



SHARC Energy Announces 2023 Year End Financial Results

VANCOUVER, British Columbia, April 29, 2024 -- [SHARC International Systems Inc. \(CSE: SHRC\) \(FSE: IWIA\) \(OTCQB: INTWF\)](#) ("SHARC Energy" or the "Company") announces it has filed financial results for the year ended December 31, 2023. All figures are in Canadian Dollars and in accordance with IFRS unless otherwise stated.

Fourth Quarter and Year-end Financial Highlights:

- As of April 29, 2024, the Company has a Sales Pipeline¹ of 16.9 million (M) and **Sales Order Backlog² of \$3.1M**. This represents a **\$2.3M increase or 288% growth in Sales Order Backlog**. Sales Pipeline saw a marginal decrease of 5% since November 28, 2023, disclosure reflecting the deliberate efforts by the Company to refill the pipeline once projects convert to the order book. The combined pipeline showed an aggregate growth of 8% or \$1.4M from the previous disclosure on November 28, 2023. **Entering 2024, the \$3.1M Sales Order Backlog, which historically converts to revenue within an average of 12 months from disclosure, marking a historic milestone for the Company. This figure represents a 15% improvement compared to the previous highest revenue year in Company history, recorded in the 2021 fiscal year.**
- Working capital is \$2.5M, which includes \$1.2M of cash, as of December 31, 2023. The Company no longer holds any debt, except for standard operating payables and liabilities, due to the 100% conversion to equity of \$3.95M in maturing convertible debt during the year ended December 31, 2023 ("YE 2023"). **The leadership team is currently in discussions with multiple working capital facility lenders to utilize the expanding Sales Order Backlog as a strategic tool to facilitate the funding required for the Company's ongoing growth initiatives.**
- During the three months ended December 31, 2023 ("Q4 2023"), the Company reported revenues of \$(0.1M), a loss of \$0.6M and an Adjusted EBITDA³ loss of \$0.9M. In the same period in the prior year ("Q4 2022") the company reported revenue of \$0.8M and an Adjusted EBITDA loss of \$0.7M, however the loss improved 53% from \$1.3M in comparison.
- During YE 2023, the Company reported revenues of \$1.6M, a loss of \$3.9M and an Adjusted EBITDA loss of \$2.4M. Revenue decreased 18% versus year-end 2022 ("YE 2022") of \$1.9M, the loss improved 19% versus YE 2022 of \$4.8M and Adjusted EBITDA loss improved 7% versus 2022 comparative of \$2.6M.
- Gross margin for YE 2023 improved to 43% compared to 29% for YE 2022. The improvement can be attributed to a shift to a supply and service revenue mix versus general contracting in 2022. Sales mix and gross margin in 2023 is reflective of what management expects going forward.

Hanspaul Pannu, CFO and COO of SHARC Energy, said, "We entered 2023 poised for what we anticipated to be the most prosperous revenue year in the Company's history. While we acknowledge that our pipeline is susceptible to external factors like fluctuating interest rates and construction delays, which are beyond our direct influence, we remain optimistic. With the ongoing expansion and maturation of our pipeline, we foresee a gradual mitigation of these risks and a corresponding smoothing out of revenue volatility."

Pannu added, "We now enter into 2024 with a Sales Order Backlog, or expected revenue, of \$3.1M, which is roughly \$500,000 shy of the Company's total revenue reported in the 2022 and 2023 fiscal years combined. This represents a 15% increase from the largest revenue year reported in the Company's history in 2021. There are several projects indicating signs of conversion from Sales Pipeline to Sales Order Backlog which would further grow the Company's order book and revenue in 2024. These positive forward-looking signals indicate the Company's pipeline has reached a maturity where its Sales Pipeline to Sales Order Backlog conversion rate is accelerating. The Company continues to increase the overall pipeline with a strong outlook and opportunity to accelerate growth."

