

CEO Letter to Shareholders

November 12, 2026

Dear Fellow Shareholders,

I am encouraged by what I see building at CMG. Our second quarter was the first in which the loss of a large contract in fiscal 2026 no longer affects our year-over-year comparisons, which gives us the clearest view in some time of the underlying business. Organic Recurring revenue was flat compared to the same quarter last year, an improvement over the 12% decrease in the first quarter. The business has stabilized and the signs of growth are starting to show.

That is why I am confident reaffirming our outlook for fiscal 2027 which is that, relative to the prior year and excluding the impact of future acquisitions, we continue to expect Organic Recurring revenue to be stable, no decline in Adjusted EBITDA, and improved Free Cash Flow.

A stable year can sound modest, but it is the sum of a weak start and a stronger finish. We expect to exit fiscal 2027 with the business back on a growth footing, and that is what I am most encouraged by.

I spent much of this quarter with customers, in Colombia, Brazil, the United States, Norway, the UAE, Qatar, Bahrain, Malaysia, and across Africa. What I heard was consistent everywhere I went, and it is different from a year ago. Operators are investing again in the assets they already have. Easy oil is gone, enhanced recovery matters more than ever, and customers want more from the seismic data they already own. These are the problems CMG was built to solve, and the trends are moving in our favor.

This letter sets out what our outlook requires of the second half and the evidence behind my confidence in it, my one-year review of SeisWare, and where our capital is going.

The second half

A growing share of our software revenue now comes from contracts whose accounting concentrates revenue in the fourth quarter, when they are signed or renewed. That includes the multi-year simulation agreement we announced in November 2025, much of our seismic business, and now also Rose. This is structural, not a one-time effect, and we saw it for the first time last year. Overall, approximately 55% of fiscal 2026 Recurring revenue was recognized in the second half of the year, and we said this year would follow the same pattern.

This year, with the first half Organic Recurring revenue below last year, achieving our outlook of a stable year means the second half needs to turn to growth. We expect to deliver that growth, and for most of it to fall into the fourth quarter. That expectation rests on three things.

First, contracts in place. Last quarter I said that our outlook rested on multi-year contracts and completed renewals across many of our top simulation customers.

Our multi-year contracts give us a contracted base across the business, and many include annual price increases that build into Recurring revenue over the life of the agreement.

Our renewals add to that base. In September, we announced that Petrobras, one of our most technically demanding customers, renewed and expanded its agreement with us for five years.

Second, the seasonality of our seismic businesses. Sharp and SeisWare are heavily weighted to the fourth quarter. Sharp has performed strongly since we acquired it, and we expect it to deliver a record year. SeisWare is also expected to deliver strong revenue growth. Most of that performance will show up in the fourth quarter.

Third, new business. Industry activity is picking up with customers focused on energy security and getting more from their existing assets. We have been building opportunities in new markets, with new customers, and with new products. Most are expected to deliver in the fourth quarter and into next year, but we are already seeing evidence.

For example, this was our strongest quarter for perpetual license sales in two years. While Recurring revenue remains our goal and how we measure the health of our business, certain customers, often in the eastern hemisphere, prefer perpetual licenses. Offering these customers a license structure that fits how they want to buy puts our technology into their hands, where adoption and usage can grow. Each perpetual license typically brings an annual maintenance contract that adds to our Recurring revenue base.

We have re-entered the Venezuelan market, historically an important market for CMG. During the quarter, we signed our first software contract there in many years. Since quarter end, we have signed an additional two contracts.

Venezuela has some of the largest oil resources in the world and the type of complex recovery challenges that CMG expertise and software is best suited for. I believe that with these early inroads, we can re-establish a strong presence in this meaningful market.

ShaleSim, launched in June, is drawing an encouraging early response. We are gathering customer feedback and building awareness through workshops, conferences, and technical presentations around the world.

The fourth quarter carries a lot of weight this year, and I don't take that as given. We know what the second half needs to deliver and where we expect it to come from, which is why we believe our outlook is achievable.

AI: from view to practice

In May, I wrote that AI will not replace full-physics reservoir simulation, and that the winning model is AI + physics + human judgment. My view hasn't changed, but it has become sharper.

We have made good progress on the AI agents we are building across our simulation portfolio. Built on an open standard that lets AI work with our simulators without changing them, they take on the repetitive work of building, updating, and running complex models while keeping all the physics, so that engineers can spend more time on interpretation and judgment. I expect to begin rolling out this functionality later this fiscal year.

