2026 Financial Report

CMG

CMG

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CEO Letter to Shareholders

May 21, 2026

Dear Fellow Shareholders,

Fiscal 2026 tested the thesis we spent the past several years building. I asked you to judge us on Recurring revenue growth and Free Cash Flow and neither moved in the direction I wanted. I was transparent about the reasons: a single contract loss that stepped down Recurring revenue in Q2, slower discretionary technology spending by our customers, and acquired businesses still early in advancing their profit margins.

That transparency did not make the results easier to absorb, and I do not expect it to substitute for performance. Even against this backdrop, fiscal 2026 proved to be an important year for CMG.

Organic Recurring revenue: the commitment I made

In Q2, I said we expected to return to positive year-over-year organic Recurring revenue growth in Q4, and we delivered with 5% growth. I want to outline what drove it because understanding the “why” behind Q4 is essential to reading the quarters ahead correctly.

First, our multi-year software agreement with Shell, signed in November, began to contribute. That agreement converted years of collaboration on professional services into a long-term software partnership, affirming the strategic value of our simulation software and entering us into a new phase of collaboration.

Secondly, Sharp delivered a strong fourth quarter with continuous growth and contract renewals. I am encouraged by both the customer traction, and the strategic role Sharp is increasingly playing within our seismic portfolio. The business continues to validate our thesis that focused, technically differentiated acquisitions can strengthen CMG's position in adjacent subsurface workflows.

Investors should understand that the accounting treatment of those contracts causes more revenue to be recognized in Q4 and less in Q1 through Q3. That creates seasonality in our reported results, particularly in the fourth quarter. I have said before that the annual lens, not the quarterly one, is the right way to evaluate this business. That is especially true now. The key point is not the quarter itself; it is that the underlying contracts are meaningful and aligned with the kind of recurring software business we are building.

What we executed in a difficult year

When I joined CMG in 2022, one of my passions was rethinking how we build products. For most of CMG’s history, product development began with a hard scientific problem. We are a company of exceptional scientists and engineers, and solving hard problems is something we do better than anyone. But solving hard problems and solving the *right* problems are not always the same thing.

Over the past several years, we have become far more disciplined about where we invest development dollars. We are pursuing those projects with a clear commercial path and a defined role in our customers workflows.

That discipline is visible in ShaleSim, a product we expect to officially launch in the coming months. We know that activity across unconventional assets continues to expand, not only in the US Permian Basin, but increasingly in Argentina, the Middle East, and other emerging shale developments globally. At the same time, customers are looking for more integrated workflows that connect fracture design, reservoir behavior, and production forecasting. ShaleSim extends our simulation capabilities into hydraulic fracture and unconventional completion modeling, creating exactly that connected experience. ShaleSim reflects an organizational shift in how we prioritize product development, one with implications well beyond any single product release.

On the capital side, fiscal 2026 was a year of building. In August, we reduced the quarterly dividend, freeing approximately $13 million of annual cash flow for acquisitions, the cornerstone of our capital deployment strategy. In November, we finalized our first credit facility, giving us the capacity and flexibility to act decisively on acquisitions.

We completed two acquisitions, SeisWare in July and Rose Subsurface Assessment in March, each funded with cash and each bringing valuable technology and strong teams in areas adjacent to our core. And in July, we welcomed Vipin Khullar as CFO, deepening our financial leadership at a pivotal moment in our evolution.

Acquisitions

This past year, I described our acquisition pipeline as the most active in the company's history, but closed deals have not kept pace with that description, and I understand how that gap reads.

Identifying and evaluating opportunities at our current volume requires creating the repeatable playbook and systems which we have been building in parallel with the pipeline itself. Continued development of our M&A capacity, including the people, the process, the diligence capability, is critical to advancing our strategy. As these investments mature, the conversion from pipeline to closed transactions should improve. I expect investors to hold us to that.

Welcoming Rose Subsurface Assessment

The acquisition of Rose was completed in the final weeks of our fiscal year.

Rose's partners and principal consultants have spent their careers at the intersection of subsurface science and high-stakes commercial decision-making. Their discipline, probabilistic risk assessment for exploration and development opportunities, is built on a foundation of expertise that takes decades to develop and cannot be replicated quickly, and they have developed software solutions that embed that expertise for their customers.

What excites me about Rose is not simply what the team brings to CMG, it is what CMG brings in return. Rose's experts now have access to a portfolio of related technologies, a global commercial infrastructure, and colleagues across CMG, Sharp, Bluware, and SeisWare who are working on adjacent problems at the same scientific level. Rose strengthens the early workflow so that CMG can increasingly support our customers through the full journey from interpretation to modelling to forecasting to decision-making. This vision, which is the basis of our CMG 4.0 Strategy, centers around delivering more of the critical technologies our customers rely on within an open ecosystem. I believe the combination makes us more indispensable inside our most important customer relationships.

A Word on AI

No technology topic generates more discussion today than artificial intelligence, and understandably so. I am often asked whether AI will eventually replace full-physics reservoir simulation. My view is no.

Reservoir simulation is fundamentally different from many of the problems AI is naturally suited for. Our software does not simply predict outcomes; it enforces physics across highly complex subsurface systems where small errors can materially change development decisions and economic outcomes.

I expect that AI will revolutionize reservoir modeling, not by replacing engineers but by removing the friction around them.

Today, too much expert time is spent building, cleaning, updating, and running complex models. AI could reduce those cumbersome steps dramatically, allowing engineers to spend more time on what really creates value: understanding uncertainty, testing development scenarios, and making better investment decisions.

I believe the future will not be AI versus physics or AI versus humans. I believe the winning model will be AI + physics + human judgment. AI accelerates the workflow, physics keeps the answer grounded in reality, and the engineer remains in the loop to challenge assumptions, validate results, and take responsibility for the final decision.

Because at the end of the day, if a well fails or a project underperforms, the accountability is on the people and the company making the capital decision. That is why AI must become a decision-support system, not an unsupervised decision-maker.

CMG has, for years, used machine learning techniques within optimization and history matching workflows. And we acquired Bluware because we recognized that their flagship InteractivAI tool is a powerful application of human-in-the-loop approach to AI.

We see meaningful opportunity to further accelerate scenario screening, automation, and decision support using AI-driven approaches, but it will always be with the critical lens of bringing AI, physics, and human judgment together, not risking outcomes to apply AI where it isn't appropriate. Multiple initiatives are underway across CMG that are leveraging AI for rapid prototyping of new concepts, exploring surrogate modelling, accelerating and simplifying workflows, and greatly improving the user experience.

In closing

This May marks four years since I joined CMG. The strategy has not changed, and neither has my conviction. Long-term shareholders will know that I grew up playing cricket. Not every session in a test match is about scoring, the most important ones are often about holding your crease through a difficult period so the innings can continue. That is what this year required, and that is what we did. What I can tell you about Q4 is not just that we scored, but that the drivers behind it are real, the product of relationships and technology built over many years. The crease held because the foundation held.

The best sessions are still ahead, and I am committed to giving you reasons to share that certainty rather than simply asking you to.

None of this year's accomplishments would have happened without our employees bringing their best through a demanding period: the contracts renewed, the acquisitions made, the products advanced. And to our customers, who continue to trust our software and our science with consequential decisions: that trust is the reason we do this work, and we do not take it lightly.

Thank you for your continued support.

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 IFRS Accounting Standards, including the financial measures "Adjusted EBITDA", "Recurring Revenue", and "Free Cash Flow" 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 May 21, 2026, accessible on SEDAR+ (www.sedarplus.ca) and our website (www.cmgl.ca/investors/financial-reports).

Computer Modelling Group Ltd. announces its fourth quarter results for the three months and year ended March 31, 2026.

FOURTH QUARTER 2026 CONSOLIDATED HIGHLIGHTS

Select financial highlights

- Total revenue remained flat (5% Organic decline[1] and 5% growth from acquisitions) at $33.7 million;
- Recurring revenue[2] increased by 11% (5% Organic growth and 6% growth from acquisitions) to $26.9 million;
- Adjusted EBITDA[1] increased by 12% to $11.8 million;
- Adjusted EBITDA Margin[1] was 35%, compared to 31% in the comparative period;
- Earnings per share was $0.07, a 17% increase
- Free Cash Flow[1] increased by 25% to $8.7 million; Free Cash flow per share increased to $0.11 from $0.08

FISCAL 2026 CONSOLIDATED HIGHLIGHTS

Select financial highlights

- Total revenue decreased by 3% (13% Organic decline and 10% growth from acquisitions) to $126.2 million;
- Recurring revenue increased by 6% (6% Organic decline and 12% was growth from acquisitions) to $92.2 million;
- Adjusted EBITDA decreased by 18% to $36.1 million;
- Adjusted EBITDA Margin was 29%, compared to 34% in the comparative period;
- Earnings per share was $0.21, a 22% decrease;
- Free Cash Flow decreased by 24% to $21 million; Free Cash flow per share decreased to $0.25 from $0.33.

(1) Organic growth/decline, Adjusted EBITDA, Adjusted EBITDA Margin and Free Cash Flow are not a 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

In fiscal 2026 we exited the year with a positive organic Recurring revenue growth in the fourth quarter, while also completing two acquisitions, closing a $100 million credit facility, and maturing the organizational infrastructure needed to deploy capital at greater scale.

Total revenue declined 3% for the full year, as growth in Recurring revenue was more than offset by the expected decline in professional services. The professional services decline of approximately $5.4 million fell just below the $6–$7 million range provided at the end of fiscal 2025. Adjusted EBITDA for the year declined to $36.1 million, reflecting both the reduction in professional services and the impact of lower organic Recurring revenue through the first three quarters. Free Cash Flow declined to $21 million, impacted by lower funds from operations and by capital expenditures in the year that were elevated relative to our normal run-rate and are not expected to recur at the same level in fiscal 2027.

Fourth quarter Recurring revenue was supported by two primary factors. First, a multi-year simulation software licensing agreement with a major international operator, signed in November 2025, began to contribute revenue in the quarter. Secondly, Sharp Reflections delivered a strong quarter and the fourth quarter marked the first period in which Sharp contributed to Organic growth, having crossed the one-year ownership threshold on January 1, 2026. In both cases, the accounting treatment of the underlying contracts concentrates revenue recognition in the fourth quarter, when contracts are signed or renewed.

During the year, the Company initiated a Normal Course Issuer Bid (NCIB). To date, a total of 4,760,700 common shares has been repurchased and cancelled under the program. Share repurchases under the NCIB were conducted opportunistically and represent a use of available cash separate from the Company's primary capital allocation priority of funding acquisitions. The Company's capital allocation strategy remains unchanged: to deploy 100% of Free Cash Flow into high-return opportunities, with a disciplined focus on acquisitions that expand the Recurring revenue base and enhance the potential for long-term cash flow generation.

We expect positive organic Recurring revenue to be stable for Fiscal 2027, notwithstanding an expectation of negative organic Recurring revenue growth in the first quarter. The first quarter is expected to be the final quarter lapping the contract loss incurred in the second quarter of Fiscal 2026. Performance is expected to be weighted to the second half of the year, consistent with the seasonal pattern evident in fiscal 2026 in which approximately 55% of Recurring revenue was recognized in the third and fourth quarters of the fiscal year.

Professional services revenue will reflect an approximate $6 million comparative headwind in fiscal 2027 relative to fiscal 2026. The decline is expected to be attributable to CoFlow related development funding that was recognized as professional services revenue during fiscal 2026 but ended in the third quarter, the continued planned reduction in non-core professional services activity at Bluware, partially offset by positive contributions from Rose Subsurface. It is a goal of the company to shift the revenue mix towards a higher percentage of software revenue and the reduction in professional services is a natural part of the shift.

We expect to make targeted investments in fiscal 2027 in two areas: scaling our M&A execution, integration, and shared services capabilities; and advancing product initiatives that we expect to drive long-term Recurring revenue growth. These investments are deliberate and tied to future growth potential. We do not expect them to result in a reduction in Adjusted EBITDA relative to fiscal 2026, as the benefit of organic Recurring revenue growth and continued acquisition contribution are expected to offset the incremental investment. We expect Free Cash Flow to improve year-over-year in fiscal 2027, reflecting both improvement in financial management and discipline and the non-recurrence of the elevated capital expenditures incurred in fiscal 2026.

SUMMARY OF FINANCIAL PERFORMANCE

	Three months ended March 31,			Year ended March 31,		
($ thousands, except per share data)	**2026**	2025	% change	**2026**	2025	% change
Annuity/maintenance licenses	**17,654**	19,436	(9)%	**76,581**	77,525	(1)%
Annuity license fee	**9,275**	4,728	96%	**15,629**	9,280	68%
Recurring revenue[(1)(2)]	**26,929**	24,164	11%	**92,210**	86,805	6%
Perpetual license	**656**	554	18%	**2,396**	5,617	(57)%
Total software license revenue	**27,585**	24,718	12%	**94,606**	92,422	2%
Professional services	**6,085**	8,965	(32)%	**31,583**	37,024	(15)%
Total Revenue	**33,670**	33,683	—%	**126,189**	129,446	(3)%
Cost of revenue	**5,556**	6,749	(18)%	**23,031**	24,940	(8)%
Operating expenses						
Sales & marketing	**4,298**	5,094	(16)%	**19,426**	18,617	4%
Research and development	**8,836**	8,129	9%	**32,459**	30,145	8%
General & administrative	**5,620**	4,876	15%	**24,228**	21,599	12%
Operating expenses	**18,754**	18,099	4%	**76,113**	70,361	8%
Operating profit	**9,360**	8,835	6%	**27,045**	34,145	(21)%
Net income	**5,427**	5,102	6%	**17,416**	22,434	(22)%
Adjusted EBITDA [(1)]	**11,755**	10,498	12%	**36,103**	44,006	(18)%
Adjusted EBITDA Margin *[(1)]*	***35%***	*31%*	*4%*	***29%***	*34%*	*(5)%*
Earnings per share — basic & diluted	**0.07**	0.06	17%	**0.21**	0.27	(22)%
Funds flow from operations per share - basic	**0.12**	0.1	20%	**0.31**	0.38	(18)%
Free Cash Flow per share — basic [(1)]	**0.11**	0.08	38%	**0.25**	0.33	(24)%

(1) Non-IFRS financial measures are defined in the “Non-IFRS Financial Measures” section.

(2) Included in the number is a reduction of $0.2 million and $0.5 million for the three months and year ended March 31, 2026, respectively ($0.5 million and $0.8 million for the three months and year ended March 31, 2025, respectively), 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 May 21, 2026, should be read in conjunction with CMG Group's annual audited consolidated financial statements (the "Financial Statements") and accompanying notes for the year ended March 31, 2026 and CMG Group's Annual Information Form dated May 21, 2026 ("AIF"), and such additional information is 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 functional and 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.

This MD&A was reviewed and approved by the Audit Committee and Company's Board of Directors (the "Board of Directors") and is effective May 21, 2026.

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, future growth and performance, how the Company's business will develop over time; the Company's business strategy and that organic Recurring revenue will return to growth as customer spending normalizes; Recurring revenue as an indicator of business expansion; CMG's 4.0 Strategy and its outcomes; the Company's competitive advantages; the drivers of long-term value at the Company; the impact of cautious customer outlooks; the timing of seasonal contract renewals and Revenue recognition; the timing expectations with respect to perpetual license sales; margins expanding as acquisitions mature; results for the following quarter, including but not limited to, improvements to profitability and revenue, year-over-year organic revenue growth; the adoption trends across several products and confidence in their long-term contribution to margins and cash flow; the benefits of investments and the value they will add to the Company's financial performance and operations; growth in Recurring revenue and Free Cash Flow evidencing the success of the Company; the Company's 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; the ability to have sufficient capital resources to meet the Company's operating and expenditure needs; estimated commitments, off balance sheet items and transactions with related parties; the development of the Company's M&A infrastructure, including the people, the process and the diligence capability; the conversion of M&A opportunities to closed transactions; the continuous deployment of available capital into acquisitions; and estimated amount of common shares for issuance under the Company's security-based compensation plans. When used in this MD&A, statements to the effect that the Company or its management "anticipate", "intend", "plan", "believe", "project", "estimate", "expect", "strategy", "future", "likely", "may", "should", "would", "could", "will", "continue", "maintain", "grow", "optimize", "accelerate" and similar references to future periods. Statements 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 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 or manage significant disruptions to 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 this MD&A:

- Economic conditions in the energy industry;
- Reliance on key customers;
- Foreign exchange;
- Commodity price risk;
- Geopolitical risk, including the war in Ukraine and the conflict in the Middle East;
- Tariff risk;
- Tax liability;
- Sales variability;
- Economic and political risks in countries where the Company currently does or proposes to do business;
- Increased competition;
- General state of the economy
- Reliance on employees with specialized skills or knowledge;
- Protection of intellectual property and other proprietary rights;
- Artificial intelligence risk;
- Credit and liquidity;
- Non-compliance with anti-corruptions and anti-bribery laws;
- Information security breaches or other cyber-security threats; and
- Ability to successfully execute on acquisitions and to integrate acquired businesses and assets.
- Potential restrictions around asset ownership and control in foreign jurisdictions;
- Litigation;
- Significant obligations on CMG as a publicly traded company;
- Price volatility of our Common Shares;
- Fraudulent and illegal activities by employees, contractors and and consultants.

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, CMG Germany GmbH, Sharp Reflections GmbH, Sharp Reflections Inc., Sharp Reflections AS, and Sharp Reflections Ltd., (together referred to as "SR" or "Sharp"), SeisWare International Inc., and SeisWare Inc. (together referred to as "SWII" or "SeisWare"), and CMG RA Holdings 1, LLC, CMG RA Holdings 2, LLC, Roes & Associates LLP, Rose & Associates Canada Ltd and Lognormal Solutions LLC (together referred to as "Rose").

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; and,
- continue 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 company now comprises five groups providing market-leading software solutions as described below.

Computer Modelling Group: market-leading reservoir simulation software, recognized as the industry standard in traditional oil and gas including enhanced oil recovery ("EOR"), heavy oil and unconventional resources, and in energy transition including carbon capture and storage ("CCS"), geothermal and hydrogen. In addition, the Company is developing CoFlow, the industry's first fully implicit, multi-user and multi-disciplinary integrated reservoir and production system modelling software application. It provides a unified solution for integrated asset modelling by combining reservoir, production networks and geomechanics in one environment and allows reservoir and production engineers to make informed decisions on large, integrated oil and gas projects.

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 (SWII): 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.

Rose: Probabilistic subsurface risk assessment software, for resource estimation, risk analysis, aggregation, cash flow modelling and related communications.

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.

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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 Rose & Associates LLP
On March 24, 2026 CMG Group completed the acquisition of Rose & Associates LLP ("Rose"), a US-based company specializing in probabilistic subsurface risk assessment for exploration and development projects. The acquisition adds probabilistic risk and uncertainty analysis to CMG's core strengths in reservoir simulation and seismic software allowing the Company to support customers from early-stage exploration risk assessment through to reservoir modeling and production optimization.

Refer to note 4 of the annual consolidated financial statements for additional information.

Acquisition of SeisWare International Inc.
During the year, 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 4 of the annual consolidated financial statements for additional information.

Credit Facility
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.

On December 1, 2025, the Company amended their existing revolving demand credit facility for a $2.5 million (March 31, 2025 - $2.5 million) with a lender, which could be drawn by way of a demand operating facility or could be used to support letters of credit. This December 1, 2025 amendment removed the availability of the demand operating facility. The credit facility can now be used to support letters of credit. As at March 31, 2026, $2.0 million (March 31, 2025 – $2.1 million) had been reserved on this credit facility for letters of credit supporting performance bonds.

Refer to note 20 and 22 of the annual consolidated financial statements for additional information.

Normal Course Issuer Bid (NCIB)
In November 2025, the Company implemented a Normal Course Issuer Bid ("NCIB") to repurchase up to 5% of its issued and outstanding common shares over the next 12 months. In February 2026 the Company amended the NCIB to increase the number of outstanding common shares to be purchased to 4,791,369, representing 10% of the public float as of the close of business on November 3, 2025. As at the date these financial statements were authorized for issue, 4,760,700 shares were repurchased under the program.

