



**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2025**

This management's discussion and analysis of financial condition and results of operations ("MD&A") should be read together with Acceleware Ltd.'s ("Acceleware" or the "Company") audited financial statements and the accompanying notes for the year ended December 31, 2025 ("Q4 2025"), which were prepared in accordance with International Financial Reporting Standards ("IFRS"). Additional information relating to the Corporation is available on SEDAR+ at www.sedarplus.ca under Acceleware Ltd. This MD&A should also be read in conjunction with Acceleware's disclosure under "Forward-Looking Statements" below.

This MD&A is presented as of March 26, 2026. All financial information contained herein is expressed in Canadian dollars unless otherwise indicated.

BUSINESS OVERVIEW

Acceleware is a leading innovator of cutting-edge radio frequency ("RF") power-to-heat technologies focused on the commercialization of heating solutions for use in heavy oil production, mineral processing, and industrial decarbonization applications, including carbon capture. The Corporation brands its power-to-heat platform as EM Powered Heat.

Acceleware's vision is for EM Powered Heat to have a material impact on increasing global production of critical energy and minerals while improving energy efficiency and economics and reducing GHG emissions.

The Corporation's strategy is to generate near-term revenue and cash flow through heavy oil production while continuing to advance and commercialize its core technology platform across multiple industrial markets.

Strategic Focus

Acceleware is pursuing a dual-track strategy. In the near term, the Corporation is using a farm-in and acquisition model to access heavy oil assets where its proprietary RF XL 2.0 technology can be deployed to enhance recovery from bypassed heavy oil reservoirs. This approach is intended to establish production, revenue, and operating cash flow while demonstrating the commercial performance of the technology at field scale. In parallel, Acceleware continues to advance its technology portfolio in mining and industrial applications, positioning the Corporation to attract strategic partners and investment as these applications approach commercialization.

Technology Platform

Acceleware's core technology is based on the application of RF energy to heat subsurface and industrial materials. The Corporation has developed RF XL 2.0, a next-generation heavy oil production technology designed to address historical limitations of RF heating, including energy efficiency, power delivery, and scalability. RF XL 2.0 heats the connate water within heavy oil reservoirs to generate steam in situ, thereby reducing oil viscosity and improving recovery without the need for water injection or combustion-based heat sources.

The Corporation's technology development efforts build on its origins as a high-performance computing and software developer and its subsequent pivot to electromagnetic heating applications. Acceleware has conducted a

pilot-scale demonstration of RF XL technology, including its RF XL Pilot in Marwayne, Alberta, and has applied similar RF heating principles to mineral drying, heap leach mining, and amine regeneration processes.

Heavy Oil Market

Heavy oil thermal enhanced oil recovery represents Aceleware's primary near-term market focus. The Corporation is targeting conventional heavy oil reservoirs where significant volumes of oil remain unrecovered due to limitations of primary production methods. RF XL 2.0 is designed to offer a lower capital and operating cost alternative to conventional thermal recovery techniques, with reduced water use and the potential to unlock bypassed reservoirs. Aceleware is actively pursuing farm-in arrangements and asset acquisitions to secure suitable demonstration and commercial deployment opportunities for RF XL 2.0, with the objective of establishing recurring oil production - based revenue growth.

Mining and Mineral Processing

In addition to heavy oil, Aceleware is developing RF heating applications for mining and mineral processing, including mineral drying and heap leach heating. These applications target energy-intensive processes where RF heating has the potential to increase production or through-put while reducing total energy consumption and operating costs compared to conventional combustion-based systems. Aceleware continues to increase technology readiness levels through testing and piloting activities, which are being advanced on an industry-funded basis.

Industrial Decarbonization and Amine Regeneration

Aceleware is developing RF heating solutions for amine regeneration used in carbon dioxide and hydrogen sulphide removal processes for natural gas processing and carbon capture and storage. This application is intended to reduce the energy intensity of amine regeneration, lower operating costs, and decrease amine degradation relative to conventional stripping technologies. As the global demand for natural gas and LNG continues to grow, amine-based natural gas stripping technology demand is also increasing in the near term. As carbon capture and storage becomes more mainstream, this drive for a non-emitting amine regeneration technology is growing. The Corporation views this market as a longer-term commercialization opportunity aligned with global decarbonization efforts and increased demand for lower-cost carbon capture solutions.

Business Model and Outlook

The Corporation's business model is centered on deploying its proprietary RF XL 2.0 technology through a combination of asset ownership and farm-in participation to demonstrate the effectiveness of the technology and generate revenue and cash flow from oil production. Management believes that demonstrating RF XL 2.0 at commercial scale in heavy oil operations is a critical step toward validating the technology's economic and operational benefits. Once RF XL 2.0's economic benefits are validated, the Corporation intends to grow revenue and cash flow with future drilling and deployments, while selling RF XL 2.0 systems to industry through distribution partners. The business model for critical minerals and amine regeneration market will employ a combination of technology licensing and strategic partnerships.

Aceleware continues to focus on advancing its technology portfolio, securing demonstration and commercialization partners, and managing capital resources to support both near-term revenue generation and longer-term value creation.

On December 31, 2025, Aceleware had 13 employees and long-term contractors, including two in administration; two in sales, marketing and product management; and nine in R&D and engineering.

For further information about the Corporation, please visit www.aceleware.com.

OPERATING SUMMARY

Acceleware's goal is to enhance western Canadian resources by helping producers increase production and reduce operating costs by using the Corporation's innovative electromagnetic RF heating applications.

Heavy Oil with RF XL 2.0

As part of the previously [announced](#) strategy to drive shareholder value, Acceleware began the process of securing a site (through farm-in agreement or asset acquisition) for commercial demonstration of its next generation RF XL 2.0 technology. Acceleware has signed one such farm-in agreement and is in detailed discussion with several additional companies regarding multiple assets in both Saskatchewan and Alberta in geological horizons known as the "Lloydminster Mannville Stack". The Corporation is moving ahead with the RF XL 2.0 Pilot at its Saskatchewan farm-in location and has begun the application process with the Saskatchewan Ministry of Energy and Resources. Detailed design of the surface lease and well planning has commenced.

The Corporation is also working in parallel to secure funding. Accordingly, the Corporation is in discussion with several potential industry and government funders. Acceleware has confirmed that the expected cost to complete the RF XL 2.0 Pilot would be approximately \$5 to \$6 million including contingency. Recently the Corporation received conditional approval from the [Saskatchewan Petroleum Innovation Incentive](#) ("SPII") program. The SPII program would provide a transferable royalty credit equal to 25 percent of eligible project costs (including capital costs and the first two years of operating costs) from a future RF XL 2.0 Pilot carried out in the province. Approval is conditional on entering into a project agreement with Saskatchewan Ministry of Energy and Resources within two years. The Corporation has also applied for additional government funding for the RF XL 2.0 Pilot.

The RF XL 2.0 design is complete and ready for manufacturing and deployment. RF XL 2.0 includes a new, fully sealed, continuous tubing based sub-surface design developed by Acceleware. It eliminates the possibility of water ingress through a robust leak-proof design, dramatically simplifies deployment, and reduces per well capital costs by an estimated 30 percent compared to RF XL 1.0 as deployed at the Marwayne pilot. Further benefits of RF XL 2.0 include reduced manufacturing costs; reduced well design and well completion costs; quicker well completion time; simpler and less costly wellhead design; and a safer wellhead operating environment.

Critical Minerals and Amine Regeneration

In 2025, the Corporation continued to work with the International Minerals Innovation Institute (IMI) and its participating members on completing a Phase 2B testing of a prototype dryer for potash and potash fines. The positive results of the phase led to Acceleware being awarded Phase 3A project for the design, construction and testing of a new, larger-scale prototype dryer for potash and potash fines. IMI's minerals industry members include BHP, Cameco Corporation, Mosaic Company, Nutrien Ltd., Fission Uranium Corp., and The Uranium Corp. During 2025, Acceleware completed a paid feasibility study contract from a major international miner for iron ore drying. Follow-on work from this study is expected in 2026. The Corporation also received an order for a paid feasibility study for a third mineral processing application, with work to be completed in 2026. Acceleware's engineering team completed additional lab testing of a proof-of-concept amine RF regeneration system, with positive results. Discussions on potential Canadian and European Union collaboration and partnerships to further develop the technology are underway.

