TANTALUS SYSTEMS HOLDING INC.

Interim Condensed Consolidated Financial Statements

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

(expressed in thousands of U.S. dollars)

(Unaudited)

TANTALUS SYSTEMS HOLDING INC.

Interim Condensed Consolidated Statements of Financial Position

(Unaudited)

(Expressed in thousands of U.S. dollars)

	Note		**June 30, 2026**		**December 31, 2025**
Assets					
Current assets					
Cash		$	29,272	$	12,618
Accounts receivable	*3*		9,194		9,870
Inventory	*4*		9,484		7,954
Prepaid expenses and other assets			1,697		2,004
Total current assets			49,647		32,446
Property and equipment			1,236		1,160
Right-of-use assets			1,926		1,462
Intangible assets			4,332		4,674
Goodwill			3,445		3,445
Total assets		$	60,586	$	43,187
Liabilities and Shareholders' Equity					
Current liabilities					
Accounts payable and accrued liabilities	*5*	$	16,625	$	18,453
Deferred revenue and deposits			9,088		8,209
Lease liabilities			888		746
Term loan - current portion	*6*		1,586		1,596
Total current liabilities			28,187		29,004
Accrued warranty			622		525
Deferred revenue and deposits			12		13
Lease liabilities			1,275		976
Term loan	*6*		7,845		5,167
Total liabilities			37,941		35,685
Total shareholders' equity			22,645		7,502
Total liabilities and shareholders' equity		$	60,586	$	43,187

See accompanying notes to the interim condensed consolidated financial statements.

Approved on behalf of the Board:

"David McLennan"
Director

"Peter Londa"
Director

TANTALUS SYSTEMS HOLDING INC.

Interim Condensed Consolidated Statements of Loss and Other Comprehensive Loss
(Unaudited)

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

		Three months ended June 30,		Six months ended June 30,	
	Note	**2026**	**2025**	**2026**	**2025**
Revenue	***10***	$ 15,420	$ 13,088	$ 30,513	$ 24,992
Cost of sales	***4, 10***	6,953	6,147	14,156	11,545
		8,467	6,941	16,357	13,447
Expenses					
Sales and marketing	***7 (e)***	3,377	2,811	6,369	5,562
Research and development	***7 (e)***	3,255	1,706	5,532	3,237
General and administrative	***7 (e)***	2,272	2,219	4,488	4,368
Depreciation and amortization		427	408	847	826
		9,331	7,144	17,236	13,993
Operating loss		(864)	(203)	(879)	(546)
Other (expenses) earnings					
Foreign exchange gain (loss)		40	(324)	(187)	(270)
Interest income		193	-	338	-
Finance expenses		(247)	(360)	(488)	(722)
Unrealized gain on loan modification		-	16	-	16
		(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)
Foreign currency translation adjustment		-	2	-	2
Total comprehensive loss for the period		$ (1,005)	$ (901)	$ (1,410)	$ (1,552)
Loss per share (basic and diluted)	***8***	$ (0.02)	$ (0.02)	$ (0.03)	$ (0.03)
Weighted average number of shares outstanding (basic and diluted)	***8***	56,473,418	51,077,976	55,319,966	50,963,641

See accompanying notes to the interim condensed consolidated financial statements.

TANTALUS SYSTEMS HOLDING INC.

Interim Condensed Consolidated Statements of Changes in Shareholders' Equity

(Unaudited)

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

	Note	Common Shares Number		Common Shares Amount		Other Capital Reserves		Accumulated Other Comprehensive Income		Deficit		Total Shareholders' Equity
Balance, December 31, 2024		**50,845,942**	**$**	**94,583**	**$**	**42,272**	**$**	**1,909**	**$**	**(131,823)**	**$**	**6,941**
Share-based compensation	*7 (e)*	-		-		548		-		-		548
Issuance of common shares	*7 (c)(d)*	366,871		383		(353)		-		-		30
Foreign currency translation adjustment		-		-		-		2		-		2
Loss for the period		-		-		-		-		(1,554)		(1,554)
Balance, June 30, 2025		**51,212,813**	**$**	**94,966**	**$**	**42,467**	**$**	**1,911**	**$**	**(133,377)**	**$**	**5,967**
Balance, December 31, 2025		**51,708,430**	**$**	**95,607**	**$**	**42,799**	**$**	**1,911**	**$**	**(132,815)**	**$**	**7,502**
Share-based compensation	*7 (e)*	-		-		1,120		-		-		1,120
Issuance of common shares	*7 (c)(d)*	959,454		1,622		(1,789)		-		-		(167)
Issuance of common shares from financing	*7 (b)*	4,299,275		16,961		-		-		-		16,961
Share issuance costs	*7 (b)*	-		(1,361)		-		-		-		(1,361)
Loss for the period		-		-		-		-		(1,410)		(1,410)
Balance, June 30, 2026		**56,967,159**	**$**	**112,829**	**$**	**42,130**	**$**	**1,911**	**$**	**(134,225)**	**$**	**22,645**

