



## SHARC Energy Reports on Q2 2020

VANCOUVER, British Columbia, Aug. 28, 2020 -- **SHARC™ International Systems Inc. (CSE: SHRC) (FSE: IWIA) (OTCQB: INTWF) ("SHARC Energy" or the "Company")** has filed its financial results for the second quarter ended June 30, 2020 on [www.sedar.com](http://www.sedar.com). All figures are in CDN unless otherwise noted.

Second Quarter and Year to date Financial Highlights:

- Loss from continuing operations for the three months ended June 30, 2020 ("Q2 2020") is \$0.034M compared to \$1.018M for the three months ended June 30, 2019 ("Q1 2019"), a decrease of \$0.984M. Loss from continuing operations for the six months ended June 30, 2020 ("YTD 2020") is \$0.906M compared to \$1.772M for the six months ended June 30, 2019 ("YTD 2019"), a decrease of \$0.866M.
- Adjusted EBITDA<sup>1</sup> Loss of \$0.416M in Q2 2020 compared to \$0.592M in Q2 2019 and \$0.891M YTD 2020 compared to \$1.17M YTD 2019. The improvement was due to effective cost containment initiatives and reallocation of internal resources as well as increased revenue.
- Revenue growth of 106% or an increase of \$0.06M in Q2 2020 compared to Q1 2020. Q2 2020 revenue increased \$0.096M and YTD 2020 revenue increased \$0.122 from the comparative periods, respectively.
- The Company has \$1.111M of working capital as at June 30, 2020. This is the first reporting quarter since September 30, 2018 with a positive working capital balance.

Q2 2020 Accomplishments

- 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.
- On May 29 and June 12, 2020, the Company issued unsecured convertible debenture units with total principal amounts of \$2,000,000 and \$700,000 respectively. The debentures mature on May 29 and June 12, 2023, respectively, and bear interest at an annual rate of 2% due semi-annually.
- On June 1, 2020, SHARC Energy commenced the pilot project funded by the [Electric Power Research Institute](#) ("EPRI") after presenting at the [Incubatenergy© Labs Challenge](#). The Company is working with EPRI, Ameren Corporation, Con Edison, Southern California Edison and Tennessee Valley Authority to install and demo a PIRANHA™ HC, a PIRANHA model that provides some air conditioning capabilities along with hot water production. The results will be presented at the Incubatenergy Labs "Demo Day" currently scheduled for October 14, 2020 in St Louis, Missouri and hosted by Ameren Corporation.

Subsequent events

- On July 16, 2020, the Company hired Matt Engelhardt as its Chief Operating Officer.
- On July 29, 2020, the Company announced it has accelerated the expiry of 2,972,404 common share purchase warrants with an exercise price of \$0.10. These warrants have been exercised in full providing proceeds of \$0.297M.

"Q2 2020 was a significant quarter for the Company as we reached Settlement Agreements with the Debentureholders of the Maturing Debentures and commenced the EPRI demo," says Hanspaul Pannu, Chief Financial Officer of SHARC Energy, "The Company is in a strong position to drive growth through revenue generation and that is where the focus lies for the remainder of 2020 and moving forward."

### About SHARC International Systems Inc.

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 Energy 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 Energy'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 Energy 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.*

<sup>1</sup> Adjusted EBITDA is a Non-IFRS measure. Please see discussion and reconciliation of Non-IFRS measures in the Q2 2020 Management Discussion and Analysis ("MD&A").