Bluware is showing what else AI can do when it is grounded in a customer's own data and guided by experts. Working with a major operator's geophysicists and geologists, our Bluware team built a custom AI workflow, trained on the customer's drilling results and geological data, to identify direct hydrocarbon indicators. Their approach surfaced exploration prospects that conventional interpretation had missed.

This is one of six projects Bluware has undertaken, each for a different energy company and each solving a specific problem on a specific asset. The range of problems shows that Bluware's expertise applies across many subsurface challenges, not a single use case. For CMG, these projects show that the expertise needed to apply AI effectively in the subsurface already exists within our Company and is delivering results for operators today.

I have written more about AI on LinkedIn: why physics stays at the centre of subsurface AI, and where an agent can support a reservoir engineer.

SeisWare: one year with CMG

I committed to reporting on SeisWare's progress after owning it for a year, just as I did for Bluware and Sharp Reflections. These reviews test the central idea behind our acquisition strategy: that good software businesses become better ones inside CMG.

When we acquired SeisWare in July 2025, it was operating at around breakeven. The trailing twelve month Adjusted EBITDA margin is 10% and we expect the Adjusted EBITDA margin to exceed 20% for the current fiscal year.

On the revenue side, the first year has been about building. We completed the development and launch of a new product called Mercury. We also started laying the foundation for sales outside of SeisWare's core market in Canada. Neither of those produces revenue right away, but customers are now evaluating the new product, and the international pipeline is building. As I mentioned earlier in my letter, I expect strong revenue growth in the fourth quarter. Beginning next quarter, SeisWare will be part of our organic results.

We have now delivered early margin expansion at each of the three acquisitions we have owned for more than a year. That record is why acquisitions remain our primary use of capital over time, and why we are so careful about the price we pay for the next one.

Capital allocation: where the returns are today

We aim to deploy 100% of our Free Cash Flow into opportunities that grow Recurring revenue and long-term cash flow at attractive risk-adjusted returns. Acquisitions remain our first priority for that capital.

I have said that the conversion from pipeline to closed transactions should improve, and that I expected investors to hold us to that. It hasn't yet. Valuations for quality software companies remain high, and closing at the right price is taking longer than I expected. This quarter we walked away from a transaction in the later stages of the process. It was a good business with a strong leader, but we could not get to conviction on the returns. I share this because I would rather explain a deal we didn't do than one we shouldn't have done.

Walking away from a transaction is not stepping back. Our pipeline remains active, and we continue to build relationships with founders who want a strong technical home for their businesses. We closed two acquisitions at the right price in fiscal 2026, SeisWare and Rose, and I am confident we will do so again. Discipline on price and success in closing are not in conflict. What reconciles them is patience.

Separately, we believe our shares trade at a discount to their intrinsic value, based on the cash flow the business generates. At today's price, buying back our shares is an attractive use of capital in its own right. Buybacks and acquisitions are complementary, not competing. This year, buybacks have carried more of the capital we deployed than I expected when the year began, and our capacity for acquisitions remains fully funded.

In September we completed our substantial issuer bid, repurchasing 4,444,444 shares at $4.50 per share, about $20 million and roughly 5.7% of the shares then outstanding. We sized it so that our acquisition strategy remained fully funded and so that we can repay the related draw on our credit facility from this year's expected cash flow. Today, we announced the renewal of our normal course issuer bid, a flexible way to keep buying when the price is right. We have also increased our committed credit facility by $50 million to $150 million, now with a syndicate of two banks, so that buying back shares does not come at the expense of acting on the right acquisition.

This weighting reflects where the returns are today, not a change in strategy. We are actively working on our pipeline, and when we find an acquisition that clears our hurdle, we will act on it. The balance will shift as those opportunities close or as the gap between our share price and our view of its intrinsic value narrows.

Looking ahead

The first half of this year was about setting up for growth in the second half. What matters now is execution: converting the remaining renewals, building on new markets, putting our AI work in customers' hands, and directing capital to where the returns are. That progress needs to show up in our financial results, and that is how I expect to be measured.

Vipin and I look forward to speaking with you further on our earnings call tomorrow morning, November 13th at 7 am MT (8 am ET).

To our employees, our customers, our partners, and our shareholders, I remain grateful for your ongoing commitment and collaboration.

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", "Organic growth" 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 November 12, 2026, accessible on SEDAR+ (www.sedarplus.ca) and our website (www.cmgl.ca/investors/financial-reports).