See accompanying notes to the interim condensed consolidated financial statements.

TANTALUS SYSTEMS HOLDING INC.

Interim Condensed Consolidated Statements of Cash Flows

(Unaudited)

(Expressed in thousands of U.S. dollars)

	Note	Three months ended June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30, 2025
Cash (used in) provided by					
Operating Activities					
Loss for the period		$ (1,005)	$ (903)	$ (1,410)	$ (1,554)
Adjustments to reconcile loss for the period to net cash flows:					
Unrealized foreign exchange (gain) loss		(114)	88	217	110
Depreciation of equipment		88	75	173	146
Amortization of intangible assets		194	192	386	385
Amortization of right-of-use asset		145	141	288	295
Share-based compensation	*7 (e)*	775	305	1,120	548
Accrued interest added to EDC Term Loan principal		-	161	-	161
Finance expenses		247	360	488	722
Amortization of deferred financing cost		6	-	12	21
Unrealized gain on loan modification		-	(16)	-	(16)
Changes in Non-Cash Operating Working Capital					
Accounts receivable	*3*	(749)	142	676	67
Inventory	*4*	(2,081)	(259)	(1,530)	(448)
Prepaid expenses and other assets		109	(89)	308	222
Accounts payable and accrued liabilities	*5*	(426)	909	(2,233)	692
Accrued warranty		13	-	97	-
Deferred revenue and deposits		(2,663)	(1,505)	879	1,858
Lease payments for interest		(48)	(40)	(92)	(83)
Interest paid on loans		(199)	(319)	(396)	(638)
Net cash (used in) provided by Operating Activities		(5,708)	(758)	(1,017)	2,488
Investing Activities					
Purchase of equipment		(161)	(198)	(249)	(392)
Purchase of intangible assets		(44)	-	(44)	-
Net Cash used in Investing Activities		(205)	(198)	(293)	(392)
Financing Activities					
Repayment of indebtedness		(405)	(3,804)	(810)	(3,987)
Proceeds from indebtedness	*6*	3,500	-	3,500	-
Financing costs paid	*6*	(35)	-	(35)	-
Repayment of lease liabilities		(165)	(163)	(310)	(314)
Proceeds from exercise of stock options	*7 (c)*	1,089	137	1,089	137
Taxes paid related to net share settlement of equity awards		(850)	-	(850)	-
Issuance of common shares from financing	*7 (b)*	-	-	16,961	-
Share issuance costs	*7 (b)*	-	-	(1,361)	-
Net cash provided by (used in) Financing Activities		3,134	(3,830)	18,184	(4,164)
Effect of foreign exchange on cash		114	24	(220)	24
(Decrease) increase in cash		(2,665)	(4,762)	16,654	(2,044)
Cash, beginning of period		31,937	15,937	12,618	13,219
Cash, end of period		**$ 29,272**	**$ 11,175**	**$ 29,272**	**$ 11,175**

See accompanying notes to the interim condensed consolidated financial statements.

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 for release on August 5, 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.

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 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.

