Q2 2026 Financial Report

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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).

Computer Modelling Group Ltd. announces its second quarter results for the three and six months ended September 30, 2025.

SECOND QUARTER 2026 CONSOLIDATED HIGHLIGHTS

Select financial highlights

- Total revenue increased by 2% (17% Organic decline[1] and 19% growth from acquisitions) to $30.2 million;
- Recurring revenue[2] increased by 13% (9% Organic decline and 22% growth from acquisitions) to $20.7 million;
- Adjusted EBITDA[1] decreased by 25% to $7.6 million;
- Adjusted EBITDA Margin[1] was 25%, compared to 34% in the comparative period;
- Earnings per share was $0.03, a 40% decrease;
- Free Cash Flow[1] decreased by 68% to $2.0 million; Free Cash Flow per share decreased to $0.02 from $0.07.

SECOND QUARTER YEAR TO DATE 2026 CONSOLIDATED HIGHLIGHTS

Select financial highlights

- Total revenue was flat (15% Organic decline[1] and 15% growth from acquisitions) to $59.8 million;
- Recurring revenue[2] increased by 10% (7% Organic decline and 17% growth from acquisitions) to $41.6 million;
- Adjusted EBITDA[1] decreased by 25% to $14.6 million;
- Adjusted EBITDA Margin[1] was 24%, compared to 33% in the comparative period;
- Earnings per share was $0.07, a 22% decrease;
- Free Cash Flow[1] decreased by 45% to $6.4 million; Free Cash Flow per share decreased to $0.08 from $0.14.

(1) Organic growth/decline, Adjusted EBITDA, Adjusted EBITDA Margin, Recurring Revenue, Free Cash Flow and Free Cash Flow per share are not standardized financial measures and might not be comparable to measures disclosed by other issuers. For more description see under "Non-IFRS Financial and Supplementary Financial Measures" heading.
(2) Recurring revenue includes Annuity/maintenance licenses and Annuity license fee and excludes Perpetual licenses and Professional Services.

OVERVIEW

Energy market dynamics continue to be characterized by volatility and muted commodity prices, with customer focus remaining on exercising tight capital discipline. This resulted in continued longer sales cycles and a slower pace in closing new opportunities.

In the second quarter, we closed our third significant acquisition, SeisWare International Inc., a company that develops geoscience interpretation and field development software to support subsurface exploration and development projects, further strengthening and expanding our Seismic Solutions portfolio.

Subsequent to the end of the quarter, on November 10, 2025, we announced a multi-year simulation software licensing agreement with Shell representing the culmination of a long-term product development relationship. The agreement is for the Company's suite of simulation solutions, including CoFlow™.

On November 11, 2025, the Company announced a Normal Course Issuer Bid for its common shares as the board of directors of the Company believes that, from time to time, the market price of the common shares may not fully reflect the underlying value of the business. Additionally, we continue to pursue disciplined acquisitions that expand our capabilities and enhance our ability to navigate market volatility. To support this strategy and to augment our available cash for accretive capital deployment, we closed a $100M credit facility on November 7, 2025.

In the second quarter, an organic decline in total revenue offset most of the growth contributed by acquisitions. The decline reflected lower perpetual software license sales, which are variable in nature, as well as expected reductions in professional services and previously disclosed reductions in recurring software revenue. Recurring revenue increased 13% as growth from acquisitions more than offset an organic decline driven tied to previously disclosed reductions in licensing for reservoir and production solutions. Despite overall growth, the decline in revenue from reservoir and production solutions had a more pronounced effect on Adjusted EBITDA, given its higher margin profile, and was partially offset by contributions from our acquisitions.

The percentage decrease in Free Cash Flow was larger than the Adjusted EBITDA decrease due to stock-based compensation expenses and one-time capital expenditures.

Revenue in the second half of the year is expected to be higher than in the first half, reflecting the timing of seasonal contract renewals and revenue recognition. Organic recurring revenue growth is expected to turn positive in the fourth quarter and remain positive on an annual basis in fiscal 2027.

Adjusted EBITDA and Free Cash Flow in the second half of the year are anticipated to improve correspondingly however, on a full year basis, Adjusted EBITDA (excluding future acquisitions) will be lower in Fiscal 2026 compared to Fiscal 2025 due to the decline in organic revenue and professional services.

SUMMARY OF FINANCIAL PERFORMANCE

	Three months ended September 30,			Six months ended September 30,		
($ thousands, except per share data)	**2025**	2024	% change	**2025**	2024	% change
Annuity/maintenance licenses	**19,067**	18,302	4%	**39,401**	37,637	5%
Annuity license fee	**1,650**	71	2,224%	**2,168**	249	771%
Recurring revenue(1) (2)	**20,717**	18,373	13%	**41,569**	37,886	10%
Perpetual licenses	**945**	2,149	(56%)	**1,323**	4,259	(69%)
Total software license revenue	**21,662**	20,522	6%	**42,892**	42,145	2%
Professional services	**8,539**	8,945	(5%)	**16,942**	17,845	(5%)
Total revenue	**30,201**	29,467	2%	**59,834**	59,990	0%
Cost of revenue	**5,542**	5,692	(3%)	**11,500**	11,884	(3%)
Operating expenses						
Sales & marketing	**5,992**	4,229	42%	**10,602**	9,160	16%
Research and development	**7,360**	6,428	14%	**15,393**	14,673	5%
General & administrative	**6,126**	4,688	31%	**11,865**	10,177	17%
Operating expenses	**19,478**	15,345	27%	**37,860**	34,010	11%
Operating profit	**5,181**	8,430	(39%)	**10,474**	14,096	(26%)
Net income	**2,716**	3,763	(28%)	**6,025**	7,727	(22%)
Adjusted EBITDA (1)	**7,558**	10,020	(25%)	**14,629**	19,374	(24%)
Adjusted EBITDA Margin (1)	***25%***	*34%*	*(26%)*	***24%***	*32%*	*(25%)*
Earnings per share – basic & diluted	**0.03**	0.05	(40%)	**0.07**	0.09	(22%)
Funds flow from operations per share - basic	**0.04**	0.09	(56%)	**0.11**	0.17	(35%)
Free Cash Flow per share – basic (1)	**0.02**	0.07	(71%)	**0.08**	0.14	(43%)

(1) Non-IFRS financial measures are defined in the "Non-IFRS Supplementary Financial Measures" section.
(2) Included in the number is a reduction of $0.1 million and $0.2 million for the three and six months ended September 30, 2025, ($0.1 million and $0.2 million for the three and six months September 30, 2024), attributed to the amortization of a deferred revenue fair value reduction recognized on acquisition.

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 Group", the "Company", "we" or "our"), dated November 11, 2025, should be read in conjunction with CMG Group's unaudited condensed consolidated interim financial statements (the "Financial Statements") and accompanying notes for the three and six months ended September 30, 2025 and 2024 and CMG Group's Annual Information Form dated May 22, 2025 ("AIF"), which are available under CMG Group's SEDAR+ profile at www.sedarplus.ca.

The Financial Statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Financial Statements are presented in Canadian dollars, which is the presentation currency of CMG Group.

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 Accounting Standards.

This MD&A was reviewed and approved by the Audit Committee and Board of Directors and is effective November 11, 2025.

FORWARD-LOOKING INFORMATION

Certain information included in this MD&A and the CEO Letter to Shareholders (attached hereto and incorporated by reference) 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 "anticipate", "intend", "plan", "goal", "seek", "believe", "project", "estimate", "expect", strategy", "future", "likely", "may", "should", "will", and similar references to future periods. These statements we make regarding our business strategies and objectives, expectations regarding revenue, Adjusted EBITDA and Free Cash Flow, 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.

Forward-looking information contained in this MD&A is based on management's expectations and assumptions regarding, among other things:

- the Company's ability to maintain and grow annual adjusted EBITDA margin;
- the ability to achieve total revenue growth on an annual basis;
- the successful allocation of purchase price for completed acquisitions and the realization of anticipated synergies and benefits from such acquisitions;
- the ability to identify, complete, and integrate future acquisitions that are accretive to software revenue and enhance or diversify the Company's software solutions;
- the future revenue and associated costs related to CoFlow and the ability to enter into alternative arrangement and revenue opportunities following the early termination of CoFlow Agreement;
- the ability to recognize financial results of acquired businesses and assets, including the realization of anticipated growth projections, revenue increases, and cost savings;
- the ability to secure financing to fund future acquisitions;
- the ability to manage acquisition-related expenses, including the potential for further performance-based earnouts;
- the ability to avoid or manage unanticipated acquisition-related expenses, liabilities, or goodwill impairment adjustments;
- the ability to successfully execute on commercial partnerships and strategic alliances for product development, consulting projects, and sales;
- the ability to maintain and grow the Company's core business competencies in reservoir simulation and capitalize on its leadership position in complex hydrocarbon recovery techniques;
- the ability to invest in research and development initiatives that are driven by customer needs and maintain a competitive advantage for the existing software product suite;

- the ability to retain and attract qualified staff and key personnel in all relevant territories;
- the ability to manage and protect intellectual property, including acquired and internally developed technologies; and
- the ability to avoid to manage significant disruptions or information technology infrastructure, including cyber security risks.

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 CMG's 2025 Financial Report's 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;
- Information security breaches or other cyber-security threats; and
- Ability to successfully execute on acquisitions and to integrate acquired businesses and assets.

