



Tantalus Acquires Congruitive to Accelerate the Digitization of the Electric Grid

Acquisition Will Help Utilities Prepare for the Impact of EVs and DERs

BURNABY, BC – February 1, 2022 – Smart grid technology leader Tantalus Systems (TSX: GRID) (“Tantalus” or the “Company”) today announced its acquisition of DLC Systems, Inc. d/b/a Congruitive (“Congruitive”) for a purchase price that includes US\$8 million of closing consideration and up to US\$5 million through a two-year earn-out. Congruitive will become a wholly owned subsidiary of Tantalus’ US operating subsidiary.

Congruitive is leveraging multi-decade relationships with utilities through its substation automation expertise to deliver its signature software solution, Congruence.IQ™ (“C.IQ™”), which is a software platform that enables the interoperability of a wide range of devices through an emerging Institute of Electrical and Electronics Engineers (“IEEE”) standard. By deploying C.IQ, a utility’s smart grid deployment can operate as one intelligent, interoperable system, with the necessary scalability and flexibility as more electric vehicles (“EVs”) and distributed energy resources (“DERs”) are deployed at the edge of the grid. Congruitive is currently selling its C.IQ software to investor-owned utilities (“IOUs”), smart meter vendors and renewable power integrators.

“This acquisition serves as a further demonstration of Tantalus’ purpose-driven mission to help utilities become sustainable from an enhanced financial, operational and environmental perspective,” said Tantalus President and CEO, Peter Londa. “Having C.IQ as part of our solution allows us to help public power and electric cooperative utilities prepare for the impact that an increasing number of EVs and rooftop solar panels will have on the reliability of their distribution grids. We are delighted to announce the closing of this acquisition today, and we welcome Congruitive’s employees, customers and partners to Tantalus.”

At a recent Tantalus users conference, representatives from over 100 public power and electric cooperative utilities reiterated they are under increasing pressure to maintain operations despite disruptions from extreme weather, mandates to decarbonize, and the meteoric rise of EVs, solar panels and other DERs. Despite these disruptions, utilities are called upon daily to deliver safe, reliable and affordable services, while relying on legacy distribution grids that are challenged to respond to changing dynamics. Tantalus’ smart-grid platform, TUNet®, helps utilities address these challenges by enabling them to monitor, control and respond to events anywhere and at any time across their distribution networks. With the addition of Congruitive and C.IQ, Tantalus will be able to help utilities leverage data through a growing suite of software capabilities to improve the services delivered to their communities.

“This acquisition is an important milestone and will provide value to our customer base,” said Congruitive CEO, Kenneth Munson. “As utilities digitize their distribution grids, providing interoperability of data from disparate devices is critical to maintaining reliable and expanded services. Tantalus’ ability to access granular data and deliver next-generation analytics through TUNet coupled with our ability to transport and integrate data from distribution automation equipment and DERs will lead to an even greater range of solutions for the utility industry, and as part of Tantalus, C.IQ will have greater reach into the public power and electric cooperative utility segment.”

Tantalus agreed to acquire 100% of the issued and outstanding common shares of Congruitive pursuant to the terms of a stock purchase agreement. The purchase price was comprised of US\$8 million of closing consideration in the form of approximately US\$3.5 million in cash, 869,565 common shares of Tantalus based on a share price of CDN\$1.76 (US\$1.38)(calculated with reference to the volume weighted average trading price of Tantalus' common shares on the TSX over the last five trading days ended January 28, 2022 and exchange rates over the same period) and the assumption of certain debt on Congruitive's balance sheet at the time of closing. In addition, Tantalus agreed to include an earn-out provision of up to an additional US\$5 million of consideration in the form of cash and common shares of Tantalus. The earn-out is tied to Congruitive increasing its annual revenue up to US\$6.9 million by 2023. Congruitive delivered approximately US\$2.5 million in revenue from software and services in 2021. As part of the terms of the transaction, Congruitive shareholders agreed to a one-year lock-up for the common shares being issued by Tantalus at closing. Its current management team will remain in place and report into Tantalus' President and CEO.

"We are excited to become part of the Tantalus family," said Congruitive Founder and Chairman Douglass Campbell. "Congruitive has always been a company that cares deeply about the success of our customers. Tantalus is the right fit culturally, technologically, and operationally. Together, we look forward to helping utilities everywhere take full advantage of the data available to them, digitize the electric grid and better serve their communities in a rapidly changing world."

About Tantalus Systems Holding Inc. (TSX: GRID)

Tantalus is a smart grid technology company that transforms aging one-way grids into future-proofed multi-directional grids that improve the efficiency, reliability and sustainability of public power and electric cooperative utilities and the communities they serve. Our solutions are purpose-built to allow utilities to restore power quickly after major disruptions, adapt to rapidly shifting consumer expectations and population shifts, innovate new solutions based on the adoption of distributed energy resources and evolve their grid infrastructure at their own pace without needless cost or complexity. All this gives our user community the flexibility they need to get the most value from existing infrastructure investments while planning for future requirements. Learn more at www.tantalus.com.

