# TANTALUS SYSTEMS HOLDING INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

**August 5, 2026**

***For the three and six months ended June 30, 2026 and 2025***

## 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 the Company's financial condition and financial performance, including liquidity and capital resources, as at and for the three and six months ended June 30, 2026 compared with the three and six months ended June 30, 2025. The information in this MD&A is current as of August 5, 2026, and should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2026 and 2025 and notes thereto ("Interim Financial Statements") and the audited consolidated financial statements for the years ended December 31, 2025 and 2024 and notes thereto ("Annual Financial Statements"). Additional information relating to Tantalus including periodic quarterly reports and the AIF (as defined below) is available at www.sedarplus.ca.

The Company's Interim Financial Statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent 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.

All amounts are presented in United States ("U.S.") dollars which is the functional currency of the Company and all amounts in the tables are reported in thousands of U.S. dollars, except share and per share information, unless otherwise noted.

This MD&A was approved by the Company's Board of Directors, upon recommendation of the Audit Committee, for release on August 5, 2026.

## 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 income (loss) or to cash provided by (used in) operating, investing, financing activities, determined in accordance with IFRS, as indicators of our performance.

We provide these additional non-IFRS financial 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. This MD&A refers to the following non-IFRS financial measures, non-IFRS ratios and supplementary financial measures:

a) "EBITDA" represents income (loss) adjusted for 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" represents income (loss) adjusted for interest, income tax, depreciation, amortization, share-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.

c) "Adjusted Operating Expenses" is comprised of operating expenses less depreciation and amortization, share-based compensation and restructuring costs. Beginning in the second quarter of 2026, the Company also excludes restructuring costs from Adjusted Operating Expenses, as these expenses are not representative of ongoing operating expenses. Management believes that Adjusted Operating Expenses are a useful indicator for investors and uses this measure in evaluating the operating profile of the Company.

d) "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.

e) "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.

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

g) "Liquidity" is the Company's cash balance plus available borrowing capacity under its line of credit facility.

## 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 such as those relating to the ability of Tantalus' solutions to support utilities' grid modernization efforts, the processing of refund claims related to import tariffs, the Company's plans, objectives, strategy and expectations for its business, results of operations and financial condition, the adoption of the Company's solutions by customers in accordance with the Company's ordinary business practices and terms, and the anticipated risks, including economic and geopolitical matters, to the business operations of the Company and its customers.

In connection with the forward-looking information contained in this MD&A, we have made numerous assumptions, regarding, among other things: increasing demand for the Company's solutions in support of utilities' grid modernization efforts, the commercialization and adoption of the TRUSense Gateway™, its ability to capitalize on growth opportunities and implement its growth strategy, its ability to retain key personnel, its ability to maintain existing customer relationships and to continue to expand its customers' use of the Company's products and solutions, its ability to acquire new customers, its ability to enhance the Company's offerings to remain at the forefront of its industry, the impact of competition, the successful integration of future acquisitions, the impact of tariffs and any changes to tariffs on the Company's business and financial condition, the ability of the Company to execute on its plans, the absence of material adverse changes in the Company's business, its industry or the global economy; and that the risks and uncertainties described under the "Risk Factors" section of Tantalus' Annual Information Form dated March 27, 2026 ("AIF") 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. A complete discussion of the risks and uncertainties facing Tantalus is disclosed under the heading "Risk Factors" in the Company's AIF, as well as those risk factors included with Tantalus' continuous disclosure filings with Canadian securities regulatory authorities available at www.sedarplus.ca.

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 a grid modernization platform across multiple levels: intelligent connected devices, communications networks, data management, enterprise 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.

## 2026 SECOND QUARTER HIGHLIGHTS

- *Revenue:* The Company set a new quarterly record by generating $15.4 million of revenue, reflecting 18% year-over-year growth. Connected Devices and Infrastructure ("Connected Devices") revenue increased by $1.6 million and Utility Software Applications & Services ("Software and Services") increased by $0.8 million. The strong result was driven by adding new utilities to the Company's user community and expanding deployments with existing customers.

- *Recurring Revenue*[1]*:* Recurring Revenue[1] generated during the period increased to $3.6 million and represented 23% of total revenue in the quarter. The increase continues to validate the Company's operating model with the activation of Connected Devices triggering recurring revenue through the life of a grid modernization deployment.

- *Annual Recurring Revenue ("ARR")*[1] *Growth*: ARR[1] increased by approximately 13% year over year to another record-high level of $15.0 million as of June 30, 2026.