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 Group is a global software and consulting company providing complex, science-based software solutions to the energy industry. CMG Group 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 and gas production and exploration companies in approximately 60 countries. The Company also provides professional services consisting of highly specialized support, consulting, training, and contract research activities. CMG Group has sales and technical support services based in Calgary, Houston, Oxford, Dubai, Bogota, Rio de Janeiro, Bengaluru, Kuala Lumpur, Oslo, Stavanger, and Kaiserslautern. The Company's Common Shares are listed on the Toronto Stock Exchange ("TSX") and trade under the symbol "CMG". CMG Group and its subsidiaries include the following: Computer Modelling Group Inc., CMG Middle East FZ LLC, CMG Europe Ltd., CMG Collaboration Centre India Private Ltd., and Computer Modelling Group Brazil Solucoes Technoligicas Ltda., (together referred to as "CMG"), and CMG Holdings (USA) Inc., Bluware-Headwave Ventures Inc., Bluware Inc., and Bluware AS, (together referred to as "BHV"), CMGL Services Corporation Inc., CMG Germany GmbH, Sharp Reflections GmbH, Sharp Reflections Inc., Sharp Reflections AS, and Sharp Reflections Ltd., (together referred to as "SR" or "Sharp") and SeisWare International Inc., and SeisWare Inc. (together referred to as "SWII" or "SeisWare").

BUSINESS OVERVIEW

Since its inception more than 40 years ago, CMG Group made the strategic decision to focus its research and development efforts on providing reservoir modelling solutions for the simulation of difficult hydrocarbon recovery techniques, a decision that created the foundation for our dominant market presence today in the simulation of advanced hydrocarbon recovery processes. The Company 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. We are experts in modelling and de-risking subsurface exploration with the use of advanced physics-based simulation software and expert consulting.

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

In fiscal 2023, CMG Group announced a new strategy called CMG 4.0. Under this strategy the company aims to drive sustained revenue growth, both organically and by acquisition, while maintaining strong profitability.

Our growth strategy was developed around three main objectives:

- maintain and grow our core business competencies in reservoir simulation, capitalizing on our leadership position as experts in the science, technology and customer support for complex hydrocarbon recovery techniques;
- optimize and accelerate market penetration of newly acquired businesses leveraging the global reputation of CMG Group and growing portfolio of solutions
- continuous deployment of available capital into acquisitions

We are committed to the development of cutting-edge technologies that support critical field development decisions for upstream planning and energy transition strategies. To achieve these objectives, investment in research and development is important as it helps maintain our competitive advantage for our existing software product suite and advances new product development to drive organic growth. Our approach to investment in research and development is to invest in initiatives that are driven by customers' needs. Integrating new and innovative features into our existing product suite as well as developing simplified, fit-for-purpose applications is anticipated to help us to increase revenue from new and existing customers.

We pursue organic growth through direct sales using our internal sales force and are focused on enhancing our market engagement framework through the addition of a strategic marketing function and additional sales tools and training. We are also committed to partnering with industry leaders for product development, consulting projects, and sales. The Company 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. The acquisition strategy aims to invest excess capital, at attractive after-tax rates of return, to acquire businesses that enhance and diversify our software solutions across the upstream energy workflow. The company also intends to explore opportunities to diversify further within midstream and downstream energy and adjacent industries.

The CMG Group now comprises four companies providing market-leading software solutions as described below.

Reservoir and Production Solutions:
Computer Modelling Group delivers 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 the company has developed CoFlow, the industry's first fully implicit, multi-user and multi-disciplinary, Integrated Reservoir and Production System Modelling ("IPSM") software application. CoFlow provides a unified, commercial-ready solution for integrated asset modelling by combining reservoir, production networks, uncertainty and optimization in one environment, enabling reservoir and production engineers to make informed decisions on large, integrated oil and gas projects.

Seismic Interpretation Solutions:
Bluware (BHV): InteractivAITM is a cutting-edge deep learning seismic interpretation tool that enables geoscientists to quickly analyze vast amounts of seismic data. InteractivAI leverages Bluware's proprietary VDSTM (Volume Data Storage) data format which compresses raw and interpreted seismic data sets, making them adaptable and scalable depending on customer business needs, workflows and visualization requirements. VDSTM enables fast data access, cost-effective cloud storage, and compute-intensive workflows. FASTTM is a data streaming and transcoding tool, providing the ability to use VDSTM with existing interpretation applications to stream subsurface data from the cloud to legacy applications and workflows.

Sharp Reflections (SR): Pre-Stack Pro (now known as Sharp Reflections software), is a leading high performance computing platform for seismic data processing and interpretation, with a specific expertise in large pre-stack seismic data sets. Sharp's expanded offerings also include 4D seismic analysis.

SeisWare develops geoscience interpretation and field development software to support subsurface exploration and development projects. SeisWare's platform offers tools for seismic interpretation, attribute analysis, geological mapping and 3D well design.

REVENUE STREAMS

Annuity/Maintenance Licenses: Annuity license agreements, which include a term-based software license bundled with maintenance. These agreements provide customers with rights to use the software for a fixed term, typically one year, but could be shorter or longer, and include maintenance consisting of customer support and unspecified upgrades. This revenue component is recorded under "Annuity/maintenance licenses" and "Annuity license fee" revenue. For certain contracts, the total annual contract value of the annuity license fee is allocated 50% to the standalone software license fee (included in "Annuity license fee") and 50% to maintenance (included in "Annuity/maintenance license revenue" and recognized over the license term). The annuity license fee is recognized in revenue when the software license is delivered to the customer at the start of the license term. While both annuity/maintenance license revenue and annual license fee represent recurring revenue base, the annual license fee revenue will fluctuate quarterly due to the timing of agreement renewals which tend to be skewed towards the last two quarters of our fiscal year and may not be indicative of the performance in a particular reporting period. Our annuity and maintenance license agreements must be renewed upon their agreement expiry. Based on our experience, a majority of customers renew their agreements upon expiry. We also offer a public cloud solution which enables customers to securely access Company's solutions using some of the latest and fastest hardware available in the industry optimized for maximum efficiency and faster results. This currently represents a small part of the Company's business and is reported under "Annuity/maintenance license" revenue.

Perpetual Licenses: Perpetual license agreements grant the customer the right to use the then-current version of software and has the right to use that version in perpetuity. This revenue stream is recorded under "Perpetual licenses" revenue and is recognized at a point in time, upon delivery of the licensed product. Perpetual license sales are variable and unpredictable in nature as the purchase decision and its timing fluctuate with the customers' needs and budgets. Customers purchasing perpetual licenses may also enter into a separate maintenance and support agreement giving them access to customer support and access to current versions of the Company's software. The majority of customers who have acquired perpetual software licenses subsequently purchase a maintenance package which is reported under "Annuity/maintenance licenses" revenue.

We generally invoice our customers for the full amount of their agreement at the time that they contract with us, with payment generally due within a period of 30 days.

Professional Services: In combination with its principal business of licensing its software, the Company also provides professional services consisting of multi-disciplinary, specialized consulting, training, and contract research activities. Our training is continuous in nature, is offered worldwide, and enables our customers to become more efficient and effective users of our software which helps us in developing and maintaining long-term relationships with our customers. In our experience, consulting activities are variable in nature as both the timing and dollar magnitude of work are dependent on activities and budgets within customer companies.

SIGNIFICANT EVENTS

Acquisition of SeisWare International Inc.
On July 30, 2025, CMG Group completed the acquisition of 100% of the outstanding shares of SeisWare International Inc. ("SeisWare"), a Calgary-based software company specializing in geoscience interpretation and field development solutions to support subsurface exploration and development projects. The acquisition of SeisWare further builds out the seismic interpretation solutions offerings within the CMG Group through a platform offering powerful tools for seismic interpretation, attribute analysis, geological mapping and 3D well design.

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

Line of Credit
On November 7, 2025, the Company entered into a credit facility with National Bank. The facility provides for borrowings of up to $100 million and matures on November 7, 2029. Borrowings under the facility bear a variable interest rate with no fixed repayments over the term to maturity. Interest rates are calculated at standard Canadian, U.S., and European reference rates plus interest rate spreads based on a leverage table. The facility is secured by substantially all of the assets of the Company. The Company intends to use the facility for general corporate purposes including acquisitions and to meet working capital needs.

NCIB
On November 11, 2025, the Company announced its intention to commence a Normal Course Issuer Bid to repurchase up to 5% of its issued and outstanding common shares over the next 12 months. As at the date these financial statements were authorized for issue, no shares had been repurchased under the program.

NON-IFRS FINANCIAL AND SUPPLEMENTARY FINANCIAL MEASURES

Certain financial measures in this MD&A – namely, Adjusted EBITDA and Adjusted EBITDA Margin, Recurring Revenue, Free Cash Flow, Free Cash Flow per share, adjusted operating expenses, direct employee costs, adjusted direct employee costs, other corporate costs, adjusted other corporate costs, adjusted operating profit, adjusted operating profit margin, organic growth and recurring revenue – 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 Margin

Adjusted EBITDA and Adjusted EBITDA Margin refers to net income before adjusting for depreciation and amortization expense, interest income, income and other taxes, stock-based compensation, restructuring charges, foreign exchange gains and losses, repayment of lease obligations, asset impairments, acquisition related costs and other expenses directly related to business combinations, including compensation expenses and gains or losses on contingent consideration. 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 Margin 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 Margin is a more accurate measurement of the Company's operating performance and our ability to generate earnings as compared to EBITDA and EBITDA Margin.

