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COMPUTER MODELLING GROUP ANNOUNCES YEAR-END RESULTS

CALGARY, Alberta, May 22, 2024 – Computer Modelling Group Ltd. (“CMG Group” or the “Company”) announces its financial results for the three months and year ended March 31, 2024.

As a result of CMG Group’s acquisition of BHV on September 25, 2023, the Company’s operations are now organized into two reportable operating segments represented by CMG; the development and licensing of reservoir simulation software, and BHV; the development and licensing of seismic interpretation software.

FOURTH QUARTER 2024 CONSOLIDATED HIGHLIGHTS

Select financial highlights

- Generated total revenue of \$32.3 million in the fourth quarter of fiscal 2024, compared to \$20.3 million in the prior year’s quarter, reflecting a 15% increase in CMG’s revenue and a 44% contribution from BHV;
- Operating profit increased to \$8.3 million, an increase of 20% from the same period of the previous fiscal year. Adjusted operating profit increased by 16% from the same period of the previous fiscal year, with CMG contributing to 9% and BHV contributing to 7% of the increase;
- Adjusted EBITDA Margin was 32%, compared to 42% in the same period of the previous last fiscal year with BHV generating 10% and CMG generating 40% in Adjusted EBITDA Margin;
- Net income during the period was \$7.2 million, a 38% increase compared to the prior year’s quarter;
- Earnings per share was \$0.09, a 29% increase compared to the prior year’s quarter;
- Reported Free Cash Flow of \$0.12 per share, an increase of 71%.

FISCAL 2024 CONSOLIDATED HIGHLIGHTS

Select financial highlights

- Generated total revenue of \$108.7 million in fiscal 2024, compared to \$73.8 million in the previous fiscal year, reflecting a 19% increase in CMG’s revenue and a 28% contribution from BHV;
- Operating profit increased to \$34.0 million, an increase of 31% from the previous fiscal year. Adjusted operating profit increased by 30% from the previous fiscal year, in which CMG contributed 19% and BHV contributed 11%;
- Adjusted EBITDA Margin was 40%, compared to 45% in last fiscal year with BHV generating 18% and CMG generating 45% in Adjusted EBITDA Margin;
- Net income during the year was \$26.3 million, a 33% increase compared to the prior fiscal year;
- Earnings per share was \$0.32, a 28% increase compared to prior fiscal year;
- Reported Free Cash Flow of \$0.44 per share, an increase of 63%.

MANAGEMENT COMMENTARY

Fourth Quarter

In the fourth quarter, total revenue grew by 59% from the prior fiscal year to \$32.3 million, reflecting the acquisition of Bluware (“BHV”) which contributed 44%, and growth within the CMG operating segment of 15%. Adjusted EBITDA Margin was 32% compared to 42% in the prior fiscal year primarily due to the acquisition of BHV which currently operates at a lower margin than CMG. Net income for the quarter increased by 38% to \$7.2 million, driven by higher revenue in the CMG operating segment. Free Cash Flow grew by 75% to \$9.5 million, or \$0.12 per share, from \$5.4 million or \$0.07 per share in the prior year’s quarter. This

substantial increase in Free Cash Flow was driven by both increases in net income and an approximately \$4.6 million increase due to the tax deduction for the intellectual property acquired from BHV.

The CMG operating segment delivered strong total revenue growth of 15% in the fourth quarter with 13% growth in the recurring annuity/maintenance license revenue and increases in both perpetual licenses and professional services revenue. Energy transition, as a percentage of CMG software revenue, was 24% for the fourth quarter, evidencing continued strong demand. As expected, direct employee costs increased in the fourth quarter compared to the prior fiscal year, driven primarily by a combination of increased headcount and performance driven variable compensation. Corporate costs increased as we made investments to support our growth. Collectively, these impacts reduced Adjusted EBITDA Margin in the quarter to 40% from 42% in the prior fiscal year.

In the BHV operating segment, as expected, software license revenue of \$2.9 million in the fourth quarter was down sequentially from the third quarter of this fiscal year. This is due to annuity license fee revenue, which fluctuates quarterly depending on the timing of contract renewals. This impacted Adjusted EBITDA Margin for the quarter which declined to 10% from 27% in the third quarter of this year.

