



SHARC Energy Announces Q1 2024 Financial Results

VANCOUVER, British Columbia, May 16, 2024 -- [SHARC International Systems Inc. \(CSE: SHRC\) \(FSE: IWIA\) \(OTCQB: INTWF\)](#) ("SHARC Energy" or the "Company") announces it has filed financial results for the three months ended March 31, 2024. All figures are in Canadian Dollars and in accordance with IFRS unless otherwise stated.

First Quarter Financial Highlights:

- As of May 16, 2024, the Company has a Sales Pipeline¹ of \$17.0 million (M) and Sales Order Backlog² of \$2.3M. Sales Pipeline saw a marginal increase of 1% or \$0.1M while revenue recognition improved, drawing down **Sales Order Backlog by \$0.7M since [April 29, 2024 disclosure](#)**. The Company has hit an inflection point in the maturity of its Sales Pipeline, giving management confidence that 2024 will be a transformative year for SHARC Energy.
- Revenue for the three months ended March 31, 2024 ("Q1 2024") is \$0.8M, **representing ~50% of the full year revenue in 2023**. On a year over year (YoY) basis, this represents a 6% increase versus the three months ended March 31, 2023 ("Q1 2023").
- Gross margin for Q1 2024 stood at a solid 38%, demonstrating our resilience despite a slight decrease from the impressive 42% recorded in Q1 2023. Management remains optimistic that these margins align well with our expectations for the coming quarters.
- Working capital is \$2.0M, which includes \$0.5M of cash, as of March 31, 2024. The Company does not hold any debt, except for standard operating payables and liabilities. **The leadership team is currently in discussions with 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.**

Hanspaul Pannu, CFO of SHARC Energy, said, "The results of Q1 2024 confirms SHARC Energy's pipeline has reached a key maturity milestone with the delivery of revenue previously reported as Sales Order Backlog on April 29, 2024. There are several projects indicating signs of conversion from Sales Pipeline to Sales Order Backlog which will supplement the Revenue recognized in Q1 2024 and affirm continued stability and growth of revenue in the near and long term. As the Company continues to balance our working capital and our Sales Pipeline, SHARC Energy is now able to leverage its Sales Order Backlog for access to working capital facilities that will support the growth of SHARC Energy. 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."

"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 Neighbourhood Energy Utility](#) or [lelem](#) 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 Michael Albertson, President of SHARC Energy US.

Q1 2024 Highlights and Subsequent Events

- [PIRANHA receives unanimous approval from Massachusetts Plumbing and Gas Fitting Board](#). Subsequent to Q1 2024, the Company received unanimous approval from the Massachusetts Board of State Examiners of Plumbers and Gas Fitters for ten PIRANHA pilot sites in the State. The Company is currently collaborating with a real estate investment trust on a PIRANHA retrofit project, leveraging a 50% cost share from Eversource Energy for a PIRANHA feasibility study under the Massachusetts Save Technical Assistance Program.
- [PIRANHA'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 expect to ship in 2024.
- [False Creek Neighbourhood Energy Utility \("NEU"\) Expansion](#). The Company continued 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. During the period, the Company completed and billed milestone 3 of 5 of the agreement, where all components have been delivered to site. The project is expected to be completed before the end of 2024.
- [Purchase order received for Whitney Young retrofit featured in NYSEDA Empire Building Challenge](#). The Company 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 highlight 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 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.

For complete financial information for the three months ended March 31, 2024, 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](#)

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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 Q1 2024 MD&A.

² Sales Order Backlog is a non-IFRS measure. Please see discussion of Alternative Performance Measures and Non-IFRS Measures in the Q1 2024 MD&A.