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

- *Sales Order Conversion*: During Q2 2026, the Company converted $9.9 million of orders from its sales pipeline. For the first six months of 2026, total orders converted were $29.5 million, reflecting a year-to-date book-to-bill ratio of 0.97x, measured against the Company's highest first half revenue on record. This ratio is consistent with management's experience of utility budget cycles and contract approvals, rather than a change in underlying demand. The Company continues to see durable demand supported by a growing, qualified pipeline of opportunities across both operating segments.
- *Growth of User Community*: The Company added five new utilities during the quarter, bringing the number of new utilities through the first six months of 2026 to eight in total. The Company continues to demonstrate its ability to convert new accounts from its sales pipeline, with eight additional utilities currently in a contracting process with the Company.
- *Gross Profit and Gross Profit Margin:* Gross Profit improved to $8.5 million, and Consolidated Gross Profit Margin was 54.9%. The favorable results were driven by the mix of Connected Devices shipped during the quarter and strong contributions from software license revenue.
- *Adjusted EBITDA[1]:* The Company delivered positive Adjusted EBITDA[1] of $690,000, reflecting an increase of 35% over the prior year period. The increase reflects the operating leverage within the Company's business model.
- *Cash Flow from Operating Activities:* Cash Flow from Operating Activities reflected a cash outflow of approximately $5.7 million, driven primarily by working capital investments. These investments included approximately $2 million in inventory balances to proactively secure supply for key components amid selective cost and capacity constraints within the supply chain, and approximately $2.7 million related to the seasonal movement in deferred revenues. The Company expects the majority of the investment in inventory to support deployments in the second half of 2026 and into early 2027.
- *Liquidity[1]:* As of June 30, 2026, Tantalus had available liquidity of approximately $41.3 million consisting of a cash balance of $29.3 million and borrowing availability of $12.0 million under its line of credit. Subsequent to quarter-end, on July 6, 2026, the Company fully repaid the EDC Term Loan (see amended loan facility and repayment of EDC Term Loan below).

## OTHER DEVELOPMENTS

- *TRUSense Gateway™ Progress*: As of the date of this news release, the number of utilities placing orders for the TRUSense Gateway™ increased to 77. Of these utilities, 37 are now beyond the pilot phase and approximately 30% are new to Tantalus' user community. With approximately 6,200 TRUSense Gateways™ shipped to date, the Company continues to validate its first-mover advantage and differentiated approach that is securing additional opportunities.
- *Amended loan facility and repayment of EDC Term Loan:* On June 26, 2026, the Company amended its loan facility, which now provides aggregate commitments of up to $20.0 million, comprising of a $12.0 million revolving credit facility, a new $3.5 million term loan ("New Term Loan"), and $4.5 million in letters of credit capacity. Subsequent to quarter-end, on July 6, 2026,

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

the Company fully repaid the outstanding balance of the EDC Term Loan of approximately $6.0 million plus accrued interest (see Subsequent Events).

- *Launch of TRUGrid™ Verify and TRUGrid™ Advantage*: On May 12, 2026, the Company announced the launch of TRUGrid™ Verify, an AI-enabled analytics application that identifies and eliminates hidden errors in GIS and AMI data. The Company also launched TRUGrid™ Advantage, a dedicated managed service offering to support the deployment of Tantalus' suite of analytics solutions. Both offerings have customers actively leveraging these new capabilities.

## SUMMARY OF IFRS RESULTS AND NON-IFRS MEASURES[1]

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | **2026** | **2025** | **2026** | **2025** |
| Revenue | $ 15,420 | $ 13,088 | $ 30,513 | $ 24,992 |
| Cost of sales | 6,953 | 6,147 | 14,156 | 11,545 |
| Gross Profit | 8,467 | 6,941 | 16,357 | 13,447 |
| *Gross Profit Margin* | *55%* | *53%* | *54%* | *54%* |
| | | | | |
| Operating expenses | 9,331 | 7,144 | 17,236 | 13,993 |
| Operating loss | (864) | (203) | (879) | (546) |
| Other expenses | (14) | (668) | (337) | (976) |
| Loss before income taxes | (878) | (871) | (1,216) | (1,522) |
| Income tax expense | 127 | 32 | 194 | 32 |
| Loss for the period | $ (1,005) | $ (903) | $ (1,410) | $ (1,554) |
| Loss per share (basic and diluted) | $ (0.02) | $ (0.02) | $ (0.03) | $ (0.03) |
| Weighted average shares outstanding: | | | | |
| Basic and diluted | 56,473,418 | 51,077,976 | 55,319,966 | 50,963,641 |
| | | | | |
| **Non-IFRS Measures** | | | | |
| Adjusted EBITDA [1] | $ 690 | $ 510 | $ 1,440 | $ 828 |
| *Adjusted EBITDA Margin* [1] | 4% | 4% | 5% | 3% |

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

## Revenue

| *Revenue by Segment* | Three months ended June 30, 2026 | % of Rev | 2025 | % of Rev | Six months ended June 30, 2026 | % of Rev | 2025 | % of Rev |
|---|---|---|---|---|---|---|---|---|
| Connected Devices | $ 10,419 | 68% | $ 8,857 | 68% | $ 20,815 | 68% | $ 16,646 | 67% |
| Software and Services | 5,001 | 32% | 4,231 | 32% | 9,698 | 32% | 8,346 | 33% |
| **Total revenue** | $ 15,420 | 100% | $ 13,088 | 100% | $ 30,513 | 100% | $ 24,992 | 100% |

Revenue increased for the three and six months ended June 30, 2026 as a result of continued growth of the business across both operating segments.