Pannu concluded, "As we continue to balance our working capital and our Sales Pipeline, the Company is now able to leverage its accelerating conversion to Sales Order Backlog to gain access to working capital facilities that will support the growth of SHARC Energy in the near and long term. Securing these solutions will provide the Company with necessary balance sheet flexibility while reducing the reliance on equity investment. SHARC Energy is currently in the process of reviewing and soliciting term sheets from lenders."

Lynn Mueller, CEO and Chairman of the Company, says, "To augment the growing pipeline and support sustainable long-term growth for shareholders, we hired Michael Albertson, a 40-year veteran to our executive team as the President of SHARC Energy US. Michael comes with extensive industry experience and a proven track record. The addition of Michael has already begun to pay off, highlighted by the continued growth of our pipeline. Michael has brought credibility to SHARC Energy that is immeasurable as we continue to grow and see new opportunities."

Michael Albertson, President of SHARC Energy US, said, "It has been less than a year since I have joined SHARC Energy, and I am continuously amazed by the response to our Wastewater Energy Transfer ("WET") technology and the value proposition it provides. The outlook for the WET industry remains staggeringly positive. The team has established strong

relationships and in-roads while working through some exciting opportunities within adjacent sectors to multi-family residential, including correctional facilities, Thermal Energy Networks (“TEN”) also commonly referred to as district energy, and the Geo-exchange industry. We expect to secure our first correctional facility installation this year and we anticipate this to be a significant growth opportunity going forward.”

“TEN solutions for decarbonization of thermal energy loads continue to grow in awareness and acceptance in North America with SHARC learning of projects being planned across the continent. In the Greater Vancouver, British Columbia region alone, there are several municipal or utility supported TENs ranging in size and scale, similar to the [False Creek Neighborhood Energy Utility](#) or [Jelem](#) projects, in different stages of development that will increase SHARC Energy's local footprint over the next few years. In the United States, legislation allowing or mandating utilities to develop thermal energy network demonstration projects or pilots have been passed in four states including the State of New York, where the Company has installations in progress, projects in design and a growing list of leads looking to implement WET TENs,” added Albertson.

Albertson continued, “We continue to educate and bring awareness within the Geo-exchange industry of the value proposition of using WET technology as a standalone or hybrid system with positive progress to date. The underlying principle remains the same, leveraging the earth or wastewater as a thermal medium allowing for heating, cooling, and hot water. The geo-exchange industry understands the why behind our WET technology and is in an incredible position to leverage it for their projects. I remain humbled to have this opportunity of bringing attention to our WET technology!”

