



Tantalus Systems Announces 2021 Business Highlights with Strong Momentum Heading into 2022

Company Forecasts 20% - 25% Revenue Growth in 2022 With Record Revenue Backlog of US\$27M for the Year

BURNABY, BC – February 8, 2022 –Tantalus Systems (TSX: GRID) (“Tantalus” or the “Company”), a company focused on helping build sustainable utilities for the future, is pleased to announce 2021 operating and preliminary financial results for 2021 along with an improving outlook going into 2022 as utilities accelerate smart grid investments.

“We are extremely pleased to provide this update to our shareholders as Tantalus’ business has never been stronger as evidenced by the year-over-year growth in our orders by 27.5%, expansion of our user community by 25 utilities in 2021, accessing over CAD\$20 million through two financings as a public company and entering 2022 with our highest level of revenue backlog to commence a year,” said Peter Londa, President & CEO of Tantalus. “Looking forward to this year, we anticipate strong revenue growth with approximately US\$27 million in revenue backlog for 2022, coupled with strong secular drivers that are requiring utilities to modernize their distribution grids. Our strong balance sheet enabled us to execute the recently announced acquisition of Congruitive which places Tantalus at the forefront of helping utilities prepare for the significant impact that electric vehicles and distributed energy resources will have on their resiliency and reliability. We believe Tantalus is well-positioned to provide our shareholders with a long trajectory of growth for our business.”

2021 BUSINESS HIGHLIGHTS

Commercial Success

- The Company delivered US\$37.5 million in orders converted from its sales pipeline, representing year-over-year growth of approximately 27.5%, an annual record for the Company.
- Tantalus grew its user community to approximately 210 by securing 25 new utilities in 2021. The Company surpassed the average number of new utilities, 20, secured on an annual basis over the last 7 years.
- The Company surpassed 2.8 million endpoints deployed, collecting more than 30 billion data points related to energy consumption and power quality. Within its existing user community, the Company has over 1.6 million available endpoints to deploy in the future that will drive revenue and additional data for its expanding software and analytics packages.

- Tantalus hosted its largest annual users conference (virtually) with over 400 attendees from more than 100 utilities and gathered valuable insight into the key challenges that will enable the Company to prioritize goals within its strategic plan and solutions roadmaps.

Transformation of Our Capital Structure

- Tantalus went public on the TSX Venture Exchange and commenced trading on February 9, 2021, under the stock symbol “GRID” and graduated to the TSX on May 10, 2021. To support growth initiatives, the Company successfully raised over CAD\$20 million in equity financings through its go-public transaction and a subsequent public financing in August 2021.
- With Tantalus’ strong investment thesis, 5 analysts commenced coverage of the Company <https://www.tantalus.com/why-invest/analyst/>.
- Approximately 85% of outstanding shares are owned by institutional investors, which Tantalus believes is a strong indication of the interest in the Company as well as its future growth opportunities.

Technology & Research and Development (“R&D”) Enhancements

- Tantalus launched its first artificial intelligence (“AI”)-enabled analytics tool in September 2021. The analytics tool, called Tantalus Grid Reliability Analytics (“TGRA”), focuses on power quality data captured by Tantalus’ smart grid solution to assist utilities improve their resiliency. The Company secured 6 initial subscriptions under a software as a service (“SaaS”) model in Q4.
- The Company also launched its next-generation TRUSense™ Gateway (anticipated to be available in late 2022) to help utilities address the broadband divide and gain granular control of new technology and devices deployed inside homes and buildings.

Financial Results

Financial information is reported by Tantalus in United States dollars (“US\$”) unless otherwise specified and is presented in accordance with International Financial Reporting Standards (“IFRS”).

- The preliminary revenue estimate for Q4 2021 approximates US\$7.6 million to US\$7.7 million. The revenue generated in Q4 was impacted by global challenges including supply chain constraints of electronic components and microprocessors, shipping and logistics disruptions and the initial wave of the Omicron variant that directly impacted supply chain vendors. The Company witnessed approximately US\$1.2 million of revenue being delayed from Q4 2021 into 2022.
- Annual revenue for the year 2021 is expected to approximate US\$32.0 million to US\$32.5 million. The global challenges outlined above materially delayed scheduled revenue from 2021 into 2022. In the aggregate, the Company estimates that approximately US\$2.5 million to US\$3.0 million of revenue was delayed (and not lost) from 2021 and pushed into 2022.
- Gross Profit margin remains strong for the year at approximately 45% despite pricing pressure across the Company’s supply chain and shipping/logistics partners. To offset the increased cost of goods sold, the Company implemented a price increase across our customer base.
- The Company anticipates reporting negative Adjusted EBITDA of approximately negative US\$0.8 million to US\$1.2 million in the fourth quarter and negative US\$1.3 million to US\$1.7 million for the year. The negative Adjusted EBITDA is tied to increased costs associated with going public and the delay of revenue that was pushed into 2022.
- The Company finished the year with a strong balance sheet that includes US\$14.2 million of cash along with positive Adjusted Working Capital of approximately US\$13 million. The Company’s

balance sheet continues to support a net positive cash balance, enabling Tantalus to accelerate strategic growth initiatives moving forward.

