TANTALUS SYSTEMS HOLDING INC.

Management's Discussion and Analysis of
Financial Condition and Results of Operations

March 18, 2025

For the three and twelve months ended December 31, 2024 and 2023

BASIS OF PRESENTATION

This Management's Discussion and Analysis ("**MD&A**") of the financial condition and results of Tantalus Systems Holding Inc. (together with its subsidiaries and predecessors, the "**Company**", "**we**" or "**Tantalus**") is provided to assist readers in assessing our financial condition and our financial performance, including our liquidity and capital resources, as at and for the three and twelve months ended December 31, 2024 compared with the three and twelve months ended December 31, 2023. The information in this MD&A is current as of March 18, 2025, and should be read in conjunction with the audited consolidated financial statements ("Annual Financial Statements") as of December 31, 2024 and 2023. Additional information relating to Tantalus including periodic quarterly reports and the Annual Information Form is available at www.sedarplus.ca.

The Company's Annual Financial Statements and notes thereto as at December 31, 2024, and 2023, have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and interpretations issued by the International Financial Reporting Interpretations Committee and are presented in United States ("**U.S.**") dollars which is the functional currency of the Company. All references to ("**CAD$**") are to Canadian dollars.

This MD&A was approved by its Board of Directors, upon recommendation of the Audit Committee, prior to its release.

NON-IFRS AND OTHER FINANCIAL MEASURES

This MD&A contains certain financial measures that do not have any standardized meaning prescribed by IFRS. Therefore, these financial measures may not be comparable to similar measures presented by other issuers. Investors are cautioned these measures should not be construed as an alternative to net income (loss) or to cash provided by (used in) operating, investing, financing activities, cash, and indebtedness determined in accordance with IFRS, as indicators of our performance.

We provide these additional non-IFRS measures, non-IFRS ratios and supplementary financial measures to assist investors in determining the Company's ability to generate earnings and cash provided by (used in) operating activities.

a) “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.

b) “Adjusted EBITDA” is comprised as income (loss) less interest, income tax, depreciation, amortization, stock-based compensation, restructuring expenses, 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. Beginning in the fourth quarter of 2024, the Company excludes restructuring expenses in our presentation of Adjusted EBITDA as these expenses are not representative of ongoing operating performance.

c) “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 “Liquidity and Capital Resources – Cash, Restricted Cash, and Adjusted Working Capital” for a quantitative reconciliation of Adjusted Working Capital to the most directly comparable financial measure. Beginning in the fourth quarter of 2024, the Company no longer excludes contingent consideration relating to the acquisition of DLC Systems, Inc. d/b/a Congruitive (“Congruitive”) in our presentation of Adjusted Working Capital as there was no contingent consideration payable. As part of the acquisition of Congruitive on January 31, 2022, there was contingent consideration based on the achievement of certain revenue targets being met in the period following the acquisition date to December 31, 2023. As no revenue targets were met, no contingent consideration was payable resulting in a recovery of the contingent consideration by the Company in the prior year.

This MD&A also refers to the following non-IFRS ratios:

d) “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.

e) “Adjusted EBITDA Margin” is comprised of Adjusted EBITDA expressed as a percentage of the Company’s revenues. Management believes that Adjusted EBITDA Margin is a useful indicator for investors, and is used by management, in evaluating the operating performance of the Company.

This MD&A also refers to the following supplementary financial measures:

f) "Recurring Revenue” is comprised of the Company’s revenues recognized in a period that are recurring in nature and attributable to its analytics, subscriptions and software as a service (“SaaS”) offerings, hosting services, software maintenance and technical support agreement services.

g) "Annual Recurring Revenue" or "ARR" is comprised of the Company's Recurring Revenue as expressed on a forward looking annualized revenue basis attributable to its analytics, subscriptions and SaaS offerings, hosting services, software maintenance and technical support services agreements at a point in time.

FORWARD-LOOKING INFORMATION

This MD&A 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 MD&A includes statements regarding: expectations regarding industry trends and challenges; exchange rate fluctuations; overall market growth rates as well as our growth rates and growth strategies; addressable markets for our solutions; expectations regarding the future demand for and adoption of distributed energy resources, extended asset life, distribution grid technology and electric vehicles (EVs); expectations regarding supply chain shortages; expectations regarding the development of and further investment in the TRUSense Gateway™; the achievement of advances in and expansion of our offerings and markets; the growth of the Company's sales pipeline (including the Company's ability to close sales in the current sales pipeline); expectations regarding our revenue and the revenue generation potential of our products, services and other solutions; further investments in sales and marketing; our business plans and strategies; our ability to maintain positive cash flow from operations, maintain or obtain additional debt or equity financing, and achieve and maintain profitable operations; the sufficiency of the Company's cash resources to support operations for the next twelve months; continuing as a going concern; our competitive position in our industry; expansion into the investor-owned utility (IOU) market; the TRUSense Gateway initiative expanding the Company's total addressable market; our continued investment in the research and development of new products as well as the continuous enhancement of our existing products and software applications offering; and increased visibility and enhanced liquidity through the Company's OTCQX listing.

In connection with the forward-looking information contained in this MD&A, we have made numerous assumptions, regarding, among other things: our ability to capitalize on growth opportunities and implement our growth strategy; our ability to retain key personnel; our ability to maintain existing customer relationships and to continue to expand our customers' use of our products solutions; our ability to acquire new customers; our ability to enhance our offerings to remain at the forefront of our industry; the impact of competition; the successful integration of future acquisitions; the absence of material adverse changes in our business, our industry or the global economy; and that the risks and uncertainties described under the "Risk Factors" section of Tantalus' Annual Information Form dated March 31, 2024 and Tantalus' upcoming Annual Information Form to be filed on or prior to March 28, 2025 will not materialize. While we consider 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 our 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, but are not limited to, the factors described in the "Risk Factors" section of Tantalus' Annual Information Form dated

March 31, 2024 and Tantalus' upcoming Annual Information Form to be filed on or prior to March 28, 2025.

If any of these risks or uncertainties materialize, or if the opinions, estimates, or assumptions underlying the forward-looking information prove incorrect, actual results or future events might vary materially from those anticipated in the forward-looking information. The opinions, estimates or assumptions referred to above should be considered carefully by prospective investors.

