

Condensed Consolidated Interim Financial Statements

Q3 2025

For the three and nine months ended December 31, 2024

CMG

Condensed Consolidated Statements of Financial Position

UNAUDITED (thousands of Canadian \$)	December 31, 2024	March 31, 2024 (Note 3) Restated Note 2(e)	April 1, 2023 Restated Note 2(e)
Assets			
Current assets:			
Cash	39,731	63,083	66,850
Restricted cash	194	142	-
Trade and other receivables	43,193	36,550	23,910
Prepaid expenses	2,267	2,321	1,060
Prepaid income taxes (note 10)	647	3,841	444
	86,032	105,937	92,264
Intangible assets (note 3)	59,919	23,683	1,321
Right-of-use assets	28,969	29,072	30,733
Property and equipment	9,808	9,877	10,366
Goodwill (note 3)	14,850	4,399	-
Deferred tax asset (note 10)	97	-	2,444
Total assets	199,675	172,968	137,128
Liabilities and shareholders' equity			
Current liabilities:			
Trade payables and accrued liabilities	16,420	18,551	11,126
Income taxes payable (note 10)	2,842	2,136	33
Acquisition holdback payable (note 3 and note 12)	7,214	2,292	-
Acquisition earnout (note 12)	3,782	-	-
Deferred revenue (note 5)	34,822	41,120	34,797
Lease liabilities (note 6)	2,298	2,566	1,829
Government loan (note 3 and note 12)	299	-	-
	67,677	66,665	47,785
Lease liabilities (note 6)	35,144	34,395	36,151
Stock-based compensation liabilities (note 11(c))	252	624	742
Government loan (note 3 and note 12)	1,169	-	-
Acquisition earnout (note 12)	-	1,503	-
Acquisition holdback payable (note 3)	1,213	-	-
Other long-term liabilities	213	305	-
Deferred tax liabilities (note 10)	12,303	1,661	-
Total liabilities	117,971	105,153	84,678
Shareholders' equity:			
Share capital (note 11 (b))	94,255	87,304	81,820
Contributed surplus	15,452	15,667	15,471
Cumulative translation adjustment	1,745	(367)	-
Deficit	(29,748)	(34,789)	(44,841)
Total shareholders' equity	81,704	67,815	52,450
Total liabilities and shareholders' equity	199,675	172,968	137,128

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		Nine months ended December 31	
	2024	2023	2024	2023
Revenue (note 7)	35,773	33,007	95,763	76,388
Cost of revenue	6,307	6,356	18,191	10,754
Gross profit	29,466	26,651	77,572	65,634
Operating expenses				
Sales and marketing	4,363	4,857	13,523	10,596
Research and development (note 8)	7,340	7,253	22,013	16,072
General and administrative	6,546	6,324	16,723	13,259
	18,249	18,434	52,259	39,927
Operating profit	11,217	8,217	25,313	25,707
Finance income (note 9)	2,580	986	3,798	2,438
Finance costs (note 9)	(479)	(1,086)	(1,421)	(2,087)
Change in fair value of contingent consideration (note 12)	(150)	-	(2,063)	-
Profit before income and other taxes	13,168	8,117	25,627	26,058
Income and other taxes (note 10)	3,562	2,507	8,294	7,028
Net income for the period	9,606	5,610	17,333	19,030
Other comprehensive income:				
Foreign currency translation adjustment	1,402	(453)	2,112	(449)
Other comprehensive income	1,402	(453)	2,112	(449)
Total comprehensive income	11,008	5,157	19,445	18,581
Net income per share – basic (note 11(d))	0.12	0.07	0.21	0.24
Net income per share – diluted (note 11(d))	0.12	0.07	0.21	0.23
Dividend per share	0.05	0.05	0.15	0.15

See accompanying notes to condensed consolidated interim financial statements

Condensed Consolidated Statements of Changes in Equity

UNAUDITED (thousands of Canadian \$)	Share capital	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total equity
Balance, April 1, 2023	81,820	15,471	-	(44,841)	52,450
Net income	-	-	-	19,030	19,030
Foreign currency translation adjustment	-	-	(448)	-	(448)
Dividends paid	-	-	-	(12,140)	(12,140)
Shares issued on exercise of stock options (note 11(b))	3,477	(481)	-	-	2,996
Shares issued on redemption of restricted share units (note 11(b))	480	-	-	-	480
Shares issued on redemption of performance share units (note 11(b))	148	-	-	-	148
Stock-based compensation:					
Current period expense (note 11(c))	-	606	-	-	606
Balance, December 31, 2023	85,925	15,596	(448)	(37,951)	63,122
Balance, April 1, 2024	87,304	15,667	(367)	(34,789)	67,815
Net income	-	-	-	17,333	17,333
Foreign currency translation adjustment	-	-	2,112	-	2,112
Dividends paid	-	-	-	(12,292)	(12,292)
Shares issued on exercise of stock options (note 11(b))	6,127	(1,003)	-	-	5,124
Shares issued on redemption of restricted share units (note 11(b))	580	-	-	-	580
Shares issued on redemption of performance share units (note 11(b))	244	-	-	-	244
Stock-based compensation:					
Current period expense (note 11(c))	-	788	-	-	788
Balance, December 31, 2024	94,255	15,452	1,745	(29,748)	81,704

