Condensed Consolidated Statements of Financial Position

UNAUDITED (thousands of Canadian $)	**December 31, 2021**	March 31, 2021
Assets		
Current assets:		
Cash	**47,727**	49,068
Trade and other receivables	**18,768**	23,239
Prepaid expenses	**1,065**	820
Prepaid income taxes (note 10)	**1,149**	8
	68,709	73,135
Property and equipment	**11,305**	12,025
Right-of-use assets	**33,698**	35,509
Deferred tax asset (note 10)	**1,926**	1,822
Total assets	**115,638**	122,491
Liabilities and shareholders’ equity		
Current liabilities:		
Trade payables and accrued liabilities	**5,781**	6,316
Income taxes payable (note 10)	**18**	49
Deferred revenue (note 4)	**23,056**	30,461
Lease liability (note 5)	**1,526**	1,356
	30,381	38,182
Long-term stock-based compensation liability (note 11(c))	**1,156**	1,281
Long-term lease liability (note 5)	**38,510**	39,606
Total liabilities	**70,047**	79,069
Shareholders’ equity:		
Share capital (note 11)	**80,248**	80,051
Contributed surplus	**14,818**	14,251
Deficit	**(49,475)**	(50,880)
Total shareholders' equity	**45,591**	43,422
Total liabilities and shareholders' equity	**115,638**	122,491

Subsequent event (note 15)

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Statements of Operations and Comprehensive Income

UNAUDITED (thousands of Canadian $ except per share amounts)	Three months ended December 31 **2021**	2020	Nine months ended December 31 **2021**	2020
Revenue (note 6)	**17,045**	16,038	**47,408**	50,562
Operating expenses (note 7)				
Sales, marketing and professional services	**3,810**	3,335	**11,062**	11,209
Research and development (note 8)	**3,926**	3,092	**12,599**	11,158
General and administrative	**1,554**	1,174	**4,979**	4,186
	9,290	7,601	**28,640**	26,553
Operating profit	**7,755**	8,437	**18,768**	24,009
Finance income (note 9)	**115**	92	**339**	288
Finance costs (note 9)	**(560)**	(1,119)	**(1,649)**	(3,122)
Profit before income and other taxes	**7,310**	7,410	**17,458**	21,175
Income and other taxes (note 10)	**1,736**	1,535	**4,005**	5,278
Net and total comprehensive income	**5,574**	5,875	**13,453**	15,897
Earnings per share				
Basic and diluted (note 11(d))	**0.07**	0.07	**0.17**	0.20

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Statements of Changes in Equity

UNAUDITED (thousands of Canadian $)	Share capital	Contributed surplus	Deficit	Total equity
Balance, April 1, 2020	79,851	13,533	(55,015)	38,369
Total comprehensive income for the year	-	-	15,897	15,897
Dividends paid	-	-	(12,041)	(12,041)
Shares issued on redemption of restricted share units (note 11(b))	200	-	-	200
Stock-based compensation:				
Current period expense (note 11(c))	-	531	-	531
Balance, December 31, 2020	80,051	14,064	(51,159)	42,956
Balance, April 1, 2021	**80,051**	**14,251**	**(50,880)**	**43,422**
Total comprehensive income for the year	**-**	**-**	**13,453**	**13,453**
Dividends paid	**-**	**-**	**(12,048)**	**(12,048)**
Shares issued on redemption of restricted share units (note 11(b))	**197**	**-**	**-**	**197**
Stock-based compensation:				
Current period expense (note 11(c))	**-**	**567**	**-**	**567**
Balance, December 31, 2021	**80,248**	**14,818**	**(49,475)**	**45,591**

