Acceleware Ltd. Reports Fourth Quarter 2021 Financial and Operating Results

CALGARY, ALBERTA – March 23, 2022 – Acceleware® Ltd. ("Acceleware" or the "Company") (TSX-V: AXE), a leading developer of technologies targeting low-cost and clean extraction of heavy oil and bitumen, today announced its financial and operating results for the year ended December 31, 2021 (all figures are in Canadian dollars unless otherwise noted). Acceleware's year end results reflect contributions from the Company's two business units, comprised of radio frequency heating technology ("RF Heating"), which supports a cost-effective and environmentally friendly alternative to steam assisted gravity drainage ("SAGD") for the extraction of heavy oil and bitumen through its proprietary RF XL heating technology, along with high-performance scientific computing applications ("HPC"). This news release should be read in conjunction with the Company's audited financial statements and the accompanying notes for the year ended December 31, 2021, and management's discussion and analysis ("MD&A") thereto, all of which are available on Acceleware's website at www.acceleware.com or on SEDAR at www.sedar.com.

HIGHLIGHTS

Acceleware completed the drilling and completions program during Q4 2021, a major milestone in the execution of the commercial-scale RF XL pilot project at Marwayne, Alberta (the "RF XL Pilot"). The RF XL Pilot is also the final step before commercialization of the Company's patent-protected Clean Tech Inverter ("CTI"), a novel electrification "engine" for industrial heating. Subsequent to the drilling and completions work, facilities installation began and was completed in the first quarter of 2022. As of March 2022, Acceleware announced that heating had commenced, and as such the RF XL Pilot entered the final milestone.

On March 1, 2022, the Company launched a non-brokered private placement of 10% unsecured convertible debentures due 2026 for approximate gross proceeds of $1,500,000. Each debenture matures four years after the issue date and is convertible into units of the Company at a conversion price of $0.80. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share, at an exercise price equal to 200% of the conversion price of the debentures for a 24-month period following the distribution of the debentures. Net proceeds from the offering shall be used to fund the further development and testing of the Company's RF heating technology and for general corporate purposes. The Company expects to close the private placement no later than April 15, 2022.

Acceleware estimates the net cost to construct and operate the RF XL Pilot for six months to be in the range of $21 million to $22 million. These costs are net of an estimated $2 million to $3 million from the sale of produced oil. While construction costs have increased due to delays caused by COVID-19, supply chain disruptions, an extended drilling and completions program, and weather-related issues, the Company now also estimates a meaningful contribution from the sale of oil production. The majority of

construction costs had been incurred as at December 31, 2021, while operating cost estimates remain subject to fluctuating commodity prices in particular electricity. There is also uncertainty in estimated proceeds from the sale of produced oil due to fluctuating oil prices and simulated production volumes. As of December 31, 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 $6 million from three major oil sands producers.

FINANCIAL SUMMARY

R&D spending has increased significantly, in lockstep with completion of the drilling program and the purchase and manufacture of surface and sub-surface components. Cumulative RF XL Pilot expenses as at December 31, 2021 were approximately $20.4 million (December 31, 2020 - $7.6 million). The remaining cash committed but not yet received from SDTC, ERA and Alberta Innovates, including holdbacks receivable was $2.9 million as at December 31, 2021 (December 31, 2020 – $4.2 million) and amounts committed but not yet received from three major oil-sands producers were $2.8 million as at December 31, 2021 (December 31, 2020 – $3.2 million).

QUARTER IN REVIEW

Revenue of $0.1 million was generated in the three months ended December 31, 2021 ("Q4 2021") compared to $0.1 million in the three months ended December 31, 2020 ("Q4 2020"). Revenue of $0.3 million was generated in the previous quarter ended September 30, 2021 ("Q3 2021"). Revenue is attributable to software, maintenance and services with the largest amount attributable to software. Higher revenue in Q3 2021 compared with Q4 2021 and Q4 2020 is attributable to a significant contract in the HPC segment and sales of RF simulation services within the RF Heating segment.

