



# **TANTALUS SYSTEMS HOLDING INC.**

## **Interim Condensed Consolidated Financial Statements**

For the three months ended  
March 31, 2026 and 2025

*(expressed in thousands of U.S. dollars)*  
*(Unaudited)*

# TANTALUS SYSTEMS HOLDING INC.

## Consolidated Statements of Financial Position

(Unaudited)

(Expressed in thousands of U.S. dollars)

|                                             |      | March 31, | December 31, |
|---------------------------------------------|------|-----------|--------------|
|                                             | Note | 2026      | 2025         |
| <b>Assets</b>                               |      |           |              |
| Current assets                              |      |           |              |
| Cash                                        |      | \$ 31,937 | \$ 12,618    |
| Accounts receivable                         | 3    | 8,445     | 9,870        |
| Inventory                                   | 4    | 7,403     | 7,954        |
| Prepaid expenses and other assets           |      | 1,805     | 2,004        |
| Total current assets                        |      | 49,590    | 32,446       |
| Property and equipment                      |      | 1,163     | 1,160        |
| Right-of-use assets                         |      | 2,071     | 1,462        |
| Intangible assets                           |      | 4,481     | 4,674        |
| Goodwill                                    |      | 3,445     | 3,445        |
| Total assets                                |      | \$ 60,750 | \$ 43,187    |
| <b>Liabilities and Shareholders' Equity</b> |      |           |              |
| Current liabilities                         |      |           |              |
| Accounts payable and accrued liabilities    | 5    | \$ 16,747 | \$ 18,453    |
| Deferred revenue and deposits               |      | 11,752    | 8,209        |
| Lease liabilities                           |      | 879       | 746          |
| Term loan - current portion                 |      | 1,596     | 1,596        |
| Total current liabilities                   |      | 30,974    | 29,004       |
| Accrued warranty                            |      | 609       | 525          |
| Deferred revenue and deposits               |      | 12        | 13           |
| Lease liabilities                           |      | 1,447     | 976          |
| Term loan                                   |      | 4,768     | 5,167        |
| Total liabilities                           |      | 37,810    | 35,685       |
| Total shareholders' equity                  |      | 22,940    | 7,502        |
| Total liabilities and shareholders' equity  |      | \$ 60,750 | \$ 43,187    |

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

"David McLennan"  
Director

"Peter Londa"  
Director

# TANTALUS SYSTEMS HOLDING INC.

## Consolidated Statements of Profit or Loss and Other Comprehensive Loss (Unaudited)

(Expressed in thousands of U.S. dollars except for shares and per shares amounts)

|                                                                              | <i>Note</i> | Three months ended<br>March 31, 2026 | Three months ended<br>March 31, 2025 |
|------------------------------------------------------------------------------|-------------|--------------------------------------|--------------------------------------|
| Revenues                                                                     | 9           | \$ 15,093                            | \$ 11,904                            |
| Cost of sales                                                                | 4, 9        | 7,203                                | 5,397                                |
|                                                                              |             | 7,890                                | 6,506                                |
| <b>Expenses</b>                                                              |             |                                      |                                      |
| Sales and marketing                                                          | 6(e)        | 2,992                                | 2,751                                |
| Research and development                                                     | 6(e)        | 2,277                                | 1,531                                |
| General and administrative                                                   | 6(e)        | 2,216                                | 2,149                                |
| Depreciation and amortization                                                |             | 420                                  | 418                                  |
|                                                                              |             | 7,905                                | 6,849                                |
| <b>Operating loss</b>                                                        |             | (15)                                 | (343)                                |
| <b>Other (expenses) earnings</b>                                             |             |                                      |                                      |
| Foreign exchange (loss) gain                                                 |             | (227)                                | 54                                   |
| Interest income                                                              |             | 145                                  | -                                    |
| Finance expenses                                                             |             | (241)                                | (362)                                |
|                                                                              |             | (323)                                | (308)                                |
| <b>Loss before income taxes</b>                                              |             | (338)                                | (651)                                |
| Income tax expense                                                           |             | 67                                   | -                                    |
| <b>Total comprehensive loss for the period</b>                               |             | \$ (405)                             | \$ (651)                             |
| <b>Loss per share (basic and diluted)</b>                                    |             | \$ (0.01)                            | \$ (0.01)                            |
| <b>Weighted average number of shares<br/>outstanding (basic and diluted)</b> | 7           | 54,153,677                           | 50,848,034                           |

See accompanying notes to consolidated financial statements.

