

ACCELEWARE LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021

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") unaudited condensed interim financial statements and the accompanying notes for the three and six months ended June 30, 2021, which were prepared in accordance with International Financial Reporting Standards ("IFRS"), and the audited annual financial statements, accompanying notes and MD&A for the year ended December 31, 2020, which have been prepared in accordance with IFRS. Additional information relating to the Company is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com under Acceleware Ltd.

This MD&A is presented as of August 24, 2021. All financial information contained herein is expressed in Canadian dollars unless otherwise indicated.

FORWARD LOOKING STATEMENTS

Certain statements contained in this MD&A constitute forward-looking statements. These statements relate to future events or the Company'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 Company 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 testing performed to date;
- 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 technology;
- the expectation of software revenue growth in the oil and gas sector through innovative licensing arrangements;
- potential benefits of the Company's software to customers, including cost savings and increases to cash flow and productivity;
- the impact on local and global markets of epidemic or pandemic disease, including the novel coronavirus disease known as COVID-19;
- oil and natural gas production levels of both Organization of Petroleum Exporting Countries ("OPEC") and non-OPEC countries;
- advantages to using Acceleware's products and technology;
- the demand for new products currently under development at the Company;
- ease and efficiency of implementing Acceleware's products; and
- supply and demand for Acceleware's primary software products.

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

- that the future revenue and resulting cash flow expected by the Company'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 Company may not generate enough cash flow from operating activities to meet its capital requirements and that the Company 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 Company experience a cash flow shortfall from operating activities, Management's contingency plan may not be sufficient to reverse the shortfall;
- that industry and government interest in reducing greenhouse gas ("GHG") emissions, reducing industrial water use, and minimizing land disturbance remains constant or increases;
- that the long-term impact of the COVID-19 pandemic on the Company's products and services and R&D efforts will be manageable;
- that the long-term effect of any agreement or non-agreement among both OPEC and non-OPEC countries regarding production levels on the Company'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 Company 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 commercial-scale testing and in commercial products;
- that the Company will maintain all regulatory approvals required to carry out the commercial-scale testing of its RF heating technology at Marwayne, Alberta (the "RF XL Pilot");
- that the RF Heating concepts developed by the Company are unique, novel and non-infringing of intellectual property owned by others;
- that the Company will be able to maintain sales of its software products and services by focusing on innovative licensing arrangements and continuously improving its products – which is subject to the risks that sales in core vertical markets may be negatively affected by general economic conditions, that the Company's R&D efforts may be unable to develop continuous improvements; and
- that it will be able to withstand the impact of increasing competition.

The Company'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 Company'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 Company 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.

BUSINESS OVERVIEW

Acceleware is an innovator of transformative technologies leading to a new era of responsible and cost-effective energy development focused within two business segments: radio frequency heating (“RF Heating”) for enhanced oil recovery and high-performance computing (“HPC”) scientific software.

RF XL is Acceleware’s patented RF heating technology, designed to improve the extraction of heavy oil and bitumen, featuring a cost effective and environmentally friendly alternative to steam assisted gravity drainage (“SAGD”). When applied, RF XL has the potential to reduce both capital and operating costs, while offering significant environmental benefits, including:

- immediate GHG emission reductions;
- the elimination of external water use;
- a substantial decrease in land use;
- no requirement for solvents; and
- substantial elimination of water treatment facilities and no need for tailings ponds.

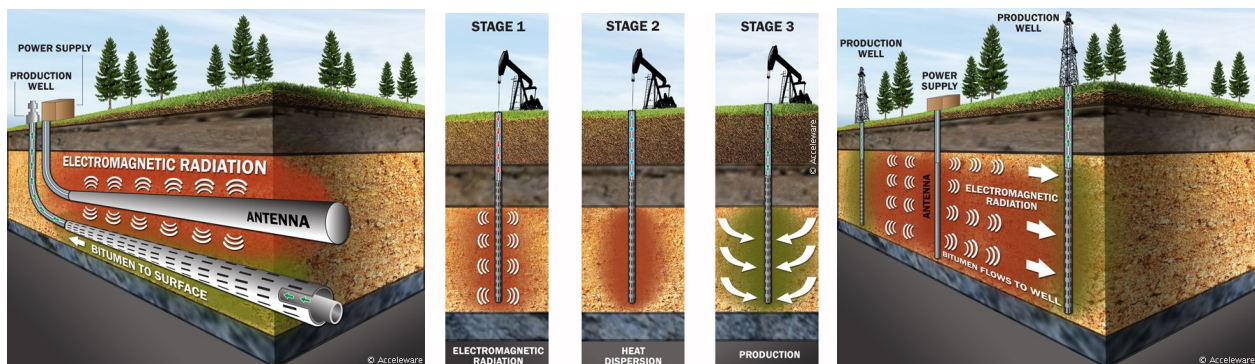
The Company believes that RF XL, as an electrically-driven process, can provide a clear pathway to zero-GHG production of heavy oil and oil sands and provide optimal alignment between industry and government to recognize innovation as a meaningful component of the oil and gas industry’s overall emission reduction plans.*

Acceleware’s HPC segment helps customers meet their oil and gas exploration needs with seismic imaging software that provides the most accurate and advanced imaging available for oil exploration in complex geological zones and formations, and clients’ electronic and medical product development needs with state-of-the-art electro-magnetic (“EM”) simulation software.

RF Heating for Enhanced Oil Recovery

Acceleware’s RF heating technology broadly falls into two distinct use-cases:

1. RF XL targets long horizontal wells most often associated with in-situ oil sands production.
2. Modular RF is technology primarily aimed at deeper, vertical wells where efficiencies can be gained due to the innovative approach offered by downhole RF power generation.



Multiple Vertical – RF flood

Single Vertical – Cyclic RF flood

Horizontal – RF injector

RF Heating can be used in a variety of vertical and horizontal well arrangements.

*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.

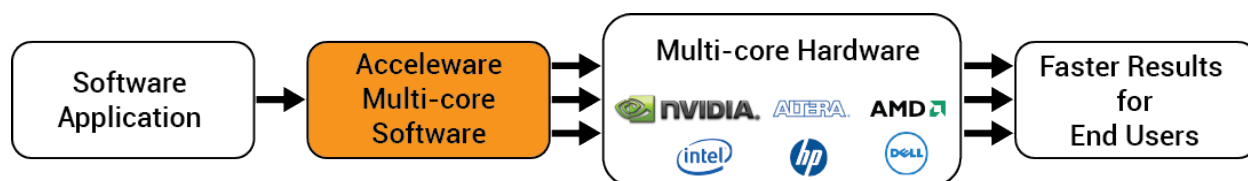
In 2010, Acceleware began investigating technology that would use RF energy for in-situ heating of heavy oil and bitumen. Over the ensuing eleven years, Acceleware has vigorously developed RF heating technology, securing the intellectual property with patents where appropriate..