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Statements of Cash Flows

UNAUDITED (thousands of Canadian $)	Three months ended December 31 2021	2020	Nine months ended December 31 2021	2020
Operating activities				
Net income	**5,574**	5,875	**13,453**	15,897
Adjustments for:				
Depreciation	**1,088**	1,072	**3,144**	3,200
Deferred income tax expense (recovery) (note 10)	**(49)**	(120)	**(104)**	(554)
Stock-based compensation (note 11(c))	**409**	495	**244**	1,473
Funds flow from operations	**7,022**	7,322	**16,737**	20,016
Movement in non-cash working capital:				
Trade and other receivables	**(4,687)**	(4,345)	**4,471**	10,857
Trade payables and accrued liabilities	**68**	676	**(141)**	(1,371)
Prepaid expenses	**(45)**	98	**(245)**	(70)
Income taxes payable	**355**	(23)	**(1,172)**	1,069
Deferred revenue	**1,814**	(4,202)	**(7,405)**	(18,491)
Increase in non-cash working capital	**(2,495)**	(7,796)	**(4,492)**	(8,006)
Net cash provided by (used in) by operating activities	**4,527**	(474)	**12,245**	12,010
Financing activities				
Repayment of lease liability (note 5)	**(314)**	(310)	**(897)**	(942)
Dividends paid	**(4,017)**	(4,015)	**(12,048)**	(12,041)
Net cash used in financing activities	**(4,331)**	(4,325)	**(12,945)**	(12,983)
Investing activities				
Property and equipment additions	**(481)**	(7)	**(641)**	(356)
Decrease in cash	**(285)**	(4,806)	**(1,341)**	(1,329)
Cash, beginning of period	**48,012**	43,982	**49,068**	40,505
Cash, end of period	**47,727**	39,176	**47,727**	39,176
Supplementary cash flow information				
Interest received (note 9)	**115**	91	**339**	289
Interest paid (notes 5 and 9)	**500**	517	**1,510**	1,563
Income taxes paid	**1,107**	722	**4,617**	4,200

See accompanying notes to condensed consolidated interim financial statements.

Notes to Condensed Consolidated Interim Financial Statements

For the three and nine months ended December 31, 2021 and 2020.

1. Reporting Entity:

Computer Modelling Group Ltd. ("CMG") 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's registered office is 3710 33 Street N.W., Calgary, Alberta, Canada, T2L 2M1. The condensed consolidated interim financial statements as at and for the three and nine months ended December 31, 2021 comprise CMG and its subsidiaries (together referred to as the "Company"). The Company is a computer software technology company engaged in the development and licensing of reservoir simulation software. The Company also provides professional services consisting of highly specialized support, consulting, training, and contract research activities.

2. Basis of Preparation:

(a) Statement of Compliance:

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. Accordingly, they do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's most recent annual consolidated financial statements as at and for the year ended March 31, 2021, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These unaudited condensed consolidated interim financial statements as at and for the three and nine months ended December 31, 2021 were authorized for issuance by the Board of Directors on February 9, 2022.

(b) Basis of Measurement:

The condensed consolidated interim financial statements have been prepared on the historical cost basis, which is based on the fair value of the consideration at the time of the transaction.

(c) Functional and Presentation Currency:

The condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company's functional currency. 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 and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, costs and expenses. Estimates and underlying assumptions 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 used in the preparation of these condensed consolidated interim financial statements were the same as those that applied to the consolidated financial statements for the year ended March 31, 2021.

(e) Impact of the COVID-19 Pandemic:

In March 2020, the World Health Organization declared the coronavirus outbreak a pandemic. Responses to the spread of COVID-19 resulted in a partial shutdown of the global economy leading to significant disruption to business operations and a significant increase in economic uncertainty with volatile commodity prices and currency exchange rates. In addition, fluctuating demand for crude oil resulting from world economies emerging from and then entering into subsequent COVID-19 waves has resulted in significant volatility in global energy prices. These events are resulting in a challenging economic climate in which it is difficult to reliably estimate the length or severity of these developments and their financial impact. A potential adverse impact to the Company includes reductions in revenues and cash flows and increased risk of non-payment from customers. Estimates made during this period of extreme volatility are subject to a higher level of uncertainty and as a result, there may be a further prospective impact in future periods.

3. Segmented Information:

The Company is organized into one operating segment represented by the development and licensing of reservoir simulation software. 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 not evaluated as a separate business segment.

