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CMG Announces the Acquisition of Sharp Reflections GmbH

Significantly expanding seismic processing and interpretation capabilities with advanced solutions in prestack and 4D seismic analysis

CALGARY, Alberta, November 12, 2024 (Globe Newswire) - Computer Modelling Group Ltd. ("CMG" or the "Company") (TSX: CMG) is pleased to announce the acquisition by a wholly-owned subsidiary of CMG of all of the shares of Sharp Reflections GmbH ("Sharp"), a seismic processing and interpretation platform for geophysicists and quantitative interpreters.

Sharp has been a pioneer in leveraging high-performance computing in the cloud, setting a new standard on how to effectively handle massive prestack seismic datasets with advanced visualization, interactivity, and scientific analysis. The platform provides capabilities and workflows that help geophysicists and quantitative seismic interpreters work efficiently and improve the quality of decision making in subsurface interpretation, reservoir characterization, and exploration.

"Sharp is a compelling opportunity to acquire a growing, founder-led business and expand our seismic solutions offering with a proven technology innovator," stated Pramod Jain, CEO of CMG. "We consider Sharp the intellectual, technological, and product leader in the niche specialty of multi-dimensional, prestack seismic interpretation. The company's expertise and leadership in real-time seismic processing, prestack analysis, and 4D seismic analysis meets the growing demand for high-fidelity interpretation and faster, more accurate decision-making in exploration and production."

Sharp is headquartered in Germany, with operations in the US, Norway, and the UK. Sharp's customer base is global and consists of major oil and gas companies. Bill Shea, co-founder and CEO of Sharp Reflections, has agreed to remain with the organization to lead the integration.

Commenting on the transaction, Bill Shea, CEO of Sharp Reflections stated "I am pleased to have found a great home for Sharp as it embarks on the next phase of its evolution. CMG's vision of acquiring and nurturing leading solutions in upstream oil and gas resonates deeply with me as a founder. I am confident that Sharp will achieve great things for our customers in the years to come and I extend my thanks to all the talented employees of Sharp without whom we could not have achieved this success."

In the twelve months ended July 31, 2024, Sharp had unaudited revenue of approximately €10.0 million[1] (approximately $14.7 million[1]), comprised of approximately €6.9 million[1] (approximately $10.1 million[1]) in software revenue (over 95% considered recurring software revenue) and €3.1 million[1] (approximately $4.6 million[1]) in services revenue. The company generated low double-digit Adjusted EBITDA Margin[1,2].

Total Consideration paid by CMG for Sharp Reflections was €25.0 million (approximately $37.0 million), cash consideration, subject to post-closing adjustments, plus an amount equivalent to Sharp's cash on hand immediately prior to closing. CMG funded the consideration from its existing cash-on-hand resources.

For more information on the transaction, please refer to the CEO Letter to Shareholders Sharp Reflections Acquisition which can be found on our website.

For more information on Sharp Reflections, visit the website.

[1] Revenue and Adjusted EBITDA Margin are unaudited for the period August 1, 2023 – July 31, 2024 and are not reported in accordance with International Financial Reporting Standards (IFRS). These figures are subject to adjustment upon conversion to IFRS. The average CAD/EUR exchange rate used was 1.4695.

[2] Adjusted EBITDA Margin is a non-IFRS measure. See "Non-IFRS Measure"

About CMG

CMG (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. CMG is headquartered in Calgary, AB, with offices in Houston, Oxford, Dubai, Bogota, Rio de Janeiro, Bengaluru, Kuala Lumpur, Oslo, Stavanger, and Kaiserslautern. For more information, please visit www.cmgl.ca.

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Non-IFRS Financial Measures

Certain financial measures in this press release, namely Adjusted EBITDA Margin, do not have a standard meaning prescribed by IFRS and, accordingly, may not be comparable to measures used by other companies. Adjusted EBITDA Margin refers to net income before adjusting for depreciation and amortization expense, interest income, income and other taxes, stock-based compensation, restructuring charges, 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.

Cautionary Note Regarding Forward Looking Information

Certain statements contained in this press release constitute forward-looking information. These statements relate to future events or future performance. The use of any of the words "potential", "target", "optimize", "benefit", and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on CMG's assumptions or beliefs as to the outcome or timing of such future events. In particular, this press release contains forward-looking information relating to, among other things, the expected benefits to CMG of the acquired software business and the performance of such business going forward. Various assumptions are applied in setting such expectations, including, but without limitation, the financial and operational benefits synergies relating to the acquisition and integration of the acquired business. Although such statements are based on the reasonable assumptions of CMG's management, there can be no assurance that any conclusions will prove to be accurate. The forward-looking information contained in this press release is made as of the date hereof. Except as required by applicable securities laws, CMG is not obligated to update or revise any forward-looking information, whether as a result of new information, future events, or otherwise. Because of the risks and assumptions contained herein, investors should not place undue reliance on forward-looking information.