Through the Company's RF heating development and services business, Acceleware developed sophisticated simulation software tools based on its proprietary AxFDTD solution coupled with third party reservoir simulation software. In late 2013, Acceleware commercialized and introduced these simulation tools as AxHEAT™, a product aimed at oil and gas companies that are investigating the effectiveness of RF heating to increase the efficiency of heavy oil and oil sands production.*

RF heating for oil production is not a new concept, as failed trials were conducted in Russia and North America as far back as 1948. Acceleware believes that these early failures were a result of technology limitations imposed by adapting communications technology for RF heating. Acceleware believes these limitations can be overcome with an entirely new approach to RF heating technology. The Company's RF heating R&D efforts have focused on reducing the capital cost of the technology, increasing its efficiency and therefore reducing its operating cost, making it more flexible for use in a variety of resource plays, and improving its scalability to be conducive for very long horizontal wells commonly used in Alberta's oil sands, as well as in Latin America, Asia, the Middle East and elsewhere. Acceleware's unique expertise with RF heating technology has also resulted in the generation of revenue both locally and abroad.

High-Performance Computing Software

Acceleware's traditional high performance computing market has been centered around EM simulation software, and the Company continues to provide products to this industry. Its first software commercialized was an accelerated finite difference time domain ("FDTD") solution for the EM simulation industry. AxFDTD™ has been used by many Fortune 500 companies such as GE, Apple, Samsung, LG, Blackberry, Foxconn, Nikon, Renault, Mitsubishi, Merck, Boeing and Lockheed Martin, many of which continue to use the software today. With AxFDTD, Acceleware was a pioneer in the graphics processing unit ("GPU") computing revolution as most of the major mobile telephone manufacturers in the world are using Acceleware's EM design solutions which facilitate more rapid design of their products. Acceleware's fourth-generation software acceleration solutions, which support multi-board GPU systems, can accelerate entire industrial simulation and processing applications by more than 35 times.



The EM solutions developed by Acceleware can be easily integrated by software developers, saving them the expense and time of migrating applications to high performance multi-core platforms. Acceleware improves the overall experience for end users of these applications by providing greater computing speed without the need for end users to learn new skills or change their work processes.

In the EM market, software developers choose to partner with Acceleware to increase the speed of their software. Such partners currently include SPEAG, ZMT Zurich MedTech and Keysight Technologies. Acceleware reaches the EM market through a combination of partner channels and direct sales. Investment in AxFDTD continues for traditional markets because it is an enabling technology for AxHEAT.

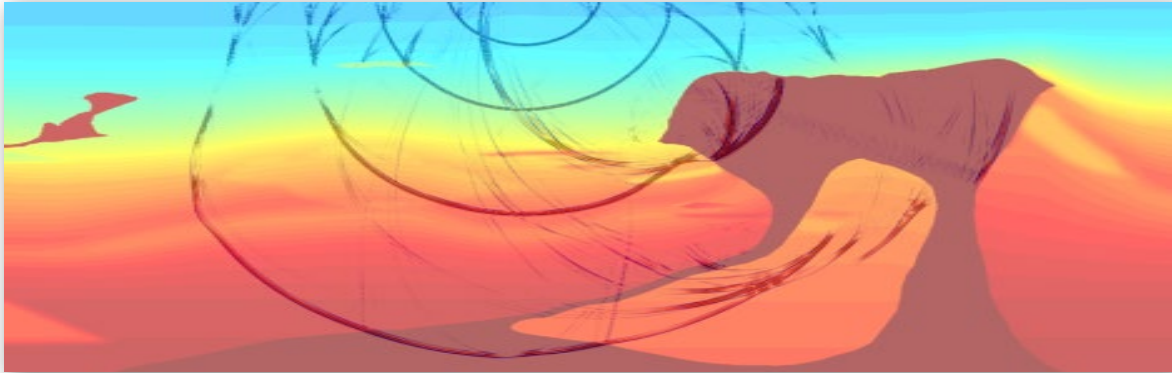
Acceleware recognized the similarity between EM FDTD and certain seismic imaging algorithms, which led the Company to enter the seismic imaging market in 2008. The Company's first product was a GPU accelerated Kirchhoff

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Time Migration solution, followed closely by AxRTM™ in 2009, a central processing unit (“CPU”) and GPU enabled Reverse Time Migration (“RTM”) library.

In 2013, Acceleware introduced AxWave™, a forward modelling variant of AxRTM which allows customers to accurately model seismic acquisition and perform data characterization.

In late 2014, Acceleware added AxFWI™ a revolutionary modular full waveform inversion (“FWI”) application to its seismic imaging suite. AxFWI allows geophysicists to create high quality subsurface velocity models in dramatically less time than before. Acceleware accesses the oil and gas geoscience software market with innovative licensing structures through a direct sales model that targets oil and gas exploration companies and seismic service providers.



Seismic forward modelling in complex subsurface geology using AxWave

In February 2004, Acceleware was founded by a group of graduate students and professors from the University of Calgary’s Electrical Engineering department for the purpose of building software solutions that targeted the GPU as a compute platform. Since 2006, Acceleware’s common shares have been listed on the TSX Venture Exchange (symbol: AXE). Acceleware is headquartered in Calgary, Alberta.

On June 30, 2021, Acceleware had 18 employees and long-term contractors, including four in administration; three in sales, marketing and product management; and eleven in R&D and engineering.

For further information about the Company, please visit www.acceleware.com.

OPERATING SUMMARY

Acceleware continued to advance the development of its patented RF heating technology through the second quarter of 2021. This progress builds on the Company's previously announced key accomplishments including the following highlights from the past twelve months:

- New funding of \$5 million from Alberta Innovates for the RF XL Pilot at our site in the Cold Lake Oil Sands region near the town of Marwayne, Alberta;
- A successful full-power test of two modules, or 500 kW, of the Clean Tech Inverter ("CTI") prototype;
- Receipt of all required regulatory approvals from the Alberta Energy Regulator for the RF XL Pilot;
- Grant of a key RF XL patent in the United States;
- Confirmation from the first major oil sands producer of ongoing support for RF XL Pilot;
- Commitment from a second major oil sands producer for support of the RF XL Pilot; and
- Creation of Acceleware | Kisâstwêw, a limited partnership, with Saa Dene Group.