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Statements of Cash Flows

	Three months ended December 31		Nine months ended December 31	
	2024	2023	2024	2023
UNAUDITED (thousands of Canadian \$)				
Operating activities				
Net income	9,606	5,610	17,333	19,030
Adjustments for:				
Depreciation and amortization of property, equipment, right-of use assets	1,262	890	3,763	2,686
Amortization of intangible assets	1,005	665	2,334	851
Deferred income tax expense (recovery) (note 10)	(150)	1,104	(228)	3,082
Stock-based compensation (note 11(c))	(641)	513	(855)	2,222
Foreign exchange and other non-cash items	(1,295)	(305)	(857)	17
Change in fair value of contingent consideration (note 12)	150	-	2,063	-
Funds flow from operations	9,937	8,477	23,553	27,888
Movement in non-cash working capital:				
Trade and other receivables	(3,827)	(5,413)	(1,981)	(2,112)
Trade payables and accrued liabilities	(645)	2,413	(3,712)	24
Prepaid expenses and other assets	85	(639)	193	(349)
Income taxes receivable (payable)	1,567	(181)	3,678	(1,432)
Deferred revenue	1,149	(4,214)	(7,697)	(9,351)
Change in non-cash working capital	(1,671)	(8,034)	(9,519)	(13,220)
Net cash provided by (used in) operating activities	8,266	443	14,034	14,668
Financing activities				
Repayment of acquired line of credit	-	-	-	(2,012)
Repayment of government loan	(63)	-	(63)	-
Proceeds from issuance of common shares	2,395	1,783	5,124	2,996
Repayment of lease liabilities (note 6)	(689)	(364)	(2,201)	(1,188)
Dividends paid	(4,115)	(4,059)	(12,292)	(12,140)
Net cash used in financing activities	(2,472)	(2,640)	(9,432)	(12,344)
Investing activities				
Corporate acquisition, net of cash acquired (note 3)	(27,071)	157	(27,071)	(22,893)
Change in non-cash working capital	-	(517)	-	(517)
Property and equipment additions	(432)	(459)	(761)	(555)
Repayment of acquisition holdback payable	(2,130)	-	(2,130)	-
Net cash used in investing activities	(29,633)	(819)	(29,962)	(23,965)
Increase (decrease) in cash	(23,839)	(3,016)	(25,360)	(21,641)
Effect of foreign exchange on cash	2,197	(26)	2,008	(26)
Cash, beginning of period	61,373	48,225	63,083	66,850
Cash, end of period	39,731	45,183	39,731	45,183
Supplementary cash flow information				
Interest received (note 9)	653	986	2,292	2,438
Interest paid (notes 6 and 9)	479	444	1,421	1,394
Income taxes paid	2,128	1,071	7,853	5,429

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, 2024 and 2023.

1. Reporting Entity:

Computer Modelling Group Ltd. ("CMG Group" or "the Company") 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 Group's registered office is 3710 33 Street N.W., Calgary, Alberta, Canada, T2L 2M1. The consolidated financial statements as at and for the three and nine months ended December 31, 2024, comprise CMG Group and its subsidiaries: Computer Modelling Group Inc., CMG Middle East FZ LLC, CMG Europe Ltd., CMG Collaboration Centre India Private Ltd., and Computer Modelling Group Brazil Solucoes Tecnologicas Ltda., (together referred to as "CMG"), and CMG Holdings (USA) Inc., Bluware-Headwave Ventures Inc., Bluware Inc., and Bluware AS, (together referred to as "BHV") and CMGL Services Corporation Inc., CMG Germany GmbH, Sharp Reflections GmbH, Sharp Reflections Inc., Sharp Reflections AS, Sharp Reflections Ltd., (together referred to as "SR" or "Sharp"). The Company is a global software and consulting technology company engaged in both the development and licensing of reservoir simulation and seismic interpretation 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 interim financial statements have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting, under IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). They are condensed as they do not include all of the information required for full annual financial statements, and they should be read in conjunction with the Company's most recent annual audited consolidated financial statements of the Company for the year ended March 31, 2024.

These condensed consolidated interim financial statements were prepared using accounting policies and methods of their application are consistent with those used in the preparation of the Company's consolidated annual financial statements for the year ended March 31, 2024, except as noted in Note 2 (e) and (f).

These unaudited condensed consolidated interim financial statements as at and for the three and nine months ended December 31, 2024, were authorized for issuance by the Board of Directors on February 11, 2025.

(b) Basis of Measurement:

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain assets and liabilities initially recognized in connection with business combinations, which are measured at their estimated fair value at the time of the transaction, and contingent consideration related to business combinations which is recorded at fair value at each reporting date.

(c) Functional and Presentation Currency:

The condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company's functional currency. The functional currency of CMG Holdings (USA) Inc., Bluware-Headwave Ventures Inc., Bluware Inc., and Sharp Reflections Inc has been determined to be United States dollar. The functional currency of Bluware AS and Sharp Reflections AS has been determined to be Norwegian Krone. The functional currency of Sharp Reflections Ltd. is Great British Pound. The functional currency of Sharp Reflections GmbH is Euro. 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, liabilities, revenues and expenses at the date of the financial statements and the reported amounts of revenue, costs and expenses.

