

Acceleware Ltd.

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

(in Canadian dollars)

Acceleware Ltd.

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
Assets		
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
Total current Assets	309,363	319,149
Non-current		
Right of use assets (note 8)	41,931	21,302
Total assets	\$ 351,294	\$ 340,451
Liabilities and Equity		
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
Total current liabilities	6,277,630	3,701,265
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
Total liabilities	6,288,696	5,742,812
Shareholders' Equity		
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)
Total shareholders' equity	(5,937,402)	(5,402,361)
Total liabilities and shareholders' equity	\$ 351,294	\$ 340,451

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
Revenue (note 12)	\$ 719,183	\$ 5,233,033
Expenses		
General and administrative (note 13)	1,135,885	1,632,105
Research and development (note 14)	1,364,513	1,025,582
	2,500,398	2,657,687
(Loss) income from operations	(1,781,215)	2,575,346
Other expense		
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	(79,169)	(573,661)
Total comprehensive (loss) income for the period attributable to shareholders	\$ (1,860,384)	\$ 2,001,685
(Loss) income per share		
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 shareholders' equity	
	Common shares	Amount	Warrants	Contributed surplus	Total Reserves		Deficit
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)
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)
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)	—	—
Balance at December 31, 2025	# 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
Cash flows from (used for) operating activities		
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)
Cash flows from (used for) financing activities		
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)
Cash flows from investing activities		
Proceeds from sale of property and equipment (note 16)	232,458	—
Net cash flows from (used for) investing activities	232,458	—
Increase (decrease) in cash and cash equivalents	(23,901)	(679,792)
Cash and cash equivalents, beginning of period	271,777	951,569
Cash and cash equivalents, end of period	\$ 247,876	\$ 271,777
Comprised of:		
Cash on deposit	\$ 228,084	\$ 251,985
Cash equivalents	19,792	19,792
	\$ 247,876	\$ 271,777

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)

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)

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)

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)

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)

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)

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)

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)

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.

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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

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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:

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

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:

	December 31, 2025	December 31, 2024
Expected volatility	1.23	1.41
Risk-free interest rate	2.20%	3.19%
Share price on measurement date	\$0.08	\$0.115
Expected dividend yield	Nil	Nil
Expected life	0.25 years	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)
Balance, December 31, 2024	\$ 1,729,776	\$ 1,682,076	\$ 47,700
Balance, December 31, 2024	\$ 1,729,776	1,682,076	47,700
Fair value adjustment	(47,700)	—	(47,700)
Accretion	350,357	350,357	—
Balance, December 31, 2025	\$ 2,032,433	\$ 2,032,433	\$ —

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.

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(in Canadian dollars)

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

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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.

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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.
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For the years ended December 31, 2025 and 2024
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12. Revenue

The components of revenue are as follows:

	December 31, 2025		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:

	December 31, 2025		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).

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12. Revenue (cont'd)

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

Contract liabilities	December 31, 2025		December 31, 2024	
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:

	Canada		USA		Total	
December 31, 2025	\$	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

	December 31, 2025		December 31, 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
	\$	1,135,885	\$	1,632,105

14. Research and development

	December 31, 2025		December 31, 2024	
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.

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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	\$ —	\$ —

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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
	\$ 18,215,463	\$ 16,519,449

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	\$ 61,501	\$ 12,905

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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).

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

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

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:

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

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
	\$ 738,587	\$ 1,407,742

Acceleware Ltd.

Notes to Financial Statements

For the years ended December 31, 2025 and 2024

(in Canadian dollars)

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.



**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 (IMII) 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. IMII'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, 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.

Other Recent Highlights:

- On March 18, 2026 Acceleware 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 Acceleware 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 Acceleware announced that it had [entered into a farm-in agreement in Saskatchewan Manville](#).
- On December 4, 2025 Acceleware announced [two paid feasibility studies for BHP](#).
- On November 24, 2025 Acceleware 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 Acceleware 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, Acceleware announced [an agreement for asset and liability transfer and a new farmout opportunity](#)
- On June 25, 2025, Acceleware announced the launch of [RF XL 2.0](#) alongside a new demonstration plan.
- On June 23, 2025, Acceleware announced that it had completed a [strategic collaboration and distribution agreement with Scovan](#).
- On June 12, 2025, Acceleware announced that it had launched [a transformative strategic plan to support growth objectives](#).
- On June 3, 2025, Acceleware 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, 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 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. 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.*

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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