	Three months ended September 30,		Six months ended September 30,	
($ thousands)	**2025**	2024	**2025**	2024
Net income (loss)	**2,716**	3,763	**6,025**	7,727
Add (deduct):				
Depreciation and amortization	**2,552**	1,947	**4,967**	3,830
Acquisition costs	**433**	576	**469**	764
Stock-based compensation	**314**	232	**491**	3,138
Loss on contingent consideration	**(126)**	2,112	**(126)**	1,913
Deferred revenue amortization on acquisition fair value reduction	**85**	83	**235**	172
Income and other tax expense	**1,648**	2,244	**2,565**	4,732
Interest income	**(214)**	(761)	**(528)**	(1,639)
Foreign exchange loss (gain)	**691**	593	**1,598**	421
Repayment of lease liabilities	**(541)**	(769)	**(1,067)**	(1,512)
Adjusted EBITDA (1)	**7,558**	10,020	**14,629**	19,546
Adjusted EBITDA Margin (1)	***25%***	*34%*	***24%***	*33%*

(1) This is a non-IFRS financial measure. Refer to definition of the measures above.

Adjusted EBITDA decreased by 25% during the three months ended September 30, 2025, compared to the same period of the previous year of which 14% was growth from acquisitions, offset by an Organic decline of 39%. The decline was primarily attributable to the decline in organic revenue having a more pronounced effect on Adjusted EBITDA given its higher margin profile and was partially offset by contributions from our acquisitions.

Adjusted EBITDA decreased by 25% during the six months ended September 30, 2025, compared to the same period of the previous year of which 8% was growth from acquisitions, offset by an Organic decline of 33%. The decline was primarily attributable to the decline in organic revenue having a more pronounced effect on Adjusted EBITDA given its higher margin profile and was partially offset by contributions from our acquisitions.

Free Cash Flow Reconciliation to Funds Flow from Operations

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 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. 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.

	Fiscal 2024		Fiscal 2025				**Fiscal 2026**	
($ thousands, unless otherwise stated)	Q3	Q4	Q1	Q2	Q3	Q4	Q1	**Q2**
Funds flow from operations	8,477	10,367	6,515	7,101	9,937	8,227	5,524	**3,588**
Capital expenditures	(459)	(95)	(93)	(236)	(432)	(661)	(542)	**(1,080)**
Repayment of lease liabilities	(728)	(803)	(743)	(769)	(689)	(549)	(526)	**(541)**
Free Cash Flow	7,290	9,469	5,679	6,096	8,816	7,017	4,456	**1,967**
Weighted average shares – basic (thousands)	81,067	81,314	81,476	81,887	82,753	83,064	83,090	**84,058**
Free Cash Flow per share - basic	0.09	0.12	0.07	0.07	0.11	0.08	0.05	**0.02**
Funds flow from operations per share-basic	0.10	0.13	0.08	0.09	0.12	0.10	0.07	**0.04**

Free Cash Flow decreased by 68% and 45%, respectively, for the three and six months ended September 30, 2025 from the same period of the previous fiscal year. This decrease is primarily due to lower funds flow from operations and higher capital expenditures.

Adjusted operating expenses, direct employee and other corporate costs

Adjusted operating expenses include adjusted direct employee costs and adjusted other corporate costs in which adjustments are made with respect to restructuring costs, stock-based compensation, acquisition of intangible assets, and acquisition related expenses. Adjusted direct employee costs include salaries, bonuses, benefits, commission expenses, and professional development. Adjusted other corporate costs include facility-related expenses, corporate reporting, professional services, marketing and promotion, computer expenses, travel, other office-related expenses, depreciation and amortization on property and equipment and right-of-use assets. Adjusted direct employee costs and adjusted 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 "Operating Expenses" heading for a reconciliation of direct employee costs and other corporate costs to total operating expenses.

Organic Growth/ Organic Decline

Organic growth and organic decline are not a standardized financial measures and might not be comparable to measures disclosed by other issuers. The Company measures Organic growth/ organic decline on a quarterly and year-to-date basis at the revenue and Adjusted EBITDA levels and includes revenue and Adjusted EBITDA under CMG Group's ownership for a year or longer, beginning from the first full quarter of CMG Group's ownership in the current and comparative period(s). For example, BHV was acquired on September 25, 2023 (Q2 2024). September 25, 2024, marked one full year of ownership under CMG Group and on October 1, 2024 (Q3 2025), which is the first full quarter under CMG Group's ownership in the current and comparative period, started being tracked under Organic growth. Any revenue and Adjusted EBITDA generated by BHV prior to October 1, 2024, would not be included in Organic growth/ organic decline. Sharp was acquired on November 12, 2024 (Q3 2025) and will start contributing to Organic growth/ organic decline on January 1, 2026 (Q4 2026) and SeisWare was acquired on July 30, 2025 and will start contributing to Organic growth/ organic decline on October 1, 2026.

For further clarity, current statements include Organic growth/ organic decline from the following:

- CMG and BHV revenue and Adjusted EBITDA.

Recurring Revenue

Recurring revenue represents the revenue recognized during the period from contracts that are recurring in nature and includes revenue recognized as “Annuity/maintenance licenses” and “Annuity license fee”. We believe that Recurring revenue is an indicator of business expansion and provides management with visibility into our ability to generate predictable cash flows.

The table under “Revenue” heading reconciles Recurring revenue to total revenue for the periods indicated.

REVENUE

	Three months ended September 30,			Six months ended September 30,		
($ thousands)	**2025**	2024	% change	**2025**	2024	% change
Annuity/maintenance licenses	**19,067**	18,302	4%	**39,401**	37,637	5%
Annuity license fee	**1,650**	71	2224%	**2,168**	249	771%
Recurring revenue(1) (2)	**20,717**	18,373	13%	**41,569**	37,886	10%
Perpetual licenses	**945**	2,149	(56%)	**1,323**	4,259	(69%)
Total software license revenue	**21,662**	20,522	6%	**42,892**	42,145	2%
Professional services	**8,539**	8,945	(5%)	**16,942**	17,845	(5%)
Total revenue	**30,201**	29,467	2%	**59,834**	59,990	0%

(1) This is a non-IFRS financial measure.
(2) Included in the number is a reduction of $0.1 million and $0.2 million for the three and six months ended September 30, 2025, ($0.1 million and $0.2 million for the three and six months ended September 30, 2024), attributed to the amortization of a deferred revenue fair value reduction recognized on acquisition.

The components of Recurring revenue growth were as follows:

	Three months ended September 30,		Six months ended September 30,	
	2025	2024	**2025**	2024
Total recurring revenue % change	**13%**	5%	**10%**	14%
Growth from acquisitions	**22%**	9%	**17%**	11%
Foreign exchange impact	**2%**	Nil	**2%**	(1%)
Organic growth (decline)	**(11%)**	(4%)	**(9%)**	(4%)

Total revenue increased during the three months September 30, 2025 and decreased during the six months ended September 30, 2025, compared to the same periods of the previous year, as the increase from recurring revenue was offset by the decrease from perpetual licenses and professional services.

Recurring revenue increased during the three months ended September 30, 2025, compared to the same period of the previous year, due to 22% growth from acquisitions, a 2% increase from foreign exchange, partially offset by an 11% decrease in Organic revenue.

Recurring revenue increased during the six months ended September 30, 2025, compared to the same period of the previous year, due to 17% growth from acquisitions, a 2% increase from foreign exchange, partially offset by a 9% decrease in Organic revenue.

Perpetual license revenue decreased during the three and six months September 30, 2025, compared to the same period of the previous year, due to fewer perpetual license sales made in the current quarter. Perpetual license sales are variable in nature and fluctuate on a quarterly basis. Acquisitions did not contribute to perpetual license revenue.

Professional services revenue decreased during the three and six months September 30, 2025, compared to the same period of the previous year, mainly due to the expected reduction in the tailored software development funding of our seismic solutions and reduced funding of CoFlow.

Software Revenue by Geographic Region

($ thousands)	Three months ended September 30, 2025	2024	% change	Six months ended September 30, 2025	2024	% change
Annuity/maintenance license						
Canada	**3,285**	3,249	1%	**6,183**	6,478	(5%)
United States	**4,497**	4,130	9%	**9,017**	8,748	3%
South America	**2,620**	2,417	8%	**5,329**	4,753	12%
Eastern Hemisphere(1)	**8,665**	8,506	2%	**18,872**	17,658	7%
	19,067	18,302	4%	**39,401**	37,637	5%
Annuity license fee						
Canada	**420**	-	100%	**433**	-	100%
United States	**176**	37	376%	**228**	77	196%
South America	**777**	34	2,185%	**810**	67	1,109%
Eastern Hemisphere(1)	**277**	-	100%	**697**	105	564%
	1,650	71	2,224%	**2,168**	249	771%
Perpetual license						
Canada	**-**	-	0%	**-**	-	0%
United States	**-**	-	0%	**94**	1,337	(93%)
South America	**-**	-	0%	**-**	-	0%
Eastern Hemisphere(1)	**945**	2,149	(56%)	**1,229**	2,922	(58%)
	945	2,149	(56%)	**1,323**	4,259	(69%)
Total software license revenue						
Canada	**3,705**	3,249	14%	**6,616**	6,478	2%
United States	**4,673**	4,167	12%	**9,339**	10,162	(8%)
South America	**3,397**	2,451	39%	**6,139**	4,820	27%
Eastern Hemisphere(1)	**9,887**	10,655	(7%)	**20,798**	20,685	1%
	21,662	20,522	6%	**42,892**	42,145	2%

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

Canada (representing 15% of year-to-date total software license revenue) experienced an increase in total software license revenue during the three and six months ended September 30, 2025, compared to the same period in the previous year, due to higher annuity/maintenance license revenue of seismic solutions for the three months ended, and higher annuity license fee revenue of seismic solutions for the six months ended.

