2024 Financial Report

Contents

Annual General Meeting

When: September 5, 2024 at 10:00 a.m. (Calgary time)

Where: Virtual-only meeting (please refer to our 2024 Management Information Circular at www.cmgl.ca/investors/agm in advance of the meeting).

CEO Letter to Shareholders

May 22, 2024

Dear fellow shareholders,

Over the last two years, I have had many conversations with our various stakeholders including customers, employees, and shareholders. I have invested in understanding and learning from each of them, and I have come to appreciate how many competing demands are at play in my role as CEO. The engineer in me wants to take a simple mean of all the opinions to try to satisfy them all but that is not my job. My job is to lead the development of a dynamic strategy that is focused on delivering clear objectives. My conviction in CMG's potential is stronger than ever and I believe we are in the early innings of a long-term journey that will create tremendous stakeholder value.

I call CMG 4.0 a multi-faceted transformation, and every transformation is aimed at taking a good company toward greatness. Getting from good to great is a journey which takes enormous effort, consistency, belief, and time. While I am deeply tuned into our quarterly performance, I believe our annual performance is a better reflection of our progress and potential over the long term.

In fiscal 2024, we succeeded in many ways as reflected by a 47% increase in total revenue that was achieved, consistent with our strategy, through both growth in CMG revenue and acquired revenue from BHV. Durable and sustainable revenue growth is a key indicator of a healthy business, which is why I am pleased to say that our CMG segment revenue grew 19% which represented the highest annual growth rate in well over a decade.

Revenue growth should be accompanied by growing cash flow and in this respect, fiscal 2024 was also a success. On a consolidated basis, CMG Group increased Free Cash Flow per share to $0.44 from $0.27 a year ago, driven by higher net income and the tax deduction arising from the acquisition of BHV intangible assets. We delivered these results while making necessary investments in R&D and sales initiatives to fuel future growth. We kept customer retention high, grew our share of wallet, attracted new customers, and conveyed our value proposition with more clarity.

The combination of both profitable growth and free cash flow generation to redeploy into our acquisition strategy will be our path to long term value creation. The journey will be exciting, and patience will matter. I am encouraged by these first steps we've taken, and we are evolving our organization to ensure we continue to deliver.

Organizational evolution

Unquestionably, employees are the foundation that drives our success.

Hiring, retaining, and promoting talented people who are obsessed with solving customer problems, whether that customer is internal or external, is critical to our future growth. We must ensure that CMG is made up of people who think like owners, who aren't shy about taking on any job, who can work well within a team, who can experiment and try new approaches, and challenge the status quo irrespective of their role within the organization.

Over the last 2 years, we have made great strides towards creating a performance-based culture. This includes a strong emphasis on OKRs (Objectives and Key Results) and practicing the CMG Values, especially those of Extreme Ownership and Customer Centricity. It's not just about achieving results but also how you achieve results.

As part of our performance-based culture, we are emphasizing the importance of earning performance-based awards and the "right to be on the team". This led to changes in how we structure employee bonuses starting from the CEO level. You will see in our upcoming information circular that for fiscal 2024, CEO and CFO performance metrics were updated to include not only revenue growth and adjusted operating profit but also Return On Invested Capital ("ROIC"). This change was made to reflect the importance of capital deployment in our CMG 4.0 Strategy and aligns our compensation directly with performance towards that objective.

For our employees, historically equity has been granted in the form of options or Restricted Share Units ("RSUs"). Beginning in fiscal 2024, in addition to a deeper linking of bonuses with performance, bonuses will be awarded as a combination of cash and a contribution to a share purchase plan. Cash allocated toward the equity portion of the bonus will be used to purchase CMG shares on the open market on the employee's behalf.

This structure allows employees to build a meaningful investment in the company, think like owners, and participate in our future success without the dilution of security-based compensation arrangements. It also makes our expenses more transparent.

For our employees, it is my hope that this new incentive structure is an improvement in the compensation structure and provides a better opportunity for wealth creation over the long-term. We have a talented team who deserves that opportunity.

I am immensely grateful to all our employees for their commitment and hard work. Our performance in fiscal 2024 would not have been possible without their enthusiasm for our vision. Their strength allowed me to make another meaningful change to position ourselves for the future.

Last month, we took steps to decentralize our internal operations into business units with dedicated leaders who have complete P&L ownership and accountability for our core simulators, consulting, and CoFlow initiatives. What is important for our investors to know is that this accomplishes two goals. First, it empowers our organization to prioritize amongst competing R&D demands with respect to our core simulators, our energy transition solutions, CoFlow and other initiatives. It creates smaller teams with the autonomy to focus on execution which can drive better results today while keeping aligned on our long-term objectives. Second, it allows me to hand over the reins of day-to-day operational decision making that has been a focus in my first two years and dedicate myself further to strategic initiatives including our acquisition strategy.

Priorities for fiscal 2025

In terms of priorities, you can expect that the initiatives of 2024 will continue to evolve in 2025. Our strengthened go-to-market capabilities will support our CMG segment growth initiatives which include expanding our share of wallet. As an example, we are seeing firsthand how market demand is shifting with customers turning to more complex recovery methods to address production declines in aging assets. This market shift from conventional to unconventional recovery requires more advanced simulation processes, a domain where CMG excels.

Further, we have identified countries in which we don't currently operate and have intentionally expanded our sales force in a way that allows us to pursue opportunities in these new geographies. And we will continue our work in energy transition through the development initiatives with our announced partnerships and continued innovation in our offerings.

CoFlow commercialization will remain a priority with a dedicated sales leader and enhanced business cases and validation to support education and adoption. An example of our thought leadership is our roundtable discussion with energy leaders, including Shell, to increase awareness of the substantial benefits of IPSM. While the proof of commercialization success will hinge on signed contracts, I am cautiously optimistic on our progress. We have better visibility than ever before on a sales pipeline, and we have successfully won the opportunity to run and support trials of CoFlow with several customers. These trials are a valuable opportunity for potential customers to learn the product and quantify the benefits of optimization using real life scenarios.

I anticipate continued demand for our consulting services, and we will balance the benefit of supporting that growth and its impact on software adoption with the cost to invest in people to scale.

Focusing on being responsive to our market demands, we are using our first Net Promoter Score (NPS) survey conducted last year (in which we achieved a strong score of 68) to inform where to focus our development efforts. We hear loud and clear from our customers that speed is a priority, and we are working with technology partners with a specific focus on speed and improvement in workflows. Bluware brought significant expertise in high performance computing and GPU enablement, skillsets which are benefiting our ongoing simulator development.

In our BHV operating segment, over the last six months, we have dedicated considerable effort to organizational design and structuring the product and R&D teams for scale and scalability. We have developed a product strategy informed by both internal and external research. These efforts position us well to grow software revenue while leveraging the services side of the organization to sell solutions of products and services as a bundle. In the coming months, we expect to welcome a leader for the business.

Acquisitions

I am often asked about the expected pace of our acquisition strategy. How many acquisitions next year and what size? My response is always that “it depends”. It is important to stress that patience and a long-term view will matter as we take on acquisitions.

We are seeking businesses with strong growth potential and mission-critical software that expand our portfolio, while remaining disciplined in the prices we pay. I believe we succeeded in this objective with Bluware and we have a solid pipeline of opportunities we are evaluating. We have looked at various companies and have walked away from those that don’t fit with our strategy and don’t offer the financial return we are seeking.

I grew up playing cricket (not baseball, for our North American shareholders!), and in long-form cricket games (test matches or even one-day tournaments), a batsman must exercise a balance between playing offensive and defensive postures depending on the match situation. The same holds true for acquisitions for me – practicing patience but being fully aware of the trends/opportunities and ready to go on the offence when the timing is right. The cadence of our M&A strategy may feel measured from the outside, but that does not mean a lack of opportunity. We won’t do M&A for the sake of doing M&A, even if it means patiently waiting for the right opportunities.

In closing

Someone recently pushed me to articulate my view of CMG 10 years from now. CMG is known for solving complex problems (arguably some of the most complex in the industry) with our state-of-the-art technologies. With Bluware, we made a step towards commercializing another industry-leading technology that tackles the AI and cloud journey with digital image processing and InteractivAI. Where are we in 10 years? I envision a CMG group of companies that builds on our brand of being an industry leader who solves complex scientific problems using integrated technology and state-of-the-art solutions.

My thesis is that building a durable growth company for the next several decades will depend on delivering three things; sustained growth and profitability in all our businesses, a platform of solutions approach through disciplined acquisitions and partnerships, and seeking opportunities to diversify by applying those same principals to technologies in related verticals.

The CMG reservoir simulation business is the foundation. Despite the maturity of our products, solid growth opportunities remain, and I am optimistic that we have a multi-year runway of growth.

With Bluware, we grew our portfolio with state-of-the-art technology that can make a material difference as energy companies continue or accelerate their digital journey. It has strong growth potential, and we now turn to proving the power and value of the CMG playbook as we demonstrate that we can commercialize this innovative technology with the right go-to-market and sales strategy.

Not only are we well positioned to execute on our strategy to build a durable growth company, but we are also positioned to add tremendous value for our customers. As a global community, we know we are struggling with an energy trilemma, the need for affordable, reliable, and sustainable energy. CMG, as a trusted partner, is playing a key role and will play an even greater role in solving this trilemma as we help global energy producers to operate efficiently and responsibly while playing a pivotal role in moving towards decarbonization and new energy. What a place to be for anyone looking to make an impact.

Sincerely,

Pramod Jain

Chief Executive Officer

This letter to shareholders forms an integral part of our Management's Discussion and Analysis ("MD&A") and includes forward-looking information and forward-looking statements (together, "Forward Looking Statements") within the meaning of applicable securities laws, and measures that do not have a standard meaning prescribed by the IFRS Accounting Standards ("IFRS"), including the financial measure "Free Cash Flow" to indicate financial performance. For detailed information on these Forward-Looking Statements, non-IFRS measures, and associated risks, please see the relevant sections in our MD&A dated May 22, 2024, accessible on SEDAR+ (www.sedarplus.ca) and our website (www.cmgl.ca/investors/financial-reports).

Computer Modelling Group Ltd. announces its fourth quarter results for the three months and year ended March 31, 2024.

FOURTH QUARTER 2024 CONSOLIDATED HIGHLIGHTS

Select financial highlights

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

FISCAL 2024 CONSOLIDATED HIGHLIGHTS

Select financial highlights

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

Fourth Quarter

In the fourth quarter, total revenue grew by 59% from the prior fiscal year to $32.3 million, reflecting the acquisition of Bluware ("BHV") which contributed 44%, and growth within the CMG operating segment of 15%. Adjusted EBITDA Margin was 32% compared to 42% in the prior fiscal year primarily due to the acquisition of BHV which currently operates at a lower margin than CMG. Net income for the quarter increased by 38% to $7.2 million, driven by higher revenue in the CMG operating segment. Free Cash Flow grew by 75% to $9.5 million, or $0.12 per share, from $5.4 million or $0.07 per share in the prior year's quarter. This substantial increase in Free Cash Flow was driven by both increases in net income and an approximately $4.6 million increase due to the tax deduction for the intellectual property acquired from BHV.

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

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

Fiscal Year 2024

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

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

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

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

SUMMARY OF FINANCIAL PERFORMANCE

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") of financial condition and results of operations for Computer Modelling Group Ltd. ("CMG Group", the "Company", "we" or "our"), dated May 22, 2024, should be read in conjunction with CMG Group's annual audited consolidated financial statements (the "Financial Statements") and accompanying notes for the year ended March 31, 2024 and CMG Group's Annual Information Form dated May 22, 2024 ("AIF"), which are available under CMG Group's SEDAR+ profile at www.sedarplus.ca.

The Financial Statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Financial Statements are presented in Canadian dollars, which is the functional and presentation currency of CMG Group.

Figures within this MD&A are presented in Canadian dollars, unless otherwise indicated. Financial data, other than the non-IFRS financial measures, have been prepared in accordance with IFRS Accounting Standards.

This MD&A was reviewed and approved by the Audit Committee and Board of Directors and is effective May 22, 2024.

FORWARD-LOOKING INFORMATION

Certain information included in this MD&A and the CEO Letter to Shareholders (attached hereto and incorporated by reference) is forward-looking. Forward-looking information includes statements that are not statements of historical fact and which address activities, events, or developments, that the Company expects or anticipates will or may occur in the future, including such things as investment objectives and strategy, the development plans and status of the Company's software development projects, the Company's intentions, results of operations, levels of activity, future capital and other expenditures (including the amount, nature and sources of funding thereof), business prospects and opportunities, research and development timetable, and future growth and performance. When used in this MD&A, statements to the effect that the Company or its management "believes", "expects", "expected", "plans", "may", "will", "projects", "anticipates", "estimates", "would", "could", "should", "endeavors", "seeks", "predicts" or "intends" or similar statements, including "potential", "opportunity", "target" or other variations thereof that are not statements of historical fact should be construed as forward-looking information. These statements reflect management's current beliefs with respect to future events and are based on information currently available to management of the Company. The Company believes that the expectations reflected in such forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking information should not be unduly relied upon.

Forward-looking information contained in this MD&A is based on management's expectations and assumptions regarding, among other things:

- future software license, maintenance and professional services sales;
- mix of revenues and potential variances from period to period;
- ability of CMG operating segment to maintain Adjusted EBITDA Margin in excess of 40%;
- allocation of purchase price for completed acquisitions;
- acquisition-related expenses, including the potential for further performance-based earnout;
- goodwill impairment tests and the possibility of future impairment adjustments;
- amortization of intangible assets and stock-based compensation;
- the continued financing by and participation of CMG's CoFlow partner and it being completed in a timely manner, and the associated costs and future revenue related to CoFlow;
- market demand for advanced simulation processes and complex recovery methods to address production declines in aging assets;
- the Company's ability to increase or sustain its revenue in a volatile oil price environment;
- the Company's ability to pay dividends;
- the Company's ability to continue current research activities and new product development;
- the Company's ability to capture market share in energy transition;
- the Company's ability to recruit and retain qualified staff;
- the Company's ability to recognize financial results of acquiring BHV; and

- the Company's ability to successfully execute on commercial partnerships and acquisitions.

Forward-looking information is not a guarantee of future performance and involves a number of risks and uncertainties, only some of which are described herein. Many factors could cause the Company's actual results, performance or achievements, or future events or developments to differ materially from those expressed or implied by the forward-looking information including, without limitation, the following factors, which are discussed in greater detail in the "Business Risks" section of this MD&A:

- Economic conditions in the energy industry;
- Reliance on key customers;
- Foreign exchange;
- Economic and political risks in countries where the Company currently does or proposes to do business;
- Increased competition;
- Reliance on employees with specialized skills or knowledge;
- Protection of proprietary rights;
- Information security breaches or other cyber-security threats; and
- Ability to successfully execute on acquisitions and to integrate acquired businesses and assets.

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievement may vary materially from those expressed or implied by the forward-looking information contained in this MD&A. These factors should be carefully considered, and readers are cautioned not to place undue reliance on forward-looking information, which speaks only as of the date of this MD&A. All subsequent forward-looking information attributable to the Company herein is expressly qualified in its entirety by the cautionary statements contained in or referred to herein. The Company does not undertake any obligation to release publicly any revisions to forward-looking information contained in this MD&A to reflect events or circumstances that occur after the date of this MD&A or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

CORPORATE PROFILE

CMG Group is a global software and consulting company providing advanced reservoir modelling capabilities to the energy industry. Through acquisitions, the Company has expanded to include software and services specializing in cloud and interactive deep learning solutions for subsurface decision-making including seismic interpretation. We provide cutting-edge technologies that support critical field development decisions for upstream planning and energy transition strategies. The Company has a diverse customer base of international oil and gas production and exploration companies in approximately 60 countries. The Company also provides professional services consisting of highly specialized support, consulting, training, and contract research activities. CMG Group has sales and technical support services based in Calgary, Houston, Oxford, Dubai, Bogota, Rio de Janeiro, Bengaluru, Kuala Lumpur and Oslo. Our Common Shares are listed on the Toronto Stock Exchange ("TSX") and trade under the symbol "CMG". CMG Group and its subsidiaries include the following: Computer Modelling Group Inc., CMG Middle East FZ LLC, CMGL Services Company Inc., CMG Europe Ltd., and CMG Collaboration Centre India Private Ltd., (together referred to as "CMG"), and CMG Holdings (USA) Inc., Bluware-Headwave Ventures Inc., Bluware Inc., Bluware AS, (together referred to as "BHV" or "Bluware"). CMG and BHV have been identified as the Company's two operating segments.

BUSINESS OVERVIEW

The Company is a global software and consulting company providing advanced reservoir modelling capabilities, and cloud and interactive deep learning solutions for seismic interpretation to the energy industry. We provide cutting-edge technologies that support critical field development decisions for upstream planning and energy transition strategies.

Since its inception more than 40 years ago, CMG Group made the strategic decision to focus its research and development efforts on providing solutions for the simulation of difficult hydrocarbon recovery techniques, a decision that created the foundation for our dominant market presence today in the simulation of advanced hydrocarbon recovery processes. The Company has demonstrated this commitment by continuously investing in research and development and working closely with its customers to develop simulation tools relevant to the challenges and opportunities they face. We are experts in modelling and de-risking subsurface exploration with the use of advanced physics-based simulation software and expert consulting.

The Company provides market-leading reservoir simulation software, recognized as the industry standard in traditional oil and gas including Enhanced Oil Recovery (“EOR”), Heavy Oil and unconventionals, and in Energy Transition including Carbon Capture and Storage (“CCS”), geothermal and hydrogen. In addition to offering reservoir simulation solutions, we have invested into the development of CoFlow, the industry’s first fully implicit, multi-user and multi-disciplinary Integrated Reservoir and Production System Modelling (“IPSM”) software application. It provides a unified solution for integrated asset modelling by combining reservoir, production networks and geomechanics in one environment and allows reservoir and production engineers to make informed decisions on large, integrated oil and gas projects.

In combination with its principal business of licensing its software, the Company also provides professional services consisting of multi-disciplinary upstream consultants that provide software proficiency and technical competency to build and optimize reservoir development plans.

CMG Group continues to pursue its CMG 4.0 strategy which is aimed at transforming us into a market-led company, driven by sustained organic growth in the reservoir simulation business and the prudent deployment of capital to pursue acquisitions that are accretive to software revenue. The organic growth strategy leverages the momentum towards digitization in the energy industry and the growing need for complex energy transition solutions to drive growth by winning new customers and selling additional products and services to existing customers.

On September 25, 2023, we executed on our acquisition strategy with our first major acquisition of BHV which has expanded our portfolio to include the development and licensing of seismic interpretation software and incorporates Artificial Intelligence (“AI”)/machine learning technology to deliver interactive deep learning solutions for subsurface decision-making. Our acquisition of Bluware will enable us to continue to execute on our acquisition strategy by diversifying CMG Group’s product offering across the upstream energy value-chain, to build on our expertise in cloud delivery, advanced technologies, and data management and to deliver improved workflows and collaboration with increased speed, performance and accuracy. We believe that our combined portfolio will allow customers to leverage the latest cloud, machine learning and AI innovations to revolutionize geoscience data and interpretation workflows, allowing geoscientists to deliver faster and smarter decisions about the subsurface while reducing costs and environmental impact.

The Company sees mergers and acquisitions (“M&A”) as a growth accelerator and maintains a robust and dynamic pipeline of opportunities, investing in both engagement and outreach while continuously evaluating value creation opportunities through inorganic growth.

Growth Strategy

At CMG Group, we are committed to the development of cutting-edge technologies that support critical field development decisions for upstream planning and energy transition strategies.

Our growth strategy was developed around three main objectives:

- maintain and grow our core business competencies in reservoir simulation within the CMG operating segment, capitalizing on CMG’s leadership position as experts in the science, technology and customer support for complex hydrocarbon recovery techniques;
- expand our product offering and market presence, including the introduction of data analytics solutions, to deliver greater value to new and existing customers;
- reach into new market segments with CMG applications in IPSM and energy transition, specifically CCS, hydrogen storage, and geothermal processes.

To achieve these objectives, investment in research and development is important as it helps maintain our competitive advantage for our existing software product suite and advances new product development to drive organic growth. Our approach to investment in research and development is to invest in initiatives that are driven by customers’ needs. Integrating new and innovative features into our existing product suite as well as developing simplified, fit-for-purpose applications is anticipated to help us to increase revenue from new and existing customers.

We pursue organic growth through direct sales using our internal sales force and are focused on enhancing our market engagement framework through the addition of a strategic marketing function and additional sales tools and training. We are also committed to partnering with industry leaders in two key areas:

1) Assist in the development, testing and refinement of new technology

- During fiscal 2024, CMG announced a partnership with ABB to deliver powerful new technology for CCS. CMG has also continued the Joint Industry Partnership (JIP) with Kongsberg in fiscal 2024 to develop a new technology focused on CCS.

2) Extend our reach into other ecosystems while enabling sales

- During fiscal 2024, CMG signed a Memorandum of Understanding (MoU) with Wood PLC to provide an integrated and connected approach to CCS project development.

In addition to organic growth, the acquisition strategy was developed with the aim to prudently invest excess capital, at attractive after-tax rates of return, to drive long-term software revenue growth and per-share profitability. The focus is to acquire businesses that enhance and diversify our product offerings within the energy and adjacent industries.

