



SHARC ENERGY ANNOUNCES Q3 2022 FINANCIAL RESULTS

Vancouver – (November 29, 2022) – [SHARC International Systems Inc.](#) (CSE: SHRC) (FSE: IWIA) (OTCQB: INTWF) ("SHARC Energy" or the "Company") announces it has filed financial results for the third quarter ended September 30, 2022. All figures are in Canadian Dollars and in accordance with IFRS unless otherwise stated.

Third Quarter and Year-to-Date Financial Highlights:

- As of November 29, 2022, the Company has a Sales Order Backlog¹ of \$0.8M. This represents a **16% growth** from the previous disclosure on August 29th, 2022. The aggregate Sales Pipeline² and Sales Order Backlog ("**Design Pipeline**") **increased by 5%** from the previous disclosure to \$11.06M.
- Revenue for the three months ended September 30, 2022 ("**Q3 2022**") is \$0.08M compared to \$1.42 from the three months ended September 30, 2021 ("**Q3 2021**"). During the nine months that ended on September 30, 2022 ("**YTD 2022**"), the Company reported revenues of \$1.13M in contrast to the nine months that ended on September 30, 2021 ("**YTD 2021**") of \$1.72.
- The Company reported an Adjusted EBITDA³ loss of \$0.69M and \$2.04M and a Loss of \$1.46M and \$3.54M for Q3 2022 and YTD 2022, respectively. The Company continues to invest in Sales Pipeline growth through added headcount within Sales and Operations and continued spending on business development and marketing activities.

"Once a project enters a detailed design stage, or in other words, our Sales Pipeline, with a [SHARC or PIRANHA Wastewater Energy Transfer](#) ("**WET**") system, the likelihood of that deal converting into a purchase order, or Sales Order Backlog, becomes highly probable. Based on our communications with our distributors and partners, we anticipate several Sales Pipeline projects to begin converting into Sales Order Backlog before the end of the year with continued conversion momentum in 2023," says **Hanspaul Pannu, Chief Financial Officer of SHARC Energy**. "We continue to be encouraged by the Company's quoting of new projects including some of the largest WET projects to date indicating ample opportunity to grow the Design Pipeline. We expect significant growth over the next 12-24 months."

"We remain driven to grow our business while balancing the onset of our Design Pipeline turning over and materializing into revenue," says **Lynn Mueller, Chief Executive Officer of SHARC Energy**. "With nearly \$11 million in the Design Pipeline, we are expecting significant revenue growth over the next 24 months. SHARC Energy is the leader in the WET space as evidenced by our happy customers and nearly 30 successful installations to date. With continued supportive regulations and policies promoting the adoption of our products, SHARC Energy is at the brink of breaking out."

¹ Sales Order Backlog is a Non-IFRS measure. Please see discussion of Alternative Performance Measures and Non-IFRS Measures in the Q3 2022 MD&A.

² Sales Pipeline is a Non-IFRS measure. Please see discussion of Alternative Performance Measures and Non-IFRS Measures in the Q3 2022 MD&A.

³ Adjusted EBITDA is a Non-IFRS measure. Please see discussion and reconciliation of Alternative Performance Measures and Non-IFRS measures in the Q3 2022 MD&A.



Year to Date 2022 Highlights and Subsequent Events

- **[First Bite of the Big Apple](#)**. SHARC Energy is supporting Egg Geo, LLC, a global leader in geothermal, in the first proposed combined WET and geothermal system in the world. This innovative and groundbreaking system will utilize thermal energy transfer from the ground and wastewater to provide 100 percent of the heating, hot water and cooling load for 316 affordable housing units in two - 20 story multi-family towers. This one-of-a-kind project will be located in the Bronx, New York.
- **[Snowmass Base Village, Colorado installs PIRANHA](#)**. A PIRANHA T15 WET system will be installed in Aura's 21 slope-side residences, powered 100% by renewable energy resources within the residential building. Aura's team is led by East West Partners, a developer of high-end mountain resort communities, and supported by SHARC Energy's Colorado distributor, LONG Building Technologies. It is anticipated this unit will ship in Q2 2023.
- **[Partnership with Salas O'Brien](#)**. The Company has entered into an agreement with Salas O'Brien, an employee-owned engineering firm with 55 offices, 1,600+ team members and more than 360 registered professionals. Together, the companies intend to establish and cultivate a collaborative and strategic relationship that will support the market with turnkey solutions tailored to carbon reduction and energy efficiency goals. SHARC Energy anticipates that this relationship will help accelerate the growth of the WET industry and accordingly, generate accretive pipeline growth of SHARC Energy WET products.
- **[Sustainable Living Innovations \("SLI"\)](#)**. SHARC Energy's PIRANHA and PIRANHA HC T5, T10 and T15 WET Systems have been selected by SLI for six new projects in design or under construction. The Company has received a purchase order from California-Columbia Hydronics Corporation ("**CHC**") for the first of six projects, which is a PIRANHA T5 HC for SLI's new project in Seattle at 8601 Aurora Avenue. The remaining five projects currently in the design phase are anticipated to use a mix of 7 PIRANHA and PIRANHA HC T10 and T15's for the various project's heating and cooling needs and have expected shipment dates in 2023.
- **[Seattle SHARC WET System](#)**. SHARC Energy has received a purchase order from CHC for a SHARC WET system that will be installed in the heart of Seattle, a few minutes from the Space Needle, marking the first SHARC WET system showcasing the power of wastewater in the heart of the Pacific Northwest USA. It is anticipated this will ship in Q4 2022.
- **[PIRANHAs in Canada's Capital](#)**. HTS Ontario, a representative of SHARC Energy products, has been selected to supply two PIRANHA T15 WET systems to be installed in Ottawa. This deal is a key milestone as it marks the beginning of HTS's growing SHARC Energy pipeline turning over and it validates the Company's strategy to support and leverage its representative network to help grow awareness and sales for its products in key markets.
- **[National Western Center](#)**. The National Western Center in Denver, Colorado, is pioneering the largest-scale wastewater district-energy innovation operating in North America to date. The National Western Center will rely on two SHARC™ wastewater recovery systems placed in the heart of its 3.8-megawatt (MW) district energy system, creating a low-carbon campus that is sustainable and regenerative. The first phase of development is expected to recover the thermal energy from 3,000 gallons of wastewater every minute, preventing 2,600 metric tons of carbon dioxide annually from being emitted into the atmosphere. The project was commissioned in Q1 2022.