Financings

In 2025 the Corporation closed the two tranches of a non-brokered private placement of units (the "Units") and distributed a total of 10,003,342 Units, at a price of \$0.10 per Unit, for total gross proceeds of \$1 million. Each Unit consists of one common share of the Corporation and one common share purchase warrant of the Corporation. Each warrant entitles the holder of the warrant to acquire one common share, at an exercise price of \$0.20, which will expire 24 months from the date of issuance. If the common shares trade at a closing price at or greater than \$0.30 per common share for a period of 30 consecutive trading days, Acceleware may accelerate the expiry date of the warrants by giving notice to the holders thereof, and in such case, the warrants will expire on the 30th day after the date on which such notice is given by Acceleware.

Additionally, in Q3 2025, the Corporation closed Units for debt transactions to settle \$186 thousand in certain trades payable, management fees and interest payable on convertible debentures of the Corporation by issuing 1,863,375 Units at a deemed price of \$0.10 per Unit.

Subsequent to December 31, 2025 the Corporation announced that it plans to complete a proposed restructuring of all of the outstanding convertible debenture principal outstanding plus accrued and unpaid interest. (the “Debenture Restructuring”).

In connection with the proposed Debenture Restructuring, the Corporation has presented an option for existing holders to convert all principal and accrued and unpaid interest outstanding into:

1. up to 23,967,909 units of the Corporation (the “Units”), through a shares-for-debt transaction, at a price of \$0.10 per Unit (the “Shares for Debt Transaction”);
2. new convertible debentures (“Replacement Debentures”) on substantially the same terms, subject to amendments to the Conversion Price as detailed below; or
3. a combination of Replacement Debentures and Units.

Pursuant to the Shares for Debt Transaction, each Unit will consist of one common share and one warrant. Each warrant will entitle the holder thereof to acquire one common share at \$0.20 for a period of 24 months from the date of issuance of the warrant. In the event that the common shares trade at a closing price at or greater than \$0.30 for a period of 30 consecutive trading days, Aceleware may accelerate the expiry date of the warrants by giving notice to the holders thereof, and in such case, the warrants will expire on the 30th day after the date on which such notice is given by Aceleware.

The Replacement Debentures will have a maturity date that is four years from the date of issuance and will have a conversion price of \$0.15, subject to certain adjustments. Each Replacement Debenture will be convertible into Units consisting of one common share and one-half of one warrant. Each whole warrant will entitle the holder thereof to one common share at an exercise price of \$0.30 per Common Share for a period of two (2) years from the date of issuance of the Replacement Debenture, subject to certain adjustments.

Other Recent Highlights:

- On March 18, 2026 Aceleware announced a [proposed debenture restructuring](#).
- On March 1-4, 2026, The Corporation attended the [Prospectors & Developers Association of Canada \(PDAC\) Convention](#), “The World’s Premier Mineral Exploration and Mining Convention.”
- On February 4, 2026 Aceleware announced that it had been [awarded a phase 3A contract for mineral drying project with Saskatchewan’s International Mineral Innovation Institute](#).
- On December 9, 2025 Aceleware announced that it had [entered into a farm-in agreement in Saskatchewan Manville](#).
- On December 4, 2025 Aceleware announced [two paid feasibility studies for BHP](#).
- On November 24, 2025 Aceleware presented and participated in a panel discussion at the [Canada Cleantech Showcase: Scalable Solutions for Decarbonization](#) during Canada Climate Week Xchange.
- On November 5, 2025 Aceleware was one of 12 companies selected to present at the [MICA Conference & Innovation Showcase 2025: Mining's New Frontiers](#).
- The Corporation attended investor conferences recently including the [Cantech Letter Conference](#), and the [Schacter Catch the Energy conference](#).
- On June 26, 2025, Aceleware announced [an agreement for asset and liability transfer and a new farmout opportunity](#)
- On June 25, 2025, Aceleware announced the launch of [RF XL 2.0](#) alongside a new demonstration plan.
- On June 23, 2025, Aceleware announced that it had completed a [strategic collaboration and distribution agreement with Scovan](#).
- On June 12, 2025, Aceleware announced that it had launched [a transformative strategic plan to support growth objectives](#).
- On June 3, 2025, Aceleware announced new board appointments, namely [Pete Sametz as Executive Chair and Merle Johnson as Board Director](#).

- Acceleware spoke at the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Connects in Montreal, May 4 – 7, 2025.
- On April 22, 2025, the Clean Resource Innovation Network (CRIN) published: [Acceleware Innovations: Electromagnetic Heating Technology Using Radio Waves to Heat and Mobilize Heavy Oil and Bitumen](#)
- On March 31 to April 4, 2025, Acceleware attended [Hannover Messe](#) as a Team Canada delegate, selected by [NGen Canada](#), and was also selected for the [National Research Council Canada / Conseil National de Recherches Canada](#) Industrial Research Assistance Program (NRC IRAP) Co-Innovation Mission on advanced manufacturing, circular economy, and value creation - including the [Eureka Global Innovation Summit](#).
- Acceleware was one of 40 companies selected to pitch at the [National Renewable Energy Laboratory \(NREL\) Industry Growth Forum](#) in Denver, Colorado, March 26 – 28, 2025.
- On January 30, 2025, Acceleware announced that it has joined the Mining Innovation Commercialization Accelerator (MICA).

Acceleware continued to invest in developing and protecting new intellectual property with the number of patents issued, allowed, applied for, or in development totalling 54. The Corporation has 25 patents granted or allowed to protect various proprietary technologies and 29 patent applications pending or under development. The Corporation uses an integrated strategy for IP protection involving a combination of patenting and trade secrets, working closely with the patent offices and intellectual property advisors.

Acceleware continues to focus on driving external awareness of the Corporation and on the EM Powered Heat brand while promoting it more prominently within both the oil and gas and mining communities as an industrial process heat solution. Acceleware continues to update its [website](#) to reflect the augmentation of its EM Powered Heat industrial process heat portfolio in addition to focusing on RF XL 2.0 deployment in oil and gas.

Acceleware routinely makes social media updates on our business the Corporation has amassed over 5,100 followers on LinkedIn. New videos are posted regularly, a collection of which is available for viewing here: [Acceleware Video Posts](#). An example of a LinkedIn post can be viewed [here](#) and a socials video post [here](#).

FINANCIAL YEAR IN REVIEW

Revenue of \$719 thousand was recorded for the year ended December 31, 2025, compared to \$5.2 million for the year ended December 31, 2024. Revenue for the year ended December 31, 2025, included \$563 thousand in services revenue related to RF XL and mining applications, and a total of \$156 thousand in software and software maintenance revenue. Excluding \$4.75 million in deferred revenue recognized related to the RF XL Marwayne Pilot, services revenue in the year ended December 31, 2024 was \$322 thousand for RF XL and mining applications, while in the same year software and software maintenance revenue was \$161 thousand.

In addition to revenue, Acceleware earned other income of \$112 thousand in the year ended December 31, 2025 (year ended December 31, 2024 - \$nil) related to an agreement whereby a third party operated the Marwayne Pilot site in exchange for equipment rental fees and oil production royalties. During the year ended December 31, 2025 the Corporation transferred certain assets and licenses associated with the RF XL Marwayne Pilot to a third party. The third party also assumed decommissioning liabilities associated with the site. The Corporation received \$150,000 in cash, and the third party assumed decommissioning liabilities that were carried on the balance sheet at \$312 thousand as at December 31, 2024. A further \$82 thousand in cash was received from the sale of surplus equipment from the RF XL Pilot site during the year ended December 31, 2025 (year ended December 31, 2024 - \$nil).

Total comprehensive loss for the year ended December 31, 2025, was \$1.9 million compared to comprehensive income of \$2.0 million for the year ended December 31, 2024. The increase in comprehensive income in the previous year was due to the deferred revenue recognition noted above.