Estimates and underlying assumptions are based on historical experience and other assumptions that are considered reasonable in the circumstances and 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. Unless otherwise noted within these condensed consolidated interim financial statements, the significant estimates, judgments and assumptions are consistent with those used in the preparation of Company's consolidated annual financial statements for the year ended March 31, 2024.

(e) Change in Accounting Policy:

The Company has adopted *Classification of Liabilities as Current or Non-current – Amendments to IAS 1*, as issued in 2020 and 2022. The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2024. They clarify certain requirements for determining whether a liability should be classified as current or non-current.

Due to the change in policy, there is a retrospective impact on the comparative statement of financial position, as the Company has a deferred share unit (DSU) plan for non-management directors which are redeemable in cash upon the director's retirement. In the case of a director retiring, the director's respective DSU liability would become payable and the Company would not have the right to defer settlement of the liability for at least 12 months. Additionally, the Company has a restricted share unit (RSU) plan for employees, of which those employees under the Canadian RSU plan have the option to settle RSU's in cash or for an equal number of common shares and employees under the International RSU plan have the option to settle in cash. For employee's over the age of sixty, all of the participant's RSU's and dividend RSU's will vest one year following the participant's retirement or throughout the vesting period, whichever is earlier. The participant's respective RSU liability would therefore become payable within 12 months and the Company would not have the right to defer settlement of the liability beyond a 12 month period.

As such, certain liabilities are impacted by the revised policy and are now classified as current at September 30, 2024, because the DSU's can be redeemed by the holders within 12 months after the reporting period and RSU participants that retire will have all RSU units available to settle within 12 months after the reporting period. Additionally, the following presentation changes were made to the Statement of Financial Position to reflect the retrospective impact of the revised policy:

- As of April 1, 2023, accounts payable and accrued liabilities increased by \$1.2 million and long-term stock-based compensation liabilities decreased by \$1.2 million.
- As of March 31, 2024, accounts payable and accrued liabilities increased by \$2.0 million and long-term stock-based compensation liabilities decreased by \$2.0 million.

The change in accounting policy will also be reflected in the Company's consolidated financial statements as at and for the year ending March 31, 2025.

(f) Material Accounting Policies

As a result of the SR acquisition, incremental material accounting policies implemented by management in the preparation of these condensed consolidated interim financial statements are as follows:

Revenue Recognition

Revenue is recognized upon transfer of control of products or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for the products or services. The nature of the products and services from which the Company derives its SR revenue is described below:

Type of products /service	Nature, timing of satisfaction of performance obligations, significant contract terms
Annuity license fee	SR enters into contracts that include combinations of software product licenses, upgrades, and maintenance and support which have differing revenue recognition patterns. Annuity agreements may include a term-based software license, as a single performance obligation and upgrades, maintenance and support services ("maintenance") as a single performance obligation. We allocate the contract value based on the standalone selling prices of the software license and maintenance. Revenue from the annuity agreement fee that relates to the software license is recognized up front upon delivery of the licensed product and/or the utility that enables the customer to access authorization keys, provided an enforceable contract has been received. Revenue from the maintenance component of the annuity license agreement is recognized on a straight-line basis over the term of the contract, as SR satisfies the maintenance performance obligation over time. Since the SR does not sell term-based subscription licenses individually without maintenance that includes the rights to a term software license and maintenance and there is no comparable product in the market, there is no observable standalone selling price ("SSP") for term-based subscription licenses. SR allocates the value of bundled annual agreements between the software licenses and maintenance using the residual approach. Based on this calculation, the SSP of maintenance represents 50% of the total annual contract fee, leaving 50% to be allocated to the subscription license to be recognized upfront at the start of the license period. This determination considers the value relationship for SR's products between maintenance and the term-based subscription license, the economic life of products, the frequency of product upgrades, and software renewal rates.
Annuity maintenance revenue	

Intangible Assets

Intangibles acquired as part of a business combination are recognized at fair value at the acquisition date and carried at cost less accumulated amortization subsequent to acquisition. Intangible assets with a finite life are amortized on a straight-line basis over their expected period of benefit, as follows:

	Useful life
Customer relationships	10 to 15 years
Intellectual property	5 to 15 years
Tradename/trademarks	10 years

Financial Instruments

Loans and borrowings: for measurement purposes, fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period and are subsequently measured at amortized cost using the effective interest rate method

(g) Environmental Reporting Regulations:

Environmental reporting for public enterprises continues to evolve and the Company may be subject to additional future disclosure requirements. The International Sustainability Standards Board ("ISSB") has issued an IFRS Sustainability Disclosure Standard with the objective to develop a global framework for environmental sustainability disclosure. The Canadian Sustainability Standards Board has released proposed standards that are aligned with the ISSB release, but include suggestions for Canadian-specific modifications. The Canadian Securities Administrators have also issued a proposed National Instrument 51-107 Disclosure of Climate-related Matters which sets forth additional reporting requirements for Canadian Public Companies.

The Company continues to monitor developments of these reporting requirements and has not yet assessed the impact with of these regulations.