| *Revenue by Type* | Three months ended June 30, 2026 | 2025 | Six months ended June 30, 2026 | 2025 |
|---|---|---|---|---|
| Recurring Revenue | $ 3,580 | $ 3,219 | $ 7,147 | $ 6,283 |
| As % of Software and Services Segment | 72% | 76% | 74% | 75% |
| As % of Total Revenues | 23% | 25% | 23% | 25% |

Recurring Revenue[1] increased for the three and six months ended June 30, 2026 reflecting the continued expansion of the Company's base of deployed Connected Devices and growing suite of software and data analytics offerings. Recurring Revenue as a percentage of total revenue declined slightly in the current quarter and year to date as a result of higher total revenue and the introduction of the TRUSense Gateway™. As a percentage of Software and Services revenue, Recurring Revenue[1] declined to 72% during the quarter due to the activation of software licenses at the commencement of new deployments.

ARR[1] grew by approximately 13% to $15.0 million as of June 30, 2026 (June 30, 2025: $13.3 million) reflecting a growing number of utilities activating and expanding deployments of the Company's data-centric solutions.

The geographic breakdown of revenue by customer location is shown below:

| | Three months ended June 30, 2026 | % of Rev | 2025 | % of Rev | Six months ended June 30, 2026 | % of Rev | 2025 | % of Rev |
|---|---|---|---|---|---|---|---|---|
| United States (1) | $ 15,379 | 99.7% | $ 13,030 | 99.6% | $ 30,349 | 99.5% | $ 24,745 | 99.0% |
| Canada (2) | 41 | 0.3% | 58 | 0.4% | 164 | 0.5% | 247 | 1.0% |
| | $ 15,420 | 100.0% | $ 13,088 | 100.0% | $ 30,513 | 100.0% | $ 24,992 | 100.0% |

1 - United States includes revenues attributed to the US Virgin Islands located in the Caribbean basin.

2 - Canada includes revenue attributed to Belize and Guyana.

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

**Gross Profit and Gross Profit Margin**

| Three months ended June 30, 2026 | | Connected Devices | % | | Software and Services | % | | Total | % |
|---|---|---|---|---|---|---|---|---|---|
| Revenue | $ | 10,419 | 100.0% | $ | 5,001 | 100.0% | $ | 15,420 | 100.0% |
| Cost of sales | | 5,861 | 56.3% | | 1,092 | 21.8% | | 6,953 | 45.1% |
| **Gross Profit** | $ | 4,558 | 43.7% | $ | 3,909 | 78.2% | $ | 8,467 | 54.9% |
| | | | | | | | | | |
| Percentage of Total Gross Profit | | 54% | | | 46% | | | 100% | |

| Three months ended June 30, 2025 | | Connected Devices | % | | Software and Services | % | | Total | % |
|---|---|---|---|---|---|---|---|---|---|
| Revenue | $ | 8,857 | 100.0% | $ | 4,231 | 100.0% | $ | 13,088 | 100.0% |
| Cost of sales | | 5,089 | 57.5% | | 1,058 | 25.0% | | 6,147 | 47.0% |
| **Gross Profit** | $ | 3,768 | 42.5% | $ | 3,173 | 75.0% | $ | 6,941 | 53.0% |
| | | | | | | | | | |
| Percentage of Total Gross Profit | | 54% | | | 46% | | | 100% | |

Overall, Gross Profit increased for the three and six months ended June 30, 2026 reflecting continued growth of the business across both operating segments.

Gross Profit Margin for the quarter increased by 190 basis points year over year. Within the Connected Devices segment, margins improved due to the mix of connected devices shipped in the quarter along with lower warranty, customer accommodation and inventory obsolescence provisions. Margins improved in the Software and Services segment due to the activation of headend licenses for new deployments.

| Six months ended June 30, 2026 | | Connected Devices | % | | Software and Services | % | | Total | % |
|---|---|---|---|---|---|---|---|---|---|
| Revenue | $ | 20,815 | 100.0% | $ | 9,698 | 100.0% | $ | 30,513 | 100.0% |
| Cost of sales | | 11,864 | 57.0% | | 2,292 | 23.6% | | 14,156 | 46.4% |
| **Gross Profit** | $ | 8,951 | 43.0% | $ | 7,406 | 76.4% | $ | 16,357 | 53.6% |
| | | | | | | | | | |
| Percentage of Total Gross Profit | | 55% | | | 45% | | | 100% | |

| Six months ended June 30, 2025 | | Connected Devices | % | | Software and Services | % | | Total | % |
|---|---|---|---|---|---|---|---|---|---|
| Revenue | $ | 16,646 | 100.0% | $ | 8,346 | 100.0% | $ | 24,992 | 100.0% |
| Cost of sales | | 9,415 | 56.6% | | 2,130 | 25.5% | | 11,545 | 46.2% |
| **Gross Profit** | $ | 7,231 | 43.4% | $ | 6,216 | 74.5% | $ | 13,447 | 53.8% |
| | | | | | | | | | |
| Percentage of Total Gross Profit | | 54% | | | 46% | | | 100% | |

Gross Profit Margin for the first six months was effectively in line with the prior reporting period.