Gross R&D expenses for the year ended December 31, 2025 were \$1.4 million compared to \$2.3 million incurred during the year ended December 31, 2024, As the RF XL Pilot was wound down in 2024, there was lower investment in operations and personnel in 2025. Government assistance of \$54 thousand was received in the year ended December 31, 2025 compared to \$1.2 million for the year ended December 31, 2024. The decrease in government assistance was due to the wrap up of the RF XL Marwayne Pilot project in 2024.

General and administrative (“G&A”) expenses incurred decreased during the year ended December 31, 2025 at \$1.1 million compared to \$1.6 million for the year ended December 31, 2024 due to lower payroll, marketing, office, and professional fees resulting from the Corporation actively rationalizing G&A costs.

As at December 31, 2025, Aceleware had negative working capital of \$6.0 million (December 31, 2024 – negative working capital of \$3.4 million) including cash and cash equivalents of \$248 thousand (December 31, 2024 – \$272 thousand). The increase in negative working capital is attributable to the inclusion of convertible debentures in current liabilities as they are maturing in 2026. However, it should be noted that the Corporation intends to restructure the convertible debentures (as noted above).

In the interests of matching cash requirements with a combination of cash generated from operations, external funding, and capital raising activities, the Corporation actively manages its cash flow and investments in new products. Aceleware intends to maximize cash generated from operations through several initiatives which include continuing to focus on higher gross margin software products that are marketed through a combination of direct and reseller models; minimizing operating expenses where possible; and limiting capital expenditures. As the Corporation continues to develop its RF Heating technology, new R&D investments will be financed through a combination of internal cash flow from the HPC business, project funding agreements, government assistance and external financing, when available.*

QUARTER IN REVIEW

Revenue of \$33 thousand was recorded in the three months ended December 31, 2025 (“Q4 2025”) compared to \$1.9 million in the three months ended December 31, 2024 (“Q4 2024”) and \$54 thousand in the previous quarter ended September 30, 2025 (“Q3 2025”). Higher revenue in Q4 2024 was associated with deferred revenue recognized relating to the RF XL Marwayne Pilot noted above. Lower revenue in Q4 2025 compared to Q3 2025 was related to \$112 thousand (Q4 2024 and Q3 2025 - \$nil) in lease and oil royalty income being reclassified from services revenue to other income.

Total comprehensive loss for Q4 2025 was \$186 thousand compared to a comprehensive income of \$851 thousand for Q4 2024 and comprehensive loss of \$578 thousand for Q3 2025. The increase in comprehensive loss in Q4 2025 compared to Q4 2024 was due to the recognition of deferred revenue in Q4 2024 noted above. Comprehensive loss in Q4 2025 was lower than the loss in Q3 2025 due to other income noted above and a gain on sale of RF XL Pilot assets and surplus material of \$544 thousand (Q4 2024 and Q3 2025 - \$nil).

R&D expenses incurred in Q4 2025 were \$465 thousand compared to \$581 thousand in Q4 2024 and \$212 thousand in Q3 2025. There was \$54 thousand in government assistance received in Q3 2025, while there was \$nil in Q4 2025 and Q4 2024. Spending in Q4 2025 was related to the next gen RF XL 2.0 design and mineral processing projects. Spending in Q3 2025 was related to the IMII dryer for potash ore and included lab engineering, designing and testing, data analysis, and partner consultations, as well as engineering on the next iteration of RF XL 2.0. R&D spending in Q4 2024 was related to the RF XL 2.0.

G&A expenses incurred in Q4 2025 were \$312 thousand compared to \$315 thousand in Q4 2024 and \$245 thousand in Q3 2025. There was higher marketing, share based payments and professional fees in Q4 2025 compared to Q3 2025 as the Corporation attended several investor conferences and issued stock options to certain employees and advisors.

* this paragraph contains forward looking information. Please refer to “Forward Looking Statements” and “Risk Factors and Uncertainties” for a discussion of the risks and uncertainties related to such information.

TECHNOLOGY BACKGROUND

RF XL 2.0

The results of the RF XL Pilot at Marwayne, Alberta, along with the design improvements made in next generation RF XL 2.0 show the promise of RF XL as a recovery method for Canadian heavy oil. Acceleware will commercialize RF XL 2.0 by demonstrating a significant increase in production and ultimate recovery from an existing heavy oil asset. If this commercialization strategy is implemented successfully, the increased recovery could benefit Acceleware directly through increased revenue, cash flow and asset valuation. *

The Acceleware team is currently in the process of assembling a portfolio of ideal properties to farm-in or acquire. Selection criteria include, current production, significant remaining oil in place, reservoir properties that indicate a significant increase in recovery factor can be achieved with RF XL, and price.

RF XL Background:

In 2010, Acceleware began investigating technology that would use RF energy for in-situ heating of heavy oil and bitumen. In each of the four years immediately prior to 2017, the Corporation received funding from NRC-IRAP to partially finance its RF heating technology development. In 2018, the Corporation began preparing for the RF XL Pilot.

Since 2017, Acceleware has been awarded grants totaling \$19.4 million, including a \$5.5 million non-repayable contribution from SDTC, a \$5 million non-repayable contribution from ERA, a \$5.9 million non-repayable contribution from Alberta Innovates and a \$3 million non-repayable contribution from CRIN. Acceleware raised a further \$5 million for its RF XL Pilot from three major oil sands producers.

Acceleware, with partner GE, completed the design, manufacturing, and factory testing of the prototype CTI which is the electronic platform for RF XL. In late 2019, the prototype CTI was field tested at the Corporation's simulated "ditch" reservoir in Alberta with record-level results and has now been deployed in the RF XL Pilot. Acceleware retains all intellectual property rights to the CTI design.

In early 2020, Acceleware received approval from its core funders for the partnership with Broadview to host the RF XL Pilot on its site near Marwayne, Alberta. In October 2020, the Corporation received approval from the AER of its Experimental Recovery Scheme Application under the Oil Sands Conservation Act for the RF XL Pilot, and in December 2020 received approval for its application under the Environmental Protection and Enhancement Act. Upon receipt of these regulatory approvals, Acceleware commenced RF XL Pilot activity in earnest in 2021 and completed the drilling and completions program before the end of 2021. Facilities were installed beginning in late 2021 and completed in Q1 2022. Heating operations commenced in early March 2022, with oil production commencing in early April 2022. The RF XL Pilot continued heating for eight months and was paused to review progress. Subsequent improvements to the subsurface design were made to address performance issues, principally related to the ingress of water into the EM system.

The Acceleware team has made additional improvements to the subsurface design over the past year to reduce risk and increase reliability. In 2026 the Corporation will look to deploy the enhanced design at a new test site with a higher quality reservoir and more barrels in place to provide significantly more value to shareholders while allowing the Corporation to take control of the commercialization timeline for RF XL 2.0.

Conducting the proposed RF XL 2.0 deployment is the final step in getting this new EOR technology to market, improving heavy oil recovery, increasing value-added processing capacity, and addressing associated adverse environmental impacts. RF XL 2.0 is in final stages of development and, with necessary funding in place, is anticipated to expansion pilot demonstration.

* this paragraph contains forward looking information. Please refer to "Forward Looking Statements" and "Risk Factors and Uncertainties" for a discussion of the risks and uncertainties related to such information.

EM Powered Heat Applications via the CTI

In addition to the RF XL 2.0 application of the CTI, Acceleware sees significant potential to apply this technology to decarbonize a wide range of heavy emitting industrial heating applications including mineral processing applications such as the potash drying project with IMII mentioned above, as well as iron ore drying, and heap heating. focus markets for Acceleware is also developing an RF heating solution for amine regeneration targeting the carbon capture and storage and natural gas processing markets. While Acceleware intends to pursue a direct sales model augmented with distribution partners where appropriate for the RF XL 2.0 solution in the heavy oil and oil sands sector, the Corporation may pursue partnerships and licensing agreements to drive sales of CTI units across these new vertical markets.

Scientific Software

Acceleware will continue to sell its RF design software to the energy and electronics design markets, with AxFDTD as the primary strategic revenue-generator and investment. Innovations and improvements to AxFDTD will continue for the electronics design market and will extend its utility as an enabling technology for AxHEAT in the RF heating markets.

