

COMPUTER MODELLING GROUP ANNOUNCES YEAR-END RESULTS

CALGARY, Alberta, May 22, 2025 – Computer Modelling Group Ltd. (“CMG Group” or the “Company”) announces its financial results for the three months and year ended March 31, 2025, and the approval by its Board of Directors (the “Board”) of the payment of a cash dividend of \$0.05 per Common Share for the fourth quarter ended March 31, 2025.

FOURTH QUARTER 2025 CONSOLIDATED HIGHLIGHTS

Select financial highlights

- Total revenue increased by 4% (13% Organic decline⁽¹⁾ and 17% growth from acquisitions) to \$33.7 million;
- Recurring revenue⁽²⁾ increased by 16% (7% Organic decline and 23% growth from acquisitions) to \$24.2 million;
- Adjusted EBITDA⁽¹⁾ increased by 2% to \$10.5 million;
- Adjusted EBITDA Margin⁽¹⁾ was 31%, compared to 32% in the comparative period;
- Earnings per share was \$0.06, a 33% decrease;
- Free Cash Flow⁽¹⁾ decreased by 26% to \$7.0 million; Free Cash flow per share decreased to \$0.08 from \$0.12.

FISCAL 2025 CONSOLIDATED HIGHLIGHTS

Select financial highlights

- Total revenue increased by 19% (1% Organic decline and 20% growth from acquisitions) to \$129.4 million;
- Recurring revenue increased by 13% (1% Organic growth and 12% was growth from acquisitions) to \$86.8 million;
- Adjusted EBITDA increased by 2% to \$44.0 million;
- Adjusted EBITDA Margin was 34%, compared to 40% in the comparative period;
- Earnings per share was \$0.27, a 16% decrease;
- Free Cash Flow decreased by 22% to \$27.6 million; Free Cash flow per share decreased to \$0.33 from \$0.44.

(1) Organic growth/decline, Adjusted EBITDA, Adjusted EBITDA Margin and Free Cash Flow are not standardized financial measures and might not be comparable to measures disclosed by other issuers. For more description see under “Non-IFRS Financial and Supplementary Financial Measures” heading.

(2) Recurring revenue includes Annuity/maintenance licenses and Annuity license fee, and excludes Perpetual licenses and Professional Services.

OVERVIEW

Macroeconomic factors and political instability, combined with a low oil price environment, resulted in challenged organic growth this year, particularly in reservoir and production solutions, where lengthened deal cycles and cautious customer spending prevailed. Despite these challenges, we continued to execute on our strategic M&A roadmap, and revenue growth during the quarter and year-to-date, was supported by meaningful contributions from acquisitions. Adjusted EBITDA increases during the quarter and year-to-date were also supported by growth from acquisitions. Free Cash Flow decreased during the quarter and year-to-date due to pressures on top-line-growth, however, during the prior year period, Free Cash Flow also benefited from the tax deduction of approximately \$4.6 million as a result of the acquisition of intellectual property. We generated \$27.6 million of Free Cash Flow during fiscal 2025, maintaining our strong liquidity position and enabling us to invest in strategic acquisitions.

As we look forward to fiscal 2026, excluding any impact from future acquisitions, we anticipate a reduction of between \$6 - \$7 million in professional services revenue compared to fiscal 2025 which may make it challenging to demonstrate total revenue growth. It is a goal of the company to shift the revenue mix towards a higher percentage of software revenue and the reduction in professional services is a natural part of the shift. Adjusted EBITDA and Adjusted EBITDA Margin may also show limited growth due to anticipated delays in cost-saving measures in taking effect, but this impact is expected to be limited to fiscal 2026.

To ensure long-term resilience, we remain committed to evolving our business model through carefully targeted strategic acquisitions. Our acquisitions to date position us well by expanding our capabilities and helping to support long-term growth by complementing our core offering.