The United States (representing 22% of year-to-date total software license revenue) experienced an increase in total software license revenue during the three months ended September 30, 2025, compared to the same period in the previous year, due to higher annuity/maintenance, and annuity license fee in seismic solutions. The United States experienced a decrease in total software license revenue during the six months ended September 30, 2025, compared to the same period in the previous year, due to lower perpetual revenue and annuity/maintenance revenue in reservoir and production solutions offset by higher annuity/maintenance and annuity license fee revenue in seismic solutions

South America (representing 14% of year-to-date total software license revenue) experienced an increase in total software license revenue during the three and six months ended September 30, 2025, compared to the same period of the previous year, mainly due to annuity/ maintenance and annuity license fee revenue in seismic solutions.

Eastern Hemisphere (representing 49% of year-to-date total software license revenue) experienced a decrease in total software license revenue during the three months ended September 30, 2025, compared to the same period in the previous year, primarily due to decreases in perpetual license revenue in reservoir and production solutions. The Eastern Hemisphere experienced an increase in total software license revenue during the six months ended September 30, 2025 compared to the same period in the previous year, due to increases in annuity/ maintenance revenue and annuity license fee revenue in seismic solutions offset by decreases in perpetual license revenue in reservoir and production solutions.

Deferred Revenue

($ thousands)	Fiscal 2026	Fiscal 2025	Fiscal 2024	$ change	% change
Deferred revenue at:					
Q1 (June 30)	**33,136**	30,890		2,246	7%
Q2 (September 30)	**34,615**	32,274		2,341	7%
Q3 (December 31)		34,822	27,089	7,733	29%
Q4 (March 31)		40,276	41,120	(844)	(2%)

The Company's deferred revenue consists primarily of amounts for prepaid licenses. 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 2026 was 7% higher than in Q2 of fiscal 2025. The acquisitions contributed to 13% of the increase and was offset by a 6% decrease in Organic revenue.

COST OF REVENUE

Cost of revenue primarily consists of direct employee costs, external consultants, 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 the Company adds headcount to support increased demand for our software and consulting services.

	Three months ended September 30,			Six months ended September 30,		
($ thousands)	**2025**	2024	% change	**2025**	2024	% change
Cost of revenue (1) (2)	**5,542**	5,692	(3%)	**11,500**	11,884	(3%)

(1) Depreciation and amortization related to property and equipment and right of use assets is $0.2 million and $0.4 million for the three and six months ended September 30, 2025, ($0.1 million and $0.2 million for the three and six months ended September 30, 2024).
(2) Stock based compensation is nil for the three and six months ended September 30, 2025, ($0.1 million and $0.3 for the three and six months ended September 30, 2024).

Cost of revenue decreased during the three and six months ended September 30, 2025, compared to the same period of the previous year, as the increase due to acquisitions was partially offset by the decrease in the rest of the business as costs were scaled back in line with lower professional services revenue in the quarter.

OPERATING EXPENSES

Sales and marketing

Sales and marketing expenses are comprised primarily of employee salaries, commissions, benefits and stock-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 stock-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"), Skattefunn, and NRC (Norwegian Research Council), collectively referred to as ("Government grants for research and development"). 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 employee salaries, benefits, and stock-based compensation expense for our administrative, finance, legal, information technology, and people and culture teams, allocated rent expenses, travel and travel related expenses, and general office and administrative expenses, and professional service expenses.

The below table provides a reconciliation of operating expenses to adjusted operating expenses:

	Three months ended September 30,			**Six months ended September 30,**		
($ thousands)	**2025**	2024	% change	**2025**	2024	% change
Sales and marketing [(1)(2)]	**5,992**	4,229	42%	**10,602**	9,160	16%
Research and development [(1)(2)]	**7,360**	6,428	14%	**15,393**	14,673	5%
General and administrative [(1)(2)]	**6,126**	4,688	31%	**11,865**	10,177	17%
Operating expenses	**19,478**	15,345	27%	**37,860**	34,010	11%
Acquisition related expenses	**(433)**	(576)	(25%)	**(469)**	(764)	(39%)
Amortization of acquired intangibles	**(1,458)**	(664)	120%	**(2,812)**	(1,329)	112%
Stock-based compensation (expense) recovery	**(310)**	(156)	99%	**(486)**	(2,830)	(83%)
Adjusted operating expenses [(3)]	**17,277**	13,949	24%	**34,093**	29,087	17%
Direct employee costs [(3)]	**9,969**	9,335	7%	**21,892**	22,990	(5%)
Other corporate cost [(3)]	**9,509**	6,010	58%	**15,968**	11,020	45%
	19,478	15,345	27%	**37,860**	34,010	11%

(1) Included in sales and marketing, research and development, and general and administrative expenses is depreciation related to property and equipment, right of use assets, and amortization of acquired intangible assets of \$0.1 million, \$1.7 million, \$0.5 million for the three months ended September 30, 2025 (three months ended September 30, 2024, of \$0.2 million, \$1.1 million, \$0.6 million) and \$0.1 million, \$3.4 million, \$1.0 million for the six months ended September 30, 2025 (six months ended September 30, 2024, of \$0.3 million, \$2.2 million, \$1.2 million).

(2) Included in sales and marketing, research and development, and general and administrative expenses is stock based compensation expense of nil, \$0.1 million, \$0.3 million for the three months ended September 30, 2025 (three months ended September 30, 2024, (0.1) million, \$0.1 million, \$0.1 million) and nil, \$0.2 million, \$0.4 million for the six months ended September 30, 2025 (six months ended September 30, 2024, of \$1 million, \$0.7 million, \$1.1 million).

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

Operating expenses increased during the three months ended September 30, 2025, compared to the same period of the previous year by 27%, with 30% of the increase contributed by acquisitions, offset by a 3% decrease in the organic business. Operating expenses increased during the six months ended September 30, 2025, compared to the same period of the previous year, by 11% with 24% of the increase being contributed from acquisitions offset by a 13% decrease in the organic business primarily related to lower direct employee costs.

Adjusted total operating expenses increased during the three months ended September 30, 2025, compared to the same period of the previous year, of which 25% was due to acquisitions, offset by a 1% decrease from organic business. Adjusted total operating expenses increased for the six months ended September 30, 2025, compared to the same period of the previous fiscal year, of which 22% was due to acquisitions and offset by a 5% decrease in the organic business primarily due to lower direct employee costs.

Sales and marketing expenses increased during the three months ended September 30, 2025, compared to the same period of the previous year. Acquisitions contributed an increase of 27% which and organic business contributed an increase of 15% primarily due to increased agent commissions. Sales and marketing expenses increased during the six months ended September 30, 2025, compared to the same period of the previous year, of which 23% was due to the acquisitions, with organic business offsetting by a decrease of 7% due to lower headcount and related costs, variable consideration and sales commissions, offset by higher agent commissions.

Research and development expenses increased during the three months ended September 30, 2025, compared to the same period of the previous year. Acquisitions contributed an increase of 30% which was offset by a 16% decrease primarily due to a decrease in direct employee costs. Research and development expenses increased during the six months ended September 30, 2025, compared to the same period of the previous year, of which 24% was due to acquisitions which was offset by a 19% decrease due to a decrease in salaries, variable consideration and other direct employee costs.

General and administrative expenses increased during the three months ended September 30, 2025, compared to the same period of the previous year, of which acquisitions contributed a 30% increase with other costs increasing by 1%. General and administrative expenses increased during the six months ended September 30, 2025, compared to the same period of the previous year, of which 25% was the contribution from acquisitions. The offsetting 8% decrease is due to lower salary, variable consideration and other direct employee costs.

Direct employee costs

As a technology company, the Company's largest investment is its people, and approximately 58% of total operating expenses relate to direct employee costs during the six months ended September 30, 2025. At September 30, 2025, CMG Group's full-time equivalent staff complement was 325 employees and consultants (September 30, 2024 – 289).

The below table provides a reconciliation of direct employee costs to adjusted direct employee costs:

	Three months ended September 30,			Six months ended September 30,		
($ thousands)	**2025**	2024	% change	**2025**	2024	% change
Direct employee costs	**9,969**	9,335	7%	**21,892**	22,990	(5%)
Stock based compensation	**(310)**	(156)	99%	**(486)**	(2,830)	(83%)
Adjusted direct employee costs [(1)]	**9,659**	9,179	5%	**21,406**	20,160	6%

(1) This is a non-IFRS financial measure. See the "Non-IFRS Financial Measures" section. Adjusted direct employee costs exclude stock-based compensation expenses.

For the three and six months ended September 30, 2025, adjusted direct employee costs increased by 5% and 6% respectively compared to the same period of the previous fiscal year. For the three and six months ended September 30, 2025, acquisitions contributed to 23% and 19% of the increase respectively. These were offset in both periods in the organic business by lower headcount and headcount related costs, variable consideration and stock-based consideration.

Other Corporate costs

The below table provides a reconciliation of other corporate costs to adjusted other corporate costs:

	Three months ended September 30,			Six months ended September 30,		
($ thousands)	**2025**	2024	% change	**2025**	2024	% change
Other corporate costs	**9,509**	6,010	58%	**15,968**	11,020	45%
Acquisition-related costs	**(433)**	(576)	(25%)	**(469)**	(764)	(39%)
Amortization of acquired intangible assets	**(1,458)**	(664)	120%	**(2,812)**	(1,329)	112%
Adjusted other corporate costs[(1)]	**7,618**	4,770	60%	**12,687**	8,927	42%

(1) This is a non-IFRS financial measure. See the "Non-IFRS Financial Measures" section. Adjusted other corporate costs exclude acquisition-related costs and amortization of acquired intangible assets.

