Condensed Consolidated Interim Financial Statements

Q1 2026

For the three months ended June 30, 2025

Condensed Consolidated Statements of Financial Position

UNAUDITED (thousands of Canadian $)	**June 30, 2025**	March 31, 2025
Assets		
Current assets:		
Cash	**44,026**	43,884
Restricted cash	**369**	362
Trade and other receivables	**29,308**	41,457
Prepaid expenses	**3,121**	2,572
Prepaid income taxes	**2,262**	1,641
	79,086	89,916
Intangible assets	**59,484**	59,955
Right-of-use assets	**27,655**	28,443
Property and equipment	**10,305**	10,157
Goodwill	**15,958**	15,814
Deferred tax asset	**274**	471
Total assets	**192,762**	204,756
Liabilities and shareholders’ equity		
Current liabilities:		
Trade payables and accrued liabilities	**16,078**	18,452
Income taxes payable	**2,189**	2,667
Acquisition holdback payable	**1,405**	188
Acquisition earnout payable	**3,682**	3,864
Deferred revenue (note 4)	**33,136**	40,276
Lease liabilities (note 5)	**2,319**	2,278
Government loan	**321**	310
	59,130	68,035
Lease liabilities (note 5)	**34,233**	34,668
Government loan	**1,283**	1,319
Other long-term liabilities	**599**	1,725
Deferred tax liabilities	**13,024**	13,102
Total liabilities	**108,269**	118,849
Shareholders’ equity:		
Share capital	**95,104**	94,849
Contributed surplus	**15,630**	15,460
Cumulative translation adjustment	**3,313**	4,326
Deficit	**(29,554)**	(28,728)
Total shareholders’ equity	**84,493**	85,907
Total liabilities and shareholders' equity	**192,762**	204,756

Subsequent event (note 14)

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Statements of Operations and Comprehensive Income

Three months ended June 30, UNAUDITED (thousands of Canadian $ except per share amounts)	**2025**	2024
Revenue (note 6)	**29,633**	30,523
Cost of revenue	**5,958**	6,192
Gross profit	**23,675**	24,331
Operating expenses		
Sales and marketing	**4,610**	4,931
Research and development (note 7)	**8,033**	8,245
General and administrative	**5,739**	5,489
	18,382	18,665
Operating profit	**5,293**	5,666
Finance income (note 8)	**314**	1,050
Finance costs (note 8)	**(1,381)**	(463)
Change in fair value of contingent consideration	**-**	199
Profit before income and other taxes	**4,226**	6,452
Income and other taxes (note 9)	**917**	2,488
Net income for the period	**3,309**	3,964
Other comprehensive income:		
Foreign currency translation adjustment	**(1,013)**	899
Other comprehensive income/(loss)	**(1,013)**	899
Total comprehensive income	**2,296**	4,863
Net income per share – basic (note10(d))	**0.04**	0.05
Net income per share – diluted (note 10(d))	**0.04**	0.05
Dividend per share	**0.05**	0.05

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, 2024	87,304	15,667	(387)	(34,789)	67,815
Net income for the period	-	-	-	3,964	3,964
Foreign currency translation adjustment	-	-	899	-	899
Dividends paid	-	-	-	(4,076)	(4,076)
Shares issued on exercise of stock options (note 10(b))	2,646	(397)	-	-	2,249
Shares issued on redemption of performance share units (note 10(b))	243	-	-	-	243
Stock-based compensation:					
Current period expense (note 10(c))	-	275	-	-	275
Balance, June 30, 2024	90,193	15,545	532	(34,901)	71,369
Balance, April 1, 2025	**94,849**	**15,460**	**4,326**	**(28,728)**	**85,907**
Net income for the period	**-**	**-**	**-**	**3,309**	**3,309**
Foreign currency translation adjustment	**-**	**-**	**(1,013)**	**-**	**(1,013)**
Dividends paid	**-**	**-**	**-**	**(4,135)**	**(4,135)**
Shares issued on exercise of stock options (note 10(b))	**255**	**(43)**	**-**	**-**	**212**
Stock-based compensation:					
Current period expense (note 10(c))	**-**	**213**	**-**	**-**	**213**
Balance, June 30, 2025	**95,104**	**15,630**	**3,313**	**(29,554)**	**84,493**