Within the Connected Devices segment, margins declined nominally, reflecting product mix and the impact of tariffs, partially offset by lower warranty, customer accommodation and inventory obsolescence provisions compared to the prior year. During the period, the TRUSense Gateway™ contributed a lower gross profit margin per device as production continues to ramp up.

Gross Profit Margin in the Software and Services segment increased due to higher software license revenue and higher maintenance revenues.

Excluding the impact of tariffs, Gross Profit Margin on a consolidated basis for the first six months of 2026 would have reached 56.0%. When comparing to the first six months of 2025, it is important to note that Q1 2025 was not impacted by the tariffs which came into effect on April 2, 2025.

## Operating Expenses

| | Three months ended June 30, | | | | Six months ended June 30, | | | |
|---|---|---|---|---|---|---|---|---|
| | 2026 | % of Rev | 2025 | % of Rev | 2026 | % of Rev | 2025 | % of Rev |
| Sales and marketing | $ 3,377 | 22% | $ 2,811 | 21% | $ 6,369 | 21% | $ 5,562 | 22% |
| Research and development | 3,255 | 21% | 1,706 | 13% | 5,532 | 18% | 3,237 | 13% |
| General and administrative | 2,272 | 15% | 2,219 | 17% | 4,488 | 15% | 4,368 | 17% |
| Depreciation and amortization | 427 | 3% | 408 | 3% | 847 | 3% | 826 | 3% |
| **Total expenses** | $ 9,331 | 61% | $ 7,144 | 55% | $ 17,236 | 56% | $ 13,993 | 56% |
| **As a percentage of total revenue** | 61% | | 55% | | 56% | | 56% | |

Sales and marketing expenses consist primarily of salaries and related personnel costs, and include sales commissions, consulting fees, trade show expenses, marketing and branding and advertising costs. The increase for the three and six months ended June 30, 2026 was primarily due to investments in expanding our team, recruiting fees, consulting expenses and share-based compensation.

Research and development expenses consist primarily of salaries and related personnel costs, and include consulting fees, facilities, supplies, and materials related to the development of the Company’s solutions. The increase for the three and six months ended June 30, 2026 was driven mainly by higher headcount and recruiting fees to accelerate the Company’s broader software and analytics capabilities, as well as restructuring costs.

General and administrative expenses include executive and administrative staff compensation, public company costs, office expenses, accounting, legal and consulting fees. Expenses in this category remained broadly consistent with the prior year.

## Adjusted Operating Expenses[1]

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Total expenses | $ 9,331 | $ 7,144 | $ 17,236 | $ 13,993 |
| Depreciation and amortization | (427) | (408) | (847) | (826) |
| Share-based compensation | (775) | (305) | (1,120) | (548) |
| Restructuring costs | (352) | - | (352) | - |
| Adjusted operating expenses [1] | $ 7,777 | $ 6,431 | $ 14,917 | $ 12,619 |
| **As a percentage of total revenue** | 50% | 49% | 49% | 50% |

Adjusted Operating Expenses[1] consist of operating expenses less depreciation and amortization, share-based compensation and restructuring costs. Adjusted Operating Expenses[1] as a percentage of total revenues remained generally consistent with the comparable prior-year periods.

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

### Depreciation and Amortization

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | **2026** | **2025** | **2026** | **2025** |
| Depreciation and amortization | $ 88 | $ 75 | $ 173 | $ 146 |
| Amortization of intangible assets | 194 | 192 | 386 | 385 |
| Amortization of right-of-use assets | 145 | 141 | 288 | 295 |
| **Total depreciation and amortization** | $ 427 | $ 408 | $ 847 | $ 826 |

Depreciation and amortization relate primarily to property and equipment, intangible assets, and right-of-use assets associated with the Company's facility leases and were broadly consistent with prior periods.

### Other Expenses

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | **2026** | **2025** | **2026** | **2025** |
| Foreign exchange gain (loss) | $ 40 | $ (324) | $ (187) | $ (270) |
| Interest income | 193 | - | 338 | - |
| Finance expense | (247) | (360) | (488) | (722) |
| Unrealized gain on loan modification | - | 16 | - | 16 |
| **Total other expenses** | $ (14) | $ (668) | $ (337) | $ (976) |

Foreign exchange gains and losses include both realized and unrealized amounts. The Company maintains certain assets denominated in Canadian dollars, which are translated into its U.S. dollar functional currency, and period-to-period changes reflect fluctuations in foreign exchange rates.

Finance expense consists of interest expense on the EDC Term Loan (as defined below) and Line of Credit facility (as defined below) as well as amortization of deferred finance costs. The decline in finance expense was primarily due to lower debt balances, including full paydown of the Line of Credit balance in April 2025. Interest income reflects returns earned on excess cash balances invested in high-interest savings accounts.