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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, 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, retirement allowance for senior management, restructuring cost, 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 is most directly comparable to IFRS measures operating income, net income, or liquidity but should not be construed as an alternative to such financial measures. Adjusted EBITDA Margin is most directly comparable to IFRS measure net Income divided by revenue but should not be construed as an alternative thereof. 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 March 31,		**Year ended March 31,**	
($ thousands)	**2026**	2025	**2026**	2025
Net income (loss)	**5,427**	5,102	**17,416**	22,434
Add (deduct):				
Depreciation and amortization	**2,638**	2,368	**10,249**	8,465
Acquisition costs	**433**	216	**974**	2,567
Stock-based compensation	**(212)**	(435)	**467**	2,625
Retirement allowance	**500**	—	**1,071**	—
(Gain) Loss on contingent consideration	**—**	88	**(126)**	2,151
Deferred revenue amortization on acquisition fair value reduction	**156**	535	**483**	845
Income and other tax expense (recovery)	**2,650**	2,154	**6,718**	10,448
Interest income	**(72)**	(313)	**(962)**	(2,605)
Interest expense	**246**	189	**246**	189
Foreign exchange loss (gain)	**725**	1,143	**1,909**	(363)
Repayment of lease liabilities	**(736)**	(549)	**(2,342)**	(2,750)
Adjusted EBITDA [(1)]	**11,755**	10,498	**36,103**	44,006
Adjusted EBITDA Margin [(1)]	***35%***	*31%*	***29%***	*34%*

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

Adjusted EBITDA increased by 12% during the three months ended March 31, 2026, compared to the same period of the previous year, of which 6% was growth from acquisitions and the remaining 6% from organic growth. The increase in Adjusted EBITDA was primarily driven by improved underlying operating performance during the quarter.

Adjusted EBITDA decreased by 18% for the year ended March 31, 2026, compared to the same period of the previous year, of which 3% of the increase was due to growth from acquisitions, partially offset by a 21% Organic decline due to higher expenses and lower revenue.

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's most directly comparable IFRS measure is funds flow from operations. 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 2025				**Fiscal 2026**			
($ thousands, unless otherwise stated)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	**Q4**
Funds flow from operations	6,515	7,101	9,937	8,227	5,524	3,588	7,068	**9,701**
Capital expenditures	(93)	(236)	(432)	(661)	(542)	(1,080)	(723)	**(215)**
Repayment of lease liabilities	(743)	(769)	(689)	(549)	(526)	(541)	(539)	**(736)**
Free Cash Flow	5,679	6,096	8,816	7,017	4,456	1,967	5,806	**8,750**
Weighted average shares – basic (thousands)	81,476	81,887	82,753	83,064	83,090	84,058	82,957	**80,511**
Free Cash Flow per share - basic	0.07	0.07	0.11	0.08	0.05	0.02	0.07	**0.11**
Funds flow from operations per share-basic	0.08	0.09	0.12	0.10	0.07	0.04	0.09	**0.12**

($ thousands, unless otherwise stated)	**March 31, 2026**	March 31, 2025	March 31, 2024
Funds flow from operations	**25,881**	31,780	38,255
Capital expenditures	**(2,560)**	(1,422)	(650)
Repayment of lease liabilities	**(2,342)**	(2,750)	(2,355)
Free Cash Flow	**20,979**	27,608	35,250
Weighted average shares – basic (thousands)	**82,438**	82,546	80,975
Free Cash Flow per share – basic	**0.25**	0.33	0.44
Funds flow from operations per share (basic)	**0.31**	0.39	0.47

Free Cash Flow increased by 25% for the three months ended March 31, 2026 compared to the same period of the previous fiscal year primarily due to higher fund flow from operations and lower capital expenditure in the quarter.

Free Cash Flow decreased by 24%, for the year ended March 31, 2026 from the same periods of the previous fiscal year. The decrease was due to lower funds flow from operations in the year and higher capital expenditure.

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. . 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. Adjusted operating expenses, adjusted direct employee costs, adjusted other corporate costs and people-related costs are most directly comparable to IFRS measures total operating expenses but should not be considered an alternative to total operating expenses as determined in accordance with IFRS. See "Operating Expenses" heading for a reconciliation of direct employee costs and other corporate costs to total operating expenses.

Organic Growth

Organic growth and organic decline are not standardized financial measures and might not be comparable to measures disclosed by other issuers. Organic growth/decline on a quarterly and year-to-date basis is most directly comparable to IFRS measure revenue and net income of businesses under CMG Group's ownership for a year or longer beginning from the first full quarter in the current and comparative period. 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 has marked one full year of ownership under CMG Group and hence is included in organic growth/decline from January 1, 2026 (Q4 2026). SeisWare was acquired on July 30, 2025 and will start contributing to Organic growth/organic decline on October 1, 2026. Rose was acquired on March 25, 2026 and will start contributing to Organic growth/organic decline on April 1, 2027.

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

- CMG and BHV revenue and Adjusted EBITDA
- Sharp revenue and Adjusted EBITDA generated beginning January 1, 2026

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". Recurring revenue is as defined under IFRS. 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 March 31,			Year ended March 31,		
($ thousands)	**2026**	2025	% change	**2026**	2025	% change
Annuity/maintenance licenses	**17,654**	19,436	(9)%	**76,581**	77,525	(1)%
Annuity license fee	**9,275**	4,728	96%	**15,629**	9,280	68%
Recurring revenue[(1) (2)]	**26,929**	24,164	11%	**92,210**	86,805	6%
Perpetual licenses	**656**	554	18%	**2,396**	5,617	(57)%
Total software license revenue	**27,585**	24,718	12%	**94,606**	92,422	2%
Professional services	**6,085**	8,965	(32)%	**31,583**	37,024	(15)%
Total revenue	**33,670**	33,683	—%	**126,189**	129,446	(3)%

(1) This is a non-IFRS financial measure.

(2) Included in the number is a reduction of $0.2 million and $0.5 million for the three months and year ended March 31, 2026, respectively ($0.5 million and $0.8 million for the three months and year ended March 31, 2025, respectively), attributed to the amortization of a deferred revenue fair value reduction recognized on acquisition.

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The components of Recurring revenue growth were as follows:

	Three months ended March 31,	Year ended March 31,
	2026	**2026**
Total recurring revenue % change	**11%**	**6%**
Growth from acquisitions	**6%**	**12%**
Foreign exchange impact	**(3)%**	**—%**
Organic growth (decline)	**8%**	**(6)%**

Total revenue remained relatively flat during the three months March 31, 2026, compared to the same period of the previous year, as the growth from acquisitions of 5% was offset by the decreases of 5% in Organic revenue.

Total revenue decreased by 3% for the year ended March 31, 2026 compared to the same period previous year as growth from acquisition of 10% and 1% favorable foreign exchange movement was partially offset by a 14% decline in Organic revenue driven by lower perpetual license sales and revenue from professional services.

Recurring revenue increased during the three months ended March 31, 2026, compared to the same period of the previous year with a 8% in Organic revenue and 6% growth from acquisitions, offset by a 3% unfavorable foreign exchange movement. The increase in recurring revenue for the quarter was primarily attributable to higher annuity license sales.

Recurring revenue increased during the year ended March 31, 2026, compared to the same period of the previous year as growth from acquisition of 12% was partially offset by a 6% decline in Organic revenue driven a decrease in annuity license fees from sale of reservoir simulation solutions and seismic solutions.

Perpetual license revenue increased during the three months ended March 31, 2026, compared to the same period of the previous year, due to higher perpetual license sales made in the current quarter. Perpetual license revenue during the year ended March 31, 2026, decreased compared to the same period of the previous year due to fewer perpetual license sales for the year. Acquisitions did not contribute to perpetual license revenue in any of the periods.

Professional services revenue decreased during the three months ended March 31, 2026, compared to the same period of the previous year, mainly due to reduced CoFlow funding compared to the prior period. Acquisitions did not have any impact on the decrease during the quarter. Professional services revenue decreased during the year ended March 31, 2026, compared to the same period of the previous year, as the growth from acquisitions of 8% was partially offset by a 23% decline in Organic revenue, mainly due to reduction in tailored software development funding of our seismic solutions and reduced CoFlow funding compared to the prior period.

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Software Revenue by Geographic Region

($ thousands)	Three months ended March 31, 2026	2025	% change	Year ended March 31, 2026	2025	% change
Annuity/maintenance license						
Canada	**2,691**	3,038	(11)%	**12,554**	12,777	(2)%
United States	**3,855**	4,272	(10)%	**16,945**	17,514	(3)%
South America	**2,261**	2,445	(8)%	**10,260**	9,753	5%
Eastern Hemisphere(1)	**8,847**	9,681	(9)%	**36,822**	37,481	(2)%
	17,654	19,436	(9)%	**76,581**	77,525	(1)%
Annuity license fee						
Canada	**923**	—	100%	**1,679**	—	100%
United States	**2,198**	825	166%	**3,161**	1,610	96%
South America	**346**	775	(55)%	**1,156**	1,018	14%
Eastern Hemisphere(1)	**5,808**	3,128	86%	**9,633**	6,652	45%
	9,275	4,728	96%	**15,629**	9,280	68%
Perpetual license						
Canada	**—**	—	—%	**187**	170	10%
United States	**307**	46	567%	**432**	1,383	(69)%
South America	**—**	—	—%	**—**	—	—%
Eastern Hemisphere(1)	**349**	508	(31)%	**1,777**	4,064	(56)%
	656	554	18%	**2,396**	5,617	(57)%
Total software license revenue						
Canada	**3,614**	3,038	19%	**14,420**	12,947	11%
United States	**6,360**	5,143	24%	**20,538**	20,507	—%
South America	**2,607**	3,220	(19)%	**11,416**	10,771	6%
Eastern Hemisphere(1)	**15,004**	13,317	13%	**48,232**	48,197	—%
	27,585	24,718	12%	**94,606**	92,422	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 months and year ended March 31, 2026, compared to the same periods in the previous year, due to higher annuity license fee and perpetual license revenue, partially offset by lower annuity/maintenance license revenue.

The United States (representing 22% of year-to-date total software license revenue) increased in total software license revenue for the three months ended March 31, 2026, compared to the same period in the previous year, driven by higher annuity license fee revenue and perpetual license revenues. Total software license revenue remained consistent for the year ended March 31, 2026, compared to the same period in the previous year.

South America (representing 12% of year-to-date total software license revenue) experienced a decrease in total software revenue during the three months ended March 31, 2026, compared to the same period of the previous year due to lower annuity license fee and annuity/maintenance license revenue within seismic solutions. Total software license revenue increased slightly during the year ended March 31, 2026, compared to the same period in the previous year, due to higher annuity license/maintenance and annuity license fee revenue for the year.

Eastern Hemisphere (representing 51% of year-to-date total software license revenue) experienced increases in total software license revenue during the three months and year ended March 31, 2026, compared to the same periods in the previous year. The quarterly increase was driven by ResSim solutions annuity license fee, partially offset by a decline in perpetual license sales in the quarter. Total software license revenue remained relatively flat for the year ended March 31, 2026.

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Deferred Revenue

($ thousands)	Fiscal 2026	Fiscal 2025	$ 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)	**31,992**	34,822	(2,830)	(8)%
Q4 (March 31)	**39,294**	40,276	(982)	(2)%

The Company's deferred revenue consists primarily of amounts for prepaid licenses and maintenance and support services.

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 Q4 of fiscal 2026 was 2% lower than in Q4 of fiscal 2025 mainly attributable to the recognition of revenue from performance obligations satisfied during the period.

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 March 31,			Year ended March 31,		
($ thousands)	**2026**	2025	% change	**2026**	2025	% change
Cost of revenue (1) (2)	**5,556**	6,749	(18)%	**23,031**	24,940	(8)%

(1) Depreciation and amortization related to property and equipment and right of use assets is $0.2 million and $0.8 million for the three months and year ended March 31, 2026, respectively and $0.7 million and $1.1 million for the three months and year ended March 31, 2025.
(2) Stock based compensation is $nil for the three months and year ended March 31, 2026, respectively, and $nil and $0.4 million for the three months and year ended March 31, 2025.

Cost of revenue decreased during the three months ended March 31, 2026 and the year ended March 31, 2026, compared to the same period of the previous year, as the increase due to acquisitions was offset by lower personnel related costs.

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").

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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 March 31,			Year ended March 31,		
($ thousands, except per share data)	**2026**	2025	% change	**2026**	2025	% change
Sales and marketing (1)(2)	**4,298**	5,094	(16)%	**19,426**	18,617	4%
Research and development (1)(2)	**8,836**	8,132	9%	**32,459**	30,145	8%
General and administrative (1)(2)	**5,620**	4,876	15%	**24,228**	21,599	12%
Operating expenses	**18,754**	18,102	4%	**76,113**	70,361	8%
Acquisition related expenses	**(433)**	(216)	100%	**(974)**	(2,567)	(62)%
Amortization of acquired intangibles	**(1,486)**	(1,375)	8%	**(5,795)**	(3,709)	56%
Stock-based compensation (expense) recovery	**215**	452	(52)%	**(456)**	(2,258)	(80)%
Adjusted operating expenses (3)	**17,050**	16,963	1%	**68,888**	61,827	11%
Direct employee costs (3)	**10,701**	10,838	(1)%	**44,254**	43,724	1%
Other corporate cost (3)	**8,053**	7,261	11%	**31,859**	26,634	20%
	18,754	18,099	4%	**76,113**	70,358	8%

(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, $1.8 million, $0.5 million, respectively for the three months ended March 31, 2026 (three months ended March 31, 2025, $0.2 million, $1.3 million, $0.1 million, respectively) and $0.3 million, $7.1 million, $2.0 million, respectively, for the year ended March 31, 2026 (year ended March 31, 2025 $0.5 million, $4.9 million, $2.0 million, respectively).

(2) Included in sales and marketing, research and development, and general and administrative expenses is stock based compensation expense/(recovery) of $nil, $(0.1) million, $(0.1) million, respectively, for the three months ended March 31, 2026 (three months ended March 31, 2025, ($0.2) million, $nil, ($0.3) million respectively) and $nil, $0.1 million, $0.4 million, respectively, for the year ended March 31, 2026 (year ended March 31, 2025 $0.6 million, $0.7 million, $1.0 million, respectively).

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

Operating expenses increased during the three months ended March 31, 2026, compared to the same period of the previous year. Acquisitions contributed a 6% increase which was offset by a 2% decrease in expenses mainly due to lower stock-based compensation. Operating expenses increased during the year ended March 31, 2026, compared to the same period of the previous year, with 12% of the increase being contributed from acquisitions offset by a 4% decrease in the organic business primarily related to lower direct employee costs.

Adjusted total operating expenses increased by 1% during the three months ended March 31, 2026, compared to the same period of the previous year of which acquisitions contributed a 6% increase partially offset by a 5% decrease in the organic business due to lower sales and marketing costs. Adjusted total operating expenses increased for the year ended March 31, 2026, compared to the same period of the previous fiscal year, of which 11% was due to acquisitions.

Sales and marketing expenses decreased during the three months ended March 31, 2026, compared to the same period of the previous year, of which acquisitions contributed 4% increase which was partially offset by a 20% decrease from the organic business. This decrease was due to lower stock-based compensation and other employee related cost. Sales and marketing expenses increased during the year ended March 31, 2026, compared to the same period of the previous year, of which 12% was due to the acquisitions partially offset by 8% decrease in the organic business due to lower headcount and related costs, variable compensation and sales commissions.

Research and development expenses increased during the three months ended March 31, 2026, compared to the same period of the previous year of which acquisitions contributed to all of the increase. Research and development expenses increased during the year ended March 31, 2026, compared to the same period of the previous year, of which 15% was due to acquisitions which was partially offset by a decrease of 7% in the organic business.

General and administrative expenses increased during the three months ended March 31, 2026, compared to the same period of the previous year, of which the organic business contributed to a 11% increase driven by corporate costs, while acquisitions contributed the remaining 4%. General and administrative expenses increased during the year ended March 31, 2026, compared to the same period of the previous year, of which 8% was the contribution from acquisitions and the remaining 4% from the organic business resulting from higher professional service fees.

Direct employee costs

As a technology company, the Company's largest investment is its people, and approximately 59% of total operating expenses relate to direct employee costs during the year ended March 31, 2026. At March 31, 2026, CMG Group's full-time equivalent staff complement was 316 employees and consultants

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

	Three months ended March 31,			Year ended March 31,		
($ thousands)	**2026**	2025	% change	**2026**	2025	% change
Direct employee costs	**10,701**	10,838	(1)%	**44,254**	43,724	1%
Stock based compensation	**215**	452	(52)%	**(456)**	(2,258)	(80)%
Adjusted direct employee costs [(1)]	**10,916**	11,290	(3)%	**43,798**	41,466	6%

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

For the three months ended March 31, 2026, adjusted direct employee costs decreased by 3% compared to the same periods of the previous fiscal year of which acquisitions contributed 7% which was offset by a decrease in the organic business of 10% mainly due to variable compensation expense. For the year ended March 31, 2026, adjusted direct employee cost increased by 6% of which, acquisitions contributed 10% of the increase which was partially offset by 4% decrease in organic business due to a decrease in variable compensation and commissions.

Other Corporate costs

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

	Three months ended March 31,			Year ended March 31,		
($ thousands)	**2026**	2025	% change	**2026**	2025	% change
Other corporate costs	**8,053**	7,261	11%	**31,859**	26,634	20%
Acquisition-related costs	**(433)**	(216)	100%	**(974)**	(2,567)	(62)%
Amortization of acquired intangible	**(1,486)**	(1,375)	8%	**(5,795)**	(3,709)	56%
Adjusted other corporate costs [(1)]	**6,134**	5,670	8%	**25,090**	20,358	23%

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

For the three months ended March 31, 2026, adjusted other corporate costs increased by 8% compared to the same periods of the previous fiscal year. Acquisitions contributed 2% and organic business contributed 6%, driven by professional services fees and travel cost. For the year ended March 31, 2026, adjusted other corporate costs increased by 23% of which acquisitions contributed 13%, and 10% from the organic business driven by increases in professional services fees, travel costs, computer service agreements fees, agent commissions and marketing 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 68% of our revenue for year ended March 31, 2026 (March 31, 2025 – 77%) is denominated in US dollars, whereas only 48% (2024 – 52%) 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 March 31, 2026, 2025 and 2024 and the average exchange rate used to translate income statement expense items during the three and year ended March 31, 2026, 2025 and 2024:

CDN$ to US$	At March 31	Yearly average
2024	0.7384	0.7407
2025	0.6967	0.7168
2026	**0.7172**	**0.7244**

CMG Group recorded a foreign exchange loss of $0.7 million and $1.9 million for the three months and year ended March 31, 2026 respectively, due to the weakening of the US dollar during the period, which negatively affected the valuation of year to date US dollar denominated portion of the Company's working capital.

INCOME AND OTHER TAXES

Our consolidated effective tax rate for the three months ended March 31, 2026 is 29.6% (2025 – 27.1%), and for the twelve months ended March 31, 2026 is 24.7% (2025 - 23.9%), whereas the Canadian statutory tax rate for each of 2026 and 2025 fiscal years is 23%. The difference between the effective rate and the statutory rate is primarily due to the tax incurred in foreign jurisdictions.

The benefit recorded in CMG Group'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.

SELECTED ANNUAL INFORMATION

($ thousands, unless otherwise stated)	**March 31, 2026**	March 31, 2025	March 31, 2024
Annuity/maintenance licenses	**76,581**	77,525	71,530
Annuity license fee	**15,629**	9,280	5,146
Recurring revenue[(1)]	**92,210**	86,805	76,676
Perpetual licenses	**2,396**	5,617	5,739
Total software license revenue	**94,606**	92,422	82,415
Professional service revenue	**31,583**	37,024	26,264
Total revenue	**126,189**	129,446	108,679
Total assets	**197,306**	204,756	172,373
Total non-current financial liabilities	**41,241**	37,713	36,203
Per share amounts – ($/share)			
Earnings per share – basic	**0.21**	0.27	0.32
Earnings per share – diluted	**0.21**	0.27	0.32
Cash dividends declared and paid	**0.08**	0.20	0.20

(1) Recurring revenue is a non-IFRS financial measure. See the "Non-IFRS Financial and Supplementary Financial Measures" section.

