

**Acceleware Ltd.**

**Financial Statements  
For the years ended December 31, 2025 and 2024**

**(in Canadian dollars)**

# Acceleware Ltd.

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## Financial Statements For the years ended December 31, 2025 and 2024 (in Canadian dollars)

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To the Shareholders of Acceleware Ltd.:

## Opinion

We have audited the financial statements of Acceleware Ltd. (the "Company"), which comprise the statements of financial position as at December 31, 2025 and December 31, 2024, and the statements of income (loss) and comprehensive income (loss), changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and December 31, 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board.

## Basis for Opinion

We conducted our audits 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 report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits 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.

## Material Uncertainty Related to Going Concern

We draw attention to Note 3 in the financial statements, which indicates that the Company had a net loss and negative cash flows from operating activities during the year ended December 31, 2025 and, as of that date, the Company had an accumulated deficit. As stated in Note 3, these events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## 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 of the current period. 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.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

## Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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 audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to 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. 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 IFRS 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 these 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 Company'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 Company'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 Company 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine 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 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 independent auditor's report is Sergey Fesenko.

Calgary, Alberta

March 27, 2026

*MNP LLP*

Chartered Professional Accountants

**Acceleware Ltd.**  
**Statement of Financial Position**  
(in Canadian dollars)

As at December 31,	2025	2024
<b>Assets</b>		
Current		
Cash and cash equivalents	\$ 247,876	\$ 271,777
Trade and other receivables (note 5)	54,551	18,158
Prepaid expenses	6,936	29,214
<b>Total current Assets</b>	<b>309,363</b>	<b>319,149</b>
Non-current		
Right of use assets (note 8)	41,931	21,302
<b>Total assets</b>	<b>\$ 351,294</b>	<b>\$ 340,451</b>
<b>Liabilities and Equity</b>		
Current		
Accounts payable and accrued liabilities (note 6)	\$ 2,534,139	\$ 2,346,629
Notes payable (note 7)	1,222,778	1,160,954
Deferred revenue (note 12(a))	198,650	—
Convertible debentures (note 9)	2,032,433	—
Other current liabilities (notes 8, 9 and 12(b))	289,630	193,682
<b>Total current liabilities</b>	<b>6,277,630</b>	<b>3,701,265</b>
Non-current		
Convertible debentures	—	1,682,076
Derivative liabilities (note 9)	—	47,700
Other non-current liabilities (notes 8 and 10)	11,066	311,771
<b>Total liabilities</b>	<b>6,288,696</b>	<b>5,742,812</b>
<b>Shareholders' Equity</b>		
Share capital (note 11(a))	25,787,241	25,266,435
Reserves (notes 11(b), 11(c))	10,480,102	9,675,565
Deficit	(42,204,745)	(40,344,361)
<b>Total shareholders' equity</b>	<b>(5,937,402)</b>	<b>(5,402,361)</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 351,294</b>	<b>\$ 340,451</b>

Going concern (note 3)  
Subsequent event (note 21)

Approved on behalf of the Board of Directors:

"signed"  
\_\_\_\_\_  
Pete Sametz, Director

"signed"  
\_\_\_\_\_  
Geoff Clark, Director

The accompanying notes are an integral part of these financial statements.

# Acceleware Ltd.

## Statement of Income (Loss) and Comprehensive Income (Loss)

(in Canadian dollars)

For the years ended December 31,

	2025	2024
<b>Revenue</b> (note 12)	\$ 719,183	\$ 5,233,033
<b>Expenses</b>		
General and administrative (note 13)	1,135,885	1,632,105
Research and development (note 14)	1,364,513	1,025,582
	<b>2,500,398</b>	<b>2,657,687</b>
<b>(Loss) income from operations</b>	<b>(1,781,215)</b>	<b>2,575,346</b>
<b>Other expense</b>		
Finance expense (notes 7,8,9 and 10)	(780,159)	(645,206)
Other Income (note 15)	111,812	—
Gain on disposal of property and equipment (note 16)	544,229	—
Change in fair value of derivative financial instruments (note 9)	47,700	71,900
Foreign exchange loss	(2,751)	(355)
Total other expense	<b>(79,169)</b>	<b>(573,661)</b>
<b>Total comprehensive (loss) income for the period attributable to shareholders</b>	<b>\$ (1,860,384)</b>	<b>\$ 2,001,685</b>
<b>(Loss) income per share</b>		
Basic and diluted	\$ (0.02)	\$ 0.02
Weighted average shares outstanding – basic (note 11(d))	123,296,960	118,407,276
Weighted average shares outstanding – diluted (note 11(d))	123,318,133	118,587,777

The accompanying notes are an integral part of these financial statements.

# Acceleware Ltd.

## Statements of Changes in Shareholders' Equity

(in Canadian dollars)

	Share capital		Reserves			Total Reserves	Deficit	Total shareholders' equity
	Common shares	Amount	Warrants	Contributed surplus				
Balance at December 31, 2023	# 118,376,043	\$ 25,256,988	\$ 675,151	\$ 8,433,132	\$ 9,108,283	\$ (42,346,046)	\$ (7,980,775)	
Total income and comprehensive income	—	—	—	—	—	2,001,685	2,001,685	
Conversion of convertible debt (note 9)	62,500	7,501	—	28,800	28,800	—	36,301	
Expiry of warrants (note 11(b))	—	—	(532,600)	532,600	—	—	—	
Issuance of shares	10,000	1,000	—	—	—	—	1,000	
Share-based payments								
Current period expense (note 11(c))	—	—	—	539,428	539,428	—	539,428	
Stock options exercised (note 11(c))	—	946	—	(946)	(946)	—	—	
Balance at December 31, 2024	# 118,448,543	\$ 25,266,435	\$ 142,551	\$ 9,533,014	\$ 9,675,565	\$ (40,344,361)	\$ (5,402,361)	
<b>Balance at December 31, 2024</b>	# 118,448,543	\$ 25,266,435	\$ 142,551	\$ 9,533,014	\$ 9,675,565	\$ (40,344,361)	\$ (5,402,361)	
Total loss and comprehensive loss	—	—	—	—	—	(1,860,384)	(1,860,384)	
Common share units issued (note 11(a))	11,866,717	496,481	—	—	—	—	496,481	
Warrants issued (note 11(b))	—	—	615,915	—	615,915	—	615,915	
Expiry of warrants (note 11(b))	—	—	(142,551)	142,551	—	—	—	
Issuance of shares (note 11(a))	125,000	12,500	—	—	—	—	12,500	
Share-based payments								
Current period expense (note 11(c))	—	—	—	200,447	200,447	—	200,447	
Stock options exercised (note 11(c))	—	11,825	—	(11,825)	(11,825)	—	—	
<b>Balance at December 31, 2025</b>	# 130,440,260	\$ 25,787,241	\$ 615,915	\$ 9,864,187	\$ 10,480,102	\$ (42,204,745)	\$ (5,937,402)	