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Statements of Cash Flows

Three months ended June 30, UNAUDITED (thousands of Canadian $)	**2025**	2024
Operating activities		
Net income	**3,309**	3,964
Adjustments for:		
Depreciation and amortization of property, equipment, right-of use assets	**1,062**	1,218
Amortization of intangible assets	**1,354**	665
Deferred income tax expense (recovery)	**(383)**	(653)
Stock-based compensation (note 10(c))	**149**	1,892
Foreign exchange and other non-cash items	**33**	(571)
Funds flow from operations	**5,524**	6,515
Movement in non-cash working capital:		
Trade and other receivables	**12,149**	13,811
Trade payables and accrued liabilities	**(2,267)**	(3,331)
Prepaid expenses and other assets	**(549)**	34
Income taxes receivable (payable)	**(968)**	1,424
Deferred revenue	**(7,290)**	(10,230)
Change in non-cash working capital	**1,075**	1,708
Net cash provided by (used in) operating activities	**6,599**	8,223
Financing activities		
Repayment of government loan	**(80)**	-
Proceeds from issuance of common shares	**212**	2,249
Repayment of lease liabilities (note 5)	**(526)**	(743)
Dividends paid	**(4,135)**	(4,076)
Net cash used in financing activities	**(4,529)**	(2,570)
Investing activities		
Property and equipment additions	**(542)**	(93)
Net cash used in investing activities	**(542)**	(93)
Increase (decrease) in cash	**1,528**	5,560
Effect of foreign exchange on cash	**(1,386)**	449
Cash, beginning of period	**43,884**	63,083
Cash, end of period	**44,026**	69,092
Supplementary cash flow information		
Interest received (note 8)	**314**	878
Interest paid (notes 5 and 8)	**470**	463
Income taxes paid	**1,779**	1,496

See accompanying notes to condensed consolidated interim financial statements.

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended June 30, 2025 and 2024.

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 months ended June 30, 2025, 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 Technoligicas 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:

Statement of Compliance:

These unaudited interim condensed consolidated financial statements (the “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 for the year ended March 31, 2025.

These financial statements were prepared using accounting policies and methods of their application are consistent with those used in the preparation of the Company’s audited consolidated annual financial statements for the year ended March 31, 2025.

These financial statements as at and for the three months ended June 30, 2025 were authorized for issuance by the Board of Directors on August 6, 2025.

3. Segmented Information:

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company’s other components. The operating results of all operating segments are reviewed regularly by the Company’s Chief Executive Officer to make decisions about resources to be allocated to the segment and assessing their performance.

The Company consists of three operating segments. All operating segments have similar economic characteristics and therefore the Company has aggregated all operating segments into one reportable segment consistent with the objectives and basic principles of IFRS 8.

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.

Non-current assets including property, equipment, intangible and right-of-use assets and goodwill of the Company are located in the following geographic regions (for revenue by geographic region, refer to note 6), based on location of the respective operations:

(thousands of $)	June 30, 2025	March 31, 2025
Canada	**52,080**	53,527
United States	**8,705**	9,105
South America	**326**	331
Eastern Hemisphere[1]	**52,291**	51,406
	113,402	114,369

(1) At June 30, 2025 non-current assets of $51.3 million are located in Germany (March 31, 2025 - $50.4 million).