For the three months ended September 30, 2025, adjusted other corporate costs increased by 60% and 42% respectively, compared to the same period of the previous fiscal year. For the three months ended September 30, 2025, acquisitions contributed to 27% of the increase. For the six months ended September 30, 2025, acquisitions contributed to 28% of the increase. The remaining differences in the three and six month periods relate to increased professional services fees, travel costs, computer service agreements fees, agent commissions, marketing costs and general corporate costs and represent investments made by the Company to increase operational capacity and sales.

FOREIGN EXCHANGE

The Company is impacted by foreign exchange fluctuations, as 71% of our revenue for the six months ended September 30, 2025 (2024 – 79%) is denominated in US dollars, whereas 56% (2024 – 53%) of our total costs are denominated in US dollars.

The following chart shows the exchange rates used to translate the Company's US dollar-denominated working capital at September 30, 2025, 2024 and 2023 and the average exchange rate used to translate income statement expense items during the three months ended September 30, 2025, 2024 and 2023:

CDN$ to US$	At June 30	At September 30	Six-month trailing average
2023	0.7545	0.7364	0.7427
2024	0.7310	0.7395	0.7323
2025	**0.7310**	**0.7186**	**0.7250**

CMG Group recorded foreign exchange losses of $0.7 million and $1.6 million for the three and six months ended September 30, 2025 ($0.6 million and 0.04 loss for the three and six months ended September 30, 2024), due to the weakening of the US dollar, which negatively affected the valuation of the US dollar denominated portion of the Company's working capital.

INCOME AND OTHER TAXES

Our consolidated effective tax rate for the three months ended September 30, 2025 is 30% (2024 – 38%), whereas the Canadian statutory tax rate for each of 2025 and 2024 fiscal years is 23%. The difference between the effective rate and the statutory rate is primarily attributed to the impact of tax rates in foreign jurisdictions, and deferred taxes.

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.

QUARTERLY PERFORMANCE

The following table summarizes selected results for the eight most recently completed quarters:

	Fiscal 2024[2]		Fiscal 2025[3]				**Fiscal 2026[4]**	
($ thousands, unless otherwise stated)	Q3	Q4	Q1	Q2	Q3	Q4	Q1	**Q2**
Annuity/maintenance license	18,814	19,661	19,335	18, 302	20,452	19,436	20,334	**19,067**
Annuity license fee	3,846	1,142	178	71	4, 303	4,728	518	**1,650**
Recurring revenue[1]	22,660	20,803	19,513	18,373	24,755	24,164	20,852	**20,717**
Perpetual license	584	2,1 30	2,110	2,149	804	554	378	**945**
Total software license revenue	23,244	22,933	21,623	20,522	25,559	24,718	21,230	**21,662**
Professional services revenue	9,763	9,358	8,900	8,945	10,214	8,965	8,403	**8,539**
Total revenue	33,007	32,291	30,523	29,467	35,773	33,683	29,633	**30,201**
Operating profit	8,217	8,277	5,666	8,4 30	11,217	8,835	5,293	**5,181**
Operating profit Margin (%)	*25%*	*26%*	*19%*	*29%*	*31%*	*26%*	18%	***17%***
Net income for the period	5,610	7,229	3,964	3,763	9,606	5,104	3, 309	**2,716**
Adjusted EBITDA[1]	12,384	10,295	9,527	10,020	13,962	10,500	7,074	**7,558**
Adjusted EBITDA Margin [1] %	*38%*	*32%*	*31%*	*34%*	*39%*	*31%*	24%	***25%***
Free Cash Flow[1]	7,290	9,469	5,679	6,096	8,816	7,017	4,456	**1,967**
Per share amounts – ($/share)								
Earnings per share (EPS) – basic	0.07	0.09	0.05	0.05	0.12	0.06	0.04	**0.03**
Earnings per share (EPS) – diluted	0.07	0.09	0.05	0.05	0.12	0.06	0.04	**0.03**
Cash dividends declared and paid	0.05	0.05	0.05	0.05	0.05	0.05	0.05	**0.01**
Free Cash Flow per share – basic[1]	0.09	0.12	0.07	0.07	0.11	0.08	0.05	**0.02**
Funds flow from operations per share - basic	0.10	0.13	0.08	0.09	0.12	0.10	0.07	**0.04**

(1) This is a non-IFRS financial measure. See the “Non-IFRS Financial Measures” section.
(2) Q3, and Q4 of fiscal 2024 include $0.2 million, $0.7 million of annuity/maintenance revenue that pertains to usage of CMG Group’s products in prior quarters.
(3) Q1, Q2, Q3, and Q4 of fiscal 2025 include $1.2 million, $0.5 million, $0.3 million, $0.03 million of annuity/maintenance revenue that pertains to usage of CMG Group’s products in prior quarters.
(4) Q1, Q2 of fiscal 2026 includes $0.4 million and $0.2 of annuity/maintenance revenue that pertains to usage of CMG Group’s products in prior quarters.

The above table illustrates the normal trend in annuity/maintenance license revenue 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. A significant portion of the Seismic segment annuity license fee revenue will occur during the third and fourth quarters when the majority of renewals take place. This seasonality has a similar impact on both operating profit and net income as seen in the above table.

The growth and future success of our business depends on many factors and variables. While each of these items present significant opportunities for our business, they also present challenges which are discussed in the “Risk Factors” section of CMG’s Annual Information Form dated May 22, 2025, which is available under the Company’s profile on SEDAR+ at www.sedarplus.ca.

LIQUIDITY AND CAPITAL RESOURCES

	Three months ended September 30,				Six months ended September 30,			
($ thousands)	**2025**	2024	$ change	% change	**2025**	2024	$ change	% change
Cash, beginning of period	**44,026**	69,092	(25,066)	(36%)	**43,884**	63,083	(19,199)	(30%)
Cash provided by (used in):								
Operating activities	**(2,057)**	(2,455)	397	(16%)	**4,542**	5,768	(1,227)	(21%)
Financing activities	**(998)**	(4,390)	3,393	(77%)	**(5,527)**	(6,960)	1,434	(21%)
Investing activities	**(9,836)**	(236)	(9,600)	4,068%	**(10,378)**	(329)	(10,049)	3,054%
Effect of foreign exchange on cash	**1,704**	(638)	2,342	(367%)	**318**	(189)	507	(268%)
Cash, end of period	**32,839**	61,373	(28,534)	(46%)	**32,839**	61,373	(28,534)	(46%)

At September 30, 2025, CMG Group had $32.8 million in cash, a $1.6 million acquired loan, and access to a $2.5 million line of credit with its banker, of which $0.5 million is available for use. The Company’s primary non-operating use of cash was for dividend payments, repayment of lease liabilities, acquisition of property and equipment and acquisition of SeisWare. Management believes that the Company has sufficient capital resources to meet its operating and capital expenditure needs.

During the six months ended September 30, 2025, 26.2 million shares of the Company’s public float were traded on the TSX. As at September 30, 2025, the Company’s market capitalization based upon its September 30, 2025 closing price of $6.27 was $518.7 million.

OPERATING ACTIVITIES

Cash used in operating activities decreased by $0.4 million during the three months ended September 30, 2025, compared to the same period of the previous fiscal year, due to lower funds flow from operations, offset by changes in working capital.

Cash provided by operating activities decreased by $1.2 million during the six months ended September 30, 2025, compared to the same period of the previous fiscal year, due to lower funds flow from operations, offset by changes in working capital.

FINANCING ACTIVITIES

Cash used in financing activities decreased by $3.4 million during the three months ended September 30, 2025, compared to the same period of the previous fiscal year primarily due to lower dividend payments during the period. Dividends paid during the three month period ended Sept 30, 2025 were $0.01/ share as compared to $0.05/share in the comparative period.

Cash used in financing activities decreased by $1.4 million during the six months ended September 30, 2025, compared to the same period in the previous fiscal year. The decrease in cash used is primarily attributable to lower dividend payments, offset by lower proceeds from issuance of common shares related to option exercises.

INVESTING ACTIVITIES

Cash used in investing activities for the three and six months ended September 30, 2025 consists of property and equipment additions, the settlement of the earnout payable with related to the Bluware acquisition of $3.6 million and the acquisition of SeisWare for $5.2 million (net of cash acquired) during the period.

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") 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 year ended March 31, 2025, Shell exercised its right to terminate the CoFlow Agreement one year prior to the original five-year anniversary.

During the three and six months ended September 30, 2025, CMG recorded professional services revenue of $1.4 million and $2.8 million (2024 - $2.1 million and $4.2 million), and CoFlow costs of $1.0 million and $2.3 million to research and development expenses (2024 - $1.5 million and $3.9 million).

CMG Group 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, 2025:

(thousands of $)	Undiscounted lease liability payments	Operating costs	Total commitments
Less than one year	4,203	1,536	5,739
Between one and five years	16,544	5,285	21,829
More than five years	27,112	7,439	34,551
	47,859	14,260	62,119

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 11, 2025 (thousands)	
Common shares	82,730
Stock options	4,417
Restricted share units (1)	38
Performance share units (1)	168

(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 11, 2025, CMG Group could reserve up to 8,272,951 common shares for issuance under its security-based compensation plans.