All forward-looking information herein is qualified in its entirety by this cautionary statement, and we disclaim 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.

DESCRIPTION OF BUSINESS

Tantalus is a technology company dedicated to helping utilities modernize their distribution grids by harnessing the power of data across all of their devices and systems deployed throughout the distribution grid – from the substation to emerging devices located behind the meter. Tantalus offers smart grid solutions across multiple levels: intelligent connected devices, communications networks, data management, enterprise software applications and analytics.

Tantalus enables utilities to modernize their distribution grids through the Tantalus Grid Modernization Platform™ ("TGMP™"), which delivers visibility, command and control across a utility's operations and provides a secure, flexible and affordable path forward. TGMP is a technology architecture designed to deliver true data interoperability across new and existing devices, systems and vendors. While Tantalus offers a suite of cutting-edge and innovative connected devices, our approach is to integrate a suite of solutions, from Tantalus and/or third-party vendors, to support the modernization of substations, distribution circuits and feeders, metering and distributed energy resources located behind the meter.

TGMP offers a flexible approach to provide utilities with autonomy and control of their grid modernization journey. Coupled with an unwavering commitment to ensuring the Company's solutions are backward-compatible to earlier Company products and a customer support team that has helped Tantalus build a dynamic user community of utilities over multiple decades, the Company serves as a partner to the utilities it supports and to the communities they serve.

Tantalus is a publicly traded company listed on the Toronto Stock Exchange (TSX: GRID) and trades on the OTCQX Best Market (OTCQX: TGMPF). See www.tantalus.com for more information.

2024 FOURTH QUARTER AND YEAR-END HIGHLIGHTS

- *Revenue:* During Q4 2024, revenue increased by 21% year-over-year to $12.6 million, setting a new milestone for revenue generated in a quarter. Revenue from Utility Software Applications & Services ("Software") increased by 36%, while revenue from Connected Devices & Infrastructure ("Connected Devices") increased by 14%. The increases in revenue were a result of adding new utility customers and continuing to expand deployments with existing accounts. Recurring Revenue as a percentage of total revenue was consistent at 24% of total revenue in the quarter.

For the full year 2024, the Company achieved a new annual milestone by delivering $44.3 million of revenue, representing 5.1% growth over the prior year. Revenue from the Software segment increased by 12% as a result of the reasons stated above. Recurring revenues as a percentage of total revenue increased by 200 basis points to 26% of total revenue during the year.

- *Annual Recurring Revenue ("ARR")*[1] *Growth*: ARR grew by over 10% year-over-year to $12.7 million as of December 31, 2024.
- *Sales Order Conversion*: During Q4 2024, the Company converted $11.0 million of orders from its sales pipeline, which led to setting a record number of orders from its sales pipeline at $51.2 million for the year, representing approximately 46% growth year-over-year.
- *Growth of User Community:* The Company added a record number of utilities in 2024 by adding 31 new customers, marking the most conversions in a calendar year for the Company.
- *Gross Profit and Gross Profit Margin*[1]*:* During Q4 and full year 2024, Gross Profit and Gross Profit Margin increased as a result of increased contribution from the Software segment.
- *Adjusted EBITDA*[1]: During Q4 and full year 2024, the Company generated positive Adjusted EBITDA of $1.4 million and $1.3 million, respectively.
- *Cash Flow from Operating Activities:* During Q4 2024, Cash Flow from Operating Activities improved year-over-year from $131,000 to $3.3 million. For the full year 2024, Cash Flow from Operating Activities improved year-over-year from negative $0.8 million to $2.6 million. The improvement in cash flow correlates to the Company's financial performance and the collection of a portion of its ARR for 2025.
- *Liquidity:* At December 31, 2024, Tantalus had available liquidity of $18.0 million consisting of a cash balance of $13.2 million and borrowing availability of $4.8 million under its line of credit.
- *Bought Deal Financing*: In May 2024, the Company completed a bought deal financing by issuing an aggregate of 6,250,000 common shares for total gross proceeds of approximately $7.3 million.
- *TRUSense Gateway™ Progress:* The Company announced the certification of the TRUSense Fiber Gateway in April 2024, the TRUSense Ethernet Gateway in July 2024, and the TRUSense Cellular Gateway in November 2024. In addition, the Company received orders for the TRUSense Gateway from 27 utilities to commence field trials, pilots and deployments.
- *Appointment of New Board Members*: In December 2024, the Company appointed Ms. Kristi Honey and Mr. David McLennan to its Board of Directors.
- *Term Loan Advance*: In December 2024, the Company obtained additional loan proceeds of $4.0 million from its existing Term Loan and used those funds to pay down its revolving Line of Credit.

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[1] See definitions for Non-IFRS and Other Financial Measures below.

SELECTED FINANCIAL INFORMATION

	Three months ended December 31, 2024	Three months ended December 31, 2023	Twelve months ended December 31, 2024	Twelve months ended December 31, 2023
Revenue	$ 12,589,099	$ 10,370,092	$ 44,311,228	$ 42,146,982
Gross Profit	6,593,934	5,327,437	24,021,820	21,858,416
Gross Profit Margin % [1]	52%	51%	54%	52%
Operating expenses	6,024,308	5,446,444	25,283,962	24,145,018
Adjusted EBITDA [1]	1,436,089	348,423	1,310,813	(28,811)
Adjusted EBITDA Margin [1]	11%	3%	3%	0%
Income (loss) for the period	289,459	1,690,831	(2,627,720)	(1,685,197)
Income (loss) per share -diluted	$ 0.01	$ 0.04	$ (0.05)	$ (0.04)
Weighted average number of shares outstanding:				
Basic and diluted	50,845,942	44,595,942	48,386,926	44,595,942
Cash	13,219,309	5,153,698	13,219,309	5,153,698
Adjusted Working Capital [1]	$ 7,364,350	$ 3,029,413	$ 7,364,350	$ 3,029,413

2024 OPERATING RESULTS

	Three months ended December 31, 2024	Three months ended December 31, 2023	Twelve months ended December 31, 2024	Twelve months ended December 31, 2023
Revenue	$ 12,589,099	$ 10,370,092	$ 44,311,228	$ 42,146,982
Cost of sales	5,995,165	5,042,655	20,289,408	20,288,566
Gross Profit	6,593,934	5,327,437	24,021,820	21,858,416
Gross Profit Margin	52%	51%	54%	52%
Expenses	6,024,308	5,446,444	25,283,962	24,145,018
Operating income (loss)	569,626	(119,007)	(1,262,142)	(2,286,602)
Other (expenses) earnings	(290,107)	1,796,799	(1,353,996)	612,091
Income (loss) before income taxes	279,519	1,677,792	(2,616,138)	(1,674,511)
Income tax (recovery) expense	(9,940)	(13,039)	11,582	10,686
Income (loss) for the period	289,459	1,690,831	(2,627,720)	(1,685,197)
Income (loss) per share (basic and diluted)	0.01	0.04	(0.05)	(0.04)

[1] See definitions for Non-IFRS and Other Financial Measures below.