- The financial information contained in this press release is preliminary and subject to finalization and audit. The Company anticipates releasing its financial results for the three and twelve months ended December 31, 2021, during the week of March 21, 2022.
- In conjunction with issuing its 2021 audited financial statements, the Company will also release its first Environment, Social and Governance report.

STRONG MOMENTUM HEADING INTO 2022

- The Company anticipates growing revenue year-over-year by 20% - 25% in 2022, targeting approximately US\$38.5 to US\$40.0 million in 2022. This guidance includes revenue contributions from the recent acquisition of Congruitive.
- The Company has approximately US\$27 million in revenue backlog for the year.
- Tantalus announced its first acquisition as a public company on February 1, 2022. The addition of Congruitive enhances the Company's position at the forefront of helping utilities modernize their grids to prepare for the impact of electric vehicles ("EVs") and distributed energy resources ("DERs") on the resiliency and reliability of distribution grids. Congruitive translates data across multiple devices and platforms, allowing utilities to operate smart grids as one intelligent system, and the demand for this solution is expected to grow significantly as EV and DER adoption continues to expand rapidly in 2022. Read more at <https://www.tantalus.com/2022/02/01/tantalus-acquires-congruitive/>
- Tantalus is witnessing increased activity throughout its pipeline with improving visibility as utilities plan to modernize their grids to support enhanced resiliency and the proliferation of EVs and DERs. Tantalus is actively leading an effort (<https://www.tantalus.com/resources/funding/>) to support current and prospective utility customers with the submission of applications to access funding across a number of programs being offered by the US federal government, including the ARPA and BRIC programs.
- The Company is actively evaluating several other M&A opportunities along with additional strategic growth initiatives.

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.

Non-IFRS References:

This news release includes references to Gross Profit. Gross Profit is a supplementary financial measure and is calculated as revenues less cost of sales.

This news release also includes reference to Adjusted EBITDA and Adjusted Working Capital. Adjusted EBITDA and Adjusted Working Capital are non-IFRS financial measures, which do not have a standardized meaning under IFRS and may not be comparable to similar financial measures disclosed by other issuers. Management believes that Adjusted EBITDA is a useful indicator for investors, and is used by management, in evaluating the operating performance of the Company. Adjusted EBITDA is comprised of income (loss) less interest, income tax, depreciation, amortization, stock-based compensation, foreign exchange gain (loss) and other non-core business related income / expenses and is provided as a proxy for the cash earnings from the operations of the business. Management believes Adjusted Working Capital is a useful indicator for investors, and is used by management, for evaluating the operating liquidity available to the Company. Adjusted Working Capital is comprised of current assets less current liabilities, exclusive of the Company's bank loan.

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 regarding: we anticipate strong revenue growth with approximately US\$27 million in revenue backlog and we continue to witness strong secular drives that are requiring utilities to modernize their distribution grids; our recently announced acquisition of Congruitive will place Tantalus at the forefront of helping utilities prepare for the significant impact that electric vehicles and distributed energy resources will have on their resiliency and reliability; we believe Tantalus is at the right place at the right time to provide our shareholders with a long trajectory of growth for our business; the Company has over 1.63 million available endpoints to deploy in the future that will drive revenue and additional data for its expanding software and analytics packages; preliminary estimated financial results for 2021; the Company's balance sheet continues to support a net positive cash balance, enabling Tantalus to accelerate strategic growth initiatives moving forward; the Company anticipates releasing its financial results for the three and twelve months ended December 31, 2021, during the week of March 21, 2022; the Company anticipates growing revenue year-over-year by 20% - 25% in 2022, targeting approximately US\$38.5 to 40.0 million in 2022; demand for the Congruitive solution is expected to grow significantly as EV and DER adoption continues to expand rapidly in 2022; and, the Company is actively evaluating several other M&A opportunities along with additional strategic growth initiatives.

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 COVID-19 and the expected timing of new product introductions. 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 the Tantalus' Annual Information Form dated May 18, 2021, as well as those risk factors

included with 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.

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