3. Acquisitions:

Sharp Reflections GmbH Acquisition:

On November 12, 2024, CMG completed the acquisition of 100% of the outstanding shares of Sharp Reflections GmbH ("Sharp"), a software and services company specializing in seismic processing and interpretation. The acquisition of Sharp will enable us to further expand CMG Group's business in the seismic portion of the upstream energy workflow. The purchase price consideration is €25 million (\$37.1 million), which includes a payment of €22 million (\$32.7 million) paid on closing and €3.0 million held back (\$4.4 million) plus an amount equivalent to Sharp's cash on hand less financial debt immediately prior to acquisition, of which amounted to €2.5 million (\$3.7 million). Of the withheld amount of €3 million (\$4.4 million), €2.2 million (\$3.3 million) will be withheld for approximately 60 business days, and the remaining €0.8 million (approximately \$1.1 million) will be withheld for a period of 18 months. The payment for Sharp's cash on hand less financial debt immediately prior to the acquisition was also withheld for approximately 60 business days. These amounts have been recorded as acquisition holdback payable and long-term acquisition holdback payable as at December 31, 2024.

The acquisition was accounted for as a business combination, under the acquisition method, whereby the net assets acquired, and liabilities assumed were recorded at fair value at the acquisition date and the results of operations included in these consolidated financial statements from the date of the acquisition.

Goodwill of \$10.1 million recognized in connection with this acquisition is primarily attributable to CMG Group's strategy to improve the operations of Sharp, opportunities for Sharp to increase sales to new customers and margins on revenue as the business expands, and other intangible assets that do not qualify for separate recognition including the assembled workforce. Goodwill is not expected to be deductible for income tax purposes.

Due to the timing and complexity of the acquisition, CMG Group is in the process of determining and finalizing the estimated fair value of the net assets acquired. The amounts determined on a provisional basis are generally related to net asset assessments and measurements of assumed liabilities. The provisional purchase price allocations may differ from the final purchase price allocations, and these differences may be material. Revisions to allocations will occur as additional information about the fair value of the assets and liabilities becomes available.

The acquisition accounting method applied on a provisional basis in connection with the acquisition of Sharp is as follows:

(thousands of \$)	
Fair value of net assets acquired	
Cash	5,557
Accounts receivable	4,662
Prepaid expenses and prepaid income taxes	150
Property and equipment	224
ROU asset	256
Accounts payable	(4,123)
Income tax payable	(230)
Lease liabilities	(256)
Deferred revenue	(1,400)
Government loan	(1,530)
Deferred tax liability	(10,943)
Intangible assets: technology	36,104
Intangible assets: customer relationships	2,229
Net assets acquired	30,700
Goodwill	10,145
Total purchase consideration	40,845

Consideration

Cash	32,705
Closing date cash less financial debt	3,692
Acquisition holdback payable - current	3,247
Acquisition holdback payable - long term	1,201
Total consideration	40,845

These condensed consolidated interim financial statements include the results of SR for the period following closing of the transaction on November 12, 2024. For the three months ended December 31, 2024, the acquisition contributed revenues and net income (loss) before tax of \$1.9 million and (\$0.1) million, respectively. For the nine months ended December 31, 2024, proforma revenues would have increased by \$10.4 million and net income before taxes would have decreased by \$2.2 million. The \$2.2 million loss includes \$2.1 million of amortization of fair value adjustments recorded upon acquisition, including amortization of intangible assets recognized and amortization of a deferred revenue fair value adjustment. This proforma information is not necessarily indicative of the results of operations that would have resulted had the acquisition been reflected on the dates indicated, or that may be obtained in the future.

During the three and nine months ended December 31, 2024, the Company incurred \$1.5 million and \$1.9 million, respectively of transaction costs, including legal, travel and professional services related to the acquisition of Sharp. These costs have been included in General and administrative expenses.

4. Segmented Information:

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 considered a single line of business and all products function around this purpose and are not evaluated as a separate business segment. The Company's operations are organized into two reportable operating segments represented by the Reservoir & Production Solutions Segment (CMG), the development and licensing of reservoir simulation software, and Seismic Solutions Segment (BHV and SR), the development and licensing of seismic interpretation software.

	Reservoir & Production Solutions		Seismic Solutions		CMG Group	
Three months ended December 31, (thousands of \$)	2024	2023	2024	2023	2024	2023
Revenue	21,691	21,803	14,082	11,204	35,773	33,007
Cost of revenue	2,389	2,288	3,918	4,068	6,307	6,356
Gross profit	19,302	19,515	10,164	7,136	29,466	26,551
Operating expenses						
Sales and marketing	2,914	4,379	1,449	478	4,363	4,857
Research and development	4,656	5,337	2,684	1,916	7,340	7,253
General and administrative	4,743	3,890	1,803	2,434	6,546	6,324
	12,313	13,606	5,936	4,828	18,249	18,434
Operating profit	6,989	5,909	4,228	2,308	11,217	8,217
Net finance income (cost)	1,154	(186)	947	86	2,101	(100)
Change in fair value of contingent consideration	(150)	-	-	-	(150)	-
Profit before income and other taxes	7,993	5,723	5,175	2,394	13,168	8,117
Income and other taxes	2,497	1,805	1,065	702	3,562	2,507
Net income for the period	5,496	3,918	4,110	1,692	9,606	5,610

