Tantalus Systems Holding Inc.
Reports Financial Results for Q1 of 2024

Delivers record sales orders for the quarter

Burnaby, BC – May 7, 2024 — Tantalus Systems (TSX: GRID) ("Tantalus" or the "Company"), a technology company dedicated to helping utilities modernize their distribution grids by harnessing the power of data, is pleased to announce its financial and operating results for the quarter ended March 31, 2024.

Financial Highlights for Q1 2024[1]:

- Sales Orders: The Company converted US$21.6 million (CND$29.2 million) of orders from its sales pipeline during Q1 2024. This dollar amount sets a new corporate record for orders converted within a quarter representing more than 20% growth over the previous high-water mark of US$17.7 million (CND$24.0 million) set during Q1 of 2023. The Company also added 5 new utilities to its user community, which stands at 293 as of March 31, 2024.

- Revenue: The Company generated revenue of $9.4 million (CND$12.7 million), representing a 10% decrease over the same period in 2023. The decline is tied to the timing of converting orders from the Company's pipeline, which can vary throughout the course of a calendar year, and capacity allocations with meter partners. Revenue contributions of $3.6 million from the Utility Software Applications and Services segment ("Software & Services") increased by 7% and represented 38% of total revenue in the quarter, an increase from 32% in the prior year period.

- Annual Recurring Revenue (ARR)[2]: ARR grew to approximately US$11.6 million (CND$15.7 million) as of March 31, 2024, representing approximately 16% growth year-over-year. Recurring revenue recognized during the three months ended March 31, 2024, increased by 11% over the prior year period as deployments of the Company's Connected Devices and Infrastructure products continue to deliver incremental Software & Services revenue opportunities.

- Gross Profit Margin[2]: The Company delivered Gross Profit Margin of 53% in Q1 2024 as compared to 47% from the prior year period.

[1] Financial information is reported in United States dollars ("$") unless otherwise stated and in accordance with International Financial Reporting Standards ("IFRS"). Where balances are also expressed in Canadian dollars ("CND$") in this news release, an average foreign exchange rate of 0.7414 for the three months ended March 31, 2024 (0.7369 for the three months ended March 31, 2023) for income statement items and a foreign exchange rate of 0.7380 as at March 31, 2024 (0.7389 as at March 31, 2023 and 0.7561 as at December 31, 2023) for balance sheet items has been applied. Certain dollar amounts in this news release have been rounded to the nearest millions or thousands of dollars.

- Adjusted EBITDA[2]: The Company delivered Adjusted EBITDA of (US$0.5 million) (CND$0.7 million) in Q1 2024 compared to Adjusted EBITDA of (US$0.7 million) (CND$0.9 million) for the prior year period. The Adjusted EBITDA result for Q1 2024 includes expenses associated with two large industry tradeshows that are held during the first quarter of each year and approximately US$1.5 million (approximately CND$2.0 million) of additional investment to commercialize the TRUSense Gateway™ product offerings.

- Total Assets: The Company ended Q1 2024 with US$35.5 million (CND$48.1 million) as compared to US$34.8 million (CND$46.0 million) as of December 31, 2023.

"We continue to build momentum towards the commercialization of the TRUSense Gateway with the recent announcement that the new offering has received Underwriters Laboratories certification, by winning our first two grid modernization projects, and by activating an increasing number of field trials with members of our advisory committee and targeted accounts," said Peter Londa, President & CEO of Tantalus Systems. "We are mindful of the decline in revenue on a year-over-year basis, but we are executing against a solid plan to accelerate the growth of the Company. Additionally, we set a new corporate record for orders converted from our sales pipeline with an increase of over 20% from the previous high-water mark giving us confidence that we remain on an upward trajectory."

The Company will hold a conference call and webcast to discuss the financial results on Wednesday, May 8, 2024, at 11:00 am Eastern Time.

Conference Call

Participant Dial In (Toll Free): 1-844-854-4410
Participant International Dial In: 1-412-317-5791
Participants, please ask to be joined to the Tantalus Systems call.

Webcast

Webcast URL: https://event.choruscall.com/mediaframe/webcast.html?webcastid=eq5FzMYJ

Replay Information

A conference call and webcast replay will be available until May 15, 2024. To access the conference call replay, please see details below:

US Toll Free: 1-877-344-7529
International Toll: 1-412-317-0088
Canada Toll Free: 1-855-669-9658
Replay Access Code: 2153944

Financial Statements and Management Discussion & Analysis

[2] See "Non-IFRS and Other Financial Measures."

Please see the Company's consolidated financial statements ("Financial Statements") and related Management's Discussion & Analysis ("MD&A") for more details. The Financial Statements for the three months ended March 31, 2024, and related MD&A have been reviewed and approved by Tantalus' Audit Committee and Board of Directors. For a more detailed explanation and analysis, please refer to the MD&A that has been filed on SEDAR+ at www.sedarplus.ca and is also available on the Company's website at www.tantalus.com.

Non-IFRS and Other Financial Measures

This press release refers to the following non-IFRS measures:

"Adjusted EBITDA" is comprised as income (loss) less interest, income tax and depreciation and amortization. Management believes that EBITDA is a useful indicator for investors, and is used by management, in evaluating the operating performance of the Company. "Adjusted EBITDA" is comprised as income (loss) less interest, income tax, depreciation, amortization, stock-based compensation, foreign exchange gain (loss) and other income / expenses not attributable to the operations of the Company. Management believes that Adjusted EBITDA is a useful indicator for investors, and is used by management, in evaluating the operating performance of the Company. See "Reconciliation of Net (Loss) / Income to Adjusted EBITDA" for a quantitative reconciliation of Adjusted EBITDA to the most directly comparable financial measure.

