractive rates of return. If we do that carefully, we will:

- Better serve our customer needs, becoming a stronger partner with more breadth in industry leading software
- Consistently grow Free Cash Flow (FCF) per share and ensure its sustainability, which together should generate excellent returns to shareholders

Q: What types of companies do we look to acquire?

A: We classify each transaction into one of three buckets. These buckets broadly define alignment with our existing expertise, identify where we can add incremental value under our ownership, and are broad enough to ensure a sufficiently large pipeline of opportunities. The first bucket is **Core** – these are companies that offer an extremely strong strategic fit with our reservoir and production solutions. Acquisitions in this bucket are expected to be rare and so I will focus on the other two buckets: **Platform** and **Standalone**.

> **Platform acquisitions** help us fill whitespace within the upstream oil and gas workflow - seismic interpretation, modeling, simulation, forecasting, and economics. Bluware, Sharp Reflections, and now SeisWare are part of this strategy. These businesses aren't force-fit into a singular offering. We operate an open ecosystem where customers can adopt one solution or many. This flexibility allows us to craft enterprise-wide value, bundle offerings, and elevate sales conversations beyond individual users to a broader executive level. The result: more integration, stronger retention, and better economics.
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> **Standalone acquisitions** will be opportunities in verticals outside of upstream - midstream, downstream, or entirely new domains like mining, logistics, or utilities. These businesses may not connect to our core today, but over time, they may evolve into platforms of their own. We look for common threads - deep science, high-performance computing, and domain-specific complexity - where CMG's DNA gives us an edge.

Equally important is what we won't buy. We will generally avoid businesses in secular decline, commodity software tools, companies with extensive technical debt or service-heavy businesses without a clear path to software growth.

Q: How do we think about valuation?

A: Valuation is always important. Price is by far the most common reason CMG walks away from a transaction or loses a transaction.

We are often asked “what multiples do you pay? 2–3x revenue or 20x EBITDA?”. The truth is, we don’t look at it that way. Every business we evaluate must achieve a high after-tax IRR (internal rate of return). At the end of the day, it’s about what cash flows we expect to receive and when. We focus on honest, bottoms-up scenario modeling with a clear-eyed view of base, high, and low cases. We stay true to a minimum IRR hurdle for every investment which keeps us disciplined.

Day 1, backward-looking multiples won’t always provide clear insight into whether a transaction is attractive. We’re intentionally buying businesses that have modest levels of profitability initially but where we see a credible path to expansion. We are comfortable paying for companies with significant potential and working hard to unlock that growth and profitability and we think that there is often substantial value that can be created by a business beyond the first year or two of ownership.

In my last letter, I provided comments on the margin expansion that we achieved early on with Bluware. Later this year, as we approach a full year under our ownership, I expect to report to you the early performance of Sharp Reflections. At this point, I can confidently say that both businesses are on track to meet or exceed our IRR expectations.

Bottom line: we build our investment thesis with deep work on every deal. Weighted IRRs based on multiple scenarios allow us to contemplate a variety of future paths a business may take, including explicit levers we have to protect our downside - especially if top-line growth comes in below plan.

Q: What is CMG’s advantage as a buyer?

A: CMG’s strong brand as a technical organization, rooted in science, physics, and R&D, means that we stand out as a compelling home for founders seeking more than just an exit.

Joining CMG means gaining access to a deep bench of subject matter experts, a culture that values scientific rigor, and a leadership team focused on performance.

When we acquired Bluware, the team and leadership were energized by our vision of building an open platform within the upstream space - one focused on solving end-to-end customer challenges and offering real optionality in an environment where many customers are unhappily locked into a single provider (Bill Shea speaks about it here).

We also give founders room to contribute at both the platform and portfolio level - playing to their strengths. Bill recently handed over day-to-day leadership of Bluware to an internally promoted General Manager and now serves as Chief Evangelist for seismic solutions. In that role, he’s helping grow strategic accounts and advocating for our seismic portfolio across key customers.

Q: How does CMG create value post acquisition?

A: What I call the **CMG Operating System (CMG OS)** is an evolving set of principles that govern how we scale software companies. It reflects how we uniquely approach adding value to an acquired company and how we think about the best practices that ultimately drive their success, operational excellence, and ultimately our financial return.

- **Product Management**: We treat roadmap planning like capital allocation. Product Managers lead with market signals, not gut feel. They partner with R&D to focus on the “how,” while owning the “what” and “why.”
- **Commercial Execution**: We build repeatable sales engines. That includes layering experienced sales talent, training technical teams, and leveraging CMG’s global footprint to open doors.
- **Pricing**: We introduce value-based pricing, smarter discounting, and segmentation logic. Pricing is not just a finance lever - it’s a strategic moat.
- **Marketing**: We move beyond demos and booths. Marketing defines positioning, builds buyer narratives, and supports commercial execution.

- **Customer Success & Professional Services**: Great tech isn't enough. We run a high-touch model, with named support engineers, proactive adoption programs including frequent onsite support, and consulting services where it adds value and high margin revenue. This has been CMG's differentiator in reservoir simulation, and we see the same DNA in our Seismic Solutions business.

This is a subset of many principles we can apply to varying degrees depending on the maturity of the business. Early in my tenure, we implemented many with our reservoir and production solutions which is a more mature business. We introduced them at Bluware and Sharp Reflections to enhance focus on go-to-market and commercial strategy and building a market-driven business.

Final Thoughts

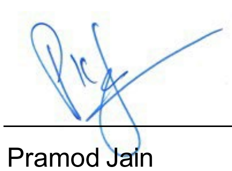
While there are many additional facets to our M&A approach, this framework should provide a clear understanding of what to expect from us moving forward. We're early in our M&A journey, but the ambition is clear: build a group of specialized, high-performing software companies that solve the world's hardest problems in energy and beyond - and ensure that every investment made in pursuit of that goal generates significant returns over the long term.

This is a process that will take time - both to execute and for its impact to become evident in our financial performance. We have built a high-caliber M&A team with deep strategic and operational expertise. Our batting average will never be about simply volume – it will be about precision and discipline.

Thank you for your belief in our vision. I remain confident in our strategy, inspired by our team, and grateful for your partnership on this journey.

Thank you for your ongoing support and enthusiasm for our vision.

Sincerely,



Pramod Jain

Chief Executive Officer

This letter to shareholders forms an integral part of our Management's Discussion and Analysis ("MD&A") and includes forward-looking information and forward-looking statements (together, "Forward Looking Statements") within the meaning of applicable securities laws, and measures that do not have a standard meaning prescribed by the IFRS Accounting Standards ("IFRS"), including the financial measures "Adjusted EBITDA", "Free Cash Flow" and "Recurring Revenue" to indicate financial performance. For detailed information on these Forward-Looking Statements, non-IFRS measures, and associated risks, please see the relevant sections in our MD&A dated August 6, 2025, accessible on SEDAR+ (www.sedarplus.ca) and our website (www.cmgl.ca/investors/financial-reports).