Property, equipment and right-of-use assets of the Company are located in the following geographic regions (for revenue by geographic region, refer to note 6):

(thousands of $)	**December 31, 2021**	March 31, 2021
Canada	**44,114**	46,393
United States	**610**	755
South America	**233**	325
Eastern Hemisphere(1)	**46**	61
	45,003	47,534

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

4. Deferred Revenue:

The following table presents changes in the deferred revenue balance:

(thousands of $)	
Balance, March 31, 2021	30,461
Invoiced during the period, excluding amounts recognized as revenue during the period	20,973
Recognition of deferred revenue included in the balance at the beginning of the period	(28,378)
Balance, December 31, 2021	**23,056**

5. Lease Liability:

The Company's leases are for office space, the most significant of which is the twenty-year head office lease 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 $)	
Balance, March 31, 2021	40,962
Interest on lease liability (note 9)	1,510
Lease payments	(2,407)
Remeasurement due to renegotiated lease payments	(29)
Balance, December 31, 2021	**40,036**
Current	**1,526**
Long-term	**38,510**

The following table presents contractual undiscounted payments for lease liability as at December 31, 2021:

(thousands of $)	
Less than one year	3,477
Between one and five years	13,959
More than five years	40,710
Total undiscounted payments	**58,146**

6. Revenue:

In the following table, revenue is disaggregated by geographical region and timing of revenue recognition:

	Three months ended December 31		Nine months ended December 31	
(thousands of $)	**2021**	2020	**2021**	2020
Annuity/maintenance license revenue				
Canada	**3,303**	3,097	**9,425**	9,452
United States	**3,429**	3,649	**9,502**	11,533
South America	**1,884**	1,320	**5,195**	4,412
Eastern Hemisphere	**4,959**	5,411	**14,978**	16,747
	13,575	13,477	**39,100**	42,144
Perpetual license revenue				
Canada	**-**	-	**-**	-
United States	**180**	-	**401**	-
South America	**-**	41	**-**	1,020
Eastern Hemisphere	**1,317**	619	**2,067**	1,415
	1,497	660	**2,468**	2,435
Total software license revenue	**15,072**	14,137	**41,568**	44,579
Professional services				
Canada	**1,798**	1,690	**5,368**	5,241
United States	**9**	45	**66**	436
South America	**12**	-	**91**	26
Eastern Hemisphere	**154**	166	**315**	280
	1,973	1,901	**5,840**	5,983
Total revenue				
Canada	**5,101**	4,787	**14,793**	14,693
United States	**3,618**	3,694	**9,969**	11,969
South America	**1,896**	1,361	**5,286**	5,458
Eastern Hemisphere	**6,430**	6,196	**17,360**	18,442
	17,045	16,038	**47,408**	50,562

During the nine months ended December 31, 2021, revenue recognized from performance obligations satisfied (or partially satisfied) in previous periods is $1.4 million (2020 – $1.3 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 from contracts with customers were as follows:

(thousands of $)	**December 31, 2021**	March 31, 2021
Receivables (included in “Trade and other receivables”)	**18,556**	22,812

During the nine months ended December 31, 2021, one customer comprised 12.2% of the Company's total revenue (2020 – one customer, 12.9%).

7. Canada Emergency Wage Subsidy and Canada Emergency Rent Subsidy

As a result of the decline in revenue, CMG became eligible for the Canada Emergency Wage Subsidy ("CEWS") and the Canada Emergency Rent Subsidy ("CERS") programs and during the three and nine months ended December 31, 2021 recorded a CEWS benefit of $0.3 million and $0.6 million, respectively (three and nine months ended December 31, 2020 – $1.6 million and $4.1 million, respectively), and a CERS benefit of $0.1 million and $0.2 million, respectively (three and nine months ended December 31, 2020 – $0.1 million and $0.1 million, respectively). The CEWS and CERS benefits were recorded against the financial statement line items that they are intended to compensate, resulting in the following credits to the operating expense categories:

Three months ended December 31, (thousands of $)	**2021**	2020
Sales, marketing and professional services	**(68)**	(287)
Research and development	**(267)**	(1,131)
General and administrative	**(64)**	(271)
	(399)	(1,689)

