SHARC ENERGY ANNOUNCES Q1 2023 FINANCIAL RESULTS

Vancouver – (May 29, 2023) – 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, 2023. All figures are in Canadian Dollars and in accordance with IFRS unless otherwise stated.

First Quarter Financial Highlights:

- As of May 29, 2023, the Company has an aggregate Sales Pipeline[1] and Sales Order Backlog[2] of \$17.7M. This represents a 10% growth from the previous disclosure on April 28th, 2023 and consists of a 15% growth in Sales Pipeline and a 38% decrease in Sales Order Backlog. The decline in Sales Order Backlog is due to Revenue earned. The Company expects Sales Pipeline to continue to grow and the rate of Sales Pipeline converting to Sales Order Backlog to accelerate over the balance of the year.

- Working Capital of \$0.23M, which includes \$2.3M of Cash, as of March 31, 2023. Subsequent to March 31, 2023, the Company received convertible debt conversions of \$1.9M and warrant exercises of \$1.64M resulting in a working capital gain of \$3.54M. Management anticipates it has sufficient working capital to maintain activities for the subsequent 12 months.

- Revenue for the three months ended March 31, 2023 ("**Q1 2023**") is \$0.73M compared to \$0.88M from the three months ended March 31, 2022 ("**Q1 2022**"). It is anticipated that the volatility of Revenue will smooth out as the Company's Sales Pipeline matures and as the Company diversifies its Revenue generating opportunities.

- Gross margin for Q1 2023 was 41.5% compared with Gross margin of 25.1% for Q1 2022. In Q1 2023, the Company returned to a supply and service Revenue mix whereas during Q1 2022, the Company earned lower margin on general contracting revenue earned.

- The Company reported an Adjusted EBITDA[3] loss of \$0.44M and a Loss of \$0.75M for Q1 2023 compared to \$0.51M and \$0.84M in Q1 2022. The Company continues to strategically balance its investment into Sales Pipeline growth, which includes increasing head count in sales and operations and increasing sales and marketing activity, with consideration for its maturing Sales Pipeline and realization of Revenue.

Hanspaul Pannu, CFO of SHARC Energy, said, "We are pleased that the majority of convertible debt and warrants set to mature or expire in the first six months of 2023 have been converted or exercised, respectively, to date with an anticipation that any remaining convertible debt or warrants outstanding will also follow suit. We are humbled by the continued support of our shareholders."

He continued, "The gain in working capital provides the balance sheet flexibility required to realize on the Company's maturing Sales Pipeline while strategically balancing the investment in growth. With the continued adoption of favourable climate & energy policies globally and the Company's growing

[1] Sales Pipeline is a Non-IFRS measure. Please see discussion of Alternative Performance Measures and Non-IFRS Measures in the Q1 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 Q1 2023 MD&A.
[3] Adjusted EBITDA is a Non-IFRS measure. Please see discussion of Alternative Performance Measures and Non-IFRS Measures in the Q1 2023 MD&A.

pipeline, strategic relationships and market visibility, SHARC Energy is well positioned to increase its market share over the balance of the decade."

Q1 2023 Highlights and Subsequent Events

- **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 project is expected to be completed in Q3/Q4 2023.

- **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.

- **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. ("**Subterra Renewables**"), 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.

- **$3.25M raised through security exercises.** Since the beginning of 2023 to the date of the MD&A, the Company raised $3.17M through the exercise of warrants and $0.08M through the exercise of debenture warrants.

- **Conversion of Convertible Debt Face Value of $3.4M.** From the beginning of 2023 to the date of the MD&A, the Company has converted $3.4M of convertible debt. After the conversion, there is only $0.55M of convertible debt principal remaining.

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.

Both the United States, under the Inflation Reduction Act, and Canadian government, under the Federal budget, have created investment tax credits allowing for a 30% tax credit on the capital cost of a number of renewable energy technologies including Wastewater Energy Transfer systems.

Also, 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 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.

Then, 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.

Finally, New York State announced the All-Electric Building Act (Senate Bill S562A) which prohibits the use of fossil fuels being used for power, heating and cooking in new buildings constructed in the state and closely mirrors Local Law 154.

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 growth of SHARC Energy WET products.

For complete financial information for the three months ended March 31, 2023, 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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