# TANTALUS SYSTEMS HOLDING INC.

## Consolidated Statements of Changes in Shareholders' Equity

(Unaudited)

(Expressed in thousands of U.S. dollars except for shares)

|                                          | <i>Note</i>     | <b>Common Shares</b> |                   | <b>Other Capital</b> | <b>Accumulated Other</b> |                     |           | <b>Total</b>         |
|------------------------------------------|-----------------|----------------------|-------------------|----------------------|--------------------------|---------------------|-----------|----------------------|
|                                          |                 | <b>Number</b>        | <b>Amount</b>     | <b>Reserves</b>      | <b>Comprehensive</b>     | <b>Deficit</b>      |           | <b>Shareholders'</b> |
|                                          |                 |                      |                   |                      | <b>Income</b>            |                     |           | <b>Equity</b>        |
| <b>Balance, December 31, 2024</b>        |                 | <b>50,845,942</b>    | <b>\$ 94,583</b>  | <b>\$ 42,272</b>     | <b>\$ 1,909</b>          | <b>\$ (131,823)</b> | <b>\$</b> | <b>6,941</b>         |
| Share-based compensation                 | <b>6 (e)</b>    | -                    | -                 | 242                  | -                        | -                   |           | 242                  |
| Issuance of common shares                | <b>6 (c)(d)</b> | 188,314              | 241               | (348)                | -                        | -                   |           | (107)                |
| Loss for the period                      |                 | -                    | -                 | -                    | -                        | (651)               |           | (651)                |
| <b>Balance, March 31, 2025</b>           |                 | <b>51,034,256</b>    | <b>\$ 94,824</b>  | <b>\$ 42,166</b>     | <b>\$ 1,909</b>          | <b>\$ (132,474)</b> | <b>\$</b> | <b>6,425</b>         |
| <b>Balance, December 31, 2025</b>        |                 | <b>51,708,430</b>    | <b>\$ 95,607</b>  | <b>\$ 42,799</b>     | <b>\$ 1,911</b>          | <b>\$ (132,815)</b> | <b>\$</b> | <b>7,502</b>         |
| Share-based compensation                 | <b>6 (e)</b>    | -                    | -                 | 345                  | -                        | -                   |           | 345                  |
| Issuance of common shares                | <b>6 (c)(d)</b> | 79,775               | 261               | (363)                | -                        | -                   |           | (102)                |
| Issuance of common shares from financing | <b>6 (b)</b>    | 4,299,275            | 16,961            | -                    | -                        | -                   |           | 16,961               |
| Share issuance costs                     | <b>6 (b)</b>    | -                    | (1,361)           | -                    | -                        | -                   |           | (1,361)              |
| Loss for the period                      |                 | -                    | -                 | -                    | -                        | (405)               |           | (405)                |
| <b>Balance, March 31, 2026</b>           |                 | <b>56,087,480</b>    | <b>\$ 111,468</b> | <b>\$ 42,781</b>     | <b>\$ 1,911</b>          | <b>\$ (133,220)</b> | <b>\$</b> | <b>22,940</b>        |

See accompanying notes to consolidated financial statements.