QUARTERLY PERFORMANCE

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

	Fiscal 2025				**Fiscal 2026**			
($ thousands, unless otherwise stated)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	**Q4**
Annuity/maintenance license	19,335	18,302	20,452	19,436	20,334	19,067	19,526	**17,654**
Annuity license fee	178	71	4,303	4,728	518	1,650	4,186	**9,275**
Recurring revenue(1)	19,513	18,373	24,755	24,164	20,852	20,717	23,712	**26,929**
Perpetual license	2,110	2,149	804	554	378	945	417	**656**
Total software license revenue	21,623	20,522	25,559	24,718	21,230	21,662	24,129	**27,585**
Professional services revenue	8,900	8,945	10,214	8,965	8,403	8,539	8,556	**6,085**
Total revenue	30,523	29,467	35,773	33,683	29,633	30,201	32,685	**33,670**
Operating profit	5,666	8,430	11,217	8,835	5,293	5,181	7,219	**9,360**
Operating profit Margin (%)	*19%*	*29%*	*31%*	*26%*	*18%*	*17%*	*22%*	***28%***
Net income for the period	3,964	3,763	9,606	5,104	3,309	2,716	5,964	**5,427**
Adjusted EBITDA(1)	9,527	10,020	13,962	10,500	7,074	7,558	9,716	**11,755**
Adjusted EBITDA Margin (1) %	*31%*	*34%*	*39%*	*31%*	*24%*	*25%*	*30%*	***35%***
Free Cash Flow(1)	5,679	6,096	8,816	7,017	4,456	1,967	5,806	**8,750**
Per share amounts – ($/share)								
Earnings per share (EPS) – basic	0.05	0.05	0.12	0.06	0.04	0.03	0.07	**0.07**
Earnings per share (EPS) – diluted	0.05	0.05	0.12	0.06	0.04	0.03	0.07	**0.07**
Cash dividends declared and paid	0.05	0.05	0.05	0.05	0.05	0.01	0.01	**0.01**
Free Cash Flow per share – basic(1)	0.07	0.07	0.11	0.08	0.05	0.02	0.07	**0.11**
Funds flow from operations per share - basic	0.08	0.09	0.12	0.1	0.07	0.04	0.09	**0.12**

(1) This is a non-IFRS financial measure. See the “Non-IFRS Financial and Supplementary Financial Measures” section.
(2) Q1, Q2, Q3, and Q4 of fiscal 2025 include $1.2 million, $0.5 million, $0.3 million, $0.03 million, respectively, of annuity/maintenance revenue that pertains to usage of CMG Group’s products in prior quarters.
(3) Q1, Q2, Q3, and Q4 of fiscal 2026 include $0.4 million, $0.2 million, $0.4 million, $nil, respectively, 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 occurred during the third and fourth quarter 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 “Business Risks” section of our MD&A.

LIQUIDITY AND CAPITAL RESOURCES

	Three months ended March 31,				**Year ended March 31,**			
($ thousands)	**2026**	2025	$ change	% change	**2026**	2025	$ change	% change
Cash, beginning of period	**20,040**	39,731	(19,691)	(50)%	**43,884**	63,083	(19,199)	(30)%
Cash provided by (used in):								
Operating activities	**26,729**	15,883	10,846	68 %	**31,269**	29,917	1,352	5 %
Financing activities	**(11,517)**	(4,238)	(7,279)	172 %	**(23,577)**	(13,670)	(9,907)	72 %
Investing activities	**(12,306)**	(7,999)	(4,307)	54 %	**(27,108)**	(37,961)	10,853	(29)%
Effect of foreign exchange on cash	**1,154**	507	647	128 %	**(368)**	2,515	(2,883)	(115)%
Cash, end of period	**24,100**	43,884	(19,784)	(45)%	**24,100**	43,884	(19,784)	(45)%

At March 31, 2026, the Company had $24.1 million in cash, $6.6 million in borrowing and access to approximately $93 million under a revolving credit facility, of which the total amount is available for use. The Company's primary non-operating use of cash was for the acquisition of SeisWare, Rose and repurchases of shares under the NCIB program. Management believes that the Company has sufficient capital resources to meet its operating and capital expenditure needs.

During the year ended March 31, 2026, 58.4 million shares of the Company's public float were traded on the TSX. As at March 31, 2026 the Company's market capitalization based upon its March 31, 2026 closing price of $4.28 was $335.3 million.

OPERATING ACTIVITIES

Cash provided by operating activities increased by $10.8 million during the three months ended March 31, 2026, compared to the same period of the previous fiscal year mainly due to the change in non-cash working capital of $17.4 million, driven by changes in accounts receivable and deferred revenue balances.

Cash provided by operating activities increased by $1.4 million during the year ended March 31, 2026, compared to the same period of the previous fiscal year. Funds flow from operations decreased by $5.9 million from the previous fiscal year, offset by a $7.6 million change in non-cash working capital from previous fiscal year.

FINANCING ACTIVITIES

Cash used in financing activities increased by $7.3 million during the three months ended March 31, 2026, compared to the same period of the previous fiscal year. The increase is primarily due to repurchase of shares under the NCIB program, partially offset by proceeds received from drawdown on credit facility.

Cash used in financing activities increased by $9.9 million during the year ended March 31, 2026, compared to the same period in the previous fiscal year. The increase in cash used is primarily attributable to repurchase of shares under the NCIB program and financing cost incurred to secure the credit facility, partially offset by proceeds received from drawdown on the credit facility and lower quarterly dividend of 0.01 per share compared to 0.05 per share from previous period.

INVESTING ACTIVITIES

Cash used in investing activities for the three months ended March 31, 2026 increased compared to the same period last fiscal year which was primarily due to the acquisition of Rose.

The Company's investing activities in the current year consist of the acquisition of SeisWare and Rose (net of cash acquired) for $17.3 million, earnout payable related to the Bluware acquisition of $3.6 million, investment in a short-term instrument of $3.7 million and purchase of property and equipment.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash, restricted cash, short-term investment, trade and other receivables, trade payables and accrued liabilities (excluding stock-based compensation payable), acquisition holdback payable, other long-term liabilities (excluding stock-based compensation payable), government loan and revolving credit facility. These financial instruments are classified and measured at amortized cost and their carrying amounts approximate their fair values. Acquisition earn-out liability which was fully settled during the year ended March 31, 2026 was classified and measured at fair value using level 3 input as at March 31, 2025.

The different levels in the fair value hierarchy have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs for the asset or liability that are not based on observable market data.

There were no transfers between the levels in the fair value hierarchy, during the year ended March 31, 2026 and 2025.

Overview:

The Company is exposed to risks of varying degrees of significance and likelihood, which could affect its ability to achieve its strategic objectives for growth. The main objectives of the Company's risk management process are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal financial risks to which the Company is exposed are described below:

(a) Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligation and arises principally from the Company's trade and other receivables. The amounts reported in the statements of financial position for trade receivables are net of expected credit losses, estimated by the Company's management based on prior experience and their assessment of the current economic environment.

The Company's trade receivables consist primarily of balances from customers operating in the oil and gas industry, both domestically and internationally, as the Company sells its products and services in approximately 60 countries worldwide. Some of these countries have greater economic and political risk than experienced in North America, and as a result there may be greater risk associated with sales in those jurisdictions. The Company manages this risk by invoicing for the full license term in advance for the majority of software license sales and by invoicing as frequently as the contract allows for consulting and contract research services. In cases where collectability is not deemed probable, revenue is recognized upon receipt of cash, providing all other criteria have been met. Historically, the Company has not experienced any significant losses related to individual customers or groups of customers in any particular geographic area. At March 31, 2026, the Company assessed credit risk related to its accounts receivable and established an impairment allowance of $0.3 million (2025 – $0.1 million). In fiscal 2026, most of the Company's impairment allowance related to receivables from customers located in geopolitically unstable countries.

As at March 31, 2026, the Company has a concentration of credit risk with 3 customers which have an outstanding balance of 5% or more of total trade and accrued receivables. These 3 customers represent 36% of total trade and accrued receivables (2025 – 5 customers; 51%).

The carrying amount of trade and other receivables represents the maximum credit exposure. The maximum exposure to credit risk at March 31, 2026 was $29.2 million (2025 – $41.5 million). The aging of trade and other receivables at the reporting date was:

(thousands of $)	**March 31, 2026**	March 31, 2025
Current	**17,238**	29,007
31-60 days	**7,292**	6,792
61-90 days	**3,230**	490
Over 90 days	**1,399**	5,168
Balance, end of year	**29,159**	41,457

The Company assesses the creditworthiness of its customers on an ongoing basis and regularly monitors the amount and age of balances outstanding. Payment terms with the majority of customers are 30-90 days from invoice date; however, industry practice can extend these terms. Accordingly, the Company views the credit risk on these amounts as normal for the industry.

The Company minimizes the credit risk of cash, restricted cash and short-term investment by holding such financial assets with a reputable financial institution.

(b) Market Risk

i. Foreign Exchange Risk

The Company operates internationally and primarily prices its products in either the Canadian or US dollar. This gives rise to exposure to market risks from changes in the foreign exchange rates between the Canadian and US dollar. Approximately 68% (2025 – 77%) of the Company's revenues for the year ended March 31, 2026 were denominated in US dollars, and at March 31, 2026, approximately US $21.8 million (2025 – US $50.4 million) of the Company's working capital was denominated in US dollars.

The Company currently does not use derivative instruments to hedge its exposure to those risks, but since approximately 48% (2025 – 52%) of the Company's total costs are also denominated in US dollars, they provide a partial economic hedge against the fluctuation in this currency exchange.

The Company's operations are exposed to currency risk on US-dollar denominated financial assets and liabilities with fluctuations in the rate recognized as foreign exchange gains or losses in the consolidated statement of operations and comprehensive income. It is estimated that a one cent change in the US dollar would result in a net change of approximately $0.2 million to equity and net income for the year ended March 31, 2026. A weaker US dollar with respect to the Canadian dollar will result in a negative impact, while the reverse would result from a stronger US dollar.

ii. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. CMG's exposure to the risk of changes in market interest rates relates primarily to CMG's credit facility debt obligations with variable interest rates and cashflows from changes in interest rates on cash balances. The Company monitors and analyzes interest rate risk on a regular basis and mitigates interest rate risk by holding cash or liquid assets which allows flexibility to adjust positions when rates change. Where applicable, the Company's policy is to invest excess cash in interest-bearing deposits and/or guaranteed investment certificates issued by a reputable financial institution.

As at March 31, 2026, a 1% change in variable interest rates, with all other variables held constant, including the amount drawn under the credit facility and cash balances, would have resulted in an increase or decrease in equity and net income for the year ended March 31, 2026 of approximately $0.2 million (2025 - $0.3 million).

(c) Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at excessive cost. The Company manages liquidity risk through the management of its capital structure as outlined in note 19 of the audited consolidated financial statements. The Company's growth is financed through a combination of the cash flows from operations, its cash balances on hand and debt. Given the Company's available liquid resources as compared to the timing of the payments of its liabilities, management assesses the Company's liquidity risk to be low. The Company monitors its expenditures by preparing annual budgets that are periodically updated. The Company's trade payables are due within one year. At March 31, 2026, the Company has sufficient liquidity, including approximately $93 million of the line of credit available for its use, to meet it's obligations.

BUSINESS RISKS

Our overall performance and results of operations are subject to various business risks and uncertainties that may materially and adversely affect our business, products, financial condition and operations. The Company's fulsome discussion over its risk factors are disclosed in the annual Managements Discussion & Analysis and Annual Information Form dated May 21, 2026 available under our profile on www.sedarplus.ca. CMG Group's activities exposes it to a variety of business risks, such as:

Cyber Risk

The Company is dependent on information technology ("IT") infrastructure to process, transmit and store electronic information, to advertise, inform and train around the Corporation's products and services, to manage business operations and for the functioning and/or delivery of the Corporation's products and services. The Corporation's IT infrastructure is composed of hardware, software, networks, data centre facilities, web servers, and all related equipment. Natural disasters, energy blackouts, operating malfunction, viruses or malware, cyber security attacks, theft, computer or telecommunication errors, human error, internal or external misconduct or other unknown disruptive events could result in the temporary or permanent loss of any or all parts of the Corporation's IT infrastructure. Any such incident or breach could create system disruptions and slowdowns or could result in the loss of potential sales and existing clients. In such an event, the information stored in the Corporation's IT infrastructure could be accessed, publicly disclosed, lost, or stolen, which could subject the Corporation to liability and cause the Corporation to incur significant costs associated with remediation efforts and recovery activities. As the Corporation's operational success places significant reliance on intellectual property and proprietary business data, such occurrences could cause negative publicity, loss of sales, and litigation, affect the Corporation's business and financial results, and harm the Corporation's reputation.

To date, the Company has not experienced any material losses relating to cyber attacks or other information security breaches. The Company's cyber risk oversight is conducted by the audit committee of the Board (the "Audit Committee").

Intellectual Property Risk

The Company regards its software as proprietary and attempts to protect it with copyrights, trademarks and trade secret measures, including restrictions on disclosure and technical measures. Despite these precautions, it may be possible for third parties to copy the Corporation's programs or aspects of its trade secrets. The Corporation's existing patents, patent applications and legal and technical precautions provide only limited practical protection. The Corporation could incur substantial costs in protecting and enforcing its intellectual property rights. Moreover, from time to time, third parties may assert patent, trademark, copyright and other intellectual property rights to technologies that are important to the Corporation. In such an event, the Corporation may be required to incur significant costs in litigating a resolution to the asserted claim. There can be no assurance that such a resolution would not require that the Corporation pay damages or obtain a license of a third party's proprietary rights in order to continue licensing its products as currently offered, or, if such a license is required, that it will be available on terms acceptable to the Corporation

We are not aware of any infringement of any third party's patent rights, copyrights, trade secrecy rights or other intellectual property disputes in the development or support of its products.

Acquisition Risk

The Company's growth strategy partly depends on our ability to obtain additional technologies and complementary product lines through selective acquisitions and strategic investments. There is no assurance that we will find suitable companies to acquire or be successful in completing such acquisitions.

Each acquisition that we complete may present risks, including: challenges in achieving our strategic goals and initiatives; failing to achieve anticipated growth projections, revenue increases or cost savings; failure to develop new products and services that utilize the technologies and resources of the acquired companies; disruption of our ongoing business and diversion of management's attention to transition or integration issues; liabilities that were not identified during the acquisition process; the loss of our key employees, customers, and partners or those of the acquired companies or businesses; and cybersecurity and data privacy risks as described above.

Future acquisitions may involve the expenditure of significant cash resources; the incurrence of debt, which increases interest expense and leverage; or the issuance of equity, which could be dilutive to shareholders and may decrease earnings per share. We allocate a portion of the purchase price to goodwill and intangible assets. If we do not realize all the economic benefits of an acquisition, there could be an impairment of goodwill or intangible assets. Furthermore, impairment charges are generally not tax-deductible and will result in an increased effective income tax rate in the period the impairment is recorded. If we do not achieve the anticipated benefits of our acquisitions as rapidly or to the extent anticipated by our management or financial and industry analysts, there could be a significant adverse effect on our share price, business and consolidated financial statements.

Competition Risk

The Company faces the risk that increasing competition within the reservoir simulation and seismic software market may reduce its market share, revenue growth, and profitability due to the presence of established industry vendors, emerging niche technology providers, and evolving customer demands within the energy sector.

This risk may arise from competitors offering more advanced or cost-effective solutions, including higher- simulation models, improved seismic data accuracy, faster computational performance, or better integration with industry-standard workflows and platforms. Large, well-capitalized competitors may leverage established relationships with oil and gas operators, broader product ecosystems, and greater investment in research and development to maintain or expand their market position.

Additionally, technological advancements such as high-performance computing, cloud-based simulation, and artificial intelligence-driven interpretation may shift customer expectations and render the company's offerings less competitive if not adopted or integrated in a timely manner. The emergence of open-source tools or in-house solutions developed by major operators may further intensify competitive pressures.

If the Company is unable to effectively differentiate its products or keep pace with innovation, it may experience pricing pressure, reduced customer acquisition, and increased customer churn. The Company may also face longer sales cycles, loss of key contracts, and reduced success in competitive bidding processes.
The Company's continuing ability to address these risks will depend, to a large extent, on its ability to retain a technically competent research and development staff and to adapt to technological advances in the industry.

Demand for Seismic Data

The Company's ability, to generate revenue, EBITDA, free cash flow and earnings from seismic software licencing depends on the demand for seismic data from its oil and gas, and energy customers over geological plays and areas that such customers focus on in a given period. Activity in such plays and areas depends on commodity prices, clients' budgets, geological understanding, advances in drilling technology, government fiscal and regulatory regimes, and access to processing and pipeline capacity, all of which are beyond the Company's control. The Company will continue to diversify its operations and revenue streams, to reduce any potentially negative impact on any particular revenue stream.

Risk of Non-Compliance with Anti-Corruptions and Anti-Bribery Laws

The Company faces the risk of non-compliance with applicable anti-corruption and anti-bribery laws and regulations across the multiple jurisdictions in which it operates, including countries in South America, Europe, and the Middle East. This risk arises from the complexity of conducting business in diverse regulatory environments, including interactions with state-owned or state-influenced oil and gas entities, the use of third-party agents, distributors, and partners, and participation in public and private sector procurement processes. Certain jurisdictions may present elevated corruption risk due to local business practices, regulatory expectations, or enforcement variability. Additionally, non-compliance may lead to reputational damage, loss of customer trust, and disruption of operations in key markets. The Company may also face increased scrutiny from regulators, business partners, and investors, as well as constraints on its ability to expand into new jurisdictions or maintain existing relationships.

Commodity Price Risk

The Company's customers are primarily oil and gas companies, and the Company depends on its customers' capital and operating spending budgets. Commodity price volatility and changing economic conditions could adversely affect the Company's customers' budgets, which could negatively affect demand for the Company's products and the Company's financial results. Additionally, sales of perpetual licenses, which require a relatively higher initial outlay, may decrease in favour of leasing software on a term basis. Volatility in commodity prices could also have an impact on the Company's professional services business.

Customer Concentration Risk

The Company has a large customer base, however one single customer accounted for 20% of the consolidated revenues of the Company this fiscal year. Notwithstanding, the loss of one or more major customers, further consolidation in the industry, or a reduction in the amount of business the Company conducts with any of its major customers, could have a significant impact on the Company's revenue if not offset by obtaining new customers or increasing the amount of business it conducts with existing customers.

To increase its revenue and achieve and maintain profitability, the Company must regularly add new customers or sell additional technologies and services to its existing customers. Numerous factors, however, may impede its ability to add new customers and sell additional technologies and services to its existing customers, including its inability to convert companies that have been referred to the Company by its existing network into paying customers, failure to attract and effectively train new sales and marketing personnel, failure to retain and motivate its current sales and marketing personnel, failure to develop relationships with partners or resellers and/or failure to ensure the effectiveness of its marketing programs. In addition, if prospective customers do not perceive its technologies and services to be of sufficiently high value and quality, it will not be able to attract the number and types of new customers that it is seeking.

As we grow our revenue and expand our market segments, we will continue to diversify its customer base and reduce our reliance on one customer.

Artificial Intelligence Risk

Our predictive analytics and AI offerings may be subject to increased legal and regulatory risks, as jurisdictions around the world begin to introduce laws and regulations relating to the use of artificial intelligence ("AI"). The interpretation of these laws and regulations is constantly evolving. There is a risk that these laws may be interpreted and applied in conflicting ways from country to country. Many of these current and proposed laws and regulations, including the EU AI Act and Canada Artificial Intelligence and Data Act (AIDA), contain detailed requirements regarding the use of AI and require internal accountability and governance frameworks. Complying with these varying international requirements could cause us to incur additional costs and change our business practices.