While the Corporation is focusing on energy markets, it continues to develop and sell its EM FDTD solution to end users primarily through independent software vendors (“ISV”) that have integrated Acceleware’s solution into their software architecture. Acceleware has worked with some of the world’s largest companies in the electronics market, which consists of mobile phone manufacturers, industrial electronics firms, and government organizations. Acceleware’s key ISV partners include SPEAG, ZMT Zurich MedTech AG, Keysight Technologies, Synopsis, Inc., and Crosslight Software Inc.

SELECTED ANNUAL INFORMATION

The following table shows selected financial information from Acceleware’s audited annual financial statements for the years ended December 31, 2025, December 31, 2024, and December 31, 2023.

	Year Ended Dec 31, 2025 (Audited)	Year Ended Dec 31, 2024 (Audited)	Year Ended Dec 31, 2023 (Audited)
Total revenue	\$719,183	\$5,233,033	\$279,011
Total comprehensive (loss) income	(\$1,860,384)	\$2,001,685	(\$2,045,373)
Income (loss) per share (basic and diluted)	(\$0.02)	\$0.02	(\$0.02)
Total assets	\$351,294	\$340,451	\$1,509,927
Long-term debt ¹	\$2,481,431	\$1,862,287	\$1,630,358
Dividends	Nil	Nil	Nil

¹ Includes current and long-term portion of finance leases, convertible debenture and related derivative liability

Revenue is lower for 2025 compared to 2024 due to the recognition of revenue in 2024 associated with Project Funding Agreements with oil sands operators for Acceleware’s RF XL Pilot. All deliverables were provided under the terms of the agreements to allow for revenue recognition. Management expects revenues to experience significant fluctuations due to revenue recognition associated with large projects. Revenue has increased in 2025 compared to 2023 due to an increase in simulation service revenue for both RF XL and mining projects in 2025. Total comprehensive income was higher in 2025 compared to 2024, due the deferred revenue recognition in 2024, but was lower than in 2023 due to the higher services revenue. Total assets have declined over the three years. This is attributable to R&D spending for the RF XL Pilot and the timing of receipt of funding milestone payments.

RESULTS OF OPERATIONS – YEAR ENDED DECEMBER 31, 2025

Revenue	Year ended December 31, 2025	Year ended December 31, 2024	% change 2025 over 2024
Software	\$ 47,504	\$ 59,648	-20%
Maintenance	108,262	101,234	7%
Services	563,417	5,072,151	-89%
	\$ 719,183	\$ 5,233,033	-86%

The Corporation recognized revenue of \$719 thousand in the year ended December 31, 2025, significantly lower compared to \$5.2 million for the year ended December 31, 2024. The decrease is a result of deferred revenue recognized in 2024 relating to the RF XL Marwayne Pilot. Services revenue in 2025 was related to RF XL and mining applications. Acceleware actively markets EM heating simulation and engineering services to industrial users of heat who are motivated to reduce costs and lower environmental impact. These projects can vary in size and timing. Revenue was \$563 thousand in 2025 primarily relating to services associated with the potash dryer project, iron ore processing and RF XL. Excluding the deferred revenue recognition of \$4.75 million in 2024, services revenue in the year ended December 31, 2024 was \$322 thousand, primarily related to potash drying. Software and software maintenance revenue combined were \$156 thousand in 2025, slightly lower than the \$161 thousand recorded in 2024. The Corporation also recorded other income of \$112 thousand in 2025 (2024 - \$nil) related to equipment lease and oil production royalty payments received.

Expenses	Year ended December 31, 2025	Year ended December 31, 2024	% change 2025 over 2024
General & administrative	\$ 1,135,885	\$ 1,632,105	-30%
Research & development	1,364,513	1,025,582	33%
	\$ 2,500,398	\$ 2,657,687	-6%

Expenses were \$2.5 million in the year ended December 31, 2025, a decrease of 6% compared to \$2.7 million in the year ended December 31, 2024. The lower amount in 2025 was primarily a result of lower expenditures for G&A, particularly salaries, share based payments, and rent and office expenses.

G&A expenses incurred in the year ended December 31, 2025 were \$1.1 million, 30% lower than \$1.6 million in the year ended December 31, 2024. The decrease in 2025 compared to 2024 is primarily a result of lower salaries, share based payments for stock options, office expenses, and professional fees for legal and accounting services.

R&D expenses were \$1.4 million for the year ended December 31, 2025, an increase of 33% compared to \$1.0 million in the year ended December 31, 2024. The increase 2025 R&D compared to Q2 2024 was primarily due to decreased government assistance received in 2025 (\$54 thousand) compared to 2024 (\$1.2 million). Gross R&D expense before government assistance in 2025 was \$1.4 million compared to \$2.3 million in 2024. The decrease is a result of lower salaries, share based payments and materials as the Corporation wound down activity associated with the RF XL Pilot at Marwayne in 2024.

SUMMARY OF QUARTERLY RESULTS

The following table highlights revenue, cash generated (used) in operating activities, total comprehensive income(loss) and income/(loss) per share for the eight most recently completed quarters ended September 30, 2025.

	2025				2024			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	\$32,664	\$53,770	\$201,523	\$431,226	\$1,918,077	\$1,259,315	\$2,012,047	\$43,594
Cash generated (used) in operating activities	(502,607)	(444,831)	(117,228)	(88,981)	(476,076)	273,453	131,585	(675,863)
Total comprehensive income/(loss) for the period	(185,554)	(578,487)	(714,148)	(382,195)	851,242	856,500	1,263,914	(969,971)
Income (loss) per share basic and diluted	(\$0.00)	(\$0.00)	(\$0.01)	(\$0.00)	\$0.01	\$0.01	\$0.01	(\$0.01)

Deferred revenue was recognized in Q4 2024, Q3 2024 and Q2 2024 for previously received payments related to contracts supporting the RF XL Marwayne Pilot. The timing of receipt of government funding and spending levels for the RF XL Marwayne Pilot throughout all quarters in 2024 contributed to the fluctuations in cash flows from operating activities and total comprehensive income/(loss) and income/(loss) per share.

RESULTS OF OPERATIONS – THREE MONTHS ENDED DECEMBER 31, 2025

Revenue	Three months ended December 31, 2025	Three months ended December 31, 2024	Three months ended September 30, 2025	% change Q4 2025 over Q4 2024	% change Q4 2025 over Q3 2025
Software	\$ 3,953	\$ 3,617	\$ 9,296	9%	-57%
Maintenance	44,731	14,460	21,761	209%	106%
Services	(16,020)	1,900,000	22,712	-101%	-171%
	\$ 32,664	\$ 1,918,077	\$ 53,769	-98%	-39%

Revenue was \$33 thousand in Q4 2025, significantly lower compared to \$1.9 million in Q4 2024 and \$54 thousand in Q3 2025 due to \$1.9 million revenue that was recognized for previously received non-refundable payments related to contracts supporting the RF XL Pilot. In addition, \$112 thousand in services revenue was reclassified to other income relating to RF XL Pilot equipment lease payments and oil production received in 2025.

Expenses	Three months ended December 31, 2025	Three months ended December 31, 2024	Three months ended September 30, 2025	% change Q4 2025 over Q4 2024	% change Q4 2025 over Q3 2025
General & administrative	\$ 311,624	\$ 315,427	\$ 244,549	-1%	27%
Research & development	465,365	581,072	211,725	-20%	120%
	\$ 776,989	\$ 896,499	\$ 456,274	-13%	70%

Expenses were \$777 thousand in Q4 2025, 13% lower compared to \$869 thousand in Q4 2024 and 70% higher than \$456 thousand in Q3 2025. G&A expenses were lower in Q4 2025 compared to Q4 2024 due to lower payroll and office expenses, offset by higher professional fees for legal, accounting and management consulting. R&D expenses were lower in Q4 2025 compared to Q4 2024 due to lower payroll partially offset by higher R&D materials. Higher expenses for share based payments attributed to both G&A and R&D were recorded in Q4 2025 compared to Q3 2025. G&A were higher in Q4 2025 compared to Q3 2025 due to higher marketing and legal, accounting and management professional fees. R&D expenses were higher in Q4 2025 compared to Q3 2025 due to higher materials expense and lower government assistance for R&D. There was \$nil government assistance for R&D recognized in Q4 2025 compared to \$nil recognized in Q4 2024 and \$54 thousand in Q3 2025.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2025, Acceleware had negative working capital of \$6.0 million (December 31, 2024 – negative working capital of \$3.4 million) including cash and cash equivalents of \$248 thousand (December 31, 2024 – \$272 thousand). The increase in negative working capital is attributable to the inclusion of convertible debentures in current liabilities as they are maturing in 2026. However it should be noted that the Corporation intends to restructure the convertible debentures (as noted below).