# TANTALUS SYSTEMS HOLDING INC.

## Consolidated Statements of Cash Flows

(Unaudited)

(Expressed in thousands of U.S. dollars)

|                                                                 | <i>Note</i> | Three months ended<br>March 31, 2026 | Three months ended<br>March 31, 2025 |
|-----------------------------------------------------------------|-------------|--------------------------------------|--------------------------------------|
| <b>Cash (used in) provided by</b>                               |             |                                      |                                      |
| Operating Activities                                            |             |                                      |                                      |
| Loss for the period                                             |             | \$ (405)                             | \$ (651)                             |
| Adjustments to reconcile loss for the period to net cash flows: |             |                                      |                                      |
| Unrealized foreign exchange loss                                |             | 331                                  | 22                                   |
| Depreciation of equipment                                       |             | 85                                   | 72                                   |
| Amortization of intangible assets                               |             | 192                                  | 192                                  |
| Amortization of right-of-use asset                              |             | 143                                  | 154                                  |
| Share-based compensation                                        | 6 (e)       | 345                                  | 242                                  |
| Finance expenses                                                |             | 241                                  | 362                                  |
| Amortization of deferred financing cost                         |             | 6                                    | 21                                   |
| Changes in Non-Cash Operating Working Capital                   |             |                                      |                                      |
| Accounts receivable                                             | 3           | 1,425                                | (75)                                 |
| Inventory                                                       | 4           | 551                                  | (189)                                |
| Prepaid expenses and other assets                               |             | 199                                  | 311                                  |
| Accounts payable and accrued liabilities                        | 5           | (1,807)                              | (217)                                |
| Accrued warranty                                                |             | 84                                   | -                                    |
| Deferred revenue and deposits                                   |             | 3,542                                | 3,363                                |
| Lease payments for interest                                     |             | (44)                                 | (43)                                 |
| Interest paid on loans                                          |             | (197)                                | (319)                                |
| Net cash provided by Operating Activities                       |             | 4,691                                | 3,245                                |
| Investing Activities                                            |             |                                      |                                      |
| Purchase of equipment                                           |             | (88)                                 | (194)                                |
| Net Cash used in Investing Activities                           |             | (88)                                 | (194)                                |
| Financing Activities                                            |             |                                      |                                      |
| Repayment of indebtedness                                       |             | (405)                                | (182)                                |
| Repayment of lease liabilities                                  |             | (145)                                | (151)                                |
| Issuance of common shares from financing                        | 6 (b)       | 16,961                               | -                                    |
| Share issuance costs                                            | 6 (b)       | (1,361)                              | -                                    |
| Net cash provided by (used in) Financing Activities             |             | 15,050                               | (333)                                |
| Effect of foreign exchange on cash                              |             | (334)                                | -                                    |
| Increase in cash                                                |             | 19,319                               | 2,718                                |
| Cash, beginning of period                                       |             | 12,618                               | 13,219                               |
| <b>Cash, end of period</b>                                      |             | <b>\$ 31,937</b>                     | <b>\$ 15,937</b>                     |

See accompanying notes to consolidated financial statements.

# TANTALUS SYSTEMS HOLDING INC.

## Notes to Consolidated Financial Statements (Unaudited)

*(Expressed in thousands of U.S. dollars except for shares)*

Three months ended March 31, 2026 and 2025

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### 1. Reporting Entity

Tantalus Systems Holding Inc. (“Tantalus” or the “Company”) is a technology company, incorporated and domiciled in Canada, dedicated to helping utilities modernize their distribution grids by harnessing the power of data across all their devices and systems deployed throughout the entire distribution grid. Tantalus’ business operations are in Canada and in the United States.

The Company’s head office is located in Burnaby, British Columbia, Canada. The Company’s registered office is located in Vancouver, British Columbia, Canada. The Company’s direct and indirect operating subsidiaries have offices in Raleigh, North Carolina, United States and Norwalk, Connecticut, United States.

### 2. Basis of Presentation

#### *(i) Statement of Compliance*

These interim condensed consolidated financial statements (“Interim Financial Statements”) have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”), and have been prepared using the historical cost basis and the same accounting policies as those disclosed in the Company’s audited consolidated financial statements for the year ended December 31, 2025 (“Annual Financial Statements”), other than as described in Note 2 (iii). Accordingly, these Interim Financial Statements do not include all disclosures required for annual financial statements and should be read in conjunction with the Company’s Annual Financial Statements.