We could be adversely affected if laws or regulations are expanded to require changes in our products or business practices, if governmental authorities in the jurisdictions in which we do business interpret or implement their laws or regulations in ways that negatively affect our business or if clients or other parties allege that their information was misappropriated in the delivery of an AI solution. This could reduce the demand for our products if we fail to design or enhance our products and third party suppliers management procedures to comply, and enable our clients and suppliers to comply, with the AI measures required in relevant jurisdictions. Additionally, AI offerings that require data sets to train our AI models are impacted by availability of such data, including customer data where applicable. AI driven offers also introduce new risks such as model risk, explainability, transparency, bias, intellectual property, hallucinations, and others risks. These risks can have material impact on the performance of our AI offers.

Revenue from Energy Transition

Revenue from energy transition, particularly carbon capture and storage ("CCS"), has been growing over the past several years. Various governments have implemented policies and funding to promote the adoption of CCS as part of their climate change initiatives and our CCS customers rely on government grants to subsidize their CCS projects.

Our CCS clients are exposed to risk of regulatory uncertainty surrounding CCS policies and funding. Reduced support and funding by the governments may affect the cost and timeline of CCS projects and have a negative impact on the Company's revenue derived from CCS customers. Revenue from energy transition, particularly CCS, has grown over the past several years. Various governments have implemented policies and funding to promote the adoption of CCS as part of their climate change initiatives and our CCS customers rely on government grants to subsidize their CCS projects.

Our CCS clients are exposed to risk of regulatory uncertainty surrounding CCS policies and funding. Reduced support and funding by the governments may affect the cost and timeline of CCS projects and have a negative impact on the Company's revenue derived from CCS customers.

Tax Liability Risk

The Company is subject to taxes in several jurisdictions around the world. Significant judgment is required in determining the Company's worldwide liability for income, indirect and other taxes, as well as potential penalties and interest. Although management believes that all expenses and tax credits claimed by the Company, including research and development expenses and foreign tax credits, are reasonable, deductible and have been correctly determined, tax authorities may disagree with the treatment of items reported by the Company, the result of which could have a material adverse effect on its financial condition and results of operations.

The Company conducts operations worldwide through subsidiaries in various tax jurisdictions pursuant to transfer pricing arrangements with its subsidiaries. If two or more affiliated companies are located in different countries, the tax laws or regulations of each country generally will require that transfer prices be the same as those between unrelated companies dealing at arm's length. While the Company believes that it operates in compliance with applicable transfer pricing laws and intends to continue to do so, a tax authority in one or more jurisdictions could challenge the validity of the Company's related-party transfer pricing methodologies, which could result in adjustments in favor of the taxing authority.

Qualified Personnel Risk

The Company's continued success is substantially dependent on the performance of its key employees and officers. The loss of the services of qualified personnel as well as failure to attract additional key personnel could have a negative impact upon the Company's business, operating results and financial condition.

As a result of more flexible working arrangements, employees have more options when looking for employment, because they can work remotely for employers located in other provinces or countries. Consequently, employers find themselves competing for talent not only locally, but with other employers from around the world. Due to high levels of competition for qualified personnel, there can be no assurance that the Company will be successful in retaining and attracting such personnel. The Company attempts to overcome this by offering an attractive compensation package and providing an environment that provides the intellectual and professional stimulation sought by our employee group.

Climate Change Risk

The recent shift toward public and government support of climate change initiatives, such as emission reduction targets, clean energy standards, and alternative energy incentives and mandates, could impact the demand for hydrocarbons in Canada and around the world. Our clients are predominantly oil and gas exploration and production companies; therefore, increasing environmental regulations, taxes, laws or penalties could reduce oil and gas producers' cash flow by way of reduced demand, increased capital expenditures and increased operating expenses, as well as increased delays, costs or legal hurdles, which may not be recoverable in the marketplace. Such regulation changes include, but are not limited to, curtailment rules, new climate change regulations and the implementation of the Canadian Energy Regulator Act. The complexity and breadth of changes in environmental regulation make it extremely difficult to predict the potential impact to the Company; however, it is possible to conclude that these developments and future developments in the energy sector could adversely impact the demand for the Company's products.

Energy Transition

In addition to emissions regulations and the physical risks of climate change, climate-related energy transition risks could have a material adverse effect on the Company's business, financial condition and results of operations, and could adversely impact the Company's reputation. For example, increased public opposition to companies in the oil and gas sector could lead to constrained access to insurance, liquidity and capital and changes in demand for the Company's products, which may impact its revenue. Increasing pressure by the Company's clients to develop new technologies to help such clients reduce the intensity of the clients' operations and emissions could require significant capital investment in research and development.

Certain of our existing technology has differentiating capabilities built into its software products that can also be directly applied to the energy transition needs of its customers.

Extreme Climatic Conditions

Climate change may increase the frequency of severe weather conditions and natural disasters, such as flooding and forest fires, shifts in temperature and precipitation, and changing sea levels. The Company's major customers are oil and gas exploration and production companies, and the operations of these customers can be affected by extreme weather, which can threaten their assets and available cash. This may result in cessation or diminishment of production or implementation of new projects, which can affect the demand for the Company's products and adversely affect the Company's financial results. Our client base is well diversified geographically with customers in more than 60 countries.

Geopolitical Risk

The Company sells its products and services in approximately 60 countries and maintains offices in Canada, the US, the United Kingdom, Norway, the United Arab Emirates, Colombia, India, Brazil, Germany and Malaysia. Some of these countries have greater economic, political and social risks than North America. Some of those risks include:

- costs associated with the use of foreign agents and contractors;
- difficulties in collecting accounts receivable;
- currency restrictions and exchange rate fluctuations;
- the burdens of complying with a wide variety of foreign laws;
- changes in laws governing existing operations and contracts;
- changes to taxation policies dramatically increasing tax costs to the Company;
- possible social, labour, political, and economic instability, including the war in Ukraine and the conflict in the Middle East;
- economic and legal sanctions (including with respect to the economic sanctions on Russia as a result of the war in Ukraine and the Middle east); and
- non-compliance with applicable anti-corruption and bribery laws.

There is material uncertainty about the extent to which the above risks will continue to impact economic and financial affairs, as the numerous issues arising from the conflict are in flux and there is the potential for escalation of the conflict both within Europe, the Middle East and globally. Any disruption in our ability to complete a sales cycle, including disruption of travel to clients' locations to provide training and support, and the cost of reorganizing daily activities of foreign operations, could have an adverse effect on our business, financial condition and operational results. We mitigate the potential adverse effect on sales by invoicing for the full license term in advance for the majority of software license sales and by invoicing as frequently as the contract allows for consulting and contract research services. In addition, we consults with tax advisors on complex tax issues and engages professional tax firms to review its tax filings in foreign jurisdictions. The Company closely monitors the business and regulatory environments of the countries in which it conducts operations to minimize the potential impact on costs and operations.

Non-compliance with applicable anti-corruption and bribery laws could subject the Company to onerous penalties and the costs of prosecution. We have established business practices and internal controls to minimize the potential occurrence of any irregular payments. In addition, the Company has established well-defined anti-corruption and bribery policies and procedures that each employee and contractor is required to sign indicating their compliance.

Ownership or Control Restrictions in Foreign Jurisdictions

Non-resident individuals and non-domiciled foreign legal entities may be subject to restrictions on the acquisition or lease of properties in certain emerging markets. Limitations also apply to legal entities domiciled in such countries which are controlled by foreign investors, such as the entities through which CMG may operate in certain countries. Accordingly, CMG's current and future operations may be impaired as a result of such restrictions on the acquisition or use of property, and our ownership or access rights in respect of any property we own or lease in such jurisdictions may be subject to legal challenges, all of which could result in a material adverse effect on the Company's business, results of operations, financial condition and cash flows.

General State of the Economy Risk

Our business is affected by general economic conditions, including international, national, regional and local economic conditions, all of which are outside of our control. Recent events in the financial markets have demonstrated that businesses and industries throughout the world are closely connected to each other. As a result, financial developments seemingly unrelated to us or to our industry may materially adversely affect us over the course of time. Economic slowdowns or downturns, weak economic conditions or recessions, cyclical trends, increases in interest rates, variations in currency exchange rates, reduced client spending, employment levels, lower than expected job growth, labor shortage, the general health of the economy and other factors could have a material adverse effect on our business, prospects, financial condition and results of operations. Although our operations are functionally and geographically diversified, significant erosion in levels of activity in any segment in which we operate could have a negative impact on our business, prospects, financial condition and results of operations.

Refer to discussion above under "Commodity Price Risk", "Credit and Liquidity Risks" and below under Inflation Risk for the mitigation of these risks which addresses the overall economic risk.

Inflation Risk

Inflation rates in the jurisdictions in which the Company operates have continued to increase. General inflationary pressures, may affect the Company's labour and other input costs and such pressures may or may not be transitory. As nearly 70% of the Company's costs relate to its people, wage inflation could affect the Company's ability to retain qualified staff and may also impact the Company's succession planning. Any continued upward trajectory in the inflation rate for the Company's inputs may have a material adverse effect on the Company's operating and capital expenditures for the development of its projects as well as its financial condition and results of operations.

Sales Variability Risk

While the Company's software license revenue consists primarily of annuity/maintenance software licensing and annuity license fees, which are generally for terms of one year or less, a smaller portion of the Company's software license revenue consists of perpetual software licensing.

Perpetual software licensing means that the client purchases a current version of certain software and obtains the right to use that version in perpetuity. Software licensing under perpetual sales comprised 3% to 6% of the Company's total software licensing revenue over the last two fiscal years but is more variable in nature as the purchase decision and timing fluctuate with customers' needs and budgets. The Company has found that a number of customers prefer to acquire perpetual software licenses rather than leasing the software on an annual basis. The Company's experience is that a number of these customers are purchasing additional licenses to allow more users to access the Company's technology in their operations. The Company has found that a large percentage of its clients who have acquired perpetual software licenses are subsequently purchasing maintenance licenses to ensure they have access to current technology.

The variability in sales of perpetual licenses may cause significant fluctuations in the Company's quarterly and annual financial results, and these results may not meet the expectations of investors. Accordingly, the Company's past results may not be a good indication of its future performance.
Our customers are both domestic and international oil and gas companies, and for the year ended March 31, 2025, one customer comprised 22% of the Company's total revenue (year ended March 31, 2024 – one customer 20%). As we grow our revenue and expand our market segments, we will continue to diversify its customer base and reduce our reliance on one customer.

Tariff Risk

New tariffs and evolving trade policy between the United States and other countries, including Canada, may have an adverse effect on our business and results of operations. There is currently significant uncertainty with respect to trade policies, treaties, government regulations and tariffs. Any imposition of tariffs, counter tariffs or surtaxes between nations could negatively impact the Company's operations and financial health, raise operational costs, and diminish our ability to offer competitive pricing. These factors could also lead to reduced client spending and lower market demand. As of the date of this document, the extent and duration of such tariffs is unclear and the potential impact of these tariffs on the Company's operations remains uncertain.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating and the market price for the Company's common shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant company resources. While the Company cannot predict the outcome of any litigation it is or may be involved in, it intends to assert all available defences and vigorously defend these proceedings. Defending litigation, whether or not meritorious, is time-consuming for management and detracts from the Company's ability to fully focus its internal resources on its business activities. In addition, legal fees and costs incurred in connection with such activities may be significant and the Company could, in the future, be subject to judgments or enter into settlements of claims for significant monetary damages. Further, the Company may be, or from time to time become, party to agreements that contain contractual indemnification provisions that may require the Company to indemnify the contractual counterparty(ies) with respect to the claims against them and their legal costs of defending the actions. A decision adverse to the Company's interests could result in the payment of substantial damages and could have a material adverse effect on our cash flow, results of operations and financial position, and the limits of available insurance may be insufficient to cover our eventual liability.

Environmental, Social, and Governance (ESG) Risks

There is an increased expectation by various stakeholders to address social, sustainability and environmental challenges, including but not limited to: (i) addressing climate change, (ii) upholding fundamental human rights and promoting a fair and inclusive work environment; and (iii) demonstrating exemplary governance in managing ESG risk. As a result, new ESG standards, regulations and trends have been rapidly evolving over the past few years. An inability to manage this risk can result in higher costs of capital, regulatory compliance and disclosures.

We are making efforts toward reducing our carbon footprint, promoting social initiatives and implementing strong governance policies. If our initiatives do not meet the expectations of various stakeholders or satisfy regularly evolving regulations, standards and trends, there could be a material adverse impact on our operations.
This could be in the form of lost revenues, loss of market share, negative publicity, damage to our reputation, regulatory penalties and/or fines, decreased attractiveness to investors and key personnel, as well as significant operating costs, each of which could have a material adverse effect on the Company's business, financial condition and results of operations.

Further, reducing climate change and the environmental impacts of industry have become the subject of increased focus by stakeholders and governments. Environmental concerns may result in environmental taxes, charges, regulatory schemes, assessments or penalties that affect our clients, particularly those in sectors which are otherwise sensitive to climate change legislation and regulation. Our clients could suffer increased costs and decreased demand for their products and services, which could lead them to reduce costs and the use of our services.

We continue to monitor ESG standards and implementation of ESG disclosure as required by the IASB.

To the extent required, we involves external experts in the discussion and evaluation of these risks to ensure the Company understands the nature and implications of any potential disclosure and planning initiatives undertaken to comply with disclosure standards.

Price Volatility of the Common Shares

The outstanding Common Shares are listed on the TSX , under the symbol "CMG". The market price of the Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond CMG's control. Companies operating in the oil and gas sector have also been experiencing extreme volatility in their trading prices. This volatility may affect the ability of holders of Common Shares to sell their securities at an advantageous price. Market price fluctuations in the Common Shares may be due to the Company's operating results failing to meet expectations of securities analysts or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market or industry conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its competitors, along with a variety of additional factors. These broad market fluctuations may adversely affect the trading price of the Common Shares.

Financial markets historically at times experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted, and the trading price of the Common Shares may be materially and adversely affected.

General Business Risk and Liability

Given the nature of the Company's business, it may from time to time be subject to claims or complaints from investors or others in the normal course of business. The legal risks facing the Company, its directors, officers, employees or agents in this respect include potential liability for violations of securities laws, breach of fiduciary duty and misuse of investors' funds. Some violations of securities laws and breach of fiduciary duty could result in civil liability, fines, sanctions, or the suspension or revocation of the Company's right to carry on its existing business. The Company may incur significant costs in connection with such potential liabilities.

Sufficiency of Insurance

The Company maintains various types of insurance which may include errors and omissions insurance; directors' and officers' insurance; property coverage; and, general commercial insurance. While we may have insurance to protect our assets, operations, and employees, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which we are exposed. There is no assurance that claims will not exceed the limits of available coverage; that any insurer will remain solvent or willing to continue providing insurance coverage with sufficient limits or at a reasonable cost; or, that any insurer will not dispute coverage of certain claims due to ambiguities in the policies.

There can also be no assurance that such insurance will be adequate to cover the Company's liabilities or that it will be available in the future or at all, and that it will be commercially justifiable. The Company may be subject to liability for risks against which it cannot insure or against which it may elect not to insure due to the high cost of insurance premiums or other factors. A judgment against any member of the Company in excess of available coverage could have a material adverse effect on the Company in terms of damages awarded and the impact on the reputation of the Company.
The payment of any such liabilities would reduce the funds available for its normal business activities. Payment of liabilities for which the Company does not carry insurance may have a material adverse effect on its business, financial condition and operations.

Significant Obligations as a Public Company

The Company is subject to evolving corporate governance and disclosure regulations that may from time to time increase CMG's risk of non-compliance, which could adversely impact the price of the Common Shares. The Company is also subject to various rules and regulations as implemented by a number of governmental and self-regulated bodies, including, but not limited to, the Canadian Securities Administration, the TSX and the International Accounting Standards Board. These rules and regulations continue to evolve in scope and complexity creating many new requirements.

Fraudulent or Illegal Activities by Employees, Contractors or Consultants Risk

The Company is exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to the Company that violates: (i) government regulations; (ii) intellectual property ownership; or (iii) laws that require the true, complete and accurate reporting of financial information or data. It is not always possible for the Company to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Company to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against CMG, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on our business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of the Company's operations, any of which could have a material adverse effect on the Company's business, financial condition and results of operations.

Evolving Laws and Regulation

The Company's website and operations collect some user information, including personal information. The website is not used for e-commerce transactions, and we neither receives nor retains financial information from its website users. Our products are not known to have any security vulnerabilities and are engineering decision-making tools and are not employed in a cyber security (mitigation or defensive) role, as part of its clients' IT infrastructure. The Company's software releases are scanned for software viruses and malware, confirming a lack thereof, prior to delivery to clients.

Companies that use, transmit or store data are increasingly becoming subject to legislation and regulations in numerous jurisdictions. Privacy and data protection laws are constantly evolving and there is a risk that these laws may be interpreted and applied in conflicting ways from country to country. Because the Company's products and services are sold worldwide, certain jurisdictions may claim that it is required to comply with such laws and may cause us to incur additional costs. The Company could also be affected if legislation or regulations are expanded to require changes in its products, services or business practices.

The Company's management and Board of Directors monitor these risks on a quarterly basis and discusses strategies to deal with these risks (along with all other identified risks of the Company) at its annual strategic planning session. Overall, we are not able to estimate, at this time, the degree to which climate change related regulatory, climatic conditions, and energy transition risks could impact the Company's financial and operating results.

For more information on the risk factors that could cause our actual results to differ from current expectations, see "Risk Factors" in the Annual Information Form filed May 21, 2026. All forward-looking information is provided as of the date of this MD&A. We do not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise, except as required by law.

COMMITMENTS, OFF BALANCE SHEET ITEMS AND TRANSACTIONS WITH RELATED PARTIES

Commitments and off-balance sheet items

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 March 31, 2026:

(thousands of $)	Undiscounted lease liability payments	Operating costs and short-term leases	Total commitments
Less than one year	4,284	1,706	5,990
Between one and five years	16,475	4,764	21,239
More than five years	25,175	6,492	31,667
	45,934	**12,962**	**58,896**

Related Parties Transactions

The Company enters into transactions with related parties in the normal course of business with its wholly owned subsidiaries which are eliminated upon consolidation. For more information on these transactions and Key Management Personnel Compensation, refer to note 24 of the 2026 audited consolidated financial statements.

OUTSTANDING SHARE DATA

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

As at May 21, 2026 (thousands)	
Common shares	77,994
Stock options	3,665
Restricted share units(1)	16
Performance share units(1)	157

(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 May 21, 2026, CMG Group could reserve up to 7,799,400 common shares for issuance under its security-based compensation plans.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. By their nature, these estimates are subject to estimation uncertainty. The effect on the Financial Statements of changes in such estimates in future periods could be material and would be accounted for in the period in which the estimates are revised and in any future periods affected.

Contracts with multiple products or services

Contracts with customers often include promises to deliver multiple products, such as licenses and maintenance, upgrades and support (collectively, "maintenance"). Determining whether such bundled products and services are considered i) distinct performance obligations that should be separately recognized or ii) non-distinct and therefore should be combined with another good or service and recognized as a combined unit of accounting may require significant judgment. The determination of the standalone selling prices ("SSP") for distinct performance obligations can also require judgment and estimates. SSP for a performance obligation in a contract with customers is an estimate of the price that would be charged for the specific product or service if it was sold separately in similar circumstances and to similar customers.

Since the Company does not sell term-based annuity licenses individually without maintenance and there is no comparable product in the market, there is no observable SSP for term-based software annuity licenses.

The Company allocates the value of bundled annuity agreements between software licenses and maintenance using either the residual approach or the adjusted market assessment approach. When the Company has an observable SSP for its maintenance performance obligation, the Company allocates the value of bundled annuity agreements between software licenses and maintenance using the residual approach, by subtracting the SSP of maintenance from the total annuity agreement fee.
When the Company does not have an observable SSP for its maintenance performance obligation, the Company determines the SSP by an adjusted market assessment approach using reasonably available information and maximizing observable inputs including historical pricing.

Professional services revenue

The Company applies estimates when calculating professional services revenue from certain consulting contracts as it relates to remaining labour hours required to complete the contract. Estimates are continually and routinely revised as new information becomes available. In assessing revenue recognition. For professional service contracts billed on a fixed price basis, revenue is recognized over time based on the proportion of services performed and completed.