Business Model

Our customers have two alternatives for licensing our software:

Annuity License Agreements

Annuity license agreements, which include a term-based software license bundled with maintenance. These agreements provide customers with rights to use the software for a fixed term, typically one year, but could be shorter or longer, and include maintenance consisting of customer support and unspecified upgrades. Annuity license agreements are issued by both CMG and BHV. Each entity allocates 50% of annuity license agreement to software license and 50% to maintenance. Both CMG and BHV recognize the maintenance component of annuity license agreements on a straight-line basis over the license period. This revenue component is recorded under “Annuity/maintenance license revenue”. We generally invoice our customers for the full amount of their contractual payment obligations at the time that they contract with us.

The software license component of the agreement has different revenue recognition for each entity, as follows:

- CMG – Software annuity license revenue is recognized ratably over the term of the agreement and included in “Annuity/maintenance license” revenue.
- BHV – Software annuity license revenue is recognized upfront when the software license is delivered to the customer. This revenue component is recorded under “Annuity license fee”.

While both annuity/maintenance license revenue and annual license fee represent recurring revenue base, the annual license fee revenue will fluctuate quarterly due to the timing of agreement renewals which tend to be skewed towards the last two quarters of our fiscal year. Our annuity and maintenance license agreements must be renewed upon their agreement expiry. Based on our experience, a majority of customers renew their agreements upon expiry.

Maintenance license revenue is recorded under “Annuity/maintenance license” revenue and recognized on a straight-line basis over the term of the agreement. These agreements are typically renewed annually.

Perpetual License Agreements

Perpetual license agreements grant the customer the right to use the then-current version of software license in perpetuity. This revenue stream is recorded under “Perpetual license” revenue and is recognized at a point in time, upon delivery of the licensed product. Customers purchasing perpetual licenses may also enter into a separate maintenance and support agreement giving them access to customer support and software upgrades. The majority of customers who have acquired perpetual software licenses subsequently purchase a maintenance package.

Perpetual license agreements are entered into by CMG. BHV historically offered perpetual licenses and recognizes maintenance revenue from legacy perpetual licenses. Perpetual licenses are no longer sold by BHV. Perpetual license sales are variable and unpredictable in nature as the purchase decision and its timing fluctuate with the customers’ needs and budgets. We generally invoice our customers for the full amount of their agreement at the time that they contract with us, with payment generally due within a period of 30 days.

Please see Note 3 (a) in the annual consolidated financial statements for a more complete description of the revenue streams, their respective nature, timing of satisfaction of performance obligations and significant contract terms.

We also offer a public cloud solution which enables customers to securely access Company's simulators and submit simulation jobs to some of the latest and fastest hardware available in the industry optimized for maximum efficiency and faster simulation results. The cloud solution gives customers the ability to take advantage of the flexibility and economies of scale with the "pay as you go" model for hardware and CMG software. This currently represents a small part of the Company's business and is reported under annuity/maintenance license revenue. In combination with its principal business of licensing its software, the Company also provides professional services consisting of multi-disciplinary upstream consultants that provide software proficiency and technical competency to build and optimize reservoir development plans.

In addition to consulting, we allocate significant resources to training, which is an instrumental part of our Company's success, as it enables our customers to become more efficient and effective users of our software. Our training is continuous in nature, is offered worldwide, and it helps us in developing and maintaining long-term relationships with our customers.

NON-IFRS FINANCIAL AND SUPPLEMENTARY FINANCIAL MEASURES

Certain financial measures in this MD&A – namely, Adjusted EBITDA and Adjusted EBITDA Margin, Free Cash Flow, adjusted operating expenses, direct employee costs, adjusted direct employee costs, other corporate costs, adjusted other corporate costs, adjusted operating profit, and Adjusted Operating Profit Margin– do not have a standard meaning prescribed by IFRS and, accordingly, may not be comparable to measures used by other companies. Management believes that these indicators nevertheless provide useful measures in evaluating the Company's performance.

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA and Adjusted EBITDA Margin refers to net income before adjusting for depreciation and amortization expense, interest income, income and other taxes, stock-based compensation, restructuring charges, foreign exchange gains and losses, repayment of lease obligations, asset impairments, acquisition related costs and other expenses directly related to business combinations, including compensation expenses. Adjusted EBITDA should not be construed as an alternative to operating income, net income or liquidity as determined by IFRS. The Company believes that Adjusted EBITDA and Adjusted EBITDA Margin are useful supplemental measures as they provide an indication of the results generated by the Company's main business activities prior to consideration of how those activities are amortized, financed or taxed. In addition, management has determined that Adjusted EBITDA and Adjusted EBITDA Margin is a more accurate measurement of the Company's operating performance and our ability to generate earnings as compared to EBITDA and EBITDA Margin.

EBITDA was a metric utilized by management prior to fiscal year 2023 which had included stock-based compensation and excluded leases. The inclusion of stock-based compensation in EBITDA increased volatility in the metric and impacted our ability to make meaningful comparisons to our peer group and industry. Under IFRS, companies must reflect leases on the balance sheet and the lease payment is allocated between depreciation and interest expense. As such, these expenses were not reflected in EBITDA even though they represent an operating cost. We have Adjusted EBITDA to reflect the cash cost of lease payments as we believe that this more properly reflects the operating performance of the Company.

	CMG		BHV		Consolidated	
Three months ended March 31 ($ thousands)	**2024**	2023	**2024**	2023	**2024**	2023
Net income (loss)	**7,365**	5,226	**(136)**	-	**7,229**	5,226
Add (deduct):						
Depreciation and amortization	**1,573**	916	**578**	-	**2,151**	916
Stock-based compensation	**922**	1,722	**-**	-	**922**	1,722
Acquisition related expenses	**-**	-	**186**	-	**186**	-
Income and other tax expense	**1,587**	1,901	**348**	-	**1,935**	1,901
Interest income	**(639)**	(705)	**(19)**	-	**(658)**	(705)
Foreign exchange loss (gain)	**(863)**	13	**120**	-	**(743)**	13
Repayment of lease liabilities	**(592)**	(553)	**(211)**	-	**(803)**	(553)
Adjusted EBITDA (1)	**9,353**	8,520	**866**	-	**10,219**	8,520
Adjusted EBITDA Margin (1)	***40%***	*42%*	***10%***	-	***32%***	*42%*

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

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

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

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

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

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

Free Cash Flow Reconciliation to Funds Flow from Operations

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

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

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

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

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

Adjusted operating expenses, direct employee and other corporate costs

Adjusted operating expenses include adjusted direct employee costs and adjusted other corporate costs in which adjustments are made with respect to restructuring costs, stock-based compensation, acquisition of acquired intangible assets, and acquisition related expenses. Adjusted direct employee costs include salaries, bonuses, benefits, commission expenses, and professional development. Adjusted other corporate costs include facility-related expenses, corporate reporting, professional services, marketing and promotion, computer expenses, travel, other office-related expenses, depreciation and amortization on property and equipment and right-of-use assets. Adjusted direct employee costs and adjusted other corporate costs should not be considered an alternative to total operating expenses as determined in accordance with IFRS. People-related costs represent the Company's largest area of expenditure; hence, management considers highlighting separately corporate and direct employee costs to be important in evaluating the quantitative impact of cost management of these two major expenditure pools. See "Operating Expenses" heading for a reconciliation of direct employee costs and other corporate costs to total operating expenses.

Adjusted Operating Profit and Adjusted Operating Profit Margin

Adjusted Operating Profit and Adjusted Operating Profit Margin are non-IFRS financial measures. They do not have a standard meaning prescribed by IFRS and, accordingly, may not be comparable to measures used by other companies. Adjusted Operating Profit is calculated as operating profit excluding restructuring charges, stock-based compensation, amortization of acquired intangible assets, and acquisition-related expenses. Management believes that analyzing the Company's performance exclusive of these items illustrates underlying trends in our business and provides better comparability between periods. See "Operating Expenses" heading for analysis on items that impact Adjusted Operating Profit.

	CMG		BHV		Consolidated	
Three months ended March 31 ($ thousands)	**2024**	2023	**2024**	2023	**2024**	2023
Operating profit	**7,901**	6,909	**376**	-	**8,277**	6,909
Add:						
Acquisition related expenses	**-**	-	**186**	-	**186**	-
Amortization of acquired intangible assets	**575**	19	**89**	-	**664**	19
Stock-based compensation	**922**	1,721	**-**	-	**922**	1,721
Adjusted operating profit (1)	**9,398**	8,649	**651**	-	**10,049**	8,649
Adjusted Operating Margin (1)	***40%***	*43%*	***7%***	-	***31%***	*43%*

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

	CMG		BHV		Consolidated	
Year ended March 31 ($ thousands)	**2024**	2023	**2024**	2023	**2024**	2023
Operating profit	**31,145**	25,860	**2,839**	-	**33,984**	25,860
Add:					**-**	
Acquisition related expenses	**719**	-	**737**	-	**1,456**	-
Amortization of acquired intangible assets	**1,322**	19	**179**	-	**1,501**	19
Restructuring charge	**-**	3,943	**-**	-	**-**	3,943
Stock-based compensation	**6,292**	3,317	**-**	-	**6,292**	3,317
Adjusted operating profit (1)	**39,478**	33,139	**3,755**	-	**43,233**	33,139
Adjusted Operating Margin (1)	***45%***	*45%*	***18%***	-	***40%***	*45%*

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

SUMMARY OF CONSOLIDATED FINANCIAL RESULTS

	Three months ended March 31			Year ended March 31		
($ thousands)	**2024**	2023	% change	**2024**	2023	% change
Total revenue	**32,291**	20,265	59%	**108,679**	73,846	47%
Cost of revenue	**6,470**	2,365	174%	**17,224**	7,481	130%
Operating expenses	**17,544**	10,991	60%	**57,471**	40,505	42%
Operating profit	**8,277**	6,909	20%	**33,984**	25,860	31%
Net finance income	**887**	218	307%	**1,238**	788	57%
Income taxes	**1,935**	1,901	2%	**8,963**	6,851	31%
Net income	**7,229**	5,226	38%	**26,259**	19,797	33%

As a result of CMG Group's acquisition of BHV on September 25, 2023, the Company's operations are now organized into two reportable operating segments represented by CMG; the development and licensing of reservoir simulation software, and BHV; the development and licensing of seismic interpretation software. As such, we have prepared the below analysis to follow a consolidated format including analysis from both segments to allow users to understand and sufficiently compare results from each segment separately.

With the acquisition of BHV, we added a new software license revenue category labelled "Annuity license fee". The section below will provide further detail with respect to revenue categories.

REVENUE

Software License Revenue

Software license revenue is made up of annuity/maintenance license fees and annuity license fees charged for the use of the Company's software products and BHV's software products respectively and are both generally for a term of one year or less. Software license revenue also includes perpetual software license sales, whereby the customer purchases the then-current version of the software and has the right to use that version in perpetuity. Annuity/maintenance license fees have historically had a high renewal rate and, accordingly, provide a recurring revenue stream. The total annual contract value of the annuity license fee is allocated 50% to the standalone software license fee and 50% to maintenance (included in "Annuity/maintenance license revenue" and recognized over the license term). The software license fee for CMG is recognized evenly over the term of the contract within "Annuity/maintenance license revenue", and for BHV is recognized upfront under "Annuity license fee." The annuity license fee is recognized in revenue when the software license is delivered to the customer. As such, annuity license fee, while recurring in nature, will fluctuate due to the timing of contract renewals, and may not be indicative of the performance in a particular reporting period. Perpetual license sales are more variable and unpredictable in nature as the purchase decision and its timing fluctuate with the customers' needs and budgets. The majority of CMG's customers, who have acquired perpetual software licenses, subsequently purchase our maintenance package to ensure ongoing product support and access to current versions of CMG's software.

	Three months ended March 31			Year ended March 31		
($ thousands)	**2024**	2023	% change	**2024**	2023	% change
Annuity/maintenance licenses	**19,661**	15,803	24%	**71,530**	59,690	20%
Annuity license fee	**1,142**	-	100%	**5,146**	-	100%
Perpetual licenses	**2,130**	1,556	37%	**5,739**	3,240	77%
Total software license revenue	**22,933**	17,359	32%	**82,415**	62,930	31%
Professional services	**9,358**	2,906	222%	**26,264**	10,916	141%
Total revenue	**32,291**	20,265	59%	**108,679**	73,846	47%

Total software license revenue for the three months ended March 31, 2024 increased by 32%, compared to the same period of the previous fiscal year, of which 17% is due to the BHV acquisition and 15% is due to increases in CMG annuity/maintenance and perpetual license revenue. Total software license revenue for the year ended March 31, 2024 increased by 31%, compared to the same period of the previous fiscal year, of which 13% is due to the BHV acquisition and 18% is due to increases in CMG annuity/maintenance and perpetual license revenue.

Annuity/Maintenance license revenue

Annuity/maintenance license revenue increased by 24% during the three months ended March 31, 2024, compared to the same period of the previous fiscal year, of which 11% is due to the BHV acquisition and 13% is due to annuity/maintenance license revenue growth of CMG. Annuity/maintenance license revenue increased by 20% during the year ended March 31, 2024, compared to the same period of the previous fiscal year, of which 5% is due to the BHV acquisition and 15% is due to annuity/maintenance license growth of CMG. We continue to see a strong contribution to total software license revenue growth from energy transition customers and estimate during the three months and year ended March 31, 2024, that 24% and 23% respectively, of total software license revenue is related to energy transition.

Annuity license fee

Annuity license fee revenue relates to BHV. This revenue stream is expected to fluctuate quarterly depending on the timing of contract renewals as the annuity license fees are recognized in revenue when the software license is delivered. Historically, a majority of contracts renew during the third and fourth quarters.

Perpetual license revenue

Perpetual license revenue in CMG increased by 37% during the three months ended March 31, 2024, compared to the same period of the previous fiscal year, due to perpetual license sales generated in the United States and Asia. During the year ended March 31, 2024, compared to the same period of the previous fiscal year, perpetual license revenue increased by 77% due to increased license sales in all geographic regions.

Foreign Exchange Impact

We can observe from the tables below that the change in the exchange rate used to convert US dollar denominated revenue to Canadian dollars had a positive impact on reported annuity/maintenance license revenue during the three months and year ended March 31, 2024, compared to the same periods of the previous fiscal year.

Three months ended March 31, ($ thousands)	2023	Incremental License Growth	Acquired	FX Impact	**2024**
Annuity/maintenance license	15,803	1,483	1,797	578	**19,661**
Annuity license fee	-	-	1,142	-	**1,142**
Perpetual license	1,556	571	-	3	**2,130**
Total software license revenue	17,359	2,054	2,939	581	**22,933**

Year ended March 31, ($ thousands)	2023	Incremental License Growth	Acquired	FX Impact	**2024**
Annuity/maintenance license	59,690	6,777	2,993	2,070	**71,530**
Annuity license fee	-	-	5,146	-	**5,146**
Perpetual license	3,240	2,413	-	86	**5,739**
Total software license revenue	62,930	9,190	8,139	2,156	**82,415**

Software Revenue by Geographic Region

($ thousands)	Three months ended March 31			Year ended March 31		
	2024	2023	% change	**2024**	2023	% change
Annuity/maintenance license						
Canada	**3,310**	3,203	3%	**13,208**	12,602	5%
United States	**4,955**	3,813	30%	**18,454**	14,928	24%
South America	**2,401**	2,239	7%	**9,185**	8,079	14%
Eastern Hemisphere(1)	**8,995**	6,548	37%	**30,683**	24,081	27%
	19,661	15,803	24%	**71,530**	59,690	20%
Annuity license fee						
Canada	**-**	-	0%	**-**	-	0%
United States	**88**	-	100%	**667**	-	100%
South America	**874**	-	100%	**893**	-	100%
Eastern Hemisphere(1)	**180**	-	100%	**3,586**	-	100%
	1,142	-	100%	**5,146**	-	100%
Perpetual license						
Canada	**-**	-	0%	**270**	-	100%
United States	**974**	145	572%	**1,207**	302	300%
South America	**-**	-	0%	**324**	-	100%
Eastern Hemisphere(1)	**1,156**	1,411	(18%)	**3,938**	2,938	34%
	2,130	1,556	37%	**5,739**	3,240	77%
Total software license revenue						
Canada	**3,310**	3,203	3%	**13,478**	12,602	7%
United States	**6,017**	3,958	52%	**20,328**	15,230	33%
South America	**3,275**	2,239	46%	**10,402**	8,079	29%
Eastern Hemisphere(1)	**10,331**	7,959	30%	**38,207**	27,019	41%
	22,933	17,359	32%	**82,415**	62,930	31%

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

During the three months and year ended March 31, 2024, compared to the same periods of the previous fiscal year, total software license revenue increased in all geographic regions.

The Canadian region (representing 16% of year-to-date total software license revenue) experienced increases of 3% and 5% in annuity/maintenance license revenue during the three months and year ended March 31, 2024, respectively, compared to the same periods in the previous fiscal year, mainly due to license fee increases and increased licensing by existing customers. Perpetual license revenue increased by 100% for the year ended March 31, 2024, compared to the same period of the previous fiscal year, due to license sales recorded in the first and third quarter of the current fiscal year. BHV has no customers domiciled in Canada and therefore no revenue contribution to this region.

The United States (representing 25% of year-to-date total software license revenue) experienced increases of 30% and 24% in annuity/maintenance license revenue during the three months and year ended March 31, 2024, respectively, compared to the same periods in the previous fiscal year. BHV made up 11% and 5% of the increase in annuity/maintenance license revenue for the three months and year ended March 31, 2024, respectively. CMG annuity/maintenance license revenue increased by 19% for both the three months and year ended March 31, 2024, compared to the same periods of the previous fiscal year, due to new customers, increased license fees, and increased licensing by existing customers. Annuity license fee revenue increased by 100% for the three months and year ended March 31, 2024, respectively, as a result of the acquisition of BHV. Perpetual license revenue all attributable to CMG, increased by 572% and 300% during the three months and year ended March 31, 2024, respectively, compared to the same periods in the previous fiscal year due to new customer license sales recorded in the first and fourth quarter of the current fiscal year.

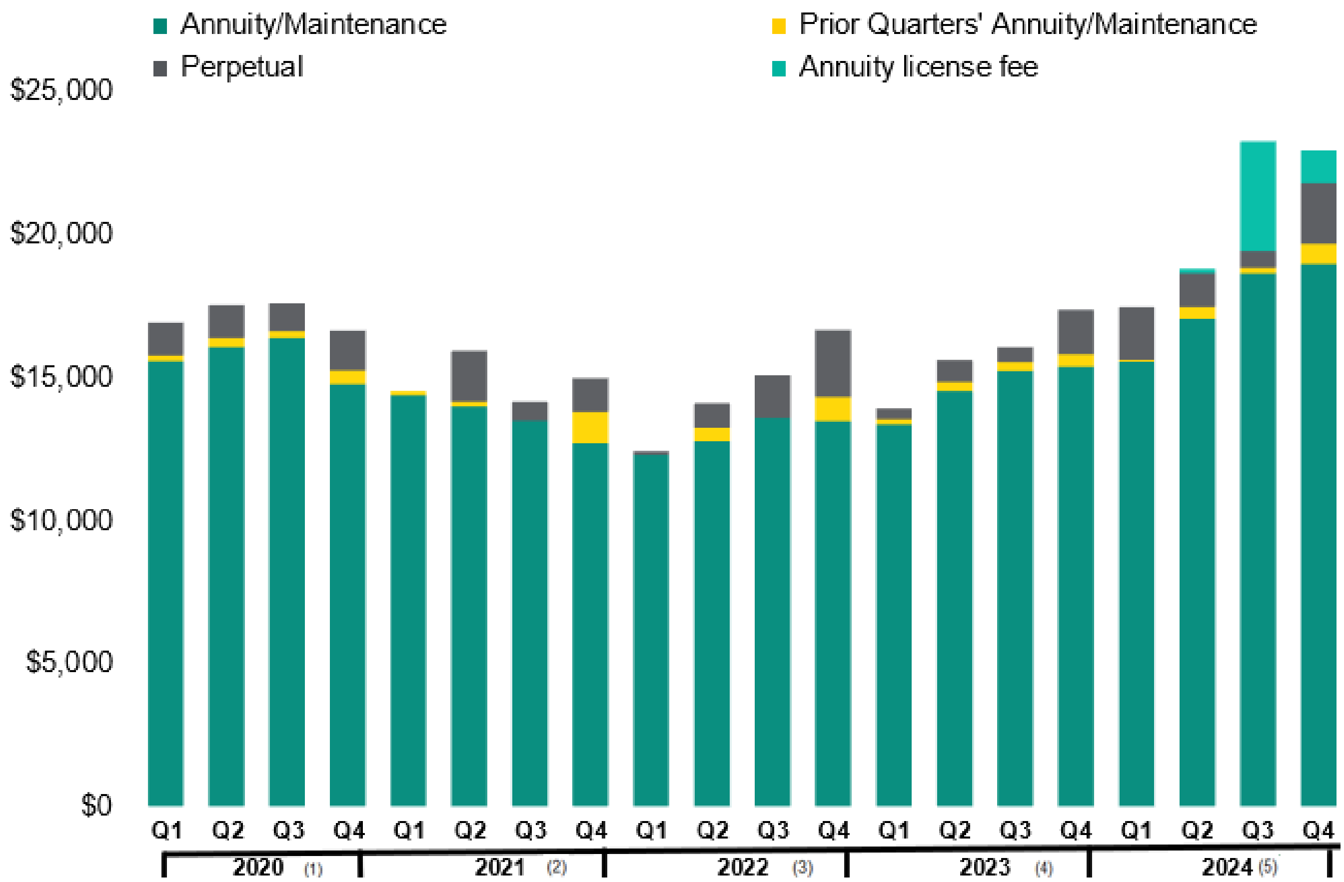
South America (representing 13% of year-to-date total software license revenue) experienced increases of 7% and 14% in annuity/maintenance license revenue during the three months and year ended March 31, 2024, respectively, compared to the same periods in the previous fiscal year. BHV made up 15% and 6% of the increase in annuity/maintenance license revenue for the three months and year ended March 31, 2024, respectively. CMG annuity/maintenance license revenue decreased by 8% for the three months ended March 31, 2024 compared to the same period of the previous fiscal year as a result of a delay in contract renewals, partially offset by increased licensing by existing customers and increased license fees. CMG increased by 8% for year ended March 31, 2024, compared to the same period of the previous fiscal year, primarily due to new customers, increased license fees and increased licensing by existing customers. Annuity license fee revenue increased by 100% for the three months and year ended March 31, 2024, as a result of the acquisition of BHV. While there were no perpetual license sales in the current quarter, perpetual license revenue all attributable to CMG, increased by 100% for the year ended March 31, 2024, due to a new license purchased in the second quarter.