About DLC Systems d/b/a Congruitive

For over 30 years, Congruitive has developed advanced technology solutions that give utilities and renewable energy producers the power to manage and control electricity at every point on the grid. Our open enterprise solutions serve as a gateway to acquire and distribute complex operational data across the grid, from substations and control centers to distributed energy resources and electric vehicles. With its powerful and flexible communications processing engine, our Congruence.IQ software provides grid operators with the information they need to keep electricity flowing effectively, efficiently, and safely. To learn more visit www.congruitive.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 without limitation, statements with respect to: the earn-out consideration; the final approval of the listing of the common shares of the Company by the TSX; expected impacts of the acquisition of Congruitive, the expected capabilities, performance and prospects of TUNet™ and C.IQ, planned changes in Tantalus' business, including the addition of new lines of business; future acquisitions; the outlook of the Company's and Congruitive's business and the industry in which each operates its business; the competitive

environment in which the Company and Congruitive operate; critical accounting estimates; and management's assessment of future plans and operations . Actual events or results may differ materially.

In connection with the forward-looking information contained in this news release, Tantalus has made numerous assumptions, regarding, among other things: that financial markets will not in the long term be adversely impacted by the COVID-19 pandemic and the absence of material adverse changes in our business, our industry or the global economy. 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.

Known risk factors include, among others: the impacts of COVID-19 are unpredictable and could have significant impacts on Tantalus' financial performance; sales cycles to Tantalus' customers can be lengthy and unpredictable and require significant employee time with no assurances that a prospective customer will select Tantalus' products and services; Tantalus' financial and operational performance significantly depends on its ability to attract and retain customers and its ability to develop new products and to enhance and sustain the quality of existing products to retain such customers; Tantalus depends on a limited number of key suppliers and if such suppliers fail to provide Tantalus with sufficient quantities of components at acceptable levels of quality and at anticipated costs, Tantalus' revenue and operating results could be materially and adversely affected; Tantalus has a prior history of operating losses and Tantalus may not sustain profitability on a quarterly or annual basis; Tantalus' quarterly results are inherently unpredictable and subject to substantial fluctuations; Tantalus' success depends in part on Tantalus' ability to integrate its technology into devices and its relationship with device manufacturers; Tantalus' marketing efforts depend significantly on Tantalus' ability to receive positive references from Tantalus' existing customers; the markets for Tantalus' products and services, smart grid, smart city, and broader IoT technology in general, are still developing - if the markets develop less extensively or more slowly than Tantalus expects, Tantalus' business could be harmed; Tantalus operates in a highly competitive industry and Tantalus competes against many companies with substantially greater financial and other resources, and Tantalus' market share and results of operations may be reduced if Tantalus is unable to respond to competitors effectively; Tantalus is dependent on the utility industry, which has experienced volatility in capital spending - this volatility could cause Tantalus' results of operations to vary significantly from period to period; Tantalus' reliance on certain infrastructure and information technology systems make it vulnerable to the potential adverse effects of cyber-attacks and other breaches; if Tantalus' products contain defects or otherwise fail to perform as expected, Tantalus could be liable for damages and incur unanticipated warranty, recall and other related expenses, Tantalus' reputation could be damaged, Tantalus could lose market share and, as a result, Tantalus' financial condition or results of operations could suffer; the nature of Tantalus' business exposes it to the unpredictable risks of contractual disputes; the loss of key employees and the inability to attract and retain qualified personnel could harm Tantalus' business; Tantalus' business is exposed to potential risks associated with international sales and operations; foreign exchange rate fluctuations could harm Tantalus' results or operations; Tantalus and its customers operate in a highly regulated business environment and changes in regulation could impose costs on Tantalus or make Tantalus' products less economical; Tantalus' inability to acquire and integrate other businesses, products or technologies could seriously harm Tantalus' competitive position; intellectual property infringement claims could be costly and time-consuming to prosecute or defend; substantially all of Tantalus' current products depend on the availability and are subject to the regulation of radio spectrum in the United States and abroad; and interruptions or delays in services from Tantalus' third-party data center facilities, or problems with the third-party hardware or software that Tantalus employs, could impair the delivery of its services and harm Tantalus' business.

A more complete discussion of the risks and uncertainties facing Tantalus is disclosed under the heading “Risk Factors” in Tantalus’ Annual Information Form dated May 18, 2021, as well as Tantalus’ continuous disclosure filings with Canadian securities regulatory authorities available at www.sedar.com. 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. Neither the TSX nor its Regulation Services Provider (as that term is defined in the policies of the TSX) accepts responsibility for the adequacy or accuracy of this news release.

Contact Tantalus:

Jacque Hudson
Marketing Communications Manager
Tantalus Systems Inc.
613-552-4244 | jhudson@tantalus.com

Investor Relations:

Linda Armstrong
Investor Relations
647-456-9223 | larmstrong@tantalus.com

Website: www.tantalus.com

LinkedIn: [LinkedIn/company/tantalus](https://www.linkedin.com/company/tantalus)

Twitter: [@TantalusCorp](https://twitter.com/TantalusCorp)