The accompanying notes are an integral part of these financial statements

# Acceleware Ltd.

## Statement of Cash Flows

(in Canadian dollars)

For the years ended December 31,	2025	2024
<b>Cash flows from (used for) operating activities</b>		
Total (loss) income and comprehensive (loss) income	\$ (1,860,384)	\$ 2,001,685
Adjustments for:		
Depreciation expense	31,784	29,688
Gain on disposal of property & equipment (note 16)	(232,458)	—
Decrease in decommissioning expense (note 10,16)	(319,571)	—
Accretion on decommissioning expense (note 10)	7,800	10,068
Share-based payments expense (note 11(c))	200,447	539,428
Change in fair value of derivative financial instruments (note 9)	(47,700)	(71,900)
Interest expense (notes 7,8,9,10)	716,279	587,420
Changes in non-cash working capital items		
Trade and other receivables	(36,393)	262,460
Other non-current assets	—	202,980
Prepaid expenses	22,278	(5,445)
Accounts payable and accrued liabilities	187,510	161,114
Contract liabilities (note 12(b))	(21,889)	(17,944)
Deferred revenue (note 12(a))	198,650	(4,350,000)
Net cash flows from (used for) operating activities	(1,153,647)	(650,446)
<b>Cash flows from (used for) financing activities</b>		
Net proceeds from issuance of common shares (note 11(a))	938,557	8,501
Net proceeds on issuance of notes payable (note 7)	86,824	140,000
Payments on notes payable (note 7)	(100,000)	(142,301)
Payments on lease obligations (note 8)	(28,093)	(35,547)
Net cash flows from (used for) financing activities	897,288	(29,347)
<b>Cash flows from investing activities</b>		
Proceeds from sale of property and equipment (note 16)	232,458	—
Net cash flows from (used for) investing activities	232,458	—
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(23,901)</b>	<b>(679,792)</b>
Cash and cash equivalents, beginning of period	271,777	951,569
<b>Cash and cash equivalents, end of period</b>	<b>\$ 247,876</b>	<b>\$ 271,777</b>
<b>Comprised of:</b>		
Cash on deposit	\$ 228,084	\$ 251,985
Cash equivalents	19,792	19,792
	<b>\$ 247,876</b>	<b>\$ 271,777</b>

During the year, \$116,000 of notes payable were repaid through the issuance of the Company's common shares.

The accompanying notes are an integral part of these financial statements.

# Acceleware Ltd.

## Notes to Financial Statements

### For the years ended December 31, 2025 and 2024

(in Canadian dollars)

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#### 1. General information

Acceleware Ltd. (the “Company” or “Acceleware”) is a clean-tech company based in Calgary, Alberta. The Company is developing an enhanced heavy oil and oil sands production technology based on radio frequency (“RF”) heating that is designed to reduce the environmental impact of oil production while also reducing cost. That same RF heating technology is also being applied to the decarbonization of certain other industrial heating applications currently in development. Acceleware also specializes in the development and marketing of special purpose computational software products for the oil and gas and other markets. The Company is incorporated under the Alberta Business Corporations Act, has its registered offices at 1900, 520 - 3rd Avenue SW, Calgary, Alberta, Canada, and trades on the TSX Venture Exchange under the symbol AXE.

#### 2. Basis of presentation

##### (a) Statement of compliance

The financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee in effect as of January 1, 2025.

These financial statements were approved by the Board of Directors on March 26, 2026.

##### (b) Functional and presentation currency

The financial statements are presented in Canadian dollars, which is the Company’s functional and presentation currency.

##### (c) Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value.

##### (d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual amounts may differ from these estimates.

Estimates, judgments and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognized in the period in which such estimates are revised if the revision affects only that period or in the period of the revision and future periods if the review affects both the current and future periods.

# Acceleware Ltd.

## Notes to Financial Statements

### For the years ended December 31, 2025 and 2024

(in Canadian dollars)

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#### 2. Basis of presentation (cont'd)

##### (e) Significant accounting assumptions, estimates and judgements

The accounting policies subject to such judgements and the key sources of estimate uncertainty that the Company believes could have the most significant impact on the reported results and financial position are as follows:

##### *Critical accounting judgements*

Going Concern: Management operates under the assumption that its carefully budgeted expenditures, coupled with expected revenue and cash flow will be sufficient to fund future operations as a going concern.

Revenue: Where the outcome of performance obligations for contracts can be estimated reliably and determination of satisfactory completion of the performance obligation can be made, revenue is recognized. The Company makes use of judgements when determining satisfactory completion of performance obligations for data revenue and uses estimates when calculating maintenance and software revenue for fixed fee service engagements included in the financial statements. Where the outcome of performance obligations cannot be reliably measured or satisfactorily determined, contract revenue is not recognized until such time that the outcome of the performance obligations can be reasonably measured and determined.

##### *Key accounting estimates*

Stock options and warrants: The Company must make use of estimates in calculating the fair value of share-based payments and warrants. Amounts recorded for share-based payments and warrants are subject to the inputs used in the Black-Scholes option pricing model for warrants and stock options vesting based on time and the binomial model for stock options vesting based on the Company's share price, including assumptions such as volatility, dividend yield, risk-free interest rates, forfeiture rate estimates, and expected option life.

# Acceleware Ltd.

## Notes to Financial Statements

### For the years ended December 31, 2025 and 2024

(in Canadian dollars)

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### 3. Going concern

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has a deficit balance of \$42,204,745, a history of losses (\$1,860,384 in 2025), as well as negative cash flows from operating activities (\$1,153,647 in 2025), largely due to investments in new product development and in commercialization of those new products. In particular, the Company invested \$1,364,512 in research and development (net of government assistance of \$53,634) for the year ended December 31, 2025, principally for the Company's proprietary RF heating technology.

This indicates the existence of material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The Company actively manages its cash flow and investment in new products to match its cash generated from operations including government assistance. In order to maximize cash generated from operations, the Company plans to focus on high gross margin revenue streams such as software and RF heating services; focus on selected core vertical markets; minimize operating expenses where possible; and limit capital expenditure. As the Company continues to develop its RF heating technology, new research and development investments will be financed through a combination of internal cash flow from the sale of high-performance computing software and maintenance, 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 Company 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 Company's operations are unable to generate cash flow levels at or above current projections, the Company may not have sufficient funds to meet its obligations over the next twelve months.

Should such events occur, the Company 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, and reducing sales, marketing and general and administrative expenses, while seeking outside financing. The failure of the Company to achieve one or all of the above items may have a material adverse impact on the Company's financial position, results of financial performance and cash flows.