Revenue

Revenue by Source		Three months ended December 31, 2024	%		Three months ended December 31, 2023	%		Twelve months ended December 31, 2024	%		Twelve months ended December 31, 2023	%
Connected Devices and Infrastructure	$	7,712,745	61%	$	6,773,384	65%	$	27,624,778	62%	$	27,286,862	65%
Utility Software Applications and Services		4,876,354	39%		3,596,708	35%		16,686,450	38%		14,860,120	35%
Total revenue	$	12,589,099	100%	$	10,370,092	100%	$	44,311,228	100%	$	42,146,982	100%

Revenue from the Company's Connected Devices products increased as a result of adding new utility customers and continuing to expand deployments with existing accounts. Revenue from the Company's Software segment increased due to additional software license revenue and ARR by adding new utility customers and from its subscription analytics, software maintenance, technical support and hosted service offerings.

Revenue by Type		Three months ended December 31, 2024		Three months ended December 31, 2023		Twelve months ended December 31, 2024		Twelve months ended December 31, 2023
Recurring Revenue	$	2,993,672	$	2,502,792	$	11,552,678	$	10,219,218
As % of Utility Software Applications and Services segment		61%		70%		69%		69%
As % of Total Revenues		24%		24%		26%		24%

Recurring Revenue as a percentage of total revenues increased on a year-over-year basis as a result of converting new customers and expanding deployments within existing accounts.

ARR was approximately $12.7 million as of December 31, 2024 ($11.5 million at December 31, 2023), representing approximately 10% year-over-year growth as a result of expanding the number of utilities within our user community and launching new data analytics offerings.

The geographic breakdown of revenue based on customer location is shown below:

		Three months ended December 31, 2024	%		Three months ended December 31, 2023	%		Twelve months ended December 31, 2024	%		Twelve months ended December 31, 2023	%
United States (1)	$	12,550,658	100%	$	10,321,166	100%	$	43,954,991	99%	$	41,805,915	99%
Canada (2)		38,441	<1%		48,926	<1%		356,237	1%		341,067	1%
	$	12,589,099	100%	$	10,370,092	100%	$	44,311,228	100%	$	42,146,982	100%

(1) – United States includes revenues attributed to the US Virgin Islands based in the Caribbean basin.

(2) – Canada includes revenue attributed to Belize and Guyana.

Gross Profit

Overall, Gross Profit Margin[1] increased for the three months ended December 31, 2024, due primarily to increased revenue and profit margins from the higher margin Software segment compared to the prior year. Gross Profit Margin[1] for Connected Devices declined during Q4 2024 compared to the prior year due to an increase in the obsolescence provision for slow moving and obsolete inventory.

The Company’s Gross Profit during the three months ended December 31, 2024 is shown below:

Three months ended December 31, 2024		**Connected Devices and Infrastructure**	**%**		**Utility Software Applications and Services**	**%**		**Total**	**%**
Revenue	$	7,712,745	100%	$	4,876,354	100%	$	12,589,099	100%
Cost of sales		4,926,710	64%		1,068,455	22%		5,995,165	48%
Gross Profit	$	2,786,035	36%	$	3,807,899	78%	$	6,593,934	52%
Percentage of Total Gross Profit		42%			58%			100%	

Three months ended December 31, 2023		**Connected Devices and Infrastructure**	**%**		**Utility Software Applications and Services**	**%**		**Total**	**%**
Revenue	$	6,773,384	100%	$	3,596,708	100%	$	10,370,092	100%
Cost of sales		3,974,801	59%		1,067,854	30%		5,042,655	49%
Gross Profit	$	2,798,583	41%	$	2,528,854	70%	$	5,327,437	51%
Percentage of Total Gross Profit		53%			47%			100%	

[1] See definitions for Non-IFRS and Other Financial Measures below.

The Company’s Gross Profit during the twelve months ended December 31, 2024 is shown below:

Twelve months ended December 31, 2024		Connected Devices and Infrastructure	%		Utility Software Applications and Services	%		Total	%
Revenue	$	27,624,778	100%	$	16,686,450	100%	$	44,311,228	100%
Cost of sales		16,364,436	59%		3,924,972	24%		20,289,408	46%
Gross Profit	$	11,260,342	41%	$	12,761,478	76%	$	24,021,820	54%
Percentage of Total Gross Profit		47%			53%			100%	

Twelve months ended December 31, 2023		Connected Devices and Infrastructure	%		Utility Software Applications and Services	%		Total	%
Revenue	$	27,286,862	100%	$	14,860,120	100%	$	42,146,982	100%
Cost of sales		16,403,213	60%		3,885,353	26%		20,288,566	48%
Gross Profit	$	10,883,649	40%	$	10,974,767	74%	$	21,858,416	52%
Percentage of Total Gross Profit		50%			50%			100%	

Overall, Gross Profit Margins increased year over year due to the revenue mix and higher contributions from the Software segment, which generates higher gross margins.