These Interim Financial Statements were authorized by the Company’s Board of Directors (“Board”) for release on May 6, 2026.

#### *(ii) Presentation*

Selected explanatory notes are included in these Interim Financial Statements to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the last Annual Financial Statements of the Company.

# TANTALUS SYSTEMS HOLDING INC.

## Notes to Consolidated Financial Statements (Unaudited)

*(Expressed in thousands of U.S. dollars except for shares)*

Three months ended March 31, 2026 and 2025

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### 2. Basis of Presentation (continued)

#### *(iii) New and amended standards adopted*

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

On 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 interim condensed consolidated financial statements of the Company.

#### *(iv) 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
- 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 working to identify the impacts the amendments will have on the primary financial statements and notes to the financial statements.

# TANTALUS SYSTEMS HOLDING INC.

## Notes to Consolidated Financial Statements (Unaudited)

(Expressed in thousands of U.S. dollars except for shares)

Three months ended March 31, 2026 and 2025

### 3. Accounts Receivable

|                                            |           | March 31,<br>2026 |           | December 31,<br>2025 |
|--------------------------------------------|-----------|-------------------|-----------|----------------------|
| Accounts receivable                        | \$        | 9,505             | \$        | 10,930               |
| Less: allowance for expected credit losses |           | (1,060)           |           | (1,060)              |
| <b>Net Accounts receivable</b>             | <b>\$</b> | <b>8,445</b>      | <b>\$</b> | <b>9,870</b>         |

### 4. Inventory

|                  |           | March 31,<br>2026 |           | December 31,<br>2025 |
|------------------|-----------|-------------------|-----------|----------------------|
| Raw materials    | \$        | 2,060             | \$        | 2,398                |
| Finished goods   |           | 5,343             |           | 5,556                |
| <b>Inventory</b> | <b>\$</b> | <b>7,403</b>      | <b>\$</b> | <b>7,954</b>         |

During the three months ended March 31, 2026, the Company charged \$5,955 (inclusive of \$793 in tariffs) (2025: \$3,959 (inclusive of nil in tariffs)) of inventory related amounts to cost of sales.

Management assesses the valuation of inventory at the end of each period resulting in valuation adjustments accounted for in the respective period. No inventory adjustments for obsolescence were recorded in cost of sales during the three months ended March 31, 2026 (2025: \$138).

The Company has an inventory obsolescence reserve balance of \$344 as at March 31, 2026 (December 31, 2025: \$344).

### 5. Accounts Payable and Accrued Liabilities

|                                    |           | March 31,<br>2026 |           | December 31,<br>2025 |
|------------------------------------|-----------|-------------------|-----------|----------------------|
| Trade payables and other payables  | \$        | 9,653             | \$        | 11,636               |
| Accrued liabilities                |           | 6,044             |           | 5,728                |
| Customer accommodation             |           | 371               |           | 410                  |
| Accrued warranty - current portion |           | 679               |           | 679                  |
| <b>Total</b>                       | <b>\$</b> | <b>16,747</b>     | <b>\$</b> | <b>18,453</b>        |

# TANTALUS SYSTEMS HOLDING INC.

## Notes to Consolidated Financial Statements (Unaudited)

*(Expressed in thousands of U.S. dollars except for shares)*

Three months ended March 31, 2026 and 2025

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### 6. Share Capital

#### (a) Authorized share capital:

Unlimited common shares, with no par value. Issued and outstanding common shares as at March 31, 2026 were 56,087,480.

Unlimited preferred shares, with no par value. There were no issued and outstanding preferred shares as at March 31, 2026.

#### (b) Financing

The Company completed a bought deal financing on February 9, 2026, 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 \$16,961 (CAD\$23,001) (the “February 2026 Financing”). The aggregate common shares issued and the total gross proceeds of the February 2026 Financing includes 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 \$2,212 (CAD\$3,000).