The ability of the Company to continue as a going concern is dependent upon successful execution of its plans noted above. The outcome of these initiatives cannot be predicted at this time. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern for a reasonable period of time.

### 3. Material accounting policy information

#### (a) Revenue recognition

Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services. To recognize revenue from a contract, the Company applies the following five steps:

1. identify the contract(s) with the customer;
2. identify the performance obligations in the contract(s);
3. determine the transaction price;
4. allocate the transaction price; and
5. recognize revenue when a performance obligation is satisfied.

# Acceleware Ltd.

## Notes to Financial Statements

### For the years ended December 31, 2025 and 2024

(in Canadian dollars)

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#### 4. Material accounting policy information (cont'd)

##### ***Data***

The Company enters into contracts to provide data related to technology feasibility, engineering design, simulation and testing. The Company evaluates these arrangements to determine the appropriate unit of account (performance obligation) for revenue recognition purposes. Revenue is recognized when the performance obligation has been satisfied at a point in time. The transaction price is documented on the contract. Payment is receivable and non-refundable at the time each milestone is completed during the life of the contract. Deferred revenue is recognized for milestone payments received but not yet recognized as revenue.

##### ***Software and maintenance***

The Company currently sells software licenses on a perpetual basis as well as on fixed-term contracts. Both arrangements include post-contract support ("PCS"). The Company's multiple-element sales arrangements include arrangements where software licenses and the associated PCS are sold together. The total transaction price is allocated to each performance obligation on the basis of the relative stand-alone selling price of each distinct good or service with revenue being recognized based on the type of revenue (software license or PCS maintenance).

The Company currently recognizes revenue from the sale of software licenses at the time the control of the software has been transferred to the customer. This usually occurs when the software licenses have been delivered to the customer. The transaction price is documented in the contract or purchase order and agreed to by the customer.

Payment is generally due at the time of sale of software license. As such, a receivable is recognized as the consideration is unconditional and only the passage of time is required before payment is due (payment terms are generally net 30 days). Standalone selling price for software is observable in PCS transactions without multiple performance obligations.

PCS revenue associated with software licenses is recognized rateably over the term of the PCS period, which typically is one year. Any unrecognized revenue is recorded as a contract liability. PCS revenue includes customer support, minor software updates, maintenance releases and bug fixes during the term of the PCS period. Payment is generally due at the beginning of the contract period. As such, the advance payment is recognized as a contract liability with revenue recognized over the PCS term. Standalone selling price is observable in PCS renewal transactions and in current standalone pricing for initial PCS contracts.

##### ***Contracts with multiple products or services***

The Company's contracts with customers may include multiple products and services, such as the bundling of software, PCS and data. The Company evaluates these arrangements to determine the appropriate unit of accounting (performance obligation) for revenue recognition purposes based on whether the software, PCS or data is distinct from some or all of the other software, PCS or data in the arrangement and, therefore, can be accounted for as a separate performance obligation. Software, PCS arrangement or data performance obligation is distinct if the customer can benefit from it on its own or together with other readily available resources and the Company's promise to transfer the good or service is separately identifiable from other promises in the contractual arrangement with the customer. Where a contract consists of more than one performance obligation, revenue is allocated to each based on their relative estimated stand-alone selling price.

# Acceleware Ltd.

## Notes to Financial Statements

### For the years ended December 31, 2025 and 2024

(in Canadian dollars)

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#### 4. Material accounting policy information (cont'd)

##### (b) Contract costs

Contract costs represent the work expended to date on contracts with performance obligations that are measured at a point in time. Work expended to date is measured at cost and includes all expenditures related directly to the specific performance obligations. Cost includes all expenditures related directly to the specific project.

##### (c) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and guaranteed investment certificates which are subject to insignificant risk of changes in value and that have an original maturity at date of purchase of three months or less.

##### (d) Research and development costs and government assistance

Research costs are expensed in the period incurred. Development costs are expensed in the period incurred unless the Company believes a development project meets criteria for deferral and amortization in accordance with International Accounting Standard ("IAS") 38 "Intangible Assets". Research and development ("R&D") costs comprise salaries, consultant fees, share-based payments, services and components related to prototypes, lab supplies, and an allocation of office costs and depreciation. No development costs have been deferred as at December 31, 2025 (December 31, 2024 - \$nil).

Reimbursements of eligible costs pursuant to government assistance programs are recorded as a reduction of research and development costs when the related costs are incurred. Claims not settled by the reporting date are recorded as trade and other receivables on the statements of financial position when there is reasonable assurance of recovery. Funding amounts received in advance of expenses incurred are deferred and are recorded as accounts payable and accrued liabilities on the statements of financial position.

##### (e) Decommissioning liability

The Company recognizes a decommissioning liability in the period it arose with a corresponding increase to the related expense. 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.

##### (f) Taxes

Tax expense comprises current and deferred tax. Tax is recognized in the statement of loss and comprehensive loss except to the extent it relates to items recognized in other comprehensive loss or directly in equity.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

# Acceleware Ltd.

## Notes to Financial Statements

### For the years ended December 31, 2025 and 2024

(in Canadian dollars)

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#### 4. Material accounting policy information (cont'd)

##### (f) Taxes (cont'd)

Deferred taxes are the taxes expected to be payable or recoverable on differences between the carrying amounts of assets in the statements of financial position and their corresponding tax bases used in the computation of taxable profit and are accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases based on the laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable income nor the accounting income.

##### (g) Share-based payments

The Company uses the fair value method to account for options to be granted to employees, directors and officers. All options and similar instruments that are granted to non-employees are also accounted for at the fair value of the goods or services received unless the fair value of the goods or services cannot be estimated reliably. The fair value method consists of recording share-based payments to the statement of loss and comprehensive loss over the vesting period of each tranche of options granted. Where the vesting period is based on the market price of the Company's common shares, the vesting period is estimated using a binomial option pricing model. At the time of exercise, the consideration and the related contributed surplus recognized to the exercise date are credited to share capital.

##### (h) Loss per share

Basic loss per share is computed by dividing the total comprehensive loss for the year attributable to shareholders by the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential common shares. The weighted average number of common shares outstanding is increased by the total number of additional common shares that would have been issued by the Company assuming the notional exercise of all in-the-money stock options and warrants. No adjustment to diluted loss per share is made if the result of this calculation is anti-dilutive or if the Company is in a loss position.

##### (i) Financial instruments

###### *Non-derivative financial instruments*

Non-derivative financial instruments comprise cash and cash equivalents, trade and other receivables, accounts payable and accrued liabilities, notes payable, and convertible debenture. Non-derivative financial instruments are recognized initially at fair value. Subsequent to initial recognition, non-derivative financial instruments are classified based on the business model in which they are held and the characteristics of their contractual cash flows.