Fiscal Year 2024

In fiscal 2024, total revenue grew by 47% from the prior fiscal year to \$108.7 million, reflecting the acquisition of BHV which contributed 28% and growth within the CMG operating segment of 19%. As expected, due to the current lower profitability margins of BHV, compared to CMG, full year consolidated Adjusted EBITDA Margin was 40% compared to 45% in the prior fiscal year. Net income grew by \$6.5 million, or 33% from the prior fiscal year, driven primarily by increased revenue in the CMG operating segment. Free Cash Flow grew by 62% to \$35.3 million, or \$0.44 per share, from \$21.7 million, or \$0.27 per share, in the prior fiscal year. Free Cash Flow benefited from stronger net income and the intellectual property tax deduction related to the BHV acquisition. The year ending cash balance of \$63.1 million provides flexibility to continue advancing our acquisition strategy.

The CMG operating segment delivered strong total revenue growth of 19% over the prior fiscal year, with 15% growth in the recurring annuity/maintenance license revenue and increases in both perpetual licenses and professional services revenue. Growth in software revenue was evident across all geographies, with the US and Eastern Hemisphere showing the largest contribution, and was driven by a combination of pricing, and new and increased licensing for both energy transition and traditional energy. Energy transition, as a percentage of CMG software revenue, was 23% for the full year 2024.

Compared to the prior fiscal year, CMG operating segment Adjusted EBITDA increased by 19% to \$39.5 million, with Adjusted EBITDA Margin remaining stable at 45% compared to the prior fiscal year. In fiscal 2024, Adjusted EBITDA Margin was impacted by a decrease in SR&ED investment tax credits and increased direct employee costs and other corporate costs that represent our investments supporting current and anticipated growth. These investments included additional hires, bringing headcount to 193 (from 165 on March 31, 2023), additional systems to support and accelerate the refinement of our sales and go-to-market strategies, product innovation, and internal processes. We believe these investments position the organization to deliver sustained annual growth in the coming years while maintaining strong profitability.

In the BHV operating segment, performance is tracking to our expectation with total revenue of \$20.8 million and Adjusted EBITDA Margin of 18% for the year-to-date, which reflects six months of operations. Software license revenue of \$8.1 million, represented two full quarters of operations under CMG ownership. However, it is expected that revenue in the first six months of fiscal 2025 will be lower than that of Q3 and Q4 of fiscal 2024, due to the timing impact of contract renewals. It is also anticipated that Adjusted EBITDA Margin will decrease in the first two quarters of fiscal 2025 for the same reason. Annuity license fee revenue is recognized upfront when the software license is delivered to the customer which is driven by the timing of contract renewals that happen most commonly in the third and fourth quarter. For this reason, BHV performance will be best evaluated on an annual basis.

SUMMARY OF FINANCIAL PERFORMANCE

	CMG		BHV		Consolidated	
Three months ended March 31 (\$ thousands, except per share data)	2024	2023	2024	2023	2024	2023
Annuity/maintenance licenses	17,864	15,803	1,797	-	19,661	15,803
Annuity license fee	-	-	1,142	-	1,142	-
Perpetual licenses	2,130	1,556	-	-	2,130	1,556
Total software license revenue	19,994	17,359	2,939	-	22,933	17,359
Professional services	3,280	2,906	6,078	-	9,358	2,906
Total revenue	23,274	20,265	9,017	-	32,291	20,265
<i>Total revenue growth</i>	15%	8%			59%	8%
<i>Annuity/maintenance licenses growth</i>	13%	10%			24%	10%
Cost of revenue	2,394	2,365	4,076	-	6,470	2,365
Operating expenses						
Sales & marketing	3,691	3,294	670	-	4,361	3,294
Research and development	5,830	4,589	1,777	-	7,607	4,589
General & administrative	3,458	3,108	2,118	-	5,576	3,108
Operating expenses	12,979	10,991	4,565	-	17,544	10,991
Operating profit	7,901	6,909	376	-	8,277	6,909
<i>Operating Margin</i>	34%	34%	4%	-%	26%	34%
Acquisition related expenses	-	-	186	-	186	-
Amortization of acquired intangible assets	575	19	89	-	664	19
Stock based compensation	922	1,721	-	-	922	1,721
Adjusted operating profit ⁽¹⁾	9,398	8,649	651	-	10,049	8,649
<i>Adjusted Operating Margin ⁽¹⁾</i>	40%	43%	7%	-%	31%	43%
Net income (loss)	7,365	5,226	(136)	-	7,229	5,226
Adjusted EBITDA ⁽¹⁾	9,353	8,520	866	-	10,219	8,520
<i>Adjusted EBITDA Margin ⁽¹⁾</i>	40%	42%	10%	-%	32%	42%
Earnings per share – basic					0.09	0.07
Free cash flow per share – basic ⁽¹⁾					0.12	0.07