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 to 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 Commission”). 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 \$1,361 (CAD\$1,844) inclusive of Cash Commissions of \$1,004 (CAD\$1,361).

#### (c) Long-Term Incentive Plan

##### (i) Stock-Option Plan

As of March 31, 2026, the Company had total stock options of 8,484,168 and 937,435 restricted share units (“RSUs”) outstanding resulting in 1,196,477 common shares available for issuance under the Company’s Omnibus Long Term Incentive Plan.

During the three months ended March 31, 2026, 79,775 common shares were issued from the exercise of stock options (2025: 170,123).

During the three months ended March 31, 2026, the per share weighted average fair value of the options granted was determined to be \$1.58 (2025: \$0.86).

# TANTALUS SYSTEMS HOLDING INC.

## Notes to Consolidated Financial Statements (Unaudited)

*(Expressed in thousands of U.S. dollars except for shares)*

Three months ended March 31, 2026 and 2025

### 6. Share Capital (continued)

#### (c) Long-Term Incentive Plan (continued)

##### (i) Stock-Option Plan (continued)

The fair value of the options granted was estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions with volatility based upon historical experience:

|                          | March 31, 2026 | December 31, 2025 |
|--------------------------|----------------|-------------------|
| Risk free interest rate  | 3.19%          | 2.69%-3.24%       |
| Dividend yield           | 0%             | 0%                |
| Expected life (in years) | 4.48           | 3 to 4.5          |
| Forfeiture rate          | 8.10%          | 6.85% to 7.57%    |
| Volatility               | 54.0% to 54.2% | 98.4% to 107.9%   |

##### (ii) Restricted Share Units (“RSUs”)

During the three months ended March 31, 2026, 286,000 RSUs with a per share weighted average grant date fair value of \$3.35 were granted and no vested RSUs were settled through the issuance of common shares. No RSUs were granted for the three months ended March 31, 2025.

#### (d) Warrants

No warrants and no common shares were issued upon exercise of warrants during the three months ended March 31, 2026 and 2025.

#### (e) Share-based compensation expense

The Company has allocated the share-based compensation expense by function as follows:

| Share-based Compensation   | Three months ended<br>March 31, 2026 | Three months ended<br>March 31, 2025 |
|----------------------------|--------------------------------------|--------------------------------------|
| Sales and marketing        | \$ 38                                | \$ 23                                |
| Research and development   | 72                                   | 15                                   |
| General and administrative | 235                                  | 204                                  |
| <b>Total</b>               | <b>\$ 345</b>                        | <b>\$ 242</b>                        |

# TANTALUS SYSTEMS HOLDING INC.

## Notes to Consolidated Financial Statements (Unaudited)

*(Expressed in thousands of U.S. dollars except for shares)*

Three months ended March 31, 2026 and 2025

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### 7. Loss per Share

Loss per share represents earnings/loss for the period divided by the weighted average number of common shares outstanding during the period. Basic and diluted weighted average number of common shares outstanding for the three-month period ended March 31, 2026 was 54,153,677 (2025: 50,848,034).

For all the periods presented, diluted loss per share equals basic loss per share due to the anti-dilutive effect of the share-based payment plans.

### 8. Commitments and Contingencies

- (a) 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 March 31, 2026, the Company had outstanding purchase order commitments of \$25,808 (December 31, 2025: \$21,770).
- (b) The Company may be subject to a variety of claims and suits that arise from time to time in the ordinary course of business. Although management currently believes that resolving claims against the Company, individually or in aggregate, will not have a material adverse impact on the Company's financial position, results of operations, or cash flows, these matters are subject to inherent uncertainties and management's view of these matters may change in the future.
- (c) In the ordinary course of business, indemnification provisions are included in agreements with the Company's customers. Generally, such indemnification provisions are subject to limitations of liability provisions that exclude certain damages from what the Company may be obligated to indemnify the Customer for in connection with the agreement and/or set a cap on the Company's indemnification obligation tied to revenue generated from such agreement. In certain limited instances, the Company's indemnification obligation may not be subject to such aforementioned limitations and/or caps. As a matter of practice, the Company's customer agreements generally include provisions pursuant to which its customers indemnify the Company for certain potential liabilities that may arise in connection with or relating to the agreements between the parties. Management currently believes that individually or in aggregate, these indemnification provisions will not have a material adverse impact on the Company's financial position, results of operations, or cash flows.