The Eastern Hemisphere (representing 46% of year-to-date total software license revenue) experienced increases of 37% and 27% in annuity/maintenance license revenue during the three months and year ended March 31, 2024, respectively, compared to the same periods in the previous fiscal year. BHV made up 16% and 7% of the increase in annuity/maintenance license revenue for the three months and year ended March 31, 2024. CMG annuity/maintenance license revenue increased by 21% and 20% for the three months and year ended March 31, 2024, respectively, compared to the same periods of the previous fiscal year, due to new customers, increased license fees and licensing by existing customers and revenue recognized in the current period for products provided in previous quarters. Annuity license fee revenue has increased by 100% for the three months and year ended March 31, 2024, as a result of the acquisition of BHV. Perpetual license sales decreased by 18% for the three months ended March 31, 2024, compared to the same period of the previous fiscal year, primarily due to fewer perpetual sales in the Asia region. Perpetual license sales increased by 34% for the year ended March 31, 2024, compared to the same period of the previous fiscal year, primarily due to new perpetual license sales in the Asia and Europe regions, related to energy transition projects.

Consolidated Quarterly Software License Revenue

As footnoted in the Consolidated Quarterly Software License Revenue graph, during the normal course of business CMG may complete the negotiation of certain annuity/maintenance contracts and/or fulfill revenue recognition requirements within a current quarter that includes usage of CMG's products in prior quarters. This situation particularly affects contracts negotiated with countries that face increased economic and political risks, leading to the revenue recognition criteria being satisfied only at the time of the receipt of cash. The dollar magnitude of such contracts may be significant to the quarterly comparatives of our annuity/maintenance license revenue stream. To provide a normalized comparison, we specifically identify the revenue component where revenue recognition is satisfied in the current period for products provided in previous quarters. Please refer to the yellow bars and the footnotes in the following graph:

($ thousands)



(1) Q1, Q2, Q3 and Q4 of fiscal 2020 include $0.2 million, $0.3 million, $0.2 million, and $0.5 million, respectively, in revenue that pertains to usage of CMG's products in prior quarters.
(2) Q1, Q2, Q3 and Q4 of fiscal 2021 include $0.2 million, $0.2 million, $nil, and $1.1 million, respectively, in revenue that pertains to usage of CMG's products in prior quarters.
(3) Q1, Q2, Q3 and Q4 of fiscal 2022 include $nil, $0.5 million, $nil, and $0.8 million, respectively, in revenue that pertains to usage of CMG's products in prior quarters.
(4) Q1, Q2, Q3 and Q4 of fiscal 2023 includes $0.2 million, $0.3 million, $0.3 million, and $0.4 million, respectively, in revenue that pertains to usage of CMG's products in prior quarters.
(5) Q1, Q2, Q3, and Q4 of fiscal 2024 include $0.1 million, $0.4 million, $0.2 million, and $0.7 million, respectively, in revenue that pertains to usage of CMG's products in prior quarters.

Deferred Revenue

($ thousands)	**Fiscal 2024**	Fiscal 2023	$ change	% change
Deferred revenue at:				
Q1 (June 30)	**26,616**	24,409	2,207	9%
Q2 (September 30)	**32,339**	24,164	8,175	34%
Q3 (December 31)	**27,089**	26,717	372	1%
Q4 (March 31)	**41,120**[(1)]	34,797	6,323	18%

(1) Q1, Q2, Q3 and Q4 of fiscal 2024 include $nil, $1.4 million, $3.5 million, and $4.4 million, respectively, in deferred revenue that pertains to BHV.

The Company's deferred revenue consists primarily of amounts for prepaid licenses. Annuity/maintenance revenue is deferred and recognized ratably over the license period, which is generally one year or less. Amounts are deferred for licenses that have been provided and revenue recognition reflects the passage of time.

The above table illustrates the normal trend in the deferred revenue balance from the beginning of the calendar year (which corresponds with Q4 of our fiscal year), when most renewals occur, to the end of the calendar year (which corresponds with Q3 of our fiscal year). Our fourth quarter corresponds with the beginning of the fiscal year for most oil and gas companies, representing a time when they enter a new budget year and sign/renew their contracts.

The deferred revenue balance at the end of Q4 of fiscal 2024 was 18% higher than in Q4 of fiscal 2023. The BHV acquisition contributed a 12% increase and CMG contributed a 6% increase, with no significant timing differences.

Professional Services Revenue

Professional services revenue consists of specialized consulting, training, and contract research activities. CMG performs consulting and contract research activities on an ongoing basis. Our experience is that consulting activities are variable in nature as both the timing and dollar magnitude of work are dependent on activities and budgets within customer companies. BHV also performs consulting services related to subsurface interpretations and product development related activities including building custom software for their customers. The majority of BHV professional services revenue relates to one customer contract.

Professional services revenue for the three months and year ended March 31, 2024, was $9.4 million and $26.3 million which represents increases of 222% and 141%, respectively, compared to the same periods of the previous fiscal year. The acquisition of BHV contributed 209% and 116% of the increase, respectively, for the three months and year ended March 31, 2024. The remaining increases of 13% and 25% for the three months and year ended March 31, 2024 are due to increased CMG professional services revenue from consulting projects as a result of expanded services to address customer demand.

COST OF REVENUE

Cost of revenue primarily consists of direct employee costs, external consultants, overhead costs associated with customer support, training, and consulting, and public cloud hosting applications. These costs are generally related to headcount and are driven by management's decision to add customer success and consulting capacity. In general, these costs fluctuate as a percentage of revenue as the Company adds headcount to support increased demand for our software and consulting services.

	Three months ended March 31			Year ended March 31		
($ thousands)	**2024**	2023	% change	**2024**	2023	% change
Cost of revenue (1) (2)	**6,470**	2,365	174%	**17,224**	7,481	130%

(1) Depreciation and amortization related to property and equipment and right of use assets is $0.1 million and $0.4 million for the three months and year ended March 31, 2024 and March 31, 2023, respectively.

(2) Stock based compensation is $0.1 million and $0.6 million for the three months and year ended March 31, 2024, respectively, and $0.2 million for the three months and year ended March 31, 2023.

Cost of revenue increased by 174% and 130% for the three months and year ended March 31, 2024, respectively, compared to the same periods of the previous fiscal year of which increases from the acquisition of BHV contributed 173% and 112%, respectively. CMG contributed to an increase of 1% for the three months ended March 31, 2024 remaining consistent with the same period of the previous fiscal year. CMG contributed an increase of 18% for the year ended March 31, 2024, compared to the same period of the previous fiscal year, due to increased headcount and headcount-related costs, including increased stock-based and variable performance-based compensation.

OPERATING EXPENSES

Sales and marketing

Sales and marketing expenses are comprised primarily of employee salaries, commissions, benefits and stock-based compensation, as well direct costs related to the delivery of marketing programs and events. Sales and marketing expenses also include travel-related expenses and corporate overhead allocations. We plan to continue to expand sales and marketing efforts to attract new customers, retain existing customers and increase revenues from both new and existing customers.

Research and development

Research and development expenses are comprised primarily of personnel expenses including employee salaries, benefits and stock-based compensation, product-related expenses including product management, product research and development, and other corporate overhead allocations off-set by certain tax benefits realized through the Canadian Scientific Research and Experimental Development Tax Credit program ("SR&ED"). We continue to invest in our research and development program by adding new features and functionality to our products, maintaining our expansive artifact infrastructure, and delivering new products to market.

General and administrative

General and administrative expenses are comprised primarily of personnel expenses including employee salaries, benefits, and stock-based compensation expense for our administrative, finance, legal, information technology, and people and culture teams, allocated rent expenses, travel and travel related expenses, and general office and administrative expenses, and professional service expenses.

The below table provides a reconciliation of operating expenses to adjusted operating expenses:

	Three months ended March 31			Year ended March 31		
($ thousands)	**2024**	2023	% change	**2024**	2023	% change
Sales and marketing (1)(2)	**4,361**	3,294	32%	**14,957**	9,968	50%
Research and development (1)(2)	**7,607**	4,589	66%	**23,679**	17,857	33%
General and administrative (1)(2)	**5,576**	3,108	79%	**18,835**	12,680	49%
Operating expenses	**17,544**	10,991	60%	**57,471**	40,505	42%
% of total revenue	***54%***	*54%*		***53%***	*55%*	
Acquisition related expenses	**(186)**	-	100%	**(1,456)**	-	100%
Amortization of acquired intangibles	**(664)**	(19)	3395%	**(1,501)**	(19)	7800%
Restructuring charge	**-**	-	0%	**-**	(3,943)	(100%)
Stock-based compensation	**(813)**	(1,455)	(44%)	**(5,735)**	(3,154)	82%
Adjusted operating expenses (3)	**15,881**	9,517	67%	**48,779**	33,389	46%
% of total revenue	***49%***	*47%*		***45%***	*45%*	
Direct employee costs (3)	**11,445**	8,317	38%	**38,213**	30,903	24%
Other corporate costs (3)	**6,099**	2,674	128%	**19,258**	9,602	101%
	17,544	10,991	60%	**57,471**	40,505	42%

(1) Included in sales and marketing, research and development, and general and administrative expenses is depreciation related to property and equipment, right of use assets, and amortization of acquired intangible assets of $0.1 million, $1.2 million, $0.7 million, respectively, for the three months ended March 31, 2024 (three months ended March 31, 2023, $0.1 million, $0.5 million, $0.2 million, respectively) and $0.5 million, $3.3 million, $1.4 million, respectively, for the year ended March 31, 2024 (year ended March 31, 2023 $0.5 million, $2.3 million, $0.5 million, respectively).

(2) Included in sales and marketing, research and development, and general and administrative expenses is stock based compensation expense of $0.2 million, $0.3 million, $0.3 million, respectively, for the three months ended March 31, 2024 (three months ended March 31, 2023, $0.6 million, $0.4 million, $0.5 million respectively) and $1.9 million, $1.7 million, $2.1 million, respectively, for the year ended March 31, 2024 (year ended March 31, 2023 $0.9 million, $1.0 million, $1.3 million, respectively).

(3) This is a non-IFRS financial measure. See the "Non-IFRS Financial Measures" section.

Operating expenses for the three months and year ended March 31, 2024, increased by 60% and 42%, respectively, compared to the same periods of the previous fiscal year. Adjusted total operating expenses increased by 67% and 46% for the three months and year ended March 31, 2024, respectively, compared to the same periods of the previous fiscal year. The acquisition of BHV contributed 45% and 26% of the increase in total adjusted operating costs for the three months and year ended March 31, 2024, respectively, compared to the same periods of the previous fiscal year. CMG's total adjusted operating expenses increased by 22% and 20% for the three months and year ended March 31, 2024, respectively, compared to the same periods of the previous fiscal year, due to an increase in both direct employee costs and other corporate costs.

Sales and marketing

Sales and marketing expenses for the three months and year ended March 31, 2024, increased by 32% and 50%, respectively, compared to the same periods of the previous fiscal year. For the three months and year ended March 31, 2024, BHV contributed 20% and 12%, respectively, of the increase in sales and marketing expenses. CMG sales and marketing expenses increased by 12% and 38% for the three months and year ended March 31, 2024, respectively, compared to the same periods of the previous fiscal year. CMG's 12% increase for the three months ended March 31, 2024, primarily relates to an increase in variable performance-based compensation and increased professional services related to supporting corporate initiatives, partially offset by a decrease in stock-based compensation. CMG's 38% increase for the year ended March 31, 2024, primarily relates to increased headcount and headcount related costs as we grow our sales team, increased variable performance-based compensation, increased stock-based compensation, increased agent commissions, and increased professional services in support of sales growth initiatives.

Research and development

Research and development expenses for the three months and year ended March 31, 2024, increased by 66% and 33%, respectively, compared to the same periods of the previous fiscal year. For the three months and year ended March 31, 2024, BHV contributed 39% and 22%, respectively, of the increase in research and development expenses. CMG's research and development expenses increased by 27% and 11% for the three months and year ended March 31, 2024, respectively compared to the same periods of the previous fiscal year due to increased amortization related to acquired intangible assets, increased corporate costs in support of R&D initiatives, increased stock-based compensation (for the year ended period only) and decreased SR&ED credits, partially offset by the restructuring charges incurred in the prior year.

General and administrative

General and administrative expenses for the three months and year ended March 31, 2024, increased by 79% and 49%, respectively, compared to the same periods of the previous fiscal year. For the three months and year ended March 31, 2024, BHV contributed 68% and 36%, respectively, of the increase in general and administrative expenses. CMG general and administrative expenses increased by 11% for the three months ended March 31, 2024 due to increased headcount and headcount related costs including variable performance-based compensation and bad debt expense primarily from one customer operating in a country of geopolitical instability, partially offset by decreased stock-based compensation. CMG general and administrative expenses increased by 13% for the year ended March 31, 2024, primarily due to increased stock-based compensation, increased acquisition costs, and bad debt expense primarily from one customer operating in a country of geopolitical instability, partially offset by the restructuring charges in the period year.

Direct Employee Costs

As a technology company, the Company's largest investment is its people, and approximately 66% of total operating expenses relate to direct employee costs during the year ended March 31, 2024. At March 31, 2024, CMG Group's full-time equivalent staff complement was 287 employees and consultants (CMG – 193; BHV – 97); (March 31, 2023 – CMG – 165;).

The below table provides a reconciliation of direct employee costs to adjusted direct employee costs:

($ thousands)	Three months ended March 31			Year ended March 31		
	2024	2023	% change	**2024**	2023	% change
Direct employee costs	**11,445**	8,317	38%	**38,213**	30,903	24%
Restructuring charge	**-**	-	-%	**-**	(3,771)	(100%)
Stock-based compensation	**(813)**	(1,455)	(44%)	**(5,735)**	(3,154)	82%
Adjusted direct employee costs (1)	**10,632**	6,862	55%	**32,478**	23,978	35%

(1) This is a non-IFRS financial measure. See the "Non-IFRS Financial Measures" section. Adjusted direct employee costs exclude stock-based compensation expenses and restructuring charges.

For the three months and year ended March 31, 2024, adjusted direct employee costs increased by 55% and 35%, respectively, compared to the same periods of the previous fiscal year. For the three months and year ended March 31, 2024, BHV contributed 37% and 22%, respectively, of the increase in adjusted direct employee costs. CMG increased by 18% and 13% for the three months and year ended March 31, 2024, respectively, compared to the same periods of the previous fiscal year due to increased headcount and headcount related costs in research and development and general and administrative including variable performance-based compensation.

As a result of restructuring efforts in the Calgary office and the resignation of the previous CEO during fiscal 2023, total restructuring costs incurred for the year ended March 31, 2023 was $3.9 million of which $3.7M is included in adjusted direct employee costs and $0.2 million is included in adjusted other corporate costs.

Other Corporate Costs

The below table provides a reconciliation of other corporate costs to adjusted other corporate costs:

($ thousands)	Three months ended March 31			Year ended March 31		
	2024	2023	% change	**2024**	2023	% change
Other corporate costs	**6,099**	2,674	128%	**19,258**	9,602	101%
Acquisition-related costs	**(186)**	-	100%	**(1,456)**	-	100%
Amortization of acquired intangible assets	**(664)**	(19)	3395%	**(1,501)**	(19)	7800%
Restructuring charge	**-**	-	-%	**-**	(172)	(100%)
Adjusted other corporate costs(1)	**5,249**	2,655	98%	**16,301**	9,411	73%

(1) This is a non-IFRS financial measure. See the "Non-IFRS Financial Measures" section. Adjusted other corporate costs exclude acquisition-related costs, amortization of acquired intangible assets and restructuring charges.

For the three months and year ended March 31, 2024, adjusted other corporate costs increased by 98% and 73%, respectively, compared to the same periods of the previous fiscal year. For the three months and year ended March 31, 2024, BHV contributed 67% and 36%, respectively, of the increase in total adjusted other corporate costs. CMG increased by 31% and 37%, for the three months and year ended March 31, 2024, respectively, compared to the same periods of the previous fiscal year. The increases of 21% at CMG for the three months ended March 31, 2024, compared to the same period of the previous fiscal year, primarily relates to decreased SR&ED credits, increased bad debt expense primarily related to one customer that operates in a geopolitically unstable country, and increased other corporate-related costs. The increase of 27% at CMG for the year ended March 31, 2024, compared to the previous fiscal year, is impacted by the same reasons as the three months in addition to increased agent commissions and increased office-related costs as we implement systems that streamline and provide efficiencies in our business.

FOREIGN EXCHANGE

The Company is impacted by foreign exchange fluctuations, as 79% of our revenue for year ended March 31, 2024 (2023 – 74%) is denominated in US dollars, whereas only 46% (2023 – 27%) of our total costs are denominated in US dollars.

The following chart shows the exchange rates used to translate the Company's US dollar-denominated working capital at March 31, 2024, 2023 and 2022 and the average exchange rate used to translate income statement expense items during the three and year ended March 31, 2024, 2023 and 2022:

CDN$ to US$	At March 31	Yearly average
2022	0.8003	0.7980
2023	0.7383	0.7980
2024	**0.7384**	**0.7407**

CMG Group recorded a foreign exchange gain of $0.7 million and $0.05 million for the three months and year ended March 31, 2024, respectively, due to the strengthening of the US dollar, which positively affected the valuation of the US dollar - denominated portion of the Company's working capital.

INCOME AND OTHER TAXES

Our consolidated effective tax rate for the three months ended March 31, 2024 is 25.5% (2023 – 25.7%), whereas the Canadian statutory tax rate for each of 2024 and 2023 fiscal years is 23%. The difference between the effective rate and the statutory rate is primarily due to the non-tax deductibility of stock-based compensation expense and the benefit of certain foreign withholding taxes being realized only as a tax deduction as opposed to a tax credit.

The benefit recorded in CMG's books on the scientific research and experimental development ("SR&ED") investment tax credit program impacts deferred income taxes. The investment tax credit earned in the current fiscal year reduces income taxes otherwise payable for the current fiscal year but bears an inherent tax liability as the amount of the credit is included in the subsequent year's taxable income for both federal and provincial purposes. The inherent tax liability on these investment tax credits is reflected in the year the credit is earned as a non-current deferred tax liability and then, in the following fiscal year, is transferred to income taxes payable.