The Company classifies its financial assets and financial liabilities in the following measurement categories:

- i. those to be measured subsequently at fair value through profit or loss ("FVTPL");
- ii. those to be measured subsequently at fair value through other comprehensive income ("FVOCI"); and
- iii. those to be measured at amortized cost.

# Acceleware Ltd.

## Notes to Financial Statements

### For the years ended December 31, 2025 and 2024

(in Canadian dollars)

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#### 4. Material accounting policy information (cont'd)

##### (i) Financial instruments (cont'd)

Financial assets are measured at amortized cost. Financial assets measured at amortized cost are measured using the effective interest method. Cash and trade accounts receivable are classified as financial assets measured at amortized cost.

Financial liabilities are initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method. Interest expense is recognized in the statement of loss and comprehensive loss. Accounts payable and accrued liabilities, convertible debt, and lease liability are classified as financial liabilities measured at amortized cost.

The Company derecognizes a financial liability when its contractual obligations expire or are discharged or cancelled. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in the statement of loss and comprehensive loss.

##### *Derivative financial instruments*

Convertible debt that may be settled with cash or another financial asset or is convertible into a variable number of common shares is bifurcated into a debt portion and a derivative liability portion. The liability component of a convertible debt is recognized initially at the fair value which is equal to the net present value of future cash flows applying an interest rate at the date of issue of a similar liability that does not have an equity convertible option. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The derivative liability is measured at fair value on the date of issuance. The Company subsequently classifies derivative liabilities at fair value through profit and loss.

Upon the exercise or conversion of convertible debt to common shares, the related fair value of the derivative liability is transferred to share capital as consideration for the common shares issued, along with cash consideration, if any.

The Company recognizes and presents separately derivative financial instruments that grant an option to the holder of the instrument to convert it into a fixed number of common shares of the Company (an equity instrument). On initial recognition, the equity instrument is measured based on its proportional fair value using applicable valuation models and assumptions. Any directly attributable transaction costs are allocated in proportion to the initial carrying amount. Subsequent to initial recognition, the equity instrument is not re-measured.

##### *Impairment of financial assets*

Impairment of financial assets is based on an expected credit loss ("ECL") model. ECLs are a probability weighted estimate of credit losses. The Company calculates lifetime ECLs based on consideration of customer-specific factors, actual credit loss experience and forecasted economic conditions. Management considers historical default rates generally represent a reasonable approximation of future expected defaults and as a percentage of revenue, the Company's actual credit loss experience has been minor.

# Acceleware Ltd.

## Notes to Financial Statements

### For the years ended December 31, 2025 and 2024

(in Canadian dollars)

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#### 4. Material accounting policy information (cont'd)

##### (j) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A lease liability is recognized at the commencement of the lease term at the present value of the lease payments that are not paid at that date. At the commencement date, a corresponding right-of-use asset is recognized at the amount of the lease liability, adjusted for lease incentives received, retirement costs and initial direct costs. Depreciation is recognized on the right-of-use asset over the lease term. Interest expense is recognized on the lease liabilities using the effective interest rate method and payments are applied against the lease liability.

##### (k) Contract liabilities

Contract liabilities are recognized for payments relating to maintenance services received at the time of the initial sales transaction and are released over the service period.

##### (l) Segment reporting

Management, including the Chief Operating Decision Maker, who is the Company's Chief Executive Officer, reviews and assesses operating performance using segment net revenues and loss from operations before other income (expense) and income taxes. These performance measures include the allocation of expenses to the operating segments based on Management's judgement. The Company has one operating segment, RF Heating.

##### (m) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs. The proceeds from the issue of units consisting of a common share and a common share purchase warrant is allocated between common shares and common share purchase warrants on a pro-rata basis on a relative fair value basis, wherein, the fair value of the common shares is based on the market closing price on the date the units are issued; and the fair value of the common share purchase warrants is determined using the Black-Scholes pricing model.

##### (n) Future Accounting Pronouncements

There are new accounting standards and amendments to accounting standards and interpretations that are effective for annual periods beginning on or after January 1, 2026, that have not been applied in preparing the financial statements for the year ended December 31, 2025. Except as disclosed below, these standards and interpretations are not expected to have a material impact on the Company's financial statements.

On April 9, 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements to improve reporting of financial performance. IFRS 18 replaces IAS 1 Presentation of Financial Statements. It carries forward many requirements from IAS 1. IFRS 18 applies to annual reporting periods beginning on or after January 1, 2027. Earlier application is permitted. The key new concepts introduced in IFRS 18 relate to: the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements; and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes. The Company is currently assessing the impact and efforts related to adopting IFRS 18.

# Acceleware Ltd.

## Notes to Financial Statements

For the years ended December 31, 2025 and 2024

(in Canadian dollars)

### 4. Material accounting policy information (cont'd)

#### (n) Future Accounting Pronouncements (cont'd)

On May 30, 2024, the IASB issued amendments to IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments. These amendments clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI). These amendments apply to annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted. The Company is currently assessing the impact and efforts related to the amendments to IFRS 9 and IFRS 7.

### 5. Trade and other receivables

	December 31, 2025	December 31, 2024
Trade receivables	\$ 14,878	\$ 905
Goods and services tax and other receivables	39,673	17,253
	\$ 54,551	\$ 18,158

Trade receivables are unsecured and non-interest bearing and are generally collected on 30-day terms.

### 6. Accounts payable and accrued liabilities

The Company's accounts payable and accrued liabilities are detailed below:

	December 31, 2025	December 31, 2024
Trade accounts payable	\$ 813,276	\$ 773,528
Withholding taxes payable	23,035	26,007
Accrued liabilities and other payables	1,697,828	1,547,094
	\$ 2,534,139	\$ 2,346,629

Included in accounts payable and accrued liabilities are deferred compensation amounts owing to management of \$1,530,290 as at December 31, 2025 (December 31, 2024 - \$1,361,852).

### 7. Notes payable

During the year ended December 31, 2025, the Company renewed promissory notes bearing interest at an effective annual rate of 18% (year ended December 31, 2024 – 18%). Repayment terms range from 180 days to 365 days from the date of the promissory note and are due from May 12, 2026 to August 28, 2026.

# Acceleware Ltd.

## Notes to Financial Statements

For the years ended December 31, 2025 and 2024

(in Canadian dollars)

### 7. Notes payable (cont'd)

	December 31, 2025		December 31, 2024	
Opening balance	\$	1,160,954	\$	944,010
New notes issued		25,000		360,000
Repayments		(100,000)		(220,000)
Interest paid		(56,698)		(41,593)
Interest accrued		193,522		118,537
Closing balance	\$	1,222,778	\$	1,160,954

### 8. Right of use assets and lease obligations

Right of use asset is comprised of office space. During the year ended December 31, 2025, there was one new office space lease (December 31, 2024 - none) and one expired lease (December 31, 2024 - none).