## ADJUSTED EBITDA[1]

Tantalus measures its operating performance by using non-IFRS performance measures such as EBITDA[1] and Adjusted EBITDA[1]. These measures are not defined by IFRS and do not have any standardized meaning prescribed by IFRS. Therefore, these financial measures may not be comparable to similar measures presented by other issuers. The IFRS measurement most comparable to EBITDA[1] and Adjusted EBITDA[1] is income (loss), for which a reconciliation is provided below:

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Loss for the period | $ (1,005) | $ (903) | $ (1,410) | $ (1,554) |
| Interest income | (193) | - | (338) | - |
| Finance expense | 247 | 360 | 488 | 722 |
| Income tax expense | 127 | 32 | 194 | 32 |
| Depreciation and amortization | 427 | 408 | 847 | 826 |
| EBITDA | (397) | (103) | (219) | 26 |
| Share-based compensation | 775 | 305 | 1,120 | 548 |
| Foreign exchange (gain) loss | (40) | 324 | 187 | 270 |
| Restructuring costs | 352 | - | 352 | - |
| Unrealized gain on loan modification | - | (16) | - | (16) |
| **Adjusted EBITDA [1]** | **$ 690** | **$ 510** | **$ 1,440** | **$ 828** |

During the three months ended June 30, 2026, the Company generated positive Adjusted EBITDA[1] of $690,000, reflecting approximately 35% growth over the prior-year period. For the six months ended June 30, 2026, Adjusted EBITDA[1] was $1,440,000, compared to $828,000 in the prior-year period. The improvement was driven by higher revenues and continued strong Gross Profit Margin.

## 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 for the prior eight quarters are summarized below:

| | Three months ended | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Jun 30, 2026 | Mar 31, 2026 | Dec 31, 2025 | Sep 30, 2025 | Jun 30, 2025 | Mar 31, 2025 | Dec 31, 2024 | Sep 30, 2024 |
| Revenue | $ 15,420 | $ 15,093 | $ 14,925 | $ 14,197 | $ 13,088 | $ 11,904 | $ 12,589 | $ 11,589 |
| Gross Profit | 8,467 | 7,890 | 8,347 | 7,800 | 6,941 | 6,506 | 6,594 | 6,545 |
| Operating (loss) income | (864) | (15) | 524 | 524 | (203) | (343) | 570 | 73 |
| (Loss) income per share (diluted) | (0.02) | (0.01) | 0.00 | 0.01 | (0.02) | (0.01) | 0.01 | (0.01) |
| Adjusted EBITDA [1] | $ 690 | $ 750 | $ 1,335 | $ 1,197 | $ 510 | $ 317 | $ 1,436 | $ 585 |
| Cash | 29,272 | 31,937 | 12,618 | 9,817 | 11,175 | 15,937 | 13,219 | 10,305 |

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

- As reflected in the quarterly information above, the Company continued its trend of scaling revenue and delivering positive Adjusted EBITDA[1] after investing and expensing approximately $15.1 million over a three-year period to develop and commercialize the TRUSense Gateway™.
- On the trailing twelve-month basis ended June 30, 2026, the Company delivered a record amount of revenue at $59.6 million and approximately $4.0 million of Adjusted EBITDA[1], reflecting a 6.7% Adjusted EBITDA Margin[1]. Over the same period, operating cash flow was approximately $1.1 million.
- Year over year, the increased cash balance for the three-month period ended March 31, 2026 was attributable primarily to cash proceeds from the February 2026 Financing, supplemented by improved operating performance.

## 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 position in response to changing economic conditions and requirements of its financial covenants.

### Cash

Cash as of June 30, 2026 increased to $29.3 million from $12.6 million as of December 31, 2025 primarily as a result of proceeds received from the February 2026 Financing.

### Working Capital

Working Capital as of June 30, 2026 was $21.5 million compared to $3.4 million as of December 31, 2025. The improvement in working capital was due to cash proceeds from the February 2026 Financing. Working capital fluctuates from quarter-to-quarter, based on factors such as seasonality, strategic purchasing decisions taken by management, and the timing of collections from customers and payments made to suppliers.

| | | **June 30, 2026** | | **December 31, 2025** |
|---|---|---|---|---|
| Total current assets | $ | 49,647 | $ | 32,446 |
| Less: current liabilities | | (28,187) | | (29,004) |
| **Working Capital** | $ | **21,460** | $ | **3,442** |

Following these movements, the Company's working capital position remains strong. As at June 30, 2026, Tantalus had approximately $41.3 million of liquidity, including $29.3 million in cash and $12.0 million of

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

available borrowing capacity under its revolving credit facility. This liquidity provides flexibility to support ongoing growth initiatives while maintaining a conservative balance-sheet profile.

**Equity Financing**

The Company completed a financing on February 9, 2026 (the "February 2026 Financing"), by issuing an aggregate of 4,299,275 common shares at a price of CAD$5.35 per common share for total gross proceeds of approximately $17.0 million (CAD$23.0 million). The aggregate common shares issued and the total gross proceeds of the February 2026 Financing included the full exercise by the underwriters of an over-allotment option to purchase up to an additional 560,775 common shares for additional gross proceeds from the exercise of the over-allotment option of approximately $2.2 million (CAD$3.0 million).