On July 31, 2025, the Corporation closed the first tranche of a non-brokered private placement of units (the “Units”) and distributed a total of 7,913,342 Units, at a price of \$0.10 per Unit, for total gross proceeds of \$791 thousand. Each Unit consists of one common share of the Corporation and one common share purchase warrant of the Corporation. Each warrant entitles the holder of the warrant to acquire one common share, at an exercise price of \$0.20, which will expire which will expire 24 months from the date of issuance. If the common shares trade at a closing price at or greater than \$0.30 per common share for a period of thirty (30) consecutive trading days, Acceleware may accelerate the expiry date of the warrants by giving notice to the holders thereof, and in such case, the warrants will expire on the 30th day after the date on which such notice is given by Acceleware.

On August 13, 2025, the Corporation closed certain shares for debt transactions to settle \$186 thousand in certain trades payable, management fees and interest payable on convertible debentures of the Corporation by issuing up to 1,863,375 Units at a deemed price of \$0.10 per Unit.

On September 3, 2025, the Corporation closed the second and final tranche of the non-brokered private placement of Units disclosed above and distributed a total of 2,090,000 Units, at a price of \$0.10 per Unit, for total gross proceeds of \$209 thousand. Share issue costs of \$74,277 were incurred in relation to the private placement and are recorded as an offset to share capital.

Subsequent to December 31, 2025 the Corporation announced that it plans to complete a proposed restructuring of all of the outstanding convertible debenture principal outstanding plus accrued and unpaid interest. (the “Debenture Restructuring”).

In connection with the proposed Debenture Restructuring, the Corporation has presented an option for existing holders to convert all principal and accrued and unpaid interest outstanding into:

1. up to 23,967,909 units of the Corporation (the “Units”), through a shares-for-debt transaction, at a price of \$0.10 per Unit (the “Shares for Debt Transaction”);
2. new convertible debentures (“Replacement Debentures”) on substantially the same terms, subject to amendments to the Conversion Price as detailed below; or
3. a combination of Replacement Debentures and Units.

In the interest of matching cash requirements with a combination of cash generated from operations, external funding, and capital raising activities, the Corporation actively manages its cash flow and investments in new products. Acceleware intends to maximize cash generated from operations through several initiatives which include continuing to focus on higher gross margin software products that are marketed through a combination of direct and reseller models; minimizing operating expenses where possible; and limiting capital expenditures. As the Corporation continues to develop its RF Heating technology, new R&D investments will be financed through a combination of internal cash flow from the HPC business, project funding agreements, government assistance and external financing, when available.*

* this paragraph contains forward looking information. Please refer to “Forward Looking Statements” and “Risk Factors and Uncertainties” for a discussion of the risks and uncertainties related to such information.

Cash flow used by operations totaled \$1.2 million for the year ended December 31, 2025, compared to cash flow provided in operations of \$650 thousand for the year ended December 31, 2024. The decrease in operating cash flow is primarily due to reduction in government assistance for R&D and investment in working capital.

The Corporation continues to prioritize payments to vendors and works collaboratively with each one to ensure payments are timely or payment plans are established to result in the best outcome for both parties.

Trade and Other Receivables

Trade and other receivables as at December 31, 2025, increased to \$55 thousand compared to \$18 thousand as at December 31, 2024. The Corporation maintains close contact with its customers to mitigate risk in the collection of receivables.

Liabilities

Total liabilities as at December 31, 2025 were \$6.3 million (December 31, 2024 - \$5.7 million). As at December 31, 2025, the Corporation had trade payables and accrued liabilities of \$2.5 million compared to \$2.3 million as at December 31, 2024. The increase in trade payables and accrued liabilities is due to an increase in deferred compensation owing to management. Included in accounts payable and accrued liabilities as at December 31, 2025, is \$1.5 million in deferred compensation and other amounts owing to management (December 31, 2024 - \$1.4 million). The Corporation has \$1.2 million in short term notes payable outstanding at December 31, 2025 (December 31, 2024 - \$1.2 million) bearing an effective annual interest rate of 18 percent.

As at December 31, 2025, the Corporation had \$2.3 million in principal and accrued interest related to convertible debentures (December 31, 2024 - \$1.9 million) which the Corporation has announced a plan to restructure as noted above.

Income Tax

The Corporation follows the liability method with respect to accounting for income taxes. Deferred tax assets and liabilities are determined based on differences between the carrying amount and the tax basis of assets and liabilities (temporary differences). Deferred tax assets and liabilities are measured using the substantively enacted tax rates that will be in effect when these differences are expected to reverse. Deferred tax assets, if any, are recognized only to the extent that, in the opinion of the Corporation's Management, it is probable that the assets will be realized.

As at December 31, 2025, the potential tax benefits of Acceleware's available tax pools have not been recognized in the Corporation's account due to uncertainty surrounding the realization of such benefits.

FORWARD LOOKING STATEMENTS

Certain statements contained in this MD&A constitute forward-looking statements. These statements relate to future events or the Corporation's future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believes" and similar expressions. These statements involve known and unknown risks, uncertainties, and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes that the expectations reflected in these forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

In particular, this MD&A may contain forward-looking statements, pertaining to the following:

- the expectation of Acceleware's ability to continue operating as a going concern, fund its operations through the sale of its products and services, and access external financing when required;
- the future growth prospects for radio frequency ("RF") heating technology for heavy oil and oil sands based on technical and economic feasibility analyses and field testing performed to date;

- the expectation that RF heating technology can be economically applied to industrial heating and drying applications;
- the patentability of concepts developed through RF heating research and development (“R&D”) efforts;
- the expectation that the positive economic and technical analyses and testing to date will be reinforced by future results of subsequent testing of the RF heating technology;
- the successful completion of a pilot of RF XL 2.0 (“RF XL 2.0 Pilot”);
- potential benefits of the Corporation’s software to customers, including cost savings and increases to cash flow and productivity;
- oil and natural gas commodity prices;
- the impact of escalating trade tariffs affecting the Corporation’s products, and input materials, particularly with respect to the United States;
- advantages to using Aceleware’s products and technology;
- the demand for new products currently under development at the Corporation;
- ease and efficiency of implementing Aceleware’s products; and
- supply and demand for Aceleware’s primary software products.

With respect to forward-looking statements contained in this MD&A, the Corporation has assumed, among other things:

- that the future revenue and resulting cash flow expected by the Corporation’s management (“Management”) and ability to attract new financing will be sufficient to fund future operations - this assumption being subject to the risk and uncertainty that the Corporation may not generate enough cash flow from operating activities to meet its capital requirements and that the Corporation may not be able to secure additional capital resources from external sources to fund any shortfall. Operating cash flow may be negatively affected by general economic conditions, increased competition, increased equipment or labour costs, and adverse movements in foreign currencies. Should the Corporation experience a cash flow shortfall from operating activities, Management’s contingency plan may not be sufficient to reverse the shortfall;
- that industry and government environmental interest in reducing greenhouse gas (“GHG”) emissions, reducing industrial water use, and minimizing land disturbance remains a priority;
- that the long-term oil and natural gas commodity price trend and its effect on the Corporation’s products, services, and R&D efforts will be manageable;
- that the long-term effect of any sentiment, law or policy regarding future investment in new heavy oil or oil sands projects will be manageable;
- that the analyses coupled with lab and field testing that the Corporation has performed to date regarding the technical and economic feasibility of RF heating technology for heavy oil and oil sands will be confirmed in future pilot testing and in commercial products;
- that the analyses coupled with lab testing that the Corporation has performed to date regarding the technical and economic feasibility of RF heating technology for industrial heating and drying applications will be confirmed in future field testing and in commercial products;
- that the Corporation will maintain all regulatory approvals required to carry out the pilot testing of RF XL 2.0 at the RF XL 2.0 Pilot, and at any subsequent demonstration sites;
- that the Corporation will be able to source additional financing required to further demonstrate RF XL;
- that the impact of escalating trade tariffs will be manageable;
- that the RF heating concepts developed by the Corporation are unique, novel and non-infringing of intellectual property owned by others;
- that the Corporation will be able to maintain sales of its software products and services which is subject to the risks that sales in core vertical markets may be negatively affected by general economic conditions, and that the Corporation’s R&D efforts may be unable to develop continuous improvements; and
- that the Corporation will be able to withstand the impact of increasing competition.