	Reservoir & Production Solutions		Seismic Solutions		CMG Group	
Nine months ended December 31, (thousands of \$)	2024	2023	2024	2023	2024	2023
Revenue	67,163	64,620	28,600	11,768	95,763	76,388
Cost of revenue	7,341	6,464	10,850	4,290	18,191	10,754
Gross profit	59,822	58,156	17,750	7,478	77,572	65,634
Operating expenses						
Sales and marketing	10,418	10,096	3,105	500	13,523	10,596
Research and development	15,170	14,040	6,843	2,032	22,013	16,072
General and administrative	12,276	10,776	4,447	2,483	16,723	13,259
	37,864	34,912	14,395	5,015	52,259	39,927
Operating profit	21,958	23,244	3,355	2,463	25,313	25,707
Net finance income (cost)	1,509	289	868	62	2,377	351
Change in fair value of contingent consideration	(2,063)	-	-	-	(2,063)	-
Profit before income and other taxes	21,404	23,533	4,223	2,525	25,627	26,058
Income and other taxes	5,913	6,288	2,381	740	8,294	7,028
Net income for the period	15,491	17,245	1,842	1,785	17,333	19,030

Other material items of income (expenses) relate to other non-cash items included in cost of revenue and operating expenses and various items as detailed in note 9:

	Reservoir & Production Solutions		Seismic Solutions		CMG Group	
Three months ended December 31, (thousands of \$)	2024	2023	2024	2023	2024	2023
Depreciation and amortization	(1,460)	(1,449)	(807)	(106)	(2,267)	(1,555)
Stock-based compensation expense (recovery)	82	(2,974)	(3)	-	79	(2,974)
Interest income	474	982	179	4	653	986
Interest expense on lease liabilities	(466)	(459)	(13)	15	(479)	(444)
Net foreign exchange gain (loss)	1,146	(701)	781	59	1,927	(642)

	Reservoir & Production Solutions		Seismic Solutions		CMG Group	
Nine months ended December 31, (thousands of \$)	2024	2023	2024	2023	2024	2023
Depreciation and amortization	(4,497)	(3,424)	(1,600)	(113)	(6,097)	(3,537)
Stock-based compensation expense	(3,057)	(5,370)	(3)	-	(3,060)	(5,370)
Interest income	1,934	2,434	358	4	2,292	2,438
Interest expense on lease liabilities	(1,373)	(1,393)	(48)	(1)	(1,421)	(1,394)
Net foreign exchange gain (loss)	948	(752)	558	59	1,506	(693)

Non-current assets including property, equipment, intangible, right-of-use assets, and goodwill of the Company, are located in the following geographic regions (for revenue by geographic region, refer to note 7), based on location of the respective operations:

(thousands of \$)	December 31, 2024	March 31, 2024
Canada	54,379	58,188
United States	9,224	4,255
South America	340	80
Eastern Hemisphere ^{(1) (2)}	49,603	109
	113,546	62,632

(1) Includes Europe, Africa, Asia and Australia

(2) Majority of the balance relates to Intangibles of \$38 million and Goodwill of \$10.1 million held in Germany, as a result of the acquisition of Sharp.

5. Deferred Revenue:

The following table presents changes in the deferred revenue balance:

(thousands of \$)	December 31, 2024	March 31, 2024
Balance, beginning of period	41,120	34,797
Acquired deferred revenue (note 3)	1,400	1,413
Invoiced during the period, excluding amounts recognized as revenue during the period	33,570	39,815
Recognition of deferred revenue included in the balance of acquired deferred revenue	(1,794)	(1,328)
Recognition of deferred revenue included in the balance at the beginning of the period	(39,796)	(33,577)
Effect of foreign exchange	322	-
Balance, end of period	34,822	41,120

The Company's deferred revenues are subject to fluctuation. The above table demonstrates the normal trend in deferred revenue, whereby most renewals occur in the fourth quarter. This results in a higher deferred revenue balance recognized during the fourth quarter, which is reduced throughout the remainder of the year.

6. Lease Liabilities:

The Company's leases are for office space in Canada, United States, Colombia, Norway, and Germany, the most significant of which is the twenty-year head office lease in Calgary, Canada 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 \$)	December 31, 2024	March 31, 2024
Balance, beginning of year	36,961	37,980
Additions	2,335	-
Acquired lease liabilities (note 3)	256	1,327
Interest on lease liabilities (note 9)	1,421	1,908
Lease payments	(3,622)	(4,254)
Effect of foreign exchange	91	-
Balance, end of period	37,442	36,961
Current	2,298	2,566
Long-term	35,144	34,395

The following table presents contractual undiscounted payments for lease liabilities as at December 31, 2024:

(thousands of \$)	
Less than one year	4,030
Between one and five years	16,458
More than five years	29,821
Total undiscounted payments	50,309

7. Revenue:

In the following table, revenue is disaggregated by reportable segment and geographical region based on where the customer is located and timing of revenue recognition. In the case of revenues recognized through a reseller arrangement the geographic segmentation is based on the resellers' location:

