CEO Letter to Shareholders

August 11, 2026

Dear Fellow Shareholders,

Tomorrow, August 12, 2026 at 7 am MT, we will hold our first earnings webcast, and I hope you will join us. My letters have gotten longer every quarter which says something about how much the company has grown and changed. I have no intention of stopping them, but I think a second forum to answer questions is worth having.

The first quarter was challenging, with declines in organic Recurring revenue and professional services, and Free Cash Flow impacted by higher taxes. Cost management helped Adjusted EBITDA margin which was 23% against 24% a year ago.

Against that backdrop, we announced a Substantial Issuer Bid (SIB) to purchase for cancellation up to $20 million of our common shares.

My letter this quarter shares the thinking behind that decision and how I view capital allocation in the context of where the business is today.

Where We Stand Today

Capital allocation is the most consequential decision a management team makes. Every day, we choose where the next dollar of capital goes and every day, that choice compounds.

The right capital allocation choice only makes sense in the context of where the business stands today.

- Our balance sheet is strong. We have access to a $100 million credit facility, which is essentially undrawn.
- In our existing businesses, growth initiatives and continuous improvement investments are modest compared to the cash flow the business generates.
- Our expectation is that Free Cash Flow in the current year will be higher than in fiscal 2026.
- Our M&A pipeline is active and strong. We continue to identify solid acquisition opportunities, and we are holding to our standards on price and expected return. This has meant closing fewer transactions than the pipeline alone might suggest, and we accept that pace as the cost of our standard.
- Based on our view of the existing business's underlying earnings power and strategic position, we believe our shares currently trade at a meaningful discount to intrinsic value. We arrive at that view the same way we would evaluate any acquisition target: the durability and margin profile of the recurring revenue base, the free cash flow it produces relative to our current market capitalization, and what comparable software assets with similar retention and margin characteristics have changed hands for.
- We have completed a Normal Course Issuer Bid (NCIB), purchasing for cancellation 4,760,700 shares. The NCIB is not eligible for renewal until November 2026.

Buybacks vs Acquisition

When a company's own shares trade at a meaningful discount to intrinsic value, repurchasing those shares is one of the most reliable, low-risk uses of capital available. It offers a direct, quantifiable return with no integration risk, no execution risk, and no dependence on a counterparty completing a deal on the terms hoped for.

Buying back undervalued stock has a clear, quantifiable return and that return is the benchmark we use to measure every other use of capital, including the investments we make in internal initiatives.

If we believe intrinsic value is meaningfully above the price we're paying, then every share repurchased is accretive to remaining shareholders. It's a real return, and today's SIB announcement reflects genuine conviction in the business.

But it's a return with a limit. Buying back stock doesn't change our business. It returns cash and concentrates existing shareholders' claim on the same business: the same products, the same revenue base, and the same opportunities. It's a capital return, not a capital-building decision.

Acquisitions, when done well, are different. They bring the potential for long-term compounding growth, the kind of value that a repurchase does not create.

The right acquisitions diversify and strengthen our company. They are expected to be accretive to revenue growth and cash flow over the long-term. They can bring in new technologies, introduce new growth opportunities, and they can deepen our relevance with customers as we expand our portfolio of solutions.

That is why disciplined M&A remains our primary focus, and why the larger share of our capital capacity stays committed to it. We believe the opportunities in our pipeline have the potential to deliver these benefits and meet or exceed the return threshold of buying back shares. The ones that cannot, we will pass on.

Outlook

Our assessment of the value of the business is a driving factor in the SIB decision. Behind that view is a judgment about the business as it stands today, and I form that judgment largely in front of customers. This quarter, I spent considerable time in Asia, traveling across India, Malaysia, and Indonesia where a number of our most strategic customers operate.

Here are two of my key observations.

First, operators are focused on maximizing recovery. Many are targeting recovery factors as high as 50%, pushing to extract the last remaining barrels from reservoirs that much of the industry would consider mature.

To get there, they are actively testing a range of Enhanced Oil Recovery (EOR) technologies which is precisely the kind of complex-recovery problem that decades of CMG science were built to solve. Easy oil is gone; the incremental barrel is harder to recover and that dynamic plays directly to our specialization.

Second, there is a strong desire for best-in-class technology and that supports both parts of our portfolio: seismic and subsurface. The operators I met with are not looking for a single, monolithic system — they want the best point technology for each part of their workflow. Our existing relationships, particularly in Indonesia and the Middle East, are opening doors for our seismic solutions with customers who would not otherwise have seen them. That is one of the most valuable things we can offer a company we acquire.

These compelling macro factors are only one part of how we will deliver on our outlook for the year. Market conditions help, but we still have to execute.

Our fiscal 2027 outlook is for stable organic Recurring revenue. Completed renewals and multi-year contracts across many of our top simulation customers supports our view. The rest comes from work underway across the businesses.

ShaleSim, which I described last quarter, officially launched in June, and product initiatives are underway across our other businesses. I expect only a modest contribution to fiscal 2027 revenue from these initiatives, which supports our stable outlook, and a growing one over the next several years.

We are also beginning to realize the benefits of operating as a larger group of companies. We are using international agent relationships built over decades to open new geographies for our seismic solutions, and we have begun submitting joint bids, where two or more of our businesses put forward a broader package of technology than any of them could alone.

I am comfortable that this combination of visibility into our current pipeline and opportunities we are pursuing will support a stable year and lay the foundation for growth in the years ahead.

In Closing

I began this letter with the announcement of our SIB. We are buying back shares because we believe they are worth more than the market is currently giving us credit for, and we are doing it in a size and structure that leaves our acquisition strategy fully funded.

My confidence to go ahead with the SIB rests on the business itself. CMG’s software sits deep inside our customers’ technical workflows. The recurring revenue and free cash flow it generates gives us the flexibility to repurchase shares today without compromising our capacity to acquire more companies. And the operational benefits of our acquisition strategy are beginning to take shape.

Every quarter we choose where the next dollar of capital goes, and our choices compound. This quarter, our decision is to buy shares through the SIB while the larger share of our capital capacity stays committed to acquisitions that clear the same return threshold.

We are only able to make these choices because of our employees, who are building our company, and our customers, who trust us with decisions where the stakes are high. Thank you both for your ongoing commitment, curiosity, and ambition. And to our shareholders, thank you for your continued support, trust and partnership.

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 August 11, 2026, accessible on SEDAR+ (www.sedarplus.ca) and our website (www.cmgl.ca/investors/financial-reports).