

Acceleware Ltd.

Condensed Interim Financial Statements (Unaudited) For the Three Months Ended March 31, 2025 and 2024

(in Canadian dollars)

Acceleware Ltd.

Condensed Interim Financial Statements For the Three Months Ended March 31, 2025 and 2024 (in Canadian dollars)

Contents

Condensed Statements of Financial Position	3
Condensed Statements of Comprehensive Income (Loss)	4
Condensed Statements of Changes in Shareholders' Equity	5
Condensed Statements of Cash Flows	6
Notes to Condensed Interim Financial Statements	7

Acceleware Ltd.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of Acceleware Ltd. (the “Company”) have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditor.

Acceleware Ltd.

Condensed Statements of Financial Position (Unaudited) (in Canadian dollars)

As at:	March 31, 2025	December 31, 2024
Assets		
Current		
Cash and cash equivalents	\$ 211,709	\$ 271,777
Trade and other receivables	45,495	18,158
Prepaid expenses	22,864	29,214
	280,068	319,149
Non-current		
Right of use assets	14,201	21,302
Total assets	\$ 294,269	\$ 340,451
Liabilities and Equity		
Current		
Accounts payable and accrued liabilities (note 5)	\$ 2,364,341	\$ 2,346,629
Notes payable (note 6)	1,236,725	1,160,954
Other current liabilities	315,687	193,682
Total current liabilities	3,916,753	3,701,265
Non-current		
Convertible debentures (note 7)	1,757,056	1,682,076
Derivative liabilities (note 7)	5,700	47,700
Other non-current liabilities	314,371	311,771
Total liabilities	5,993,880	5,742,812
Shareholders' Equity		
Share capital (note 8a)	25,290,760	25,266,435
Reserves (notes 8b, 8c)	9,736,185	9,675,565
Deficit	(40,726,556)	(40,344,361)
Total shareholders' equity	(5,699,611)	(5,402,361)
Total liabilities and shareholders' equity	\$ 294,269	\$ 340,451

Going concern (note 3)

Approved on behalf of the Board:

"signed"

Bohdan Romaniuk, Director

"signed"

Geoff Clark, Director

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

Acceleware Ltd.

Condensed Statements of Comprehensive Loss (Unaudited)

(in Canadian dollars)

For the:	Three months ended March 31, 2025 (unaudited)	Three months ended March 31, 2024 (unaudited)
Revenue (note 9)	\$ 431,226	\$ 43,594
Expenses		
General and administrative	252,753	452,482
Research and development (note 10)	420,829	501,115
	673,582	953,597
Loss from operations	(242,356)	(910,003)
Finance expense	(181,839)	(161,468)
Change in fair value of derivative financial instruments (note 7)	42,000	101,500
	(139,839)	(59,968)
Total comprehensive loss for the period attributable to shareholders	\$ (382,195)	\$ (969,971)
Loss per share		
Basic and diluted (note 8d)	\$ (0.00)	\$ (0.01)
Weighted average shares outstanding – basic	118,562,307	118,315,054
Weighted average shares outstanding – diluted (note 8d)	118,588,304	118,315,054

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

Acceleware Ltd.

Statements of Changes in Shareholders' Equity (Unaudited)

(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 comprehensive loss		—	—	—	—	—	(969,971)		(969,971)
Share-based payments									
Current period expense		—	—	—	197,650	197,650	—		197,650
Stock options exercised (note 8a)		—	—	—	—	—	—		—
Balance at March 31, 2024	#	118,376,043	\$ 25,256,988	\$ 675,151	\$ 8,630,782	\$ 9,305,933	\$ (43,316,017)	\$	(8,753,096)
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 comprehensive loss		—	—	—	—	—	(382,195)		(382,195)
Issuance of shares		125,000	12,500		—	—			12,500
Share-based payments									
Current period expense		—	—	—	72,445	72,445	—		72,445
Stock options exercised (note 8a)		—	11,825	—	(11,825)	(11,825)	—		—
Balance at March 31, 2025	#	118,573,543	\$ 25,290,760	\$ 142,551	\$ 9,593,634	\$ 9,736,185	\$ (40,726,556)	\$	(5,699,611)

The accompanying notes are an integral part of these financial statements

Acceleware Ltd.

