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## Acceleware Ltd. Reports Third Quarter 2024

### Financial and Operating Results

CALGARY, ALBERTA –November 20, 2024 – Acceleware® Ltd. (“Acceleware” or the “Company”) (TSX-V: AXE), a leading innovator of transformative technologies targeting the decarbonization of industrial process heat, today announced its financial and operating results for the nine months ended September 30, 2024 (all figures are in Canadian dollars unless otherwise noted). Acceleware’s results reflect contributions from the Company’s two business units, radio frequency (“RF”) heating for industrial applications using the Company’s proprietary Clean Tech Inverter (“CTI”) including enhanced oil recovery (“RF XL”), and high-performance computing (“HPC”) scientific software. This news release should be read in conjunction with the Company’s unaudited interim condensed financial statements and the accompanying notes for the nine months ended September 30, 2024 and management’s discussion and analysis (“MDA”) thereto, together with the audited financial statements for the year ended December 31, 2023, notes and MDA thereto, all of which are available on Acceleware’s website at [www.acceleware.com](http://www.acceleware.com) or on [www.sedarplus.ca](http://www.sedarplus.ca).

#### HIGHLIGHTS

Financial highlights for the three and nine months ended September 30, 2024:

	Three Months Ended		Nine Months Ended	
	Sept 30, 2024	Sept 30, 2023	Sept 30, 2024	Sept 30, 2023
Revenue	\$ 1,259,315	62,467	3,314,956	235,421
Comprehensive income/ (loss)	856,500	(1,272,006)	1,150,443	(2,663,121)
Gross R&D expenditures	408,356	798,544	1,672,439	2,188,545
Government assistance	\$ (650,165)	(119,785)	(1,227,928)	(553,808)

In the nine months ended September 30, 2024, the Company worked closely with industry partners to progress next steps in the RF XL Pilot. An output of this work is the determination that the most practical path forward is to redeploy all subsurface components incorporating the multiple improvements and upgrades that Acceleware has made to the RF XL downhole system. During Q3, 2024, the Company continued to refine redeployment and test plans, confirming the \$5 million cost estimate, which Acceleware is now actively sourcing. Since the end of Q2 2024, the Company has increased the total non-dilutive funding amount secured for the next phase of the RF XL Pilot, contingent on receiving the remainder of the \$5 million. The Company has also secured RF XL consulting revenue from a confidential oil and gas operator, the net proceeds of which will be applied to the costs in the next phase of the RF XL Pilot. Additional RF XL consulting revenue from this operator may be available in 2025, the net proceeds of which will also be applied to the RF XL Pilot. The Company has identified several additional industry and government potential funders and is actively discussing the project with them. The primary outreach message is that the next phase of the RF XL Pilot is expected to enable higher power to be distributed in the reservoir for a sustained period, resulting in higher temperatures in the reservoir, and potentially greater oil production with the ultimate goal of further validating the commercial viability of RF XL. Please refer to the MDA for a complete RF XL Pilot update.

In the three months ended September 30, 2024 (“Q3 2024”), a Test Data Purchase Agreement with a second oil-sands producer was concluded and as such the Company recognized \$900,000 revenue, the payment of which was received in past quarters. The remaining revenue of \$1,900,000 from the third oil-sands producer will be



recognized when all milestones have been met (expected in 2024), or the contract is terminated, whichever is earlier.

Other recent highlights include:

- On August 20, 2024, Acceleware announced that it was one of 50 companies selected to pitch at the 21st Annual Rice Alliance Energy Tech Venture Forum, an anchor event for the Inaugural Energy and Climate Startup Week in Houston, Texas, September 9-13, 2024.
- In September 2024, Acceleware joined the Renewable Thermal Collaborative (RTC), and attended the RTC Summit in Washington, D.C., on September 30-October 1, 2024. The RTC is the global coalition for companies, institutions, and governments committed to scaling up renewable heating and cooling at their facilities, dramatically cutting carbon emissions.
- On October 22, 2024, Acceleware announced that it was one of ten companies selected by The Mining Innovation Commercialization Accelerator (MICA) and by Chilean mining operators to attend the Chile-Canada Mining Innovation Summit (CCMIS) on October 24, 2024 in Santiago, Chile. In addition, Acceleware participated in the Global Mining Group's (GMG) Santiago Forum, "Igniting Action: Building the Mines of The Future Today" on October 22- 23, 2024.
- Acceleware continues to work toward Phase 3 of a potash ore drying project by the International Minerals Innovation Institute ("IMII"). Phase 2 findings were presented to IMII in July 2024. Phase 3 of the project includes the design, construction and testing of a larger shop-scale demonstration dryer. IMII, a non-profit organization jointly funded by industry and government, is committed to developing and implementing innovative education, training, research and development partnerships to support a world-class minerals industry. IMII's minerals industry members include BHP, Cameco Corporation, Fission Uranium Corp., The Mosaic Company and Nutrien Ltd.
- Acceleware continued to invest in developing and protecting new intellectual property with the number of patents issued, allowed, applied for, or in development totalling 60 as at September 30, 2024.