SELECTED ANNUAL INFORMATION

($ thousands, unless otherwise stated)	**March 31, 2024**	March 31, 2023	March 31, 2022
Annuity/maintenance licenses	**71,530**	59,690	53,406
Annuity license fee	**5,146**	-	-
Perpetual licenses	**5,739**	3,240	4,819
Total software license revenue	**82,415**	62,930	58,225
Professional service revenue	**26,264**	10,916	7,977
Total revenue	**108,679**	73,846	66,202
Total assets	**172,373**	137,128	125,148
Total non-current liabilities	**40,394**	38,136	39,518
Per share amounts – ($/share)			
Earnings per share – basic	**0.32**	0.25	0.23
Earnings per share – diluted	**0.32**	0.24	0.23
Cash dividends declared and paid	**0.20**	0.20	0.20

QUARTERLY PERFORMANCE

The following table summarizes selected results for the eight most recently completed quarters:

	Fiscal 2023[2]				Fiscal 2024[3]			
($ thousands, unless otherwise stated)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	**Q4**
Annuity/maintenance license	13,529	14,825	15,533	15,803	15,607	17,610	18,814	**19,661**
Annuity license fee	-	-	-	-	-	-	3,846	**1,142**
Perpetual license	386	780	518	1,556	1,849	1,176	584	**2,130**
Total software license revenue	13,915	15,605	16,051	17,359	17,456	18,786	23,244	**22,933**
Professional services revenue	2,192	2,477	3,341	2,906	3,292	3,847	9,763	**9,358**
Total revenue	16,107	18,082	19,392	20,265	20,748	22,633	33,007	**32,291**
Operating profit	4,961	5,555	8,435	6,909	9,764	7,726	8,217	**8,277**
Operating profit Margin (%)	*31%*	*31%*	*43%*	*34%*	*47%*	*34%*	*25%*	***26%***
Net income for the period	3,813	4,410	6,348	5,226	6,904	6,516	5,610	**7,229**
Adjusted EBITDA[1]	6,775	8,435	9,498	8,520	9,948	10,718	12,272	**10,219**
Adjusted EBITDA Margin [1] %	*42%*	*47%*	*49%*	*42%*	*48%*	*47%*	*37%*	***32%***
Free Cash Flow[1]	4,255	4,505	7,545	5,396	7,463	11,028	7,290	**9,469**
Per share amounts – ($/share)								
Earnings per share (EPS) – basic	0.05	0.05	0.08	0.07	0.09	0.08	0.07	**0.09**
Earnings per share (EPS) – diluted	0.05	0.05	0.08	0.06	0.08	0.08	0.07	**0.09**
Cash dividends declared and paid	0.05	0.05	0.05	0.05	0.05	0.05	0.05	**0.05**
Free Cash Flow per share – basic[1]	0.05	0.06	0.09	0.07	0.09	0.14	0.09	**0.12**

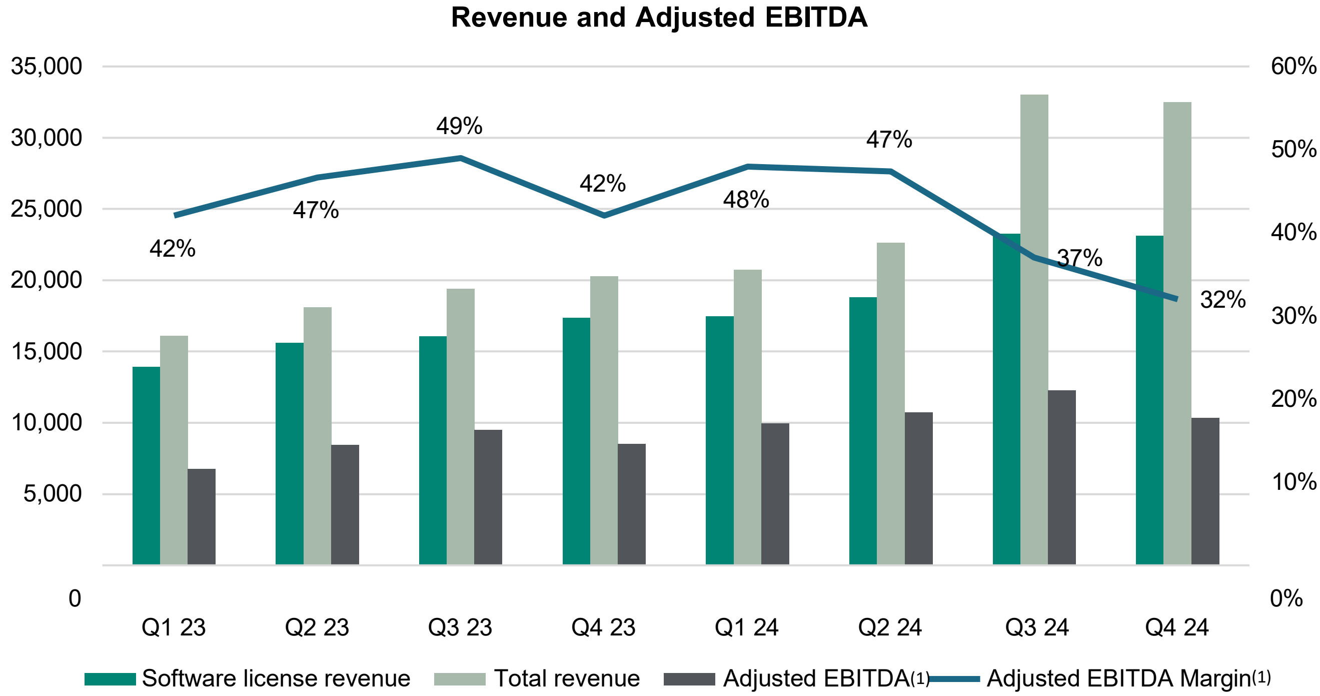
(1) This is a non-IFRS financial measure. See the "Non-IFRS Financial Measures" section.

(2) Q1, Q2, Q3, and Q4 of fiscal 2023 include $0.2 million, $0.3 million, $0.3 million, and $0.4 million, respectively, of annuity/maintenance revenue that pertains to usage of CMG's products in prior quarters.

(3) Q1, Q2, Q3, and Q4 of fiscal 2024 include $0.1 million, $0.4 million, $0.2 million, $0.7 million, respectively, of annuity/maintenance revenue that pertains to usage of CMG's products in prior quarters.

Our revenue has consistently trended upwards over the last seven preceding quarters, primarily due to new customers, increased license pricing and increased licensing by existing customers and the acquisition of BHV on September 25, 2023. The acquisition of BHV in the current year has created a new revenue stream "annuity license fee" and added incremental revenues to annuity/maintenance license revenue and professional services revenue. The above table illustrates the normal trend in annuity/maintenance license revenue from the beginning of the calendar year (which corresponds with Q4 of our fiscal year), when most renewals occur, to the end of the calendar year (which corresponds with Q3 of our fiscal year). Our fourth quarter corresponds with the beginning of the fiscal year for most oil and gas companies, representing a time when they enter a new budget year and sign/renew their contracts. We anticipate that a significant portion of BHV annuity license fee revenue will occur during the third and fourth quarters when the majority of renewals take place. This seasonality has a similar impact on both operating profit and net income.

The growth and future success of our business depends on many factors and variables. While each of these items present significant opportunities for our business, they also present challenges which are discussed in the "Business Risks" section of our MD&A.



(1) This is a non-IFRS financial measure. See the "Non-IFRS Financial Measures" section.

LIQUIDITY AND CAPITAL RESOURCES

	Three months ended March 31				Year ended March 31			
($ thousands)	**2024**	2023	$ change	% change	**2024**	2023	$ change	% change
Cash, beginning of period	**45,183**	59,886	**(14,703)**	(25%)	**66,850**	59,660	**7,190**	12%
Cash provided by (used in):								
Operating activities	**21,409**	12,624	**8,785**	70%	**36,077**	25,879	**10,198**	39%
Financing activities	**(4,037)**	(3,953)	**(84)**	(2%)	**(16,381)**	(16,641)	**260**	2%
Investing activities	**501**	(1,707)	**2,208**	129%	**(23,464)**	(2,048)	**(21,416)**	1046%
Effect of foreign exchange on cash	**27**	-	**27**	100%	**1**	-	**1**	100%
Cash, end of period	**63,083**	66,850	**(3,767)**	(6%)	**63,083**	66,850	**(3,767)**	(6%)

At March 31, 2024, CMG Group had $63.1 million in cash, no borrowings and access to approximately $2.0 million under a line of credit with its principal banker, of which $0.7 million is available for use. The Company's primary non-operating use of cash was for the acquisition of BHV and dividend payments. Management believes that the Company has sufficient capital resources to meet its operating and capital expenditure needs.

During the year ended March 31, 2024, 23.8 million shares of the Company's public float were traded on the TSX. As at March 31, 2024 the Company's market capitalization based upon its March 31, 2024 closing price of $10.17 was $827.8 million.

OPERATING ACTIVITIES

Cash provided by operating activities increased by $8.8 million during the three months ended March 31, 2024, compared to the same period of the previous fiscal year. Funds flow from operations increased by $2.7 million from the comparative quarter, primarily as a result of increased net income and non-cash add-backs to net income. In addition, changes in non-cash working capital increased by $6.1 million primarily due to increased deferred revenue.

Cash provided by operating activities increased by $10.2 million during the year ended March 31, 2024 compared to the same period of the previous fiscal year. Funds flow from operations increased by $12.9 million from the previous fiscal year, primarily as a result of an increase in net income of $6.5 million, an increase in non-cash add-backs related to depreciation and amortization of $2.0 million, deferred income tax recovery of $3.8 million, and an increase in stock-based compensation of $0.6 million. The increase in funds flow from operations was partially offset by $2.2 million of changes in non-cash working capital, primarily related to the change in income tax payable within non-cash working capital as a result of the tax benefit from the purchase of intellectual property from BHV and an increase in prepaid expenses and other assets as a result of the acquisition of BHV and CMG's general operations.

FINANCING ACTIVITIES

Cash used in financing activities increased by $0.1 million during the three months ended March 31, 2024, compared to the same period of the previous fiscal year. The increase is primarily due to an increase in the repayment of lease liabilities as a result of the acquisition of BHV, partially offset by an increase in proceeds received from the issuance of common shares.

Cash used in financing activities decreased by $0.3 million during the year ended March 31, 2024, compared to the same period in the previous fiscal year. The decrease in cash used is primarily attributable the repayment of the acquired line of credit from BHV and increase in dividends paid, partially offset an increase in the proceeds from the issuance of common shares related to option exercises. In the years ended March 31, 2023, and 2024, CMG Group paid dividends of $16.1 million and $16.2 million respectively, representing a quarterly dividend of $0.05 per share on the Company's common shares.

On May 22, 2024, CMG Group announced the payment of a quarterly dividend of $0.05 per share on the Company's common shares. The dividend will be paid on June 14, 2024, to shareholders of record at the close of business on June 6, 2024. Decisions with respect to dividend payments are made by the Board of Directors on a quarterly basis and take into account market conditions and the financial performance of the Company.

INVESTING ACTIVITIES

Cash used in investing activities for the three months ended March 31, 2024 was primarily impacted by intangible asset additions for the acquisition of intangible assets from USI in the fourth quarter of the previous fiscal year that did not recur in the current year.

The Company's investing activities in the current year consist of the acquisition of BHV $22.8 million and capital asset additions (net of disposals) of $0.7 million, all of which are funded internally. Our capital budget for fiscal 2025 is $1.7 million which is intended to expand our existing compute infrastructure and improve R&D infrastructure to support development initiatives.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of 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 and 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 contingent consideration and is classified as long-term and using level 3 inputs is recorded at an estimated fair value of $1.5 million as at March 31, 2024 ($nil – March 31, 2023). Adjustments to the estimated fair value will be recorded in the statement of operations and comprehensive income.

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.

The fair value of contingent consideration is measured using a discounted cash flow analysis of expected cash flows in future periods. A 1% change in the discount rate could increase the Company's determination of fair value by approximately $0.2 million as at March 31, 2024 (March 31, 2023 - $nil). There were no transfers between the levels in the fair value hierarchy during the year ended March 31, 2024 and 2023.

Overview:

The Company is exposed to risks of varying degrees of significance and likelihood, which could affect its ability to achieve its strategic objectives for growth. The main objectives of the Company's risk management process are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal financial risks to which the Company is exposed are described below:

(a) Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligation and arises principally from the Company's trade and other receivables. The amounts reported in the statements of financial position for trade receivables are net of expected credit losses, estimated by the Company's management based on prior experience and their assessment of the current economic environment.

The Company's trade receivables consist primarily of balances from customers operating in the oil and gas industry, both domestically and internationally, as the Company sells its products and services in approximately 60 countries worldwide. Some of these countries have greater economic and political risk than experienced in North America, and as a result there may be greater risk associated with sales in those jurisdictions. The Company manages this risk by invoicing for the full license term in advance for the majority of software license sales and by invoicing as frequently as the contract allows for consulting and contract research services. In cases where collectability is not deemed probable, revenue is recognized upon receipt of cash, providing all other criteria have been met. Historically, the Company has not experienced any significant losses related to individual customers or groups of customers in any particular geographic area. At March 31, 2024, the Company assessed credit risk related to its accounts receivable and established an allowance for doubtful accounts of $0.5 million (2023 – $6,000). In fiscal 2024, most of the allowance for doubtful accounts related to receivables from customers located in geopolitically unstable countries.

As at March 31, 2024, the Company has a concentration of credit risk with four domestic and international customers which have an outstanding balance of 5% or more of total trade and accrued receivables. These four customers represent 51% of total trade and accrued receivables. (2023 – 3 customers; 63%).

The carrying amount of trade and other receivables represents the maximum credit exposure. The maximum exposure to credit risk at March 31, 2024 was $36.5 million (2023 – $23.9 million). The aging of trade and other receivables at the reporting date was:

(thousands of $)	**March 31, 2024**	March 31, 2023
Current	**14,942**	11,431
31-60 days	**13,730**	8,048
61-90 days	**5,615**	2,027
Over 90 days	**2,263**	2,404
Balance, end of year	**36,550**	23,910

The Company assesses the creditworthiness of its customers on an ongoing basis and regularly monitors the amount and age of balances outstanding. Payment terms with the majority of customers are 30-90 days from invoice date; however, industry practice can extend these terms. Accordingly, the Company views the credit risk on these amounts as normal for the industry.

The Company minimizes the credit risk of cash by depositing only with a reputable financial institution in highly liquid interest-bearing cash accounts.

(b) Market Risk

i. Foreign Exchange Risk

The Company operates internationally and primarily prices its products in either the Canadian or US dollar. This gives rise to exposure to market risks from changes in the foreign exchange rates between the Canadian and US dollar. Approximately 79% (2023 – 74%) of the Company's revenues for the year ended March 31, 2024 were denominated in US dollars, and at March 31, 2024, approximately US $53.3 million (2023 – US $28.6 million) of the Company's working capital was denominated in US dollars. The Company currently does not use derivative instruments to hedge its exposure to those risks, but since approximately 46% (2023 – 27%) of the Company's total costs are also denominated in US dollars, they provide a partial economic hedge against the fluctuation in this currency exchange rate.

The Company's operations are exposed to currency risk on US-dollar denominated financial assets and liabilities with fluctuations in the rate recognized as foreign exchange gains or losses in the consolidated statement of operations and comprehensive income. It is estimated that a one cent change in the US dollar would result in a net change of approximately $0.4 million to equity and net income for the year ended March 31, 2024. A weaker US dollar with respect to the Canadian dollar will result in a negative impact, while the reverse would result from a stronger US dollar.

ii. Interest Rate Risk

The Company has significant cash balances and no interest-bearing debt. The Company's policy is to invest excess cash in interest-bearing deposits and/or guaranteed investment certificates issued by a reputable financial institution. The Company is exposed to interest cash flow risk from changes in interest rates on its cash balances. Based on the March 31, 2024 cash balance, each 1% change in the interest rate on the Company's cash balance would change equity and net income for the year ended March 31, 2024 by approximately $0.5 million.

(c) Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at excessive cost. The Company manages liquidity risk through the management of its capital structure as outlined in note 19 of the audited consolidated financial statements. The Company's growth is financed through a combination of the cash flows from operations and its cash balances on hand. Given the Company's available liquid resources as compared to the timing of the payments of its liabilities, management assesses the Company's liquidity risk to be low. The Company monitors its expenditures by preparing annual budgets that are periodically updated. The company's trade payables are due within one year. At March 31, 2024, the Company has significant cash balances in excess of its obligations and approximately $0.7 million of the line of credit available for its use.

COMMITMENTS, OFF BALANCE SHEET ITEMS AND TRANSACTIONS WITH RELATED PARTIES

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") for 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.

CMG Group has only minor ongoing material contractual obligations other than prepaid licenses, which are reflected as deferred revenue on the statement of financial position, and contractual obligations for office leases, which are estimated to be as follows as at March 31, 2024:

(thousands of $)	Undiscounted lease liability payments	Operating costs and short-term leases	Total commitments
Less than one year	4,236	1,303	5,539
Between one and five years	14,004	5,259	19,263
More than five years	32,479	9,103	41,582
	50,719	15,665	66,384

As at March 31, 2024, the Company has an off-balance sheet line of credit with its principal banker. For more information on this line of credit, refer to note 22 of the 2024 audited consolidated financial statements.

The Company enters into transactions with related parties in the normal course of business with its wholly owned subsidiaries which are eliminated upon consolidation. For more information on these transactions and Key Management Personnel Compensation, refer to note 24 of the 2024 audited consolidated financial statements.

OUTSTANDING SHARE DATA

The following table represents the number of common shares, stock options, restricted share units and performance share units outstanding:

As at May 22, 2024 (thousands)	
Common shares	81,403
Stock options	4,380
Restricted share units(1)	381
Performance share units(1)	117

(1) Upon vesting, restricted share units and performance share units can be exchanged for common shares of the Company or surrendered for cash.

The maximum number of common shares that may be 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 May 22, 2024, CMG Group could reserve up to 8,140,300 common shares for issuance under its security-based compensation plans.

BUSINESS RISKS

CMG Group's activities expose it to a variety of business risks, such as:

Commodity Price Risk

Our clients are primarily oil and gas companies, and it depends on its clients' capital and operating spending budgets. Commodity price volatility and changing economic conditions could adversely affect the Company's clients' budgets, which could negatively affect demand for the Company's products and the Company's financial results. Additionally, sales of perpetual licenses in the CMG Segment, which require a relatively higher initial outlay, may decrease in favour of leasing software on a term basis. Volatility in commodity prices could also have an impact on the Company's professional services business.

Volatility in commodity prices could have an impact on our consulting business; however, this revenue stream generates less than 10% of total revenue.

Credit and Liquidity Risks

Our product demand is dependent on its clients' overall spending plans, which are driven by commodity prices and the availability of capital. The Company's accounts receivable balances are with clients involved with the oil and gas industry. During times of depressed oil and gas markets, our clients may experience financial constraints. While we monitor our exposure to credit risk, lack of payment from multiple clients may have a material adverse effect on the Company's financial condition. Furthermore, inflationary pressures, to the extent applicable, increase debt servicing costs for our customers and potential customers putting a further strain on cash flows, capital spending budgets and business expansion activities.

The Company mitigates the collection risk by closely monitoring its accounts receivable and assessing creditworthiness of our clients. We have not had any material losses to date.

In terms of liquidity, the Company held $63.1 million of cash at March 31, 2024, which more than covers its obligations, and it has approximately $0.7 million of the credit facility available for its use. Our cash is held with reputable banking institutions. For the described reasons, we believe that our liquidity risk is low.

Sales Variability Risk

CMG Group's software license revenue consists primarily of annuity/maintenance revenue and annuity license fees, which are generally for a term of one year or less, and, to a lesser extent, perpetual software licensing, whereby the customer purchases the then-current version of the software and has the right to use that version in perpetuity. Software licensing under perpetual sales in the CMG segment has comprised 5 to 7% of total software licensing revenue over the last two fiscal years but is more variable in nature as the purchase decision, and its timing, fluctuate with customers' needs and budgets. In CMG a number of customers prefer to acquire perpetual software licenses rather than leasing the software on an annual basis. The Company's experience is that a number of these customers are purchasing additional licenses to allow more users to access CMG technology in their operations. Typically, a large percentage of customers who have acquired perpetual software licenses are subsequently purchasing maintenance licenses to ensure they have access to current CMG technology.

The variability in sales of perpetual licenses may cause significant fluctuations in the Company's quarterly and annual financial results, and these results may not meet the expectations of investors. Accordingly, the Company's past results may not be a good indication of its future performance.

Our clients are both domestic and international oil and gas companies, and for the year ended March 31, 2024, one customer comprised 20.2% of the Company's total revenue (year ended March 31, 2023 – one customer 11.7%). As we grow our revenue and expand our market segments, we will continue to diversify its customer base and reduce our reliance on one customer.

Foreign Exchange Risk

CMG Group's reported results are affected by the exchange rate between the Canadian dollar and the US dollar as 79% of revenues in fiscal 2024 were denominated in US dollars (2023 – 74%). 46% of the Company's total costs in fiscal 2024 were denominated in US dollars (2023 – 27%), which provides a partial economic hedge against the fluctuation in currency exchange between the US and the Canadian dollar on revenues. The CMG segment's residual revenues and costs are primarily denominated in Canadian dollars.

Geopolitical Risk

CMG Group sells its products and services in approximately 60 countries and maintains offices in Canada, the United States, the United Kingdom, Norway, the United Arab Emirates, Colombia, India, Brazil and Malaysia. Some of these countries have greater economic, political and social risks than North America. Some of those risks include:

- Costs associated with the use of foreign agents and contractors;
- Difficulties in collecting accounts receivable;
- Currency restrictions and exchange rate fluctuations;
- The burdens of complying with a wide variety of foreign laws;
- Changes in laws governing existing operations and contracts;

- Changes to taxation policies dramatically increasing tax costs to the Company;
- Possible social, labor, political, and economic instability, including the war in Ukraine;
- Economic and legal sanctions (including with respect to the economic sanctions on Russia as a result of the war in Ukraine); and
- Non-compliance with applicable anti-corruption and bribery laws.

Any disruption in our ability to complete a sale cycle, including disruption of travel to customers' locations to provide training and support, and the cost of reorganizing daily activities of foreign operations, could have an adverse effect on CMG Group's business, financial condition and operational results. We mitigate the potential adverse effect on sales by invoicing for the full license term in advance for the majority of software license sales and by invoicing as frequently as the contract allows for consulting and contract research services. In addition, we consults with tax advisors on complex tax issues and engages professional tax firms to review its tax filings in foreign jurisdictions. The Company closely monitors the business and regulatory environments of the countries in which it conducts operations to minimize the potential impact on costs and operations.

Non-compliance with applicable anti-corruption and bribery laws could subject the Company to onerous penalties and the costs of prosecution. We have established business practices and internal controls to minimize the potential occurrence of any irregular payments. In addition, the Company has established well-defined anti-corruption and bribery policies and procedures that each employee and contractor is required to sign indicating their compliance.

Competition Risk

Competition is a risk for CMG Group as it is for almost every company in every sector. The reservoir simulation and seismic interpretation software industry currently consists of three major suppliers (including CMG Group) and a number of small suppliers. Some of the other suppliers offer products or oil field services outside the scope of our products. Some potential customers may prefer to deal with such multi-service suppliers, while others prefer an independent supplier, such as CMG Group.

Increased consolidation in oil and gas industry can result in a concentration of market share and reduced licensing of our products. If our clients acquire or merge with entities not using our products, such consolidation may have a positive impact on the Company's financial results. However, in most cases, consolidation leads to reduced engineering teams and spending to drive post-acquisition synergies, which leads to reduced licensing of CMG Group's products.

Although competition is very active, CMG Group believes that its proven technology and the comprehensive scope of its products, combined with its international presence and recognition as a major independent supplier, provide distinct competitive advantages.

Sustaining competitive advantage is another issue, which the Company addresses by making a significant ongoing commitment to research and development spending. We spent $23.7 million on product research and development in its most recently completed fiscal year (2023 – $17.9 million).