Nine months ended December 31, (thousands of $)	**2021**	2020
Sales, marketing and professional services	**(130)**	(719)
Research and development	**(513)**	(2,833)
General and administrative	**(123)**	(677)
	(766)	(4,229)

8. Research and Development Costs:

Three months ended December 31, (thousands of $)	**2021**	2020
Research and development, net of government grants	**4,104**	3,231
Scientific research and experimental development (SR&ED) investment tax credits	**(178)**	(139)
	3,926	3,092

Nine months ended December 31, (thousands of $)	**2021**	2020
Research and development, net of government grants	**13,263**	11,709
Scientific research and experimental development (SR&ED) investment tax credits	**(664)**	(551)
	12,599	11,158

9. Finance Income and Finance Costs:

Three months ended December 31, (thousands of $)	**2021**	2020
Interest income	**115**	92
Finance income	**115**	92
Interest expense on lease liability (note 5)	**(500)**	(517)
Net foreign exchange loss	**(60)**	(602)
Finance costs	**(560)**	(1,119)

Nine months ended December 31, (thousands of $)	**2021**	2020
Interest income	**339**	288
Finance income	**339**	288
Interest expense on lease liability (note 5)	**(1,510)**	(1,563)
Net foreign exchange loss	**(139)**	(1,559)
Finance costs	**(1,649)**	(3,122)

10. Income and Other Taxes:

The major components of income tax expense are as follows:

Nine months ended December 31, (thousands of $)	**2021**	2020
Current year income tax expense	**4,232**	5,515
Adjustment for prior year	**(131)**	(44)
Current income taxes	**4,101**	5,471
Deferred tax recovery	**(104)**	(554)
Foreign withholding and other taxes	**8**	361
	4,005	5,278

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:

Nine months ended December 31, (thousands of $, unless otherwise stated)	**2021**	2020
Combined statutory tax rate	**23.00%**	23.50%
Expected income tax	**4,015**	4,976
Non-deductible costs	**180**	148
Withholding taxes	**(73)**	195
Effect of tax rates in foreign jurisdictions	**(6)**	(15)
Effect of statutory tax rate reduction	**-**	(8)
Adjustment for prior year	**(131)**	(44)
Other	**20**	26
	4,005	5,278

The components of the Company's deferred tax asset are as follows:

(thousands of $)	**December 31, 2021**	March 31, 2021
Right-of-use assets	**1,421**	1,245
Stock-based compensation liability	**497**	616
Property and equipment	**149**	115
SR&ED investment tax credits	**(141)**	(154)
Net deferred tax asset	**1,926**	1,822

All movement in deferred tax assets and liabilities is recognized through net income of the respective period.

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.

11. Share Capital:

(a) Authorized:

An unlimited number of common shares, an unlimited number of non-voting shares, and an unlimited number of preferred shares, issuable in series.

(b) Issued:

(thousands of shares)	Common shares
Balance, April 1, 2020	80,249
Issued on redemption of restricted share units	37
Balance, December 31, 2020	80,286
Balance, April 1, 2021	**80,286**
Issued on redemption of restricted share units	**49**
Balance, December 31, 2021	**80,335**

(c) Stock-Based Compensation:

Stock-Based Compensation Expense

The following table summarizes stock-based compensation expense:

Three months ended December 31, (thousands of $)	**2021**	2020
Equity-settled plans	**188**	190
Cash-settled plans	**225**	339
Total stock-based compensation expense	**413**	529

Nine months ended December 31, (thousands of $)	**2021**	2020
Equity-settled plans	**567**	531
Cash-settled plans	**517**	1,742
Total stock-based compensation expense	**1,084**	2,273

Liability Recognized for Stock-Based Compensation [(1)]

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

(thousands of $)	**December 31, 2021**	March 31, 2021
SARs	**207**	407
RSUs	**1,128**	1,641
PSUs	**306**	204
DSUs	**518**	426
Total stock-based compensation liability	**2,159**	2,678
Current, recorded within trade payables and accrued liabilities	**1,003**	1,397
Long-term	**1,156**	1,281

(1) The intrinsic value of the vested awards at December 31, 2021 was $0.5 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 December 31, 2021, the Company may reserve up to 8,033,000 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 reaffirmed by the Company's shareholders on July 16, 2020. Pursuant to the stock option plan, the maximum term of an option granted cannot exceed five years from the date of grant. Fifty percent of stock options vest on the first anniversary from the grant date and then 25% vest on each of the second and third anniversary dates. Stock options have a five-year life.