The Corporation’s actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this MD&A.

Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. Forward-looking statements include statements with respect to the

timing and amount of estimated future revenue and sales and the Corporation's ability to protect and commercially exploit its intellectual property. Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. The Corporation does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law.

RISKS FACTORS AND UNCERTAINTIES

Management defines risk as the probability of a future event that could negatively affect the financial condition and/or results of operations of the Corporation. There have been no material changes in any risks or uncertainties facing the Corporation since December 31, 2025. A discussion of risks affecting the Corporation and its business is set forth under the heading Risk Factors and Uncertainties in Management's Discussion and Analysis for the year ended December 31, 2025.

Liquidity Risk

The Corporation actively manages cash flow and investment in new products in order to match its cash requirements to its cash generated from operations, external funding, and capital raising activities. In order to maximize cash generated from operations, the Corporation plans to continue to focus on higher gross margin software products; to minimize operating expenses where possible; and to limit capital expenditures. As the Corporation continues to develop its CTI and RF heating technology, new R&D investments will be financed through a combination of internal cash flow from the HPC business, government assistance, industry partners, and external financing. Management believes that successful execution of its business plan will result in sufficient cash flow and new financing to fund projected operational and investment requirements. However, no assurances can be given that the Corporation will be able to achieve all, or part of the objectives discussed above, or that sufficient financing from outside sources will be available. Further, if the Corporation's operations are unable to generate cash flow levels at or above current projections, the Corporation may not have sufficient funds to meet its obligations over the next twelve months. Should such events occur, Management is committed to implementing all or a portion of its contingency plan. This plan has been developed and designed to provide additional cash flow, and includes, but is not limited to, deferring certain additional product development initiatives, reducing sales, marketing and G&A expenses, and seeking outside financing. The failure of the Corporation to achieve one or all of the above items may have a material adverse impact on the Corporation's financial position, results of financial performance, and cash flows.*

Requirement for Additional Financing

Management may seek additional funding to support ongoing losses, particularly losses associated with the development and commercialization of its CTI and RF heating technology, until Acceleware reaches a level of revenue which will sustain its operations on an internal basis. The rate of growth in the market for Acceleware's products and services and the Corporation's success in gaining market share have been lower than Acceleware originally anticipated. Acceleware cannot be assured that additional funding will be available, or if available, that it will be available on acceptable terms. If adequate funds are not available, Acceleware may have to reduce substantially or eliminate expenditures for research and development, testing, production, and marketing of its products and services. There can be no assurance that the Corporation will be able to raise additional capital if its capital resources are exhausted. The ability to arrange additional financing in the future will depend, in part, upon the prevailing capital market conditions as well as the business and performance of Acceleware. There can be no assurance that Acceleware will be successful in arranging additional financing or that such additional financing will be available on satisfactory terms.

Economic Developments

Fluctuations in oil and natural gas prices, combined with increased tariffs and other barriers to trade and the measures taken by governments and companies to mitigate the economic consequences, may have an adverse impact on many aspects of the Corporation's business. Increased capital market and interest rate volatility may negatively affect the Corporation's ability to access external financing. The overall market for the Corporation's

*This paragraph contains forward looking information. Please refer to "Forward Looking Statements" and "Risk Factors and Uncertainties" for a discussion of the risks and uncertainties related to such information

products and services may undergo stagnant or negative growth due to reduced capital expenditures by the Corporation's current and potential customers. Supply chain shortages or disruptions, the full or partial closure of transportation infrastructure, temporary suspension of some or all business operations, and labour disruptions (including those affecting key employees and directors of the Corporation) arising from illness, reductions in working hours, layoffs, or restrictions on movement may also adversely affect the Corporation's growth and operating results. Whether and to what extent the market volatility will impact the Corporation's business and operations will depend on future developments which, at this time, remain uncertain and difficult to predict.

Dependence on Key Personnel

The success of Acceleware is largely dependent on the performance of its key employees and directors. Failure to retain key employees and directors and to attract and retain additional key employees with necessary skills could have a material adverse impact upon the Corporation's growth and profitability. Competition for highly skilled management, technical, and other employees is intense. There can be no assurance that the Corporation will be successful in attracting and retaining such personnel and the departure or death of any of the members of the Corporation's executive team and key directors could have a material adverse effect on the Corporation's business, results of operations, and financial condition.

Acquisitions

The Corporation may, from time to time, pursue acquisitions of businesses, technologies, assets or intellectual property as part of its growth strategy. There can be no assurance that the Corporation will successfully identify, negotiate or complete any such acquisitions on terms that are favourable to the Corporation or at all.

Acquisitions involve numerous risks, including, but not limited to, the following:

The Corporation may encounter difficulties in integrating acquired operations, technologies, personnel, systems or cultures into its existing business. Integration processes require significant management attention and financial resources and may divert management's focus from the Corporation's ongoing operations. Failure to effectively integrate an acquired business or asset could result in the inability to realize anticipated synergies, cost savings, strategic benefits or revenue growth.

Acquisitions may expose the Corporation to unknown or undisclosed liabilities, including legal, regulatory, technical, environmental, operational or financial liabilities, that were not identified during due diligence. The Corporation's due diligence processes may not identify all material liabilities, risks or deficiencies associated with an acquisition, particularly where acquired businesses have limited operating histories or incomplete financial records.

The Corporation may be required to incur substantial costs or issue equity securities or incur debt to finance acquisitions. Any equity financing in connection with an acquisition may be dilutive to existing shareholders, while debt financing may result in increased leverage and potential restrictions on the Corporation's operations. There can be no assurance that financing required to complete acquisitions will be available on acceptable terms or at all.

Acquisitions may result in the Corporation overpaying for assets or businesses due to incorrect assumptions regarding future performance, market conditions, regulatory approvals, technological viability or commercialization timelines. If acquired assets or businesses do not perform as expected, the Corporation may be required to record impairment charges, which could have a material adverse effect on the Corporation's financial position and results of operations.

Certain acquisitions may be subject to regulatory approvals or third-party consents, which may be delayed, not obtained, or obtained subject to conditions that could adversely affect the anticipated benefits of the acquisition. In addition, acquired businesses may be subject to intellectual property, contractual or regulatory frameworks that are unfamiliar to the Corporation, increasing compliance costs and operational risk.

There can be no assurance that any acquisition completed by the Corporation will achieve the anticipated strategic, financial or operational benefits, or that such benefits will be realized within expected timeframes or at all. Failure to successfully complete or integrate acquisitions could materially and adversely affect the Corporation's business, financial condition, results of operations and future prospects.

Intellectual Property Risks

Because much of the Corporation's potential success and value lies in its ownership and use of intellectual property, its failure to protect its intellectual property may negatively affect its business and value. Acceleware's ability to compete effectively is largely dependent upon the maintenance and protection of its intellectual property. The Corporation relies primarily on trade secrets, trademark and copyright law, and, when appropriate, patent protection, as well as confidentiality procedures and licensing arrangements, to establish and protect the rights to its technology. The Corporation typically enters into confidentiality or license agreements with its employees, consultants, customers, strategic partners, and vendors in an effort to control access to and distribution of its products, documentation, and other proprietary information. Despite these precautions, it may be possible for a third party to copy or otherwise obtain and use the Corporation's proprietary technology without authorization.