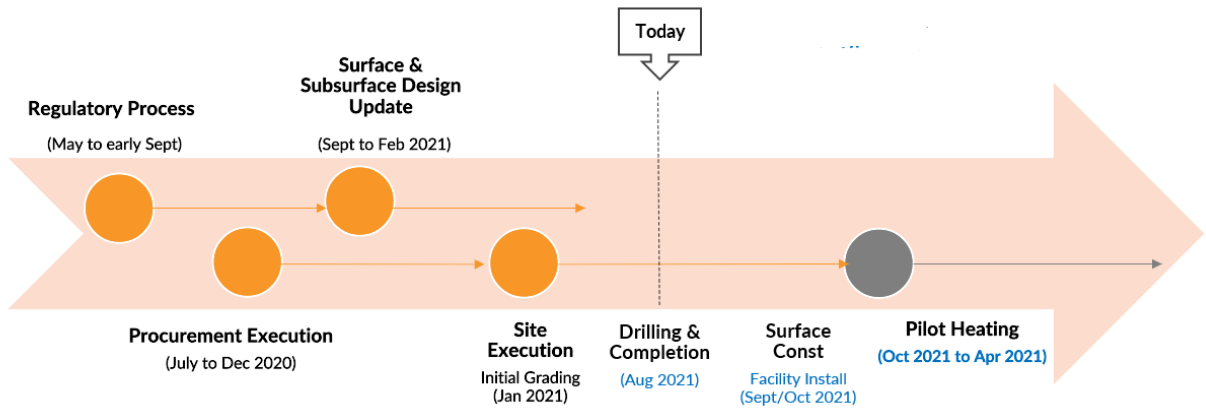
During the three months ended June 30, 2021 ("Q2 2021") the Company made a significant addition to its leadership team and overall industry expertise with:

- **The election of Jim Boucher to Acceleware's board of directors:** A highly respected Indigenous leader, executive and philanthropist, Jim Boucher is a champion for sustainable and environmentally responsible development, social prosperity, and economic inclusion for Indigenous peoples. In 2020, he cofounded the Saa Dene Group of Companies. In his role as President, Jim is working with a variety of partners to pursue opportunities in multiple sectors with one clear vision: to increase diversity and inclusive opportunity through meaningful economic and social participation in the global economy.

The RF XL Pilot is fully funded based on current costs estimates, which range between \$16 and \$20 million. As of June 30, 2021, total direct funding committed to the RF XL Pilot included \$5 million from Alberta Innovates, \$5.5 million from Sustainable Development Technology Canada ("SDTC"), \$5 million from Emissions Reduction Alberta ("ERA"), and \$4 million provided by two major oil sands producers. During the six months ended June 30, 2021, the Company received an additional payment of \$262,500 from SDTC in response to ongoing challenges arising from the global pandemic, increasing their total commitment up to approximately \$5.5 million from \$5.25 million.

Effective July 5, 2021, a third major oil sands producer signed as a consortium member of the RF XL Pilot and committed up to \$2 million in funding and technical expertise. In exchange for this funding, Acceleware will provide exclusive access to detailed technical data and test results, prioritized rights to host a subsequent test, preferred pricing on pre-commercial products and preferred access to RF XL products. Acceleware's three oil sands partners now represent well over one million barrels of oil sands and heavy oil production per day and a commitment of up to \$6 million of funding.

The current status of the RF XL Pilot is summarized as follows: drilling and completions program is now underway at Marwayne; industry-standard and proprietary well completion materials have all been received and are either ready for deployment or are in the final stages of testing protocols; surface equipment and facilities have been received or are in final stages of construction at suppliers' facilities; and service company partners have been selected and contracted. Barring unforeseen delays, construction at the site is scheduled to be complete at or shortly after the end of Q3 2021, with power up and heating commencing shortly thereafter. While the initial heating phase is planned for approximately six months, this period may be extended to allow Acceleware to capture additional information on the efficiency and operation of the technology.



There are 10 patents granted or allowed to protect various proprietary technologies related to Acceleware’s RF Heating R&D, and 25 patent applications pending or under development. The Company continues to work closely with the patent offices and its intellectual property advisors.

Acceleware also continues to focus on driving external awareness of the Company and on positioning its RF Heating technology more prominently within both the oil and gas and clean-tech communities. Several new blog posts and videos have been released via social media recently which feature discussions on the RF Heating technology by Acceleware’s engineering team. The collection of videos is available for viewing here: [Acceleware Vlog Posts](#) .

The Company has attracted significant interest from numerous media sources for information related to our corporate story and product development. This interest has led to featured interviews and presentations on programs such as:

- the Crownsmen Energy Show: [A Cleaner Future with Mike Tourigny and Jim Boucher](#), [Radio Frequency Applications in Oil & Gas with Laura McIntyre](#) and [Radio Frequency Energy to Heat & Mobilize Heavy Oil & Bitumen](#);
- Corporate Knights, a Voice for Clean Capitalism: [Was cancelling Keystone the cleantech catalyst Calgary didn't know it needed?](#)
- the Canadian Energy Center: [Facts, Data, Indigenous Opportunities](#);
- the [Danielle Smith Show](#) on AM 770 CHQR radio;
- [Over a Barrel](#), a podcast hosted by the Canadian Heavy Oil Association;
- the Alberta Clean Technology Industry Alliance Episode 21: [Acceleware with Mike and Kate Tourigny](#); and
- the [Global Energy Show webinar](#) on zero greenhouse gas (“GHG”) production of heavy oil and oil sands reservoirs.

The Company has released whitepapers on the potential for a zero-GHG project for oil sands and heavy oil producers relying on electrification through RF XL. The whitepapers can be accessed from the Company’s website at the following link: [Acceleware White Papers](#).