Condensed Statements of Cash Flows (Unaudited) (in Canadian dollars)

For the:	Three months ended March 31, 2025 (unaudited)		Three months ended March 31, 2024 (unaudited)	
Cash flows from (used for) operating activities				
Total loss and comprehensive loss	\$	(382,195)	\$	(969,971)
Adjustments for:				
Depreciation expense		7,101		8,386
Decommissioning expense		2,600		2,517
Share-based payments expense		72,445		197,650
Change in fair value of derivative financial instruments <i>(note 7)</i>		(42,000)		(101,500)
Interest expense		179,810		160,577
Changes in non-cash working capital items				
Trade and other receivables		(27,337)		(1,471)
Prepaid expenses		6,350		3,763
Accounts payable and accrued liabilities		17,712		36,711
Other current liabilities		77,208		(12,523)
Deferred revenue		—		—
		(88,306)		(675,861)
Cash flows from (used for) financing activities				
Net proceeds from issuance of common shares <i>(note 8a)</i>		12,500		—
Issuance (payments) of notes payable		25,000		(139,103)
Payments on lease obligations		(8,587)		(9,710)
		28,913		(148,813)
Decrease in cash and cash equivalents		(60,068)		(824,674)
Cash and cash equivalents, beginning of period		271,777		951,569
Cash and cash equivalents, end of period	\$	211,709	\$	126,895
Comprised of:				
Cash on hand	\$	191,917	\$	107,103
Cash equivalents		19,792		19,792
	\$	211,709	\$	126,895

Acceleware Ltd.

Notes to Condensed Interim Financial Statements

March 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

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of condensed interim financial statements, including International Accounting Standard 34, “Interim Financial Reporting” (“IAS 34”) and have been prepared following the same accounting policies and method of computation as the annual financial statements for the year ended December 31, 2024. The disclosures provided below are incremental to those included with the annual financial statements. Certain information and disclosures normally included in the notes to the annual financial statements have been condensed or have been disclosed on an annual basis only. Accordingly, these condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2024, which have been prepared in accordance with IFRS as issued by the IASB.

These financial statements were approved by the Board of Directors on May 22, 2025.

(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 Condensed Interim Financial Statements

March 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. As of March 31, 2025 the Company has a deficit balance of \$40,726,556 (December 31, 2024 - \$40,344,361).

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, 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, 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.

4. Significant accounting policies

The significant accounting policies used in the preparation of these condensed interim financial statements are unchanged from those disclosed in the Company's financial statements for the year ended December 31, 2023.

5. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are deferred compensation amounts owing to management of \$1,613,130 (December 31, 2024 - \$1,361,852).

Acceleware Ltd.

Notes to Condensed Interim Financial Statements

March 31, 2025 and 2024

(in Canadian dollars)

6. Notes payable

As at March 31, 2025 the Company has promissory notes outstanding totaling \$1,128,778 bearing interest at annual effective rates ranging from 18% to 20% (December 31, 2024 - \$1,160,954, annual effective rates ranging from 18% to 20%). Repayment terms are 180 days from the date of the promissory note.

7. 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. The pre-payment option was determined to have no material value. The following assumptions were used as inputs into the pricing models:

	March 31, 2025	December 31, 2024
Expected volatility	1.17	1.41
Risk-free interest rate	2.67%	3.19%
Share price on measurement date	\$0.075	\$0.115
Expected dividend yield	Nil	Nil
Expected life	1.00 years	1.25 years

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

		Principal	Debt	Derivative Liabilities
Balance, December 31, 2023	\$	1,574,300	1,454,700	119,600
Fair value adjustment		(101,500)	—	(101,500)
Accretion		57,120	57,120	—
Balance, March 31, 2024		1,529,920	1,511,820	18,100
Balance, December 31, 2024	\$	1,729,776	1,682,076	47,700
Fair value adjustment		(42,000)	—	(42,000)
Accretion		74,980	74,980	—
Balance, March 31, 2025		1,762,756	1,757,056	5,700

8. 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.

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

Acceleware Ltd.

Notes to Condensed Interim Financial Statements

March 31, 2025 and 2024

(in Canadian dollars)

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

(b) Share-based payments

At March 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 expenses.

The following options were granted in the three-month period ended:

	March 31, 2025	March 31, 2024
Standard options granted	1,184,000	1,899,000
Performance options granted	450,000	500,000
Weighted average exercise price per common share	\$0.09	\$0.135
Term to expiry	5 years	5 years

Of the 1,634,000 options granted in the three-month period ended March 31, 2025, 592,000 shall vest on the first anniversary of the grant date, 592,000 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 \$0.115 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:

	March 31, 2025	March 31, 2024
Grant date fair value	\$0.09	\$0.11
Expected volatility	123%	119%
Risk-free interest rate	2.82%	3.50%
Expected dividend yield	Nil	Nil
Expected forfeiture rate	Nil	Nil

Acceleware Ltd.