SUMMARY OF FINANCIAL PERFORMANCE

	Three months ended March 31,			Year ended March 31,		
(\$ thousands, except per share data)	2025	2024	% change	2025	2024	% change
Annuity/maintenance licenses	19,436	19,661	(1%)	77,525	71,530	8%
Annuity license fee	4,728	1,142	314%	9,280	5,146	80%
Recurring revenue ^{(1) (2)}	24,164	20,803	16%	86,805	76,676	13%
Perpetual licenses	554	2,130	(74%)	5,617	5,739	(2%)
Total software license revenue	24,718	22,933	8%	92,422	82,415	12%
Professional services	8,965	9,358	(4%)	37,024	26,264	41%
Total revenue	33,683	32,291	4%	129,446	108,679	19%
Cost of revenue	6,749	6,470	4%	24,940	17,224	45%
Operating expenses						
Sales & marketing	5,094	4,361	17%	18,617	14,957	24%
Research and development	8,129	7,607	7%	30,142	23,679	27%
General & administrative	4,876	5,576	(13%)	21,599	18,835	15%
Operating expenses	18,099	17,544	3%	70,358	57,471	22%
Operating profit	8,835	8,277	7%	34,148	33,984	-%
Net income	5,104	7,229	(29%)	22,437	26,259	(15%)
Adjusted EBITDA ⁽¹⁾	10,500	10,295	2%	44,009	43,345	2%
Adjusted EBITDA Margin ⁽¹⁾	31%	32%		34%	40%	
Earnings per share – basic & diluted	0.06	0.09	(33%)	0.27	0.32	(16%)
Funds flow from operations per share - basic	0.10	0.13	(23%)	0.38	0.47	(19%)
Free Cash Flow per share – basic ⁽¹⁾	0.08	0.12	(33%)	0.33	0.44	(25%)

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

(2) Included in the number is a reduction of \$0.5 million and \$0.8 million for the three months and year ended March 31, 2025, respectively (\$0.1 million and \$0.2 million for the three months and year ended March 31, 2024, respectively), attributed to the amortization of a deferred revenue fair value reduction recognized on acquisition.

Q4 2025 Dividend

Computer Modelling Group’s Board approved a cash dividend of \$0.05 per Common Share. The dividend will be paid on June 13, 2025, to shareholders of record at the close of business on June 5, 2025.

All dividends paid by Computer Modelling Group Ltd. to holders of Common Shares in the capital of the Company will be treated as eligible dividends within the meaning of such term in section 89(1) of the Income Tax Act (Canada), unless otherwise indicated.

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 2024				Fiscal 2025			
(\$ thousands, unless otherwise stated)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Funds flow from operations	7,920	11,491	8,477	10,367	6,515	7,101	9,937	8,227
Capital expenditures	(45)	(51)	(459)	(95)	(93)	(236)	(432)	(661)
Repayment of lease liabilities	(412)	(412)	(728)	(803)	(743)	(769)	(689)	(549)
Free Cash Flow	7,463	11,028	7,290	9,469	5,679	6,096	8,816	7,017
Weighted average shares – basic (thousands)	80,685	80,834	81,067	81,314	81,476	81,887	82,753	83,064
Free Cash Flow per share - basic	0.09	0.14	0.09	0.12	0.07	0.07	0.11	0.08
Funds flow from operations per share-basic	0.10	0.14	0.10	0.13	0.08	0.09	0.12	0.10

Free Cash Flow decreased by 26% and 22%, respectively, for the three months and year ended March 31, 2025 from the same periods of the previous fiscal year. These decreases are primarily due to lower funds flow from operations, higher capital expenditures, and increased repayment of lease liabilities as a result of office leases in acquired entities. During year ended March 31, 2024, Free Cash Flow benefited from the tax deduction of approximately \$4.6 million as a result of the acquisition of the BHV intellectual property.

Adjusted EBITDA and Adjusted EBITDA Margin

	Three months ended March 31,		Year ended March 31,	
(\$ thousands)	2025	2024	2025	2024
Net income (loss)	5,104	7,229	22,437	26,259
Add (deduct):				
Depreciation and amortization	2,368	2,151	8,465	5,688
Acquisition costs	216	186	2,567	1,456
Stock-based compensation	(435)	922	2,625	6,292
Loss on contingent consideration	88	-	2,151	-
Deferred revenue amortization on acquisition fair value reduction	535	76	845	188
Income and other tax expense	2,154	1,935	10,448	8,963
Interest income	(313)	(658)	(2,605)	(3,096)
Interest expense	189	-	189	-
Foreign exchange loss (gain)	1,143	(743)	(363)	(50)
Repayment of lease liabilities	(549)	(803)	(2,750)	(2,355)
Adjusted EBITDA ⁽¹⁾	10,500	10,295	44,009	43,345
Adjusted EBITDA Margin ⁽¹⁾	31%	32%	34%	40%

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

Adjusted EBITDA increased by 2% during the three months ended March 31, 2025, compared to the same period of the previous year, of which 20% was growth from acquisitions, partially offset by an Organic decline of 18%, primarily attributable to lower revenue in the quarter partially offset by lower expenses.