Operating Expenses

		Three months ended December 31, 2024	% of Rev		Three months ended December 31, 2023	% of Rev		Twelve months ended December 31, 2024	% of Rev		Twelve months ended December 31, 2023	% of Rev
Sales and marketing	$	1,825,792	15%	$	1,462,613	14%	$	8,600,540	19%	$	7,784,174	18%
Research and development		1,376,203	11%		1,914,073	18%		7,002,821	16%		7,907,374	19%
General and administrative		2,393,306	19%		1,615,300	16%		7,928,356	18%		6,618,900	16%
Depreciation and amortization		429,007	3%		454,458	4%		1,752,245	4%		1,834,570	4%
Total expenses	$	6,024,308	48%	$	5,446,444	53%	$	25,283,962	57%	$	24,145,018	57%
As a percentage of total revenue		48%			53%			57%			57%	

Sales and marketing expenses consist primarily of salaries and related personnel costs, sales commissions, consulting fees, trade show expenses, marketing and branding, advertising costs and facilities. The increase in sales and marketing expenses was primarily due to the addition of new personnel coupled with increased travel, sales commissions and incremental marketing costs pertaining to the commercialization of the TRUSense Gateway. In conjunction with the launching of the TRUSense Gateway, Tantalus anticipates making further investments in sales and marketing to expand its presence and position itself for future growth.

Research and development (“R&D”) expenses consist primarily of salaries and related personnel costs, contractors and materials related to the development of the Company’s solutions. The decrease in R&D expenses was primarily due to the timing of certain engineering activities and a decline in expenses for certifications, prototypes and supplies related to the commercialization of the TRUSense Gateway. The Company has cumulatively invested approximately $15.1 million through December 31, 2024 to develop and commercialize the TRUSense Gateway.

General and administrative ("G&A") expenses include executive and administrative staff compensation, insurance, public company costs, office expenses, accounting, legal and consulting fees. G&A expenses increased during the corresponding periods primarily due to higher costs associated with incentives, recruiting, restructuring of departments, training, professional fees, and an increased bad debt provision related to certain balances.

Adjusted Operating Expenses

	Three months ended December 31, 2024	Three months ended December 31, 2023	Twelve months ended December 31, 2024	Twelve months ended December 31, 2023
Total expenses	$ 6,024,308	$ 5,446,444	$ 25,283,962	$ 24,145,018
Depreciation and amortization	(429,007)	(454,458)	(1,752,245)	(1,834,570)
Share-based compensation	(212,456)	(92,972)	(595,710)	(423,221)
Adjusted operating expenses	$ 5,382,845	$ 4,899,014	$ 22,936,007	$ 21,887,227
As a percentage of total revenue	43%	47%	52%	52%

Adjusted operating expenses as a percentage of total revenues declined due to higher revenues compared to the prior year.

Depreciation and Amortization

	Three months ended December 31, 2024	Three months ended December 31, 2023	Twelve months ended December 31, 2024	Twelve months ended December 31, 2023
Depreciation and amortization	$ 76,057	$ 101,461	$ 340,447	$ 409,108
Amortization of intangible assets	192,464	192,511	769,854	769,901
Amortization of right-of-use assets	160,486	160,486	641,944	655,561
Total depreciation and amortization	$ 429,007	$ 454,458	$ 1,752,245	$ 1,834,570

The Company's depreciation and amortization is attributable to property and equipment, intangible assets and right-of-use assets pertaining to its facility leases.

Other Expenses

	Three months ended December 31, 2024	Three months ended December 31, 2023	Twelve months ended December 31, 2024	Twelve months ended December 31, 2023
Foreign exchange gain (loss)	$ 61,248	$ (122,176)	$ 232,618	$ (211,153)
Finance expense	(351,355)	(369,046)	(1,586,614)	(1,509,458)
Recovery of contingent liability	-	2,332,702	-	2,332,702
Government assistance	-	(44,681)	-	-
Total other (expenses) income	$ (290,107)	$ 1,796,799	$ (1,353,996)	$ 612,091

The Company maintains certain assets in Canadian dollars which are translated into the U.S. dollar functional currency. Changes in balances were attributable to changes in the foreign exchange rates between periods.

Finance costs consist of interest expense on the Term Loan and Line of Credit facility as well as amortization of deferred finance costs.

As part of the acquisition of Congruitive on January 31, 2022, there was contingent consideration based on the achievement of certain revenue targets being met in the period following the acquisition date to December 31, 2023. As the revenue targets were not met, no contingent consideration was payable resulting in a recovery of the contingent consideration by the Company in the prior year.

Income Taxes

Income tax expense differs from the amount that would be computed by applying the Canadian federal and provincial statutory income tax rates of 27.00% for the years ended December 31, 2024, and December 31, 2023, to income before income taxes due to the following:

		Year ended December 31, 2024		**Year ended December 31, 2023**
Loss before income taxes	$	(2,616,138)	$	(1,674,511)
Tax expense at applicable rates		(706,357)		(452,118)
Change in unrecognized deferred tax assets		265,810		1,065,958
Non-deductible expenses and other differences		225,965		(481,889)
Effect of difference between combined Canadian statutory income rate and those rates applicable to foreign subsidiaries		20,671		(4,667)
Other items		205,493		(116,598)
Current income tax expense	**$**	**11,582**	**$**	**10,686**

The deferred tax assets have not been recognized in these consolidated financial statements, as management does not consider it more likely than not that those assets will be realized in the carry forward period.

The Company's deferred income tax assets not recognized are:

		December 31, 2024		**December 31, 2023**
Deferred tax assets in relation to:				
Equipment	$	896,979	$	705,857
Non-capital losses carried forward		18,292,392		20,508,483
SR&ED expenditures		3,181,324		3,181,360
Restricted Interest and Financing Expenses		224,543		-
Reserves and other		4,796,857		1,353,984
Intangible assets		(2,172,835)		(1,493,592)
Deferred tax assets not recognized	**$**	**25,219,260**	**$**	**24,256,092**

As of December 31, 2024, the Company has non-capital loss carry forwards for Canadian and United States income tax purposes available to reduce taxable income otherwise payable in future years. The benefit of these losses has not been recognized as their realization is not reasonably assured. These losses expire as follows:

Year Loss Expires	**Canada**	**US**	**Total**
2025	7,944,080	-	7,944,080
2026	841,043	-	841,043
2027	2,156,493	-	2,156,493
2028	5,889,673	-	5,889,673
2029	14,145,723	-	14,145,723
Thereafter	33,127,495	5,016,865	38,144,360
Total Losses	**64,104,507**	**5,016,865**	**69,121,372**

ADJUSTED EBITDA[1]

Tantalus measures its operating performance by using non-IFRS performance measures such as EBITDA and Adjusted EBITDA (see the Non-IFRS and Other Financial Measures section). These measures are not defined by IFRS and do not have a standard meaning under IFRS; therefore, it may not be comparable to similar measures presented by other entities. The IFRS measurement most comparable to EBITDA and Adjusted EBITDA is income (loss), for which a reconciliation is provided below:

	Three months ended December 31, 2024	Three months ended December 31, 2023	Twelve months ended December 31, 2024	Twelve months ended December 31, 2023
Income (loss) for the period	$ 289,459	$ 1,690,831	$ (2,627,720)	$ (1,685,197)
Finance expense	351,355	369,046	1,586,614	1,509,458
Income tax expense	(9,940)	(13,039)	11,582	10,686
Depreciation and amortization	429,007	454,458	1,752,245	1,834,570
EBITDA	1,059,881	2,501,296	722,721	1,669,517
Stock-based compensation	212,456	92,972	595,710	423,221
Foreign exchange	(61,248)	122,176	(232,618)	211,153
Restructing cost	225,000	-	225,000	-
Financing costs	-	(80,000)	-	-
Government subsidy	-	44,681	-	-
Recovery of contingent liability	-	(2,332,702)	-	(2,332,702)
Adjusted EBITDA	**$ 1,436,089**	**$ 348,423**	**$ 1,310,813**	**$ (28,811)**

During the three and twelve months ended December 31, 2024, the Company generated positive Adjusted EBITDA due to increased revenue and margins offset by the ongoing investment to commercialize the TRUSense Gateway, which was completed during the year and is ready for commercialization.

[1] – See Non-IFRS and Other Financial Measures

SUMMARY OF QUARTERLY FINANCIAL INFORMATION

The Company's quarterly operating results have fluctuated in the past and are not necessarily indicative of the results for any future quarter. Selected quarterly information of the Company's results are summarized below:

	Three months ended December 31, 2024	Three months ended September 30, 2024	Three months ended June 30, 2024	Three months ended March 31, 2024	Three months ended December 31, 2023	Three months ended September 30, 2023	Three months ended June 30, 2023	Three months ended March 31, 2023
Revenue	$ 12,589,099	$ 11,588,961	$ 10,737,719	$ 9,395,449	$ 10,370,092	$ 10,143,287	$ 11,220,916	$ 10,412,687
Gross Profit	6,593,934	6,544,769	5,871,949	5,011,168	5,327,437	5,424,666	6,243,604	4,862,709
Operating income (loss)	569,626	72,487	(700,004)	(1,204,251)	(119,007)	(503,810)	(407,278)	(1,256,507)
Income (loss) for the period	289,459	(361,358)	(1,001,103)	(1,554,718)	1,690,831	(797,319)	(941,659)	(1,637,050)
Earnings (loss) per share (diluted)	0.01	(0.01)	(0.02)	(0.03)	0.04	(0.02)	(0.02)	(0.04)
Adjusted EBITDA	1,436,089	584,549	(173,715)	(536,110)	348,423	63,220	251,165	(691,619)
Cash	13,219,309	10,305,171	11,408,237	5,398,843	5,153,698	4,208,294	4,944,416	8,211,947
Adjusted Working Capital	$ 7,364,350	$ 6,998,052	$ 7,076,650	$ 1,971,805	$ 3,029,413	$ 2,570,963	$ 2,136,099	$ 3,362,870

LIQUIDITY AND CAPITAL RESOURCES

Capital Management

The Company's capital management objective is to ensure that the Company is capitalized in a manner which appropriately supports working capital needs, business expansion and other strategic objectives to maximize shareholder value. The Company's capital management practices are focused on preserving the quality of its financial position and the Company regularly assesses its capital management practices in response to changing economic conditions and requirements of its financial covenants.

Cash, Restricted Cash, and Adjusted Working Capital

Cash as of December 31, 2024, increased to $13.2 million from $5.2 million as of December 31, 2023 as a result of the May 2024 Financing and the release of restricted cash related to collateral for a surety performance insurance bond.

Restricted cash in the comparative period pertained to collateral for a letter of credit facility that was associated with a surety performance insurance bond in connection with a key customer contract. The Company satisfied its performance obligations during the year, resulting in the release of the surety performance insurance bond and the restricted cash to Tantalus.

The Company had Adjusted Working Capital[1] as follows:

Adjusted Working Capital		**December 31, 2024**		**December 31, 2023**
Total current assets	$	29,890,749	$	21,798,349
Less: current liabilities		(27,740,177)		(27,268,936)
		2,150,572		(5,470,587)
Add: Line of Credit - current portion		3,679,000		8,500,000
Add: Term Loan - current portion		1,534,778		-
Adjusted Working Capital	**$**	**7,364,350**	**$**	**3,029,413**

Adjusted Working Capital[1] as of December 31, 2024, increased from December 31, 2023, primarily due to the May 2024 Financing, increased Adjusted EBITDA[1], and a partial repayment of the Line of Credit during the year.

Loans

Comerica Line of Credit

The Company has a loan agreement with Comerica Bank ("Comerica") to fund ongoing working capital requirements (the "Line of Credit") which the Company has renewed periodically since April 2012. The facility consists of a secured line of credit up to a maximum of $8,500,000 subject to a borrowing base calculation equal to the aggregate of a percentage of eligible receivables and inventory, which had a carrying value of $14.8 million as at December 31, 2024. The Company had a balance outstanding on its Line of Credit as at December 31, 2024 of $3,679,000 ($8,500,000 as of December 31, 2023). The facility bears interest at Comerica's prime rate plus 2.00% per annum, payable monthly and matures on June 30,

[1] – See Non-IFRS and Other Financial Measures

2025. The average interest rate during the year ended December 31, 2024 for the Line of Credit was 10.27% (December 31, 2023: 10.23%). The facility is subject to the following covenants: i) a minimum cash balance of $3.5 million at all times; ii) a minimum trailing six-month EBITDA balance in excess of amounts set by the lender from time to time; and (iii) a minimum liquidity ratio of 1.25x. As of December 31, 2024, the Company was in compliance with its financial covenants relating to the Line of Credit facility.