On September 1, 2025, Acceleware entered into a new agreement to lease 2,448 square feet of office space for a period of one year and eight months, ending on April 30, 2027. In addition to the basic monthly rents, the Company must pay a proportionate share of property taxes, operating costs, utilities and additional services. These payments are fixed throughout the year with an annual true up and are excluded from variable lease payments below. The Company recognized right of use assets of \$52,413 related to the lease, using an incremental borrowing rate of 10%.

Depreciation expense for right of use office space assets is allocated 50% to research and development expense and 50% to general and administrative expense. For the year ended December 31, 2025, \$15,892 (December 31, 2024 – \$14,202) of depreciation expense for office space right of use assets is included in each of general and administrative and research and development expense on the statement of income (loss) and comprehensive income (loss).

The following table summarizes the changes in the Company's lease obligations:

	December 31, 2025		December 31, 2024	
Opening balance	\$	23,370	\$	56,059
Additions		52,413		—
Interest expense		2,342		2,858
Repayment of lease obligations		(35,510)		(35,547)
Closing balance		42,615		23,370
Less: current portion		(31,549)		(23,370)
Non-current portion	\$	11,066	\$	—

# Acceleware Ltd.

## Notes to Financial Statements

### For the years ended December 31, 2025 and 2024

(in Canadian dollars)

#### 8. Right of use assets and lease obligations (cont'd)

The following table summarizes the undiscounted contractual cash flows to their present value for lease obligations:

	<b>December 31, 2025</b>
2026	<b>34,272</b>
2027	<b>11,424</b>
Minimum lease payments	<b>45,696</b>
Less: interest portion at a rate of 10.0% (2024 – 8.0%)	<b>4,473</b>
<b>Net minimum lease payments</b>	<b>\$ 41,223</b>

Variable lease payments for operating costs not included in the above table are approximately \$48,500 per year (December 31, 2024 - \$60,000) and are included in general and administrative expenses.

#### 9. Convertible debentures

Fair value of the conversion option with the anti-dilution option was measured using a Black-Scholes option pricing model. The forced conversion option was measured using a binomial option pricing model and the net present value of financing costs saved upon exercise of the option, and was determined to have no material value. As at December 31, 2025, interest accrued on the convertible debentures of \$218,799 is included in other current liabilities on the statement of financial position (2024 - \$109,140). The pre-payment option was determined to have no material value. The following assumptions were used as inputs into the pricing models:

	<b>December 31, 2025</b>	December 31, 2024
Expected volatility	<b>1.23</b>	1.41
Risk-free interest rate	<b>2.20%</b>	3.19%
Share price on measurement date	<b>\$0.08</b>	\$0.115
Expected dividend yield	<b>Nil</b>	Nil
Expected life	<b>0.25 years</b>	1.25 years

The value of each component, allocated amongst the debt host and embedded derivatives is as follows:

	Total	Debt	Derivative Liabilities
Balance, December 31, 2023	\$ 1,574,300	1,454,700	119,600
Fair value adjustment	(70,500)	—	(70,500)
Accretion	267,786	267,786	—
Conversion	(41,810)	(40,410)	(1,400)
<b>Balance, December 31, 2024</b>	<b>\$ 1,729,776</b>	<b>\$ 1,682,076</b>	<b>\$ 47,700</b>
Balance, December 31, 2024	\$ 1,729,776	1,682,076	47,700
Fair value adjustment	(47,700)	—	(47,700)
Accretion	350,357	350,357	—
<b>Balance, December 31, 2025</b>	<b>\$ 2,032,433</b>	<b>\$ 2,032,433</b>	<b>\$ —</b>

# Acceleware Ltd.

## Notes to Financial Statements

### For the years ended December 31, 2025 and 2024

(in Canadian dollars)

#### 10. Decommissioning liability

In 2025 the Company transferred decommissioning liabilities to a third party as part of a sale of assets and liabilities agreement. Up until the disposition, the carrying amount of the liability associated with the decommissioning of the Company's R&D activities related to the commercial-scale pilot test of the RF XL technology had been recorded as other non-current liability as no abandonment activities were expected for the next twelve months. The disposition of the decommissioning liabilities were recorded at a gain on sale of property and equipment.

The following significant assumptions were used to estimate the decommissioning liability:

	December 31, 2024
Undiscounted cash flows	\$ 295,871
Discount rate	3.3%
Inflation rate	3%
Weighted average expected timing of cash flows	7 years

The following table presents the reconciliation of the carrying amount of the decommissioning liability:

	December 31, 2025	December 31, 2024
Balance, beginning of year	\$ 311,771	\$ 301,703
Liabilities incurred	—	—
Effect of change in estimate	—	—
Accretion	7,800	10,068
Disposition of liabilities	(319,571)	—
Balance, end of year	\$ —	\$ 311,771

#### 11. Share capital and other components of shareholders' equity

##### (a) Share capital

The authorized share capital of the Company consists of an unlimited number of common shares, and unlimited number of first preferred shares, of which conditions are to be determined; and an unlimited number of second preferred shares, of which conditions are to be determined.

On July 31, 2025, the Company 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 \$791,334. Each Unit consists of one common share of the Company and one common share purchase warrant of the Company. 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 Company closed certain shares for debt transactions to settle \$186,337 in certain trades payable, management fees and interest payable on convertible debentures of the Company by issuing 1,863,375 Units at a deemed price of \$0.10 per Unit.

# Acceleware Ltd.

## Notes to Financial Statements

For the years ended December 31, 2025 and 2024

(in Canadian dollars)

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### 11. Share capital and other components of shareholders' equity (cont'd)

#### (a) Share-capital (cont'd)

On September 3, 2025, the Company 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 \$209,000. Share issue costs of \$74,277 were incurred in relation to the private placement and are recorded as an offset to share capital.

During the year ended December 31, 2025, 125,000 stock options were exercised (December 31, 2024 – 10,000) for cash proceeds of \$12,500 (December 31, 2024 - \$1,000). Non-cash compensation charges of \$11,825 (December 31, 2024 - \$946) were reclassified from contributed surplus to share capital on the exercise of these options.

#### (b) Warrants

As a result of the August 21, 2023 private placement of units, the Company issued 1,949,036 common share purchase warrants with an aggregate fair value of \$142,551. The fair value of the warrants was estimated using the Black-Scholes option pricing model based on the following assumptions: expected volatility 113%, a risk-free interest rate of 4.70%, expected dividend yield of nil and expected life of two years. All of these warrants expired unexercised in the Year ended December 31, 2025.