In accordance with the terms of the underwriting agreement entered into between the Company and the underwriters dated February 4, 2026 in connection with the February 2026 Financing, the Company paid the underwriters a cash fee equal to 6.0% (reduced to 3.0% with respect to certain purchasers identified on the Company's president's list) of the aggregate gross proceeds received by the Company in connection with the offering (the "Cash Commissions"). The underwriters did not receive any Cash Commission in connection with sales completed to any U.S. purchasers on the Company's president's list.

Share issuance costs related to this financing totaled approximately $1.4 million (CAD$1.8 million) inclusive of Cash Commissions of approximately $1.0 million (CAD$1.4 million).

The following table summarizes the total proceeds from the February 2026 Financing, the estimated use of proceeds disclosed at the time of the offering, the actual use of proceeds as of June 30, 2026, and the Company's estimated future use of the remaining proceeds:

| **February 2026 Financing (in US$)** | **Estimated Use of Proceeds** | **Use of Proceeds as at June 30, 2026** | **Estimated Future Use of Proceeds** |
|---|---|---|---|
| Sales and business development activities | $ 6,636 | $ 260 | $ 6,376 |
| General corporate purposes and working capital | 4,438 | 1,806 | 2,632 |
| Partial repayment of Team Loan | 3,568 | - | 3,568 |
| Research and development activities pertaining to new product initiatives | 959 | - | 959 |
| **Total** | **$ 15,601** | **$ 2,066** | **$ 13,535** |

**Loans**

(a) Loan Amendment

On June 26, 2026, the Company amended its loan facility with its lender. The loan facility consists of a Line of Credit facility (defined below), including a letter of credit facility and a New Term Loan (defined below) as follows:

i) Line of Credit Facility

The Line of Credit facility was amended to increase the revolver limit to $12.0 million, extend the maturity date to June 30, 2029, and revise the interest rate to either the bank's prime rate plus 0.75% (previously 1.25%) or Term SOFR plus 1.85% (previously 4.25%), at the Company's election and update the trailing 6-month EBITDA thresholds for 2026.

The Line of Credit facility includes a separate Letter of Credit facility of up to $4.5 million. As at both June 30, 2026 and December 31, 2025, no letters of credit were issued and outstanding and the Company had no amounts drawn on its Line of Credit facility. The minimum trailing 6-month EBITDA covenant threshold as at June 30, 2026 was $500,000.

The Line of Credit facility is subject to a borrowing base calculation which includes eligible accounts receivable, inventory and certain tax credit receivables, subject to specified advance rates and caps under the credit agreement.

ii) New Term Loan

A new secured term loan facility (the “New Term Loan”) was obtained to partially refinance the existing EDC Term Loan. The New Term Loan provides for borrowings of up to $3.5 million in a single draw. Only interest is payable monthly during the first 12 months following the advance date. Thereafter, the principal is repayable in 48 equal monthly instalments plus accrued interest through the contractual maturity date of June 29, 2031. The New Term Loan bears interest at either the bank’s prime rate plus 1.00% or Term SOFR plus 2.10% with the rate to be selected by the Company.

The balance outstanding as at June 30, 2026, excluding deferred finance costs, was $3.5 million. During the period, the Company incurred financing expenses of $35 thousand, which were deducted from the initial carrying amount of the liability and are being amortized as finance expenses over the term of the New Term Loan using the effective interest method in accordance with IFRS 9. The average interest rate during the three months ended June 30, 2026 was 5.73%.

The New Term Loan facility is secured by a general security agreement over the present and future assets of the Company and is subject to the following covenants: (i) a minimum trailing six-month EBITDA balance in excess of amounts set by the lender from time to time; and (ii) a minimum liquidity ratio of 1.25x under certain conditions. At June 30, 2026, the Company was in compliance with its loan facility covenants.

(b) EDC Term Loan

On May 21, 2025, the EDC Term Loan was amended to include the deferral of principal and interest payments for six months, extension of the maturity date by six months and deferral of the testing of the Debt Service Coverage Ratio to December 31, 2026.

The balance outstanding as at June 30, 2026, excluding deferred finance costs, was approximately $6.0 million (December 31, 2025: approximately $6.9 million). The EDC Term Loan bore interest at United States prime interest rate plus 5.00% per annum and the average interest rate during the three and six months ended June 30, 2026 was 11.75% (three and six months ended June 30, 2025: 12.50%). As at June 30, 2026, the Company was in compliance with the EDC Term Loan covenants. On July 6, 2026, the Company repaid the full balance of the EDC Term Loan plus accrued interest with proceeds from the New Term Loan and cash on hand.

**Changes in Operating, Investing and Financing Cash Flows**

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| **Cash provided by:** | **2026** | **2025** | **2026** | **2025** |
| Operating activities | $ (5,708) | $ (758) | $ (1,017) | $ 2,488 |
| Investing activities | (205) | (198) | (293) | (392) |
| Financing activities | 3,134 | (3,830) | 18,184 | (4,164) |
| Effect of foreign exchange on cash | 114 | 24 | (220) | 24 |
| **Decrease in cash** | **$ (2,665)** | **$ (4,762)** | **$ 16,654** | **$ (2,044)** |

For the three months ended June 30, 2026, cash flows from operating activities reflected a use of cash driven by working capital changes, including higher inventory balances and seasonal changes in deferred revenues. Cash flows from financing activities increased, reflecting proceeds received from the New Term Loan and from stock option exercises, compared to the repayment of the Line of Credit facility in the prior year period.