The following table outlines changes in stock options:

	Nine months ended December 31, 2021		Year ended March 31, 2021	
	Number of Options (thousands)	**Weighted Average Exercise Price ($/share)**	Number of Options (thousands)	Weighted Average Exercise Price ($/share)
Outstanding at beginning of period	**3,524**	**7.82**	3,900	9.64
Granted	**1,006**	**3.98**	796	5.10
Forfeited/expired	**(846)**	**9.51**	(1,172)	12.03
Outstanding at end of period	**3,684**	**6.38**	3,524	7.82
Options exercisable at end of period	**2,116**	**7.74**	2,234	8.95

The range of exercise prices of stock options outstanding and exercisable at December 31, 2021 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 5.07	991	4.6	3.98	-	-
5.08 to 6.30	779	3.6	5.08	393	5.08
6.31 to 9.19	745	2.6	6.38	554	6.38
9.20 to 9.32	465	1.6	9.20	465	9.20
9.33 to 9.33	704	0.6	9.33	704	9.33
	3,684	**2.9**	**6.38**	**2,116**	**7.74**

The fair value of stock options was estimated using the Black-Scholes option pricing model under the following assumptions:

	Nine months ended December 31, 2021	Year ended March 31, 2021
Fair value at grant date ($/option)	**0.78 to 0.80**	1.00 to 1.50
Share price at grant date ($/share)	**3.98**	5.08 to 6.59
Risk-free interest rate (%)	**0.57 to 0.70**	0.22 to 0.37
Estimated hold period prior to exercise (years)	**3 to 4**	3 to 4
Volatility in the price of common shares (%)	**39 to 42**	35 to 41
Dividend yield per common share (%)	**5.18**	3.06 to 3.71

(ii) Share Appreciation Rights Plan

The Company adopted a share appreciation rights plan ("SAR Plan") in November 2015. A share appreciation right ("SAR") entitles the holder to receive a cash payment equal to the difference between the stated exercise price and the market price of the Company's common shares on the date the SAR is exercised. SARs are granted to executive officers and employees residing and working outside of Canada. 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. SARs have a five-year life.

The following table outlines changes in SARs:

	Nine months ended December 31, 2021		Year ended March 31, 2021	
	Number of SARs (thousands)	**Weighted Average Exercise Price ($/SAR)**	Number of SARs (thousands)	Weighted Average Exercise Price ($/SAR)
Outstanding at beginning of period	**1,373**	**8.19**	1,152	8.80
Granted	**278**	**3.98**	221	5.08
Forfeited/expired	**(208)**	**9.78**	-	-
Outstanding at end of period	**1,443**	**7.15**	1,373	8.19
SARs exercisable at end of period	**999**	**8.31**	948	9.04

(iii) Share Unit Plans

Performance Share Units (PSUs) and Restricted Share Units (RSUs)

The Performance Share Unit and Restricted Share Unit Plan ("PSU & RSU Plan") is open to all employees and contractors of the Company. PSUs cliff-vest at the end of three years, with the vesting multiplier ranging from 0.0 to 2.0 contingent upon achieving certain corporate performance criteria. RSUs vest annually over a three-year period. Upon vesting, PSUs and RSUs can be exchanged for common shares of the Company or surrendered for cash at the option of the holder. As such, the Company accounts for PSUs and RSUs as cash-settled awards and recognizes a liability for potential cash settlements.

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. As such, the Company accounts for PSUs and RSUs issued under the International Employees PSU & RSU Plan as cash-settled awards and recognizes a liability for potential cash settlements.

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 membership.