BUSINESS RISKS, CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

These remain unchanged from what was detailed in CMG's 2025 Financial Report.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

These remain unchanged from the factors detailed in CMG's 2025 Financial Report.

During the three and six months ended September 30, 2025, 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, except for the matter described below.

Section 3.3(1)(b) of NI 52-109 allows an issuer to limit its design of DC&P and ICFR to exclude controls, policies and procedures of a business that the issuer acquired not exceeding 365 days from the date of acquisition. On November 12, 2024, we completed the acquisition of SR, a privately held software and services company headquartered in Kaiserslautern, Germany. SR's operations have been included in the consolidated financial statements of CMG Group since November 12, 2024. On July 30, 2025, we completed the acquisition of SeisWare International Inc., a privately held software company headquartered in Calgary, Canada. SeisWare's operations have been included in the consolidated financial statements of CMG Group since July 30, 2025.

We have not had sufficient time to appropriately determine and assess the extent of DC&P and ICFR previously used by SR or SeisWare and integrate them with those of CMG Group. As a result, the certifying officers have limited the scope of their design of DC&P and ICFR to exclude any applicable controls, policies, and procedures of SR and SeisWare (as permitted by applicable securities laws in Canada).

Amounts in respect of SR and SeisWare included in CMG Group's condensed consolidated statement of financial position and statement of operations and comprehensive income as at September 30, 2025, are as follows:

(thousands)	
Current Assets	15,946
Total Assets	25,545
Current Liabilities	7,699
Total Liabilities	10,350
Total Revenues	9,415
Net Income	641

Condensed Consolidated Statements of Financial Position

UNAUDITED (thousands of Canadian $)	**September 30, 2025**	March 31, 2025
Assets		
Current assets:		
Cash	**32,839**	43,884
Restricted cash	**321**	362
Trade and other receivables	**30,567**	41,457
Prepaid expenses	**3,125**	2,572
Prepaid income taxes	**2,968**	1,641
	69,820	89,916
Other long-term assets	**170**	-
Intangible assets	**64,485**	59,955
Right-of-use assets	**27,413**	28,443
Property and equipment	**11,143**	10,157
Goodwill	**19,137**	15,814
Deferred tax asset	**418**	471
Total assets	**192,586**	204,756
Liabilities and shareholders' equity		
Current liabilities:		
Trade payables and accrued liabilities	**12,166**	18,452
Income taxes payable	**1,161**	2,667
Acquisition holdback payable	**2,336**	188
Acquisition earnout payable	**-**	3,864
Deferred revenue (note 5)	**34,615**	40,276
Lease liabilities (note 6)	**2,429**	2,278
Government loan	**327**	310
	53,034	68,035
Lease liabilities (note 6)	**33,778**	34,668
Government loan	**1,226**	1,319
Other long-term liabilities	**375**	1,725
Deferred tax liabilities	**14,540**	13,102
Total liabilities	**102,953**	118,849
Shareholders' equity:		
Share capital	**95,851**	94,849
Contributed surplus	**15,799**	15,460
Cumulative translation adjustment	**5,646**	4,326
Deficit	**(27,663)**	(28,728)
Total shareholders' equity	**89,633**	85,907
Total liabilities and shareholders' equity	**192,586**	204,756

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, 2025	Three months ended September 30, 2024	Six months ended September 30, 2025	Six months ended September 30, 2024
Revenue (note 7)	**30,201**	29,467	**59,834**	59,990
Cost of revenue	**5,542**	5,692	**11,500**	11,884
Gross profit	**24,659**	23,775	**48,334**	48,106
Operating expenses				
Sales and marketing	**5,992**	4,229	**10,602**	9,160
Research and development (note 8)	**7,360**	6,428	**15,393**	14,673
General and administrative	**6,126**	4,688	**11,865**	10,177
	19,478	15,345	**37,860**	34,010
Operating profit	**5,181**	8,430	**10,474**	14,096
Finance income (note 9)	**214**	761	**528**	1,639
Finance cost (note 9)	**(1,157)**	(1,072)	**(2,538)**	(1,363)
Change in fair value of contingent consideration (note12)	**126**	(2,112)	**126**	(1,913)
Profit before income and other taxes	**4,364**	6,007	**8,590**	12,459
Income and other taxes (note 10)	**1,648**	2,244	**2,565**	4,732
Net income for the period	**2,716**	3,763	**6,025**	7,727
Other comprehensive income:				
Foreign currency translation adjustment	**2,333**	(189)	**1,320**	710
Other comprehensive income/(loss)	**2,333**	(189)	**1,320**	710
Total comprehensive income	**5,049**	3,574	**7,345**	8,437
Net income per share – basic (note11(d))	**0.03**	0.05	**0.07**	0.09
Net income per share – diluted (note 11(d))	**0.03**	0.05	**0.07**	0.09
Dividend per share	**0.01**	0.05	**0.06**	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, 2024	87,304	15,667	(367)	(34,789)	67,815
Net income for the period	-	-	-	7,727	7,727
Foreign currency translation adjustment	-	-	710	-	710
Dividends paid	-	-	-	(8,177)	(8,177)
Shares issued on exercise of stock options (note 11(b))	3,193	(464)	-	-	2,729
Shares issued on redemption of restricted share units (note 11(b))	343	-	-	-	343
Shares issued on redemption of performance share units (note 11(b))	243	-	-	-	243
Stock-based compensation:					
Current period expense (note 11(c))	-	689	-	-	689
Balance, September 30, 2024	91,083	15,892	343	(35,239)	72,079
Balance, April 1, 2025	**94,849**	**15,460**	**4,326**	**(28,728)**	**85,907**
Net income for the period	**-**	**-**	**-**	**6,025**	**6,025**
Foreign currency translation adjustment	**-**	**-**	**1,320**	**-**	**1,320**
Dividends paid	**-**	**-**	**-**	**(4,960)**	**(4,960)**
Shares issued on exercise of stock options (note 11(b))	**1,002**	**(174)**	**-**	**-**	**828**
Stock-based compensation:					
Current period expense (note 11(c))	**-**	**513**	**-**	**-**	**513**
Balance, September 30, 2025	**95,851**	**15,799**	**5,646**	**(27,663)**	**89,633**

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Statements of Cash Flows

UNAUDITED (thousands of Canadian $)	3 months ended September 30 2025	3 months ended September 30 2024	6 months ended September 30 2025	6 months ended September 30 2024
Operating activities				
Net income	**2,716**	3,763	**6,025**	7,727
Adjustments for:				
Depreciation and amortization of property, equipment, right-of use assets	**1,093**	1,283	**2,155**	2,501
Amortization of intangible assets	**1,458**	664	**2,812**	1,329
Deferred income tax expense (recovery)	**(152)**	575	**(535)**	(78)
Stock-based compensation (note 11(c))	**(1,185)**	(2,106)	**(1,036)**	(214)
Foreign exchange and other non-cash items	**(342)**	810	**(309)**	438
Change in fair value of contingent consideration (note 12)	**-**	2,112	**-**	1,913
Funds flow from operations	**3,588**	7,101	**9,112**	13,616
Movement in non-cash working capital:				
Trade and other receivables	**(1,117)**	(11,965)	**11,032**	1,846
Trade payables and accrued liabilities	**(3,716)**	264	**(5,983)**	(3,067)
Prepaid expenses and other assets	**233**	74	**(316)**	108
Income taxes receivable (payable)	**(1,707)**	687	**(2,675)**	2,111
Deferred revenue	**662**	1,384	**(6,628)**	(8,846)
Change in non-cash working capital	**(5,645)**	(9,556)	**(4,570)**	(7,848)
Net cash provided by (used in) operating activities	**(2,057)**	(2,455)	**4,542**	5,768
Financing activities				
Repayment of government loan	**(78)**	-	**(158)**	-
Proceeds from issuance of common shares	**616**	480	**828**	2,729
Repayment of lease liabilities (note 6)	**(541)**	(769)	**(1,067)**	(1,512)
Dividends paid	**(825)**	(4,101)	**(4,960)**	(8,177)
Other financing	**(170)**	-	**(170)**	-
Net cash used in financing activities	**(998)**	(4,390)	**(5,527)**	(6,960)
Investing activities				
Corporate acquisition, net of cash acquired (note 3)	**(5,174)**	-	**(5,174)**	-
Settlement of contingent consideration	**(3,582)**	-	**(3,582)**	-
Property and equipment additions	**(1,080)**	(236)	**(1,622)**	(329)
Net cash used in investing activities	**(9,836)**	(236)	**(10,378)**	(329)
Increase (decrease) in cash	**(12,891)**	(7,081)	**(11,363)**	(1,521)
Effect of foreign exchange on cash	**1,704**	(638)	**318**	(189)
Cash, beginning of period	**44,026**	69,092	**43,884**	63,083
Cash, end of period	**32,839**	61,373	**32,839**	61,373
Supplementary cash flow information				
Interest received (note 9)	**214**	761	**528**	1,639
Interest paid (notes 9)	**466**	479	**940**	942
Income taxes paid	**3,190**	4,229	**4,969**	5,725

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, 2025 and 2024.