Adjusted EBITDA increased by 2% for the year ended March 31, 2025, compared to the same period of the previous year, of which 3% of the increase was due to growth from acquisitions, partially offset by a 1% Organic decline due to higher expenses.

Organic Growth

Organic growth is not a standardized financial measure and might not be comparable to measures disclosed by other issuers. The Company measures Organic growth on a quarterly and year-to-date basis at the revenue and Adjusted EBITDA levels and includes revenue and Adjusted EBITDA under CMG Group's ownership for a year or longer, beginning from the first full quarter of CMG Group's ownership in the current and comparative period(s). For example, BHV was acquired on September 25, 2023 (Q2 2024). September 25, 2024, marked one full year of ownership under CMG Group and on October 1, 2024 (Q3 2025), which is the first full quarter under CMG Group's ownership in the current and comparative period, started being tracked under Organic growth. Any revenue and Adjusted EBITDA generated by BHV prior to October 1, 2024, would not be included in Organic growth. Sharp was acquired on November 12, 2025 (Q3 2025) and will start contributing to Organic growth on January 1, 2026 (Q4 2026).

For further clarity, current statements include Organic growth from the following:

- CMG revenue and Adjusted EBITDA; and
- BHV revenue and Adjusted EBITDA generated beginning on October 1, 2024.

Recurring Revenue

Recurring revenue represents the revenue recognized during the period from contracts that are recurring in nature and includes revenue recognized as "Annuity/maintenance licenses" and "Annuity license fee". We believe that Recurring revenue is an indicator of business expansion and provides management with visibility into our ability to generate predictable cash flows.

The table below reconciles Recurring revenue to total revenue for the periods indicated.

	Three months ended March 31,			Year ended March 31,		
	2025	2024	% change	2025	2024	% change
(\$ thousands)						
Annuity/maintenance licenses	19,436	19,661	(1%)	77,525	71,530	8%
Annuity license fee	4,728	1,142	314%	9,280	5,146	80%
Recurring revenue ^{(1) (2)}	24,164	20,803	16%	86,805	76,676	13%
Perpetual licenses	554	2,130	(74%)	5,617	5,739	(2%)
Total software license revenue	24,718	22,933	8%	92,422	82,415	12%
Professional services	8,965	9,358	(4%)	37,024	26,264	41%
Total revenue	33,683	32,291	4%	129,446	108,679	19%

(1) This is a non-IFRS financial measure.

(2) Included in the number is a reduction of \$0.5 million and \$0.8 million for the three months and year ended March 31, 2025, respectively (\$0.1 million and \$0.2 million for the three months and year ended March 31, 2024, respectively), attributed to the amortization of a deferred revenue fair value reduction recognized on acquisition.