The introduction by competitors of products embodying new technology and the emergence of new industry standards and practices could render our products obsolete and unmarketable and could exert price pressures on existing products, which could have negative effects on the Company's business, operating results and financial condition.

Any new products we develop could require long development and testing and may not be introduced in a timely manner or may not achieve the broad market acceptance necessary to generate significant revenue. We continue to face the challenge of the increasingly complex integration of its products to address customers' requirements. If we are unable to successfully develop new products or enhance and improve existing products or if we fail to position and/or price our products to respond on a timely basis to the changing needs of our customer base, then our business, operating and financial results will be adversely affected.

The competition in the reservoir simulation and seismic interpretation market has been increasing as existing and new competitors enhance and expand their products and service offerings. While switching costs for customers remain high, some competitors could facilitate switching or offer incentives for switching, which would have a negative impact on our revenue. Some competitors have greater name recognition and significantly greater financial, technical, sales, marketing and other resources. Competitors may offer lower prices, additional products or services, or other incentives that we cannot match or offer. Increased competition could result in pricing pressure, reduced sales, loss of market share, lower Margins or other adverse effects on the business.

Our continuing ability to address these risks will depend, to a large extent, on our ability to retain a technically competent research and development staff and to adapt to technological advances in the industry.

There is a significant barrier for new entrants into the reservoir simulation and seismic interpretation software industry. The cost of entry is substantial as a significant investment in research and development is required. In addition, to become a major supplier, a significant time investment is required to build up quality relationships with potential customers.

Our financial position allows us to grow in other product categories to provide a deeper offering to our customer base.

We seek to develop and offer high-value solutions that can be implemented with relative ease. We believe our products have advantages over many of our competitors including, but not limited to, leadership in modelling of difficult processes; exceptional customer training and support, and quality and performance such as speed, flexibility, functionality and ease of use leadership in modelling of difficult processes, exceptional customer support and training, and functionality and ease of use.

Qualified Personnel Risk

The Company's continued success is substantially dependent on the performance of its key employees and officers. The loss of the services of these personnel as well as failure to attract additional key personnel could have a negative impact upon the Company's business, operating results and financial condition. As a result of more flexible working arrangements, employees have more options when looking for employment, as they can work remotely for employers located in other provinces or countries. Consequently, employers find themselves competing for talent not only locally, but with other employers from around the world. Due to high levels of competition for qualified personnel, there can be no assurance that the Company will be successful in retaining and attracting such personnel. The Company attempts to overcome this by offering an attractive compensation package and providing an environment that provides the intellectual and professional stimulation sought by our employee group.

Intellectual Property Risk

CMG Group regards its software as proprietary and attempts to protect it with copyrights, trademarks and trade secret measures, including restrictions on disclosure and technical measures. Despite these precautions, it may be possible for third parties to copy our programs or aspects of its trade secrets. We have patents and patent applications for acquired intellectual property and existing legal and technical precautions afford only limited practical protection. We could incur substantial costs in protecting and enforcing its intellectual property rights. Moreover, from time to time third parties may assert patent, trademark, copyright and other intellectual property rights to technologies that are important to us. In such an event, the Company may be required to incur significant costs in litigating a resolution to the asserted claim. There can be no assurance that such a resolution would not require that us to pay damages or obtain a license of a third party's proprietary rights in order to continue licensing its products as currently offered, or, if such a license is required, that it will be available on terms acceptable to the Company.

We are not aware of any infringement of any third party's patent rights, copyrights, trade secrecy rights or other intellectual property disputes in the development or support of its products.

Cyber Risk

CMG Group is dependent on information technology ("IT") infrastructure to process, transmit and store electronic information, to advertise, inform and train around our products and services, to manage business operations and for the functioning and/or delivery of the Company's products and services. Our IT infrastructure is composed of hardware, software, networks, data center facilities, web servers, and all related equipment. Natural disasters, energy blackouts, operating malfunction, software viruses or malware, cyber security attacks, theft, computer or telecommunication errors, human error, internal or external misconduct or other unknown disruptive events could result in the temporary or permanent loss of any or all parts of our IT infrastructure. Any such incident or breach could create system disruptions and slowdowns or could result in the loss of potential sales and existing customers. In such an event, the information stored on our IT infrastructure could be accessed, publicly disclosed, lost, or stolen, which could subject us to liability and cause the Company to incur significant costs to eliminate or alleviate the problem associated with remediation efforts and recovery activities. As our operational success places significant reliance on intellectual property and proprietary business data, such occurrences could cause negative publicity, loss of sales, litigation, affect our business and financial results and harm to our reputation. We mitigate such risks by:

- Ensuring its core network is not connected to external internet;
- firewalling the servers that are connected to the Internet;
- restricting access to information through user authentication;
- completing frequent back-ups of data in accordance with the Company's Backup and Data Classification Policy;
- having a disaster recovery plan in place that outlines procedures for detecting, containing and mitigating cyber incidents;
- having an Information and Cyber Security Policy in place, which informs employees, contractors and other authorized users of the Company's IT infrastructure of their obligatory requirements for protecting the technology and information assets of the Company; and
- conducting mandatory annual cyber security training for all employees to educate employees about cyber threats, best practices for data protection and protocol to report incidences and;
- conducting internal email phishing campaigns throughout the organization to educate employees about phishing attempts.

The Company's cyber risk oversight is conducted by the Audit Committee of the Board of Directors.

Although we have implemented disaster recovery plans and extensive technology security initiatives to prevent, detect and address these threats, it is virtually impossible to entirely mitigate these risks. To date, we have not experienced any material losses relating to cyber attacks or other information security breaches.

Evolving Laws and Regulation

The Company's website and operations collect some user information, including personal information. However, the website is not used for e-commerce transactions, and we neither receives nor retains financial information from its website users. Our products are not known to have any security vulnerabilities. Our products are engineering decision-making tools and are not employed in a cyber security (mitigation or defensive) role, as part of our customers' IT infrastructure. Our software releases are scanned for software viruses and malware, confirming a lack thereof, prior to delivery to customers.

Companies that use, transmit or store data are increasingly becoming subject to legislation and regulations in numerous jurisdictions. Privacy and data protection laws are constantly evolving and there is a risk that these laws may be interpreted and applied in conflicting ways from country to country. Because our products and services are sold worldwide, certain jurisdictions may claim that we are required to comply with such laws and may cause us to incur additional costs. The Company may be affected if legislation or regulations are expanded to require changes in our products, services or business practices.

General State of the Economy Risk

Our business is affected by general economic conditions, including international, national, regional and local economic conditions, all of which are outside of our control. Recent events in the financial markets have demonstrated that businesses and industries throughout the world are closely connected to each other. As a result, financial developments seemingly unrelated to us or to our industry may materially adversely affect us over the course of time. Economic slowdowns or downturns, weak economic conditions or recessions, cyclical trends, increases in interest rates, variations in currency exchange rates, reduced client spending, employment levels, lower than expected job growth, labor shortage, the general health of the economy and other factors could have a material adverse effect on our business, prospects, financial condition and results of operations. Although our operations are functionally and geographically diversified, significant erosion in levels of activity in any segment in which we operate could have a negative impact on our business, prospects, financial condition and results of operations.

Refer to discussion above under Commodity Price Risk, Credit and Liquidity Risks, and Inflation Risk for the mitigation of these risks which addresses the overall economic risk.

Tax Liability Risk

With operations and sales in various countries, CMG Group is subject to taxes in several jurisdictions around the world. Significant judgment is required in determining the Company's worldwide liability for income, indirect and other taxes, as well as potential penalties and interest. Although management believes that all expenses and tax credits claimed by the Company, including research and development expenses and foreign tax credits, are reasonable, deductible and have been correctly determined, tax authorities may disagree with the treatment of items reported by the Company, the result of which could have a material adverse effect on our financial condition and results of operations. We mitigate these risks by staying informed of changes in tax legislation, consulting with tax advisors on complex tax issues and having professional tax firms review the Company's tax filings.

CMG Group conducts operations worldwide through subsidiaries in various tax jurisdictions pursuant to transfer pricing arrangements with its subsidiaries. If two or more affiliated companies are located in different countries, the tax laws or regulations of each country generally will require that transfer prices be the same as those between unrelated companies dealing at arm's length. While we believe that we operate in compliance with applicable transfer pricing laws and intend to continue to do so, a tax authority in one or more jurisdictions could challenge the validity of our related-party transfer pricing methodologies, which could result in adjustments in favor of the taxing authority. To address this risk, we engage local professional tax firms to review the Company's transfer pricing agreements and dealings with foreign tax authorities.

Environmental, Social, and Governance (ESG) Risks

There is an increased expectation by various stakeholders to address social, sustainability and environmental challenges, including but not limited to: (i) reducing climate change, (ii) upholding fundamental human rights and promoting a fair and inclusive work environment; and (iii) demonstrating exemplary governance in managing ESG risk. As a result, new ESG standards, regulations and trends have been rapidly evolving over the past few years. An inability to manage this risk can result in higher costs for capital, regulatory compliance and disclosures.

We will plan to make efforts toward reducing our carbon footprint, promoting social initiatives and implementing strong governance policies. If our initiatives do not meet the expectations of various stakeholders or satisfy regularly evolving regulations, standards and trends, there could be a material adverse impact on our operations. This could be in the form of lost revenues, loss of market share, negative publicity, damage to our reputation, regulatory penalties and/or fines, decreased attractiveness to investors and key personnel, as well as significant operating costs, each of which could have a material adverse effect on the Company's business, financial condition and results of operations.

Further, reducing climate change and the environmental impacts of industry have become the subject of increased focus by stakeholders and governments. Environmental concerns may result in environmental taxes, charges, regulatory schemes, assessments or penalties that affect our clients, particularly those in sectors which are otherwise sensitive to climate change legislation and regulation. Our clients could suffer increased costs and decreased demand for their products and services, which could lead them to reduce costs and the use of our services.

We continue to monitor ESG standards and implementation of ESG disclosure as required by the Canadian Securities Commission (CSA).

To the extent required, we involves external experts in the discussion and evaluation of these risks to ensure the Company understands the nature and implications of any potential disclosure and planning initiatives undertaken to comply with disclosure standards.

Climate Change Risk

The recent shift toward public and government support of climate change initiatives, such as emission reduction targets, clean energy standards, and alternative energy incentives and mandates, could impact the demand for hydrocarbons in Canada and around the world. Our customers are predominately oil and gas exploration and production companies; therefore, increasing environmental regulations, taxes, laws or penalties could reduce oil and gas producers' cash flow by way of reduced demand, increased capital expenditures and increased operating expenses, as well as increased delays, costs or legal hurdles, which may not be recoverable in the marketplace. Such regulation changes include, but are not limited to, curtailment rules, new climate change regulations and the implementation of the *Canadian Energy Regulator Act*. The complexity and breadth of changes in environmental regulation make it extremely difficult to predict the potential impact to us; however, it is possible to conclude that these developments and future global developments in the energy sector could adversely impact the demand for our products.

Extreme Climatic Conditions

Climate change may increase the frequency of severe weather conditions and natural disasters, such as flooding and forest fires, shifts in temperature and precipitation, and changing sea levels. The Company's major customers are oil and gas exploration and production companies, and the operations of these customers can be affected by extreme weather, which can threaten their assets and available cash. This may result in cessation or diminishment of production or implementation of new projects, which can affect the demand for our products and adversely affect the Company's financial results. Our client base is well diversified geographically with more than 500 customers in approximately 60 countries.

Energy Transition

In addition to emissions regulations and the physical risks of climate change, climate-related energy transition risks could have a material adverse effect on the Company’s business, financial condition and results of operations, and could adversely impact the Company’s reputation. For example, increased public opposition to companies in the oil and gas sector could lead to constrained access to insurance, liquidity and capital and changes in demand for the our products, which may impact its revenue. Increasing pressure by the Company’s clients to develop new technologies to help them reduce the intensity of their operations and their emissions could require significant capital investment in research and development.

Our existing technology has differentiating capabilities built into its software products that can also be directly applied to the energy transition needs of its customers.

Revenue from Energy Transition

Revenue from energy transition, particularly carbon capture and storage (“CCS”), has been growing over the past several years and in fiscal 2024 represented 23% of CMG’s total software revenue which diversified CMG segment’s product applications outside of traditional oil and gas simulation. Various governments have implemented policies and funding to promote the adoption of CCS as part of their climate change initiatives and our CCS customers rely on government grants to subsidize their CCS projects.

Our CCS customers are exposed to risk of regulatory uncertainty surrounding CCS policies and funding. Reduced support and funding by the governments may affect the cost and timeline of CCS projects and have a negative impact on CMG segments’ revenue derived from CCS customers.

CCS projects continue to grow globally and as they advance from approval to production stage, simulation will become increasingly important.

The Company will continue to diversify its operations and revenue streams, to reduce any potentially negative impact on any particular revenue stream.

Inflation

Non-transitory or prolonged periods of high inflation could erode our Margins to the extent it cannot pass on higher costs to its customers. As nearly 66% of the Company’s costs relate to its people, wage inflation could increase staff retention and succession planning risk.

Acquisition of Entities

The Company’s growth strategy partly depends on our ability to obtain additional technologies and complementary product lines through selective acquisitions and strategic investments. There is no assurance that we will find suitable companies to acquire or be successful in completing such acquisitions. Each acquisition that we complete may present risks, including: challenges in achieving our strategic goals and initiatives; failing to achieve anticipated growth projections, revenue increases or cost savings; increased reliance on cash funding of the parent company to achieve results; failure to develop new products and services that utilize the technologies and resources of the companies; disruption of our ongoing business and diversion of management's attention to transition or integration issues; liabilities that were not identified during the acquisition process; the loss of our key employees, customers, and partners or those of the acquired companies or businesses; and cybersecurity and data privacy risks.

Future acquisitions may involve the expenditure of significant cash resources; the incurrence of debt, which increases interest expense and leverage; or the issuance of equity, which could be dilutive to shareholders and may decrease earnings per share. We allocate a portion of the purchase price to goodwill and intangible assets. If we do not realize all the economic benefits of an acquisition, there could be an impairment of goodwill or intangible assets. Furthermore, impairment charges are generally not tax-deductible and will result in an increased effective income tax rate in the period the impairment is recorded. If we do not achieve the anticipated benefits of our acquisitions as rapidly or to the extent anticipated by our management or financial and industry analysts, there could be a significant adverse effect on our share price, business and consolidated financial statements.

Artificial Intelligence Risk

Our predictive analytics and artificial intelligence offerings may be subject to increased legal and regulatory risks, as jurisdictions around the world begin to introduce laws and regulations relating to the use of artificial intelligence. The interpretation of these laws and regulations is constantly evolving. There is a risk that these laws may be interpreted and applied in conflicting ways from country to country. Many of these current and proposed laws and regulations, including the EU AI Act and Canada Artificial Intelligence and Data Act (AIDA), contain detailed requirements regarding the use of artificial intelligence and require internal accountability and governance frameworks. Complying with these varying international requirements could cause us to incur additional costs and change our business practices. We could be adversely affected if laws or regulations are expanded to require changes in our products or business practices, if governmental authorities in the jurisdictions in which we do business interpret or implement their laws or regulations in ways that negatively affect our business or if clients or other parties allege that their information was misappropriated in the delivery of an artificial intelligence solution. This could reduce the demand for our products if we fail to design or enhance our products and third-party suppliers management procedures to comply, and enable our clients and suppliers to comply, with the artificial intelligence measures required in relevant jurisdictions. Additionally, artificial intelligence offerings that require data sets to train our AI models are impacted by availability of such data, including customer data where applicable. Artificial intelligence driven offers also introduce new risks such as model risk, explainability, transparency, bias, intellectual property, hallucinations, and others risks. These risks can have material impact on the performance of our artificial intelligence offers.

The Company's management and Board monitor these risks on a quarterly basis and discusses strategies to deal with these risks (along with all other identified risks of the Company) at its annual strategic planning session. Overall, we are not able to estimate, at this time, the degree to which climate change related regulatory, climatic conditions, and energy transition risks could impact the Company's financial and operating results.

Demand for Seismic Data Risk

The Company's ability, through the BHV operating segment, to generate revenue, EBITDA, free cash flow and earnings, depends on the demand for seismic data from its oil and natural gas, and energy customers over geological plays and areas that such customers focus on in a given period. Activity in such plays and areas depends on commodity prices, customers' budgets, geological understanding, advances in drilling technology, government fiscal and regulatory regimes, and access to processing and pipeline capacity, all of which are beyond the Company's control.

The Company will continue to diversify its operations and revenue streams, to reduce any potentially negative impact on any particular revenue stream.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. By their nature, these estimates are subject to estimation uncertainty. The effect on the Financial Statements of changes in such estimates in future periods could be material and would be accounted for in the period in which the estimates are revised and in any future periods affected.

Revenue recognition and Determination and Allocation of the Transaction Price

Our contracts with clients often include promises to deliver multiple products, such as licenses and maintenance. Determining whether such bundled products and services are considered i) distinct performance obligations that should be separately recognized or ii) non-distinct and therefore should be combined with another good or service and recognized as a combined unit of accounting may require significant judgment. The determination of the standalone selling prices ("SSP") for distinct performance obligations can also require judgment and estimates. SSP for a performance obligation in a contract with customers is an estimate of the price that would be charged for the specific product or service if it was sold separately in similar circumstances and to similar customers. This critical accounting estimate impacts both CMG and BHV.

Functional Currency

The determination of the functional currency is a matter of determining the primary economic environment in which an entity operates. IAS 21 Effects of Changes in Foreign Exchange Rates ("IAS 21") sets out a number of factors to apply in making the determination of the functional currency. However, applying the factors in IAS 21 does not always result in a clear indication of functional currency. Where IAS 21 factors indicate differing functional currencies within a subsidiary, the Company uses judgment in the ultimate determination of that subsidiary's functional currency, including an assessment of the nature of the relationship between the Company and the subsidiary. Judgment was applied in the determination of the functional currency for certain operating entities of the Company.

Property and Equipment

We make estimates in determining useful economic lives of property and equipment for the purposes of calculating depreciation. This critical accounting estimate impacts both CMG and BHV.

Professional Services Revenue

We apply estimates when calculating professional services revenue from certain consulting contracts as it relates to remaining labour hours required to complete the contract. Estimates are continually and routinely revised as new information becomes available. In assessing revenue recognition, judgment is also used in assessing the ability to collect the corresponding accounts receivable. This critical accounting estimate impacts both CMG and BHV.

Research and Development

We use assumptions in respect to the eligibility of certain research and development projects in the calculation of scientific research and experimental development ("SR&ED") investment tax credits which are netted against the research and development costs in the statement of operations and comprehensive income. SR&ED claims are subject to audits by relevant taxation authorities and the actual amount may change depending on the outcome of such audits. This critical accounting estimate only impacts CMG, as BHV doesn't participate in any research of development projects in Canada.

Stock-based Compensation

We evaluate and calculate assumptions and estimates used in determining the inputs used in the Black-Scholes option pricing model, including assumptions regarding volatility, dividend yield, risk-free interest rates, forfeiture estimates and expected option lives. This critical accounting estimate only impacts CMG, as BHV does not have any stock-based compensation plans.

Estimated Impairment of Goodwill

Goodwill acquired in a business combination is required to be tested at least annually and when there is an indication of impairment. Goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing. The allocation is made to those CGUs that are expected to benefit from synergies of the business combination in which the goodwill arose. An impairment loss is recognized for the amount in which the asset's carrying amount exceeds its recoverable amount. The recoverable amount for any CGU is determined based on the higher of fair value less costs to sell and value in use. Both the valuation approaches require the use of estimates. Any impairment losses are a result of management's best estimates of expected cash flows from the CGU and are subject to management uncertainty and a significant degree of judgment that could materially impact the amount of impairment loss recognized and the value of goodwill recognized in the Financial Statements.

Determination of Purchase Price Allocations and Contingent Consideration

Estimates are made identifying and estimating the fair value of net assets acquired, including the valuation of separately identifiable intangible assets (other than goodwill) acquired as part of an acquisition. Any excess of the purchase price over the estimated fair value of the net assets acquired is assigned to goodwill. Judgments are also made in determining whether any consideration transferred for an acquisition relates to future compensation arrangements and therefore to be excluded from the purchase price allocation. Due to the complexity of the acquisition, the amounts are considered to be determined on a provisional basis and may not be final for up to one year from the data of acquisition. Any changes in the estimates or assumptions used in determining the fair value of the net assets acquired and liabilities assumed may result in material differences to the financial statements. Furthermore, estimates made in determining the value of contingent consideration payments that should be recorded as part of the consideration on the date of the acquisition and changes in contingent consideration payable in subsequent periods. Contingent consideration is payable if certain revenue thresholds related to key contracts of BHV are met during the 18-month period after closing. The estimated fair value of this contingent consideration is required to be assessed and remeasured at the end of each reporting period and is calculated using the estimated financial outcome based on our best estimate of the financial results. Future performance results that differ from our estimates could result in changes to liabilities recorded, which are recorded as they arise through profit or loss.

Intangible Assets

Acquired intangible assets – The Company uses the income approach to value acquired technology, customer relationships and trade name/trademarks. The income approach is a valuation technique that calculates the estimated fair value of an intangible asset based on the estimated future cash flows that the asset can be expected to generate over its remaining useful life.