Intangible Assets

Acquired intangible assets – The Company uses the income approach to value acquired technology, customer relationships and trade name/trademarks. The income approach is a valuation technique that calculates the estimated fair value of an intangible asset based on the estimated future cash flows that the asset can be expected to generate over its remaining useful life.

The Company utilizes the discounted cash flow methodology which is a form of the income approach that begins with a forecast of the annual cash flows that a market participant would expect the subject intangible asset to generate over a discrete projection period. The forecasted cash flows for each of the years in the discrete projection period are then converted to their present value equivalent using a rate of return appropriate for the risk of achieving the intangible assets' projected cash flows, again, from a market participant perspective. The present value of the forecasted cash flows is then added to the present value of the residual value of the intangible asset (if any) at the end of the discrete projection period to arrive at a conclusion with respect to the estimated fair value of the subject intangible assets. The significant assumptions used to develop the forecasted annual cash flows include forecasted revenue, earnings before interest, tax, depreciation and amortization (“EBITDA”), EBITDA margin, contributory asset charges, and discount rates.

The Company specifically uses the relief-from-royalty method to value trade name/trademarks, the multiple period excess earnings to value intellectual property, and the distributor method to value customer relationships.

Segment reporting

The Company has identified its operating segments based on information reviewed by the Chief Operating Decision Maker (CODM). Each segment is engaged in the development, sale, and delivery of similar but distinct technology products and services.

Management applies significant judgment in assessing whether the operating segments meet the aggregation criteria under IFRS 8.12. The segments were evaluated against similar economic characteristics. Management concluded that the segments share similar economic characteristics and are similar in respect of: the nature of their products and services, delivery processes, the type and class of customer served; and their methods of distribution, being primarily recurring subscription or licensing arrangements.

Goodwill and impairment testing

The Company account for business combinations using the acquisition method. The excess of the purchase price over the fair value of the identifiable net assets represents goodwill and is allocated to the cash generating units (“CGUs”) expected to benefit from the business combination.

Goodwill has an indefinite useful life and is not subject to amortization, however, the carrying value is subject to impairment testing annually, or more frequently if events or changes in circumstances indicate the carrying amount may be impaired. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing the value in use, the estimated cash flows are discounted to their present value using a post-tax risk adjusted discount rate that reflects current market assessments of the time value of money and risks specific to the asset for which the estimates of future cash flows have not been adjusted. An impairment loss is recognized if the carrying amount of a CGU exceeds its estimated recoverable amount. As a result, any impairment losses are a result of management's best estimates of expected cash flows at a specific point in time.
These estimates are subject to measurement uncertainty as they are dependent on factors outside of management's control. In addition, by their nature, impairment tests involve a significant degree of judgment as expectations concerning future cash flows and the selection of appropriate market inputs are subject to considerable risks and uncertainties.

Determination of Cash Generating Units ("CGUs")

A CGU is the lowest group of assets that generate identifiable cash inflows that are largely independent of the cash inflows of other assets or groups of assets. The allocation of assets into CGUs require judgment and interpretations with respect to the existence of active markets, integration between assets, and the way in which management monitors the operations.

Functional currency

The determination of the functional currency is a matter of determining the primary economic environment in which an entity operates and the nature of the relationship between the parent company and the subsidiary. The Company uses judgment in the ultimate determination of certain subsidiary's functional currency by assessing the operational factors of the subsidiary.

Stock-based compensation

We evaluate and calculate assumptions and estimates used in determining the inputs used in the Black-Scholes option pricing model, including assumptions regarding volatility, dividend yield, risk-free interest rates, forfeiture estimates and expected option lives.

Deferred taxes

Assumptions and estimates about the amount, utilization and timing of realization and/or settlement of temporary differences as well as the future tax rates that will apply to those differences. Changes in those assumptions and estimates may have a significant impact on the amounts recorded for deferred tax assets and liabilities and could result in amounts different from those initially recorded. Management closely monitors current and potential changes to tax law and bases its information on the best available information at each reporting date.

CHANGES IN MATERIAL ACCOUNTING POLICIES AND ESTIMATES

Adoption of Recent Accounting Pronouncements

There were no new IFRS accounting standards or amendments to existing IFRS accounting standards effective for periods beginning on or after January 1, 2025 that had any material impact on the Company and adopted by CMG.

Future Accounting Pronouncements

IFRS 18 Presentation and Disclosure in Financial Statements

The IASB issued new IFRS 18 - Presentation and Disclosure in Financial Statements ("IFRS 18") replacing IAS 1. The new guidance is expected to improve the usefulness of information presented and disclosed in the financial statements of companies. IFRS 18 introduces the following key changes:

- Structure of the statement of income (loss): IFRS 18 introduces a defined structure for the statement of income (loss) composed of operating, investing, and financing categories with defined subtotals, such as operating earnings (loss), earnings (loss) before financing and income taxes and net earnings (loss) for the year.

- Required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- Enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted. CMG is currently assessing the impact of this new IFRS accounting standard on its consolidated financial statements.

Amendments to IFRS 9 - Financial Instruments and IFRS 7 - Financial Instruments: Disclosures

In May 2024, the IASB issued narrow-scope amendments to the recognition, derecognition and classification requirements in IFRS 9 - Financial Instruments ("IFRS 9") and introduced additional disclosure requirements in IFRS 7 - Financial Instruments: Disclosure ("IFRS 7"). The amendments include:

- Clarification on the timing of recognition and derecognition of financial assets and liabilities, with a new optional exception introduced for earlier derecognition of financial liabilities settled through electronic payment systems.
- Introduction of additional disclosures for certain financial instruments with contractual terms that could change the timing or amount of contractual cash flows due to contingent events that are not directly related to changes in basic lending risks and costs.
- Additional guidance for assessing whether the contractual cash flows of financial assets represent solely payments of principal and interest and updated disclosures for equity instruments designated at fair value through other comprehensive income.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026. Management is evaluating the impact of the amendments on its consolidated financial statements.

We have not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR") as defined under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109").

At March 31, 2026, the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") concluded that the design and operation of the Company's DC&P were effective (in accordance with the COSO control framework (2013)) and that material information relating to the Company, including its subsidiaries, was made known to them and was recorded, processed, summarized and reported within the time periods specified under applicable securities legislation. Further, the CEO and the CFO concluded that the design and operation of the Company's ICFR were effective at March 31, 2026 in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. It should be noted that while the Company's CEO and CFO believe that the Company's disclosure controls and procedures and internal controls over financial reporting provide a reasonable level of assurance that they are effective, they do not expect that such controls and procedures will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

During the year ended March 31, 2026, 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 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. In addition, on March 24, 2026, CMG Group completed the acquisition of 100% of the outstanding partnership units of Rose & Associates LLP ("Rose"), a Houston-based provider of probabilistic subsurface risk analysis and resource assessment software, training, consulting, and operator consortium services. Rose's operations have been included in the consolidated financial statements of CMG Group from the date of acquisition.

However, we have not had sufficient time to appropriately determine and assess the extent of DC&P and ICFR previously used by SeisWare and Rose 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 SeisWare and Rose (as permitted by applicable securities laws in Canada).

Amounts in respect of SeisWare and Rose included in CMG Group's consolidated statement of financial position and statement of operations and comprehensive income as at March 31, 2026, are as follows:

(thousands)	
Current Assets	6,606
Total Assets	30,824
Current Liabilities	4,411
Total Liabilities	7,276
Total Revenues	3,277
Net Income (Loss)	(244)

Management's Statement of Responsibility

Management is responsible for the accompanying consolidated financial statements and all other information contained in this Annual Report. The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards consistently applied, using management's best estimates and judgments, where appropriate. Financial information included elsewhere in this report is consistent with the consolidated financial statements.

Management has also prepared the Management's Discussion and Analysis (MD&A). The MD&A is based on the Company's financial results prepared in accordance with IFRS. The MD&A compares the audited financial results for the years ended March 31, 2026 and March 31, 2025.

Management maintains appropriate systems of internal control. Policies and procedures are designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

KPMG LLP, Chartered Professional Accountants, appointed by the shareholders, have audited the consolidated financial statements in accordance with Canadian generally accepted auditing standards.

The Board of Directors, through its Audit Committee, is responsible for ensuring that management fulfills its financial reporting responsibilities. The Audit Committee reviews the financial content of the Financial Report and meets regularly with management and KPMG LLP to discuss internal controls, accounting and auditing and financial matters. The Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements.

Vipin Khullar, CPA, CA,
Chief Financial Officer
Calgary, Canada
May 21, 2026

Pramod Jain
Chief Executive Officer

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Computer Modelling Group Ltd.

Opinion

We have audited the consolidated financial statements of Computer Modelling Group Ltd. (the Entity), which comprise:

- the consolidated statements of financial position as at March 31, 2026 and March 31, 2025
- the consolidated statements of operations and comprehensive income for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2026 and March 31, 2025, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended March 31, 2026. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Evaluation of the acquisition-date fair value of technology intangible assets acquired through a business combination.

Description of the matter

We draw attention to Note 2(d), Note 3(b) and Notes 4(a) and 4(b) of the financial statements. The Entity acquired 100% of the outstanding shares of SeisWare International Inc. ("SeisWare") for total purchase consideration of $8.9 million. As a result of the SeisWare transaction, the Entity acquired technology intangible assets with an acquisition-date fair value of $5.0 million. The Entity also acquired 100% of the outstanding shares of Rose & Associates LLP ("Rose") for total purchase consideration of $14.8 million. As a result of the Rose transaction, the Entity acquired technology intangible assets with an acquisition-date fair value of $7.4 million. The Entity used the income approach to value the acquired technology intangible assets. The income approach is a valuation technique that calculates the estimated fair value of an intangible asset based on the estimated future cash flows that the asset can be expected to generate over its remaining useful life. The Entity's significant assumptions in calculating the estimated future cash flows used to determine the acquisition-date fair value of the technology intangible assets include forecasted revenue, earnings before interest, tax, depreciation and amortization (EBITDA), revenue growth rate, and discount rates.

Why the matter is a key audit matter

We identified the evaluation of the acquisition-date fair value of technology intangible assets acquired through business combinations as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of the business combinations to the Entity and the high degree of estimation uncertainty in determining the fair value of technology intangible assets acquired.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

We compared the Entity's estimated future cash flows to SeisWare's and Rose's and the Entity's historical actual results. We took into account the changes in conditions and events affecting the cash flows to assess the adjustments, or lack of adjustments, made by the Entity in arriving at the estimated future cash flows. We involved our valuation professionals with specialized skills and knowledge, who assisted in:

- Evaluating the appropriateness of the valuation approach and valuation method used by the Entity to calculate the fair value of the technology intangible assets based on the knowledge of the valuation professional.
- Evaluating the appropriateness of the discount rates used, by comparing them against an independent discount rate range developed by our valuation professionals.

Determination of the standalone selling price of revenue performance obligations for annuity agreements containing a software license

Description of the matter

We draw attention to Note 2(d), Note 3(a) and Note 13 to the financial statements. The Entity has recognized revenue of $126.2 million, a portion of which is allocated to software licenses.

The Entity enters into contracts with customers that often include promises to deliver multiple products, such as maintenance, upgrades and support (collectively, “maintenance”) and software licenses. Determining whether such bundled products and services are considered i) distinct performance obligations that should be separately recognized or ii) non-distinct and therefore should be combined with another good or service and recognized as a combined unit of accounting may require significant judgment. The determination of the standalone selling prices (SSP) for distinct performance obligations can also require judgment and estimates. SSP for a performance obligation in a contract with customers is an estimate of the price that would be charged for the specific product or service if it was sold separately in similar circumstances and to similar customers.

Annuity agreements include a term-based software license bundled with maintenance. Since the Entity does not sell term-based annuity licenses individually without maintenance and there is no comparable product in the market, there is no observable SSP for term-based software annuity licenses. The Entity allocates the value of bundled annuity agreements between software licenses and maintenance using either the residual approach or the adjusted market assessment approach. When the Entity has an observable SSP for its maintenance performance obligation, the Entity allocates the value of bundled annuity agreements between software licenses and maintenance using the residual approach, by subtracting the SSP of maintenance from the total annuity agreement fee. When the Entity does not have an observable SSP for its maintenance performance obligation, the Entity determines the SSP by an adjusted market assessment approach using reasonably available information and maximizing observable inputs including historical pricing.

Based on these allocations, the SSP of both the maintenance and the standalone annuity license each represents 50% of the total annuity agreement fee.

Why the matter is a key audit matter

We identified the determination of the SSP of revenue performance obligations for annuity agreements containing a software license as a key audit matter. Significant auditor judgment was required to evaluate the determination of SSP, specifically, the allocation between maintenance and the standalone annuity license.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

We evaluated the determined allocation of SSP by comparing current pricing in a selection of customer contracts containing a software license to historical analyses of contract pricing completed by the Entity and pricing observed in the industry.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis
- the information other than the financial statements and the auditor's report thereon, included in a document entitled "2026 Financial Report".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis and the information, other than the financial statements and the auditor's report thereon, included in a document entitled "2026 Financial Report" as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charges with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

Chartered Professional Accountants

The engagement partner on the audit resulting in this auditor's report is Neil Badyk.

Calgary, Canada
May 21, 2026

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Consolidated Statements of Financial Position

(thousands of Canadian $)	**March 31, 2026**	March 31, 2025
Assets		
Current assets:		
Cash	**24,100**	43,884
Restricted cash	**146**	362
Short-term investment	**3,700**	—
Trade and other receivables (note 20a)	**29,159**	41,457
Prepaid expenses	**3,659**	2,572
Prepaid income taxes (note 17)	**3,671**	1,641
	64,435	89,916
Other long-term asset	**1,324**	—
Intangible assets (note 6)	**68,876**	59,955
Right-of-use assets (note 7)	**26,252**	28,443
Property and equipment (note 8)	**11,175**	10,157
Goodwill (note 4 and note 9)	**25,032**	15,814
Deferred tax asset (note 17)	**212**	471
Total assets	**197,306**	204,756
Liabilities and shareholders' equity		
Current liabilities:		
Trade payables and accrued liabilities (note 10)	**16,749**	18,452
Income taxes payable (note 17)	**2,280**	2,667
Acquisition holdback payable (note 4)	**3,008**	188
Acquisition earnout payable (note 4 and note 20)	**—**	3,864
Deferred revenue (note 11)	**39,294**	40,276
Lease liabilities (note 12)	**2,549**	2,278
Government loan (note 20)	**320**	310
	64,200	68,035
Lease liabilities (note 12)	**32,656**	34,668
Revolving credit facility (note 22)	**6,628**	—
Government loan (note 20)	**1,119**	1,319
Other long-term liabilities	**838**	1,725
Deferred tax liabilities (note 17)	**13,534**	13,102
Total liabilities	**118,975**	118,849
Shareholders' equity:		
Share capital (note 18)	**91,453**	94,849
Contributed surplus	**15,922**	15,460
Cumulative translation adjustment	**5,386**	4,326
Deficit	**(34,430)**	(28,728)
Total shareholders' equity	**78,331**	85,907
Total liabilities and shareholders' equity	**197,306**	204,756

Subsequent event (note 25)

See accompanying notes to consolidated financial statements.

Approved by the Board

Andrew Pastor
Director

Peter H. Kinash
Director

CMG

Consolidated Statements of Operations and Comprehensive Income

Year ended March 31, (thousands of Canadian $ except per share amounts)	**2026**	2025
Revenue (note 13)	**126,189**	129,446
Cost of revenue	**23,031**	24,940
Gross profit	**103,158**	104,506
Operating expenses		
Sales and marketing	**19,426**	18,617
Research and development (note 14)	**32,459**	30,142
General and administrative	**24,228**	21,599
	76,113	70,358
Operating profit	**27,045**	34,148
Finance income (note 16)	**962**	2,968
Finance costs (note 16)	**(3,999)**	(2,080)
Change in fair value of contingent consideration (note 20)	**126**	(2,151)
Profit before income and other taxes	**24,134**	32,885
Income and other taxes (note 17)	**6,718**	10,448
Net income	**17,416**	22,437
Other comprehensive income:		
Foreign currency translation adjustment	**1,060**	4,693
Other comprehensive income	**1,060**	4,693
Total comprehensive income	**18,476**	27,130
Net income per share – basic & diluted (note 18(e))	**0.21**	0.27
Dividend per share	**0.08**	0.20

See accompanying notes to consolidated financial statements.

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Consolidated Statements of Changes in Equity

(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	—	—	—	22,437	22,437
Foreign currency translation adjustment	—	—	4,693	—	4,693
Dividends paid	—	—	—	(16,376)	(16,376)
Shares issued on exercise of stock options (note 18(b))	6,719	(1,122)	—	—	5,597
Shares issued on redemption of restricted share units (note 18(b))	580	—	—	—	580
Shares issued on redemption of performance share units (note 18(b))	246	—	—	—	246
Stock-based compensation:					
Current period expense (note 18(c))	—	915	—	—	915
Balance, March 31, 2025	94,849	15,460	4,326	(28,728)	85,907
Balance, April 1, 2025	**94,849**	**15,460**	**4,326**	**(28,728)**	**85,907**
Net income	**—**	**—**	**—**	**17,416**	**17,416**
Foreign currency translation adjustment	**—**	**—**	**1,060**	**—**	**1,060**
Dividends paid	**—**	**—**	**—**	**(6,569)**	**(6,569)**
Shares issued on exercise of stock options (note 18(b))	**1,004**	**(174)**	**—**	**—**	**830**
Shares issued on redemption of restricted share units (note 18(b))	**172**				**172**
Shares repurchased through normal course issuer bid (note 18(d))	**(4,572)**	**—**	**—**	**(16,549)**	**(21,121)**
Stock-based compensation:					
Current period expense (note 18(c))		**636**			**636**
Balance, March 31, 2026	**91,453**	**15,922**	**5,386**	**(34,430)**	**78,331**

See accompanying notes to consolidated financial statements.

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Consolidated Statements of Cash Flows

Year ended March 31, (thousands of Canadian $)	**2026**	2025
Operating activities		
Net income	**17,416**	22,437
Adjustments for:		
Depreciation and amortization of property, equipment, right-of-use assets (notes 7 & 8)	**4,473**	4,756
Amortization of intangible assets (note 6)	**5,776**	3,709
Deferred income tax expense (recovery) (note 17)	**(1,048)**	(776)
Stock-based compensation	**(891)**	(1,297)
Foreign exchange and other non-cash items	**281**	800
Change in fair value of contingent consideration	**(126)**	2,151
Funds flow from operations	**25,881**	31,780
Movement in non-cash working capital:		
Trade and other receivables	**15,913**	(527)
Trade payables and accrued liabilities	**(2,924)**	(818)
Prepaid expenses and other assets	**(801)**	(169)
Income taxes receivable (payable)	**(2,789)**	2,421
Deferred revenue	**(4,011)**	(2,770)
Change in non-cash working capital	**5,388**	(1,863)
Net cash provided by operating activities	**31,269**	29,917
Financing activities		
Repayment of government loan	**(240)**	(141)
Proceeds from issuance of common shares	**830**	5,597
Repurchase of shares	**(20,508)**	—
Repayment of lease liabilities (note 12)	**(2,342)**	(2,750)
Proceeds from credit facility	**10,077**	—
Repayment of credit facility	**(3,500)**	
Dividends paid	**(6,569)**	(16,376)
Credit facility issuance cost	**(1,325)**	—
Net cash used in financing activities	**(23,577)**	(13,670)
Investing activities		
Corporate acquisitions, net of cash acquired (note 4)	**(17,266)**	(27,292)
Purchase of short-term investment	**(3,700)**	—
Repayment of acquisition holdback payable	**—**	(9,247)
Settlement of contingent consideration	**(3,582)**	—
Property and equipment additions, net of disposals (note 8)	**(2,560)**	(1,422)
Net cash used in investing activities	**(27,108)**	(37,961)
(Decrease) in cash	**(19,416)**	(21,714)
Effect of foreign exchange on cash	**(368)**	2,515
Cash, beginning of year	**43,884**	63,083
Cash, end of year	**24,100**	43,884
Supplementary cash flow information		
Interest received (note 16)	**962**	2,605
Interest paid (note 16)	**1,887**	1,891
Income taxes paid	**10,503**	11,370

See accompanying notes to consolidated financial statements.