Policing unauthorized use of the Corporation's intellectual property is difficult. The steps that the Corporation takes may not prevent misappropriation of its intellectual property, and the agreements the Corporation enters into may be difficult to enforce. In addition, effective intellectual property protection may be unavailable or limited in some jurisdictions outside Canada and the United States. Litigation may be necessary in the future in order to enforce or protect the Corporation's intellectual property rights or to determine the validity and scope of the proprietary rights of others. That litigation could cause the Corporation to incur substantial costs and divert resources away from the Corporation's daily business, which in turn could materially hinder its business. The Corporation may be subject to damaging and disruptive intellectual property litigation.

The Corporation may be subject to intellectual property litigation that could:

- Be time-consuming and expensive;
- Divert attention and resources away from the Corporation's daily business;
- Impede or prevent delivery of the Corporation's products and services; and
- Require the Corporation to pay significant royalties, licensing fees and damages.

Although the Corporation is not aware that its products or services infringe or violate the intellectual property rights of third parties, and although the Corporation has not been served notice of any potential infringement or violation, the Corporation may be subject to infringement claims in the future. Since patent applications are kept confidential for a period of time after filing, applications may have been filed that, if issued as patents, could relate to the Corporation's products or services.

Parties making claims of infringement may be able to obtain injunctive or other equitable relief that could effectively block the Corporation's ability to provide its products and services in Canada, the US, and other jurisdictions and could cause the Corporation to pay substantial damages. In the event of a successful claim of infringement, the Corporation and its customers may need to obtain one or more licenses from third parties, which may not be available at a reasonable cost, if at all. The defense of any lawsuit could result in time consuming and expensive litigation, regardless of the merits of such claims, as well as resulting damages, license fees, royalty payments, and restrictions on the Corporation's ability to provide its products or services, any of which could harm its business.

The Corporation is not aware that any of its products infringe the proprietary rights of third parties. There can be no assurance, however, that third parties will not claim such infringement by the Corporation or its licensees with respect to current or future products. The Corporation expects that software product developers will increasingly be subject to such claims as the number of products and competitors in the Corporation's industry segment grows and the functionality of products in different industry segments overlaps. Any such claims, with or without merit, could be time-consuming, result in costly litigation, cause product shipment delays, or require the Corporation to enter into royalty or licensing agreements which may not be available on terms acceptable to the Corporation. Any of the foregoing could have a material adverse effect on the Corporation's business, results of operations, and financial condition.

Investor Activism

Investor activism or activities by non-governmental organizations could limit sources of capital for the energy sector or the development of clean technologies applicable in the energy industry. Some institutional investors in the energy industry are placing an increased emphasis on ESG factors when allocating their capital. These potential investors may be seeking enhanced ESG disclosures or may implement policies that discourage investment in the hydrocarbon industry. To the extent that certain institutions implement policies that discourage investments in this industry, it could have an adverse effect on the Corporation's financing costs and access to liquidity and capital. Additionally, if the Corporation's reputation is diminished as a result of the energy related industries in which it operates, it could result in increased operation or regulatory costs, lower shareholder confidence or loss of public support for the Corporation's business.

Failure to Manage Growth Successfully

In the event that Acceleware's business grows rapidly, the growth may place a strain on managerial and financial resources. Such expansion may result in substantial growth in the number of its employees, the scope of its operating and financial systems, and the geographic area of its operations, resulting in increased responsibility for both existing and new management personnel. The Corporation's future growth will depend upon a number of factors, including the ability to:

- Acquire and train sales and marketing staff to expand Acceleware's presence in the evolving marketplace for the Corporation's products and services, and keep staff informed regarding the technical features, issues and key selling points of the Corporation's products and services;
- Attract and retain qualified technical personnel to continue to develop reliable and scalable solutions and services that respond to evolving customer needs and technological developments;
- Maintain high quality customer service and support as sales increase; and
- Expand the Corporation's internal management while maintaining appropriate financial controls over operations and providing support to other functional areas within the Corporation.

The Corporation's inability to achieve any of these objectives could harm the Corporation's business, financial condition, operating results, and prospects.

Risks of Security Breaches to the Corporation's Network (Cyber Security)

An experienced programmer may attempt on occasion to penetrate the Corporation's network security and could misappropriate the Corporation's or its customers' proprietary information or cause interruptions in the Corporation's operations. Acceleware's operations as proprietary software developers, and developers of leading-edge RF heating technology could increase the risk of a cyber-attack from industrial competitors, cyber criminals, and government actors. Acceleware has implemented various means to limit such an occurrence but may be required to expend significant capital and resources to protect against or to alleviate problems caused by such hackers in the future. Additionally, the Corporation may not have a timely remedy for any attack on the Corporation's network security. Such purposeful security breaches could have a material adverse effect on the Corporation's business, results of operations and financial condition. Risks include the untimely disclosure of proprietary data prior to its adequate protection through patent, trade secret or copyright. Should the Corporation's customer data be compromised, it could expose the Corporation to a material risk of loss or litigation, reputational damage, and possible liability. In addition to deliberate security breaches, the inadvertent transmission of computer viruses could expose the Corporation to a material risk of loss or litigation, reputational damage, and possible liability.

In offering certain payment services for some products and services, the Corporation could become increasingly reliant on encryption and authentication technology licensed from third parties to provide the security and authentication necessary to effect secure transmission of confidential information, such as customer credit card numbers. Advances in computer capabilities, discoveries in the field of cryptography and other discoveries, events, or developments could lead to a compromise or breach of the algorithms or licensed encryption authentication technology that the Corporation uses to protect such confidential information. If such a compromise or breach of the Corporation's licensed encryption authentication technology occurs, it could have a material adverse effect on the Corporation's business, its reputation, results of operations, and financial condition. The Corporation may be required to expend significant capital and resources to protect against the threat of such security, encryption, and authentication technology breaches or to alleviate problems caused by such breaches.

Management is responsible for assessing and overseeing risks associated with cyber security and determining, with its IT staff, what measures are appropriate to protect against these risks. The Corporation holds insurance against cyber security incidents. However, the coverage may be inadequate to fully cover every cyber security risk.

Reliance on Third Party Licenses

The Corporation anticipates relying on certain software that Acceleware licenses from third parties, including a software program that is integrated with internally developed software and used in Acceleware's products to perform key functions. There can be no assurance that these third-party licenses will continue to be available to the Corporation on commercially reasonable terms. The loss of, or inability to maintain, any of these licenses, could result in delays or reductions in product and service deployment until equivalent software can be developed, identified, licensed, and integrated, which could materially adversely affect the Corporation's business, results of operations, and financial condition.

Technological Change, New Products and Standards

To remain competitive, Acceleware must continue to enhance and improve the current line of products. The technology industry is characterized by rapid technological change, changes in user and customer requirements and preferences, frequent new product and service introductions embodying new technologies, and the emergence of new industry standards and practices that could render Acceleware's existing products and systems obsolete. Acceleware's products embody complex technology and may not always be compatible with current and evolving technical standards and products developed by others. Failure or delays by Acceleware to meet or comply with the requisite and evolving industry or user standards could have a material adverse effect on Acceleware's business, results of operations, and financial condition. Acceleware's ability to anticipate changes in technology, technical standards, and products will be a significant factor in its ability to compete. There can be no assurance that Acceleware will be successful in identifying, developing, manufacturing, and marketing products that will respond to technological change or evolving standards. Acceleware's business may be adversely affected if it incurs delays in developing new products or enhancements or if such products or enhancements do not gain market acceptance. In addition, there can be no assurance that products or technologies developed by others will not render Acceleware's products or technologies non-competitive or obsolete.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in the US and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market price for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Corporation in creating revenues, cash flows, or earnings. The value of the Corporation's securities will be affected by such volatility.

Earnings and Dividend Record

The Corporation has no earnings or dividend record. To date, the Corporation has paid no dividends on its Common Shares and does not anticipate doing so in the foreseeable future.

