# CEO Letter to Shareholders

November 11, 2025

Dear Fellow Shareholders,

We had several meaningful milestones recently including signing a multi-year software licensing agreement with Shell, finalizing a new credit facility, initiating a normal course issuer bid ("NCIB"), and advancing multiple acquisition opportunities.

Amongst all these developments, I want to sharply focus on the two priorities that continue to guide CMG's long-term value creation strategy:

1. Building a durable, organic growth engine that generates Free Cash Flow; and
2. Deploying 100% of available capital at attractive, risk-adjusted returns.

## Simulation: Our Foundation and Our Focus

Even as we successfully grow through acquisition, reservoir simulation remains the foundation of our business and a core driver of Free Cash Flow. While recent quarters have reflected headwinds, our focus has been on actions that strengthen our position in this market: deepening executive-level relationships, expanding geographic reach, bundling simulation with our new seismic solutions offerings, and incorporating the insights of our Energy Advisory Board.

Over the past few months, I have personally spent considerable time with customers across our markets and our channel partners who are helping expand into new geographies. These conversations have been both candid and energizing. What stands out most is the consistency of the message: the demand for high fidelity simulation is steady and interest in combining it with our newer seismic solutions and workflows is increasing. This customer-driven encouragement reinforces my conviction in the portfolio we are building and the direction we are taking.

Are these changes yet visible in the financials? Not entirely. Reservoir simulation growth has ground to recover, but I am encouraged by what we are seeing beneath the surface. There is good engagement heading into the second half of the year which is when many of our simulation contracts renew and a growing number of discussions around bundled solutions. I am also proud of the work our sales team has done in detailed account planning and improved pipeline visibility which gives me confidence that stabilization is achievable in the near term.

A recent milestone in our progress is the signing of the multi-year software licensing agreement with Shell. This agreement transforms our collaboration from a services-based initiative to a long-term software partnership, underscoring both the maturity of our technology and Shell's confidence in its value across their global operations. Just as importantly, it is strong evidence that we can successfully pursue innovative development through professional services and turn it into valuable recurring software revenue. In doing so, we have advanced a key strategic objective of increasing the mix of recurring revenue which delivers strong margins and greater visibility. This agreement is also broader than CoFlow™, reflecting Shell's commitment to our full suite of simulation technology. It not only reinforces the strength of our solutions and the trust we've built with one of the industry's most sophisticated operators but also positions us to pursue similar opportunities with other global energy leaders.

## Capital Deployment and M&A Discipline

Our approach to capital allocation remains anchored in discipline and returns. In the last quarter, we evaluated a record number of M&A opportunities across both platform and standalone targets with annual revenues ranging from $5 - $50 million.

Several advanced into later-stage diligence but none met our return thresholds, reflecting our continued commitment to pursuing only the most value-accretive opportunities. I am pleased that the strength of our pipeline has never been greater, supported by a growing and capable team and the infrastructure to manage a higher volume of transactions.

To ensure we can act decisively when the right opportunities appear, we finalized a new credit facility to expand our capacity for acquisitions. This marks our first use of leverage, and we will manage it carefully, targeting a limit of approximately 2X CMG Adjusted EBITDA and always with a clear path to deleveraging through Free Cash Flow.

### Share Buyback – Complementing, Not Replacing the M&A Strategy

Following a rigorous evaluation of our capital allocation priorities, we announced a share repurchase program this quarter. Our North Star remains unchanged which is to deploy 100% of our available capital at attractive rates of return. While our primary focus remains on investing in growth and pursuing strategic acquisitions that strengthen our long-term competitive position, we also recognize the compelling opportunity to repurchase shares at what we believe to be a meaningful discount to intrinsic value. Share buybacks can be an effective part of remaining true to our North Star and this decision reflects our confidence in the business and our commitment to disciplined value creation. Importantly, we view buybacks and acquisitions not as competing choices, but as complementary tools, each with its own role in enhancing shareholder returns. By maintaining flexibility and balance between these levers, we remain focused on high return capital deployment in a dynamic market environment.

### Looking Ahead

Building a scalable platform for disciplined capital deployment from a standing start requires patience, persistence, and the willingness to make upfront investments before results appear. While our three acquisitions to date are performing very well and consistent with our expectations, their growth and profitability are not yet reflective of the long-term potential. For the businesses we acquire, they typically come to us at lower margins. As we share best practices from our CMG Operating System (CMG OS) to help scale the business, we aim to expand software and specifically recurring software revenue and with that expand the margins to the standard at which our reservoir simulation business operates.

In the short term, some of our headline numbers overshadow the progress and the foundational elements we are building for our business. This quarter's organic decline in total revenue and recurring revenue were a result of anticipated reductions in professional services and a reduction in reservoir simulation licensing that we had addressed last quarter. Looking ahead, due to timing of seasonal contract renewals and revenue recognition, I expect revenue in the second half of the year to be higher than the in the first half of the year and for Adjusted EBITDA and Free Cash Flow to improve as a result. Most importantly, I expect that organic recurring revenue growth will turn positive in the fourth quarter and given our current outlook, I expect that we will be able to deliver positive annual organic recurring revenue growth in fiscal 2027.

My conviction in what we are building remains absolute. We are positioning CMG for sustainable, cash-generating growth, and the groundwork we are laying now is essential to achieving it. I am grateful for the continued trust of our shareholders and welcome your questions and feedback. Open dialogue remains central to how we build long-term value together.

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 November 11, 2025, accessible on SEDAR+ (www.sedarplus.ca) and our website (www.cmgl.ca/investors/financial-reports).