# TANTALUS SYSTEMS HOLDING INC.

## Notes to Consolidated Financial Statements (Unaudited)

(Expressed in thousands of U.S. dollars except for shares)

Three months ended March 31, 2026 and 2025

### 9. Segmented Information

#### Operating segments

The Company's revenues are derived through two operating segments, which are also the reportable segments, including:

- 1) 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 communication infrastructure devices that are deployed to deliver an industrial network-of-things / IoT smart grid including base stations, repeaters and collectors; and
- 2) Software and Services Segment. This segment is responsible for the sale of the Company's proprietary mission-critical enterprise software applications AI-enabled data analytics and a suite of professional services to support utilities. Revenue is generated from this segment through the sale of software licenses, software as a service ("SaaS") and other subscriptions, hosting services, professional services (including project management, deployment, installation, and engineering support), and post-contract technical support and annual software maintenance services.

Corporate includes all operating expenses of the Company.

A breakdown of revenues and cost of sales for each operating segment for the three months ended March 31, 2026 and March 31, 2025, is as follows:

| Three months ended March 31, 2026 | Connected<br>Devices | Software and<br>Services | Corporate         | Total          |
|-----------------------------------|----------------------|--------------------------|-------------------|----------------|
| Revenues                          | \$ 10,396            | \$ 4,697                 | \$ -              | \$ 15,093      |
| Cost of sales                     | 6,003                | 1,200                    | -                 | 7,203          |
| Gross profit                      | 4,393                | 3,497                    | -                 | 7,890          |
| Expenses                          | -                    | -                        | 7,905             | 7,905          |
| <b>Operating loss</b>             | <b>\$ 4,393</b>      | <b>\$ 3,497</b>          | <b>\$ (7,905)</b> | <b>\$ (15)</b> |

| Three months ended March 31, 2025 | Connected<br>Devices | Software and<br>Services | Corporate         | Total           |
|-----------------------------------|----------------------|--------------------------|-------------------|-----------------|
| Revenue                           | \$ 7,789             | \$ 4,115                 | \$ -              | \$ 11,904       |
| Cost of sales                     | 4,326                | 1,072                    | -                 | 5,397           |
| Gross profit                      | 3,463                | 3,043                    | -                 | 6,506           |
| Expenses                          | -                    | -                        | 6,849             | 6,849           |
| <b>Operating loss</b>             | <b>\$ 3,463</b>      | <b>\$ 3,043</b>          | <b>\$ (6,849)</b> | <b>\$ (343)</b> |

# TANTALUS SYSTEMS HOLDING INC.

## Notes to Consolidated Financial Statements (Unaudited)

(Expressed in thousands of U.S. dollars except for shares)

Three months ended March 31, 2026 and 2025

### 9. Segmented Information (continued)

A breakdown of total revenue from contracts with customers by timing of revenue recognition is as follows:

| Timing of revenue recognition | Three months ended<br>March 31, 2026 | Three months ended<br>March 31, 2025 |
|-------------------------------|--------------------------------------|--------------------------------------|
| At a point in time            | \$ 11,000                            | \$ 8,238                             |
| Over time                     | 4,093                                | 3,666                                |
| <b>Total revenue</b>          | <b>\$ 15,093</b>                     | <b>\$ 11,904</b>                     |

Revenues attributed to the following geographic regions based on customer location is shown below:

|                            | Three months ended<br>March 31, 2026 | Three months ended<br>March 31, 2025 |
|----------------------------|--------------------------------------|--------------------------------------|
| United States <sup>1</sup> | \$ 14,970                            | \$ 11,715                            |
| Canada <sup>2</sup>        | 123                                  | 189                                  |
| <b>Total</b>               | <b>\$ 15,093</b>                     | <b>\$ 11,904</b>                     |

(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.