Export Development Canada ("EDC") Term Loan

On June 29, 2023, the Company entered into a $7,000,000 loan agreement ("Term Loan") with Export Development Canada ("EDC") with a delayed draw option up to eighteen months after the loan commencement date. The Term Loan has a six-year term with interest payable on a monthly basis during the initial 18 months with amortized principal and interest repayments through the remainder of the term and matures on June 29, 2029. On July 20, 2023, the Company borrowed $3,000,000 under this facility for working capital purposes and, in December 2024, the Company borrowed an additional $4,000,000 under this facility and used the proceeds to pay down its Line of Credit. The balance outstanding as at December 31, 2024 was $7,000,000 ($3,000,000 as at December 31, 2023). The Term Loan bears interest at United States prime interest rate plus 5.00% per annum and the average interest rate during the year ended December 31, 2024 was 13.27% (December 31, 2023: 13.50%). In conjunction with the Term Loan, the Company incurred financing expenses of $122,500 during the year ended December 31, 2023, which have been netted against the fair value of the loan and amortized over the term of the loan as finance expenses using the effective interest rate method, in accordance with IFRS 9. The Term Loan is secured by a general security agreement over the present and future assets of the Company and ranks second behind liens in favor of Comerica. As of December 31, 2024, the Company was in compliance with its bank covenants relating to the Term Loan. At December 31, 2025, a debt service covenant will be added to this facility.

Changes in Operating, Investing and Financing Cash Flows

Cash provided by:	**Three months ended December 31, 2024**	**Three months ended December 31, 2023**	**Twelve months ended December 31, 2024**	**Twelve months ended December 31, 2023**
Operating activities	$ 3,333,070	$ 131,236	$ 2,637,602	$ (839,724)
Investing activities	(248,204)	(38,417)	(409,299)	(269,361)
Financing activities	(183,208)	844,941	5,857,136	403,688
Effect of foreign exchange on cash	12,480	7,644	(19,828)	8,181
Increase (decrease) in cash	**$ 2,914,138**	**$ 945,404**	**$ 8,065,611**	**$ (697,216)**

The Company generated positive cash flows during the three and twelve months ended December 31, 2024 as a result of higher cash flows from operations arising from increased revenues and EBITDA, positive working capital changes, and higher cash flows from financing from the May 2024 Financing. This was offset by higher capital expenditures to support operations.

EQUITY

As of March 18, 2025 and December 31, 2024, the following securities were outstanding:

	March 18, 2025	December 31, 2024
Shares	50,845,942	50,845,942
Stock options	8,937,604	8,043,435
Restricted stock units	514,405	514,405
Warrants	353,514	353,514

Equity Financing

The Company completed a bought deal financing on May 23, 2024, by issuing an aggregate of 6,250,000 common shares at a price of CAD$1.60 per common share for total gross proceeds of $7,295,720 (CAD$10.0 million) (the "May 2024 Financing"). The May 2024 Financing consisted of 4,937,500 common shares issued pursuant to the listed issuer financing exemption for gross proceeds of CAD$7,900,000 (the "LIFE Tranche"). In addition, the Company concurrently completed a brokered private placement of 1,312,500 common shares on the same terms as the LIFE Tranche, for gross proceeds of CAD$2,100,000 (the "Concurrent Private Placement Tranche").

The Company paid a fee to the underwriters comprised of (i) a cash fee equal to 6.0% of the aggregate gross proceeds of the May 2024 Financing ("Underwriting Fee"), and (ii) an aggregate number of compensation warrants ("Compensation Warrants") equal to 6.0% of the aggregate number of common shares issued as part of the May 2024 Financing. Each Compensation Warrant was exercisable to acquire one common share at an exercise price equal to CAD$1.60 (for Compensation Warrants issued pursuant to the LIFE Tranche) or CAD$1.71 (for Compensation Warrants issued pursuant to the Concurrent Private Placement Tranche) for a period of 24 months from the closing date of the May 2024 Financing. Each of the Underwriting Fee payable and Compensation Warrants issuable to the underwriters was reduced to 3.0% with respect to certain purchasers identified on the Company's president's list and no Underwriting Fee or Compensation Warrants were paid in connection with sales completed to any U.S. purchasers on the Company's president's list.

		May 2024 Financing
Gross financing proceeds	$	7,295,720
Total financing costs		(855,674)
Net financing proceeds	**$**	**6,440,046**

The following table shows the total proceeds with estimated use of proceeds for the May 2024 Financing compared with the actual use of proceeds as of December 31, 2024:

May 2024 Financing (in US$)		Estimated Use of Proceeds		Use of Proceeds at at December 31, 2024		Variance
Research and development activities pertaining to new product initiatives	$	1,091,562	$	1,918,204	$	(826,642)
Sales and business development activities		4,730,103		2,534,000		2,196,103
General corporate purposes and working capital		618,381		1,987,842		(1,369,461)
Total	**$**	**6,440,046**	**$**	**6,440,046**	**$**	**-**

The increase in R&D expenses were due to costs incurred to obtain various certifications for the TRUSense Gateway. Sales and marketing expenses were lower due to timing of expenses, which are expected to increase over the coming months.

CONTRACTUAL OBLIGATIONS

The Company has the following commitments as of December 31, 2024:

Contractual Obligations		Total		Less than 1 year		1 - 5 years		After 5 years
Accounts Payable and accrued liabilities	$	15,628,776	$	15,628,776	$	-	$	-
Line of credit		3,679,000		3,679,000		-		-
Term loan		6,906,501		1,534,778		5,371,723		-
Lease liabilities		4,521,325		706,614		3,814,711		-
Total Contractual Obligations	**$**	**30,735,602**	**$**	**21,549,168**	**$**	**9,186,434**	**$**	**-**

In the ordinary course of business, the Company enters into purchase order commitments for the delivery of its products pertaining to existing and anticipated customer orders over the next twelve months from its primary vendors. As of December 31, 2024, the Company had outstanding purchase order commitments of $18,596,202 (December 31, 2023: $12,575,340).

Facilities

Tantalus leases three office locations across North America from third parties as follows:

Location	Square footage	Expiry date
Norwalk, CT, United States	800	January 1, 2026
Raleigh, NC, United States	5,602	October 31, 2027
Burnaby, BC, Canada	32,000	January 31, 2029

OTHER ITEMS

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements other than as disclosed in the Company's Annual Financial Statements.