Notes to Condensed Interim Financial Statements

March 31, 2025 and 2024

(in Canadian dollars)

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

(b) Share-based payments (cont'd)

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, 2024	10,983,932	\$ 0.21
Granted	1,634,000	0.09
Exercised	(125,000)	0.10
Expired	(1,162,716)	0.13
Forfeited	(214,250)	0.20
Balance, March 31, 2025	11,115,966	\$ 0.20

	Number	Weighted Average Exercise Price
Balance, December 31, 2023	10,770,998	\$ 0.21
Granted	2,399,000	0.135
Expired	(1,881,066)	0.13
Balance, March 31, 2024	11,288,932	\$ 0.21

Summary of options outstanding and exercisable as at March 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	Jun 2020; Feb 2024 to May 2024; Feb 2025	3,964,500	4.23	\$0.12	1,175,250
\$0.20 - \$0.23	April 2023	5,065,000	3.04	0.23	2,670,000
\$0.29 - \$0.30	May 2021 to Sept 2021	2,086,466	1.40	0.29	2,086,466
		11,115,966	3.16	\$0.20	5,931,716

Summary of options outstanding and exercisable as at March 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	Sep 2019 to Jun 2020; Feb 2024	3,791,466	3.35	\$0.12	1,392,466
\$0.20 - \$0.21	April 2023	5,345,000	4.04	0.23	—
\$0.29 - \$0.30	May 2021 to Sept 2021	2,152,466	2.40	0.29	2,152,466
		11,288,932	3.50	\$0.21	3,544,932

Acceleware Ltd.

Notes to Condensed Interim Financial Statements

March 31, 2025 and 2024

(in Canadian dollars)

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

(c) 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.

As of March 31, 2025, a total of 1,949,036 warrants are outstanding (December 31, 2024, – 1,949,036). The weighted average number of years remaining on the outstanding warrants is 0.4 (December 31, 2024 – 0.6).

(d) Earnings per share

The calculation of the diluted loss per share calculation excludes the impact of the options outstanding as at March 31, 2025 and 2024 as the effect is anti-dilutive.

9. Revenue

The Company sub-classifies revenue within the following components: software revenue, maintenance revenue, and services revenue which includes data revenue. The following table shows the breakdown of revenue:

	Three months ended March 31, 2025	Three months ended March 31, 2024
Software	\$ 18,092	\$ 13,041
Maintenance	17,442	30,553
Services	395,692	—
	\$ 431,226	\$ 43,594

(a) Data revenue

Since 2018, the Company entered into Project Funding Agreements and Test Data Purchase Agreements (the "Agreements") with three major oil-sands producers, 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 is conducting at Marwayne, Alberta. Under the terms of the Agreements, Acceleware received funding of \$5,000,000, paid in installments upon completion of each milestone. Each milestone payment was 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. During 2024 the Company completed all milestones under all Project Funding Agreements and as such recognized \$4,750,000 revenue. Software and maintenance revenue of \$250,000 was previously recognized.

(b) Major Customers

The Company derived significant revenues from one major customer which exceeded 10% of total revenues for the three months ended March 31, 2025. Revenue from this customer was \$360,617 at March 31, 2025 (March 31, 2024 – one major customer for a total revenue of \$43,594).

Acceleware Ltd.

Notes to Condensed Interim Financial Statements

March 31, 2025 and 2024

(in Canadian dollars)

10. Research and development

	March 31, 2025	March 31, 2024
Salaries	\$ 244,226	\$ 252,701
Consultants	68,698	80,608
R&D services and materials	44,648	74,000
Share-based payments	46,223	76,128
Depreciation	3,550	4,193
Rent and overhead allocation	13,485	13,485
	\$ 420,830	\$ 501,115

11. Related Party Transactions

- (a) For the three months ended March 31, 2025, the Company incurred expenses in the amount of \$45,938 (three months ended March 31, 2024 - \$45,938) with a company controlled by an officer and director of the Company as fees for duties performed in managing operations, and this amount is included in research and development expense. As at March 31, 2025, \$434,777 was included in accounts payable and accrued liabilities (December 31, 2024 - \$410,660). These fees were incurred in the normal course of operations and represent fair value for services rendered.
- (b) For the three months ended March 31, 2025, the Company incurred expenses in the amount of \$36,000 (three months ended March 31, 2024 - \$36,000) 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 expense. As at March 31, 2025, \$188,373 was included in accounts payable and accrued liabilities (December 31, 2024 - \$169,473). These fees were incurred in the normal course of operations and represent fair value for services rendered.
- (c) For the three months ended March 31, 2025, the Company incurred expenses in the amount of \$11,438 (three months ended March 31, 2024 - \$6,000) 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. As at March 31, 2025, \$3,425 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.
- (d) As at March 31, 2025, the Company had promissory notes outstanding of \$209,130 bearing interest at an annual effective rate of 18% repayable within six months of issuance to officers and directors of the Company in the normal course of operations (December 31, 2024 - \$209,130, annual effective interest rate of 18%). These notes payable were issued in the normal course of operations and represent fair value.
- (e) Key management includes the Company's directors and members of the executive management team. Compensation awarded to key management included:

	Three months ended March 31, 2025	Three months ended March 31, 2024
Salaries and short-term employee benefits	\$ 187,851	\$ 217,460
Share-based expenses	44,462	111,326
	\$ 232,313	\$ 328,786