The following table presents property and equipment and right-of-use assets on a geographic basis:

|               | March 31,<br>2026 | December 31,<br>2025 |
|---------------|-------------------|----------------------|
| United States | \$ 1,095          | \$ 394               |
| Canada        | 2,139             | 2,227                |
| <b>Total</b>  | <b>\$ 3,234</b>   | <b>\$ 2,622</b>      |

# TANTALUS SYSTEMS HOLDING INC.

## Notes to Consolidated Financial Statements (Unaudited)

*(Expressed in thousands of U.S. dollars except for shares)*

Three months ended March 31, 2026 and 2025

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### 10. Financial instruments

#### (a) Financial assets and liabilities

As of March 31, 2026 and December 31, 2025, the carrying values of cash, accounts receivable, accounts payable and accrued liabilities, the line of credit and term loan approximate their fair value due to their ability to be promptly liquidated, their short term to maturity, or their use of market rates.

Financial instruments are analyzed using the following hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial assets and liabilities carried at amortized cost are considered Level 2 instruments, because while observable prices and inputs are available, they are not quoted in an active market. There has not been any transfer between fair value hierarchy levels during the three months ended March 31, 2026.

#### (b) Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- interest rate risk;
- credit risk;
- foreign currency exchange rate risk; and
- liquidity risk.

##### (i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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 1.25% or SOFR plus 4.25%, with the rate to be selected by Tantalus, and had no outstanding balance as of March 31, 2026 (December 31, 2025: nil).

The term loan bears interest at the United States prime interest rate plus 5.00% per annum and had a balance, excluding deferred finance costs, of \$6,445 as of March 31, 2026 (December 31, 2025: \$6,850).

# TANTALUS SYSTEMS HOLDING INC.

## Notes to Consolidated Financial Statements (Unaudited)

*(Expressed in thousands of U.S. dollars except for shares)*

Three months ended March 31, 2026 and 2025

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### 10. Financial instruments (continued)

#### (b) Financial risk management (continued)

##### (i) Interest rate risk (continued)

There is an immaterial impact on post-tax loss and on other comprehensive loss for any possible changes in interest rates.

##### (ii) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The Company's financial instruments that are exposed to concentrations of credit risk are primarily accounts receivable. Credit risk pertaining to the Company's accounts receivable is the risk of financial loss if a customer fails to meet its contractual obligations and arises from the Company's receivables.

Accounts receivable primarily consist of trade accounts receivable from utility companies which have low risk of default. With respect to accounts receivable, the Company requires letters of credit or other guarantees whenever deemed necessary. The Company applies the IFRS 9 simplified model of recognizing lifetime expected credit losses for all trade receivables.

The aging of accounts receivable as at March 31, 2026 and December 31, 2025 is provided below:

|                                            |           | March 31,<br>2026 |           | December 31,<br>2025 |
|--------------------------------------------|-----------|-------------------|-----------|----------------------|
| Current                                    | \$        | 3,867             | \$        | 4,957                |
| 31-90 days                                 |           | 2,852             |           | 3,655                |
| 91-180 days                                |           | 1,354             |           | 908                  |
| Over 180 days                              |           | 1,432             |           | 1,410                |
| Less: Allowance for expected credit losses |           | (1,060)           |           | (1,060)              |
| <b>Total</b>                               | <b>\$</b> | <b>8,445</b>      | <b>\$</b> | <b>9,870</b>         |

##### (iii) Foreign currency exchange rate risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

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 and other foreign currencies. Fluctuations in the exchange rates between these currencies could have a material effect on the business, financial condition and results of operations.