Acceleware’s involvement with the Clean Resource Innovation Network (“CRIN”) in 2019 led to a series of articles featuring Acceleware, two of which were published in Q1 2020, by JuneWarren-Nickle’s Energy Group (“JWN”) and a third was published on International Women’s Day March 8, 2021. These articles showcased RF Heating technology and its impact on Canada’s evolving energy landscape. The articles in the series can be accessed here:

- [The State of Tech Innovation with Acceleware CEO Geoff Clark](#)
- [Acceleware Entrepreneurs Work to Reduce Costs and Green-Up Oilsands Production](#)
- [Acceleware's Laura McIntyre is Positively Choosing to Challenge Industry](#)
- [Broad ESG Opportunities Underpin Acceleware's Upcoming RF XL Technology Pilot](#)

The Company's relationship with JWN also led to Acceleware's nomination as a finalist at the JWN Energy Excellence Awards in the category of "Environmental Excellence: Land" alongside other nominees such as ConocoPhillips Canada and Cenovus Energy Inc. Details of the award are available at the following link: [JWN Energy Excellence Awards Companies Earn High Marks.](#)

FINANCIAL SUMMARY

In addition to securing additional RF XL Pilot funding from Alberta Innovates as noted above, the Company continued to complete engineering de-risking, lab testing and procurement, manufacturing and construction of materials and equipment for the RF XL Pilot, all of which contributed to an increased level of R&D spending in the period. Cumulative RF XL Pilot expenses as at June 30, 2021 were approximately \$11.2 million (December 31, 2020 - \$7.6 million). The remaining cash committed but not yet received from SDTC, ERA and Alberta Innovates, including holdbacks receivable is approximately \$5.6 million as at June 30, 2021 (December 31, 2020 – approximately \$4.2 million) and amounts committed but not yet received from two major oil-sands producers is approximately \$2.2 million as at June 30, 2021 (December 31, 2020 – approximately \$3.2 million). Effective July 5, 2021, a third major oil sands producer signed as a consortium member of the RF XL Pilot and committed up to \$2 million in funding and technical expertise bringing the total committed but not yet received from all three major oil-sands producers to \$4.2 million.

Acceleware has undertaken rapid and effective response measures to protect against the impacts of COVID-19 following government restrictions that were imposed to control the spread of the virus. Since the onset of the pandemic, the Company's priority has remained the health and safety of its staff, clients, partners and other stakeholders. Acceleware implemented modified work practices, staggered work hours as needed, and introduced physical distancing and work-from-home protocols to meet all appropriate health and safety standards. The Company is pleased to report that transitioning its workforce to remote working environments has resulted in minimal productivity disruption. Acceleware meets eligibility criteria for the Canada Emergency Wage Subsidy ("CEWS") and the Canada Emergency Rent Subsidy and had received cumulative payments of approximately \$409,000 as at June 30, 2021. The Company had also implemented several operational responses to address (1) the potential for increased costs for materials and services, (2) tempered access to capital and funding from the oil and gas industry and public markets and (3) a temporary decline in demand for certain software used in the oil and gas industry, including: the successful application for additional government funding, reduced reliance on international suppliers by sourcing from Canadian companies, engagement with a broader group of funders, increased and cost efficient communications with stakeholders regarding progress and technology, reduced travel and entertainment and other discretionary spending, and flexible terms of engagement with contractors and employees.

QUARTER IN REVIEW

Revenue of approximately \$0.1 million was generated in Q2 2021 compared to approximately \$0.6 million in the three months ended June 30, 2020 ("Q2 2020"). Revenue of approximately \$0.3 million was generated in the previous quarter ended March 31, 2021 ("Q1 2021"). Revenue in all three periods is mainly attributable to software and maintenance sales with a smaller amount attributable to service revenue in Q2 2021. The decrease in Q2 2021 compared with Q2 2020 is attributable to a significant contract in the HPC software segment for which revenue was recognized in Q2 2020. The decrease in Q2 2021 revenue compared to Q1 2021 is the result of a \$0.2 million contract that was closed in Q2 2021 but not yet completed.

Total comprehensive loss for Q2 2021 was approximately \$0.7 million compared to a comprehensive loss of approximately \$0.1 million for Q2 2020 and a comprehensive loss of approximately \$0.5 million for Q1 2021. The higher comprehensive loss in Q2 2021 compared to Q2 2020 is due to an increase in spending for R&D in Q2 2021 and also due to lower revenue in Q2 2021 for the significant software contract noted above. The higher comprehensive loss in Q2 2021 compared to Q1 2021 is also due to lower revenue as noted above.

Gross R&D expenses incurred in Q2 2021 were approximately \$1.8 million compared to gross R&D expenses in Q2 2020 of approximately \$0.4 million and approximately \$1.6 million in Q1 2021. The increase in Q2 2021 and Q1 2021

over Q2 2020 is due to significant investment in the RF XL Pilot activities in 2021. During the first half of 2021, manufacturing and assembly of the CTI prototype was completed with many of the downhole and surface equipment and components ordered and received in preparation for drilling and completion construction activity scheduled for the last half of 2021. Federal and provincial government assistance of approximately \$1.4 million was recognized in Q2 2021 compared to approximately \$0.3 million in Q2 2020 and approximately \$1.3 million was recognized in Q1 2021 offsetting gross research and development costs.

General and administrative (“G&A”) expenses incurred in Q2 2021 were similar to those in other periods, at approximately \$0.4 million compared to approximately \$0.4 million in Q2 2020 and approximately \$0.4 million in Q1 2021. The Company continues to prioritize cost control given uncertain economic conditions and to benefit from the CEWS government subsidy program.

YEAR TO DATE IN REVIEW

Revenue of approximately \$0.4 million was generated from the Company’s software, maintenance and services revenue streams for the six months ended June 30, 2021 compared to approximately \$0.7 million for the six months ended June 30, 2020. The lower revenue in the six months ended June 30, 2021 compared to the six months ended June 30, 2020 is due to the aforementioned HPC software revenue contract slightly offset by increased demand for software in the oil and gas sector in early 2021. In addition to recognized revenue, Acceleware has also received non-refundable milestone cash payments of \$0.9 million for the six months ended June 30, 2021 (six months ended June 30, 2020 - \$0.3 million) which are recorded in deferred revenue. Data revenue equal to the amount recorded in deferred revenue will be recognized as revenue at the end of the RF XL Pilot or when the data contracts are terminated, whichever is earlier. Total deferred revenue recorded on the statement of financial position as at June 30, 2021 is \$1.65 million (December 31, 2020 – \$0.75 million).

Total comprehensive loss for the six months ended June 30, 2021 was approximately \$1.2 million compared to approximately \$0.5 million for the six months ended June 30, 2020 due to higher R&D spending for the RF XL Pilot.

Gross R&D expenses for the six months ended June 30, 2021 were approximately \$3.4 million compared to approximately \$1.2 million incurred during the six months ended June 30, 2020 due to increased R&D activity noted above. Federal and provincial government assistance of approximately \$2.7 million was recognized in the six months ended June 30, 2021 compared to approximately \$0.7 million for the six months ended June 30, 2020.

