



## Acceleware Ltd. Reports Second Quarter 2024 Financial and Operating Results

CALGARY, ALBERTA—August 16, 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 six months ended June 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 six months ended June 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 six months ended June 30, 2024:

	Three Months Ended		Six Months Ended	
	Jun 30, 2024	Jun 30, 2023	Jun 30, 2024	Jun 30, 2024
Revenue	<b>2,012,047</b>	69,407	<b>2,055,641</b>	172,954
Comprehensive income/ (loss)	<b>1,263,914</b>	(1,135,498)	<b>293,943</b>	(1,391,115)
Gross R&D expenditures	<b>717,968</b>	637,633	<b>1,219,083</b>	1,390,001
Government assistance	<b>577,763</b>	-	<b>577,763</b>	434,023

Based on positive results to date, Acceleware remains confident that RF XL will become viable as a critical technology in the effort to decarbonize heavy oil and oil sands production. In the six months ended June 30, 2024, the Company continued to work 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 involves a redeployment of all subsurface components incorporating the multiple improvements and upgrades that Acceleware has made to the RF XL downhole system. Acceleware is actively sourcing an additional \$5 million of funding to complete the redeployment. The Company has been successful in securing partial non-dilutive funding for the redeployment, contingent on receiving the remainder of the \$5 million. The Company has identified several potential industry and government funders and is in the process of contacting and discussing the project with them. The primary outreach message is that the redeployment is expected to enable higher power to be distributed in the reservoir for a sustained period in a second phase of heating. Please refer to the MDA for a complete RF XL Pilot update.

In the three months ended June 30, 2024 (“Q2 2024”) the Company completed all milestones under a Project Funding Agreement with one oil-sands producer and as such recognized \$1,950,000 revenue related to that performance obligation (three months ended June 30, 2023 - \$nil). Subsequent to June 30, 2024, a Test Data Purchase Agreement with a second oil-sands producer was terminated and as such the Company will recognize \$950,000 revenue in the third quarter of 2024. The remaining revenue of \$1,950,000 from the third oil-sands producer will be recognized when all milestones have been met (which is expected in the second half of 2024), or the contract is terminated, whichever is earlier.



On April 11, 2024, Acceleware announced that it had been awarded Phase 2 of a potash ore drying project by the International Minerals Innovation Institute ("IMII"). This Phase was structured to advance Phase 1 work and further validate the use of radio frequency energy from Acceleware's CTI for drying potash ore and other minerals. By the end of Q2 2024, Phase 2 was successfully completed, including the construction and testing of a lab-scale prototype potash dryer. The findings were presented to IMII in July 2024. A proposal for Phase 3 has been presented to IMII and is currently under review. Phase 3 of the project would include 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 total number of patents issued, allowed, applied for, or in development growing to a total of 62.

#### **QUARTER IN REVIEW**

Revenue of \$2.0 million was generated in Q2 2024 compared to \$0.1 million in the three months ended June 30, 2023 ("Q2 2023") and \$0.04 million in the previous quarter ended March 31, 2024 ("Q1 2024"). Revenue in Q2 2024 included \$1.95 million in revenue related to the RF XL Pilot as all milestones were completed under contract for one oil-sands producer triggering revenue recognition of previously received milestone payments.

Total comprehensive income for Q2 2024 was \$1.3 million compared to a comprehensive loss of \$1.1 million for Q2 2023 and a comprehensive loss of \$1.0 million for Q1 2024. Comprehensive income in Q2 2024 was high due to revenue related to the RF XL Pilot and receipt of government assistance from CRIN relating to costs incurred from July 1, 2023 to December 31, 2023. Finance expenses in Q2 2024 were higher as compared to Q2 2023 for interest on notes payable 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 Q2 2024 were \$0.7 million compared to \$0.6 million in Q2 2023 and \$0.5 million in Q1 2024. R&D spending was higher in Q2 2024 compared to Q2 2023 and Q1 2024 due to increased spending related to development of the potash ore dryer. R&D activity in Q2 2024 was related to lab engineering, designing and testing, data analysis, and partner consultations. There was \$0.6 million government assistance received in Q2 2024 and \$nil in Q2 2023 and \$nil in Q1 2024. The Company received the first CRIN payment in Q4 2023 of \$2.1 million and a second and third payment from CRIN totalling \$0.6 million in Q2 2024. 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 \$0.4 million in the three months ended March 31, 2023 related to 2021 eligible expenditures and received \$0.1 million in the three months ended September 30, 2023 related to 2022 eligible expenditures. Subsequent to June 30, 2024, the Company received \$0.3 million related to 2023 eligible expenditures. Government assistance offsets gross R&D costs.



G&A expenses incurred in Q2 2024 were \$0.4 million compared to \$0.5 million in Q2 2023 and \$0.5 million in Q1 2024. There were lower non-cash payroll related costs incurred in Q2 2024 due to the timing of option grants and lower salaries as the Company continues to prioritize cost control given uncertain economic conditions.

At June 30, 2024, Acceleware had negative working capital of \$2,460,058 (December 31, 2023 – negative working capital of \$1,985,372) including \$249,312 in cash and cash equivalents (December 31, 2023 - \$951,569) and \$927,696 in short-term notes payable (December 31, 2023 - \$944,010). As of June 30, 2024, Acceleware also had \$2,215,000 in long-term 10%, semi-annual interest, convertible debentures outstanding, the principal amount of which is owing four years from the date of issue or approximately Q1 2026. Fluctuations in non-cash working capital were attributable to the timing of receipt and recognition of government and partner funding and related R&D spending. Cash and cash equivalents decreased in Q1 2024 due to timing of payments of trade payables. Increasing the deficit is deferred revenue of \$3,040,870 as at June 30, 2024 (December 31, 2022 – \$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 revenue contracts are terminated, whichever is earlier. The first data revenue related to these contracts was recognized in Q2 2024 for \$1,950,000.

## **YEAR IN REVIEW**

Revenue of \$2.1 million was generated in the six months ended June 30, 2024 compared to \$0.2 million for the six months ended June 30, 2023. Revenue for the six months ended June 30, 2024 included \$1.95 million in revenue related to the RF XL Pilot and amounts for software and maintenance revenue for HPC. Revenue was higher as compared to 2023 due to revenue related to the RF XL Pilot as all milestones were completed under contract for one oil-sands producer triggering revenue recognition of previously received milestone payments.

Total comprehensive income for the six months ended June 30, 2024 was \$0.3 million compared to comprehensive loss of \$1.4 million for the six months ended June 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 six months ended June 30, 2024 were \$1.2 million compared to \$1.4 million incurred during the six months ended June 30, 2023 due to higher R&D activity in 2023 related to the final steps of the RF XL Pilot workover during the six months ended June 30, 2023. Federal and provincial government assistance of \$0.6 million was recognized in the six months ended June 30, 2024 compared to \$0.4 million for the six months ended June 30, 2023 as the RF XL Pilot nears completion.

G&A expenses incurred during the six months ended June 30, 2024 were \$0.9 million compared to \$0.9 million for the six months ended June 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 [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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