## QUARTER IN REVIEW

Revenue of \$1.3 million was recorded in the three months ended September 30, 2024 compared to \$0.1 million in the three months ended September 30, 2023 ("Q3 2023") and \$2.0 million in the previous quarter ended June 30, 2024 ("Q2 2024"). Revenue in Q3 2024 included \$0.9 million in revenue related to the RF XL Pilot as a contract for one oil-sands producer was terminated triggering revenue recognition of previously received milestone payments and \$0.3 million services revenue upon completion of the first potash ore drying prototype.

Total comprehensive income for Q3 2024 was \$0.9 million compared to a comprehensive loss of \$1.3 million for Q3 2023 and a comprehensive loss of \$1.3 million for Q2 2024. Comprehensive income in Q3 2024 was high due to revenue related to the RF XL Pilot and receipt of government assistance from CRIN relating to costs incurred from January 1, 2024 to March 31, 2024. Finance expenses in Q3 2024 and Q3 2023 include interest expense on notes payable which are funding the Company's working capital. Comprehensive income or loss in all periods was impacted by changes in value of the derivative financial instruments embedded within the convertible debenture. The changes in derivative value are driven primarily by the fluctuation in the Company's share price.

Gross R&D expenses incurred in Q3 2024 were \$0.8 million compared to \$0.8 million in Q3 2023 and \$0.7 million in Q2 2024. R&D spending in 2024 was related to development of the IMII dryer for potash ore and included lab engineering, designing and testing, data analysis, and partner consultations. R&D spending in Q3 2023 was related to the RF XL Pilot. There was \$0.7 million government assistance received in Q3 2024 and \$0.1 in Q3 2023 and \$0.6 in Q2 2024. The Company received the final CRIN payment of \$0.3 million in Q3 2024 and the final ERA holdback payment of \$0.2 million. The Government of Alberta's Innovation Employment Grant ("IEG") to support research and development was effective January 1, 2021 and provides a grant of up to 20% of eligible R&D expenses incurred in Alberta. This new grant effectively replaced Alberta's 10% scientific research and experimental development refundable tax credit that was eliminated as at December 31, 2019. The Company met the eligibility criteria, claimed eligible R&D expenditures and received \$0.3 million in Q3 2024 related to 2023 eligible expenditures, received \$0.1 million in the three months ended September 30, 2023 related to 2022 eligible expenditures, and \$0.4 million in the three months ended March 31, 2023 related to 2021 eligible expenditures. Government assistance is recorded as a reduction of R&D expenses.

G&A expenses incurred in Q3 2024 were \$0.4 million compared to \$0.6 million in Q3 2023 and \$0.4 million in Q2 2024. There were lower non-cash payroll related costs incurred in Q3 2024 due to the timing of option grants and lower salaries as the Company continues to prioritize cost control given uncertain economic conditions.

As at September 30, 2024, Acceleware had negative working capital of \$2.6 million (December 31, 2023 – negative working capital of \$2.0 million) including cash and cash equivalents of \$0.5 million (December 31, 2023 – \$1.0 million). The increase in negative working capital is attributable to the timing of receipt and recognition of government and partner funding and related R&D spending. Increasing the deficit is deferred revenue of \$1.9 million as at September 30, 2024 (December 31, 2023 – \$4,350,000). 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 contracts are terminated, whichever is earlier.