4. Deferred Revenue:

The following table presents changes in the deferred revenue balance:

(thousands of $)	June 30, 2025	March 31, 2025
Balance, beginning of period	**40,276**	41,120
Acquired deferred revenue	**-**	1,655
Invoiced during the period, excluding amounts recognized as revenue during the period	**11,359**	39,580
Recognition of deferred revenue included in the balance of acquired deferred revenue	**-**	(1,092)
Recognition of deferred revenue included in the balance at the beginning of the period	**(18,223)**	(41,300)
Effect of foreign exchange	**(276)**	313
Balance, end of period	**33,136**	40,276

5. Lease Liabilities:

The Company's leases are for office space 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 $)	June 30, 2025	March 31, 2025
Balance, beginning of year	**36,946**	36,961
Additions	**180**	2,378
Acquired lease liabilities	**-**	256
Interest on lease liabilities (note 8)	**470**	1,891
Lease payments	**(996)**	(4,641)
Effect of foreign exchange	**(48)**	101
Balance, end of period	**36,552**	36,946
Current	**2,319**	2,278
Long-term	**34,233**	34,668

The following table presents contractual undiscounted payments for lease liabilities as at June 30, 2025:

(thousands of $)	
Less than one year	4,116
Between one and five years	16,388
More than five years	27,998
Total undiscounted payments	**48,502**

6. Revenue:

In the following table, revenue is disaggregated by 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 June 30,					**2025**
($ thousands)	Canada	United States	South America	Eastern Hemisphere	**Total**
Annuity/maintenance	2,898	4,520	2,709	10,207	**20,334**
Annuity license fee	13	52	33	420	**518**
Perpetual license	-	94	-	284	**378**
Total software revenue [1]	2,911	4,666	2,742	10,911	**21,230**
Professional services	1,744	4,070	507	2,082	**8,403**
Total revenue	**4,655**	**8,736**	**3,249**	**12,993**	**29,633**

Three months ended June 30,					**2024**
($ thousands)	Canada	United States	South America	Eastern Hemisphere	**Total**
Annuity/maintenance	3,229	4,618	2,336	9,152	**19,335**
Annuity license fee	-	40	33	105	**178**
Perpetual license	-	1,337	-	773	**2,110**
Total software revenue [1]	3,229	5,995	2,369	10,030	**21,623**
Professional services	2,334	5,035	341	1,190	**8,900**
Total revenue	**5,563**	**11,030**	**2,710**	**11,220**	**30,523**

(1) Total software revenue includes the amortization of a fair value reduction of deferred revenue recognized on acquisition, which has reduced post-acquisition revenues by $0.2 million (three months ended June 30, 2024 - $0.1 million).

(2) Annuity/ maintenance and professional service revenue are recognized over the contract. Annuity license fee and perpetual license revenue are recognized at a point in time upon completion of the Company's obligation.

The amount of revenue recognized during the three months ended June 30, 2025 from performance obligations satisfied (or partially satisfied) in previous periods is $0.4 million (three months ended June 30, 2024 – $1.2 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 $)	**June 30, 2025**	March 31, 2025
Receivables	**20,985**	35,859
Contract assets	**2,708**	1,662

During the three months ended June 30, 2025, one customer comprised 16.2% of the Company's total revenue (three months ended June 30, 2024 – one customer, 24.7%)

7. Research and Development Costs:

Three months ended June 30, (thousands of $)	**2025**	2024
Research and development	**8,123**	8,284
Government grants for research and development	**(90)**	(39)
	8,033	8,245

8. Finance Income and Finance Costs:

Three months ended June 30, (thousands of $)	**2025**	2024
Interest income	**314**	878
Net foreign exchange gain	**-**	172
Finance income	**314**	1,050
Interest expense on lease liabilities (note 5)	**(470)**	(463)
Net foreign exchange loss and other	**(911)**	-
Finance costs	**(1,381)**	(463)

9. Income and Other Taxes:

The major components of income tax expense are as follows:

Three months ended June 30, (thousands of $)	**2025**	2024
Current year income tax expense	**1,070**	2,226
Adjustment for prior year	**(119)**	716
Current year income taxes	**951**	2,942
Deferred tax expense (recovery)	**(383)**	(653)
Foreign withholding and other taxes	**349**	199
	917	2,488

During the three months ended June 30, 2025, the blended statutory rate was 23% (three months ended June 30, 2024 – 23%).