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

	CMG		BHV		Consolidated	
Year ended March 31 (\$ thousands, except per share data)	2024	2023	2024	2023	2024	2023
Annuity/maintenance licenses	68,537	59,690	2,993	-	71,530	59,690
Annuity license fee	-	-	5,146	-	5,146	-
Perpetual licenses	5,739	3,240	-	-	5,739	3,240
Total software license revenue	74,276	62,930	8,139	-	82,415	62,930
Professional services	13,618	10,916	12,646	-	26,264	10,916
Total revenue	87,894	73,846	20,785	-	108,679	73,846
<i>Total revenue growth</i>	19%	12%			47%	12%
<i>Annuity/maintenance licenses growth</i>	15%	12%			20%	12%
Cost of revenue	8,858	7,481	8,366	-	17,224	7,481
Operating expenses						
Sales & marketing	13,787	9,968	1,170	-	14,957	9,968
Research and development	19,870	17,857	3,809	-	23,679	17,857
General & administrative	14,234	12,680	4,601	-	18,835	12,680
Operating expenses	47,891	40,505	9,580	-	57,471	40,505
Operating profit	31,145	25,860	2,839	-	33,984	25,860
<i>Operating Margin</i>	35%	35%	14%	-%	31%	35%
Acquisition related expenses	719	-	737	-	1,456	-
Amortization of acquired intangible assets	1,322	19	179	-	1,501	19
Restructuring charge	-	3,943	-	-	-	3,943
Stock based compensation	6,292	3,317	-	-	6,292	3,317
Adjusted operating profit ⁽¹⁾	39,478	33,139	3,755	-	43,233	33,139
<i>Adjusted Operating Margin ⁽¹⁾</i>	45%	45%	18%	-%	40%	45%
Net income	24,610	19,797	1,649	-	26,259	19,797
Adjusted EBITDA ⁽¹⁾	39,469	33,229	3,688	-	43,157	33,229
<i>Adjusted EBITDA Margin ⁽¹⁾</i>	45%	45%	18%	-%	40%	45%
Earnings per share – basic					0.32	0.25
Free cash flow per share – basic ⁽¹⁾					0.44	0.27

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

NON-IFRS FINANCIAL MEASURES AND RECONCILIATION OF NON-IFRS MEASURES

Free Cash Flow Reconciliation to Funds Flow from Operations

Free cash flow is a non-IFRS financial measure that is calculated as funds flow from operations less capital expenditures and repayment of lease liabilities. Free Cash Flow per share is calculated by dividing free cash flow by the number of weighted average outstanding shares during the period. Management believes that this measure provides useful supplemental information about operating performance and liquidity, as it represents cash generated during the period, regardless of the timing of collection of receivables and payment of payables, which may reduce comparability between periods. Management uses free cash flow and free cash flow per share to help measure the capacity of the Company to pay dividends and invest in business growth opportunities.

	Fiscal 2023				Fiscal 2024			
(\$ thousands, unless otherwise stated)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Funds flow from operations	4,558	4,974	8,169	7,656	7,920	11,491	8,477	10,367
Capital expenditures ⁽¹⁾	-	(130)	(211)	(1,707)	(45)	(51)	(459)	(95)
Repayment of lease liabilities	(303)	(339)	(413)	(553)	(412)	(412)	(728)	(803)
Free Cash Flow	4,255	4,505	7,545	5,396	7,463	11,028	7,290	9,469
Weighted average shares – basic (thousands)	80,335	80,412	80,511	80,603	80,685	80,834	81,067	81,314
Free Cash Flow per share - basic	0.05	0.06	0.09	0.07	0.09	0.14	0.09	0.12

(\$ thousands, unless otherwise stated)	March 31, 2024	March 31, 2023	March 31, 2022
Funds flow from operations	38,255	25,357	23,842
Capital expenditures ⁽¹⁾	(650)	(2,048)	(703)
Repayment of lease liabilities	(2,355)	(1,608)	(1,356)
Free Cash Flow	35,250	21,701	21,783
Weighted average shares – basic (thousands)	80,975	80,464	80,316
Free Cash Flow per share - basic	0.44	0.27	0.27

(1) Capital expenditures include cash consideration for USI acquisition in 2023.