#### **YEAR TO DATE IN REVIEW**

Revenue of \$3.3 million was recorded in the nine months ended September 30, 2024 compared to \$0.2 million for the nine months ended September 30, 2023. Revenue for the nine months ended September 30, 2024 included \$2.85 million services revenue related to the RF XL Pilot and \$0.3 million in services revenue related to the potash drying project. Revenue was recognized for the RF XL Pilot as all milestones were completed under contract for one oil-sands producer and the other oil-sands producer terminated its contract triggering revenue recognition of previously received milestone payments.

Total comprehensive income for the nine months ended September 30, 2024 was \$1.2 million compared to comprehensive loss of \$2.7 million for the nine months ended September 30, 2023 due to higher revenue as noted above and higher government assistance. There are fluctuations in both periods related to changes in fair value of the derivative financial instruments embedded in the convertible debentures.

Gross R&D expenses for the nine months ended September 30, 2024 were \$1.7 million compared to \$2.2 million incurred during the nine months ended September 30, 2023 due to higher R&D activity in the first half of 2023 related to the final steps of the RF XL Pilot workover. Federal and provincial government assistance of \$1.2 million



was recognized in the nine months ended September 30, 2024 compared to \$0.6 million for the nine months ended September 30, 2023 as the RF XL Pilot nears completion.

G&A expenses incurred during the nine months ended September 30, 2024 were \$1.3 million compared to \$1.4 million for the nine months ended September 30, 2023. The Company continues to prioritize cost management.

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#### **ABOUT ACCELEWARE:**

Acceleware is an innovator of clean-tech decarbonization technologies comprised of two business units: Radio Frequency Heating Technology and Seismic Imaging Software.

Acceleware is piloting RF XL, its patented low-cost, low-carbon production technology for heavy oil and oil sands that is materially different from any heavy oil recovery technique used today. Acceleware's vision is that electrification of heavy oil and oil sands production can be made possible through RF XL, supporting a transition to much cleaner energy production that can quickly bend the emissions curve downward. With clean electricity, Acceleware's RF XL technology could eliminate greenhouse gas (GHG) emissions associated with heavy oil and oil sands production. RF XL uses no water, requires no solvent, has a small physical footprint, can be redeployed from site to site, and can be applied to a multitude of reservoir types. Acceleware is also working on the decarbonization of other industrial process heat applications through its EM Powered Heat technology, which uses the Company's proprietary CTI. These include a multi-phase EM Powered Heat potash dryer project currently underway with the International Minerals Innovations Institute in Saskatchewan, Canada.

Acceleware and Saa Dene Group (co-founded by Jim Boucher) have created Acceleware | Kisâstwêw to raise the profile, adoption, and value of Acceleware technologies. The shared vision of the partnership is to improve the environmental and economic performance of the energy sector by supporting ideals that are important to Indigenous peoples, including respect for land, water, and clean air.

The Company's seismic imaging software solutions are state-of-the-art for high fidelity imaging, providing the most accurate and advanced imaging available for oil exploration in complex geologies. Acceleware is a public company listed on Canada's TSX Venture Exchange under the trading symbol "AXE".

#### **NOTE REGARDING FORWARD-LOOKING INFORMATION AND OTHER ADVISORIES**

*This news release contains "forward-looking information" within the meaning of Canadian securities legislation. Forward-looking information generally means information about an issuer's business, capital, or operations that are prospective in nature, and includes disclosure about the issuer's prospective financial performance or financial position.*

*The forward-looking information in this press release can be identified by terms such as "believes", "estimates", "plans", "potential", and "will", and includes information about, the expected commercialization of RF XL, the expected cost of the RF XL Pilot, the timing of the execution of the RF XL Pilot and the redeployment, expected financing required for the RF XL Pilot redeployment, and the anticipated economic and societal benefits of the RF XL technology. Acceleware assumes that current cost estimates are accurate, current timelines will not be delayed by either internal or external causes, that research and development effort including the commercial-scale test plans will result in commercial-ready products, and that future capital raising efforts will be successful.*

*Actual results may vary from the forward-looking information in this press release due to certain material risk factors. These risk factors are described in detail in Acceleware's continuous disclosure documents, which are filed on SEDAR at*



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[www.sedar.com](http://www.sedar.com).

*Acceleware assumes no obligation to update or revise the forward-looking information in this press release, unless it is required to do so under Canadian securities legislation.*

*This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities described in this release in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws and may not be offered or sold within the United States or to U.S. persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.*

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