Total comprehensive loss for Q4 2021 was $1.8 million compared to a comprehensive loss of $1.0 million for Q4 2020 and a comprehensive loss of $1.1 million for Q3 2021. The higher comprehensive loss in Q4 2021 compared to Q4 2020 and Q3 2021 is due to an increase in spending for R&D on the RF XL Pilot in Q4 2021.

Gross R&D expenses incurred in Q4 2021 were $5.2 million compared to gross R&D expenses in Q4 2020 of $0.8 million and $4.0 million in Q3 2021. The increase in Q4 2021 and Q3 2021 over Q4 2020 is due to significant investment in the RF XL Pilot activities in 2021. During Q4 2021, a significant portion of the drilling activity was completed, and the majority of surface and sub-surface components were manufactured and received. Federal and provincial government assistance of $3.9 million was recognized in Q4 2021 compared to $0.5 million in Q4 2020 and $3.0 million in Q3 2021, offsetting gross research and development costs.

General and administrative ("G&A") expenses incurred in Q4 2021 were $0.5 million compared to $0.7 million in Q4 2020 and $0.4 million in Q3 2021. The Company continues to prioritize cost control given uncertain economic conditions.

YEAR TO DATE IN REVIEW

Revenue of $0.8 million was generated from the Company's software, maintenance and services revenue streams for the year ended December 31, 2021 compared to $0.9 million for the year ended December 31, 2020. The lower revenue in the year ended December 31, 2021 compared to the year ended December 31, 2020 is due to recognition of a large HPC contract in 2020. In addition to recognized revenue, Acceleware has also received non-refundable milestone cash payments of $2.4 million for the year ended December 31, 2021 (December 31, 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 December 31, 2021 is $3.05 million (December 31, 2020 – $0.75 million).

Total comprehensive loss for the year ended December 31, 2021 was $4.1 million compared to $2.1 million for the year ended December 31, 2020 due to higher R&D spending for the RF XL Pilot.

Gross R&D expenses for the year ended December 31, 2021 were $12.6 million compared to $2.5 million incurred during the year ended December 31, 2020 due to increased R&D activity noted above. Federal and provincial government assistance of $9.6 million was recognized in the year ended December 31, 2021 compared to $1.5 million for the year ended December 31, 2020.

G&A expenses incurred during the year ended December 31, 2021 were $1.8 million compared to $2.1 million for the year ended December 31, 2020 a decrease of $0.3 million due primarily to lower payroll and payroll related costs. The Company continues to prioritize cost management.

As at December 31, 2021, Acceleware had negative working capital of $0.9 million (December 31, 2020 – positive working capital of $0.03 million) including cash and cash equivalents of $1.9 million (December 31, 2020 – $1.9 million). The decrease in working capital is attributable to timing of receipt of funding and higher R&D spending for the RF XL Pilot. Increasing the deficit is deferred revenue of $3,050,000 as at December 31, 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.

RF HEATING BUSINESS SEGMENT SUMMARY

RF XL is Acceleware's patented and patent-pending RF Heating technology, designed to improve the extraction of heavy oil and bitumen, with a cost effective and environmentally friendly alternative to 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;
- a substantial decrease in land use;
- the elimination of external water use;
- no requirement for solvents; and
- substantial elimination of water treatment facilities and no need for tailings ponds.

The Company believes that its RF XL heating technology, as an electrically-driven process, can provide a clear pathway to zero-GHG production of heavy oil and oil sands and provide optimal alignment with industry and government goals to recognize innovation as a meaningful solution in the oil and gas industry's overall emission reduction plans.

RF Heating Results Summary

- RF Heating revenue was $11,250 in Q4 2021 compared to $nil in Q4 2020 and $55,000 in Q3 2021 due to sales of RF simulation software and services, a relatively new revenue stream attributable to customers' interest in applying RF XL to specific reservoirs and operations. 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 December 31, 2021, deferred revenue of $3,050,000 (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.

