



Tantalus Systems Holding Inc. Reports Financial Results for Three and Nine Months Ended September 30, 2024

Burnaby, BC – November 13, 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 nine months ended September 30, 2024.

Financial & Operating Highlights for Q3 2024¹:

- **Sales Orders:** The Company converted \$7.3 million (CND\$10.0 million) from its sales pipeline during the quarter, bringing total orders through the first nine months of the year to \$40.2 million (CND\$54.7 million). This dollar amount sets a new corporate record for orders converted within the first nine months of a calendar year and represents more than 46% growth over the prior year period. The Company added 26 new utility customers through Q3 2024, bringing its user community to 314 utilities.
- **Revenue:** The Company generated revenue of \$11.6 million (CND\$15.8 million) during the quarter, representing a 14% increase over the prior year period. Revenue contributions of \$4.4 million (CND\$6.0 million) from the Utility Software Applications and Services segment represented 38% of total revenue in the quarter.
- **Annual Recurring Revenue (ARR)²:** ARR stands at approximately \$12.2 million (CND\$16.5 million) as of September 30, 2024, representing approximately 11% growth over the prior year period. Recurring Revenue recognized during the three months ended September 30, 2024 was approximately \$3.4 million (CND\$4.6 million), representing approximately 29% of total revenue for the quarter.
- **Gross Profit Margin²:** The Company delivered Gross Profit Margin of 56% in Q3 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 0.7332 and 0.7351 for the three and nine months ended September 30, 2024 (0.7457 and 0.7432 for the three and nine months ended September 30, 2023) for income statement items and a foreign exchange rate of 0.7408 as at September 30, 2024 (0.7396 as at September 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 EBITDA²: The Company generated Adjusted EBITDA of \$0.6 million (CND\$0.8 million) during Q3 2024 compared to Adjusted EBITDA of \$0.1 million (CND\$0.1 million) for the prior year period. The Adjusted EBITDA result included approximately \$1.1 million (approximately CND\$1.5 million) of additional investment to commercialize the TRUSense Gateway™ product offerings.
- Balance Sheet: The Company ended Q3 2024 with \$10.3 million in cash (CND\$13.9 million) which increased from \$5.2 million (CDN\$6.8 million) as at December 31, 2023.
- TRUSense Gateway™: The Company announced Underwriters Laboratories (“UL®”) certification for the TRUSense Ethernet Gateway (July 22, 2024) and Federal Communications Commission (“FCC”) certification for the TRUSense Cellular Gateway (September 23, 2024). The TRUSense Gateway is an innovative, multi-purpose device that is installed in any existing ANSI meter socket to create a secure utility communication path into the premise, provide advanced power quality measurements and support broadband initiatives. Additionally, the Company received orders from 21 utilities to commence field trials, pilots and deployments of the TRUSense Gateway as of November 13, 2024. The Company began generating revenue from the TRUSense Gateway offering during Q3 2024.
- TRUFlex™ Protect: On July 31, 2024, the Company announced the launch of TRUFlex Protect, an advanced software application that is designed to help utilities navigate imbalances between the supply and demand of electricity resulting from extreme weather or emergency events. With TRUFlex Protect, a utility can mitigate the risks and impacts of rolling blackouts by keeping its distribution grid energized while selectively shedding electric load through edge intelligence.

“We continue to build momentum and were pleased to expand our user community by 26 utilities through the first nine months of 2024,” said Peter Londa, President & CEO of Tantalus Systems. “We believe the 46% growth in orders ties to continued demand for our Tantalus Grid Modernization Platform™, driven by several macroeconomic, environmental and technological trends. These trends are also contributing to the expansion of the number of utilities placing initial orders for the TRUSense Gateway. We remain optimistic about our Company’s trajectory and understand the amount of work and effort that lays ahead for our team to execute on these opportunities.”

The Company will hold a conference call and webcast to discuss the financial results on Thursday, November 14, 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 join the Tantalus Systems call.

Webcast

Webcast URL: <https://event.choruscall.com/mediaframe/webcast.html?webcastid=ZwokXeQX>

² See “Non-IFRS and Other Financial Measures.”

Replay Information

A conference call and webcast replay will be available until December 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

Canada Toll Free: 1-855-669-9658

Replay Access Code: 9695607

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 nine months ended September 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, subscription and software as a service (“SaaS”) offerings, 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 September 30, 2024		Three months ended September 30, 2023		Nine months ended September 30, 2024		Nine months ended September 30, 2023	
	\$	%	\$	%	\$	%	\$	%
Revenue	11,588,961	100%	10,143,287	100%	31,722,129	100%	31,776,890	100%
Cost of sales	5,044,192	44%	4,718,621	47%	14,294,243	45%	15,245,911	48%
Gross Profit	6,544,769	56%	5,424,666	53%	17,427,886	55%	16,530,979	52%

Reconciliation of Net (Loss)/Income to Adjusted EBITDA

	Three months ended September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Loss for the period	\$ (361,358)	\$ (797,319)	\$ (2,917,179)	\$ (3,376,028)
Finance expense (a)	400,848	396,646	1,235,259	1,140,412
Income taxes	101	-	21,522	23,725
Depreciation and amortization	438,264	461,728	1,323,238	1,380,112
EBITDA	477,855	61,055	(337,160)	(831,779)
Stock-based compensation (b)	73,798	105,302	383,254	330,249
Foreign exchange (c)	32,896	(58,456)	(171,370)	88,977
EDC Loan related legal costs (d)	-	-	-	80,000
Government subsidy (e)	-	(44,681)	-	(44,681)
Adjusted EBITDA	\$ 584,549	\$ 63,220	\$ (125,276)	\$ (377,234)

(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.

(e) Government assistance relating to ERTC credit received and recognized against research and development expenses to which it pertains in the prior year period.

Adjusted Working Capital Reconciliation

	September 30, 2024	December 31, 2023
Adjusted Working Capital		
Total current assets	\$ 25,353,919	\$ 21,798,349
Less: current liabilities	(26,514,089)	(27,268,936)
	(1,160,170)	(5,470,587)
Add: Bank Loan - current portion	7,679,000	8,500,000
Add: EDC Loan - current portion	479,222	-
Adjusted Working Capital	\$ 6,998,052	\$ 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 connection with the existence of several macroeconomic, environmental and technological trends, how those trends are leading to the expansion of the number of utilities placing initial orders for the TRUSense Gateway, the commercialization and adoption of the Company’s offerings, 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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