For the six months ended June 30, 2026, cash flows from operating activities were lower year-over-year due to working capital changes, including lower accounts payable and higher inventory balances. Investing cash flows declined due to the timing of capital expenditures. Increases in cash flows from financing activities reflect cash proceeds from the February 2026 Financing and New Term Loan in the current year, compared to the repayment of the Line of Credit facility in the prior year.

## EQUITY

During the six months ended June 30, 2026, 43,330 common shares were issued upon exercise of warrants (six months ended June 30, 2025: 24,422) and 60 warrants expired unexercised on the warrant expiry date of May 23, 2026.

As of August 5, 2026, June 30, 2026 and December 31, 2025, the following number of securities were outstanding.

| | **August 5, 2026** | **June 30, 2026** | **December 31, 2025** |
|---|---|---|---|
| Shares | 56,967,159 | 56,967,159 | 51,708,430 |
| Stock options | 6,946,550 | 6,946,613 | 8,336,985 |
| Restricted stock units | 884,935 | 884,935 | 664,769 |
| Warrants | - | - | 43,390 |

## CONTRACTUAL OBLIGATIONS

The Company had the following contractual commitments as of June 30, 2026:

| Contractual Obligations | | Total | | Less than 1 year | | 1 - 5 years | | After 5 years |
|---|---|---|---|---|---|---|---|---|
| Accounts payable and accrued liabilities | $ | 15,946 | $ | 15,946 | $ | - | $ | - |
| Accrued warranty | | 1,301 | | 679 | | 622 | | - |
| Term loans | | 9,431 | | 1,586 | | 7,845 | | - |
| Lease liabilities | | 3,857 | | 998 | | 2,586 | | 273 |
| **Total Contractual Obligations** | **$** | **30,535** | **$** | **19,209** | **$** | **11,053** | **$** | **273** |

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 key vendors. As of June 30, 2026, the Company had outstanding purchase order commitments of approximately $23.0 million (December 31, 2025: approximately $21.8 million).

### Facilities

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

| Location | Square footage | Expiry date |
|---|---|---|
| Raleigh, NC, United States | 5,602 | October 31, 2027 |
| Burnaby, BC, Canada | 32,000 | January 31, 2029 |
| Norwalk, CT, United States | 2,350 | January 31, 2033 |

## OTHER ITEMS

### Transactions with Related Parties

Related parties are comprised of the Company's key management personnel and consist of board members and members of the senior management team. The remuneration of key management personnel of the Company for the three and six months ended June 30, 2026 and 2025, is as follows:

| | Three months ened June 30, | | | | Six months ened June 30, | | | |
|---|---|---|---|---|---|---|---|---|
| | | 2026 | | 2025 | | 2026 | | 2025 |
| Salary and benefits | $ | 1,136 | $ | 772 | $ | 2,054 | $ | 1,596 |
| Share-based compensation | | 640 | | 207 | | 871 | | 378 |
| **Total** | **$** | **1,776** | **$** | **979** | **$** | **2,925** | **$** | **1,974** |

Increases in balances for the three and six months ended June 30, 2026 were due to higher compensation expenses, including issuance and vesting of stock option and restricted share unit grants.

**Exchange Rates**

| Conversion | Three months ended June 30, 2026 | 2025 | Six months ended June 30, 2026 | 2025 |
|---|---|---|---|---|
| CAD $1.00 Income statement | $ 0.7254 | $ 0.7264 | $ 0.7294 | $ 0.7128 |
| CAD $1.00 Balance sheet | $ 0.7037 | $ 0.7330 | $ 0.7037 | $ 0.7330 |

## 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 and estimation. The following financial instruments are all measured at amortized cost. The fair value of each approximates their carrying value due to their ability to be promptly liquidated, their short term to maturity, or their use of market rates.

| | June 30, 2026 | December 31, 2025 |
|---|---|---|
| **Financial Assets** | | |
| Cash | $ 29,272 | $ 12,618 |
| Accounts receivable | $ 9,194 | $ 9,870 |
| **Financial Liabilities** | | |
| Accounts payable and accrued liabilities | $ 16,625 | $ 18,453 |
| Term loans | $ 9,431 | $ 6,763 |

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

**Credit Risk**

Credit risk is the risk of financial loss to the Company 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 cash and trade receivables. Excess cash balances are held in high interest savings accounts with the primary objective being the preservation of capital and maintenance of liquidity. The Company manages credit risk by holding cash with Canadian and American banks of high creditworthiness. Accounts receivable primarily consist of trade receivables from utility companies which have a low risk of default. With respect to certain accounts receivable, the Company requires letters of credit or other guarantees when 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 six months ended June 30, 2026.