YE 2024 Highlights and Subsequent Events

- [Appointment of Michael Albertson as SHARC US President](#). The Company announced the strategic addition of 40+ year industry veteran Michael Albertson to its executive team as the President of SHARC US. Albertson, with his extensive experience and proven track record as a renewable thermal energy expert with a focus on Thermal Energy Networks (“TENs”) and district energy networks, is set to play a pivotal role in driving the Company's growth and revenue generation.
- [Appointment of Peter Busby to the Board of Directors](#). The Company announced the addition of renowned sustainable architect, Peter Busby to the Board of Directors. Mr. Busby is a principal at Perkins & Will, a global design practice founded in 1935, with over 28 offices and more than 2,500 employees. The Company will leverage Mr. Busby's expertise to better engage with architects worldwide and grow awareness of SHARC Energy within the industry and drive lead generation for its products.
- [Appointment of Dermot Sweeny to the Board of Directors](#). Mr. Sweeny was appointed to the Board of Directors on October 17, 2023. Mr. Sweeny's firm, Sweeny & Co, has achieved numerous awards from reputable institutions, like the Canadian Green Building Council and the Urban Land Institute, for their sustainable building designs. This strategic appointment highlights SHARC Energy's ongoing commitment to creating significant value for our shareholders by bringing together industry experts who passionately embrace our vision of advancing sustainability.
- [False Creek Neighbourhood Energy Utility \(“NEU”\) Expansion](#). During Q4 2022, the Company commenced work on the supply and maintenance agreement with the City of Vancouver for the provision and maintenance of five SHARC systems for the False Creek NEU Expansion. This project is expected to increase the capacity of the current 3.2MW WET system to 9.8MW, making it the largest operating WET project in North America upon completion, with an additional carbon emission reduction of an estimated 4,400 tonnes per year. The major components of the SHARC WET systems have been delivered to site. The final milestones for the supply contract, including commissioning and field testing of the SHARC WET systems, are anticipated to complete in Q3/Q4 2024.
- [Purchase order received for Whitney Young retrofit featured in NYSEDA Empire Building Challenge](#). The Company has received a purchase order for a SHARC 660 WET system for the Whitney Young Manor recapitalization project in Yonkers, New York. The Whitney Young Manor will undergo a \$22 million renovation, with nearly \$12 million allocated to the project's decarbonization effort, inclusive of all energy efficiency measures. The retrofit project will showcase how to leverage a recapitalization opportunity to comprehensively retrofit energy systems and modernize an affordable housing complex. The system shipped in Q1 2024.
- [Purchase Order Received for Phase 1 of transformative \\$1.2B development to create 2,400 affordable homes, a medical clinic, and retail in Brooklyn, New York](#). The Company has completed the final submittal process with its New York State representative HIGHMARK and has received a purchase order for a SHARC 660 WET system to be included in the first phase of a transformative \$1.2 billion redevelopment in Brooklyn's East New York neighborhood led by Apex Building Company, L+M Development Partners, RiseBoro Community Partnership, and Services for the Underserved. The system shipped Q1 2024.
- [PIRAHNA's reach expands into California](#). The Company received a purchase order for four (4) PIRANHA T15 WET systems for a 26-storey mixed-use development in Berkeley, California. This project marks the largest individual PIRANHA project in the Company's history to date and marks the continued expansion of the Company into California. These units are expected to ship in Q3/Q4 2024.
- [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. This unit shipped Q2 2023.
- [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. These units shipped in Q1 2023.

- **[Partnership with Subterra Renewables](#)**. The Company and Subterra Capital Partners Inc., a leading full-service geothermal drilling provider with a proprietary Energy-as-a-Service ("EaaS") model known as **Aura™**, announced on April 27, 2023, a \$200M strategic partnership to revolutionize the renewable thermal energy transfer landscape across North America. By combining SHARC Energy's innovative WET technology with Subterra's geothermal exchange systems, the partnership aims to bring unparalleled solutions to the market, capturing a greater share for both companies.
- **[PIRANHA receives North American Certification](#)**. The PIRANHA WET system has successfully completed testing in compliance with CSA/UL Standards 60335-2-40, and NSF 5. The PIRANHA series will now bear the Electrical Testing Laboratories ("ETL") listed mark indicating to distributors and customers that the product is compliant to North American standards and provides a pathway for the PIRANHA series to gain compliance in key North American markets requiring state approval.
- \$3.98M raised through security exercises. In 2023 to the date of the MD&A, the Company raised gross proceeds of \$3.77M through the exercise of warrants and \$0.21M through the exercise of debenture warrants.
- Conversion of Convertible Debt Face Value of \$3.95M. In 2023, the Company converted \$3.95M of convertible debt. This represents 100% of convertible debt previously held on the balance sheet resulting in the Company becoming debt-free outside of standard operating payables and liabilities.

For complete financial information for the year ended December 31, 2023, please see the Audited Annual 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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¹ Sales Pipeline is a Non-IFRS measure. Please see discussion of Alternative Performance Measures and Non-IFRS

Measures in the Year End 2023 MD&A.

² Sales Order Backlog is a non-IFRS measure. Please see discussion of Alternative Performance Measures and Non-IFRS Measures in the Year End 2023 MD&A.

³ Adjusted EBITDA is a non-IFRS measure. Please see discussion of Alternative Performance Measures and Non-IFRS Measures in the Year end 2023 MD&A.