1. Reporting Entity:

Computer Modelling Group Ltd. ("CMG Group" or "the Company") 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 Group's registered office is 3710 33 Street N.W., Calgary, Alberta, Canada, T2L 2M1. The consolidated financial statements as at and for the three and six months ended September 30, 2025, comprise CMG Group and its subsidiaries: Computer Modelling Group Inc., CMG Middle East FZ LLC, CMG Europe Ltd., CMG Collaboration Centre India Private Ltd., and Computer Modelling Group Brazil Solucoes Technoligicas Ltda., (together referred to as "CMG"), and CMG Holdings (USA) Inc., Bluware-Headwave Ventures Inc., Bluware Inc., and Bluware AS, (together referred to as "BHV"), CMGL Services Corporation Inc., CMG Germany GmbH, Sharp Reflections GmbH, Sharp Reflections Inc., Sharp Reflections AS, Sharp Reflections Ltd., (together referred to as "SR" or "Sharp") and SeisWare International Inc. and SeisWare Inc. (together referred to as "SWII" or "SeisWare"). 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:

Statement of Compliance:

These unaudited interim condensed consolidated financial statements (the "financial statements") have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting, under IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). They are condensed as they do not include all of the information required for full annual financial statements, and they should be read in conjunction with the Company's most recent annual audited consolidated financial statements for the year ended March 31, 2025. These financial statements were prepared using accounting policies and methods of their application are consistent with those used in the preparation of the Company's audited consolidated annual financial statements for the year ended March 31, 2025.

These financial statements as at and for the three and six months ended September 30, 2025 were authorized for issuance by the Board of Directors on November 11, 2025.

3. Acquisitions:

On July 30, 2025, CMG Group completed the acquisition of 100% of the outstanding shares of SeisWare International Inc. ("SeisWare"), a Calgary-based software company specializing in geoscience interpretation and field development solutions to support subsurface exploration and development projects. The acquisition of SeisWare further builds out the seismic interpretation solutions offerings within the CMG Group through a platform offering powerful tools for seismic interpretation, attribute analysis, geological mapping and 3D well design.

Subject to customary post-closing adjustments, the purchase price is US$6.6 million ($9.1 million), net of cash acquired, payout of indebtedness immediately prior to close, and other preliminary closing adjustments. On closing, US$6.0 million ($8.2 million) was paid and a holdback amount of US$0.6 million ($0.8 million) will be withheld for a period of 12 months and the transaction will be subject to final closing adjustments. As at September 30, 2025, the estimated holdback payable is US$0.4 million ($0.5 million).

The acquisition is 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 included in these consolidated financial statements from the date of the acquisition.

Goodwill of $2.9 million recognized in connection with this acquisition is primarily attributable to CMG Group's strategy to improve the operations of SeisWare, opportunities for SeisWare to increase sales to new customers and margins on revenue as the business expands, and other intangible assets that do not qualify for separate recognition including the assembled workforce. Goodwill is not expected to be deductible for income tax purposes.

Due to the timing and complexity of the acquisition, CMG Group is in the process of determining and finalizing the estimated fair value of the net assets acquired. The amounts determined on a provisional basis are 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 the assets and liabilities becomes available. The acquisition accounting method applied on a provisional basis in connection with the acquisition of SeisWare is as follows:

(thousands of $)	
Fair value of net assets acquired	
Cash	**3,075**
Net working capital, excluding deferred revenue	**(511)**
Right-of-use assets	**113**
Lease liabilities	**(113)**
Deferred revenue	**(936)**
Other assets and liabilities	**116**
Intangible assets: technology	**5,000**
Intangible assets: customer relationships	**400**
Deferred tax liability	**(1,248)**
Net assets acquired	**5,896**
Goodwill	**2,876**
Total purchase consideration	**8,772**
Consideration	
Cash	**8,249**
Acquisition holdback payable	**523**
Total consideration	**8,772**

These consolidated financial statements include the results of SeisWare for the period following closing of the transaction on July 30, 2025. For the three months ended September 30, 2025, the acquisition contributed revenues and net income before tax of $0.8 million and ($0.1) million, respectively. For the six months ended September 30, 2025, proforma revenues, had the acquisition occurred on April 1, 2025, for the combined Company would have been $61.1 million and net income after taxes would have been $6.0 million. This proforma 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.

4. Segmented Information:

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. The operating results of all operating segments are reviewed regularly by the Company's Chief Executive Officer to make decisions about resources to be allocated to the segment and assessing their performance. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. The operating results of all operating segments are reviewed regularly by the Company's Chief Executive Officer to make decisions about resources to be allocated to the segment and assessing their performance.

The Company consists of four operating segments. All operating segments have similar economic characteristics and therefore the Company has aggregated all operating segments into one reportable segment consistent with the objectives and basic principles of IFRS 8.

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 are considered a single line of business and all products function around this purpose and are not evaluated as a separate business segment.

Non-current assets including property, equipment, intangible, right-of-use assets other long-term assets and goodwill of the Company are located in the following geographic regions (for revenue by geographic region, refer to note 6), based on location of the respective operations:

(thousands of $)	**September 30, 2025**	March 31, 2025
Canada	**60,807**	53,527
United States	**8,681**	9,105
South America	**325**	331
Eastern Hemisphere[1]	**52,535**	51,406
	122,348	114,369

(1) At September 30, 2025 non-current assets of $51.6 million are located in Germany (March 31, 2025 - $50.4 million).

5. Deferred Revenue:

The following table presents changes in the deferred revenue balance:

(thousands of $)	**September 30, 2025**	March 31, 2025
Balance, beginning of period	**40,276**	41,120
Acquired deferred revenue	**936**	1,655
Invoiced during the period, excluding amounts recognized as revenue during the period	**25,054**	39,580
Recognition of deferred revenue included in the balance of acquired deferred revenue	**(430)**	(1,092)
Recognition of deferred revenue included in the balance at the beginning of the period	**(31,104)**	(41,300)
Effect of foreign exchange	**(117)**	313
Balance, end of period	**34,615**	40,276

6. Lease Liabilities:

The Company's leases are for office space 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, 2025**	March 31, 2025
Balance, beginning of year	**36,946**	36,961
Additions	**186**	2,378
Acquired lease liabilities	**113**	256
Interest on lease liabilities (note 9)	**932**	1,891
Lease payments	**(1,986)**	(4,641)
Effect of foreign exchange	**16**	101
Balance, end of period	**36,207**	36,946
Current	2,429	2,278
Long-term	33,778	34,668

The following table presents contractual undiscounted payments for lease liabilities as at September 30, 2025:

(thousands of $)	
Less than one year	4,203
Between one and five years	16,544
More than five years	27,112
Total undiscounted payments	**47,859**

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,					**2025**					**2024**
($ thousands)	Canada	United States	South America	Eastern Hemisphere (1)	**Total**	Canada	United States	South America	Eastern Hemisphere (1)	**Total**
Annuity/maintenance	3,285	4,497	2,620	8,665	**19,067**	3,249	4,130	2,417	8,506	**18,302**
Annuity license fee	420	176	777	277	**1,650**		37	34	-	**71**
Perpetual license	-	-	-	945	**945**	-	-	-	2,149	**2,149**
Total software revenue (2)	3,705	4,673	3,397	9,887	**21,662**	3,249	4,167	2,451	10,655	**20,522**
Professional services	1,713	4,139	401	2,286	**8,539**	2,382	4,955	615	993	**8,945**
Total revenue	**5,418**	**8,812**	**3,798**	**12,173**	**30,201**	**5,631**	**9,122**	**3,066**	**11,648**	**29,467**

Six months ended September 30,					**2025**					**2024**
($ thousands)	Canada	United States	South America	Eastern Hemisphere (1)	**Total**	Canada	United States	South America	Eastern Hemisphere (1)	**Total**
Annuity/maintenance	6,183	9,017	5,329	18,872	**39,401**	6,478	8,748	4,753	17,658	**37,637**
Annuity license fee	433	228	810	697	**1,268**	-	77	67	105	**249**
Perpetual license	-	94	-	1,229	**1,323**	-	1,337	-	2,922	**4,259**
Total software revenue (2)	6,616	9,339	6,139	20,798	**42,892**	6,478	10,162	4,820	20,685	**42,145**
Professional services	3,457	8,209	908	4,368	**16,942**	4,716	9,990	956	2,183	**17,845**
Total revenue	**10,073**	**17,548**	**7,047**	**25,165**	**59,834**	**11,194**	**20,152**	**5,776**	**22,868**	**59,990**

(2) Includes Europe, Africa, Asia and Australia.
(3) Total software revenue includes the amortization of a fair value reduction of deferred revenue recognized on acquisition, which has reduced post-acquisition revenues by $0.1 million and $0.2 million respectively, for the three and six months ended September 31, 2025 (three and six months ended September 30, 2024 - $0.1 million and $0.2 million).
(4) Annuity/ maintenance and professional service revenue are recognized over the contract. Annuity license fee and perpetual license revenue are recognized at a point in time upon completion of the Company's obligation.

The amount of revenue recognized during the six months ended September 30, 2025 from performance obligations satisfied (or partially satisfied) in previous periods is $0.7 million (six months ended September 30, 2024 – $3.3 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, 2025	March 31, 2025
Receivables	27,273	35,859
Contract assets	1,353	1,662

During the six months ended September 30, 2025, one customer comprised 17% of the Company’s total revenue (six months ended September 30, 2024 – 25%)

8. Research and Development Costs:

	Three months ended September 30,		Six months ended September 30,	
(thousands of $)	2025	2024	2025	2024
Research and development	7,527	6,463	15,650	14,747
Government grants for research and development	(167)	(35)	(257)	(74)
Research and development cost	7,360	6,428	15,393	4,767

9. Finance Income and Finance Costs:

	Three months ended September 30,		Six months ended September 30,	
(thousands of $)	2025	2024	2025	2024
Interest income	214	761	528	1,639
Finance income	214	761	528	1,639
Interest expense	(466)	(479)	(940)	(942)
Net foreign exchange loss	(691)	(593)	(1,598)	(421)
Finance costs	(1,157)	(1,072)	(2,538)	(1,363)

10. Income and Other Taxes:

The major components of income tax expense are as follows:

Six months ended September 30, (thousands of $)	2025	2024
Current year income tax expense	1,840	3,286
Adjustment for prior year	(82)	878
Current year income taxes	1,757	4,164
Deferred tax expense (recovery)	(535)	(78)
Foreign withholding and other taxes	1,343	646
	2,565	4,732

During the six months ended September 30, 2025, the blended statutory rate was 23% (six months ended September 30, 2024 – 23%).