Free Cash Flow has increased by 75% and 62%, respectively for the three months and year ended March 31, 2024 from the same periods of the previous fiscal year. These increases are primarily due to increases in net income in fiscal 2024 and an income tax deduction of approximately \$4.6 million as a result of the acquisition of BHV's intellectual property. Additionally, there has been a decrease in capital expenditures in the current year as a result of the acquisition of assets from Unconventional Subsurface Integration LLC ("USI") in Q4 2023. This is partially offset in the current year due to increased repayment of lease liabilities as a result of the acquisition of BHV office leases.

Adjusted EBITDA and Adjusted EBITDA Margin

	CMG		BHV		Consolidated	
Three months ended March 31	2024	2023	2024	2023	2024	2023
(\$ thousands)						
Net income (loss)	7,365	5,226	(136)	-	7,229	5,226
Add (deduct):						
Depreciation and amortization	1,573	916	578	-	2,151	916
Stock-based compensation	922	1,722	-	-	922	1,722

Acquisition related expenses	-	-	186	-	186	-
Income and other tax expense	1,587	1,901	348	-	1,935	1,901
Interest income	(639)	(705)	(19)	-	(658)	(705)
Foreign exchange loss (gain)	(863)	13	120	-	(743)	13
Repayment of lease liabilities	(592)	(553)	(211)	-	(803)	(553)
Adjusted EBITDA ⁽¹⁾	9,353	8,520	866	-	10,219	8,520
Adjusted EBITDA Margin ⁽¹⁾	40%	42%	10%	-	32%	42%

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

	CMG		BHV		Consolidated	
Year ended March 31	2024	2023	2024	2023	2024	2023
(\$ thousands)						
Net income	24,610	19,797	1,649	-	26,259	19,797
Add (deduct):					-	
Depreciation and amortization	4,997	3,649	691	-	5,688	3,649
Stock-based compensation	6,292	3,317	-	-	6,292	3,317
Acquisition related expenses	719	-	737	-	1,456	-
Restructuring charges	-	3,943	-	-	-	3,943
Income and other tax expense	7,875	6,851	1,088	-	8,963	6,851
Interest income	(3,073)	(1,810)	(23)	-	(3,096)	(1,810)
Foreign exchange loss (gain)	(111)	(910)	61	-	(50)	(910)
Repayment of lease liabilities	(1,840)	(1,608)	(515)	-	(2,355)	(1,608)
Adjusted EBITDA ⁽¹⁾	39,469	33,229	3,688	-	43,157	33,229
Adjusted EBITDA Margin ⁽¹⁾	45%	45%	18%	-	40%	45%

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

Adjusted EBITDA Margin for the three months and year ended March 31, 2024, was 32% and 40%, respectively, a decrease from the same periods of the previous fiscal year. Adjusted EBITDA Margins which were 42% and 45%, respectively, for the three months and year ended March 31, 2024.

CMG's Adjusted EBITDA Margin is 40% for the three months ended March 31, 2024, compared to 42% in the prior year comparative quarter, primarily due to an increase in operating expenses as a result of an increase in headcount and headcount related costs and other corporate costs. Refer to the "Operating Expenses" section of the MD&A for further detail on the increase in operating expenses by category. CMG's Adjusted EBITDA Margin for the year ended March 31, 2024 was 45%, which was consistent with the prior year.

BHV's Adjusted EBITDA Margin is 10% and 18%, respectively, for the three months and year ended March 31, 2024. The recognition of annuity license fees as a result of contract renewals in the third and fourth quarters had a positive effect on Adjusted EBITDA. We expect that Adjusted EBITDA will fluctuate on a quarterly basis as a result of annuity license fee revenue recognition which is skewed towards the last two quarters of the fiscal year.

Consolidated Statements of Financial Position

(thousands of Canadian \$)	March 31, 2024	March 31, 2023
Assets		
Current assets:		
Cash	63,083	66,850
Restricted cash	142	-
Trade and other receivables	36,550	23,910
Prepaid expenses	2,321	1,060
Prepaid income taxes	3,841	444
	105,937	92,264
Intangible assets	23,683	1,321
Right-of-use assets	29,072	30,733
Property and equipment	9,877	10,366
Goodwill	3,745	-
Deferred tax asset	59	2,444
Total assets	172,373	137,128
Liabilities and shareholders' equity		
Current liabilities:		
Trade payables and accrued liabilities	16,582	9,883
Income taxes payable	1,604	33
Acquisition holdback payable	2,292	-
Deferred revenue	41,120	34,797
Lease liabilities	2,566	1,829
	64,164	46,542
Lease liabilities	34,395	36,151
Stock-based compensation liabilities	2,593	1,985
Acquisition earnout	1,503	-
Other long-term liabilities	305	-
Deferred tax liabilities	1,598	-
Total liabilities	104,558	84,678
Shareholders' equity:		
Share capital	87,304	81,820
Contributed surplus	15,667	15,471
Cumulative translation adjustment	(367)	-
Deficit	(34,789)	(44,841)
Total shareholders' equity	67,815	52,450
Total liabilities and shareholders' equity	172,373	137,128