10. 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, 2024	81,392
Issued on redemption of performance share units	17
Issued for cash on exercise of stock options	428
Balance, June 30, 2024	81,837
Balance, April 1, 2025	**82,540**
Issued for cash on exercise of stock options	**47**
Balance, June 30, 2025	**82,587**

(c) Stock-Based Compensation:

Stock-Based Compensation Expense

The following table summarizes stock-based compensation expense:

Three months ended June 30, (thousands of $)	**2025**	2024
Equity-settled plans	**213**	275
Cash-settled plans	**(36)**	2,631
Total stock-based compensation expense	**177**	2,906

Liability Recognized for Stock-Based Compensation(1)

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

(thousands of $)	**June 30, 2025**	March 31, 2025
SARs	**118**	185
RSUs	**896**	891
PSUs	**183**	148
DSUs	**1,527**	1,568
Total stock-based compensation liability	**2,724**	2,792
Current, recorded within trade payables and accrued liabilities	**2,426**	2,536
Long-term, recorded in other long-term liabilities	**298**	256

(1) The intrinsic value of the vested awards at June 30, 2025 is $1.6 million (March 31, 2025 - $1.8 million).

The Company has several stock-based compensation plans, including a stock option plan, a share appreciation rights plan, a performance share unit and restricted share unit plan, and a deferred share unit plan.

The maximum number of common shares reserved for issuance under the Company's security-based compensation plans is limited to 10% of the issued and outstanding common shares. Based on this calculation, at June 30, 2025, the Company may reserve up to 8,258,726 common shares for issuance under its security-based compensation plans.

(i) Stock Option Plan

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:

	Three months ended June 30, 2025		Year ended March 31, 2025	
	Number of Options (thousands)	**Weighted Average Exercise Price ($/share)**	Number of Options (thousands)	Weighted Average Exercise Price ($/share)
Outstanding at beginning of period	**3,553**	**5.84**	4,393	5.17
Granted [(1)]	**671**	**6.93**	750	10.90
Exercised	**(47)**	**4.55**	(1,079)	5.24
Forfeited/expired	**-**	**-**	(511)	8.77
Outstanding at end of period	**4,177**	**6.03**	3,553	5.84
Options exercisable at end of period	**1,059**	**5.00**	1,106	4.98

(1) 500,000 stock options granted during the three months ended June 30, 2025 are exercisable when specified share price targets are achieved.

The range of exercise prices of stock options outstanding and exercisable at June 30, 2025 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	359	1.6	4.23	184	3.98
4.63 to 4.87	1,792	1.9	4.74	492	4.74
4.88 to 5.04	512	2.2	5.00	245	5.00
5.05 to 5.88	48	0.1	5.08	48	5.08
5.89 to 6.91	628	2.9	6.91	-	0.00
6.92 to 7.21	44	5.0	7.21	-	0.00
7.22 to 10.40	794	3.3	9.73	90	8.52
	4,177	2.3	6.03	1,059	5.00

During the three months ended June 30, 2025, CMG Group issued a grant of 671,529 stock options, out of which 500,000 are performance based. The performance factors are as follows for the performance-based stock options to become fully vested and exercisable:

- 250,000 stock options vest and become exercisable when a share price of $15 has been achieved for three consecutive months.

- 250,000 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 June 30, 2025	Year ended March 31, 2025
Fair value at grant date ($/option)	**0.13 to 0.31**	0.83 to 2.74
Share price at grant date ($/share)	**6.91**	10.11 to 10.40
Risk-free interest rate (%)	**2.63**	3.08 to 3.14
Estimated hold period prior to exercise (years)	**2.5**	3 to 4
Volatility in the price of common shares (%)	**40 to 41**	38 to 40
Dividend yield per common share (%)	**2.89**	1.92 to 2.06

(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:

	Three months ended June 30, 2025		Year ended March 31, 2025	
	Number of SARs (thousands)	**Weighted Average Exercise Price ($/SAR)**	Number of SARs (thousands)	Weighted Average Exercise Price ($/SAR)
Outstanding at beginning of period	**52**	**4.50**	563	6.50
Exercised	**(15)**	**5.07**	(232)	6.00
Forfeited/expired	**-**	**-**	(279)	7.30
Outstanding at end of period	**37**	**4.27**	52	4.50
SARs exercisable at end of period	**37**	**4.27**	52	4.50