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, 2024	81,392
Issued on redemption of performance share units	17
Issued on redemption of restricted share units	29
Issued for cash on exercise of stock options	511
Balance, September 30, 2024	81,949
Balance, April 1, 2025	**82,540**
Issued for cash on exercise of stock options	**187**
Balance, September 30, 2025	**82,727**

(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 $)	**2025**	2024	**2025**	2024
Equity-settled plans	**300**	414	**513**	689
Cash-settled plans	**14**	(182)	**(23)**	2,449
Total stock-based compensation expense	**314**	232	**490**	3,138

Liability Recognized for Stock-Based Compensation(1)

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

(thousands of $)	**September 30, 2025**	March 31, 2025
SARs	**89**	185
RSUs	**251**	891
PSUs	**231**	148
DSUs	**640**	1,568
Total stock-based compensation liability	**1,211**	2,792
Current, recorded within trade payables and accrued liabilities	**1,140**	2,536
Long-term, recorded in other long-term liabilities	**71**	256

(1) The intrinsic value of the vested awards at September 30, 2025 is $1.0 million (March 31, 2025 - $1.8 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, 2025, the Company may reserve up to 8,272,741 common shares for issuance under its security-based compensation plans.

(i) Stock Option Plan

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. The Company has also granted stock options that vest when certain share price thresholds are achieved. Stock options have a two to five-year life.

The following table outlines changes in stock options:

	Six months ended September 30, 2025		Year ended March 31, 2025	
	Number of Options (thousands)	**Weighted Average Exercise Price ($/share)**	Number of Options (thousands)	Weighted Average Exercise Price ($/share)
Outstanding at beginning of period	**3,553**	**5.84**	4,393	5.17
Granted (1)	**1,072**	**6.70**	750	10.90
Exercised	**(187)**	**4.43**	(1,079)	5.24
Forfeited/expired	**(21)**	**5.08**	(511)	8.77
Outstanding at end of period(2)	**4,417**	**6.11**	3,553	5.84
Options exercisable at end of period	**1,093**	**5.33**	1,106	4.98

(1) 900,000 stock options granted during the six months ended September 30, 2025 are exercisable when specified share price targets are achieved.
(2) 3,367,000 stock options outstanding at the end of the period are exercisable when specified share price targets are achieved.

The range of exercise prices of stock options outstanding and exercisable at September 30, 2025 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	273	1.5	4.31	98	3.98
4.63 to 4.87	1,792	1.7	4.74	492	4.74
4.88 to 5.65	486	2.0	5.00	336	5.00
5.66 to 6.61	400	2.0	6.31	-	0.00
5.62 to 7.06	628	2.5	6.91	-	0.00
7.07 to 10.26	538	3.7	9.15	167	8.52
10.27 to 10.40	300	2.2	10.40	-	0.00
	4,417	2.1	6.11	1,093	5.33

During the six months ended September 30, 2025, CMG Group issued a grant of 1,071,529 stock options, out of which 900,000 are performance based. The performance factors are as follows for the performance-based stock options to become fully vested and exercisable:

- 200,000 stock options vest and become exercisable when a share price of $10 has been achieved for three consecutive months.
- 350,000 stock options vest and become exercisable when a share price of $15 has been achieved for three consecutive months.
- 350,000 stock options vest and become exercisable when a share price of $20 has been achieved for three consecutive months.

A Black Scholes pricing model was utilized in the valuing of these grants and the assumptions used to fair value this grant are included in the table below. The expected volatility considers the historical volatility in the price of CMG Group's common shares over a period similar to the life of the options.

	Six months ended September 30, 2025	Year ended March 31, 2025
Fair value at grant date ($/option)	**0.09 to 0.70**	0.83 to 2.74
Share price at grant date ($/share)	**6.31 to 6.91**	10.11 to 10.40
Risk-free interest rate (%)	**2.63 to 2.68**	3.08 to 3.14
Estimated hold period prior to exercise (years)	**2.1 to 2.5**	3 to 4
Volatility in the price of common shares (%)	**40 to 43**	38 to 40
Dividend yield per common share (%)	**0.63 to 3.17**	1.92 to 2.06

(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.

The following table outlines changes in SARs:

	Six months ended September 30, 2025		Year ended March 31, 2025	
	Number of SARs (thousands)	**Weighted Average Exercise Price ($/SAR)**	Number of SARs (thousands)	Weighted Average Exercise Price ($/SAR)
Outstanding at beginning of period	**52**	**4.50**	563	6.50
Exercised	**(24)**	**5.08**	(232)	6.00
Forfeited/expired	**-**	**-**	(279)	7.30
Outstanding at end of period	**28**	**3.98**	52	4.50
SARs exercisable at end of period	**28**	**3.98**	52	4.50

(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. Upon vesting, PSUs and RSUs can be exchanged for common shares of the Company or surrendered for cash at the option of the holder.

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.

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 of Director membership.

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

(thousands)	Six months ended September 30, 2025			Year ended March 31, 2025		
	RSUs	**PSUs**	**DSUs**	RSUs	PSUs	DSUs
Outstanding at beginning of period	**153**	**96**	**196**	394	117	187
Granted	**1**	**80**	**42**	4	64	30
Exercised	**(105)**	**-**	**(136)**	(200)	(47)	(25)
Forfeited/expired	**(10)**	**(8)**	**-**	(45)	(38)	4
Outstanding at end of period	**39**	**168**	**102**	153	96	196

(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)	**2025**			2024		
	Earnings ($)	**Weighted average shares outstanding**	**Earnings per share ($/share)**	Earnings ($)	Weighted average shares outstanding	Earnings per share ($/share)
Basic	**2,716**	**84,058**	**0.03**	3,763	81,887	0.05
Dilutive effect of share-based awards		**923**			1,302	
Diluted	**2,716**	**84,980**	**0.03**	3.763	83,189	0.05

Six months ended September 30, (thousands except per share amounts)	**2025**			2024		
	Earnings ($)	**Weighted average shares outstanding**	**Earnings per share ($/share)**	Earnings ($)	Weighted average shares outstanding	Earnings per share ($/share)
Basic	**6,025**	**83,125**	**0.07**	7,727	81,688	0.09
Dilutive effect of share-based awards		**1,004**			1,174	
Diluted	**6,025**	**84,128**	**0.07**	7,727	82,862	0.09

During the three and six months ended September 30, 2025, 1,963 and 13,773 awards, respectively (three and six month ended September 30, 2024 – 26,611 and nil, respectively) were excluded from the computation of the weighted average number of diluted shares outstanding because their effect was not dilutive.

12. Financial Instruments and Risk Management:

The Company's financial instruments include financial assets, including cash, restricted cash, trade and other receivables, which are classified as and measured at amortized cost, which approximates their fair values, as well as financial liabilities which include trade payables and accrued liabilities (excluding stock-based compensation payable), acquisition holdback payable, and other long-term liabilities (excluding stock-based compensation payable) which are classified as other financial liabilities and, using level 2 inputs, are measured at amortized cost, which approximates their fair values. The Government loan is measured at amortized cost using the effective interest rate method, using level 2 inputs.

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 year ended March 31, 2025, Shell exercised its right to terminate the CoFlow Agreement one year prior to the original five-year anniversary.

During the three and six months ended September 30, 2025, CMG recorded professional services revenue of $1.4 million and $2.8 million (2024 - $2.1 million and $4.2 million), and CoFlow costs of $1.0 million and $2.3 million to research and development expenses (2024 - $1.5 million and $3.9 million).

(b) Commitments:

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

(thousands of $)	September 30, 2025
Less than one year	1,536
Between one and five years	5,285
More than five years	7,439
	14,260

14. Line of Credit:

The Company has arranged for a $2.5 million (September 30, 2024 - $2.0 million) line of credit with its 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, 2025, $2.0 million (September 30, 2024 - $1.3 million) had been reserved on this line of credit for letters of credit supporting performance bonds.

15. Subsequent Event:

(a) Dividend Declaration:

On November 11, 2025, the Board of Directors declared a quarterly cash dividend of $0.01 per share on its common shares, payable December 15, 2025, to all shareholders of record at the close of business on December 5, 2025.

(b) Line of Credit

On November 7, 2025, the Company entered into a credit facility with National Bank. The facility provides for borrowings of up to $100 million and matures on November 7, 2029. Borrowings under the facility bear a variable interest rate with no fixed repayments over the term to maturity. Interest rates are calculated at standard Canadian, U.S., and European reference rates plus interest rate spreads based on a leverage table. The facility is secured by substantially all of the assets of the Company. The Company intends to use the facility for general corporate purposes including acquisitions and to meet working capital needs.

(c) NCIB

On November 11, 2025, the Company announced its intention to commence a Normal Course Issuer Bid to repurchase up to 5% of its issued and outstanding common shares over the next 12 months. As at the date these financial statements were authorized for issue, no shares had been repurchased under the program.

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