Three months ended December 31, (thousands of \$)					2024	2023				
(\$ thousands)	Canada	United States	South America	Eastern Hemisphere ⁽¹⁾	Total	Canada	United States	South America	Eastern Hemisphere ⁽¹⁾	Total
Reservoir & Production Solutions										
Annuity/maintenance	3,240	3,795	2,099	8,572	17,706	3,339	4,455	2,323	7,508	17,625
Perpetual license	170	-	-	634	804	155	-	-	429	584
Total software revenue	3,410	3,795	2,099	9,206	18,510	3,494	4,455	2,323	7,937	18,209
Professional services	2,311	105	426	339	3,181	2,424	347	647	176	3,594
Total Reservoir & Production Solutions revenue	5,721	3,900	2,525	9,545	21,691	5,918	4,802	2,970	8,113	21,803
Seismic Solutions										
Annuity maintenance	21	699	456	1,570	2,746	-	243	181	765	1,189
Annuity license fee	-	708	176	3,419	4,303	-	547	-	3,299	3,846
Total software revenue	21	1,407	632	4,989	7,049	-	790	181	4,064	5,035
Professional services	11	5,752	26	1,244	7,033	-	5,147	-	1,022	6,169
Total Seismic Solutions revenue	32	7,159	658	6,233	14,082	-	5,937	181	5,086	11,204
Total CMG Group revenue	5,753	11,059	3,183	15,778	35,773	5,918	10,739	3,151	13,199	33,007

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

Nine months ended December 31, (thousands of \$)					2024	2023				
(\$ thousands)	Canada	United States	South America	Eastern Hemisphere ⁽¹⁾	Total	Canada	United States	South America	Eastern Hemisphere ⁽¹⁾	Total
Reservoir & Production Solutions										
Annuity/maintenance	9,718	12,037	6,241	24,261	52,257	9,898	13,250	6,603	20,922	50,673
Perpetual license	170	1,337	-	3,556	5,063	270	233	324	2,782	3,609
Total software revenue	9,888	13,374	6,241	27,817	57,320	10,168	13,483	6,927	23,704	54,282
Professional services	7,027	361	1,382	1,073	9,843	7,000	836	1,594	908	10,338
Total Reservoir & Production Solutions revenue	16,915	13,735	7,623	28,890	67,163	17,168	14,319	8,521	24,612	64,620

Seismic Solutions										
Annuity maintenance	21	1,205	1,067	3,539	5,832	-	249	181	766	1,196
Annuity license fee	-	785	243	3,524	4,552	-	579	19	3,406	4,004
Total software revenue	21	1,990	1,310	7,063	10,384	-	828	200	4,172	5,200
Professional services	11	15,486	26	2,693	18,216	-	5,509	-	1,059	6,568
Total Seismic Solutions revenue	32	17,476	1,336	9,756	28,600	-	6,337	200	5,231	11,768
Total CMG Group revenue	16,947	31,211	8,959	38,646	95,763	17,168	20,656	8,721	29,843	76,388

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

The amount of revenue recognized during the nine months ended December 31, 2024 from performance obligations satisfied (or partially satisfied) in previous periods is \$3.3 million (nine months ended December 31, 2023 – \$1.4 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 and contract assets from contracts with customers included in “Trade and other receivables” were as follows:

(thousands of \$)	December 31, 2024	March 31, 2024
Receivables	41,164	35,137
Contract assets	1,025	1,045

During the nine months ended December 31, 2024, one customer comprised 25% of the Company's total revenue (nine months ended December 31, 2023 – one customer, 18.3%).

8. Research and Development Costs:

	Three months ended December 31,		Nine months ended December 31,	
(thousands of \$)	2024	2023	2024	2023
Research and development	7,418	7,350	22,165	16,376
Government grants for research and development	(78)	(97)	(152)	(304)
	7,340	7,253	22,013	16,072

9. Finance Income and Finance Costs:

	Three months ended December 31,		Nine months ended December 31,	
(thousands of \$)	2024	2023	2024	2023
Interest income	653	986	2,292	2,438
Net foreign exchange gain	1,927	-	1,506	-
Finance income	2,580	986	3,798	2,438
Interest expense on lease liabilities (note 6)	(479)	(444)	(1,421)	(1,394)
Net foreign exchange loss	-	(642)	-	(693)
Finance costs	(479)	(1,086)	(1,421)	(2,087)

10. Income and Other Taxes:

The major components of income tax expense are as follows:

Nine months ended December 31, (thousands of \$)	2024	2023
Current year income tax expense	6,417	3,111
Adjustment for prior year	969	139
Current year income taxes	7,386	3,250
Deferred tax expense (recovery)	(117)	3,082
Adjustment for prior year	(76)	-
Foreign withholding and other taxes	1,101	696
	8,294	7,028

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)	2024	2023
Combined statutory tax rate	23.00%	23.00%
Expected income tax	5,904	5,993
Non-deductible costs	923	365
Withholding taxes	417	474
Effect of tax rates in foreign jurisdictions	(232)	(83)
Adjustment for prior year	894	139
Other	388	140
	8,294	7,028

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

(thousands of \$)	December 31, 2024	March 31, 2024
Other current liabilities	444	191
Right-of-use assets	1,822	1,733
Stock-based compensation liability	786	1,342
Property and equipment	583	84
Intangible assets	(16,296)	(5,421)
Federal loss carryforward	44	104
Foreign income tax credit carryforward	438	385
SR&ED investment tax credits	(27)	(79)
Deferred tax asset (liability)	(12,206)	(1,661)
Deferred tax asset	97	-
Deferred tax liability	(12,303)	(1,661)

All movement in deferred tax assets and liabilities is recognized through net income of the respective period. Deferred tax assets and liabilities are offset only when a legally enforceable right to offset exists and the deferred tax assets and liabilities arise in the same tax jurisdiction and relate to the same taxable entity.