The Company utilizes the discounted cash flow methodology which is a form of the income approach that begins with a forecast of the annual cash flows that a market participant would expect the subject intangible asset to generate over a discrete projection period. The forecasted cash flows for each of the years in the discrete projection period are then converted to their present value equivalent using a rate of return appropriate for the risk of achieving the intangible assets' projected cash flows, again, from a market participant perspective. The present value of the forecasted cash flows is then added to the present value of the residual value of the intangible asset (if any) at the end of the discrete projection period to arrive at a conclusion with respect to the estimated fair value of the subject intangible assets. The significant assumptions in calculating the estimated future cash flows used to determine the acquisition date fair value of the intangible assets included projected revenues and costs, contributory asset charges, and discount rates.

The Company specifically uses the relief-from-royalty method to value trade name/trademarks and the multiple period excess earnings to value customer relationships and intellectual property.

Determination of Cash Generating Units (“CGUs”)

A CGU is the lowest group of assets that generate identifiable cash inflows that are largely independent of the cash inflows of other assets or groups of assets. The allocation of assets into CGUs require judgment and interpretations with respect to the existence of active markets, integration between assets, and the way in which management monitors the operations.

Income Taxes

We operate within multiple international jurisdictions where we are subject to income taxes. In these diverse regulatory environments, complexities often arise regarding the interpretation of tax regulations. Consequently, significant judgment may be required in calculating the provision for income taxes. The results of audits and assessments, and changes in interpretation of the standards may result in a material increase or decrease in CMG Group’s assets, liabilities and net income. Deferred income tax liabilities are recognized when there are taxable temporary differences that will reverse and result in a future outflow of funds to a taxation authority. Management’s judgement is required to determine the amount that is expected to be settled.

CHANGES IN MATERIAL ACCOUNTING POLICIES AND ESTIMATES

Adoption of Recent Accounting Pronouncements

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies

In February 2021, the IASB issued amendments to IAS 1, Presentation of Financial Statements, and IFRS Practice Statement 2, Making Materiality Judgments, to provide guidance in the application of materiality judgments to accounting policy disclosures. These amendments also replaced the requirement for disclosures around 'significant' accounting policies with a requirement to disclose 'material' accounting policies. The amendments are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted as long as this fact is disclosed. The amendments did not have a material impact on our Financial Statements.

Future Accounting Pronouncements

We have not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR") as defined under National Instrument 52-109.

At March 31, 2024, the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") concluded that the design and operation of the Company's DC&P were effective (in accordance with the COSO control framework (2013)) and that material information relating to the Company, including its subsidiaries, was made known to them and was recorded, processed, summarized and reported within the time periods specified under applicable securities legislation. Further, the CEO and the CFO concluded that the design and operation of the Company's ICFR were effective at March 31, 2024 in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. It should be noted that while the Company's CEO and CFO believe that the Company's disclosure controls and procedures and internal controls over financial reporting provide a reasonable level of assurance that they are effective, they do not expect that such controls and procedures will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

During the year ended March 31, 2024, there have been no significant changes to the Company's ICFR that have materially affected, or are reasonably likely to materially affect, the Company's ICFR, except for the matter described below.

Section 3.3(1)(b) of NI 52-109 allows an issuer to limit its design of DC&P and ICFR to exclude controls, policies and procedures of a business that the issuer acquired not exceeding 365 days from the date of acquisition. On September 25, 2023, we completed the acquisition of BHV, a privately held software and services company headquartered in Houston, Texas. BHV's operations have been included in the consolidated financial statements of CMG Group since the date of acquisition. However, we have not had sufficient time to appropriately determine and assess the extent of DC&P and ICFR previously used by BHV and integrate them with those of CMG Group. As a result, the certifying officers have limited the scope of their design of DC&P and ICFR to exclude any applicable controls, policies and procedures of BHV (as permitted by applicable securities laws in Canada).

Amounts in respect of BHV included in CMG Group's consolidated statement of financial position as at March 31, 2024, are as follows:

(thousands)	
Current Assets	19,186
Total Assets	27,167
Current Liabilities	12,772
Total Liabilities	13,027

With respect to BHV's revenue and profit for the period included in the consolidated financial statements of CMG Group, refer to 5. Segmented Information within the Consolidated Financial Statements for the year ended March 31, 2024.

Management's Statement of Responsibility

Management is responsible for the accompanying consolidated financial statements and all other information contained in this Annual Report. The consolidated financial statements have been prepared in accordance with the IFRS Accounting Standards ("IFRS") consistently applied, using management's best estimates and judgments, where appropriate. Financial information included elsewhere in this report is consistent with the consolidated financial statements.

Management has also prepared the Management's Discussion and Analysis (MD&A). The MD&A is based on the Company's financial results prepared in accordance with IFRS. The MD&A compares the audited financial results for the years ended March 31, 2024 and March 31, 2023.

Management maintains appropriate systems of internal control. Policies and procedures are designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

KPMG LLP, Chartered Professional Accountants, appointed by the shareholders, have audited the consolidated financial statements in accordance with Canadian generally accepted auditing standards.

The Board of Directors, through its Audit Committee, is responsible for ensuring that management fulfills its financial reporting responsibilities. The Audit Committee reviews the financial content of the Financial Report and meets regularly with management and KPMG LLP to discuss internal controls, accounting and auditing and financial matters. The Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements.

Sandra Balic, CPA, CA,
Vice President, Finance and
Chief Financial Officer

Pramod Jain
Chief Executive Officer

Calgary, Canada
May 22, 2024

Independent Auditor's Report

To the Shareholders of Computer Modelling Group Ltd.

Opinion

We have audited the consolidated financial statements of Computer Modelling Group Ltd. (the Entity), which comprise:

- the consolidated statements of financial position as at March 31, 2024 and March 31, 2023
- the consolidated statements of operations and comprehensive income for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2024 and March 31, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "*Auditor's Responsibilities for the Audit of the Financial Statements"* section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended March 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Evaluation of the acquisition-date fair value of technology and customer relationship intangible assets acquired through a business combination

Description of the matter

We draw attention to Note 2(d), Note 3(b) and Note 4(a) of the financial statements. The Entity acquired 100% of the outstanding shares of Bluware-Headwave Ventures Inc. ("BHV") for total purchase price consideration of $27.8 million. As a result of the transaction, the Entity acquired technology and customer relationship intangible assets with an acquisition-date fair value of $22.7 million. The Entity uses the income approach to value acquired technology and customer relationships. The income approach is a valuation technique that calculates the estimated fair value of an intangible asset based on the estimated future cash flows that the asset can be expected to generate over its remaining useful life. The Entity's significant assumptions in calculating the estimated future cash flows used to determine the acquisition-date fair value of the technology and customer relationships include projected revenues and costs, contributory asset charges, and discount rates.

Why the matter is a key audit matter

We identified the evaluation of the acquisition-date fair value of technology and customer relationship intangible assets acquired through a business combination as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of the business combination to the Entity and the high degree of estimation uncertainty in determining the fair value of technology and customer relationship intangible assets acquired.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

We compared the Entity's estimated future cash flows to BHV's and the Entity's historical actual results. We took into account the changes in conditions and events affecting the cash flows to assess the adjustment or lack of adjustments, made by the Entity in arriving at the estimated future cash flows.

We involved our valuation professionals with specialized skills and knowledge, who assisted in:

- Evaluating the appropriateness of the valuation approach and valuation method used by the Entity to calculate the fair value of the technology and customer relationship intangible assets based on the knowledge of the valuation professional
- Evaluating the appropriateness of the discount rates used, by comparing them against an independent discount rate range developed by our valuation professionals
- Evaluating the appropriateness of the contributory asset charges by comparing them against independent contributory asset charges developed by our valuation professionals.

Determination of the standalone selling price of revenue performance obligations for annuity agreements containing a software license

Description of the matter

We draw attention to Note 2(d), Note 3(a) and Note 13 to the financial statements. The Entity has recognized revenue of $108.7 million, a portion of which is allocated to software licenses in the contract.

The Entity enters into contracts with customers that often include promises to deliver multiple products, such as licenses and maintenance. Determining whether such bundled products and services are considered i) distinct performance obligations that should be separately recognized or ii) non-distinct and therefore should be combined with another good or service and recognized as a combined unit of accounting may require significant judgment. The determination of the standalone selling prices (SSP) for distinct performance obligations can also require judgment and estimates. SSP for a performance obligation in a contract with customers is an estimate of the price that would be charged for the specific product or service if it was sold separately in similar circumstances and to similar customers.

Annuity agreements include a term-based software license bundled with maintenance. Since the Entity does not sell term-based annuity licenses individually without maintenance and there is no comparable product in the market, there is no observable SSP for term-based software annuity licenses. The Entity allocates the value of bundled annuity agreements between software licenses and maintenance using either the residual approach or the adjusted market assessment approach. When the Entity has an observable SSP for its maintenance performance obligation, the Entity allocates the value of bundled annuity agreements between software licenses and maintenance using the residual approach, by subtracting the SSP of maintenance from the total annuity agreement fee. When the Entity does not have an observable SSP for its maintenance performance obligation, the Entity determines the SSP using the adjusted market assessment approach based on market information and other inputs including the value relationship between maintenance and the term-based software license, the economic life of products, the frequency of product upgrades, and software renewal rates. Based on these allocations, the SSP of both the maintenance and the standalone annuity license each represents 50% of the total annuity agreement fee.

Why the matter is a key audit matter

We identified the determination of the SSP of revenue performance obligations for annuity agreements containing a software license as a key audit matter. Significant auditor judgment was required to evaluate the determination of SSP, specifically, the allocation between maintenance and the standalone annuity license.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

We evaluated the determined allocation of SSP by comparing current pricing in a selection of customer contracts containing a software license to historical analyses of contract pricing completed by the Entity and pricing observed in the industry.

Other Information

Management is responsible for the other information. Other information comprises:

— the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

— the information, other than the financial statements and the auditor's report thereon, included in a document entitled "2024 Financial Report".

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the other information identified above as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor’s report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this auditor’s report is Kimberly J. Payne.

KPMG LLP

Chartered Professional Accountants
Calgary, Canada
May 22, 2024

Consolidated Statements of Financial Position

(thousands of Canadian $)	**March 31, 2024**	March 31, 2023
Assets		
Current assets:		
Cash	**63,083**	66,850
Restricted cash	**142**	-
Trade and other receivables (note 20a)	**36,550**	23,910
Prepaid expenses	**2,321**	1,060
Prepaid income taxes (note 17)	**3,841**	444
	105,937	92,264
Intangible assets (note 6)	**23,683**	1,321
Right-of-use assets (note 7)	**29,072**	30,733
Property and equipment (note 8)	**9,877**	10,366
Goodwill (note 4 & 9)	**3,745**	-
Deferred tax asset (note 17)	**59**	2,444
Total assets	**172,373**	137,128
Liabilities and shareholders' equity		
Current liabilities:		
Trade payables and accrued liabilities (note 10)	**16,582**	9,883
Income taxes payable (note 17)	**1,604**	33
Acquisition holdback payable (note 4)	**2,292**	-
Deferred revenue (note 11)	**41,120**	34,797
Lease liabilities (note 12)	**2,566**	1,829
	64,164	46,542
Lease liabilities (note 12)	**34,395**	36,151
Stock-based compensation liabilities (note 18(c))	**2,593**	1,985
Acquisition earnout (note 4)	**1,503**	-
Other long-term liabilities	**305**	-
Deferred tax liabilities (note 17)	**1,598**	-
Total liabilities	**104,558**	84,678
Shareholders' equity:		
Share capital (note 18)	**87,304**	81,820
Contributed surplus	**15,667**	15,471
Cumulative translation adjustment	**(367)**	-
Deficit	**(34,789)**	(44,841)
Total shareholders' equity	**67,815**	52,450
Total liabilities and shareholders' equity	**172,373**	137,128

Subsequent event (note 25)
See accompanying notes to consolidated financial statements.

Approved by the Board

Mark R. Miller
Director

Peter H. Kinash
Director

Consolidated Statements of Operations and Comprehensive Income

Years ended March 31, (thousands of Canadian $ except per share amounts)	**2024**	2023 (note 2(e))
Revenue (note 13)	**108,679**	73,846
Cost of revenue	**17,224**	7,481
Gross profit	**91,455**	66,365
Operating expenses		
Sales and marketing	**14,957**	9,968
Research and development (note 14)	**23,679**	17,857
General and administrative	**18,835**	12,680
	57,471	40,505
Operating profit	**33,984**	25,860
Finance income (note 16)	**3,146**	2,720
Finance costs (note 16)	**(1,908)**	(1,932)
Profit before income and other taxes	**35,222**	26,648
Income and other taxes (note 17)	**8,963**	6,851
Net income	**26,259**	19,797
Other comprehensive income:		
Foreign currency translation adjustment	**(367)**	-
Other comprehensive income	**(367)**	-
Total comprehensive income	**25,892**	19,797
Net income per share – basic (note 18(d))	**0.32**	0.25
Net income per share – diluted (note 18(d))	**0.32**	0.24
Dividend per share	**0.20**	0.20

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

(thousands of Canadian $)	Share capital	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total equity
Balance, April 1, 2022	80,248	15,009	-	(48,539)	46,718
Comprehensive income	-	-	-	19,797	19,797
Dividends paid	-	-	-	(16,099)	(16,099)
Shares issued on exercise of stock options (note 18(b))	1,263	(197)	-	-	1,066
Shares issued on redemption of restricted share units (note 18(b))	309	-	-	-	309
Stock-based compensation:					
Current period expense (note 18(c))	-	659	-	-	659
Balance, March 31, 2023	81,820	15,471	-	(44,841)	52,450
Balance, April 1, 2023	**81,820**	**15,471**	**-**	**(44,841)**	**52,450**
Net income	**-**	**-**	**-**	**26,259**	**26,259**
Foreign currency translation adjustment	**-**	**-**	**(367)**	**-**	**(367)**
Dividends paid	**-**	**-**	**-**	**(16,207)**	**(16,207)**
Shares issued on exercise of stock options (note 18(b))	**4,856**	**(663)**	**-**	**-**	**4,193**
Shares issued on redemption of restricted share units (note 18(b))	**480**	**-**	**-**	**-**	**480**
Shares issued on redemption of performance share units (note 18(b))	**148**	**-**	**-**	**-**	**148**
Stock-based compensation:					
Current period expense (note 18(c))	**-**	**859**	**-**	**-**	**859**
Balance, March 31, 2024	**87,304**	**15,667**	**(367)**	**(34,789)**	**67,815**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Years ended March 31, (thousands of Canadian $)	**2024**	2023
Operating activities		
Net income	**26,259**	19,797
Adjustments for:		
Depreciation and amortization of property, equipment, right-of use assets (notes 7 & 8)	**4,187**	3,649
Amortization of intangible assets (note 6)	**1,501**	-
Deferred income tax expense (recovery) (note 17)	**3,518**	(235)
Stock-based compensation	**2,795**	2,146
Foreign exchange and other non-cash items	**(5)**	-
Funds flow from operations	**38,255**	25,357
Movement in non-cash working capital:		
Trade and other receivables	**(6,697)**	(6,403)
Trade payables and accrued liabilities	**2,618**	2,315
Prepaid expenses and other assets	**(1,183)**	(268)
Income taxes receivable (payable)	**(1,826)**	535
Deferred revenue	**4,910**	4,343
Change in non-cash working capital	**(2,178)**	522
Net cash provided by operating activities	**36,077**	25,879
Financing activities		
Repayment of acquired line of credit	**(2,012)**	-
Proceeds from issuance of common shares	**4,193**	1,066
Repayment of lease liabilities (note 12)	**(2,355)**	(1,608)
Dividends paid	**(16,207)**	(16,099)
Net cash used in financing activities	**(16,381)**	(16,641)
Investing activities		
Corporate acquisition, net of cash acquired (note 4)	**(22,814)**	-
Intangible asset additions	**-**	(1,340)
Property and equipment additions, net of disposals (note 8)	**(650)**	(708)
Net cash used in investing activities	**(23,464)**	(2,048)
Increase (decrease) in cash	**(3,768)**	7,190
Effect of foreign exchange on cash	**1**	-
Cash, beginning of year	**66,850**	59,660
Cash, end of year	**63,083**	66,850
Supplementary cash flow information		
Interest received (note 16)	**3,096**	1,810
Interest paid (notes 12 and 16)	**1,908**	1,932
Income taxes paid	**7,201**	6,635

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

For the years ended March 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 year ended March 31, 2024, comprise CMG Group and its subsidiaries: Computer Modelling Group Inc., CMG Middle East FZ LLC, CMGL Services Corporation Inc., CMG Europe Ltd., and CMG Collaboration Centre India Private Ltd., (together referred to as "CMG"), and CMG Holdings (USA), Inc., Bluware-Headwave Ventures Inc., Bluware Inc., Bluware AS, (together referred to as "BHV"). 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 consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements as at and for the year ended March 31, 2024 were authorized for issuance by the Board of Directors on May 22, 2024.

(b) Basis of Measurement:

The consolidated 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 consolidated 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. and Bluware Inc. has been determined to be United States dollar. The functional currency of Bluware AS has been determined to be Norwegian Krone. 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.

Significant estimates and judgments made by management in the preparation of these consolidated financial statements are as follows:

(i) Contracts with multiple products or services

Contracts with customers often include promises to deliver multiple products, such as licenses and maintenance. Determining whether such bundled products and services are considered i) distinct performance obligations that should be separately recognized or ii) non-distinct and therefore should be combined with another good or service and recognized as a combined unit of accounting may require significant judgment. The determination of the standalone selling prices (“SSP”) for distinct performance obligations can also require judgment and estimates. SSP for a performance obligation in a contract with customers is an estimate of the price that would be charged for the specific product or service if it was sold separately in similar circumstances and to similar customers.

(ii) Professional services revenue

The Company applies estimates when calculating professional services revenue from certain consulting contracts as it relates to remaining labour hours required to complete the contract. Estimates are continually and routinely revised as new information becomes available. In assessing revenue recognition, judgment is also used in assessing the ability to collect the corresponding account receivable.

(iii) Intangible Assets

Acquired intangible assets – The Company uses the income approach to value acquired technology, customer relationships and trade name/trademarks. The income approach is a valuation technique that calculates the estimated fair value of an intangible asset based on the estimated future cash flows that the asset can be expected to generate over its remaining useful life.

The Company utilizes the discounted cash flow methodology which is a form of the income approach that begins with a forecast of the annual cash flows that a market participant would expect the subject intangible asset to generate over a discrete projection period. The forecasted cash flows for each of the years in the discrete projection period are then converted to their present value equivalent using a rate of return appropriate for the risk of achieving the intangible assets' projected cash flows, again, from a market participant perspective. The present value of the forecasted cash flows is then added to the present value of the residual value of the intangible asset (if any) at the end of the discrete projection period to arrive at a conclusion with respect to the estimated fair value of the subject intangible assets. The significant assumptions in calculating the estimated future cash flows used to determine the acquisition date fair value of the intangible assets included projected revenues and costs, contributory asset charges, and discount rates.

The Company specifically uses the relief-from-royalty method to value trade name/trademarks and the multiple period excess earnings to value customer relationships and intellectual property.

(iv) Determination of Purchase Price Allocation and Contingent Consideration

Estimates are made in determining the fair value of assets and liabilities, including the valuation of separately identifiable intangibles acquired as part of an acquisition. Judgments are also made in determining whether any consideration transferred for an acquisition relates to future compensation arrangements and is excluded from the purchase price allocation. Furthermore, estimates are made in determining the value of contingent consideration payments that should be recorded as part of the consideration on the date of acquisition and changes in contingent consideration payable in subsequent reporting periods. Contingent consideration payments are generally based on acquired businesses achieving certain performance targets or metrics. The estimates are based on management’s best assessment of the related inputs used in the valuation models, such as future cash flows and discount rates. Future performance results that differ from management’s estimates could result in changes to liabilities recorded, which are recorded as they arise through profit or loss. Refer to Note 4 for acquisitions and associated purchase price allocations and contingent consideration.

(v) Goodwill

The Company accounts for business combinations using the acquisition method. The excess of the purchase price over the fair value of the identifiable net assets represents goodwill and is allocated to the cash generating units ("CGUs") expected to benefit from the business combination. Goodwill has an indefinite useful life and is not subject to amortization however, the carrying value is subject to impairment testing at least once a year, or more frequently if events or changes in circumstances indicate the carrying amount maybe impaired. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. An impairment loss is recognized if the carrying amount of a CGU exceeds its estimated recoverable amount. As a result, any impairment losses are a result of management's best estimates of expected cash flows at a specific point in time. These estimates are subject to measurement uncertainty as they are dependent on factors outside of management's control. In addition, by their nature, impairment tests involve a significant degree of judgment as expectations concerning future cash flows and the selection of appropriate market inputs are subject to considerable risks and uncertainties.

(vi) Determination of Cash Generating Units ("CGUs")

A CGU is the lowest group of assets that generate identifiable cash inflows that are largely independent of the cash inflows of other assets or groups of assets. The allocation of assets into CGUs require judgment and interpretations with respect to the existence of active markets, integration between assets, and the way in which management monitors the operations.

(vii) Functional Currency

The determination of the functional currency is a matter of determining the primary economic environment in which an entity operates and the nature of the relationship between the parent company and the subsidiary. The Company uses judgment in the ultimate determination of certain subsidiary's functional currency by assessing the operational factors of the subsidiary.

(viii) Research and development

Assumptions are made in respect to the eligibility of certain research and development projects in the calculation of scientific research and experimental development ("SR&ED") investment tax credits which are netted against the research and development costs in the statement of operations and comprehensive income. SR&ED claims are subject to audits by relevant taxation authorities and the actual amount may change depending on the outcome of such audits (note 14).