(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)	Three months ended June 30, 2025			Year ended March 31, 2025		
	RSUs	**PSUs**	**DSUs**	RSUs	PSUs	DSUs
Outstanding at beginning of period	**153**	**96**	**196**	394	117	187
Granted	**1**	**80**	**21**	4	64	30
Exercised	**-**	**-**	**-**	(200)	(47)	(25)
Forfeited/expired	**(8)**	**(8)**	**-**	(45)	(38)	4
Outstanding at end of period	**146**	**168**	**217**	153	96	196

(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 June 30, (thousands except per share amounts)	2025			2024		
	Earnings ($)	**Weighted average shares outstanding**	**Earnings per share ($/share)**	Earnings ($)	Weighted average shares outstanding	Earnings per share ($/share)
Basic	**3,309**	**83,090**	**0.04**	3,964	81,476	0.05
Dilutive effect of share-based awards		**1,085**			2,537	
Diluted	**3,309**	**84,175**	**0.04**	3,964	84,013	0.05

During the three months ended June 30, 2025, 10,010 awards (June 30, 2024 – 8,187) were excluded from the computation of the weighted average number of diluted shares outstanding because their effect was not dilutive.

11. Financial Instruments and Risk Management:

The Company's financial instruments include financial assets which include cash, restricted cash, trade and other receivables, which are classified as and measured at amortized cost, which approximates their fair values, as well as financial liabilities which include trade payables and accrued liabilities (excluding stock-based compensation payable), acquisition holdback payable, and other long-term liabilities (excluding stock-based compensation payable) which are classified as other financial liabilities and, using level 2 inputs, are measured at amortized cost, which approximates their fair values. As the earn-out period ended March 25, 2025, the acquisition earnout payable of $3.7 million at June 30, 2025 (March 31, 2025 - $3.9 million) is measured at amortized cost, using level 2 inputs, which approximates fair value. The Government loan is measured at amortized cost using the effective interest rate method, using level 2 inputs.

12. 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 year ended March 31, 2025, Shell exercised its right to terminate the CoFlow Agreement one year prior to the original five-year anniversary.

During the three months ended June 30, 2025, CMG recorded professional services revenue of $1.4 million (2024 - $2.1 million), and CoFlow costs of $1.3 million to research and development expenses (2024 - $2.4 million).

(b) Commitments:

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

(thousands of $)	**June 30, 2025**
Less than one year	**1,445**
Between one and five years	**5,068**
More than five years	**7,711**
	14,224

13. Line of Credit:

The Company has arranged for a $2.5 million (June 30, 2024 - $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 June 30, 2025, $2.0 million (June 30, 2024 - $1.3 million) had been reserved on this line of credit for letters of credit supporting performance bonds.

14. Subsequent Event:

(a) Dividend Declaration:

On August 6, 2025, the Board of Directors declared a quarterly cash dividend of $0.01 per share on its common shares, payable Sept 15, 2025, to all shareholders of record at the close of business on September 5, 2025. The Board of Directors made the decision to reduce quarterly dividend from $0.05 per share to $0.01 per share to allow the Company financial flexibility to invest in growth through acquisitions.

(b) Acquisition of SeisWare International Inc.

On July 30, 2025, CMG Group completed the acquisition of 100% of the outstanding shares of SeisWare International Inc. ("SeisWare"), a Calgary-based software company specializing in geoscience interpretation and field development solutions to support subsurface exploration and development projects. The acquisition of SeisWare further builds out the seismic interpretation solutions offerings within the CMG Group through a platform offering powerful tools for seismic interpretation, attribute analysis, geological mapping and 3D well design.

Subject to customary post-closing adjustments, the purchase price is US$6.6 million ($9 million), net of cash acquired, payout of indebtedness immediately prior to close, and other preliminary closing adjustments. On closing, US$6.0 million ($8.2 million) was paid and a holdback amount of US$0.6 million ($0.8 million) will be withheld for a period of 12 months and the transaction will be subject to final closing adjustments.

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

Due to the timing of the transaction, the Company has not yet determined preliminary fair values of assets acquired and liabilities assumed.