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, 2023	80,637
Issued on redemption of performance share units	15
Issued on redemption of restricted share units	53
Issued on exercise of stock options	477
Balance, December 31, 2023	81,182
Balance, April 1, 2024	81,392
Issued on redemption of performance share units	17
Issued on redemption of restricted share units	52
Issued for cash on exercise of stock options	975
Balance, December 31, 2024	82,436

(c) Stock-Based Compensation:

Stock-Based Compensation Expense

The following table summarizes stock-based compensation expense:

	Three months ended December 31,		Nine months ended December 31,	
	2024	2023	2024	2023
(thousands of \$)				
Equity-settled plans	98	252	788	606
Cash-settled plans	(177)	2,722	2,272	4,764
Total stock-based compensation expense (recovery)	(79)	2,974	3,060	5,370

Liability Recognized for Stock-Based Compensation⁽¹⁾

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

(thousands of \$)	December 31, 2024	March 31, 2024 ⁽²⁾
SARs	341	1,278
RSUs	999	2,128
PSUs	147	519
DSUs	1,881	1,910
Total stock-based compensation liability	3,368	5,835
Current, recorded within trade payables and accrued liabilities	3,116	5,211
Long-term	252	624

(1) The intrinsic value of the vested awards at December 31, 2024 is \$2.2 million.

(2) As noted in note 2(e), certain amounts were reclassified to current, from long-term for the period of March 31, 2024, due to the adoption of *Classification of Liabilities as Current or Non-current – Amendments to IAS 1*, as issued in 2020 and 2021.

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, 2024, the Company may reserve up to 8,243,658 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 most recently reaffirmed by the Company's shareholders on July 6, 2023. Stock options granted by the Company provide the holder with the right to purchase common shares at the market price on the grant date, subject to fulfilling vesting terms. The majority of the Company's options vest over a three-year period, with fifty percent vesting on the first-year anniversary from the grant date and 25% vesting on each of the second- and third-year anniversary dates. The Company has also granted stock options that vest when certain share price thresholds are achieved. Stock options have a three to five-year life

The following table outlines changes in stock options:

	Nine months ended December 31, 2024		Year ended March 31, 2024	
	Number of Options (thousands)	Weighted Average Exercise Price (\$/share)	Number of Options (thousands)	Weighted Average Exercise Price (\$/share)
Outstanding at beginning of period	4,393	5.17	5,017	5.21
Granted ⁽¹⁾	750	10.90	376	8.52
Exercised	(975)	5.24	(687)	6.04
Forfeited/expired	(220)	12.24	(313)	7.83
Outstanding at end of period	3,948	5.85	4,393	5.17
Options exercisable at end of period	1,242	5.09	1,131	5.01

(1) 500,000 stock options granted during the nine months ended December 31, 2024, are exercisable when specified share price targets are achieved. During the three months ended December 31, 2024, 200,000 of these stock options were forfeited.

The range of exercise prices of stock options outstanding and exercisable at December 31, 2024 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 4.62	400	2.1	4.21	225	4.00
4.63 to 4.87	1,792	2.4	4.74	492	4.74
4.88 to 5.04	512	2.7	5.00	245	5.00
5.05 to 5.88	383	2.4	5.37	158	5.26
5.89 to 10.40	861	3.8	9.64	122	8.52
	3,948	2.7	5.85	1,242	5.09

During the three months ended December 31, 2024, CMG Group issued a grant of 550,000 stock options, out of which 300,000 are performance based. The performance factors are as follows for the performance-based stock options to become fully vested and exercisable:

- 300,000 stock options vest and become exercisable when a share price of \$20 has been achieved for three consecutive months.

A Black Scholes pricing model was utilized in the valuing of these grants and the assumptions used to fair value this grant are included in the table below. The expected volatility considers the historical volatility in the price of CMG Group's common shares over a period similar to the life of the options.

	Three months ended December 31, 2024	Year ended March 31, 2024
Fair value at grant date (\$/option)	0.83 to 2.74	2.35 to 2.81
Share price at grant date (\$/share)	10.11 to 10.40	8.52
Risk-free interest rate (%)	3.08 to 3.14	4.47 to 4.66
Estimated hold period prior to exercise (years)	3 to 4	3 to 4
Volatility in the price of common shares (%)	38 to 40	40 to 43
Dividend yield per common share (%)	1.92 to 2.06	2.32

(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.

The following table outlines changes in SARs:

	Nine months ended December 31, 2024		Year ended March 31, 2024	
	Number of SARs (thousands)	Weighted Average Exercise Price (\$/SAR)	Number of SARs (thousands)	Weighted Average Exercise Price (\$/SAR)
Outstanding at beginning of period	563	6.50	957	6.47
Granted	-	-	131	8.52
Exercised	(229)	6.03	(345)	5.99
Forfeited/expired	(279)	7.30	(180)	8.88
Outstanding at end of period	55	4.47	563	6.50
SARs exercisable at end of period	55	4.47	138	5.25

(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. Upon vesting, PSUs and RSUs can be exchanged for common shares of the Company or surrendered for cash at the option of the holder.

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.

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 of Director membership.

