



## SHARC International Reports on 2019 Fiscal Year

VANCOUVER, British Columbia, June 05, 2020 -- **SHARC International Systems Inc. (CSE: SHRC) (FSE: IWIA) (OTCQB: INTWF) ("SHARC" or the "Company")** has filed its financial results for the fourth quarter and fiscal year ended December 31, 2019. All figures are in CDN unless otherwise noted.

### 2019 Financial Highlights:

- Loss from continuing operations for the year ended December 31, 2019 was \$3.3M, a decrease of \$1.1M year over year.
- Through the restructuring of its operations, the Company has reduced its working capital deficit by approximately \$1.6M, from \$5.12M to \$3.5M, between the interim period ended September 30, 2019 and the year ended December 31, 2019.
- Gross margin of \$0.08M at 54% margin in 2019 compared to \$0.25M at 46% margin in 2018.
- Disposed of the UK operations reducing a continued drain on cash balances and our financial commitments.

### 2019 Accomplishments

- Pivoted from the Design, Build, Finance and Operate ("DBFO") or Energy Service Company ("ESCO") model, a high upfront capital cost with long term residual income streams or payback, to a lower cost, higher return upfront model with a focus on equipment sales and leasing ("OEM")
- Successfully reallocated internal resources from research and development and technical positions to sales and sales support positions
- Hired dedicated and skilled sales professionals to manage and generate leads with a focus to bring leads to a close.
- Review and reduced general and administrative spend and support focusing resources on sales and marketing activities.
- Successfully divested from UK Operations.
- Entered into a lease with the City of Vancouver for a one-year lease with the option to renew at \$9,000 per month. The City of Vancouver is planning expansion of the False Creek Neighborhood Energy Utility with bidding beginning in late 2020.

### Subsequent events

- On February 11, 2020, the Company issued 10,000,000 units at a price of \$0.065 for cash proceeds of \$156,000 and the settlement of debt of \$494,000 owed to officers, directors and consultants. Debt settlement of officers and directors of the Company account for \$326,794 of the total settlements.
- On February 13 and February 24, 2020, the Company issued unsecured convertible debenture units with total principal amounts of \$1,764,000 and \$276,000 respectively. The debentures mature on February 13 and February 24, 2023, respectively, and bear interest at an annual rate of 2% due semi-annually.
- In May 2020, SHARC won the opportunity to collaborate on a pilot project funded by the [Electric Power Research Institute \("EPRI"\)](#) after presenting at the [Incubatenergy@ Labs Challenge](#). After being selected as 1 of 17 finalists from a pool of over 130 applicants, SHARC made a virtual pitch on April 7<sup>th</sup>, 2020. The Company has now been selected as 1 of 10 companies to demonstrate innovative power delivery and use technologies under the leadership of EPRI, Ameren Corporation, Tennessee Valley Authority and Southern California Edison.
- On May 29, 2020, the Company issued unsecured convertible debenture units with a principal amount of \$2,000,000. The debenture matures on May 29, 2023 and bears interest at an annual rate of 2% due semi-annually.
- On May 29, 2020, the Company settled with all holders ("**Debentureholders**") of the Company's \$1,320,000 and \$1,023,000 12% unsecured, convertible debentures which were set to mature on May 30, 2020 and June 29, 2020 (the "**Maturing Debentures**"). The Debentureholders have entered into settlement agreements with the Company (the "**Settlement Agreements**") pursuant to which the Debentureholders accepted 75% cash payout of the outstanding principal amount of the Maturing Debentures, the payout of any accrued and unpaid interest up to the date of maturity and the amendment of 1,673,571 common share purchase warrants (the "**Warrants**") in consideration for the

cancellation of the Maturing Debentures and a release of the Company's obligations under the Maturing Debentures.

"SHARC has spent the fourth quarter of 2019 and year to date 2020 restructuring its operations to be focused on an OEM sales model, divesting the UK operations and hiring and successfully reallocating internal resources to sales and sales support positions," says Hanspaul Pannu, Chief Financial Officer of SHARC International Systems Inc. "We have come a long way from 2019 and we don't hide that we still have a long way to go. However, the road to profitability has never been clearer. 2020 is shaping up to be a monumental year in establishing waste water heat recovery as a viable solution supporting Electrification and Decarbonization."

### **About SHARC International Systems**

SHARC International Systems Inc. is a world leader in thermal heat recovery. SHARC systems recycle thermal energy from wastewater, generating one of the most energy efficient and economical systems for heating, cooling & hot water preheating for commercial, residential and industrial buildings. SHARC is publicly traded in Canada (CSE: SHRC), the United States (OTCQB: INTWF) and Germany (Frankfurt: IWIA).

Further information about the Company is available on our website at [www.sharcenergy.com](http://www.sharcenergy.com) or under our profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### **ON BEHALF OF THE BOARD**

"Lynn Mueller"

Chairman and Chief Executive Officer

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### **Forward-Looking Statements**

*Certain statements contained in this news release may constitute forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "anticipate", "plan", "estimate", "expect", "may", "will", "intend", "should", and similar expressions. Forward-looking information involves 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 information. SHARC's actual results could differ materially from those anticipated in this forward-looking information as a result of regulatory decisions, competitive factors in the industries in which the Company operates, prevailing economic conditions, and other factors, many of which are beyond the control of the Company. SHARC believes that the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking information should not be unduly relied upon. Any forward-looking information contained in this news release represents the Company's expectations as of the date hereof, and is subject to change after such date. The Company disclaims any intention or obligation to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required by applicable securities legislation.*