(ix) Stock-based compensation

Assumptions and estimates are used in determining the inputs used in the Black-Scholes option pricing model, including assumptions regarding volatility, dividend yield, risk-free interest rates, forfeiture estimates and expected option lives (note 18 (c)).

(x) Deferred taxes

Assumptions and estimates about the amount, utilization and timing of realization and/or settlement of temporary differences as well as the future tax rates that will apply to those differences. Changes in those assumptions and estimates may have a significant impact on the amounts recorded for deferred tax assets and liabilities and could result in amounts different from those initially recorded. Management closely monitors current and potential changes to tax law and bases its information on the best available information at each reporting date.

(e) Change in Presentation of Operating Expenses:

Prior to April 1, 2023, CMG classified costs related to software licenses and professional services (including costs associated with customer support and training, and consulting services) under sales and marketing expenses, and costs related to public cloud hosting services under research and development expenses in the statement of operations. In order to better align with industry peers for comparability purposes, the Company has changed the presentation of the direct costs to deliver professional services and software licenses as a cost of revenue. Cost of revenue includes direct employee, external consultant and overhead costs associated with customer support, training, consulting, and public cloud hosting applications. The change in presentation had no effect on the reported results of operations. The comparative period has been updated to reflect this presentation change.

Year ended March 31,

(thousands of $)

	As presented March 31, 2023	Reclassification in Presentation	Restated March 31, 2023
Cost of revenue	-	7,481	**7,481**
Sales and marketing	17,161	(7,193)	**9,968**
Research and development	18,145	(288)	**17,857**

3. Material Accounting Policies

(a) 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 revenue is described below.

Type of products /service	Nature, timing of satisfaction of performance obligations, significant contract terms
Annuity license revenue - CMG	CMG's annuity agreements include a term-based software license bundled with maintenance. IFRS 15 Revenue from Contracts with Customers ("IFRS 15") requires that the portion of the annuity agreement fee that relates to the software license should be recognized as revenue at the start of the license period, while the remainder should be recognized as maintenance revenue on a straight-line basis over the license period. However, since it is management's practice to honour customers' mid-contract requests to reduce product quantities or license term duration without a penalty and refund or credit a pro-rata share of the agreement fee, software annuity license revenue cannot be recognized upfront and will instead be recognized rateably over the term of the contract. The exception to this practice is certain multi-year agreements with very specific termination clauses that significantly limit the customer's ability to reduce the license term. For these agreements, the software license portion that relates to a non-cancellable period will be recognized upfront, at the start of that particular period of the license contract. The maintenance component of an annuity contract includes customer support and unspecified software upgrades. Maintenance license revenue is recognized on a straight-line basis over the term of the contract, as the Company satisfies its maintenance performance obligation over time. Since the Company does not sell term-based annuity licenses individually without maintenance and there is no comparable product in the market, there is no observable standalone selling price ("SSP") for term-based software annuity licenses. The Company allocates the value of bundled annuity agreements between software licenses and maintenance using the residual approach, by subtracting the SSP of maintenance from the total annuity agreement fee. Based on this calculation, the SSP of maintenance represents 50% of the total annuity agreement fee, leaving 50% to be allocated to the standalone software annuity license.
Annuity license fee revenue - BHV Annuity maintenance revenue	BHV's revenue contracts include combinations of software licenses, upgrades, maintenance and support which are separate performance obligations with 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 transaction price based on the SSP of the distinct performance obligations. Revenue from the annuity agreement fee that relates to the software license is recognized up front upon delivery at the start of the license term. Revenue from the maintenance

Type of products /service	Nature, timing of satisfaction of performance obligations, significant contract terms
	component of the contract is recognized on a straight-line basis over the term of the contract, as the maintenance performance obligation is satisfied over time. Since BHV does not sell term-based annuity licenses individually without maintenance and there is no comparable product in the market therefore not an independently observable SSP. BHV also does not sell maintenance individually and therefore does not have an observable SSP for its maintenance performance obligation. Judgment is required to determine the SSP for each distinct performance obligation. BHV determines the SSP using the adjusted market assessment approach based on market information and other inputs including the value relationship between maintenance and the term-based software license, the economic life of products, the frequency of product upgrades, and software renewal rates. Based on this analysis, the SSP of maintenance represents 50% of the total annual contract fee, leaving 50% to be allocated to the software license to be recognized upfront at the start of the license term.
Maintenance license revenue	CMG has maintenance agreements which include customer support and unspecified software upgrades, typically of one year or less. Maintenance licenses are purchased by customers who already own a perpetual license and want the additional benefit of customer support and software upgrades. Maintenance license revenue is recognized on a straight-line basis over the term of the contract, as the Company satisfies its maintenance performance obligation over time.
Perpetual license revenue	A perpetual license grants the customer the right to use the then-current version of the software in perpetuity. Perpetual license revenue is recognized at a point in time, upon delivery of the licensed product.
Professional services revenue	Revenue from professional services consists of consulting, training and contract research activities. Professional services revenue is recognized over time, based on hours incurred.

Costs to obtain a contract

The Company applies the practical expedient available under IFRS 15 and does not capitalize incremental costs of obtaining contracts if the amortization period is one year or less.

(b) Business Combinations:

Business combinations are accounted for using the acquisition method of accounting when the assets acquired and liabilities assumed meet the definition of a business in accordance with IFRS. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. The determination of the fair value assigned to the assets acquired and liabilities assumed requires management to make assumptions and estimates. These assumptions or estimates are inherently uncertain and subject to refinement and could impact the amounts assigned to assets, liabilities and goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments would be recorded to our consolidated statements of income. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in our consolidated statements of operations and comprehensive income.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration meets the definition of a financial instrument and is classified as equity, then it is not remeasured, and settlement amount is accounted for within equity. Otherwise, other contingent considerations are remeasured at fair value at each reporting date and subsequent changes in the fair value are recognized in our consolidated statements of operations and comprehensive income.

Acquisition-related costs are included within general and administrative expenses and are accounted for and disclosed if they meet the definition of acquisition-related costs in accordance with IFRS.

(c) Property and Equipment:

Property and equipment is recorded at historical cost and depreciated on a straight-line basis over their estimated useful lives as follows:

	Useful life
Computer equipment	3 years
Furniture and equipment	5 years
Leasehold improvements	Over the lease term

(d) 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 years
Intellectual property	5 to 10 years
Tradename/trademarks	10 years

(e) Income Taxes:

Income tax is comprised of current and deferred tax.

Current tax is the expected tax payable or receivable based on taxable profit for the period calculated using tax rates that have been enacted or substantively enacted at the reporting date, and includes any adjustments to tax payable in respect of previous years. Prepaid income taxes and current income taxes payable are offset only when a legally enforceable right of offset exists and the prepaid income tax and tax payable arise in the same tax jurisdiction and relate to the same taxable entity.

Deferred tax is recognized on the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply in the years in which temporary differences are expected to be recovered or settled. Deferred tax assets and liabilities are offset only when a legally enforceable right of offset exists and the deferred tax assets and liabilities arise in the same tax jurisdiction and relate to the same taxable entity. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(f) Earnings Per Share:

Basic earnings per share is computed by dividing the net income by the weighted average number of common shares outstanding for the period. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. In calculating the dilutive effect of stock options, it is assumed that proceeds received from the exercise of in-the-money stock options are used to purchase common shares at the average market price during the period.

(g) Stock-Based Compensation:

The Company has a stock option plan, a share appreciation rights plan, a performance share unit, a restricted share unit plan, and a deferred share unit plan, as described in note 18(c).

Stock option plan

Stock options give the holder the right to purchase common shares and are accounted for as an equity-settled plan. The fair value of stock options is determined using the Black-Scholes valuation model as of the grant date and is expensed over the vesting period, with a corresponding increase in contributed surplus. At the end of each reporting period, the Company revises its estimate of the number of options that are expected to vest and recognizes the impact of any revision in the statement of operations and comprehensive income.

Included within the stock option plan, the Company has also issued performance-based stock options that vest and become exercisable when certain share price targets are achieved. As the performance condition is a market condition, the expense is recognized over the expected period needed to achieve the market condition and the estimate related to this expected period is not subsequently revised. Fair value measurement inputs include the target share price, the exercise price of the instrument, expected volatility (based on an evaluation of the Company's historic volatility, particularly over the historic period commensurate with the expected term), expected term of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on government bonds).

Share appreciation rights plan

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. These awards are remeasured at fair value at each reporting period. Fifty percent of SARs vest on the first-year anniversary from the grant date and then 25% vest on each of the second and third year anniversary dates and expire after five-years. The expense is recognized over the vesting period, with a corresponding adjustment to liabilities, based on the Company's estimate of the number of awards that will eventually vest. When awards are exercised for cash, the cash settlement paid reduces the outstanding liability.

Fair value measurement inputs include the share price on the measurement date, the exercise price of the instrument, expected volatility (based on an evaluation of the Company's historic volatility, particularly over the historic period commensurate with the expected term), expected term of the instruments (based on historical experience and general option holder behaviour), forfeiture rate (based on the Company's historical forfeiture rate), expected dividends, and the risk-free interest rate (based on government bonds).

Performance share unit plan

Performance share unit ("PSUs") settle in cash or have the option to settle in cash or shares are accounted for as cash- settled plans. These awards are remeasured at fair value each reporting period. PSUs cliff-vest at the end of three years, with the vesting multiplier ranging from 0.0 to 2.0 contingent upon achieving certain Company performance criteria. The expense is recognized over the vesting period, with a corresponding adjustment to liabilities, based on the Company's estimate of the number of awards that will eventually vest. When awards are exercised for cash, the cash settlement paid reduces the outstanding liability. When awards are exercised for common shares, the previously recognized liability is recorded to share capital.

Fair value measurement inputs include, estimated performance multiplier (based on forecasted and historical information), share price on measurement date, and expected term of the instruments/forfeiture rate (based on historical experience and general option holder behaviour).

Restricted share unit plan and deferred share unit plan

Restricted share unit ("RSUs") and deferred share unit ("DSU") awards that settle in cash or have the option to settle in cash or shares are accounted for as cash- settled plans. These awards are remeasured at fair value each reporting period. The expense is recognized over the vesting period, with a corresponding adjustment to liabilities, based on the Company's estimate of the number of awards that will eventually vest. When awards are surrendered for cash, the cash settlement paid reduces the outstanding liability. When awards are exercised for common shares, the previously recognized liability is recorded to share capital.

Fair value measurement inputs include the share price on the measurement date and expected term of the instruments/forfeiture rate (based on historical experience and general option holder behaviour). Service and non-market performance conditions attached to the units are not taken into account in determining fair value.

(h) Financial Instruments:

Financial instruments are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial instruments are initially classified into two categories: measured at amortized cost or fair value through profit or loss ("FVTPL"). Below is a list of the Company's financial instruments, their classification and subsequent measurement:

	Classification	Measurement
Cash and restricted cash	Amortized cost	Amortized cost
Trade and other receivables	Amortized cost	Amortized cost
Trade payables and accrued liabilities	Other financial liabilities	Amortized cost
Acquisition holdback payable	Other financial liabilities	Amortized cost
Acquisition earnout	FVTPL	FVTPL

The Company's financial assets and liabilities are initially recognized at fair value plus any directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest rate method less any provision for impairment.

Financial liabilities are classified as current liabilities when payment is due within a year; otherwise, they are classified as non-current liabilities. The acquisition earnout liability is classified as long-term and recorded at an estimated fair value of $1.5 million as at March 31, 2024 ($nil – March 31, 2023). Adjustments to the estimated fair value will be recorded in the statement of operations and comprehensive income (note 20).

(i) Impairment of tangible and intangible assets:

At the end of each reporting period, management assesses the carrying amounts of its tangible and intangible assets for both external and internal indications of impairment. Indications of impairment include, but are not limited to, a recurring lack of profitability and significant changes in technology. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognized immediately within the statement of operations and comprehensive income. Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years.

(j) Leases:

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Since the Company does not have any debt, its incremental borrowing rate must be estimated using such factors as the amount of the funds that would be borrowed if the Company bought the underlying right-of-use asset, the length of the borrowing term, the nature and quality of the underlying right-of-use asset and the economic environment of the jurisdiction in which the asset is located.

The Company applies the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

(k) Cash:

Cash consists of balances held in interest-earning bank accounts.

(l) Adoption of Recent Accounting Pronouncements

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies

In February 2021, the IASB issued amendments to IAS 1, Presentation of Financial Statements, and IFRS Practice Statement 2, Making Materiality Judgments, to provide guidance in the application of materiality judgments to accounting policy disclosures. These amendments also replaced the requirement for disclosures around 'significant' accounting policies with a requirement to disclose 'material' accounting policies. The amendments are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted as long as this fact is disclosed. The amendments did not have a material impact on the consolidated financial statements.

4. Acquisitions:

(a) Bluware-Headwave Ventures Inc. Acquisition:

On September 25, 2023, CMG Group completed the acquisition of 100% of the outstanding shares of BHV, a software and services company specializing in cloud and interactive deep learning solutions for subsurface decision-making including seismic interpretation. The purchase price consideration of $27.8 million consisted of cash purchase consideration of $24.0 million paid on closing, $2.3 million withheld as an indemnification holdback for a period of 12 months which is recorded as acquisition holdback payable and $1.5 million of earnout contingent consideration.

There is an earnout provision of up to US$8.0 million payable if certain revenue thresholds and cash collections related to key contracts of BHV are met during the 18-month period after closing. Payments pursuant to the earnout will be settled in cash no later than 90 days following March 25, 2025. The earnout is treated as contingent consideration, measured at a fair value of $1.5 million using a discount rate of 15.6% and is considered a long-term liability in the consolidated statement of financial position. The fair value of the contingent consideration will be assessed for remeasurement at each reporting period end until the earnout period expires. At March 31, 2024, there were no changes to the fair value measurement of contingent consideration.

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 $3.7 million recognized in connection with this acquisition is primarily attributable to CMG Group's best practices to improve the operations of the BHV, opportunities for BHV 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 of statutory tax filings during fiscal 2024 and fiscal 2025, combined with the complexity of the corporate tax structure implemented during the acquisition, CMG Group is in the process of determining and finalizing the estimated fair value of the deferred tax assets and liabilities acquired and has recorded the deferred tax assets and liabilities on a provisional basis which may impact the net asset assessments and measurements of assumed liabilities. The provisional purchase price allocations may differ from the final purchase price allocations due to these potential differences and may be material. Revisions to allocations will occur as additional information about the fair value of deferred tax assets and liabilities becomes available.

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

(thousands of $)	
Cash	**1,203**
Net working capital, excluding deferred revenue	**2,637**
Right-of-use assets	**1,332**
Lease liabilities	**(1,327)**
Deferred revenue	**(1,413)**
Line of credit(1)	**(2,012)**
Other assets and liabilities	**249**
Intangible assets: technology	**20,338**
Intangible assets: customer relationships	**2,349**
Intangible assets: trade name and trademarks	**1,176**
Deferred tax liability	**(463)**
Net assets acquired	**24,069**
Goodwill	**3,745**
Total purchase consideration	**27,814**

(1) Subsequent to the acquisition, the line of credit was repaid.

These consolidated financial statements include the results of BHV, Bluware Inc., Hue AS, and Kalkulo AS for the period following closing of the transaction on September 25, 2023. If the acquisition would have occurred on April 1, 2023, management estimates that the proforma revenues and net income before taxes would have increased by $36.9 million and $5.1 million for the twelve months ended March 31, 2024. 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.

As part of the acquisition, $1.2 million is payable to employees of BHV of which $0.4 million was paid after three months, $0.5 million is payable at the end of the holdback period and $0.3 million is payable at the end of the earnout period, all of which are accounted for as post-combination remuneration and accrued as the service is provided. For the year ended March 31, 2024, $0.7 million of post-combination remuneration was recognized as acquisition-related costs within general and administrative expenses. During the year ended March 31, 2024 the Company incurred $0.7 million of transaction costs, comprised of consulting, legal, travel and professional services related to the acquisition of BHV was recognized as acquisition-related costs within general and administrative expenses.

(b) Unconventional Subsurface Integration LLC Acquisition:

On February 15, 2023, the Company acquired all of the assets of Unconventional Subsurface Integration LLC ("USI"), an early-stage AI-based data analytics technology used for the development and optimization of shale reservoirs. Total consideration for USI's assets was $1.3 million (US$1.0 million) settled in cash. In accordance with IFRS 3, this acquisition was accounted for as a business combination with the results of operations included in these consolidated financial statements from the date of the acquisition. This acquisition will help the Company to establish its presence in data analytics and deliver physics-based solutions to a broader range of users.

The purchase consideration has been allocated exclusively to the intellectual property acquired in the transaction based on the fair value calculated using the discounted cash flow methodology.

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

Years ended March 31,	CMG		BHV		CMG Group	
($ thousands)	**2024**	2023	**2024**	2023	**2024**	2023
Revenue	**87,894**	73,846	**20,785**	-	**108,679**	73,846
Cost of revenue	**8,858**	7,481	**8,366**	-	**17,224**	7,481
Gross profit	**79,036**	66,365	**12,419**	-	**91,455**	66,365
Operating expenses						
Sales and marketing	**13,787**	9,968	**1,170**	-	**14,957**	9,968
Research and development	**19,870**	17,857	**3,809**	-	**23,679**	17,857
General and administrative	**14,234**	12,680	**4,601**	-	**18,835**	12,680
	47,891	40,505	**9,580**		**57,471**	40,505
Operating profit	**31,145**	25,860	**2,839**	-	**33,984**	25,860
Net finance income (cost)	**1,340**	788	**(102)**	-	**1,238**	788
Profit before income and other taxes	**32,485**	26,648	**2,737**	-	**35,222**	26,648
Income and other taxes	**7,875**	6,851	**1,088**	-	**8,963**	6,851
Net income for the period	**24,610**	19,797	**1,649**	-	**26,259**	19,797

Non-current assets include property, equipment, intangible and right-of-use assets of the Company are located in the following geographic regions (for revenue by geographic region, refer to note 13), based on location of the respective operations:

(thousands of $)	**March 31, 2024**	March 31, 2023
Canada	**58,188**	41,835
United States	**4,255**	345
South America	**80**	148
Eastern Hemisphere[(1)]	**109**	92
	62,632	42,420

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

6. Intangible Assets:

Cost (thousands of $)	Intellectual Property	Customer Relationships	Trademark /Trade name	Total
Balance at April 1, 2022	-	-	-	-
Additions	1,340	-	-	1,340
Balance at March 31, 2023	**1,340**	**-**	**-**	**1,340**
Balance at April 1, 2023	1,340	-	-	1,340
Acquired through business combination (Note 4)	20,338	2,349	1,176	23,863
Balance at March 31, 2024	**21,678**	**2,349**	**1,176**	**25,203**

Accumulated Amortization (thousands of $)				
Balance at April 1, 2022	-	-	-	-
Amortization for the year	(19)	-	-	(19)
Balance at March 31, 2023	**(19)**	**-**	**-**	**(19)**
Balance at April 1, 2023	(19)	-	-	(19)
Amortization for the year	(1,321)	(120)	(60)	(1,501)
Balance at March 31, 2024	**(1,340)**	**(120)**	**(60)**	**(1,520)**

Carrying Amounts				
At March 31, 2023	1,321	-	-	1,321
At March 31, 2024	**20,338**	**2,229**	**1,116**	**23,683**

7. Right-of-Use-Assets:

Cost (thousands of $)	Offices
Balance at April 1, 2022 and March 31, 2023	40,229
Balance at April 1, 2023	40,229
Acquired through business combination (note 4)	1,332
Balance at March 31, 2024	**41,561**

Accumulated Depreciation (thousands of $)	
Balance at April 1, 2022	(7,116)
Depreciation charge for the year	(2,380)
Balance at March 31, 2023	(9,496)
Balance at April 1, 2023	(9,496)
Depreciation charge for the year	(2,993)
Balance at March 31, 2024	**(12,489)**

Carrying Amounts	
At March 31, 2023	30,733
At March 31, 2024	**29,072**

8. Property and Equipment:

Cost (thousands of $)	**Computer Equipment**	**Furniture and Equipment**	**Leasehold Improvements**	**Total**
Balance at April 1, 2022	7,490	3,052	13,439	23,981
Additions	708	-	-	708
Disposals	(65)	-	-	(65)
Balance at March 31, 2023	**8,133**	**3,052**	**13,439**	**24,624**
Balance at April 1, 2023	8,133	3,052	13,439	24,624
Additions	633	8	20	661
Acquired through business combination (note 4)	42	-	13	55
Disposals	(82)	-	-	(82)
Balance at March 31, 2024	**8,726**	**3,060**	**13,472**	**25,258**

Accumulated Depreciation (thousands of $)				
Balance at April 1, 2022	(6,541)	(3,036)	(3,496)	(13,073)
Depreciation charge for the year	(584)	(4)	(662)	(1,250)
Disposals	65	-	-	65
Balance at March 31, 2023	**(7,060)**	**(3,040)**	**(4,158)**	**(14,258)**
Balance at April 1, 2023	(7,060)	(3,040)	(4,158)	(14,258)
Depreciation charge for the year	(507)	(6)	(681)	(1,194)
Disposals	71	-	-	71
Balance at March 31, 2024	**(7,496)**	**(3,046)**	**(4,839)**	**(15,381)**

Carrying Amounts				
At March 31, 2023	1,073	12	9,281	10,366
At March 31, 2024	**1,230**	**14**	**8,633**	**9,877**