As a result of the private placement of Units and the Units for debt transactions closed in the Year ended December, 2025, and disclosed above, the Company issued 11,866,717 common share purchase warrants with an aggregate fair value of \$615,915. The fair value of the warrants was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions: expected volatility 136%, a risk-free interest rate of 2.69%, expected dividend yield of nil and expected life of two years. All of the warrants expire two years from the issue date and have an exercise price of \$0.20.

As of December 31, 2025, a total of 11,866,717 warrants are outstanding (December 31, 2024, – 1,949,036) at a weighted average exercise price of \$0.20 (December 31, 2024, – \$0.30). The weighted average number of years remaining on the outstanding warrants is 1.9 (December 31, 2024 – 0.6).

#### (c) Share-based payments

At December 31, 2025, the Company had one equity-settled share-based compensation plan. The Company accounts for options granted under this plan in accordance with the fair value method of accounting for share-based compensation. The estimated fair value of the options that are ultimately expected to vest is recorded over the option's vesting period and charged to share-based compensation expense.

For the year ended December 31, 2025, the Company granted 3,029,000 options (December 31, 2024 – 2,429,000) to certain employees, contractors, officers, and directors options to purchase common shares with the following terms:

	December 31, 2025
Standard options granted	2,579,000
Performance options granted	450,000
Weighted average exercise price per common share	\$0.09
Term to expiry	5 years

# Acceleware Ltd.

## Notes to Financial Statements

### For the years ended December 31, 2025 and 2024

(in Canadian dollars)

#### 11. Share capital and other components of shareholders' equity (cont'd)

##### (c) Share-based payments (cont'd)

The options have a weighted average exercise price of \$0.09 per common share and expire five years from the date of grant. Of the options granted, 1,289,500 shall vest on the first anniversary of the grant date, 1,289,500 shall vest on the second anniversary of the grant date, 225,000 shall vest when the share price of the common shares of the Company closes at or above \$0.11 for ten consecutive trading days, and 225,000 shall vest when the share price of the common shares of the Company closes at or above \$0.135 for ten consecutive trading days.

The weighted average grant date fair value of the stock options granted was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	December 31, 2025
Grant date fair value	\$0.09
Expected volatility	122%
Risk-free interest rate	2.86%
Expected dividend yield	Nil
Expected forfeiture rate	Nil

The expected volatility was determined by calculating the historical volatility of the Company's common share price from the date of grant back to the date five years prior to the date of grant. The estimated fair value of each tranche of options not immediately vesting is amortized to share-based payments over the option vesting period on a straight-line basis. For options that had vesting conditions based on the closing price of the Company's common shares, the vesting period was estimated using a binomial option pricing simulation. The exercise price on the date of grant is equal to the share price on the date the options are granted.

The changes to the number of options outstanding and their weighted average exercise price are as follows:

	Number	Weighted Average Exercise Price
Balance, December 31, 2023	10,770,998	\$ 0.21
Granted	2,429,000	0.135
Exercised	(10,000)	0.10
Expired	(100,000)	0.12
Forfeited	(2,106,066)	0.13
Balance, December 31, 2024	10,983,932	\$ 0.21

	Number	Weighted Average Exercise Price
Balance, January 1, 2025	10,983,932	\$ 0.21
Granted	3,029,000	0.09
Exercised	(125,000)	0.10
Forfeited	(577,250)	0.15
Expired	(2,543,216)	0.19
Balance, December 31, 2025	10,767,466	\$ 0.18

# Acceleware Ltd.

## Notes to Financial Statements

### For the years ended December 31, 2025 and 2024

(in Canadian dollars)

#### 11. Share capital and other components of shareholders' equity (cont'd)

##### (c) Share-based payments (cont'd)

Summary of options outstanding and exercisable as at December 31, 2025 is as follows:

Exercise price outstanding	Grant Date	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number exercisable
\$0.09 - \$0.135	Feb 2024 to May 2024; Feb 2025, Sep 2025	4,897,000	3.76	\$0.11	1,016,500
\$0.20 - \$0.23	April 2023	4,225,000	2.29	0.23	4,225,000
\$0.29 - \$0.30	May 2021 to Sept 2021	1,645,466	0.65	0.29	1,645,466
		10,767,466	2.76	\$0.18	6,886,966

Summary of options outstanding and exercisable as at December 31, 2024 is as follows:

Exercise price outstanding	Grant Date	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number exercisable
\$0.10 - \$0.135	Jan 2020 to Jun 2020; Feb 2024 to May 2024	3,486,466	2.89	\$0.13	1,057,466
\$0.20 - \$0.21	April 2023	5,345,000	3.29	0.23	2,810,000
\$0.29 - \$0.30	May 2021 to Sept 2021	2,152,466	1.65	0.29	2,152,466
		10,983,932	2.80	\$0.21	6,019,932

##### (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 for the years ended December 31, 2025 and 2024.

	December 31, 2025	December 31, 2024
Totals comprehensive income (loss) basic and diluted	\$ (1,860,384)	\$ 2,001,685
Weighted average shares outstanding	123,296,960	118,407,276
Diluted effect of in-the-money options	21,173	180,501
Diluted weighted average shares outstanding	\$ 123,318,133	\$ 118,587,777

The calculation of weighted average shares outstanding for the diluted loss per share calculation excludes the impact of the options outstanding as at December 31, 2025 as the effect is anti-dilutive.

**Acceleware Ltd.**  
**Notes to Financial Statements**  
**For the years ended December 31, 2025 and 2024**  
(in Canadian dollars)

**12. Revenue**

The components of revenue are as follows:

	<b>December 31, 2025</b>		December 31, 2024	
Software	\$	47,504	\$	58,086
Maintenance		108,262		102,796
Services		563,417		5,072,151
	\$	719,183	\$	5,233,033

**(a) Data revenue**

Since 2018, the Company entered into Project Funding Agreements and Test Data Purchase Agreements (the "Agreements") the terms of which provide the customer with the right to access and use data obtained from the commercial-scale pilot of RF XL technology Acceleware conducted at Marwayne, Alberta. Acceleware received total funding of \$5,000,000, paid in installments upon completion of milestones. Each milestone payment is non-refundable.

Under *IFRS 15 Revenue from Contracts with Customers*, these contracts did not meet all requirements for revenue recognition over-time, therefore revenue recognition defaults to the end of the contract. For each completed milestone, the Company has no outstanding obligation to deliver goods or services. Revenue of \$4,750,000 was recognized in 2024. Software and maintenance revenue of \$250,000 was recognized in previous years.