G&A expenses incurred during the six months ended June 30, 2021 were approximately \$0.8 million compared to approximately \$0.9 million for the six months ended June 30, 2020 a decrease of approximately \$0.1 million due primarily to lower payroll and professional costs. The Company continues to prioritize cost management.

As at June 30, 2021, Acceleware had negative working capital of approximately \$0.2 million (December 31, 2020 – approximately \$0.03 million) including cash and cash equivalents of approximately \$3.3 million (December 31, 2020 – approximately \$1.9 million). The decrease in working capital and cash is attributable to timing of receipt of funding and R&D spending for the RF XL Pilot. Increasing the deficit is deferred revenue of \$1,650,000 as at June 30, 2021 (December 31, 2020 – \$750,000). Despite receiving non-refundable cash payments for these amounts, the milestone payments have not met all requirements for revenue recognition under IFRS 15 Revenue from Contracts with Customers. These amounts will be recognized as revenue and increase shareholders’ equity when RF XL Pilot heating is complete or the data revenue contracts are terminated, whichever is earlier.

In the interests of matching cash requirements with a combination of cash generated from operations, external funding, and capital raising activities, the Company 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 Company 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.*

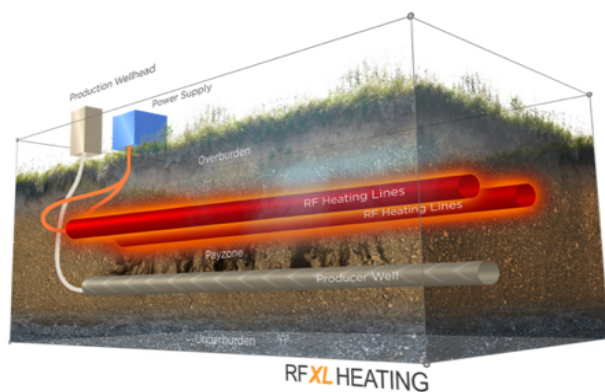
STRATEGIC UPDATE

Acceleware will continue to focus on the energy markets, with RF Heating, AxRTM, AxWave, AxFWI, and AxHEAT as the primary strategic revenue-generating and investment technologies. Innovations and improvements to AxFTD will continue for the EM markets and be an enabling technology for AxHEAT in the energy market. Acceleware has a proven track record for successful development and commercialization of revolutionary technologies.

The Company believes that its RF Heating technology presents significant potential environmental and economic benefits for the oil industry. However, the unprecedented impact of COVID-19 and measures taken by governments and companies to contain its spread, and investor sentiment may affect the Company's ability to raise additional funding for the final stages of the RF XL Pilot, should further funding be required. A further delay in the testing program may result in additional costs and a delay in technology commercialization. To mitigate these risks, the Company plans to prioritize the RF Heating segment by concentrating capital allocation and resources deployment to it, and maintain its cost containment efforts.

RF Heating

Acceleware began investigating technology in 2010 that would use RF energy for in-situ heating of heavy oil and bitumen. In each of the four years up to 2017, the Company received funding from NRC-IRAP to partially finance its RF Heating technology development. In 2018, the Company began preparation for the RF XL Pilot, which will use two megawatts of electricity with an 800m horizontal well.



Schematic of the RF XL Pilot

Since 2017, Acceleware has been awarded a \$5.25 million non-repayable contribution from SDTC, a \$5 million non-repayable contribution from ERA and \$5 million non-repayable contribution from Alberta Innovates in accordance with their mandates to bring to market clean technologies that are economically viable and reduce GHG emissions. As at June 30, 2021, Acceleware has raised a further \$2 million in funding for its RF XL Pilot from each of two major oil sands producers. The Company continues to pursue partnerships with oil sands producers to provide additional financial and technical support for this commercial-scale field test in an oil sands reservoir and to pave the way for continued commercialization after the completion of the RF XL Pilot at Marwayne. As of July 2021, a third major oil sands producer committed up to \$2 million for the RF XL Pilot.

Acceleware, with partner GE, completed the design, manufacturing, and factory testing of the prototype Acceleware Clean Tech Inverter ("CTI") which is the electronic platform for RF XL. In late 2019, the prototype CTI was field tested at the Company's simulated "ditch" reservoir in Alberta with record-level results and is now ready for deployment

* 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.

at the RF XL Pilot. Aceleware has also finalized design concepts for drilling and completing RF XL wells and has completed front-end engineering and design of the surface facilities that will be used during the test.

Aceleware has received approval from its core funders for the partnership with Broadview to host the RF XL Pilot on their site near Marwayne, Alberta. In October 2020, the Company received approval of its Experiment Recovery Scheme Application under the Oil Sands Conservation Act from the AER for the RF XL Pilot, and in December 2020 received approval for its application under the Environmental Protection and Enhancement Act. Aceleware now has all regulatory approvals required to proceed with the RF XL Pilot.

HPC

In 2019, the Company focused on selling seismic imaging software to the oil and gas exploration market and continued the development of its suite of seismic products, as well as adding features, functionality, and performance to AxRTM, AxWave and AxFWI. Going forward, the Company will access the oil and gas geoscience software market with innovative licensing structures through a direct sales model.

The Company continues to develop AxRTM, AxWave and AxFWI, which are GPU-accelerated and CPU-optimized seismic solutions, providing a multi-fold performance increase over alternative solutions, resulting in reduced processing times and enabling expedited drilling decisions for the oil and gas industry.

While the Company 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 Aceleware’s solution into their software architecture. Aceleware currently works with some of the world’s largest companies in the electronics market, which consists of mobile phone manufacturers, industrial electronics firms, and government organizations. Aceleware’s key ISV partners include SPEAG, ZMT Zurich MedTech AG, Keysight Technologies, Synopsis, Inc., and Crosslight Software Inc.

SUMMARY OF QUARTERLY RESULTS

The following table highlights revenue, cash generated (used) in operating activities, total comprehensive loss and loss per share for the eight most recently completed quarters ended June 30, 2021.