Consolidated Statements of Financial Position

	March 31, 2025	March 31, 2024	April 1, 2023
(thousands of Canadian \$)			
Assets			
Current assets:			
Cash	43,884	63,083	66,850
Restricted cash	362	142	-
Trade and other receivables	41,457	36,550	23,910
Prepaid expenses	2,572	2,321	1,060
Prepaid income taxes	1,641	3,841	444
	89,916	105,937	92,264
Intangible assets	59,955	23,683	1,321
Right-of-use assets	28,443	29,072	30,733
Property and equipment	10,157	9,877	10,366
Goodwill	15,814	4,399	-
Deferred tax asset	471	-	2,444
Total assets	204,756	172,968	137,128
Liabilities and shareholders' equity			
Current liabilities:			
Trade payables and accrued liabilities	18,452	18,551	11,126
Income taxes payable	2,667	2,136	33
Acquisition holdback payable	188	2,292	-
Acquisition earnout	3,864	-	-
Deferred revenue	40,276	41,120	34,797
Lease liabilities	2,278	2,566	1,829
Government loan	310	-	-
	68,035	66,665	47,785
Lease liabilities	34,668	34,395	36,151
Stock-based compensation liabilities	256	624	742
Government loan	1,319	-	-
Acquisition earnout	-	1,503	-
Acquisition holdback payable	1,257	-	-
Other long-term liabilities	212	305	-
Deferred tax liabilities	13,102	1,661	-
Total liabilities	118,849	105,153	84,678
Shareholders' equity:			
Share capital	94,849	87,304	81,820
Contributed surplus	15,460	15,667	15,471
Cumulative translation adjustment	4,326	(367)	-
Deficit	(28,728)	(34,789)	(44,841)
Total shareholders' equity	85,907	67,815	52,450
Total liabilities and shareholders' equity	204,756	172,968	137,128

Consolidated Statements of Operations and Comprehensive Income

Years ended March 31, (thousands of Canadian \$ except per share amounts)	2025	2024
Revenue	129,446	108,679
Cost of revenue	24,940	17,224
Gross profit	104,506	91,455
Operating expenses		
Sales and marketing	18,617	14,957
Research and development	30,142	23,679
General and administrative	21,599	18,835
	70,358	57,471
Operating profit	34,148	33,984
Finance income	2,968	3,146
Finance costs	(2,080)	(1,908)
Change in fair value of contingent consideration	(2,151)	-
Profit before income and other taxes	32,885	35,222
Income and other taxes	10,448	8,963
Net income	22,437	26,259
Other comprehensive income:		
Foreign currency translation adjustment	4,693	(367)
Other comprehensive income	4,693	(367)
Total comprehensive income	27,130	25,892
Net income per share – basic	0.27	0.32
Net income per share – diluted	0.27	0.32
Dividend per share	0.20	0.20

Consolidated Statements of Cash Flows

Years ended March 31, (thousands of Canadian \$)	2025	2024
Operating activities		
Net income	22,437	26,259
Adjustments for:		
Depreciation and amortization of property, equipment, right-of use assets	4,756	4,187
Amortization of intangible assets	3,709	1,501
Deferred income tax expense (recovery)	(776)	3,518
Stock-based compensation	(1,297)	2,795
Foreign exchange and other non-cash items	800	(5)
Change in fair value of contingent consideration	2,151	-
Funds flow from operations	31,780	38,255
Movement in non-cash working capital:		
Trade and other receivables	(527)	(6,697)
Trade payables and accrued liabilities	(818)	2,618
Prepaid expenses and other assets	(169)	(1,183)
Income taxes receivable (payable)	2,421	(1,826)
Deferred revenue	(2,770)	4,910
Change in non-cash working capital	(1,863)	(2,178)
Net cash provided by operating activities	29,917	36,077
Financing activities		
Repayment of acquired line of credit	-	(2,012)
Repayment of government loan	(141)	-
Proceeds from issuance of common shares	5,597	4,193
Repayment of lease liabilities	(2,750)	(2,355)
Dividends paid	(16,376)	(16,207)
Net cash used in financing activities	(13,670)	(16,381)
Investing activities		
Corporate acquisition, net of cash acquired	(27,292)	(22,814)
Repayment of acquisition holdback payable	(9,247)	-
Property and equipment additions, net of disposals	(1,422)	(650)
Net cash used in investing activities	(37,961)	(23,464)
Decrease in cash	(21,714)	(3,768)
Effect of foreign exchange on cash	2,515	1
Cash, beginning of year	63,083	66,850
Cash, end of year	43,884	63,083
Supplementary cash flow information		
Interest received	2,605	3,096
Interest paid	1,891	1,908
Income taxes paid	11,370	7,201

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, Oslo, Stavanger, Kaiserslautern, Oxford, Dubai, Bogota, Rio de Janeiro, Bengaluru, and Kuala Lumpur. For more information, please visit www.cmgl.ca.

ANNUAL FILINGS AND RELATED ANNUAL FINANCIAL INFORMATION

Management's Discussion and Analysis ("MD&A") and consolidated financial statements and the notes thereto for the year ended March 31, 2025, 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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