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

(thousands)	Nine months ended December 31, 2024			Year ended March 31, 2024		
	RSUs	PSUs	DSUs	RSUs	PSUs	DSUs
Outstanding at beginning of period	394	117	187	542	68	163
Granted	4	74	16	158	87	57
Exercised	(200)	(47)	(25)	(240)	(38)	(33)
Forfeited/expired	(39)	(25)	-	(66)	-	-
Outstanding at end of period	159	119	178	394	117	187

(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)		2024			2023	
	Earnings (\$)	Weighted average shares outstanding	Earnings per share (\$/share)	Earnings (\$)	Weighted average shares outstanding	Earnings per share (\$/share)
Basic	9,606	82,753	0.12	5,610	81,067	0.07
Dilutive effect of share-based awards		677			2,312	
Diluted	9,606	83,430	0.12	5,610	83,379	0.07

Nine months ended December 31, (thousands except per share amounts)		2024			2023	
	Earnings (\$)	Weighted average shares outstanding	Earnings per share (\$/share)	Earnings (\$)	Weighted average shares outstanding	Earnings per share (\$/share)
Basic	17,333	82,460	0.21	19,030	80,863	0.24
Dilutive effect of share-based awards		914			2,115	
Diluted	17,333	83,374	0.21	19,030	82,978	0.23

During the three and nine months ended December 31, 2024, 1,105,417 and 1,155,408 awards, respectively, were excluded from the computation of the weighted average number of diluted shares outstanding because their effect was not dilutive (three and nine months ended December 31, 2023 – 41,000 and 239,000 awards, respectively).

12. Financial Instruments and Risk Management:

The Company's financial instruments consist of financial assets which include cash, restricted cash and trade and other receivables which are classified as and measured at amortized cost, which approximates their fair values, as well as financial liabilities include trade payables and accrued liabilities (excluding stock-based compensation payable), acquisition holdback payable, and other long-term liabilities which are classified as other financial liabilities and, using level 2 inputs, are measured at amortized cost, which approximates their fair values.

The acquisition earnout liability is classified as long-term and based on level 3 inputs to determine its fair value. The liability is recorded at an estimated fair value of \$3.8 million as at December 31, 2024 (\$1.5 million – March 31, 2024). Estimates of the fair value of contingent consideration are performed by the Company on a quarterly basis, with adjustments to the estimated fair value being recorded in the condensed consolidated statement of operations and comprehensive income. Key unobservable inputs include forecasted revenue targets and the discount rate of 9.3%. The fair value of contingent consideration is measured using a discounted cash flow analysis of expected cash flows in future periods. The estimated fair value increases as the expected cash flow increases and as the discount rate decreases and vice versa.

As part of the purchase consideration for the acquisition of Bluware-Headwave Ventures Inc. on September 25, 2023, \$2.3 million of consideration was withheld as an indemnification holdback for a period of 12 months and was previously recorded as Acquisition holdback payable within current liabilities. On October 18, 2024, \$2.1 million of this holdback was paid to the seller.

On May 5, 2020, Sharp Reflections GmbH received a loan from the German Government as part of the KfW Special Programme 2020, which was introduced to support businesses affected by the economic disruptions caused by the COVID-19 pandemic. On September 24, 2021, Sharp Reflections received an amendment on the loan from the German Government. As at the date of acquisition of Sharp, the loan had an outstanding balance of €1.2 million (\$1.7 million), will be repaid in quarterly installments of €0.05 million (\$0.07 million), ending June 30, 2030, and accrues interest at a rate of 1%.

The Government loan was measured at fair value at the acquisition date using valuation techniques including discounted cash flows, taking into account market information, market rates of interest, and current conditions in credit markets. The estimated fair value of the Government loan was €1.0 million (\$1.5 million) compared to the carrying value of €1.2 million (\$1.7 million). The Government loan subsequent to the acquisition date is measured at amortized cost using the effective interest rate method. The carrying value of the loan at December 31, 2024 was €1.1 million (\$1.7 million).

The different levels in the fair value hierarchy have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs for the asset or liability that are not based on observable market data.

There were no transfers of fair value measurement between level 1, 2, and 3 of the fair value hierarchy in the periods ended December 31, 2024 and March 31, 2024.

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 would 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 would increase accordingly.

During the three months ended December 31, 2024, Shell exercised its right to terminate the CoFlow Agreement one year prior to the original five-year anniversary.

During the three and nine months ended December 31, 2024, CMG recorded professional services revenue of \$2.0 million and \$6.2 million, respectively (three and nine months ended December 31, 2023 - \$1.9 million and \$5.7 million, respectively), and CoFlow costs of \$1.6 million and \$5.5 million, respectively, to research and development expenses (three and nine months ended December 31, 2023 - \$2.2 million and \$5.8 million).

(b) Commitments:

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

(thousands of \$)	December 31, 2024
Less than one year	1,492
Between one and five years	5,258
More than five years	8,256
	15,006

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, 2024, \$1.4 million (December 31, 2023 - \$1.3 million) had been reserved on this line of credit for letters of credit supporting performance bonds.

15. Subsequent Event:

On February 11, 2025, the Board of Directors declared a quarterly cash dividend of \$0.05 per share on its common shares, payable on March 14, 2025, to all shareholders of record at the close of business on March 6, 2025.