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

(thousands)			**Nine months ended December 31, 2021**			Year ended March 31, 2021
	RSUs	**PSUs**	**DSUs**	RSUs	PSUs	DSUs
Outstanding at beginning of period	**589**	**93**	**74**	421	30	48
Granted	**485**	**70**	**48**	379	63	33
Exercised	**(256)**	**-**	**-**	(181)	-	(7)
Forfeited	**(81)**	**-**	**-**	(30)	-	-
Outstanding at end of period	**737**	**163**	**122**	589	93	74

(d) Earnings Per Share:

The following table summarizes the earnings and weighted average number of common shares used in calculating basic and diluted earnings per share:

Three months ended December 31, (thousands except per share amounts)			**2021**			2020
	Earnings ($)	**Weighted average shares outstanding**	**Earnings per share ($/share)**	Earnings ($)	Weighted average shares outstanding	Earnings per share ($/share)
Basic	**5,574**	**80,335**	**0.07**	5,875	80,286	0.07
Dilutive effect of share-based awards		**324**			182	
Diluted	**5,574**	**80,659**	**0.07**	5,875	80,468	0.07

Nine months ended December 31, (thousands except per share amounts)			**2021**			2020
	Earnings ($)	**Weighted average shares outstanding**	**Earnings per share ($/share)**	Earnings ($)	Weighted average shares outstanding	Earnings per share ($/share)
Basic	**13,453**	**80,309**	**0.17**	15,897	80,267	0.20
Dilutive effect of share-based awards		**362**			218	
Diluted	**13,453**	**80,671**	**0.17**	15,897	80,485	0.20

During the three and nine months ended December 31, 2021, nil and 173,000 awards, respectively, (three and nine months ended December 31, 2020 – nil and 115,000 awards, respectively) were excluded from the computation of the weighted average number of diluted shares outstanding because their effect was not dilutive.

12. Financial Instruments:

Financial assets include cash and trade and other receivables which are classified as and measured at amortized cost, which approximates their fair values.

Financial liabilities include trade payables and accrued liabilities which are classified as other financial liabilities and are measured at amortized cost, which approximates their fair values.

13. Commitments:

(a) Research Commitment:

CMG, in partnership with Shell Global Solutions International B.V. ("Shell") at present, and also in partnership with Petroleo Brasileiro S.A. historically, is the developer of CoFlow, the newest generation of reservoir and production system simulation software.

On January 1, 2017, Shell and CMG entered into an agreement (the "CoFlow Agreement") with an initial five-year term whereby CMG would be responsible for the research and development costs of CoFlow and Shell would be responsible for providing a contribution for the continuing development of the software.

On December 21, 2020, the CoFlow Agreement was amended when Shell exercised its right to request a five-year term extension, commencing January 1, 2022. All other terms and conditions in the CoFlow Agreement, including any related amendments, remain unchanged and in full force and effect during the extended term. In September 2021, CMG and Shell agreed that CMG will add and/or allocate up to six additional full-time employees in order to accelerate CoFlow development and support targeted CoFlow deployments, and Shell's contribution will increase accordingly.

CoFlow costs are estimated to be $7.6 million and Shell's contribution is estimated to be $6.9 million in fiscal 2022, which includes the additional resources agreed to in September of 2021.

During the three and nine months ended December 31, 2021, the Company recorded professional services revenue of $1.8 million and $5.1 million, respectively (three and nine months ended December 31, 2020 – $1.7 million and $5.2 million, respectively), and CoFlow costs of $1.8 million and $5.6 million, respectively, to research and development expenses (three and nine months ended December 31, 2020 – $1.4 million and $5.0 million, respectively).

(b) Commitments:

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

(thousands of $)	**December 31, 2021**
Less than one year	**1,101**
Between one and five years	**4,332**
More than five years	**11,462**
	16,895

14. Line of Credit:

The Company has arranged for a $2.0 million line of credit with its principal banker, which can be drawn down by way of a demand operating credit facility or may be used to support letters of credit. As at December 31, 2021, $1.0 million (March 31, 2021 – $0.9 million) had been reserved on this line of credit for letters of credit supporting performance bonds.

15. Subsequent Event:

On February 9, 2022, the Board of Directors declared a quarterly cash dividend of $0.05 per share on its common shares, payable on March 15, 2022 to all shareholders of record at the close of business on March 7, 2022.