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Notes to Consolidated Financial Statements

For the year ended March 31, 2026 and 2025.

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 year ended March 31, 2026, 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 , CMG Germany GmbH, Sharp Reflections GmbH, Sharp Reflections Inc., Sharp Reflections AS, Sharp Reflections Ltd., (together referred to as “SR” or “Sharp”), SeisWare International Inc. and SeisWare Inc. (together referred to as “SWII” or “SeisWare”), and CMG RA Holdings 1, LLC, CMG RA Holdings 2, LLC, Rose & Associates LLP, Rose & Associates Canada Ltd and Lognormal Solutions, LLC (together referred to as “Rose”). The Company is a global software and consulting technology company engaged in 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.

These audited consolidated financial statements as at and for the year ended March 31, 2026 were authorized for issuance by the Board of Directors on May 21, 2026.

2. Basis of Preparation:

(a) Statement of Presentation:

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

(b) Basis of Measurement:

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

(c) Functional and Presentation Currency:

The consolidated financial statements are presented in Canadian dollars, which is CMG Group's ’s presentation currency. The functional currency of CMG Holdings (USA) Inc., Bluware-Headwave Ventures Inc., Bluware Inc., Sharp Reflections Inc, SeisWare Inc, CMG RA Holdings (1&2) LLC, Lognormal Solutions LLC, Rose & Associates Canada Ltd. Rose & Associates LLP has been determined to be United States dollar. The functional currency of Bluware AS and Sharp Reflections AS has been determined to be Norwegian Krone. The functional currency of Sharp Reflections Ltd. has been determined to be Great British Pound. The functional currency of Sharp Reflections GmbH and CMG Germany GmbH has been determined to be Euro. All other entities have a functional currency of Canadian dollars. All financial information presented in Canadian dollars has been rounded to the nearest thousand.

(d) Use of Estimates, Judgments and Assumptions:

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets, liabilities, revenues and expenses at the date of the financial statements and the reported amounts of revenue, costs and expenses. Estimates and underlying assumptions are based on historical experience and other assumptions that are considered reasonable in the circumstances and are reviewed on an ongoing basis.

Actual results may differ from such estimates and it is possible that the differences could be material. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant estimates and judgments made by management in the preparation of these consolidated financial statements are as follows:

i Contracts with multiple products or services

Contracts with customers often include promises to deliver multiple products, such as licenses and maintenance, upgrades and support (collectively, “maintenance”). Determining whether such bundled products and services are considered i) distinct performance obligations that should be separately recognized or ii) non-distinct and therefore should be combined with another good or service and recognized as a combined unit of accounting may require significant judgment. The determination of the standalone selling prices (“SSP”) for distinct performance obligations can also require judgment and estimates. SSP for a performance obligation in a contract with customers is an estimate of the price that would be charged for the specific product or service if it was sold separately in similar circumstances and to similar customers. Since the Company does not sell term-based annuity licenses individually without maintenance and there is no comparable product in the market, there is no observable SSP for term-based software annuity licenses.

The Company allocates the value of bundled annuity agreements between software licenses and maintenance using either the residual approach or the adjusted market assessment approach. When the Company has an observable SSP for its maintenance performance obligation, the Company allocates the value of bundled annuity agreements between software licenses and maintenance using the residual approach, by subtracting the SSP of maintenance from the total annuity agreement fee. When the Company does not have an observable SSP for its maintenance performance obligation, the Company determines the SSP by an adjusted market assessment approach using reasonably available information and maximizing observable inputs including historical pricing.

ii Professional services revenue

The Company applies estimates when calculating professional services revenue from certain consulting contracts as it relates to remaining labour hours required to complete the contract. Estimates are continually and routinely revised as new information becomes available. In assessing revenue recognition. For professional service contracts billed on a fixed price basis, revenue is recognized over time based on the proportion of services performed and completed.

iii Intangible Assets

Acquired intangible assets – The Company uses the income approach to value acquired technology, customer relationships and trade name/trademarks on acquisition. The income approach is a valuation technique that calculates the estimated fair value of an intangible asset based on the estimated future cash flows that the asset can be expected to generate over its remaining useful life.

The Company utilizes the discounted cash flow methodology which is a form of the income approach that begins with a forecast of the annual cash flows that a market participant would expect the subject intangible asset to generate over a discrete projection period. The forecasted cash flows for each of the years in the discrete projection period are then converted to their present value equivalent using a rate of return appropriate for the risk of achieving the intangible assets' projected cash flows, again, from a market participant perspective. The present value of the forecasted cash flows is then added to the present value of the residual value of the intangible asset (if any) at the end of the discrete projection period to arrive at a conclusion with respect to the estimated fair value of the subject intangible assets. The significant assumptions used to develop the forecasted annual cash flows include forecasted revenue, earnings before interest, tax, depreciation and amortization (“EBITDA”), Revenue growth rate, and discount rates.

The Company specifically uses the relief-from-royalty method to value trade name/trademarks, the multiple period excess earnings to value intellectual property, and the distributor method/multiple period excess earnings to value customer relationships.

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iv Segment reporting

The Company has identified its operating segments based on information reviewed by the Chief Operating Decision Maker (CODM). Each segment is engaged in the development, sale, and delivery of similar but distinct technology products and services.

Management applies significant judgment in assessing whether the operating segments meet the aggregation criteria under IFRS 8.12. The segments were evaluated against similar economic characteristics. Management concluded that the segments share similar economic characteristics and are similar in respect of: the nature of their products and services, delivery processes, the type and class of customer served; and their methods of distribution, being primarily recurring subscription or licensing arrangements.

v Goodwill and Impairment Testing

The Company accounts for business combinations using the acquisition method. The excess of the purchase price over the fair value of the identifiable net assets represents goodwill and is allocated to the CGUs expected to benefit from the business combination. Goodwill has an indefinite useful life and is not subject to amortization, however, the carrying value is subject to impairment testing annually, or more frequently if events or changes in circumstances indicate the carrying amount may be impaired. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing the value in use, the estimated cash flows are discounted to their present value using a post-tax risk adjusted discount rate that reflects current market assessments of the time value of money and risks specific to the asset for which the estimates of future cash flows have not been adjusted. An impairment loss is recognized if the carrying amount of a CGU exceeds its estimated recoverable amount. As a result, any impairment losses are a result of management's best estimates of expected cash flows at a specific point in time. These estimates are subject to measurement uncertainty as they are dependent on factors outside of management's control. In addition, by their nature, impairment tests involve a significant degree of judgment as expectations concerning future cash flows and the selection of appropriate market inputs are subject to considerable risks and uncertainties.

vi Determination of Cash Generating Units ("CGUs")

A CGU is the lowest group of assets that generate identifiable cash inflows that are largely independent of the cash inflows of other assets or groups of assets. The allocation of assets into CGUs require judgment and interpretations with respect to the existence of active markets, integration between assets, and the way in which management monitors the operations.

vii Functional Currency

The determination of the functional currency is a matter of determining the primary economic environment in which an entity operates and the nature of the relationship between the parent company and the subsidiary. The Company uses judgment in the ultimate determination of certain subsidiary's functional currency by assessing the operational factors of the subsidiary.

viii Stock-based compensation

Assumptions and estimates are used in determining the inputs used in the Black-Scholes option pricing model, including assumptions regarding volatility, dividend yield, risk-free interest rates, forfeiture estimates and expected option lives (note 18 (c)).

ix Deferred taxes

Assumptions and estimates about the amount, utilization and timing of realization and/or settlement of temporary differences as well as the future tax rates that will apply to those differences. Changes in those assumptions and estimates may have a significant impact on the amounts recorded for deferred tax assets and liabilities and could result in amounts different from those initially recorded. Management closely monitors current and potential changes to tax law and bases its information on the best available information at each reporting date.

3. Summary of Material Accounting Policies

(a) Revenue Recognition:

Revenue is recognized upon transfer of control of products or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for the products or services. The nature of the products and services from which the Company derives its revenue is described below.

Type of products /service	Nature, timing of satisfaction of performance obligations, significant contract terms
Annuity license revenue Annuity license fee revenue Annuity maintenance revenue	Software annuity revenue contracts include a bundle of software licenses and maintenance which are separate performance obligations with differing revenue recognition patterns. We allocate the transaction price based on the SSP of the distinct performance obligations. Within some businesses, for contracts with specified terms, management's practice is to honour customers' mid-contract requests to reduce product quantities or license term duration without a penalty and refund or credit where the contract cannot be terminated by the customer for convenience and where the license is a distinct performance obligation. For those contracts, software annuity license revenue is recognized rateably over the term of the contract, and recognized as annuity license revenue. For contracts or businesses where management does not have the practice to refund or credit a pro-rata share of the arrangement fee, a portion of the revenue is recognized at a point in time, upon delivery of the license, as annuity license fee revenue. Revenue from the maintenance component of the contract is recognized on a straight-line basis over the term of the contract, as the maintenance performance obligation is satisfied over time. Based on the SSP calculation, (Note 2(d)(i)), maintenance represents 50% of the total annuity agreement fee, leaving 50% to be allocated to the standalone software annuity license.
Maintenance license revenue	CMG Group has maintenance agreements which include customer support and unspecified software upgrades, typically of one year or less. Maintenance licenses are purchased by customers who already own a perpetual license and want the additional benefit of customer support and software upgrades. Maintenance license revenue is recognized on a straight-line basis over the term of the contract, as the Company satisfies its maintenance performance obligation over time.
Perpetual license revenue	A perpetual license grants the customer the right to use the then-current version of the software in perpetuity. Perpetual license revenue is recognized at a point in time, upon delivery of the licensed product.
Professional services revenue	Revenue from professional services consists of consulting, training and contract research activities. Revenue arrangements can be based on hourly rates or be fixed fee. Professional services revenue for hourly rate contracts is recognized over time, based on hours incurred. Revenue for fixed-fee contracts is recognized over time using the percentage-of-completion method. The percentage of completion is either determined based on the proportion of labour costs incurred to date relative to the total estimated labour costs for the contract or determined based on the percentage of completion of the contracted deliverable. These estimates are reviewed regularly and adjusted as necessary to reflect changes in project scope, timelines or other relevant factors.

Costs to obtain a contract

The Company applies the practical expedient available under IFRS 15 and does not capitalize incremental costs of obtaining contracts if the amortization period is one year or less.

(b) Business Combinations:

Business combinations are accounted for using the acquisition method of accounting when the assets acquired and liabilities assumed meet the definition of a business in accordance with IFRS. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. The determination of the fair value assigned to the assets acquired and liabilities assumed requires management to make assumptions and estimates. These assumptions or estimates are inherently uncertain and subject to refinement and could impact the amounts assigned to assets, liabilities and goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments would be recorded to our consolidated statements of income. Any goodwill that arises is tested annually for impairment more frequently if events or changes in circumstances indicate the carrying amount may be impaired. Any gain on a bargain purchase is recognized in our consolidated statements of operations and comprehensive income.

The fair values of customer relationships, intellectual property intangible assets acquired in a business combination are determined using an income approach. This method is based on the discounted cash flows expected to be derived from ownership of the assets. The present value of the cash flows represents the value of the intangible assets.

The fair values of lease liabilities acquired in a business combination where CMG is a lessee are determined at the present value of the remaining lease payments as if the acquired lease were a new lease at the acquisition date. CMG measures the right-of-use asset for such leases at the same amount as the lease liability, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

The fair values of property, plant and equipment recognized as a result of a business combination are based on cost approach. Under the cost approach, the current replacement cost or reproduction cost for each major asset is calculated.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration meets the definition of a financial instrument and is classified as equity, then it is not remeasured, and settlement amount is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value are recognized in our consolidated statements of operations and comprehensive income.

Acquisition-related costs are included within general and administrative expenses and are accounted for and disclosed if they meet the definition of acquisition-related costs in accordance with IFRS.

(c) Foreign currency translation

Transactions in foreign currencies are translated to the respective functional currencies at the exchange rates applicable on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the appropriate functional currency at the exchange rate at the reporting date. Foreign exchange gains and losses are recorded in the consolidated statements of income (loss). Non-monetary assets and liabilities denominated in foreign currencies are measured at cost using the exchange rates on the dates of initial recognition.

On consolidation, the financial statements of foreign operations are translated into Canadian dollars. The assets and liabilities of foreign operations are translated into Canadian dollars at the exchange rate prevailing at the reporting date. Income and expenses of foreign operations are translated into Canadian dollars at the exchange rates that approximate those on the dates of the transactions. Foreign exchange differences arising on translation for consolidation are recognized in other comprehensive income (loss).

(d) Segment reporting:

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 Senior Leadership Team to make operational decisions and assess their performance.

The Company has aggregated its operating segments into a single reportable segment, consistent with the objective and basic principles of IFRS 8.

In aggregating these operating segments, there was significant judgment applied with respect to economic similarities, including trends in sales growth and operating cash flows whereby all operating segments are expected to experience similar trends in the long-term.

(e) Property and Equipment:

Property and equipment is recorded at historical cost net of accumulated depreciation and accumulated impairment losses, if any. Property and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

	Useful life
Computer equipment	3 years
Furniture and equipment	5 years
Leasehold improvements	Over the lease term

(f) Intangible Assets:

Intangibles acquired as part of a business combination are recognized at fair value at the acquisition date and carried at cost less accumulated amortization and impairment (if any), subsequent to acquisition. Intangible assets with a finite life are amortized on a straight-line basis over their expected period of benefit as follows:

	Useful life
Customer relationships	10 to 15 years
Intellectual property	5 to 15 years
Tradename/trademarks	10 years

(g) Income Taxes:

Income tax is comprised of current and deferred tax.

Current tax is the expected tax payable or receivable based on taxable profit for the period calculated using tax rates that have been enacted or substantively enacted at the reporting date and includes any adjustments to tax payable in respect of previous years. Prepaid income taxes and current income taxes payable are offset only when a legally enforceable right of offset exists and the prepaid income tax and tax payable arise in the same tax jurisdiction and relate to the same taxable entity.

Deferred tax is recognized on the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply in the years in which temporary differences are expected to be recovered or settled. Deferred tax assets and liabilities are offset only when a legally enforceable right of offset exists and the deferred tax assets and liabilities arise in the same tax jurisdiction and relate to the same taxable entity. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(h) Earnings Per Share:

Basic earnings per share is computed by dividing the net income by the weighted average number of common shares outstanding for the period. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. In calculating the dilutive effect of stock options, it is assumed that proceeds received from the exercise of in-the-money stock options are used to purchase common shares at the average market price during the period.

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(i) Repurchase of ordinary shares:

When the Company repurchases its own common shares, the consideration paid, including any directly attributable transaction costs, is recognized as a deduction from equity. Upon cancellation of repurchased shares, the carrying amount of the shares is eliminated against share capital to the extent of the average cost of the shares. Any excess of the repurchase cost over the average carrying amount of the shares cancelled is charged to retained earnings (deficit).

(j) Stock-Based Compensation:

The Company has a stock option plan, a share appreciation rights plan, a performance share unit, a restricted share unit plan, and a deferred share unit plan, as described in note 18(c).

Stock option plan

Stock options give the holder the right to purchase common shares and are accounted for as an equity-settled plan. The fair value of stock options is determined using the Black-Scholes valuation model as of the grant date and is expensed over the vesting period, with a corresponding increase in contributed surplus. At the end of each reporting period, the Company revises its estimate of the number of options that are expected to vest and recognizes the impact of any revision in the statement of operations and comprehensive income.

Included within the stock option plan, the Company has also issued performance-based stock options that vest and become exercisable when certain share price targets are achieved. As the performance condition is a market condition, the expense is recognized over the expected period needed to achieve the market condition and the estimate related to this expected period is not subsequently revised. Fair value measurement inputs include the target share price, the exercise price of the instrument, expected volatility (based on an evaluation of the Company's historic volatility, particularly over the historic period commensurate with the expected term), expected term of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on government bonds).

Share appreciation rights plan

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. These awards are remeasured at fair value at each reporting period. Fifty percent of SARs vest on the first-year anniversary from the grant date and then 25% vest on each of the second and third year anniversary dates and expire after five-years. The expense is recognized over the vesting period, with a corresponding adjustment to liabilities, based on the Company's estimate of the number of awards that will eventually vest. When awards are exercised for cash, the cash settlement paid reduces the outstanding liability.

Fair value measurement inputs include the share price on the measurement date, the exercise price of the instrument, expected volatility (based on an evaluation of the Company's historic volatility, particularly over the historic period commensurate with the expected term), expected term of the instruments (based on historical experience and general option holder behaviour), forfeiture rate (based on the Company's historical forfeiture rate), expected dividends, and the risk-free interest rate (based on government bonds).

Performance share unit plan

Performance share unit ("PSUs") settle in cash or have the option to settle in cash or shares are accounted for as cash- settled plans. These awards are remeasured at fair value each reporting period. PSUs cliff-vest at the end of three years, with the vesting multiplier ranging from 0.0 to 2.0 contingent upon achieving certain Company performance criteria. The expense is recognized over the vesting period, with a corresponding adjustment to liabilities, based on the Company's estimate of the number of awards that will eventually vest. When awards are exercised for cash, the cash settlement paid reduces the outstanding liability. When awards are exercised for common shares, the previously recognized liability is recorded to share capital.

Fair value measurement inputs include, estimated performance multiplier (based on forecasted and historical information), share price on measurement date, and expected term of the instruments/forfeiture rate (based on historical experience and general option holder behaviour).

Restricted share unit plan and deferred share unit plan

Restricted share unit ("RSUs") and deferred share unit ("DSU") awards that settle in cash or have the option to settle in cash or shares are accounted for as cash-settled plans. These awards are remeasured at fair value each reporting period. The expense is recognized over the vesting period, with a corresponding adjustment to liabilities, based on the Company's estimate of the number of awards that will eventually vest. When awards are surrendered for cash, the cash settlement paid reduces the outstanding liability. When awards are exercised for common shares, the previously recognized liability is recorded to share capital.

Fair value measurement inputs include the share price on the measurement date and expected term of the instruments/ forfeiture rate (based on historical experience and general option holder behaviour). Service and non-market performance conditions attached to the units are not taken into account in determining fair value.

(k) Financial Instruments:

Financial assets and financial liabilities, including derivatives, are recognized in the consolidated statement of financial position when CMG becomes a party to the contractual provisions of a financial instrument or a non-financial derivative contract. All financial assets and financial liabilities are initially measured at fair value, net of transaction costs, except for financial instruments classified as fair value through profit or loss ("FVTPL"), where transaction costs are recognized immediately in profit or loss.

Financial assets and liabilities are classified and measured based on CMG's business model for managing its assets and the contractual terms of the cash flows. Financial assets that meet the following conditions are subsequently measured at amortized cost: (i) assets held for the collection of contractual cash flows; and (ii) contractual cash flows that consist solely of principal and interest payments on the principal amount outstanding. All other financial assets are subsequently measured at FVTPL. Financial liabilities are classified as FVTPL when held for trading. All other financial liabilities are subsequently measured at amortized cost. CMG classifies its financial instruments according to IFRS 9 - Financial Instruments ("IFRS 9") into one of the following categories:

	Classification	Measurement
Cash and restricted cash	Amortized cost	Amortized cost
Short-term investment	Amortized cost	Amortized cost
Trade and other receivables	Amortized cost	Amortized cost
Trade payables and accrued liabilities (excluding stock-based compensation payable)	Amortized cost	Amortized cost
Revolving credit facility	Amortized cost	Amortized cost
Acquisition holdback payable	Amortized cost	Amortized cost
Acquisition earnout	FVTPL	FVTPL
Government loan	Amortized cost	Amortized cost
Other long-term liabilities	Amortized cost	Amortized cost

The Company's financial assets and liabilities are initially recognized at fair value plus any directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest rate method less impairment (for financial assets). Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate method.

(l) Impairment of non-financial assets:

At the end of each reporting period, management assesses the carrying amounts of its non-financial assets for both external and internal indications of impairment. Indications of impairment include, but are not limited to, a recurring lack of profitability and significant changes in technology. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognized immediately within the statement of operations and comprehensive income. Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years.