9. Goodwill:

Carrying Amounts	
At March 31, 2023	-
At March 31, 2024 (note 4)	**3,745**

10. Trade Payables and Accrued Liabilities:

(thousands of $)	**March 31, 2024**	March 31, 2023
Trade payables	**2,027**	634
Employee salaries, commissions, and benefits payable	**8,765**	5,138
Accrued liabilities, stock-based compensation, and other payables (note 18(c))	**5,790**	4,111
	16,582	9,883

11. Deferred Revenue:

The following table presents changes in the deferred revenue balance:

(thousands of $)	**March 31, 2024**	March 31, 2023
Balance, beginning of year	**34,797**	30,454
Acquired deferred revenue (note 4)	**1,413**	-
Invoiced during the year, excluding amounts recognized as revenue during the year	**39,815**	33,533
Recognition of deferred revenue included in the balance of acquired deferred revenue	**(1,328)**	-
Recognition of deferred revenue included in the balance at the beginning of the year	**(33,577)**	(29,190)
Balance, end of year	**41,120**	34,797

12. Lease Liabilities:

The Company's leases are for office space in Canada, United States, and Colombia, 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 $)	**March 31, 2024**	March 31, 2023
Balance, beginning of year	**37,980**	39,588
Acquired lease liabilities (note 4)	**1,327**	-
Interest on lease liabilities (note 16)	**1,908**	1,931
Lease payments	**(4,254)**	(3,539)
Balance, end of period	**36,961**	37,980
Current	**2,566**	1,829
Long-term	**34,395**	36,151

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

(thousands of $)	
Less than one year	4,236
Between one and five years	14,004
More than five years	32,479
Total undiscounted payments	**50,719**

Other lease-related items recognized in the consolidated statement of operations and comprehensive income:

Years ended March 31, (thousands of $)	**2024**	2023
Variable lease expense	**1,036**	884
Short-term lease expense	**318**	141

13. 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:

Years ended March 31,					2024					2023
($ thousands)	Canada	United States	South America	Eastern Hemisphere (1)	**Total**	Canada	United States	South America	Eastern Hemisphere (1)	**Total**
CMG										
Annuity/maintenance	13,208	17,782	8,671	28,876	**68,537**	12,602	14,928	8,079	24,081	**59,690**
Perpetual license	270	1,207	324	3,938	**5,739**	-	302	-	2,938	**3,240**
Total software revenue	13,478	18,989	8,995	32,814	**74,276**	12,602	15,230	8,079	27,019	**62,930**
Professional services	9,379	1,013	1,961	1,265	**13,618**	9,108	374	420	1,014	**10,916**
Total CMG revenue	**22,857**	**20,002**	**10,956**	**34,079**	**87,894**	21,710	15,604	8,499	28,033	**73,846**
BHV										
Annuity maintenance	-	672	514	1,807	**2,993**	-	-	-	-	**-**
Annuity license fee	-	667	893	3,586	**5,146**	-	-	-	-	**-**
Total software revenue	-	1,339	1,407	5,393	**8,139**	-	-	-	-	**-**
Professional services	-	10,836	-	1,810	**12,646**	-	-	-	-	**-**
Total BHV revenue	**-**	**12,175**	**1,407**	**7,203**	**20,785**	-	-	-	-	**-**
Total revenue	22,857	32,177	12,363	41,282	**108,679**	21,710	15,604	8,499	28,033	**73,846**

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

The amount of revenue recognized during the year ended March 31, 2024 from performance obligations satisfied (or partially satisfied) in previous periods is $2.3 million (year ended March 31, 2023 – $2.6 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 $)	**March 31, 2024**	March 31, 2023
Receivables	**35,137**	22,901
Contract assets	**1,045**	462

During the year ended March 31, 2024, one customer comprised 20.2% of the Company's total revenue (year ended March 31, 2023 – one customer, 11.7%).

14. Research and Development Costs:

Years ended March 31, (thousands of $)	**2024**	2023 (note 2(e))
Research and development	**24,025**	18,625
Scientific research and experimental development ("SR&ED") investment tax credits	**(346)**	(768)
	23,679	17,857

15. Personnel Expenses:

Years ended March 31, (thousands of $)	2024	2023
Salaries, commissions and short-term employee benefits	**46,980**	33,344
Stock-based compensation (note 18(c))	**6,292**	3,317
	53,272	36,661

16. Finance Income and Finance Costs:

Years ended March 31, (thousands of $)	2024	2023
Interest income	**3,096**	1,810
Net foreign exchange gain	**50**	910
Finance income	**3,146**	2,720
Interest expense on lease liabilities (note 12)	**(1,908)**	(1,931)
Finance costs	**(1,908)**	(1,931)

17. Income and Other Taxes:

The major components of income tax expense are as follows:

Years ended March 31, (thousands of $)	2024	2023
Current year income tax expense	**3,915**	6,442
Adjustment for prior year	**149**	50
Current year income taxes	**4,064**	6,492
Deferred tax expense (recovery)	**3,517**	(235)
Foreign withholding and other taxes	**1,382**	594
	8,963	6,851

During the year ended March 31, 2024, the blended statutory rate was 23% (2023 – 23%).

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:

Years ended March 31, (thousands of $, unless otherwise stated)	2024	2023
Combined statutory tax rate	**23.00%**	23.00%
Expected income tax	**8,102**	6,129
Non-deductible costs	**361**	364
Withholding taxes	**348**	445
Effect of tax rates in foreign jurisdictions	**(183)**	(16)
Adjustment for prior year	**149**	50
Other	**186**	(121)
	8,963	6,851

A continuity of the net deferred income tax assets and liability is detailed in the following tables:

(thousands of $)	April 1, 2022	Recognized in Net Income	Business Combination	March 31, 2023
Taxable temporary differences:				
SR&ED Investment tax credit	(189)	19	-	(170)
Deductible temporary differences:				
Property and equipment	149	(229)	-	(80)
Right-of-use asset	1,479	174	-	1,653
Stock based compensation liability	770	271	-	1,041
Deferred income tax asset	2,209	235	-	2,444

(thousands of $)	April 1, 2023	Recognized in Net Income	Business Combination	March 31, 2024
Taxable temporary differences:				
SR&ED Investment tax credit	(170)	91	-	**(79)**
Property and equipment	(80)	164	-	**84**
Intangible assets	-	(4,608)	(813)	**(5,421)**
Deductible temporary differences:				
Other current liability	-	(37)	350	**313**
Right-of-use asset	1,653	80	-	**1,733**
Stock based compensation liability	1,041	301	-	**1,342**
Federal loss carryforward	-	104	-	**104**
Foreign income tax credit carryforward	-	385	-	**385**
Deferred income tax asset (liability)	2,444	(3,520)	(463)	**(1,539)**

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.

18. 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, 2022	80,335
Issued on redemption of restricted share units	67
Issued on exercise of stock options	235
Balance, March 31, 2023	80,637
Balance, April 1, 2023	**80,637**
Issued on redemption of performance share units	**15**
Issued on redemption of restricted share units	**53**
Issued for cash on exercise of stock options	**687**
Balance, March 31, 2024	**81,392**

(c) Stock-Based Compensation:

Stock-Based Compensation Expense

The following table summarizes stock-based compensation expense:

Years ended March 31, (thousands of $)	**2024**	2023
Equity-settled plans	**859**	659
Cash-settled plans	**5,433**	2,658
Total stock-based compensation expense	**6,292**	3,317

Liability Recognized for Stock-Based Compensation(1)

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

(thousands of $)	**March 31, 2024**	March 31, 2023
SARs	**1,278**	931
RSUs	**2,128**	1,975
PSUs	**519**	437
DSUs	**1,910**	1,184
Total stock-based compensation liability	**5,835**	4,527
Current, recorded within trade payables and accrued liabilities (note 11)	**3,242**	2,542
Long-term	**2,593**	1,985

(1) The intrinsic value of the vested awards at March 31, 2024 is $2.6 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 March 31, 2024, the Company may reserve up to 8,139,169 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. In fiscal 2023, the Company granted stock options that vest when certain share price thresholds are achieved. All stock options have a five-year life.

The following table outlines changes in stock options:

Years ended March 31,	**2024**		2023	
	Number of Options (thousands)	**Weighted Average Exercise Price ($/share)**	Number of Options (thousands)	Weighted Average Exercise Price ($/share)
Outstanding at beginning of year	**5,017**	**5.21**	3,680	6.38
Granted	**376**	**8.52**	3,196[(1)]	4.86
Exercised	**(687)**	**6.04**	(236)	4.52
Forfeited/expired	**(313)**	**7.83**	(1,623)	7.30
Outstanding at end of year	**4,393**	**5.17**	5,017	5.21
Options exercisable at end of year	**1,131**	**5.01**	1,573	6.14

(1) 2,525,000 stock options granted during the year ended March 31, 2023 are exercisable when specified share price targets are achieved.

The range of exercise prices of stock options outstanding and exercisable at March 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	697	2.7	4.14	345	3.98
4.63 to 4.87	1,800	3.2	4.74	-	-
4.88 to 5.04	667	3.5	5.00	234	5.00
5.05 to 5.88	633	2.4	5.26	333	5.08
5.89 to 8.70	596	3.0	7.78	219	6.52
	4,393	**3.0**	**5.17**	**1,131**	**5.01**

The fair value of stock options granted during the year was estimated using the Black Scholes pricing model under the following assumptions:

Years ended March 31,	**2024**	2023
Fair value at grant date ($/option)	**2.35 to 2.81**	**0.10 to 1.37**
Share price at grant date ($/share)	**8.52**	**4.49 to 5.45**
Risk-free interest rate (%)	**4.47 to 4.66**	**2.55 to 3.76**
Estimated hold period prior to exercise (years)	**3 to 4**	**3 to 5**
Volatility in the price of common shares (%)	**40 to 43**	**39 to 45**
Dividend yield per common share (%)	**2.32**	**3.91 to 4.45**

(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:

Years ended March 31,	2024		2023	
	Number of SARs (thousands)	**Weighted Average Exercise Price ($/SAR)**	Number of SARs (thousands)	Weighted Average Exercise Price ($/SAR)
Outstanding at beginning of year	**957**	**6.47**	1,395	7.11
Granted	**131**	**8.52**	304(1)	6.25
Exercised	**(345)**	**5.99**	(23)	5.42
Forfeited/expired	**(180)**	**8.88**	(719)	7.64
Outstanding at end of year	**563**	**6.50**	957	6.47
SARs exercisable at end of year	**138**	**5.25**	544	7.04

(1) 200,000 SARS granted during the year ended March 31, 2023 are exercisable when specified share price targets are achieved.

(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:

Years ended March 31, (thousands)	2024			2023		
	RSUs	**PSUs**	**DSUs**	RSUs	PSUs	DSUs
Outstanding at beginning of year	**542**	**68**	**163**	722	165	123
Granted	**158**	**87**	**57**	305	3	82
Exercised	**(240)**	**(38)**	**(33)**	(273)	-	(42)
Forfeited/expired	**(66)**	**-**	**-**	(212)	(100)	-
Outstanding at end of year	**394**	**117**	**187**	542	68	163

(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:

Years ended March 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	**26,259**	**80,975**	**0.32**	19,797	80,464	0.25
Dilutive effect of share-based awards		**2,136**			635	
Diluted	**26,259**	**83,111**	**0.32**	19,797	81,099	0.24

During the year ended March 31, 2024, 164,000 awards (2023 – 233,000) awards) were excluded from the computation of the weighted average number of diluted shares outstanding because their effect was not dilutive.

19. Capital Management:

The Company's objectives in managing capital are to ensure sufficient liquidity to pursue its strategy of organic growth, and acquisitions, and to maximize the return to its shareholders. The capital structure of the Company consists of cash, credit facilities and shareholders' equity. The Company does not have any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital.

The Company's policy is to pay quarterly dividends based on the Company's overall financial performance and cash flow generation. Decisions on dividend payments are made on a quarterly basis by the Board of Directors. There can be no assurance as to the amount or payment of such dividends in the future.

The Company adjusts its capital structure in light of general economic conditions and the Company's working capital requirements. In order to maintain or adjust its capital structure, the Company, upon approval from its Board of Directors, may pay dividends, buy back shares or undertake other activities as deemed appropriate under the specific circumstances. The Board of Directors reviews and approves any material transactions not in the ordinary course of business.

20. Financial Instruments and Risk Management:

The Company's financial instruments consist of 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 and 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 contingent consideration and is classified as long-term and using level 3 inputs is recorded at an estimated fair value of $1.5 million as at March 31, 2024 ($nil – March 31, 2023). Adjustments to the estimated fair value will be recorded in the statement of operations and comprehensive income.

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.

The fair value of contingent consideration is measured using a discounted cash flow analysis of expected cash flows in future periods. A 1% change in the discount rate could increase the Company's determination of fair value by approximately $0.2 million as at March 31, 2024 (March 31, 2023 - $nil).

There were no transfers between the levels in the fair value hierarchy during the year ended March 31, 2024 and 2023.

Overview:

The Company is exposed to risks of varying degrees of significance and likelihood, which could affect its ability to achieve its strategic objectives for growth. The main objectives of the Company's risk management process are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal financial risks to which the Company is exposed are described below:

(a) Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligation and arises principally from the Company's trade and other receivables. The amounts reported in the statements of financial position for trade receivables are net of expected credit losses, estimated by the Company's management based on prior experience and their assessment of the current economic environment.

The Company's trade receivables consist primarily of balances from customers operating in the oil and gas industry, both domestically and internationally, as the Company sells its products and services in approximately 60 countries worldwide. Some of these countries have greater economic and political risk than experienced in North America, and as a result there may be greater risk associated with sales in those jurisdictions. The Company manages this risk by invoicing for the full license term in advance for the majority of software license sales and by invoicing as frequently as the contract allows for consulting and contract research services. In cases where collectability is not deemed probable, revenue is recognized upon receipt of cash, providing all other criteria have been met. Historically, the Company has not experienced any significant losses related to individual customers or groups of customers in any particular geographic area. At March 31, 2024, the Company assessed credit risk related to its accounts receivable and established an allowance for doubtful accounts of $0.5 million (2023 – $6 thousand). In fiscal 2024, most of the allowance for doubtful accounts related to receivables from customers located in geopolitically unstable countries.

As at March 31, 2024, the Company has a concentration of credit risk with four domestic and international customers which have an outstanding balance of 5% or more of total trade and accrued receivables. These four customers represent 51% of total trade and accrued receivables. (2023 – 3 customers; 63%).

The carrying amount of trade and other receivables represents the maximum credit exposure. The maximum exposure to credit risk at March 31, 2024 was $36.5 million (2023 – $23.9 million). The aging of trade and other receivables at the reporting date was:

(thousands of $)	**March 31, 2024**	March 31, 2023
Current	**14,942**	11,431
31-60 days	**13,730**	8,048
61-90 days	**5,615**	2,027
Over 90 days	**2,263**	2,404
Balance, end of year	**36,550**	23,910

The Company assesses the creditworthiness of its customers on an ongoing basis and regularly monitors the amount and age of balances outstanding. Payment terms with the majority of customers are 30-90 days from invoice date; however, industry practice can extend these terms. Accordingly, the Company views the credit risk on these amounts as normal for the industry.

The Company minimizes the credit risk of cash by depositing only with a reputable financial institution in highly liquid interest-bearing cash accounts.

(b) Market Risk

i. Foreign Exchange Risk

The Company operates internationally and primarily prices its products in either the Canadian or US dollar. This gives rise to exposure to market risks from changes in the foreign exchange rates between the Canadian and US dollar. Approximately 79% (2023 – 74%) of the Company's revenues for the year ended March 31, 2024 were denominated in US dollars, and at March 31, 2024, approximately US $53.3 million (2023 – US $28.6 million) of the Company's working capital was denominated in US dollars. The Company currently does not use derivative instruments to hedge its exposure to those risks, but since approximately 46% (2023 – 27%) of the Company's total costs are also denominated in US dollars, they provide a partial economic hedge against the fluctuation in this currency exchange rate.

The Company's operations are exposed to currency risk on US-dollar denominated financial assets and liabilities with fluctuations in the rate recognized as foreign exchange gains or losses in the consolidated statement of operations and comprehensive income. It is estimated that a one cent change in the US dollar would result in a net change of approximately $0.4 million to equity and net income for the year ended March 31, 2024. A weaker US dollar with respect to the Canadian dollar will result in a negative impact, while the reverse would result from a stronger US dollar.

ii. Interest Rate Risk

The Company has significant cash balances and no interest-bearing debt. The Company's policy is to invest excess cash in interest-bearing deposits and/or guaranteed investment certificates issued by a reputable financial institution. The Company is exposed to interest cash flow risk from changes in interest rates on its cash balances. Based on the March 31, 2024 cash balance, each 1% change in the interest rate on the Company's cash balance would change equity and net income for the year ended March 31, 2024 by approximately $0.5 million.

(c) Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at excessive cost. The Company manages liquidity risk through the management of its capital structure as outlined in note 19. The Company's growth is financed through a combination of the cash flows from operations and its cash balances on hand. Given the Company's available liquid resources as compared to the timing of the payments of its liabilities, management assesses the Company's liquidity risk to be low. The Company monitors its expenditures by preparing annual budgets that are periodically updated. The Company's trade payables are due within one year. At March 31, 2024, the Company has significant cash balances in excess of its obligations and approximately $0.7 million of the line of credit available for its use (note 22).

21. 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, 2024, CMG recorded professional services revenue of $7.7 million (year ended March 31, 2023 - $7.7 million), and CoFlow costs of $7.6 million, to research and development expenses (year ended March 31, 2023 - $7.7 million).

(b) Commitments:

The Company's commitments include operating cost commitments, short-term office leases, and an office lease in Norway that that has been committed but does not commence until subsequent to year-end:

(thousands of $)	**March 31, 2024**
Less than one year	**1,303**
Between one and five years	**5,259**
More than five years	**9,103**
	15,665

22. 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 March 31, 2024, $1.3 million (March 31, 2023– $1.1 million) had been reserved on this line of credit for letters of credit supporting performance bonds.

23. Subsidiaries:

CMG Group is the beneficial owner of the entire issued share capital and controls all the votes of its subsidiaries. The principal activities of all the subsidiaries are the sale and support for the use of CMG Group's software licenses. Transactions between subsidiaries are eliminated on consolidation.

The following is the list of CMG Group's subsidiaries:

Subsidiary	Country of Incorporation
Computer Modelling Group Inc.	Unites States
CMG Middle East FZ LLC	United Arab Emirates
CMG (Europe) Limited	United Kingdom
CMGL Services Corporation Inc.	Canada
CMG Collaboration Centre India Private Limited	India
CMG Holdings (USA) Inc.	United States
Bluware Headwave Ventures Inc.	United States
Bluware Inc.	United States
Bluware AS [1]	Norway

[1] Amalgamation of Hue AS and Kalkulo AS on February 14, 2024.

24. Related Parties:

(a) Intercompany Transactions:

The Company has nine wholly owned subsidiaries (note 23) that have intercompany transactions under the normal course of operations and are eliminated upon consolidation.

(b) Key Management Personnel Compensation

For year ended March 31, 2024, and 2023, the key management personnel of the Company are the Company's executive officers, heads of departments and Board of Directors. The key management personnel control approximately 2% of the outstanding shares of CMG at March 31, 2024. In addition to their salaries and director fees, as applicable, directors, executive officers and heads of departments also participate in the Company's stock-based compensation plans (note 18(c)), which are available to almost all employees of the Company, with the exception of the DSU plan, which is only available to non-employee directors of the Company.

Key management personnel compensation comprised the following:

Years ended March 31, (thousands of $)	**2024**	2023
Salaries, bonus and employee benefits	**5,573**	5,273
Termination benefits	**585**	1,973
Stock-based compensation	**2,646**	1,685
	8,804	8,931

25. Subsequent Event:

On May 22, 2024, the Board of Directors declared a quarterly cash dividend of $0.05 per share on its common shares, payable on June 14, 2024 to all shareholders of record at the close of business on June 6, 2024.

Corporate Information

Directors

Christine (Tina) M. Antony (4)

John E. Billowits (4)

Kenneth M. Dedeluk (5)

Christopher L. Fong (2) (3)

Pramod Jain

Peter H. Kinash (1)

Mark R. Miller
Chairman of the Board

Kiren Singh(2)

(1) Chair, Audit Committee
(2) Member, Audit Committee
(3) Chair, Talent Management, Governance & Nomination Committee
(4) Member, Talent Management, Governance & Nomination Committee
(5) Vice Chairman of the Board

Officers

Pramod Jain
Chief Executive Officer

Sandra Balic
Vice President,
Finance and Chief Financial Officer

John Mortimer
Chief Technology Officer

Sheldon Harbinson
Vice President
Americas

R. David Hicks
Vice President,
Eastern Hemisphere

Anjani Kumar
Vice President,
CoFlow and Professional Services

Long X. Nghiem
Vice President,
Chief Scientist

Rahul Jain
Vice President,
Core

Kristina Mysev
Vice President,
People & Culture

Marcus W. Archer
Corporate Secretary

Head Office

3710 33 Street NW
Calgary, Alberta T2L 2M1
Canada
Telephone: +1.403.531.1300
Facsimile: +1.403.289.8502
Email: cmgl@cmgl.ca
Website: www.cmgl.ca

Regional Offices

Bogota, Colombia
Bengaluru, India
Dubai, UAE
Houston, Texas, USA
Kuala Lumpur, Malaysia
Oxford, England
Oslo, Norway
Rio de Janeiro, Brazil

Transfer Agent

Olympia Trust Company

Stock Exchange Listing

Toronto Stock Exchange: **CMG**

3710 33 Street NW
Calgary, Alberta T2L 2M1 Canada
Phone: +1.403.531.1300
Fax: +1.403.289.8502
www.cmgl.ca