"Gross Profit" is comprised as the Company's revenues less cost of sales. Management believes that Gross Profit is a useful indicator for investors, and is used by management, in evaluating the operating performance of the Company. See "Gross Profit Reconciliation" for a quantitative reconciliation of Gross Profit to the most directly comparable financial measure. This press release refers to "Gross Profit Margin" which is a non-IFRS ratio. Gross Profit Margin is comprised of Gross Profit expressed as a percentage of the Company's revenues. Management believes that Gross Profit Margin is a useful indicator for investors, and is used by management, in evaluating the operating performance of the Company.

"Adjusted Working Capital" is comprised as current assets less current liabilities exclusive of the Company's loans. Management believes Adjusted Working Capital is a useful indicator for investors, and is used by management, for evaluating the operating liquidity to the Company. See "Adjusted Working Capital Reconciliation" for a quantitative reconciliation of Adjusted Working Capital to the most directly comparable financial measure.

"Recurring Revenue" is comprised of the Company's revenues that are recurring in nature and attributable to its analytics and other software as a service ("SaaS") offering, hosting services and software maintenance and technical support agreement services. "Annual Recurring Revenue" or "ARR" is comprised of the Company's Recurring Revenue as expressed on an annualized revenue basis attributable to its customer agreements at a point in time.

Such non-IFRS measures and non-IFRS ratio do not have a standardized meaning under IFRS and may not be comparable to a similar measure disclosed by other issuers.

Gross Profit Margin Reconciliation

		Three months ended March 31, 2024	%		Three months ended March 31, 2023	%
Revenue	$	9,395,449	100%	$	10,412,687	100%
Cost of sales		4,384,281	47%		5,549,978	53%
Gross Profit	$	5,011,168	53%	$	4,862,709	47%

Reconciliation of Net (Loss)/Income to Adjusted EBITDA

		Three months ended March 31, 2024		Three months ended March 31, 2023
Loss for the period	$	(1,554,718)	$	(1,637,050)
Finance expense (a)		435,928		354,689
Income taxes		261		104
Depreciation and amortization		444,804		458,760
EBITDA		(673,725)		(823,497)
Stock-based compensation (b)		223,337		106,128
Foreign exchange (c)		(85,722)		25,750
Adjusted EBITDA	$	(536,110)	$	(691,619)

(a) Finance expense comprised of interest and related finance expense on bank loans and lease liabilities.
(b) Share-based non-cash compensation expense.
(c) Foreign exchange comprised of unrealized (gain) / loss from non-functional currency assets and liabilities.

Adjusted Working Capital Reconciliation

Adjusted Working Capital		**March 31, 2024**		**December 31, 2023**
Total current assets	$	22,904,966	$	21,798,349
Less: current liabilities		(29,599,828)		(27,268,936)
		(6,694,862)		(5,470,587)
Add: Bank loan - current portion		8,500,000		8,500,000
Add: EDC loan - current portion		166,667		-
Adjusted Working Capital	$	1,971,805	$	3,029,413

About Tantalus Systems Holding Inc. (TSX: GRID)

Tantalus is a technology company dedicated to helping utilities modernize their distribution grids by harnessing the power of data across all their devices and systems deployed throughout the entire distribution grid. We offer a grid modernization platform across multiple levels: intelligent connected devices, communications networks, data management, enterprise applications and analytics. Our solutions provide utilities with the flexibility they need to get the most value from existing infrastructure investments while leveraging advanced capabilities to plan for future requirements. Learn more at http://www.tantalus.com/.

Forward-Looking Statements:

This news release contains "forward-looking information" within the meaning of applicable securities laws. Forward-looking information is generally identifiable by use of the words "believes", "may", "plans", "will", "anticipates", "intends", "could", "estimates", "expects", "forecasts", "projects" and similar expressions, and the negative of such expressions. Forward-looking information in this news release includes statements such as those relating to: increasing demand for the Company's solutions in support of utilities' grid modernization efforts, the commercialization and adoption of the TRUSense Gateway, the trajectory of the Company's business, and the ability to execute the Company's plan.

To the extent any forward-looking information in this news release constitutes a "financial outlook" within the meaning of securities laws, such information is being provided because management's estimate of the future financial performance of Tantalus is useful to investors, and readers are cautioned that this information may not be appropriate for any other purpose and that they should not place undue reliance on such information.

In connection with the forward-looking information contained in this news release, Tantalus has made numerous assumptions, regarding, among other things: the expected impact of supply chain constraints, the expected impact of inflationary pressures on costs and the expected timing of new product introductions, and the ongoing R&D investments and commercialization of the TRUSense Gateway. While Tantalus considers these assumptions to be reasonable, these assumptions are inherently subject to significant uncertainties and contingencies. Additionally, there are known and unknown risk factors which could cause Tantalus' actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information contained herein. A complete discussion of the risks and uncertainties facing Tantalus is disclosed under the heading "Risk Factors" in Tantalus' Annual Information Form dated March 31, 2024, as well as those risk factors included with Tantalus' continuous disclosure filings with Canadian securities regulatory authorities available at www.sedarplus.ca. All forward-looking information herein is qualified in its entirety by this cautionary statement, and Tantalus disclaims any obligation to revise or update any such forward-looking information or to publicly announce the result of any revisions to any of the forward-looking information contained herein to reflect future results, events or developments, except as required by law.

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