Tantalus Systems Holding Inc.
Reports Financial Results for Q2 and First Half of 2024

Burnaby, BC – August 6, 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 and six months ended June 30, 2024.

Financial & Operating Highlights for Q2 2024[1]:

- Sales Orders: The Company converted $32.9 million (CND$44.7 million) of orders from its sales pipeline during the first six months of 2024. This dollar amount sets a new corporate record for orders converted within the first six months of a calendar year and represents more than 46% growth over the prior year period. The Company added fourteen new utilities through the first six months of the year, bringing its user community to 302 utilities.

- Revenue: The Company generated revenue of $10.7 million (CND$14.6 million), representing a 4% 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 $3.8 million from the Utility Software Applications and Services segment represented 35% of total revenue in the quarter.

- Annual Recurring Revenue (ARR)[2]: ARR stands at approximately $12.0 million (CND$16.4 million) as of June 30, 2024, representing approximately 14% growth over the prior year period. Recurring Revenue recognized during the three months ended June 30, 2024 was $2.6 million (CND$3.6 million), representing approximately 24% of total revenue for the quarter.

- Gross Profit Margin[2]: The Company continued to deliver strong Gross Profit Margin of 55% in Q2 2024, continuing its trend of exceeding 50% for this financial measure.

[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 0.7308 and 0.7361 for the three and six months ended June 30, 2024 (0.7447 and 0.7421 for the three and six months ended June 30, 2023) for income statement items and a foreign exchange rate of 0.7306 as at June 30, 2024 (0.7553 as at June 30, 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 generated Adjusted EBITDA of negative $0.2 million (negative CND$0.3 million) in Q2 2024 compared to Adjusted EBITDA of $0.3 million (CND$0.4 million) for the prior year period. The Adjusted EBITDA result included approximately $1.5 million (approximately CND$2.0 million) of additional investment to commercialize the TRUSense Gateway™ product offerings.

- Balance Sheet: The Company ended Q2 2024 with $11.4 million in cash (CND$15.6 million) which increased from $5.2 million (CDN$6.8 million) as at December 31, 2023. The cash position for the Company was bolstered by a bought deal financing that was completed in May 2024.

- TRUSense Gateway™: The Company announced Underwriters Laboratories ("UL®") certification for the TRUSense Fiber Gateway (April 22, 2024) and the TRUSense Ethernet Gateway (July 22, 2024) and continues to work towards the final certification processes for the cellular version of the TRUSense Gateway product line. Additionally, the Company has secured orders from fifteen utilities to commence field trials, pilots and deployments of the TRUSense Gateway as of August 6, 2024.

"We continue to build momentum for Tantalus and were pleased to announce the bought deal financing during the quarter as well as setting a new milestone for orders converted from our pipeline during the first half of the year," said Peter Londa, President & CEO of Tantalus Systems. "We believe the 46% growth in orders ties to the progress we are making with the TRUSense Gateway, which underpins the Tantalus Grid Modernization Platform™. While we are mindful of the slight decline in revenue on a year-over-year basis, securing initial orders from 15 utilities for the TRUSense Gateway is a good indication of the growth opportunity that our team is pursuing."

The Company will hold a conference call and webcast to discuss the financial results on Wednesday, August 7, 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=UIS99H6t

Replay Information

A conference call and webcast replay will be available until August 14, 2024. To access the conference call replay, please see details below:

US Toll Free: 1-877-344-7529
International Toll: 1-412-317-0088

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

Canada Toll Free: 1-855-669-9658
Replay Access Code: 8131814

Financial Statements and Management Discussion & Analysis

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 and six months ended June 30, 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 June 30, 2024	%		Three months ended June 30, 2023	%		Six months ended June 30, 2024	%		Six months ended June 30, 2023	%
Revenue	$	10,737,719	100%	$	11,220,916	100%	$	20,133,168	100%	$	21,633,603	100%
Cost of sales		4,865,770	45%		4,977,312	44%		9,250,051	46%		10,527,290	49%
Gross Profit	$	5,871,949	55%	$	6,243,604	56%	$	10,883,117	54%	$	11,106,313	51%

Reconciliation of Net (Loss)/Income to Adjusted EBITDA

		Three months ended June 30, 2024		Three months ended June 30, 2023		Six months ended June 30, 2024		Six months ended June 30, 2023
Loss for the period	$	(1,001,103)	$	(941,659)	$	(2,555,821)	$	(2,578,709)
Finance expense (a)		398,483		389,077		834,411		743,766
Income taxes		21,160		23,621		21,421		23,725
Depreciation and amortization		440,170		459,624		884,974		918,384
EBITDA		(141,290)		(69,337)		(815,015)		(892,834)
Stock-based compensation (b)		86,119		118,819		309,456		224,947
Foreign exchange (c)		(118,544)		121,683		(204,266)		147,433
EDC Loan related legal costs (d)		-		80,000		-		80,000
Adjusted EBITDA	$	(173,715)	$	251,165	$	(709,825)	$	(440,454)

(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.
(d) Legal fees pertaining to the EDC Loan which were capitalized to the face value of the EDC Loan.

Adjusted Working Capital Reconciliation

Adjusted Working Capital		June 30, 2024		December 31, 2023
Total current assets	$	27,168,793	$	21,798,349
Less: current liabilities		(28,104,476)		(27,268,936)
		(935,683)		(5,470,587)
Add: Bank Loan - current portion		7,679,000		8,500,000
Add: EDC Loan - current portion		333,333		-
Adjusted Working Capital	$	7,076,650	$	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 (including as related to the opportunity represented by the TRUSense Gateway product offering), 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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