Transactions with Related Parties

Related parties are comprised of the Company's key management. The remuneration of key management of the Company for the three and twelve months ended December 31, 2024, and December 31, 2023, are as follows:

	Three months ended December 31, 2024	Three months ended December 31, 2023	Twelve months ended December 31, 2024	Twelve months ended December 31, 2023
Salary and benefits	$ 718,699	$ 448,901	$ 2,359,592	$ 1,846,762
Share-based compensation	96,914	46,750	270,869	197,280
Total	**$ 815,613**	**$ 495,651**	**$ 2,630,461**	**$ 2,044,042**

Prior year comparable figures have been adjusted to account for variable compensation. As part of the May 2024 Financing, certain insiders of the Company participated in the May 2024 Financing and purchased and paid for an aggregate of 224,300 common shares for cash consideration of CAD$358,880.

Exchange Rates

Conversion	Three months ended December 31, 2024	Three months ended December 31, 2023	Twelve months ended December 31, 2024	Twelve months ended December 31, 2023
CAD $1.00 Income statement	$ 0.7154	$ 0.7342	$ 0.7302	$ 0.7410
CAD $1.00 Balance sheet	n/a	n/a	$ 0.6950	$ 0.7561

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Financial instruments are measured at amortized cost or fair value. Fair value represents the estimated amounts at which financial instruments could be exchanged between knowledgeable and willing parties in an arm's length transaction. Determining fair value requires management judgment. The following financial instruments are all measured at amortized cost. The fair value of each approximates the carrying value due to their short-term nature.

	December 31, 2024	December 31, 2023
Financial Assets		
Cash	$ 13,219,309	$ 5,153,698
Restricted cash	$ -	$ 673,474
Accounts receivable	$ 10,011,018	$ 7,870,573
Financial Liabilities		
Accounts payable and accrued liabilities	$ 15,628,776	$ 13,727,801
Line of credit	$ 3,679,000	8,500,000
Term loan	$ 6,906,501	$ 2,885,723

Disclosures relating to exposure to risks, in particular credit risk, liquidity risk, foreign currency risk, and interest rate risk are provided below.

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's financial instruments that are exposed to concentrations of credit risk are primarily trade receivables. Accounts receivable primarily consist of trade accounts receivable from utilities companies which have low risk of default. With respect to accounts receivables, the Company engages EDC to perform ongoing credit evaluations of a customer's financial condition and requires letters of credit or other guarantees whenever deemed necessary.

The Company continues to scale the business without customer concentration risk. No customer represented more than 10% of total revenues for the three and twelve months ended December 31, 2024, and 2023.

Aging analysis of trade receivables is as follows:

		December 31, 2024		December 31, 2023
Current	$	1,222,211	$	3,815,709
31-90 days		7,280,997		1,645,955
91-180 days		281,479		1,135,488
Over 180 days		1,226,331		1,273,421
Total	**$**	**10,011,018**	**$**	**7,870,573**

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company constantly monitors its operations and cash flows to ensure that current and future obligations will be met when due.

The maturities of the Company's financial liabilities are as follows:

		December 31, 2024
Less than 90 days:		
Accounts payable and accrued liabilities	$	15,628,776
Less than one year:		
Line of credit (see Note 12 Loans)	$	3,679,000
Term Loan (see Note 12 Loans)	$	1,534,778
Greater than one year:		
Term Loan (see Note 12 Loans)	$	5,371,723

Foreign Currency Risk

Although substantially all of the Company's revenues are received in U.S. dollars, the Company incurs operating costs primarily attributable to its services business and has outstanding trade and other payables denominated in Canadian dollars. Fluctuations in the exchange rates between these currencies could have a material effect on the business, financial condition and results of operations.

The Company maintains certain financial instruments, inclusive of a portion of its cash, in Canadian dollars which are translated to its U.S. dollar functional currency resulting in an unrealized foreign exchange gain or loss. The Company does have exposure to the impact of foreign exchange fluctuations pertaining to its financial position as at December 31, 2024 and December 31, 2023. With all other variables remaining constant, a 10% change of the Canadian dollar versus the U.S. dollar would have had an impact of $111,316 for the year ended December 31, 2024, and an impact of $79,262 for the year ended December 31, 2023.

Interest Rate Risk

All of the Company's financial assets are non-interest bearing except for cash which generates interest at market rates. The Line of Credit facility bears interest at a floating rate based on the bank’s prime rate and had a balance of $3,679,000 as of December 31, 2024, and $8,500,000 as of December 31, 2023. A potential percentage change in the bank’s prime rate of 1.00% would have an impact of $36,790 for the period ended December 31, 2024, and $85,000 for the year ended December 31, 2023, on the annual interest expense pertaining to this Line of Credit facility.

The Term Loan bears interest at the United States prime interest rate plus 5.00% per annum and had a balance of $7,000,000 as of December 31, 2024, and $3,000,000 as of December 31, 2023. A potential percentage change in the United States’ prime rate of 1.00% would have an impact of $70,000 for the period ended December 31, 2024, and $30,000 for the year ended December 31, 2023, on the annual interest expense pertaining to this loan.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company prepares its Annual Financial Statements in accordance with IFRS. In the preparation of these financial statements, Tantalus is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, costs and expenses and related disclosures. To the extent that there are material differences between these estimates and actual results, the Company’s financial condition or results of operations would be affected. Tantalus bases its estimates on experience and other assumptions that we believe are reasonable under the circumstances and re-evaluates these estimates on an ongoing basis.

a) Revenue Recognition

The Company’s revenues are derived through two operating segments, including:

- The Connected Devices Segment. This segment is responsible for the sale of the Company’s proprietary edge computing modules that are integrated into multiple devices deployed across a utility’s distribution grid including meters, sensors, street lighting fixtures and distribution automation equipment. Revenue generated from this segment also includes the sale of the Company’s proprietary multi-relay load control switches and a suite of communications infrastructure devices that are deployed to deliver an industrial network-of-things / internet-of-things smart grid including base stations, repeaters and collectors; and
- The Software Segment. This segment is responsible for the sale of the Company’s proprietary mission-critical software applications and a suite of professional services to support utilities. Revenue is generated from this segment through the sale of software licenses, hosting services, subscriptions, SaaS offerings, professional services (including project management, deployment, installation and engineering support), and post-contract technical support and annual software maintenance services (“PCS”).

Revenue from the sale of the Company's Connected Devices network products and Software licenses is recognized at a point in time when control of the hardware products and software is transferred to the customer, primarily upon delivery on a freight on board basis upon shipment or providing access to the customer.