	2021		2020				2019	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue	\$97,408	\$271,106	\$74,347	\$130,219	\$611,712	\$83,003	\$154,715	\$197,001
Cash generated (used) in operating activities	(467,445)	1,814,730	(981,479)	(544,129)	(1,216,156)	368,055	221,293	(478,372)
Total comprehensive loss for the period	(721,632)	(499,775)	(1,041,937)	(541,689)	(50,709)	(465,318)	(621,751)	(551,412)
Loss per share basic and diluted	(\$0.007)	(\$0.005)	(\$0.01)	(\$0.005)	(\$0.001)	(\$0.004)	(\$0.006)	(\$0.005)

Due to the change in the software revenue model, the Company now expects fewer overall sales transactions with higher overall revenue per transaction, which could potentially lead to increased volatility in quarterly revenue. This was evident in Q1 2021 and Q2 2020 as revenue fluctuated relative to other quarters, and as a result of the fluctuations, the Company recorded higher revenue and a lower total comprehensive loss in those quarters. The timing of receipt of government funding for the RF XL Pilot throughout all eight quarters contributed to the periods of positive cash flow from operating activities.

RESULTS OF OPERATIONS – THREE MONTHS ENDED JUNE 30, 2021

Revenue	Three months ended June 30, 2021	Three months ended June 30, 2020	Three months ended March 31, 2021	% change Q2 2021 over Q2 2020	% change Q2 2021 over Q1 2021
Software	\$ 14,565	\$ 569,300	\$ 111,335	-97%	-87%
Maintenance	64,184	42,412	159,771	51%	-60%
Services	18,659	-	-	N/A	N/A
	\$ 97,408	\$ 611,712	\$ 271,106	-84%	-64%

For the three months ended June 30, 2021, the Company recognized revenue of \$97,408 representing an 84% decrease over Q2 2020 and a 64% decrease over Q1 2021, driven mainly by lower software revenue in the HPC division. Due to the change in the software revenue model in 2018, the Company now expects fewer overall sales transactions with higher overall revenue per transaction, which could potentially lead to increased volatility in quarterly revenue. This was evident in Q1 2021 and Q2 2020 as revenue fluctuated relative to Q2 2021.

RF Heating Revenue	Three months ended June 30, 2021	Three months ended June 30, 2020	Three months ended March 31, 2021	% change Q2 2021 over Q2 2020	% change Q2 2021 over Q1 2021
Software	\$ -	\$ -	\$ 85,000	N/A	-100%
	\$ -	\$ -	\$ 85,000	N/A	-100%

RF Heating revenue was \$nil in Q2 2021 and Q2 2020 compared to \$85,000 in Q1 2021 due to a sale of AxHeat RF heating simulation software in connection with a data revenue agreement to a major oil sands producer in Q1 2021. Since 2018, the Company has been successful selling data revenue agreements to major oil sands producers which provide the customer with the right to access and use data obtained from the RF XL Pilot. Under *IFRS 15 Revenue from Contracts with Customers*, these contracts do not meet all requirements for revenue recognition over-time, therefore revenue recognition defaults to the end of the contract. As at June 30, 2021, deferred revenue of \$1,650,000 (December 31, 2020 - \$750,000) has been recorded under these contracts for amounts that have been received in cash, and will be recognized as revenue once heating is complete or the contracts are terminated, whichever is earlier.

HPC Revenue	Three months ended June 30, 2021	Three months ended June 30, 2020	Three months ended March 31, 2021	% change Q2 2021 over Q2 2020	% change Q2 2021 over Q1 2021
Software	\$ 14,565	569,300	\$ 26,335	-97%	-45%
Maintenance	64,184	42,412	159,771	51%	-60%
Services	18,659	-	-	N/A	N/A
	\$ 97,408	611,712	\$ 186,106	-84%	-48%

HPC revenue decreased to \$97,408 in Q2 2021 from \$611,712 in Q2 2020 and \$186,106 in Q1 2021 due mainly to lower software revenue. Due to the change in the software revenue model in 2018, the Company now expects fewer overall sales transactions with higher overall revenue per transaction, which could potentially lead to increased volatility in quarterly revenue. This was evident in Q1 2021 and Q2 2020 as revenue fluctuated relative to Q2 2021.

Expenses

Expenses	Three months ended June 30, 2021	Three months ended June 30, 2020	Three months ended March 31, 2021	% change Q2 2021 over Q2 2020	% change Q2 2021 over Q1 2021
Cost of revenue	\$ 5,807	\$ -	\$ 13,475	N/A	-57%
General & administrative	386,807	453,763	423,229	-15%	-9%
Research & development	401,978	127,605	325,641	215%	23%
	\$ 794,592	\$ 581,368	\$ 762,345	37%	4%

Expenses for the three months ended June 30, 2021, increased 37% to \$794,592 as compared to Q2 2020 and increased 4% compared to Q1 2021 due mainly to significant investment in the RF XL Pilot activities in 2021. During the first half of 2021, manufacturing and assembly of the RF XL Pilot electrical house including installation of the CTI prototype and ancillary equipment was completed with many of the downhole and surface equipment and components ordered and received in preparation for drilling and completion program currently underway.

RF Heating expenses	Three months ended June 30, 2021	Three months ended June 30, 2020	Three months ended March 31, 2021	% change Q2 2021 over Q2 2020	% change Q2 2021 over Q1 2021
Cost of revenue	\$ -	\$ -	\$ 13,475	N/A	-100%
General & administrative	286,453	328,434	279,404	-13%	3%
Research & development	389,031	98,619	325,641	294%	19%
	\$ 675,484	\$ 427,053	\$ 618,520	58%	9%

RF Heating expenses for the three months ended June 30, 2021, were \$675,484 or 58% higher than in Q2 2020 and 9% higher than in Q1 2021. R&D expenses were higher compared to both Q2 2020 and Q1 2021 due to higher contractor and materials costs related to the significantly increased activity for the RF XL Pilot in preparation for drilling and completion work. G&A expenses were lower compared to Q2 2020 and relatively unchanged compared to Q1 2021 as management continues to manage overall administrative costs and to benefit from the CEWS government program.

HPC expenses	Three months ended June 30, 2021	Three months ended June 30, 2020	Three months ended March 31, 2021	% change Q2 2021 over Q2 2020	% change Q2 2021 over Q1 2021
Cost of revenue	\$ 5,807	\$ -	\$ -	N/A	N/A
General & administrative	100,354	125,329	143,825	-20%	-30%
Research & development	12,947	28,986	-	-55%	N/A
	\$ 119,108	\$ 154,315	\$ 143,825	-23%	-17%

HPC expenses for the three months ended June 30, 2021 were \$119,108 or 23% lower than in Q2 2020 and 17% lower than in Q1 2021. Cost of revenue is related to software sales in Q2 2021 with no similar sales in either Q2 2020 or Q1 2021. G&A expenses were lower compared to both Q2 2020 and Q1 2021 due to lower payroll and payroll related expenses. R&D expenses were minimal in Q2 2021 and lower than in Q2 2020 as the Company focuses the majority of all R&D on the RF XL Pilot in 2021.