- RF Heating expenses for the three months ended December 31, 2021, were $1,724,818 or 116% higher than in Q4 2020 and 32% higher than in Q3 2021. R&D expenses were higher compared to both Q4 2020 and Q3 2021 due to higher contractor and materials costs related to the significantly increased activity for the RF XL Pilot for drilling and completion work. G&A expenses were lower compared to Q4 2020 and higher compared to Q3 2021 due to fluctuations in payroll and payroll related costs.

- RF Heating revenue was higher in the year ended December 31, 2021 at $151,250 compared to $nil in the year ended December 31, 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 and due to higher services revenue for sales of simulation services in Q3 2021.

- RF Heating expenses increased 90% to $4,328,899 in the year ended December 31, 2021 compared to $2,275,697 for the year ended December 31, 2020 because of an 270% increase in R&D expenses for increased activity on the RF XL Pilot as noted above. G&A expenses for the year ended December 31, 2021 decreased 10% compared to the year ended December 31, 2020 due to lower payroll and payroll related costs.

HIGH-PERFORMANCE COMPUTING BUSINESS SEGMENT SUMMARY

Acceleware's HPC business 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. While the Company is focusing on energy markets, it continues to develop and sell its electro-magnetic ("EM") simulation software FDTD (or finite difference time domain) solution, AxFDTD, to end users primarily through independent software vendors that have integrated Acceleware's solution into their software architecture.

HPC Results Summary

- HPC revenue remained relatively consistent at $75,781 in Q4 2021 compared to $74,347 in Q4 2020. Revenue of $242,226 in Q3 2021 was due to higher software revenue for a large seismic contract. The Company's software revenue model results in relatively few overall sales transactions with higher overall revenue per transaction, which could potentially lead to increased volatility in quarterly revenue. This was evident in Q3 2021 as revenue fluctuated relative to Q4 2021 and Q4 2020.

- HPC expenses for the three months ended December 31, 2021 were $110,503 or 51% lower than in Q4 2020 and 15% higher than in Q3 2021. G&A expenses were lower compared to Q4 2020 and 18% higher compared to Q3 2021 due to lower payroll and payroll related expenses. R&D expenses were minimal in all comparative periods as the Company focuses the majority of all R&D on the RF XL Pilot.

- HPC revenue was $601,520 in the year ended December 31, 2021, a decrease of 33% compared to $899,281 in the year ended December 31, 2020 due to the above-mentioned 2020 revenue contract, partially offset by increased demand for software in the oil and gas sector in early 2021.

- HPC expenses were $469,849 in the year ended December 31, 2021 a decrease of 37% compared to $742,473 in the year ended December 31, 2020 as the Company continues to focus the majority of resources on the RF XL Pilot.

ABOUT ACCELEWARE:

Acceleware (www.acceleware.com) is an innovator of clean-tech oil and gas technologies comprised of two business units: Radio Frequency (RF) Enhanced Oil Recovery and Seismic Imaging Software.

Acceleware is developing 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. Further, Acceleware's RF XL technology could be a key component of an end-to-end integrated carbon management system that can eliminate greenhouse gas (GHG) emissions associated with heavy oil and oil sands production, whether for fossil fuels, or for future clean bitumen by-products such as petrochemicals, carbon fibre, and blue or green hydrogen 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. In shallow oil sands implementations, no tailings ponds will be required.

Acceleware has partnered with Saa Dene Group (co-founded by Jim Boucher) to create 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 cost of the RF XL Pilot, the amount of, and realized price for the oil produced at the RF XL Pilot, the timing of the execution of the RF XL Pilot, and the anticipated economic and societal benefits of the RF XL technology. Acceleware assumes that current cost estimates are accurate, simulations of oil production at the RF XL Pilot are accurate, the price realized for oil produced at the pilot remain at or near current levels, 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.

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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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