Installation services are for the installation of the Company's Connected Devices network products and Software. Engineering services are primarily consulting, implementation and integration services entered into either on a time and materials or fixed fee basis. Revenue from installation and engineering services is recognized over time, using the input method to measure progress towards complete satisfaction of the service.

Revenue from PCS is recognized rateably over the term of the PCS. Any unrecognized revenue is recorded in deferred revenue.

The Company recognizes revenue when it satisfies performance obligations under the terms of its contracts, and control of its products is transferred to its customers in an amount that reflects the considerations the Company expects to receive from its customers in exchange for those products.

The Company determines revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, the Company satisfies a performance obligation.

The Company's contracts often include a number of promised goods or services. Many of the Company's goods and services are distinct from other performance obligations and accounted for as separate performance obligations. When an arrangement involves multiple products and is negotiated as a package solution, the Company accounts for it as a single performance obligation. A good or service is distinct if the customer can benefit from it on its own or together with other components of the Company's products, and the Company's promise to transfer the good or service is separately identifiable from other promises in the contractual arrangement with the customer. In determining the transaction price of contract with a customer, the Company considers the effects of consideration payable by the customer. If a contract has more than one performance obligation, the Company allocates the total transaction price to each performance obligation in an amount based on estimated relative standalone selling prices of the goods and services.

(b) Going Concern

Management has applied judgment in the assessment of the Company's ability to continue as a going concern when preparing its Annual Financial Statements. Management prepares the consolidated financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management considers a wide range of factors relating to expected future cash flows from operations and sources of financing.

(c) Goodwill

The Company's non-financial assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. Impairment tests are carried out annually for goodwill or when an indicator of impairment is identified.

An impairment loss is charged to the statement of operations if an asset's carrying amount exceeds its recoverable amount. The recoverable amount is calculated based on the higher of its fair value less direct costs to sell and its value in use.

Fair value is determined as the amount that would be obtained from the sale, net of direct selling costs, of the asset in an arm's length transaction between knowledgeable and willing parties. Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset.

For purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (a cash generating unit or "CGU"). Goodwill is allocated to a CGU or group of CGU's expected to benefit from it.

Impairment losses recognized for a CGU are first allocated to reduce the carrying amount of goodwill, if any, assigned to the CGU, and then to amounts of the other assets in the CGU on a pro-rata basis, to the extent that the carrying value of an asset exceeds the higher of its fair value and value in use.

An impairment loss recorded against goodwill is not reversed.

Disclosure of Accounting Policies

Classification of Debt with Covenants as Current or Non-Current (Amendments to IAS 1)

The IASB has published Non-Current Liabilities with Covenants (Amendments to IAS 1) which clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments:

- Specify that if the right to defer settlement for at least twelve months is subject to an entity complying with conditions after the reporting period, then those conditions would not affect whether the right to defer settlement exists at the end of the reporting period for purposes of classifying a liability as current or non-current;
- Clarify that for non-current liabilities subject to conditions, an entity is required to disclose information about the conditions, whether the entity would comply at the reporting date, and whether the entity expects to comply with the conditions by the date they are contractually required to be tested; and
- Require that an entity present separately in its statement of financial position 'non-current liabilities subject to conditions in the next twelve months'.

This amendment is effective for annual periods beginning on or after January 1, 2024. The adoption of this amendment has had no impact on the Company for the current year.

New Standards Issued but Not Yet Effective

Standards and amendments issued but not yet applicable to the Company's financial statements are listed below. This listing of standards and amendments issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date.

i. Lack of Exchangeability

Under IAS 21 The Effects of Changes in Foreign Exchange Rates, an entity is required to apply a consistent approach to assessing whether a currency is exchangeable into another currency. The amendment provides for the rare cases when it is not possible for one currency to be exchanged into another (such as imposition of government controls that prevent official exchange rates to be relied upon), to determine the exchange rate to use and the disclosures to provide in the event of the lack of exchangeability.

The amendment to IAS 21 is effective for annual periods beginning on or after January 1, 2025. The adoption of this amendment is not expected to have a material impact on the Company.

ii. *IFRS 18 – Presentation and Disclosure in Financial Statements*

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, narrow-scope amendments have been made to IAS 7 *Statement of Cash Flows*, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after January 1, 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The Company is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

SUBSEQUENT EVENTS

- *Expansion of Leadership Team for next phase of growth*: In January 2025, Azim Lalani was appointed Chief Financial Officer and, in February 2025, Christopher Allen was appointed Chief Operating Officer and Executive Vice President of Solution Strategy.

- *Qualification for the OTCQX® Best Market to increase visibility and enhance liquidity*: In February 2025, Tantalus began trading on the OTCQX® Best Market under the ticker TGMPF.

INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have designed or caused to be designed under their supervision, disclosure controls and procedures ("DC&P") which provide reasonable assurance that (i) material information relating to the Company is made known to them by others within the Company, and (ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

In addition, the CEO and CFO have designed or caused to be designed under their supervision internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The control framework the CEO and CFO used to design the Company's ICFR is the Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) (the "COSO Framework").

As required by Multilateral Instrument 52-109 issued by the Canadian Securities Administrators, an evaluation of the effectiveness of the Company's DC&P as of December 31, 2024, was carried out. The evaluation was carried out under the supervision of, and with the participation of, the CEO and CFO. Based on this evaluation, the CEO and CFO concluded that the Company's DC&P were effective as of December 31, 2024.

As required by Multilateral Instrument 52-109 issued by the Canadian Securities Administrators, an evaluation of the effectiveness of the Company's ICFR as of December 31, 2024, was carried out. The evaluation was carried out within the criteria set forth by the COSO Framework and under the supervision of, and with the participation of, the CEO and the CFO. Based on this evaluation, the CEO and CFO concluded that the Company's ICFR were effective as of December 31, 2024.

There were no changes in the Company's ICFR during the year ended December 31, 2024, that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that its objectives are met. Due to inherent limitations in all such systems, no evaluations of controls can provide absolute assurance that all control issues, if any, within a company have been detected.

RISK FACTORS

Tantalus faces a variety of risks which are inherent to the nature of the business. Please refer to the Company's Annual Information Form for a description of these risk factors, available on SEDAR+ at www.sedarplus.com.