Aging analysis of trade receivables is as follows:

| | | June 30, 2026 | | December 31, 2025 |
|---|---|---|---|---|
| Current | $ | 7,420 | $ | 4,957 |
| 31-90 days | | 958 | | 3,655 |
| 91-180 days | | 366 | | 908 |
| Over 180 days | | 1,510 | | 1,410 |
| Less: Allowance for expected credit losses | | (1,060) | | (1,060) |
| **Total** | **$** | **9,194** | **$** | **9,870** |

**Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities as they become due. The Company regularly monitors its operations and cash flows to ensure that current and future obligations will be met when due. See Liquidity and Capital Resources section for additional information.

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

| | | June 30, 2026 |
|---|---|---|
| Less than 90 days: | | |
| Accounts payable and accrued liabilities | $ | 15,946 |
| | | |
| Less than one year: | | |
| Accrued warranty | $ | 679 |
| Term loan | | 1,586 |
| Lease liabilities | | 888 |
| | | |
| Greater than one year: | | |
| Accrued warranty | $ | 622 |
| Term loans | | 7,845 |
| Lease liabilities | | 1,275 |

**Foreign Currency Risk**

Although substantially all of the Company's revenues are generated in U.S. dollars, the Company incurs operating costs 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 June 30, 2026 and December 31, 2025; however, there is no material impact on loss and other comprehensive loss for any possible changes in the value of the Canadian dollar versus the U.S. dollar.

**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 plus 0.75% or Term SOFR plus 1.85%, with the rate to be selected by the Company, and had no outstanding balance as at June 30, 2026 and December 31, 2025.

The New Term Loan bears interest at a floating rate based on the bank's prime rate plus 1.00% or Term SOFR plus 2.10%, with the rate to be selected by the Company, and had an outstanding balance, excluding deferred finance costs, as at June 30, 2026 of $3.5 million (December 31, 2025: nil).

The EDC Term Loan bears interest at the United States prime rate plus 5.00% per annum and had a balance, excluding deferred finance costs, of approximately $6.0 million as at June 30, 2026 (December 31, 2025: approximately $6.9 million). This loan along with accrued interest was repaid in full on July 6, 2026.

There is no material impact on loss and other comprehensive loss for any possible changes in interest rates.

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company prepares its Interim 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:

- 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 internet-of-things smart grid including base stations, repeaters and collectors; and
- Software and Services 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 Connected Devices network products and Software and Services licenses is recognized at a point in time when control of the hardware products and software is transferred to the customer, primarily upon shipment on a freight-on-board basis or upon providing access to the customer.

Installation services are for the installation of the Company's Connected Devices network products and Software and Services. 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 consideration 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) 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 recognized in the statement of profit or loss 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 CGUs 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**

Significant accounting policies are described in Note 3 of the Annual Financial Statements.

*(i) New and amended standards adopted*

*Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)*

In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). In particular, the amendments clarify:

- the classification of financial assets with environmental, social and corporate governance and similar features; and
- the derecognition date for financial liabilities and introduce an accounting policy option for financial liabilities settled using an electronic payment system if certain conditions are met.

The amendments also require additional disclosures for financial instruments with contractual terms that reference a contingent event and equity instruments classified at fair value through other comprehensive income.

These amendments had no material impact on the Company's Interim Financial Statements.

*(ii) New standards issued but not yet effective*

The Company intends to adopt these new and amended standards and interpretations when they become effective.

*Presentation and Disclosure in Financial Statements (IFRS 18)*

This is a new standard on presentation and disclosure in financial statements which replaces IAS 1, with a focus on updates to the statement of profit or loss. IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss;
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements; and
- improve aggregation and disaggregation

An entity is required to apply IFRS 18 for annual reporting periods on or after January 1, 2027, with earlier adoption permitted. IFRS 18 requires retrospective application with specific transition provisions.

The Company is currently assessing the impacts IFRS 18 may have on the primary financial statements and notes to the financial statements.

**SUBSEQUENT EVENTS**

a) Repayment of EDC Term Loan

On July 6, 2026, the Company repaid the outstanding balance of the EDC Term Loan in the amount of approximately $6.0 million plus accrued interest.

b) Tariff Refunds

Prior to June 30, 2026, the Company filed claims for refunds of tariffs previously paid under the International Emergency Economic Powers Act (IEEPA) that were invalidated by a ruling of the United States Supreme Court in February 2026. As at June 30, 2026, there remained uncertainty regarding the timing and collectability of any tariff refunds, and accordingly no amounts related to tariff refunds were recognized at that date. Subsequent to period-end, the Company received partial tariff refunds from U.S. Customs and Border Protection in respect of the claims filed.

**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 June 30, 2026, 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 June 30, 2026.

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 June 30, 2026, 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 CFO. Based on this evaluation, the CEO and CFO concluded that the Company's ICFR were effective as of June 30, 2026.

There were no changes in the Company's ICFR during the three months ended June 30, 2026, that have materially affected, or are reasonably likely to materially affect, 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 AIF for a description of these risk factors, available on SEDAR+ at www.sedarplus.ca.