(m) Leases:

The Company distinguishes between leases and service contracts based on whether it controls the use of an identified asset (right-of-use asset). Control is considered to exist if CMG has the right to obtain substantially all of the economic benefits from the use of an identified asset and the right to direct the use of that asset. Lease liabilities and right-of-use assets are recognized on the consolidated statement of financial position when the leased assets are available for use by the Company.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Since the Company does not have any relevant debt issued under similar terms, in relevant jurisdictions, its incremental borrowing rate has been estimated using such factors as the amount of the funds that would be borrowed if the Company bought the underlying right-of-use asset, the length of the borrowing term, the nature and quality of the underlying right-of-use asset and the economic environment of the jurisdiction in which the asset is located. The right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments, initial direct costs, restoration costs, and lease incentives.

Right-of-use assets are subsequently measured at cost, net of accumulated depreciation and impairment losses, if any. Lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made. The interest expense on the lease liability is recorded within finance costs on the consolidated statements of operations and comprehensive income over the lease period.

The Company applies the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

(n) Cash

Cash consists of balances held in interest-earning bank accounts.

(o) Short-term investments

Short-term investments consist of Guaranteed Investment Certificates (GICs) held with financial institutions with original maturities of greater than three months but not exceeding twelve months from the date of acquisition. Interest income is recognized using the effective interest method and is included in interest income for the period.

(p) Future Accounting Pronouncements

IFRS 18 Presentation and Disclosure in Financial Statements

The IASB issued new IFRS 18 - Presentation and Disclosure in Financial Statements ("IFRS 18") replacing IAS 1. The new guidance is expected to improve the usefulness of information presented and disclosed in the financial statements of companies. IFRS 18 introduces the following key changes:

- Structure of the statement of income (loss): IFRS 18 introduces a defined structure for the statement of income (loss) composed of operating, investing, and financing categories with defined subtotals, such as operating earnings (loss), earnings (loss) before financing and income taxes and net earnings (loss) for the year.
- Required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and

- Enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted. CMG is currently assessing the impact of this new IFRS accounting standard on its consolidated financial statements.

Amendments to IFRS 9 - Financial Instruments and IFRS 7 - Financial Instruments: Disclosures

In May 2024, the IASB issued narrow-scope amendments to the recognition, derecognition and classification requirements in IFRS 9 - Financial Instruments ("IFRS 9") and introduced additional disclosure requirements in IFRS 7 - Financial Instruments: Disclosure ("IFRS 7"). The amendments include:

- Clarification on the timing of recognition and derecognition of financial assets and liabilities, with a new optional exception introduced for earlier derecognition of financial liabilities settled through electronic payment systems.
- Introduction of additional disclosures for certain financial instruments with contractual terms that could change the timing or amount of contractual cash flows due to contingent events that are not directly related to changes in basic lending risks and costs.
- Additional guidance for assessing whether the contractual cash flows of financial assets represent solely payments of principal and interest and updated disclosures for equity instruments designated at fair value through other comprehensive income.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026. CMG is evaluating the impact of the amendments on its consolidated financial statements.

4. Acquisitions:

(a) SeisWare International Inc. Acquisition:

On July 30, 2025, CMG Group completed the acquisition of 100% of the outstanding shares of SeisWare International Inc., a Calgary-based software company specializing in geoscience interpretation and field development solutions to support subsurface exploration and development projects. The acquisition of SeisWare International Inc 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 was US$6.6 million ($8.9 million), gross 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 March 31, 2026, the estimated holdback payable was revised to US$0.5 million ($0.7 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 and comprehensive income included in these consolidated financial statements from the date of the acquisition.

Goodwill of $3.0 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. There was a revision to initially determined working capital as such, the Company recognized a measurement period adjustment to goodwill and holdback payable of $0.1 million. 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	**3,045**
Total purchase consideration	**8,941**
Consideration	
Cash	**8,249**
Acquisition holdback payable	**692**
Total consideration	**8,941**

These consolidated financial statements include the results of SeisWare for the period following closing of the transaction on July 30, 2025. For the year ended March 31, 2026, the acquisition contributed revenues $3.1 million and net income (loss) before tax of ($0.2) million. For the year ended March 31, 2026, proforma revenues, had the acquisition occurred on April 1, 2025, for the combined Company would have been $127 million and net income after taxes would have been $16.8 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.

During the year ended March 31, 2026, the Company incurred $0.1 million of transaction costs, including legal, travel and professional services related to the acquisition of SeisWare International Inc. These costs have been included in General and administrative expenses.

(b) Rose & Associates LLP Acquisition:

On March 24, 2026, CMG Group completed the acquisition of 100% of the outstanding partnership units of Rose & Associates LLP, a Houston-based globally recognized provider of probabilistic subsurface risk analysis and resource assessment software, training, consulting, and operator consortium services for the global exploration and production industry.

Subject to customary post-closing adjustments, the purchase price is US$9.8 million ($14.8 million), gross of cash acquired, payout of indebtedness immediately prior to close, and other preliminary closing adjustments. On closing, US$9.7 million ($13.4 million) was paid and a holdback amounts of US$0.7 million ($0.9 million) and US$0.3 million ($0.5 million) will be withheld for a period of 4 and 24 months respectively and the transaction will be subject to final closing adjustments.

There is an earnout provision up to US$2.5 million ($3.4 million) payable if certain economic conditions are met. Based on management's assessment at the acquisition date, the fair value of the earnout was determined to be nil. The fair value of the contingent consideration will be assessed for remeasurement at each reporting period end until the earnout period expires.

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 US$4.3 million ($5.9 million) recognized in connection with this acquisition is primarily attributable to CMG Group's strategy to improve the operations of Rose, opportunities for Rose 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 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 Rose is as follows:

(thousands of $)	
Fair value of net assets acquired	
Cash	**1,303**
Net working capital, excluding deferred revenue	**1,557**
Deferred Revenue	**(2,093)**
Other assets and liabilities	**8**
Intangible assets: technology	**7,420**
Intangible assets: customer relationships	**687**
Net assets acquired	**8,882**
Goodwill	**5,888**
Total purchase consideration	**14,770**
Consideration	
Cash	**13,395**
Acquisition holdback payable	**1,375**
Total consideration	**14,770**

These consolidated financial statements include the results of Rose for the period following closing of the transaction on March 24, 2026. For the year ended March 31, 2026, proforma revenues, had the acquisition occurred on April 1, 2025, for the combined Company would have been $136 million and net income after taxes would have been $18 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.

During the year ended March 31, 2026, the Company incurred $0.4 million of transaction costs, including legal, travel and professional services related to the acquisition of Rose. These costs have been included in General and administrative expenses.

(c) Sharp Reflections GmbH Acquisition:

On November 12, 2024, CMG completed the acquisition of 100% of the outstanding shares of Sharp Reflections GmbH, (the "Sharp Acquisition") a software and services company specializing in seismic processing and interpretation. The Sharp Acquisition will enable us to further expand CMG Group's business in the seismic portion of the upstream energy workflow. The purchase price consideration was €27.4 million ($40.8 million)

Goodwill of $10.7 million recognized in connection with the Sharp Acquisition was primarily attributable to CMG Group's strategy to improve the operations of Sharp, opportunities for Sharp 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.

There were no changes to the preliminary fair values of the identifiable assets acquired and liabilities assumed of the Sharp Acquisition presented in the 2025 Annual Consolidated Financial Statements.

5. Segmented Information:

The Company consists of five 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 include property, equipment, intangible assets, right-of-use assets and goodwill of the Company are located in the following geographic regions (for revenue by geographic region, refer to note 13), based on location of the respective operations:

(thousands of $)	**March 31, 2026**	March 31, 2025
Canada	**59,707**	53,527
United States	**22,718**	9,105
South America	**514**	331
Eastern Hemisphere(1)	**49,927**	51,406
	132,866	114,369

(1) Includes Europe, Africa, Asia and Australia. Included in this balance is $48.8 million located in Germany ($50.4 million at March 31, 2025)

6. Intangible Assets:

Cost (thousands of $)	**Intellectual Property**	**Customer Relationships**	**Trademark/ Trade name**	**Total**
Balance at April 1, 2024	21,678	2,349	1,176	25,203
Acquired through business combination (Note 4)	36,104	2,229	—	38,333
Impact of foreign exchange	1,335	235	78	1,648
Balance at March 31, 2025	59,117	4,813	1,254	65,184
Balance at April 1, 2025	59,117	4,813	1,254	65,184
Acquired through business combination (Note 4)	12,420	1,087	—	13,507
Impact of foreign exchange	1,232	9	(37)	1,204
Balance at March 31, 2026	**72,769**	**5,909**	**1,217**	**79,895**
Accumulated Amortization (thousands of $)				
Balance at April 1, 2024	(1,340)	(120)	(60)	(1,520)
Amortization for the year	(3,261)	(318)	(130)	(3,709)
Balance at March 31, 2025	(4,601)	(438)	(190)	(5,229)
Balance at April 1, 2025	(4,601)	(438)	(190)	(5,229)
Amortization for the year	(5,224)	(430)	(122)	(5,776)
Impact of foreign exchange	(29)	9	6	(14)
Balance at March 31, 2026	**(9,854)**	**(859)**	**(306)**	**(11,019)**
Carrying Amounts				
Balance at March 31, 2025	54,516	4,375	1,064	59,955
Balance at March 31, 2026	**62,915**	**5,050**	**911**	**68,876**

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7. Right-of-Use-Assets:

Cost (thousands of $)	**Offices**
Balance at April 1, 2024	41,561
Acquired through business combination (note 4)	256
Disposals, net of additions	(4,388)
Impact of foreign exchange	311
Balance at March 31, 2025	37,740
Balance at April 1, 2025	37,740
Acquired through business combination (note 4)	113
Additions	430
Impact of foreign exchange	69
Balance at March 31, 2026	**38,352**
Accumulated Depreciation	
(thousands of $)	
Balance at April 1, 2024	(12,489)
Depreciation charge for the year	(3,390)
Disposals	6,836
Impact of foreign exchange	(254)
Balance at March 31, 2025	(9,297)
Balance at April 1, 2025	(9,297)
Depreciation charge for the year	(2,793)
Disposals	—
Impact of foreign exchange	(10)
Balance at March 31, 2026	**(12,100)**
Carrying Amounts	
Balance at March 31, 2025	28,443
Balance at March 31, 2026	**26,252**

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8. Property and Equipment:

Cost (thousands of $)	Computer Equipment	Furniture and Equipment	Leasehold improvements	Total
Balance at April 1, 2024	8,726	3,060	13,472	25,258
Additions	1,112	31	501	1,644
Acquired through business combination (note 4)	220	4	—	224
Disposals	(241)	(2)	(247)	(490)
Balance at March 31, 2025	9,817	3,093	13,726	26,636
Balance at April 1, 2025	9,817	3,093	13,726	26,636
Additions	506	313	1,741	2,560
Acquired through business combination (note 4)	87	49		136
Disposals	(294)	—	—	(294)
Balance at March 31, 2026	**10,116**	**3,455**	**15,467**	**29,038**
Accumulated Depreciation (thousands of $)				
Balance at April 1, 2024	(7,496)	(3,046)	(4,839)	(15,381)
Depreciation charge for the year	(675)	(3)	(688)	(1,366)
Disposals	51	8	209	268
Balance at March 31, 2025	(8,120)	(3,041)	(5,318)	(16,479)
Balance at April 1, 2025	(8,120)	(3,041)	(5,318)	(16,479)
Depreciation charge for the year	(811)	(54)	(815)	(1,680)
Disposals	296	—	—	296
Balance at March 31, 2026	**(8,635)**	**(3,095)**	**(6,133)**	**(17,863)**
Carrying Amounts				
Balance at March 31, 2025	1,697	52	8,408	10,157
Balance at March 31, 2026	**1,481**	**360**	**9,334**	**11,175**

9. Goodwill:

Carrying Amounts (thousands of $)	
Balance at April 1, 2024	4,399
Goodwill recognized from acquisition	10,740
Impact of foreign exchange	675
Balance at March 31, 2025	15,814
Balance at April 1, 2025	15,814
Goodwill recognized from acquisition (note 4)	8,933
Impact of foreign exchange	285
Balance at March 31, 2026	**25,032**

The Company performed its annual impairment test for goodwill on its CGUs as of March 31, 2026. For the purpose of the annual impairment testing, all goodwill was allocated to the CGU which is expected to benefit from the synergies of the business combinations from which goodwill arose as follows. The Bluware, Sharp, SeisWare and Rose CGUs have $4.6 million, $11.5 million, $3 million and $5.9 million allocated to them respectively as at March 31, 2026.

CMG calculated the recoverable amounts of its CGUs using value in use. Value in use is estimated using a discounted cash flow model, calculating the present value of future pre-tax cash flows with a pre-tax risk adjusted discount rate. The pre-tax cash flows covering the forecasted future period are based on a financial budget and forecasts approved by management, using an expected average growth rate specific to the CGU and pre-tax risk adjusted discount rate between 20%-22% The long-term and terminal growth rate used was between 2%-3%.

CMG

Other significant assumptions include forecasted revenue and gross profit margins, which are determined by past experience within the market that the Company operates in and expectations surrounding the execution of certain strategic plans in the near future. The forecast cash flow period was five years.

As of March 31, 2026, the recoverable amount of each CGU exceeds its carrying value. If future results, in particular future revenues, were to be significantly different from management's best estimates based on key assumptions, the Company could potentially experience future impairment charges in respect of its goodwill.

10. Trade Payables and Accrued Liabilities:

(thousands of $)	**March 31, 2026**	March 31, 2025
Trade payables	**1,756**	1,858
Employee salaries, commissions, and benefits payable	**4,889**	6,439
Accrued liabilities, other payables and stock-based compensation (note 18(c))	**10,104**	10,155
	16,749	18,452

11. Deferred Revenue:

The following table presents changes in the deferred revenue balance:

(thousands of $)	**March 31, 2026**	March 31, 2025
Balance, beginning of year	**40,276**	41,120
Acquired deferred revenue (note 4)	**3,029**	1,655
Invoiced during the year, excluding amounts recognized as revenue during the year	**37,384**	39,580
Recognition of deferred revenue included in the balance of acquired deferred revenue in the current year	**(1,387)**	(1,092)
Recognition of deferred revenue included in the balance at the beginning of the year	**(40,109)**	(41,300)
Impact of foreign exchange	**101**	313
Balance, end of year	**39,294**	40,276

12. Lease Liabilities:

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

(thousands of $)	**March 31, 2026**	March 31, 2025
Balance, beginning of year	**36,946**	36,961
Additions	**428**	2,378
Acquired lease liabilities (note 4)	**113**	256
Interest on lease liabilities (note 16)	**1,844**	1,891
Lease payments	**(4,131)**	(4,641)
Impact of foreign exchange	**5**	101
Balance, end of period	**35,205**	36,946
Current	**2,549**	2,278
Long-term	**32,656**	34,668

Other lease-related items recognized in the consolidated statement of operations and comprehensive income:

Year ended March 31, (thousands of $)	**2026**	2025
Variable lease expense	**1,212**	1,147
Short-term lease expense	**271**	470

13. Revenue:

In the following table, revenue is disaggregated by nature and 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:

Year ended March 31,					**2026**					**2025**
($ thousands)	Canada	United States	South America	Eastern Hemisphere [1]	**Total**	Canada	United States	South America	Eastern Hemisphere [1]	**Total**
Annuity/maintenance	12,554	16,945	10,260	36,822	**76,581**	12,777	17,514	9,753	37,481	**77,525**
Annuity license fee	1,679	3,161	1,156	9,633	**15,629**	—	1,610	1,018	6,652	**9,280**
Perpetual license	187	432	—	1,777	**2,396**	170	1,383	—	4,064	**5,617**
Total software revenue [2]	14,420	20,538	11,416	48,232	**94,606**	12,947	20,507	10,771	48,197	**92,422**
Professional services	5,592	15,062	1,994	8,935	**31,583**	9,342	20,447	1,899	5,336	**37,024**
Total revenue	20,012	35,600	13,410	57,167	**126,189**	22,289	40,954	12,670	53,533	**129,446**

(1) Includes Europe, Africa, Asia and Australia.
(2) Total software revenue includes the amortization of a fair value reduction of deferred revenue recognized on acquisition, which has reduced post-acquisition revenues by $0.5 million (March 31, 2025 - $0.8 million).
(3) 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 year ended March 31, 2026 from performance obligations satisfied (or partially satisfied) in previous periods is $0.8 million (March 31, 2025 – $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 $)	**March 31, 2026**	March 31, 2025
Receivables	**24,585**	35,859
Contract assets	**888**	1,662

During the year ended March 31, 2026, one customer comprised 20% of the Company's total revenue (year ended March 31, 2025 – one customer, 22%).

14. Research and Development Costs:

Year ended March 31, (thousands of $)	**2026**	2025
Research and development	**33,039**	30,454
Government grants for research and development	**(580)**	(312)
	32,459	30,142

15. Personnel Expenses:

Year ended March 31, (thousands of $)	2026	2025
Salaries, commissions and short-term employee benefits	**61,881**	61,939
Stock-based compensation (note 18(c))	**467**	2,625
	62,348	64,564

16. Finance Income and Finance Costs:

Year ended March 31, (thousands of $)	2026	2025
Interest income	**962**	2,605
Net foreign exchange gain	**—**	363
Finance income	**962**	2,968
Interest expense on lease liabilities (note 12)	**(1,844)**	(1,891)
Amortization of FV loan adjustment	**—**	(185)
Net foreign exchange loss	**(1,909)**	—
Interest on loan and revolving credit facility	**(43)**	(4)
Other finance cost[(1)]	**(203)**	—
Finance costs	**(3,999)**	(2,080)

(1) Other financing costs include amortization of deferred initial cost relating to obtaining the credit facility of $0.1million

17. Income and Other Taxes:

The major components of income tax expense are as follows:

Year ended March 31, (thousands of $)	2026	2025
Current year income tax expense	**6,187**	7,778
Adjustment for prior year	**106**	1,457
Current year income taxes	**6,293**	9,235
Deferred tax expense (recovery)	**(881)**	(508)
Adjustment for prior year	**(167)**	(268)
Foreign withholding and other taxes	**1,473**	1,989
	6,718	10,448

During the year ended March 31, 2026, the blended statutory tax rate was 23% (March 31, 2025 – 23%).

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

Year ended March 31, (thousands of $, unless otherwise stated)	**2026**	2025
Combined statutory tax rate	**23.00%**	23.00%
Expected income tax	**5,552**	7,541
Non-deductible costs	**368**	1,000
Withholding taxes	**590**	1,072
Effect of tax rates in foreign jurisdictions	**(79)**	(494)
Foreign tax credits	**—**	(345)
GILTI and US state taxes	**364**	—
Adjustment for prior year	**(412)**	1,190
Other	**335**	484
	6,718	10,448

A continuity of the net deferred income tax assets and liability is detailed in the following tables:

(thousands of $)	April 1, 2024	Recognized in Net Income	Business Combination	March 31, 2025
Taxable temporary differences:				
SR&ED Investment tax credit	(79)	343	—	264
Property and equipment	84	(57)	(70)	(43)
Intangible assets	(5,421)	685	(11,442)	(16,178)
Deductible temporary differences:				
Other current liability	313	(358)	—	(45)
Right-of-use asset	1,733	89	—	1,822
Stock based compensation liability	1,342	(688)	—	654
Federal loss carryforward	104	19	—	123
Foreign income tax credit carryforward	385	387	—	772
Deferred income tax asset (liability)[1]	(1,539)	420	(11,512)	(12,631)

(1) Included in this balance is a deferred tax liability of $13.1 million and a deferred tax asset of $0.5 million.

(thousands of $)	April 1, 2025	Recognized in Net Income	Other comprehensive income	Business Combination	March 31, 2026
Taxable temporary differences:					
SR&ED Investment tax credit	264	(168)	—	—	**96**
Property and equipment	(43)	(3,651)	—	—	**(3,694)**
Intangible assets	(16,178)	5,297	(404)	(1,248)	**(12,533)**
Deductible temporary differences:					
Other current liability	(45)	141	—	—	**96**
Right-of-use asset	1,822	97	—	—	**1,919**
Stock based compensation liability	654	(373)	—	—	**281**
Federal loss carryforward	123	(123)	—	—	**—**
Foreign income tax credit carryforward	772	(30)	—	—	**742**
GILTI	—	(229)	—	—	**(229)**
Deferred income tax asset (liability)[1]	(12,631)	961	(404)	(1,248)	**(13,322)**

(1) Included in this balance is a deferred tax liability of $13.5 million and a deferred tax asset of $0.2 million.