RESULTS OF OPERATIONS – SIX MONTHS ENDED JUNE 30, 2021

Revenue	Six months ended June 30, 2021	Six months ended June 30, 2020	% change 2021 over 2020
Software	\$ 125,900	\$ 606,132	-79%
Maintenance	223,955	88,583	153%
Services	18,659	-	N/A
	\$ 368,514	\$ 694,715	-47%

The Company recognized revenue of \$368,514 in the six months ended June 30, 2021, a 47% decrease over the six months ended June 30, 2020 primarily due to lower HPC software revenue for a significant revenue contract in 2020 partially offset by an increase in demand for software in the oil and gas sector in 2021 compared to early 2020. Although services revenue was higher in Q2 2021, the majority of these service products were discontinued in 2019. In addition to recognized revenue, Acceleware also received non-refundable milestone cash payments of \$0.9 million for the six months ended June 30, 2021 (six months ended June 30, 2020 - \$0.3 million) which were recorded in deferred revenue. Data revenue, in the RF Heating segment, equal to the amount recorded in deferred revenue will be recognized as revenue at the end of the RF XL Pilot or when the data contracts are terminated, whichever is earlier.

RF Heating Revenue	Six months ended June 30, 2021	Six months ended June 30, 2020	% change 2021 over 2020
Software	\$ 85,000	\$ -	N/A
	\$ 85,000	\$ -	N/A

RF Heating revenue was higher in the six months ended June 30, 2021 at \$85,000 compared to \$nil in the six months ended June 30, 2020, driven by higher software revenue from the sale in Q1 2021 of the Company's AxHEAT RF heating simulation software to a major oil sands producer in connection with a data revenue agreement. Since 2018, the Company has been successful selling data revenue agreements to major oil sands producers which provide the customer with the right to access and use data obtained from the RF XL Pilot. Under *IFRS 15 Revenue from Contracts with Customers*, these contracts do not meet all requirements for revenue recognition over-time, therefore revenue recognition defaults to the end of the contract. As at June 30, 2021, deferred revenue of \$1,650,000 (December 31, 2020 - \$750,000) has been recorded under these contracts for amounts that have been received in cash, and will be recognized as revenue once heating is complete or the contracts are terminated, whichever is earlier.

HPC Revenue	Six months ended June 30, 2021	Six months ended June 30, 2020	% change 2021 over 2020
Software	\$ 40,900	\$ 606,132	-93%
Maintenance	223,955	88,583	153%
Services	18,659	-	N/A
	\$ 283,514	\$ 694,715	-59%

HPC revenue was \$283,514 in the six months ended June 30, 2021, a decrease of 59% compared to \$694,715 in the six months ended June 30, 2020 due to the above-mentioned revenue contract partially offset by increased demand for software in the oil and gas sector in early 2021.

Expenses	Six months ended June 30, 2021	Six months ended June 30, 2020	% change 2021 over 2020
Cost of revenue	\$ 19,282	\$ -	N/A
General & administrative	810,036	916,985	-12%
Research & development	727,619	457,222	59%
	\$ 1,556,937	\$ 1,374,207	13%

Expenses increased 13% in the six months ended June 30, 2021, compared to the six months ended June 30, 2020, due to higher R&D expenses. The latter were a result of higher contractor and materials costs for the RF XL Pilot activities in 2021. During the first half of 2021, manufacturing and assembly of the CTI prototype was completed with many of the downhole and surface equipment and components ordered and received in preparation for drilling and completion construction activity scheduled for the last half of 2021. G&A expenses were lower in the first half of 2021 due to lower payroll and payroll related costs which are mainly a result of cost management activities.

RF Heating Expenses	Six months ended June 30, 2021	Six months ended June 30, 2020	% change 2021 over 2020
Cost of revenue	\$ 13,475	\$ -	N/A
General & administrative	565,857	625,113	-9%
Research & development	714,672	380,595	88%
	\$ 1,294,004	\$ 1,005,708	29%

RF Heating expenses increased 29% in the six months ended June 30, 2021 compared to the six months ended June 30, 2020 because of an 88% increase in R&D expenses for increased activity on the RF XL Pilot as noted above. G&A expenses in Q2 2021 decreased 9% compared to Q2 2020 as management continues to manage administrative costs.

HPC Expenses	Six months ended June 30, 2021	Six months ended June 30, 2020	% change 2021 over 2020
Cost of revenue	\$ 5,807	\$ -	N/A
General & administrative	244,179	291,872	-16%
Research & development	12,947	76,627	-83%
	\$ 262,933	\$ 368,499	-29%

HPC expenses of \$262,933 in the six months ended June 30, 2021 decreased 29% compared to \$368,499 in the six months ended June 30, 2020 as the Company continues to focus the majority of resources on the RF XL Pilot.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2021, Acceleware had negative working capital of \$244,469 (December 31, 2020 – positive working capital of \$28,930), \$3,255,203 in cash and cash equivalents (December 31, 2020 - \$1,942,014), and \$147,052 in combined short-term and long-term debt in the form of leases (December 31, 2020 - \$173,932). The increase in cash is attributable to the timing of receipt of government assistance. Increasing the deficit is deferred revenue of \$1,650,000 as at June 30, 2021 (December 31, 2020 – \$750,000). Despite receiving non-refundable cash payments for these amounts, the milestone payments have not met all requirements for revenue recognition under IFRS 15 Revenue from Contracts with Customers. These amounts will be recognized as revenue and increase shareholders' equity when RF XL Pilot heating is complete or the data revenue contracts are terminated, whichever is earlier.

In the interests of matching cash requirements with a combination of cash generated from operations, external funding, and capital raising activities, the Company 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 Company 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, industry partners and external financing, when available. 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; reducing sales, marketing and G&A expenses; and seeking outside financing. The failure of the Company to achieve one or all the above items may have a material adverse impact on the Company's financial position, results of financial performance and cash flows.*

Cash flow used in operations totaled \$467,445 for the three months ended June 30, 2021 compared to cash used in operations of \$1,216,156 for the three months ended June 30, 2020, a decrease due to the timing of receipt of funding for the RF XL Pilot and timing of payment of RF XL Pilot expenses. Cash used in operations before changes in non-cash working capital was \$691,674 for the three months ended June 30, 2021 compared to cash provided by operations before changes in non-cash working capital of \$42,744 in Q2 2020.