During 2024, the Company completed all milestones under the Agreements and as such recognized \$4,750,000 revenue, related to performance obligations and recognized deferred contract costs of \$202,980. The following is a reconciliation of deferred revenue:

	<b>December 31, 2025</b>		December 31, 2024	
Balance, beginning of year	\$	—	\$	4,350,000
Invoiced		—		400,000
Recognized as software and maintenance revenue		—		—
Recognized as data revenue		—		(4,750,000)
	\$	—	\$	—

**(b) Contract amounts**

Contract costs represent work expended to date on contracts with performance obligations that are measured at a point in time. Contract liabilities relate to the advance payments received from customers. Contract costs and liabilities are accounted for on a contract-by-contract basis, with each contract accordingly presented as either net contract cost or a net contract liability. The contract costs recorded on the statement of financial position within other non-current assets is \$nil as at December 31, 2025 (December 31, 2024 – \$nil).

**Acceleware Ltd.**  
**Notes to Financial Statements**  
**For the years ended December 31, 2025 and 2024**  
(in Canadian dollars)

**12. Revenue (cont'd)**

The change in contract liabilities included within other current liabilities on the statement of financial position is as follows:

<b>Contract liabilities</b>	<b>December 31, 2025</b>		<b>December 31, 2024</b>	
Balance, beginning of year	\$	61,171	\$	79,115
Additions		125,078		75,097
Recognized as revenue		(146,967)		(93,041)
	\$	39,282	\$	61,171

**(c) Geographic revenue segmentation**

The Company operates in an international market. Geographic revenue segmentation is as follows:

	<b>Canada</b>		<b>USA</b>		<b>Total</b>	
<b>December 31, 2025</b>	\$	563,417	\$	155,766	\$	719,183
December 31, 2024	\$	5,072,151	\$	160,882	\$	5,233,033

The Company derives significant revenues from three major customers each of which exceeded 10% of total revenues for the year ended December 31, 2025. Revenue from these customers was \$636,383 in the year ended December 31, 2025 (December 31, 2024 – three main customers revenue of \$4,750,000).

**13. General and administrative**

	<b>December 31, 2025</b>		<b>December 31, 2024</b>	
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
	\$	1,135,885	\$	1,632,105

**14. Research and development**

	<b>December 31, 2025</b>		<b>December 31, 2024</b>	
Salaries	\$	828,499	\$	1,332,330
Consultants		249,710		287,250
R&D services 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
Government assistance		(53,634)		(1,227,928)
	\$	1,364,513	\$	1,025,582

# Acceleware Ltd.

## Notes to Financial Statements

For the years ended December 31, 2025 and 2024

(in Canadian dollars)

### 15. Other income

During the year ended December 31, 2025, the Company earned other income related to an agreement whereby a third party operated the RF XL Marwayne pilot oil production well in exchange for equipment rental fees and royalties from the sale of produced oil. Total other income earned in the year was \$111,812 (year ended December 31, 2024 - \$nil).

### 16. Gain on disposal of property and equipment

During the year ended December 31, 2025, the Company entered into an agreement to transfer certain non-core assets associated with the RF XL pilot project at Marwayne to a third party. The third party also agreed to assume the decommissioning liabilities associated with the pilot site. The cash proceeds received were \$150,000 and the decommissioning liabilities assumed were carried on the balance sheet at \$311,771 (see note 10). Additional surplus equipment from the pilot site was sold in the year ended December 31, 2025 for proceeds totalling \$82,248. The assets disposed had no carrying value on the balance sheet, and no transaction costs were incurred in the sales. No gain or loss on sale of assets was recorded in the year ended December 31, 2024.

### 17. Income taxes

The provision for income taxes differs from the result which would be obtained by applying the combined Canadian federal and provincial statutory tax rate of 23.0% (December 31, 2024 – 23.0%) to loss before taxes. The difference results from the following:

	December 31, 2025	December 31, 2024
Income (loss) before income tax	\$ (1,860,384)	\$ 2,001,685
Statutory tax rate	23%	23%
Computed expected income tax (recovery)	(427,888)	460,388
Non-deductible expenses	36,914	107,951
SR&ED investment tax credits	(189,185)	(282,835)
Increase (decrease) in deferred tax assets not recognized	580,159	(253,825)
Change in enacted tax rates	—	(31,679)
Deferred tax recovery	\$ —	\$ —

The components of the deferred tax asset are as follows:

	December 31, 2025	December 31, 2024
Deferred tax assets:		
SR&ED tax pools	\$ 739,029	\$ 681,038
SR&ED investment tax credits	(739,029)	(681,038)
Net deferred tax asset	\$ —	\$ —

# Acceleware Ltd.

## Notes to Financial Statements

### For the years ended December 31, 2025 and 2024

(in Canadian dollars)

#### 17. Income taxes

The components of the unrecognized deductible temporary differences are as follows:

	December 31, 2025	December 31, 2024
Non-capital loss carryforwards	\$ 3,134,344	\$ 1,044,139
SR&ED expenditure pool	10,885,956	11,612,492
SR&ED investment tax credits	3,213,171	2,961,035
Property and equipment and other	981,992	901,784
	<b>\$ 18,215,463</b>	<b>\$ 16,519,449</b>

The non-capital loss carryforwards available to claim against future taxable income begin to expire in 2040. The deductible SR&ED expenditures have no expiry date and the SR&ED investment tax credits available to claim against future taxable income or income taxes begin to expire in 2031.

#### 18. Financial instruments

##### (a) Fair value

The carrying value of cash and cash equivalents, trade and other receivables and accounts payable and accrued liabilities approximates their fair values due to the immediate or short-term maturity of these financial instruments. The fair values of notes payable and government assistance approximate their carrying values as they bear interest at effective rates or fixed rates consistent with market rates for similar debt. At the date of issue, the fair value of the debt components of the convertible debt was estimated using the prevailing market interest rates for similar non-convertible instruments. This amount was recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

##### (b) Currency risk

A portion of the Company's revenue is made from sales denominated in United States dollars ("USD"). Accordingly, the Company is exposed to related foreign currency risk arising from fluctuations in USD exchange rates. The Company does not engage in any foreign currency hedging.

##### (c) Currency risk cont'd

The USD financial instrument exposure as at year end is as follows:

	December 31, 2025	December 31, 2024
Cash and cash equivalents	\$ 62,563	\$ 25,709
Trade and other receivables	10,855	640
Accounts payable and accrued liabilities	(11,917)	(13,444)
Net exposure	<b>\$ 61,501</b>	<b>\$ 12,905</b>

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**19. Financial instruments (cont'd)**

The USD denominated revenue and expenses for the year are as follows:

	December 31, 2025		December 31, 2024	
Revenue	\$	133,877	\$	142,936
Expenses		(11,019)		(54,920)
Net exposure	\$	122,858	\$	88,016

The table below depicts the average and ending USD to Canadian dollar exchange rates for the year.