Consolidated Statements of Operations and Comprehensive Income

Years ended March 31, (thousands of Canadian \$ except per share amounts)	2024	2023
Revenue	108,679	73,846
Cost of revenue	17,224	7,481
Gross profit	91,455	66,365
Operating expenses		
Sales and marketing	14,957	9,968
Research and development	23,679	17,857
General and administrative	18,835	12,680
	57,471	40,505
Operating profit	33,984	25,860
Finance income	3,146	2,720
Finance costs	(1,908)	(1,932)
Profit before income and other taxes	35,222	26,648
Income and other taxes	8,963	6,851
Net income	26,259	19,797
Other comprehensive income:		
Foreign currency translation adjustment	(367)	-
Other comprehensive income	(367)	-
Total comprehensive income	25,892	19,797
Net income per share – basic	0.32	0.25
Net income per share – diluted	0.32	0.24
Dividend per share	0.20	0.20

Consolidated Statements of Cash Flows

Years ended March 31, (thousands of Canadian \$)	2024	2023
Operating activities		
Net income	26,259	19,797
Adjustments for:		
Depreciation and amortization of property, equipment, right-of use assets	4,187	3,649
Amortization of intangible assets	1,501	-
Deferred income tax expense (recovery)	3,518	(235)
Stock-based compensation	2,795	2,146
Foreign exchange and other non-cash items	(5)	-
Funds flow from operations	38,255	25,357
Movement in non-cash working capital:		
Trade and other receivables	(6,697)	(6,403)
Trade payables and accrued liabilities	2,618	2,315
Prepaid expenses and other assets	(1,183)	(268)
Income taxes receivable (payable)	(1,826)	535
Deferred revenue	4,910	4,343
Change in non-cash working capital	(2,178)	522
Net cash provided by operating activities	36,077	25,879
Financing activities		
Repayment of acquired line of credit	(2,012)	-
Proceeds from issuance of common shares	4,193	1,066
Repayment of lease liabilities	(2,355)	(1,608)
Dividends paid	(16,207)	(16,099)
Net cash used in financing activities	(16,381)	(16,641)
Investing activities		
Corporate acquisition, net of cash acquired	(22,814)	-
Intangible asset additions	-	(1,340)
Property and equipment additions, net of disposals	(650)	(708)
Net cash used in investing activities	(23,464)	(2,048)
Increase (decrease) in cash	(3,768)	7,190
Effect of foreign exchange on cash	1	-
Cash, beginning of year	66,850	59,660
Cash, end of year	63,083	66,850
Supplementary cash flow information		
Interest received	3,096	1,810
Interest paid	1,908	1,932
Income taxes paid	7,201	6,635

CORPORATE PROFILE

CMG Group (TSX:CMG) is a global software and consulting company that combines science and technology with deep industry expertise to solve complex subsurface and surface challenges for the new energy industry around the world. The Company is headquartered in Calgary, AB, with offices in Houston, Oxford, Oslo, Dubai, Bogota, Rio de Janeiro, Bengaluru, and Kuala Lumpur. For more information, please visit www.cmgl.ca.

QUARTERLY FILINGS AND RELATED QUARTERLY FINANCIAL INFORMATION

Management's Discussion and Analysis ("MD&A") and consolidated financial statements and the notes thereto for the three months and year ended March 31, 2024 can be obtained from our website www.cmgl.ca. The documents will also be available under CMG Group's SEDAR+ profile www.sedarplus.ca.

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Cautionary Note Regarding Forward-Looking Statements

This press release contains "forward-looking statements". Forward-looking statements can be identified by words such as: "anticipate", "intend", "plan", "goal", "seek", "believe", "project", "estimate", "expect", "strategy", "future", "likely", "may", "should", "will", and similar references to future periods. Examples of forward-looking statements include, among others, statements we make regarding the benefits of the acquired technology, the ongoing development thereof, and the ability of data analytics to improve efficiency, cut costs and reduce risks.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations, and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements are detailed in the companies' public filings.

Any forward-looking statement made by us in this press release is based only on information currently available to us and speaks only as of the date on which it is made. Except as required by applicable securities laws, we undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

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