



Acceleware Ltd. Reports First Quarter 2024 Financial and Operating Results

CALGARY, ALBERTA –May 23, 2024 – Acceleware® Ltd. (“Acceleware” or the “Company”) (TSX-V: AXE), a leading innovator of transformative technologies targeting the decarbonization of industrial heating, today announced its financial and operating results for the three months ended March 31, 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 three months ended March 31, 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 or on www.sedarplus.ca.

HIGHLIGHTS

Financial highlights for the three months ended March 31, 2024:

	Three Months Ended	
	Mar 31, 2024	Mar 31, 2023
Revenue	43,594	103,547
Comprehensive income/ (loss)	(969,971)	(255,617)
Gross R&D expenditures	501,115	752,368
Government assistance	-	434,023

Encouraged by positive results to date, the Company worked closely with industry partners to determine the most appropriate next steps in the RF XL Pilot. It was determined 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 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.

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”). The new project phase will advance Phase 1 work and is intended to further validate the use of radio frequency energy from Acceleware’s CTI to dry potash ore and other minerals. Phase 2 work will include the construction and testing of a lab-scale prototype dryer, and on a stage gate basis, the design, construction and testing of larger shop-scale prototype. IMII is a non-profit organization jointly funded by industry and government that is committed to developing and implementing innovative education, training, research and development partnerships for supporting 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 61.

QUARTER IN REVIEW

Revenue of \$0.04 million was generated in the three months ended March 31, 2024 compared to \$0.1 million in the three months ended March 31, 2023 ("Q1 2023") and \$0.04 million in the previous quarter ended December 31, 2023 ("Q4 2023"). Revenue in Q1 2024 included software and maintenance revenue. Revenue was lower in Q1 2024 and Q4 2023 due the variability in revenue earned in the RF Heating segment for technology evaluation services in applying CTI to industrial heating. While interest has increased in EM Powered Heat and the CTI (see IMII project discussed above), there was no revenue recognised in Q1 2024 or Q4 2023.

Total comprehensive loss for Q1 2024 was \$1.0 million compared to a comprehensive loss of \$0.3 million for Q1 2023 and a comprehensive income of \$0.6 million for Q4 2023. Comprehensive income in Q4 2023 was due to the receipt of government assistance from CRIN relating to costs incurred from January 1, 2022 to June 30, 2023. Offsetting lower spending in Q1 2024 and Q4 2023 were higher interest costs related to notes payable funding the Company's working capital. Comprehensive income/(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 fluctuations in the Company's share price.

Gross R&D expenses incurred in Q1 2024 were \$0.5 million compared to \$0.8 million in Q1 2023 and \$0.07 million in Q4 2023. R&D spending was lower in Q1 2024 and Q4 2023 compared to Q1 2023 due to a change in the nature of RF XL Pilot activities. Most R&D activity in Q1 2024 was related to lab engineering, designing and testing, data analysis, and partner consultations. There was no government assistance received in Q1 2024 compared to \$0.4 million in Q1 2023 and \$2.1 million in Q4 2023, the latter constituting the first CRIN payment. Meanwhile, 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 Q1 2023 related to 2021 eligible expenditures and \$0.1 million in Q3 2023 related to 2022 eligible expenditures and \$nil in Q4 2023. As at March 31, 2024 there was \$nil million government assistance receivable however a claim for 2023 expenditures is in process. Government assistance offsets gross R&D costs.

G&A expenses incurred in Q1 2024 were \$0.5 million compared to \$0.3 million in Q1 2023 and \$0.6 million in Q4 2023. There were higher non-cash payroll related costs incurred in Q1 2024 and Q4 2023 due to the timing of option grants, higher professional fees and lower salaries as the Company continues to prioritize cost control given uncertain economic conditions.

At March 31, 2024, Acceleware had negative working capital of \$2,799,757 (December 31, 2023 – negative working capital of \$1,985,372) including \$126,895 in cash and cash equivalents (December 31, 2023 - \$951,569) and \$852,069 in short-term notes payable (December 31, 2023 - \$944,010). As of March 31, 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. During Q4 2023, Acceleware received the first claim for reimbursement under the new \$3 million CRIN grant funding arrangement noted above. There was \$2,064,434 received in Q4 2023. Cash and cash equivalents decreased in Q1 2024 due to timing of payments of trade payables. Increasing the deficit is deferred revenue of \$4,350,000 as at March 31, 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.

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 actively developing partnerships for RF heating of other industrial applications using the Company's proprietary CTI.

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.

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.

DISCLAIMER

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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