	Average exchange rate for the year ended December 31, 2025	Average exchange rate for the year ended December 31, 2024	Exchange rate as at December 31, 2025	Exchange rate as at December 31, 2024
Canadian dollar per one USD	1.3978	1.3698	1.3706	1.4389

The table below depicts the annual impact to total comprehensive loss of varying the above USD to Canadian dollar exchange rate by one cent.

	Decrease/(increase) in comprehensive loss for the year ended December 31, 2025		Decrease/(increase) in comprehensive loss for the year ended December 31, 2024	
1 percent strengthening in the Canadian dollar	\$	(1,327)	\$	(733)
1 percent weakening in the Canadian dollar	\$	1,327	\$	733

**(d) Credit risk**

Financial instruments that subject the Company to credit risk consist primarily of cash and cash equivalents and trade and other receivables. The Company's cash is held with large established financial institutions. Credit risk on trade and other receivables reflects the risk that the Company may be unable to recover them. The Company's trade and other receivables are typically short-term in nature with a majority of the amounts due from government bodies and a small number of well-established corporations. The Company recognizes an amount equal to the lifetime expected credit losses ("ECL") on receivables for which there has been a significant increase in credit risk since initial recognition. The Company measures loss allowances based on historical experience and including forecasted economic conditions. The amount of ECLs is sensitive to changes in circumstances of forecast economic conditions. Based on the status of trade and other receivables, an allowance for doubtful accounts of \$nil has been recorded as at December 31, 2025 (December 31, 2024 - \$nil).

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**19. Financial instruments (cont'd)**

The aging of trade and other receivables as at year end is as follows:

	December 31, 2025		December 31, 2024	
1 – 30 days	\$	42,247	\$	905
		42,247		905
Government assistance receivable		—		—
Other receivables		12,304		17,253
	\$	54,551	\$	18,158

**(e) Liquidity risk**

Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due or that it can only do so at an abnormally high cost.

Within its software and services business, the Company actively manages its cash flow and investment in new products to match its cash requirements to cash generated from operations. In order to maximize cash generated from operations, the Company plans to continue to focus on high gross margin revenue streams such as software products, consulting services and training; focus on selected core vertical markets; minimize operating expenses where possible; and limit capital expenditure. As the Company continues to develop its RF heating technology, new research and development investments will be financed through a combination of internal cash flow from the software and services business, government grants 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 Company will be able to achieve all or part of the objectives discussed above, or that sufficient financing from outside sources will be available.

Management strives to maintain an optimum level of liquidity by actively managing assets, liabilities and cash flows. Management prepares regular budgets and cash flow forecasts to help predict future changes in liquidity. Comparing the Company's aggregate liquid assets to its liabilities and commitments, Management assesses liquidity risk to be low, subject to the ability to generate positive cash flows from operations.

At December 31, 2025, Acceleware's financial liabilities are all due within one year.

**(f) Capital risk management**

Capital disclosures provide information about (i) the Company's objectives, policies, and processes for managing capital, (ii) quantitative data about what the Company regards as capital, (iii) whether the Company has complied with any capital requirements, and (iv) if it has not complied, the consequences of such non-compliance.

**Acceleware Ltd.**  
**Notes to Financial Statements**  
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**19. Financial instruments (cont'd)**

The Company's objectives for managing capital are:

- i. To safeguard the Company's ability to continue as a going concern, so that it can provide adequate returns for shareholders and benefits for other stakeholders.
- ii. To ensure sufficient liquidity to enable the internal financing of capital thereby facilitating its ability to continue operations and eventually achieve profitable
- iii. To maintain a strong capital base so as to maintain investor, creditor and market confidence.

The Company considers the following items as capital:

	<b>December 31, 2025</b>	December 31, 2024
Convertible debentures – host debt and derivative	<b>\$ 2,032,433</b>	\$ 1,729,776
Lease obligation	<b>42,491</b>	23,371
Total debt	<b>\$ 2,074,924</b>	\$ 1,753,147
Deferred revenue	—	—
Shareholder's equity	<b>(5,937,402)</b>	(5,402,361)
	<b>\$ (3,862,478)</b>	\$ (3,649,214)

The Company manages its capital structure and makes adjustments to it in light of changes in economic and business conditions, financing environment and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, new debt or scale back the size and nature of its operations. The Company manages its capital with a view to cost containment, continued focus on core vertical markets and the objective of achieving profitable operations. The Company is not subject to externally imposed capital requirements.

# Acceleware Ltd.

## Notes to Financial Statements

### For the years ended December 31, 2025 and 2024

(in Canadian dollars)

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#### 20. Related Party Transactions

- (a) For the year ended December 31, 2025, the Company incurred expenses in the amount of \$183,750 (December 31, 2024 - \$248,780) with a company controlled by an officer and director of the Company as fees for duties performed in managing research and development operations and these expenses are included in research and development. Of the total \$507,128 was included in accounts payable and accrued liabilities as at December 31, 2025 (December 31, 2024 - \$410,660) which is inclusive of prior year amounts. These fees were incurred in the normal course of operations and represent fair value for services rendered.
- (b) For the year ended December 31, 2025, the Company 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 Company for marketing, communication, management and strategy development, and these expenses are included in general and administrative. Of the total \$238,773 was included in accounts payable and accrued liabilities as at December 31, 2025 (December 31, 2024 - \$169,473) which is inclusive of prior year amounts. These fees were incurred in the normal course of operations and represent fair value for services rendered.
- (c) For the year ended December 31, 2025, the Company incurred expenses in the amount of \$35,000 (December 31, 2024 - \$nil) with a company controlled by a director of the Company as fees for duties performed in management, and these expenses are included in general and administrative. 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.
- (d) For the year ended December 31, 2025, the Company incurred expenses in the amount of \$30,498 (December 31, 2024 - \$21,430) with a close family member of an officer and director of the Company 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 (December 31, 2024 - \$nil). These fees were incurred in the normal course of operations and represent fair value for services rendered.
- (e) For the year ended December 31, 2025, the Company issued promissory notes totaling \$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 Company in the normal course of operations. In the opinion of management, these transactions represent fair value. The promissory notes, including accrued interest, are included in other current liabilities on the statement of financial position.
- (f) Key management includes the Company's directors and members of the executive management team. Compensation awarded to key management included:

	December 31, 2025	December 31, 2024
Salaries and short-term employee benefits	\$ 628,202	\$ 1,091,673
Share-based expenses	110,385	316,069
	<b>\$ 738,587</b>	<b>\$ 1,407,742</b>

# Acceleware Ltd.

## Notes to Financial Statements

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#### 21. Subsequent Event

Subsequent to December 31, 2025 the Company 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 Company has presented an option for existing holders to convert all principal and accrued and unpaid interest outstanding into:

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

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.