# TANTALUS SYSTEMS HOLDING INC.

## Notes to Consolidated Financial Statements (Unaudited)

*(Expressed in thousands of U.S. dollars except for shares)*

Three months ended March 31, 2026 and 2025

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### 10. Financial instruments (continued)

#### (b) Financial risk management (continued)

##### (iii) Foreign currency exchange rate risk (continued)

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 March 31, 2026 and December 31, 2025. There is an immaterial impact on post-tax loss and on other comprehensive loss for any possible changes in the value of the Canadian dollar versus the U.S. dollar.

The consolidated statements of financial position include the following amounts denominated in Canadian dollars at their equivalent U.S. dollar amounts:

| <b>(In Canadian dollars)</b>             | <b>March 31,</b> | <b>March 31,</b> |
|------------------------------------------|------------------|------------------|
|                                          | <b>2026</b>      | <b>2025</b>      |
| Cash                                     | \$ 8,168         | \$ 499           |
| Accounts receivable                      | 264              | 168              |
| Accounts payable and accrued liabilities | (2,017)          | (1,583)          |
| <b>Total</b>                             | <b>\$ 6,415</b>  | <b>\$ (916)</b>  |

At present, the Company does not hedge against foreign currency exchange rate risk.

##### (iv) 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.

# TANTALUS SYSTEMS HOLDING INC.

## Notes to Consolidated Financial Statements (Unaudited)

(Expressed in thousands of U.S. dollars except for shares)

Three months ended March 31, 2026 and 2025

### 10. Financial instruments (continued)

#### (b) Financial risk management (continued)

##### (iv) Liquidity risk (continued)

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

|                                          | <b>March 31, 2026</b> |        |
|------------------------------------------|-----------------------|--------|
| Less than 90 days:                       |                       |        |
| Accounts payable and accrued liabilities | \$                    | 16,068 |
| Less than one year:                      |                       |        |
| Accrued warranty                         | \$                    | 679    |
| Term Loan                                |                       | 1,596  |
| Lease liabilities                        |                       | 879    |
| Greater than one year:                   |                       |        |
| Accrued warranty                         | \$                    | 609    |
| Term Loan                                |                       | 4,768  |
| Lease liabilities                        |                       | 1,447  |

### 11. Related Party Transactions

The following table discloses the compensation amount of the Board of Directors and key management personnel in the ordinary course of their employment, recognized as an expense during the reporting periods. Key management personnel have authority and responsibility for overseeing, planning, directing, and controlling the activities of the Company and consist of the Company's executive officers. The remuneration of key management for the three months ended March 31, 2026 and March 31, 2025, are as follows:

|                          | <b>Three months ended</b> |              | <b>Three months ended</b> |            |
|--------------------------|---------------------------|--------------|---------------------------|------------|
|                          | <b>March 31, 2026</b>     |              | <b>March 31, 2025</b>     |            |
| Salary and benefits      | \$                        | 918          | \$                        | 824        |
| Share-based compensation |                           | 231          |                           | 171        |
| <b>Total</b>             | <b>\$</b>                 | <b>1,149</b> | <b>\$</b>                 | <b>995</b> |

# **TANTALUS SYSTEMS HOLDING INC.**

## **Notes to Consolidated Financial Statements (Unaudited)**

*(Expressed in thousands of U.S. dollars except for shares)*

Three months ended March 31, 2026 and 2025

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### **12. Subsequent Events**

In February 2026, the United States Supreme Court invalidated tariffs imposed under the International Emergency Economic Powers Act (IEEPA). Subsequent to that decision, the Court of International Trade (CIT) issued an order that effectively required United States Customs and Border Protection (CBP) to issue refunds to all importers who validly paid IEEPA tariffs. On April 20, 2026, CBP launched the Consolidated Administration and Processing of Entries (CAPE) portal to process refund claims for IEEPA tariffs. The Company intends to file refund claims for the IEEPA tariffs that the Company, or its brokers and logistics partners, are eligible to do so across the various phases of the refund process. The Company is aware of continuing uncertainty regarding whether the U.S. government will appeal the CIT order or otherwise modify the expected refund process as well as the timing for receipt of refunds.