TRANSACTIONS WITH RELATED PARTIES

For the year ended December 31, 2025, the Corporation incurred expenses in the amount of \$183,750 (December 31, 2024 - \$248,780) with a company controlled by an officer and director of the Corporation as fees for duties performed in managing operations, and this amount is included in research and development expense. Of the total \$507,128 was included in accounts payable and accrued liabilities as at December 31, 2025 (December 31, 2024 - \$410,660). These fees were incurred in the normal course of operations and represent fair value for services rendered.

For the year ended December 31, 2025, the Corporation incurred expenses in the amount of \$35,000 (December 31, 2024 - \$nil) with a company controlled by a director of the Corporation as fees for duties performed in management, and this amount is included in general and administrative expense. Of the total \$nil was included in accounts payable

and accrued liabilities (December 31, 2024 - \$nil). These fees were incurred in the normal course of operations and represent fair value for services rendered.

For the year ended December 31, 2025, the Corporation incurred expenses in the amount of \$144,000 (December 31, 2024 - \$189,000) with a company controlled by the spouse of an officer of the Corporation for marketing, communications, management and strategy development and this amount is included in general and administrative expense. Of the total \$238,773 was included in accounts payable and accrued liabilities as at December 31, 2025 (December 31, 2024 - \$169,473). These fees were incurred in the normal course of operations and represent fair value for services rendered.

For the year ended December 31, 2025, the Corporation incurred expenses in the amount of \$30,498 (December 31, 2024 - \$21,430) with a close family member of an officer of the Corporation for marketing, communications, and other services, and this amount is included in general and administrative expense. Of the total \$nil was included in accounts payable and accrued liabilities as at December 31, 2025 (December 31, 2024 - \$nil). These fees were incurred in the normal course of operations and represent fair value for services rendered.

For the year ended December 31, 2025, the Corporation had notes payable outstanding of \$276,451 (December 31, 2024 - \$209,130) bearing interest at an annual effective rate of 18% (December 31, 2024 – 18%) repayable within six months of issuance to officers and directors of the Corporation in the normal course of operations. These notes payable were issued in the normal course of operations and represent fair value.

Key management includes the Corporation’s directors and members of the executive management team. Compensation awarded to key management included:

	2025	2024
Salaries and short-term employee benefits	\$ 628,202	\$ 1,091,673
Share-based expenses	110,385	316,069
	\$ 738,587	\$ 1,407,742

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Financial Statements requires Management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. The estimates are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. The ongoing evaluation of these estimates forms the basis for making judgements about the carrying values of assets and liabilities and the reported amount of revenues and expenses in cases where they are not readily ascertainable from other sources. Actual amounts may differ from these estimates under different assumptions or conditions.

The Corporation’s material accounting policies are fully described in Note 4 to the Financial Statements. Certain accounting policies are particularly important to the reporting of financial position and results of operations and require the application of judgement by Management. An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made. Different estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could have a material impact on the Financial Statements. Management believes the following accounting policies reflect the material estimates and assumptions used in the preparation of Financial Statements.

MATERIAL ACCOUNTING POLICIES

Going Concern Assumption

The Financial Statements have been prepared on a going concern basis, which assumes that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business. The Corporation's ability to continue as a going concern is dependent upon its ability to generate sufficient cash flow to meet its obligations as

they come due, to obtain additional financing as may be required, and ultimately to achieve successful operations. However, no assurance can be given at this time as to whether the Corporation will achieve any of these conditions. If the Corporation were to change its assumption regarding the ability to continue as a going concern for a reasonable period of time, adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities would likely be necessary and potentially material.

Revenue Recognition

The Corporation’s revenue recognition requirements pertaining to determining performance obligations and transaction prices for all types of contracts with customers are very complex and are affected by interpretations of those contracts and the applicable standards and certain judgements. One of the critical judgements made is the assessment of the probability of collecting the related accounts receivable balance on a customer-by-customer basis. As a result, the timing or amount of revenue recognition may have been different if different assessments of the probability of collection had been made at the time that the transactions were recorded in revenue.

Decommissioning Liability

The Corporation recognizes a decommissioning liability in the period it arose with a corresponding increase to the carrying amount of the related asset. Measurement occurs when a legal or constructive obligation arises. Provisions are measured at the present value of Management’s best estimate of the expenditures expected to be required to settle the obligation discounted using the risk-free rate, updated at each reporting date. The increase in the provision due to the passage of time (accretion) is recognized as a finance expense whereas increases or decreases due to changes in the estimated cost to decommission the asset are recorded with the associated expense. Actual costs incurred upon settlement of the decommissioning liability reduce the liability to the extent the provision was established and differences between actual costs incurred and estimated costs will be recorded as a gain or loss.

Convertible Debentures

In accordance with IFRS 9 Financial Instruments, convertible debentures are financial instruments which are accounted for separately, dependent on the nature of their components. The identification of such components embedded within a convertible note requires significant judgment given that it is based on the interpretation of the substance of the contractual arrangement. Where the embedded derivative has a variable conversion rate, the option is recognized as a derivative liability or asset measured at fair value through profit and loss. The residual amount is recognized as a financial liability and subsequently measured at amortized cost.

The convertible debenture consists of a debt host with multiple embedded derivatives including a conversion privilege, a forced conversion option, a pre-payment option, and an anti-dilution option. The embedded derivatives did not meet the definition of equity and are required to be recognized separately from the debt host.

At initial recognition, the embedded derivatives were measured at fair value and recorded as a derivative liability within other non-current liabilities on the statement of financial position. The initial carrying amount of the debt host was the residual amount after deducting the fair value of the embedded derivatives from the proceeds, net of associated transaction costs.

Subsequent to initial recognition, the debt host is measured at amortized cost with interest recognized using the effective interest rate method which will accrete the debt host to the face value of the debentures over the term of the debenture. The embedded derivative liabilities are marked to market at each financial reporting date with changes in fair value recognized in profit or loss.

DISCLOSURE OF OUTSTANDING SHARE DATA

As of the date of this MD&A, Acceleware had the following common shares, options and warrants outstanding:

Common Shares	130,440,260
Stock Options	10,930,621
2Warrants	11,866,717

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning the Corporation's research and development expenses and general and administrative expenses is provided in the audited financial statements for the year ended December 31, 2025 that are available on www.sedarplus.ca and as noted below.

Research and Development	2025	2024
Salaries	\$ 828,499	\$ 1,332,330
Consulting	249,710	287,250
R&D supplies and materials	188,087	340,807
Share-based payments	88,650	224,339
Depreciation	15,892	14,844
Rent and overhead Allocation	47,309	53,940
Non-refundable government assistance	(53,634)	(1,227,928)
Total	\$ 1,364,513	\$ 1,025,582

General and Administration	2025	2024
Salaries	\$ 285,276	\$ 315,227
Professional Fees	243,193	365,432
Share Based Payments	111,797	315,089
Marketing	208,255	192,857
Rent and office	197,781	336,188
Public company fees	63,863	82,467
Depreciation	15,892	14,844
Travel	9,828	10,001
Total	\$ 1,135,885	\$ 1,632,105

Corporate Information

Board of Directors

PETE SAMETZ P. Eng. ICD.D.
Executive Chairman of the Board of Directors
Calgary, Alberta

CARALYN BENNETT P. Eng., B.A.Sc.(Eng.), ICD.D
Independent Director
Calgary, Alberta

JIM BOUCHER
Independent Director
Fort MacKay, Alberta

MERLE JOHNSON P. Eng. MBA, ICD.D
Independent Director
Calgary, Alberta

GEOFF CLARK, MBA, B.Sc.
Chief Executive Officer Acceleware Ltd.
Calgary, Alberta

DR. MICHAL OKONIEWSKI Ph.D.(Eng)
Chief Scientific Officer & Co-Founder Acceleware Ltd.
Calgary, Alberta

Officers

GEOFF CLARK, MBA, B.Sc.
Chief Executive Officer

DR. MICHAL OKONIEWSKI Ph.D.(Eng)
Chief Scientific Officer & Co-Founder

MIKE TOURIGNY, MBA, B.Comm
Chief Operations Officer

CAMERON MACCARTHY
Corporate Secretary

Head Office

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