- [Ilelém](#). A Vancouver, B.C. 1,200 residential unit master-planned development's heating and cooling needs will be met by utilizing a SHARC Energy low-carbon wastewater energy exchange system as part of a centralized energy facility. The system installation and commissioning completed in Q1 2022.

Wastewater Energy Transfer Industry Supporting Policy

The outlook for the Wastewater Energy Transfer industry is experiencing signs of scale-up due to new supportive regulations and funding in several key markets across North America.

For example, the [Washington State Building code will be the 1st state](#) building code in the US that requires all new residential buildings over 3 stories and all commercial buildings are proposed to require all electric space heating and a minimum of 50% electric hot water heating. The process of writing the final rule for the building code is scheduled to be completed sometime in mid-January 2023 and the code takes effect on July 1, 2023.

Furthermore, the [King County Wastewater Heat Recovery Pilot Project](#) program being pioneered by the King County Wastewater Treatment Division is a first-of-its-kind initiative in North America that allows for private parties to utilize the thermal energy in publicly-owned wastewater infrastructure for 3 years free of Wastewater Energy Transfer (“WET”) Fees in exchange for the operational data of the WET systems used for heating and cooling buildings. Currently, SHARC Energy is listed on 1 of a possible 3 projects with 2 project spaces remaining available. After the launch of this pilot program, both the City of Toronto and the State of New York implemented similar but varying programmes of their own.

The City of Toronto has launched the [Wastewater Energy Transfer \(“WET”\) Program](#). WET projects involve a connection to City wastewater (sewer) infrastructure for the noncontact exchange of renewable thermal energy to displace fossil fuel use in buildings, which is Toronto's largest source of greenhouse gas (GHG) emissions. Enabling WET projects is therefore a key part of implementing the TransformTO Net Zero Strategy. Toronto's sanitary trunk sewer network is estimated to have the capacity to potentially support well over twenty WET projects. Once in operation, these projects would reduce approximately 200,000 tonnes of GHG emissions annually while unlocking value for the City through the sale of thermal energy.

On July 5, 2022, New York Governor Kathy Hochul signed three bills including legislation A.10493/S.9422, which allows utilities to own, operate, and manage thermal energy networks, as well as supply distributed thermal energy, with Public Service Commission (PSC) oversight. Heating and cooling networks – also referred to as community thermal or district energy systems – are a resilient, energy efficient, and clean solution that can also help New York State meet its ambitious climate goals. By leveraging multiple sources of existing waste heat (such as water, **wastewater**, and geothermal, among others) and connecting a diverse set of building types on a shared loop, thermal energy networks can provide significant operating and energy cost savings when compared to more traditional heating and cooling methods, while also reducing demand on the electric grid.

This legislation will promote the development of thermal energy networks throughout the State, providing benefits by reducing fossil fuel usage for heating and cooling through community-scale infrastructure solutions, along with employment opportunities for existing utility workers and new workers. The enabling legislation will build on the progress of, and complement, NYSERDA's active [community thermal program](#), which to-date has funded feasibility



studies, detailed design studies, and other advanced project construction incentives to more than three dozen sites across the state.

Finally, New York City has voted to pass Local Law 154 that will prevent building developers from installing fuel-burning systems in new buildings and most gut renovations starting in 2024, forcing them to instead design buildings with all electric heating, hot water and cooking appliances. This will, starting in 2024, affect small buildings (buildings of 7 stories or less) and starting in 2027, buildings of 7 stories or more.

These policies along with the growing number of cities across North America implementing natural gas bans are conducive to the continued adoption and market share of SHARC Energy WET products.

For complete financial information for the three and nine months ended September 30, 2022, please see the Condensed Consolidated Interim Financial Statements and Management Discussion and Analysis (“**MD&A**”) filed on SEDAR at www.sedar.com.

About SHARC Energy

SHARC International Systems Inc. is a world leader in energy recovery from the wastewater we send down the drain every day. SHARC Energy's systems recycle thermal energy from wastewater, generating one of the most energy-efficient and economical systems for heating, cooling & hot water production for commercial, residential and industrial buildings.

SHARC Energy is publicly traded in Canada (CSE: SHRC), the United States (OTCQB: INTWF) and Germany (Frankfurt: IWIA) and you can find out more on our SEDAR profile.

Learn more about SHARC Energy: [Website](#) | [Investor Page](#) | [LinkedIn](#) | [YouTube](#) | [PIRANHA](#) | [SHARC](#)

ON BEHALF OF THE BOARD

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