Prepaid income taxes and current income taxes payable have not been offset as the amounts relate to income taxes levied by different tax authorities on different taxable entities. All movement in deferred tax assets and liabilities is recognized through net income of the respective period. Deferred tax assets and liabilities are offset only when a legally enforceable right to offset exists and the deferred tax assets and liabilities arise in the same tax jurisdiction and relate to the same taxable entity.

18. 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 without par value.

(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	52
Issued on exercise of stock options	1,079
Balance, March 31, 2025	82,540
Balance, April 1, 2025	**82,540**
Issued for cash on exercise of stock options	**187**
Issued on redemption of restricted share units	**28**
Shares repurchased through NCIB	**(4,415)**
Balance, March 31, 2026	**78,340**

(c) Stock-Based Compensation:

Stock-Based Compensation Expense

The following table summarizes stock-based compensation expense:

Year ended March 31, (thousands of $)	**2026**	2025
Equity-settled plans	**636**	915
Cash-settled plans	**(169)**	1,710
Total stock-based compensation expense	**467**	2,625

Liability Recognized for Stock-Based Compensation[1]

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

(thousands of $)	**March 31, 2026**	March 31, 2025
SARs	**89**	185
RSUs	**183**	891
PSUs	**139**	148
DSUs	**653**	1,568
Total stock-based compensation liability	**1,064**	2,792
Current, recorded within trade payables and accrued liabilities	**1,017**	2,536
Long-term	**47**	256

(1) The intrinsic value of the vested awards at March 31, 2026 is $0.7 million (March 31, 2025 is $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 March 31, 2026, the Company may reserve up to 7,834,013 common shares for issuance under its security-based compensation plans.

i Stock Option Plan

The Company adopted a rolling stock option plan as of July 13, 2005, which was most recently reaffirmed by the Company's shareholders on July 6, 2023. 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 three to five-year life.

The following table outlines changes in stock options:

Year ended March 31,		**2026**		2025
	Number of Options (thousands)	**Weighted Average Exercise Price ($/share)**	Number of Options (thousands)	Weighted Average Exercise Price ($/share)
Outstanding at beginning of year	**3,553**	**5.84**	4,393	5.17
Granted [(1)]	**1,210**	**6.49**	750	10.90
Exercised	**(187)**	**4.43**	(1,079)	5.24
Forfeited/expired	**(564)**	**9.46**	(511)	8.77
Outstanding at end of year	**4,012**	**5.62**	3,553	5.84
Options exercisable at end of year	**1,128**	**5.64**	1,106	4.98

(1) 900,000 stock options granted during the year ended March 31, 2026 are exercisable when specified share price targets are achieved.

The range of exercise prices of stock options outstanding and exercisable at March 31, 2026 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	343	1.8	4.30	98	3.98
4.63 to 4.87	1,792	1.2	4.74	492	4.74
4.88 to 5.04	460	1.5	5.00	310	5.00
5.05 to 6.61	469	1.9	6.13	—	—
6.62 to 7.06	573	1.8	6.91	—	—
7.07 to 10.26	375	3.2	9.08	228	9.17
	4,012	**1.6**	**5.61**	**1,128**	**5.64**

During the year ended March 31, 2026, CMG Group issued grants of 1,210,000 stock options, out of which 900,000 are performance based. The performance factors for the 900,000 performance-based stock options to become fully vested and exercisable are as follows:

- 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 these grants 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.

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

Year ended March 31,	**2026**	2025
Fair value at grant date ($/option)	**0.09 to 2.74**	0.83 to 2.74
Share price at grant date ($/share)	**4.28 to 10.11**	10.11 to 10.40
Risk-free interest rate (%)	**2.45 to 3.08**	3.08 to 3.14
Estimated hold period prior to exercise (years)	**1 to 3**	3 to 4
Volatility in the price of common shares (%)	**38 to 43**	38 to 40
Dividend yield per common share (%)	**0.63 to 2.89**	1.92 to 2.06

a 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:

Year ended March 31,	**2026**		2025	
	Number of SARs (thousands)	**Weighted Average Exercise Price ($/SAR)**	Number of SARs (thousands)	Weighted Average Exercise Price ($/SAR)
Outstanding at beginning of year	**52**	**4.50**	563	6.5
Exercised	**(24)**	**5.08**	(232)	6
Forfeited/expired	**—**	**—**	(279)	7.3
Outstanding at end of year	**28**	**3.98**	52	4.5
SARs exercisable at end of year	**28**	**3.98**	52	4.5

b 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:

Year ended March 31, (thousands)	**2026**			2025		
	RSUs	**PSUs**	**DSUs**	RSUs	PSUs	DSUs
Outstanding at beginning of year	**153**	**96**	**196**	394	117	187
Granted	**1**	**163**	**110**	4	64	30
Exercised	**(105)**	**—**	**(136)**	(200)	(47)	(25)
Forfeited/expired	**(26)**	**(67)**	**—**	(45)	(38)	4
Outstanding at end of year	**23**	**192**	**170**	153	96	196

(d) Normal Course Issuer Bid

On November 11, 2025, the Company announced plans to undertake a Normal Course Issuer Bid to repurchase up to 5% of outstanding shares as at November 3, 2025. This was amended on February 23, 2026 to 10% of the outstanding shares held by all shareholders other than restricted shares and shares held by the Company's directors, senior officers and shareholders who held 10% or more of the Company's outstanding shares as of the close of business on November 3, 2025.

During the year ended, the Company purchased for cancellation 4,468,000 common shares (March 31, 2025 - nil) for a total of $21.1 million (March 31, 2025 - nil) under the NCIB program.

(e) 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:

Year ended March 31, (thousands except per share amounts)	**2026**			2025		
	Earnings ($)	**Weighted average shares outstanding**	**Earnings per share ($/share)**	Earnings ($)	Weighted average shares outstanding	Earnings per share ($/share)
Basic	**17,416**	**82,438**	**0.21**	22,437	82,546	0.27
Dilutive effect of share-based awards		**607**			799	
Diluted	**17,416**	**83,045**	**0.21**	22,437	83,345	0.27

During the year ended March 31, 2026, 39,145 awards (March 31, 2025 – 48,843 awards) were excluded from the computation of the weighted average number of diluted shares outstanding because their effect was not dilutive.

19. Capital Management:

The Company's objectives in managing capital are to ensure sufficient liquidity to pursue its strategy of organic growth, and acquisitions, and to maximize the return to its shareholders. The capital structure of the Company consists of cash, credit facilities and shareholders' equity.

CMG is required under the terms of its revolving credit facility to comply with certain financial covenants consisting of (i) leverage ratio, (ii) interest coverage ratio. As at March 31, 2026, the Company was in compliance with all credit facility covenants and expects to remain in compliance over the next year. Other than the requirements for the credit facility, the Company is not subject to any other externally imposed capital requirements.

The Company's policy is to pay quarterly dividends based on the Company's overall financial performance and cash flow generation. Decisions on dividend payments are made on a quarterly basis by the Board of Directors. There can be no assurance as to the amount or payment of such dividends in the future.

The Company adjusts its capital structure in light of general economic conditions and the Company's working capital requirements. In order to maintain or adjust its capital structure, the Company, upon approval from its Board of Directors, may pay dividends, buy back shares or undertake other activities as deemed appropriate under the specific circumstances. The Board of Directors reviews and approves any material transactions not in the ordinary course of business.

20. Financial Instruments and Risk Management:

The Company's financial instruments consist of cash, restricted cash, short-term investment, trade and other receivables, trade payables and accrued liabilities (excluding stock-based compensation payable), acquisition holdback payable, other long-term liabilities (excluding stock-based compensation payable), government loan and revolving credit facility. These financial instruments are classified and measured at amortized cost and their carrying amounts approximate their fair values .

Cash and restricted cash are held in demand deposits carried at face value, which by their nature equals fair value at all times. Trade and other receivables and trade payables and accrued liabilities (excluding stock-based compensation) arise from ordinary trading transactions and are short-term in nature, typically settling within 30 to 90 days. They are initially recognized at transaction price and are not subject to significant interest rate or market price variability over their collection or settlement period. Revolving credit facility bears interest at a floating rate that resets periodically in line with prevailing market rates, ensuring that the contractual rate of return reflects current market conditions at all times. Accordingly, the present value of future cash flows under the facility does not differ materially from its carrying amount. For acquisition holdback payable, government loan and other long-term liability, there is no significant effect of discounting as such the carrying amounts represent the fair values. The estimated fair value are based on level 2 inputs.

In connection with Bluware-Headwave Ventures Inc, the Company recognized a contingent consideration liability (earn-out) which was classified and measured at fair value through profit or loss using Level 3 inputs within the fair value hierarchy. The initial fair value was determined using a discounted cash flow analysis based on expected future cash flows.

During the year ended March 31, 2026, a fair value adjustment of $0.1 million (March 31, 2025 - ($2.2) million) was recognized in the statement of operations and comprehensive income. The liability was fully settled during the year ended March 31, 2026 with an estimated fair value of $3.9 million as at March 31, 2025.

The different levels in the fair value hierarchy have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs for the asset or liability that are not based on observable market data.

Overview:

The Company is exposed to risks of varying degrees of significance and likelihood, which could affect its ability to achieve its strategic objectives for growth. The main objectives of the Company's risk management process are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal financial risks to which the Company is exposed are described below:

(a) Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligation and arises principally from the Company's trade and other receivables. The amounts reported in the statements of financial position for trade receivables are net of expected credit losses, estimated by the Company's management based on prior experience and assessment of the current economic environment.

The Company's trade receivables consist primarily of balances from customers operating in the oil and gas industry, both domestically and internationally, as the Company sells its products and services in approximately 60 countries worldwide. Some of these countries have greater economic and political risk than experienced in North America, and as a result there may be greater risk associated with sales in those jurisdictions. The Company manages this risk by invoicing for the full license term in advance for the majority of software license sales and by invoicing as frequently as the contract allows for consulting and contract research services.

In cases where collectability is not deemed probable, revenue is recognized upon receipt of cash, providing all other criteria have been met. Historically, the Company has not experienced any significant losses related to individual customers or groups of customers in any particular geographic area. At March 31, 2026, the Company assessed credit risk related to its accounts receivable and established an impairment loss of $0.3 million (March 31, 2025 – $0.1 million).

As at March 31, 2026, the Company has a concentration of credit risk with 3 customers which have an outstanding balance of 5% or more of total trade and accrued receivables. These 3 customers represent 36% of total trade and accrued customer receivables. (March 31, 2025 – 5 customers; 51%).

The carrying amount of trade and other receivables represents the maximum credit exposure. The maximum exposure to credit risk at March 31, 2026 was $29.2 million (March 31, 2025 – $41.5 million). The aging of trade and other receivables at the reporting date was:

(thousands of $)	**March 31, 2026**	March 31, 2025
Current	**17,238**	29,007
31-60 days	**7,292**	6,792
61-90 days	**3,230**	490
Over 90 days	**1,399**	5,168
Balance, end of year	**29,159**	41,457

The Company assesses the creditworthiness of its customers on an ongoing basis and regularly monitors the amount and age of balances outstanding. Payment terms with the majority of customers are 30-90 days from invoice date; however, industry practice can extend these terms. Accordingly, the Company views the credit risk on these amounts as normal for the industry.

The Company minimizes the credit risk of cash, restricted cash and short-term investment by holding such financial assets with a reputable financial institution.

(b) Market Risk

i Foreign Exchange Risk

The Company operates internationally and primarily prices its products in either the Canadian or US dollar. This gives rise to exposure to market risks from changes in the foreign exchange rates between the Canadian and US dollar. Approximately 68% (2025 – 77%) of the Company's revenues for the year ended March 31, 2026 were denominated in US dollars, and at March 31, 2026, approximately US $21.8 million (2025 – US $50.4 million) of the Company's working capital was denominated in US dollars. The Company currently does not use derivative instruments to hedge its exposure to those risks, but since approximately 48% (2025 – 52%) of the Company's total costs are also denominated in US dollars, they provide a partial economic hedge against the fluctuation in this currency exchange.

The Company's operations are exposed to currency risk on US-dollar denominated financial assets and liabilities with fluctuations in the rate recognized as foreign exchange gains or losses in the consolidated statement of operations and comprehensive income. It is estimated that a one cent change in the US dollar would result in a net change of approximately $0.2 million to equity and net income for the year ended March 31, 2026. A weaker US dollar with respect to the Canadian dollar will result in a negative impact, while the reverse would result from a stronger US dollar.

ii Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. CMG Group's exposure to the risk of changes in market interest rates relates primarily to CMG's Credit facility debt obligations with variable interest rates and cashflows from changes in interest rates on cash balances. The Company monitors and analyzes interest rate risk on a regular basis and mitigates interest rate risk by holding cash or liquid assets which allows flexibility to adjust positions when rates change. Where applicable, the Company's policy is to invest excess cash in interest-bearing deposits and/or guaranteed investment certificates issued by a reputable financial institution.

As at March 31, 2026, a 1% change in variable interest rates, with all other variables held constant, including the amount drawn under the credit facility and cash balances, would have resulted in an increase or decrease in equity and net income for the year ended March 31, 2026 of approximately $0.2 million (2025 - $0.3 million).

(c) Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at excessive cost. The Company manages liquidity risk through the management of its capital structure as outlined in note 19. The Company's growth is financed through a combination of the cash flows from operations and its cash balances on hand. Given the Company's available liquid resources as compared to the timing of the payments of its liabilities, management assesses the Company's liquidity risk to be low. The Company monitors its expenditures by preparing annual budgets that are periodically updated. The Company has sufficient liquidity and approximately $93 million of the line of credit available for its use (note 22), to meet its obligations.

The table below summarizes the maturity profile of CMG Group's financial liabilities based on contractual undiscounted payments:

Year ended March 31, 2026	Less than one year	Between two and five years	More than five years	Total
Trade payables and accrued liabilities (excluding stock-based compensation	15,685	—	—	**15,685**
Lease liabilities	4,284	16,475	25,175	**45,934**
Acquisition holdback payable	3,106	488	—	**3,594**
Revolving credit facility	18	6,628	—	**6,646**
Government loan	320	1,119	—	**1,439**
Other long-term liabilities		206	—	**206**
	23,413	24,917	25,175	**73,504**

Year ended March 31, 2025	Less than one year	Between two and five years	More than five years	Total
Trade payables and accrued liabilities (excluding stock-based compensation	15,916	—	—	15,916
Lease liabilities	4,102	16,488	28,785	49,375
Acquisition holdback payable	188	1,257	—	1,445
Government loan	310	1,241	78	1,629
Other long-term liabilities		212	—	212
Acquisition earn-out payable	3,732	—	—	3,732
	24,248	19,198	28,863	72,309

21. Commitments:

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

(thousands of $)	March 31, 2026
Less than one year	**1,706**
Between one and five years	**4,764**
More than five years	**6,492**
	12,962

22. Credit Facilities:

i. Revolving credit facility

As at March 31, 2026, CMG Group has access to a committed revolving credit facility with a total limit of $100 million maturing November 7, 2029 at which point all amounts drawn and accrued interest thereon are due in full. 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.

As at the reporting date, the Company has drawn down on the credit facility as follow:

- $3.7 million bearing interest at the lender's prime rate plus an applicable margin
- US$2.1 million, bearing interest based on SOFR plus an applicable margin

Interest expense on the facility is recognized under finance cost in the statement of operations and comprehensive income using the effective interest method.

The credit facility is subject to customary positive, negative, reporting and financial covenants. The financial covenants require the Company to maintain, at all times, (A) a leverage ratio for the preceding four quarter period not greater than: (I) 3.75:1.00; or (II) for the four immediately subsequent fiscal quarters following completion of a material acquisition, 4.00:1.00 (and thereafter, 3.75:1.00) and (B) an interest coverage ratio with respect to the immediately preceding four quarter period is not less than 3.00:1.00. As at March 31, 2026 the Company had a leverage ratio of 0.89 and interest coverage ratio of 20.50. The Company was in full compliance with all covenants as at the reporting date.

As at March 31, 2026, the Company had $93 million (March 31, 2025: $nil) of undrawn committed borrowing facility which are available to support CMG Group's liquidity requirements.

ii. Other credit facility

The Company has arranged for a $2.5 million (March 31, 2025 - $2.5 million) line of credit with a lender, which may be used to support letters of credit and is collateralized by the Short-term Investment. As at March 31, 2026, $2.0 million (March 31, 2025 – $2.1 million) had been reserved on this credit facility for letters of credit supporting performance bonds.

23. Subsidiaries:

CMG Group is the beneficial owner of the entire issued share capital and controls all the votes of its subsidiaries. The principal activities of all the subsidiaries are the sale and support for the use of CMG Group's software licenses. Transactions between subsidiaries are eliminated on consolidation.

The following is the list of CMG Group's subsidiaries:

Subsidiary	Country of Incorporation
Computer Modelling Group Inc.	United States
CMG Middle East FZ LLC	United Arab Emirates
CMG (Europe) Limited	United Kingdom
CMGL Services Corporation	Canada
CMG Collaboration Centre India Private Limited	India
Computer Modelling Group Brazil Solucoes Technoligicas Ltda.	Brazil
CMG Holdings (USA) Inc.	United States
Bluware Headwave Ventures Inc.	United States
Bluware Inc.	United States
Bluware AS	Norway
CMG Germany GmbH	Germany
Sharp Reflections GmbH	Germany
Sharp Reflections AS	Norway
Sharp Reflections Inc.	United States
Sharp Reflections Limited	United Kingdom
SeisWare International Inc	Canada
SeisWare Inc	United States
CMG RA Holdings 1, LLC	United States
CMG RA Holdings 2, LLC	United States
Rose & Associates, LLP	United States
Lognormal Solutions, LLC	United States
Rose & Associates Canada Ltd.	Canada

24. Related Parties:

(a) Intercompany Transactions:

The Company has twenty-one wholly owned subsidiaries (note 23) that have intercompany transactions under the normal course of operations and are eliminated upon consolidation.

(b) Key Management Personnel Compensation

For the year ended March 31, 2026 and 2025, the key management personnel of the Company include the Company's executive officers, key members of management and Board of Directors. In addition to their salaries and director fees, as applicable, directors and executive officers also participate in the Company's stock-based compensation plans (note 18(c)), which are available to almost all employees of the Company, with the exception of the DSU plan, which is only available to non-employee directors of the Company.

Key management personnel compensation comprised the following:

Years ended March 31, (thousands of $)	**2026**	2025
Salaries, bonus and employee benefits	**3,178**	4,971
Termination benefits	**617**	692
Stock-based compensation	**380**	1,791
	4,175	7,454

25. Subsequent Event:

On May 21, 2026, the Board of Directors declared a quarterly cash dividend of $0.01 per share on its common shares, payable on June 15, 2025 to all shareholders of record at the close of business on June 5, 2026.

Corporate Information

DIRECTORS

Alexander M. Davern (2)(3)

Andrew Pastor
Chairman of the Board

Anuroop Duggal(4)(6)

Brigit Troy(2)(4)(5)

Christopher Wright(2)

Kenneth M. Dedeluk(6)

Peter H. Kinash(1)

Pramod Jain

(1) Chair, Audit Committee
(2) Member, Audit Committee
(3) Chair, Compensation, Nomination and Governance Committee
(4) Member, Compensation, Nomination and Governance Committee
(5) Chair, Investment Committee
(6) Member, Investment Committee

OFFICERS

Pramod Jain
Chief Executive Officer

Vipin Khullar
Executive Vice President, and Chief Financial Officer

Kristina Mysev *Vice President, People & Culture and Chief of Staff to the CEO*

Marcus W. Archer
Corporate Secretary

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Kaiserslautern, Germany
Kuala Lumpur, Malaysia
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Rio de Janeiro, Brazil
Stavanger, Norway

TRANSFER AGENT

Olympia Trust Company

STOCK EXCHANGE LISTING

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