Cash flow provided by operations totaled \$1,347,514 for the six months ended June 30, 2021 compared to cash used in operations of \$848,102 for the six months ended June 30, 2020 due to the timing of receipt of funding for the RF XL Pilot and timing of payment of RF XL Pilot expenses. Cash used in operations before changes in non-cash working capital was \$1,152,915 for the six months ended June 30, 2021 compared to cash used in operations before changes in non-cash working capital of \$303,054 for the six months ended June 30, 2020.

Trade and Other Receivables

Trade and other receivables as at June 30, 2021 increased to \$1,416,372, compared to \$1,206,962 as at December 31, 2020. The Company maintains close contact with its customers to mitigate risk in the collection of receivables and a large portion of the receivables is due from provincial and federal government bodies related to a contract for government assistance, and therefore is deemed lower-risk.

Current Liabilities

As at June 30, 2021, the Company had current liabilities of \$5,337,752 compared to current liabilities of \$3,652,474 as at December 31, 2020. The change in current liabilities is due to receipt and recognition of deferred government assistance for R&D and an increase in accounts payable and accrued liabilities for increased costs for the RF XL Pilot.

Income Tax

The Company 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 Management, it is probable that the assets will be realized.

As at June 30, 2021, the potential tax benefits of Acceleware's available tax pools have not been recognized in the Company's account due to uncertainty surrounding the realization of such benefits.

* 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

Alberta's Innovation Employment Grant ("IEG") to support research and development is effective January 1, 2021 and provides a grant of up to 20% of eligible R&D expenses incurred in Alberta. This new grant effectively replaces Alberta's 10% scientific research and experimental development refundable tax credit that was eliminated as of December 31, 2019. Based on preliminary evaluation, the Company meets eligibility criteria and expects to incur eligible R&D expenditures in the taxation year. No amounts have been recorded as at June 30, 2021 due to uncertainty surrounding the estimate.

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 Company. Except as noted, there have been no material changes in any risks or uncertainties facing the Company since December 31, 2020. A discussion of risks affecting the Company and its business is set forth under the heading Risk Factors and Uncertainties in Management's Discussion and Analysis for the period ended December 31, 2020.

Economic Developments

Fluctuations in oil and natural gas prices combined with COVID-19 and the measures taken by governments and companies to reduce its spread may have an adverse impact on many aspects of the Company's business. Increased capital market and interest rate volatility may negatively affect the Company's ability to access external financing. The overall market for the Company's products and services may undergo stagnant or negative growth due to reduced capital expenditures by the Company'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 Company) arising from illness, reductions in working hours, layoffs or restrictions on movement may also adversely affect the Company's growth and operating results. Whether and to what extent the market volatility and COVID-19 outbreak will continue to affect the Company's business and operations will depend on future developments which, at this time, remain uncertain and difficult to predict. However, management believes operational and liquidity management strategies that have been employed will, to the extent possible, mitigate the above risks.

TRANSACTIONS WITH RELATED PARTIES

For the three months ended June 30, 2021, the Company incurred expenses in the amount of \$45,938 (three months ended June 30, 2020 - \$43,750) and \$91,146 for the six months ended June 30, 2021 (six months ended June 30, 2020 - \$87,500) with a company controlled by an officer of the Company as fees for duties performed in managing operations, and this amount is included in research and development expense. As at June 30, 2021 \$81,703 was included in accounts payable and accrued liabilities (December 31, 2020 - \$116,375). These fees were incurred in the normal course of operations and in the opinion of management represent fair value for services rendered.

For the three months ended June 30, 2021, the Company incurred expenses in the amount of \$3,636 (three months ended June 30, 2020 - \$37,048) and \$20,057 for the six months ended June 30, 2021 (six months ended June 30, 2020- \$48,418) with a company controlled by a director of the Company for legal fees, and this amount is included in general and administrative expense. As at June 30, 2021, \$1,255 was included in accounts payable and accrued liabilities (December 31, 2020 - \$17,630). These fees were incurred in the normal course of operations and in the opinion of management represent fair value for services rendered..

For the three months ended June 30, 2021, the Company incurred expenses in the amount of \$36,000 (three months ended June 30, 2020 - \$16,500) and \$82,000 for the six months ended June 30, 2021 (six months ended June 30, 2020 - \$32,800) with a company controlled by the spouse of an officer of the Company for management and other services, and this amount is included in general and administrative expense. As at June 30, 2021, \$12,600 was included in accounts payable and accrued liabilities (December 31, 2020 - \$8,400). These fees were incurred in the normal course of operations and in the opinion of management represent fair value for services rendered.

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

	Three months ended June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020
Salaries and short-term employee benefits	\$ 280,346	\$ 221,538	\$ 582,389	\$ 434,159
Share-based payments	12,542	38,769	35,418	86,728
	\$ 292,888	\$ 260,307	\$ 617,807	\$ 520,887

CRITICAL ACCOUNTING ESTIMATES

General

The Management's Discussion and Analysis for the year ended December 31, 2020 outlined critical accounting policies including key estimates and assumptions that Management has made under these policies and how they affect the amounts reported in the financial statements. During the quarter, there have been no material changes in Management's key estimates and assumptions and the significant accounting policies used in the preparation of the condensed interim financial statements are unchanged from those disclosed in the Company's financial statements for the year ended December 31, 2020.

SIGNIFICANT ACCOUNTING POLICIES

Going Concern Assumption

The 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'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 Company will achieve any of these conditions. If the Company 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 Company'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.

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	107,435,340
Stock Options	8,384,698

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning the Company's research and development expenses and general and administrative expenses is provided in the unaudited financial statements for June 30, 2021 that are available on www.sedar.com and as noted below.

Research and Development	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020
Salaries	\$ 187,390	\$ 122,300
Consulting	182,289	139,898
R&D supplies and materials	1,421,816	139,658
Share-based payments	838	13,892
Rent and overhead allocations	11,207	8,490
Amortization	6,484	18,124
Government assistance	(1,408,046)	(314,757)
Total	\$ 401,978	\$ 127,605

Sales, General and Administration	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020
Salaries	\$ 151,329	\$ 185,227
Marketing	47,691	26,308
Travel	-	27
Share-based payments	11,976	42,233
Rent, supplies and public company fees	84,291	66,193
Amortization	6,484	18,124
Professional fees	85,036	115,651
Total	\$ 386,807	\$ 453,763