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

3. Accounts Receivable

		June 30, 2026		December 31, 2025
Accounts receivable	$	10,254	$	10,930
Less: allowance for expected credit losses		(1,060)		(1,060)
Net Accounts receivable	**$**	**9,194**	**$**	**9,870**

4. Inventory

		June 30, 2026		December 31, 2025
Raw materials	$	3,117	$	2,398
Finished goods		6,367		5,556
Inventory	**$**	**9,484**	**$**	**7,954**

During the three months ended June 30, 2026, the Company charged $5,777 (inclusive of $498 in tariffs) (three months ended June 30, 2025: $4,834 (inclusive of $296 in tariffs)) of inventory related amounts to cost of sales. During the six months ended June 30, 2026, the Company charged $11,732 (inclusive of $1,291 in tariffs) (six months ended June 30, 2025: $8,794 (inclusive of $296 in tariffs)), respectively, 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 and six months ended June 30, 2026 (three and six months ended June 30, 2025: $27 and $165).

The Company has an inventory obsolescence reserve balance of $344 as at June 30, 2026 and December 31, 2025.

5. Accounts Payable and Accrued Liabilities

		June 30, 2026		December 31, 2025
Trade payables and other payables	$	10,051	$	11,636
Accrued liabilities		5,546		5,728
Customer accommodation		349		410
Accrued warranty - current portion		679		679
Total	**$**	**16,625**	**$**	**18,453**

6. 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, including a Letter of Credit facility and a new secured term loan facility as follows:

i) Line of Credit Facility

The Line of Credit facility was amended to increase the revolver limit to $12,000, 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 $4,500. 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.

The Line of Credit facility is subject to a borrowing base 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 $3,500 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 of 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 $3,500. During the period, the Company incurred financing expenses of $35, 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.

6. Loans (continued)

(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 $6,040 (December 31, 2025: $6,850). 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 (see Note 13).

7. Share Capital

(a) Authorized share capital:

Unlimited common shares, with no par value. Issued and outstanding common shares as at June 30, 2026 were 56,967,159.

Unlimited preferred shares, with no par value. There were no issued and outstanding preferred shares as at June 30, 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).

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

7. Share Capital (continued)

(b) Financing (continued)

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 June 30, 2026, the Company had total stock options of 6,946,613 and 884,935 restricted share units ("RSUs") outstanding resulting in 2,892,093 common shares available for issuance under the Company's Omnibus Long Term Incentive Plan.

During the three and six months ended June 30, 2026, 811,935 and 891,710 common shares were issued from the exercise of stock options (three and six months ended June 30, 2025: 154,135 and 324,258).

During the six months ended June 30, 2026, the per share weighted average fair value of the options granted was determined to be $1.73 (six months ended June 30, 2025: $0.93).

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:

	June 30, 2026	December 31, 2025
Risk free interest rate	2.97% - 3.20%	2.69% - 3.24%
Dividend yield	0	0
Expected life (in years)	4.45 to 4.54	3.00 to 4.50
Forfeiture rate	8.10%	6.85% to 7.57%
Volatility	54.04% to 55.08%	54.03% to 59.48%

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

7. Share Capital (continued)

(c) Long-Term Incentive Plan (continued)

(ii) Restricted Share Units ("RSUs")

During the six months ended June 30, 2026, 286,000 RSUs with a per share weighted average grant date fair value of $3.35 were granted (six months ended June 30, 2025: nil). During the six months ended June 30, 2026, 52,500 RSUs vested and were settled with 24,414 common shares being issued, net of statutory withholdings (six months ended June 30, 2025: RSUs vested 39,121 and 18,191 common shares issued).

(d) Warrants

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 unexercised warrants expired on the warrant expiry date of May 23, 2026 (six months ended June 30, 2025: nil). There were no warrants outstanding as at June 30, 2026.

(e) Share-based compensation expense

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

	Three months ened June 30,		Six months ened June 30,	
Stock-based compensation	**2026**	**2025**	**2026**	**2025**
Sales and marketing	$ 155	$ 44	$ 193	$ 67
Research and development	415	41	487	56
General and administrative	205	220	440	425
Total	**$ 775**	**$ 305**	**$ 1,120**	**$ 548**

8. Loss per Share

Loss per share represents 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 months ended June 30, 2026 was 56,473,418 (2025: 51,077,976) and for the six months ended June 30, 2026 was 55,319,966 (2025: 50,963,641).

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.

9. 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 June 30, 2026, the Company had outstanding purchase order commitments of $23,022 (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.

10. 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

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

10. Segmented Information (continued)

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 and six months ended June 30, 2026 and 2025, is shown below:

Three months ended June 30, 2026	**Connected Devices**	**Software and Services**	**Corporate**	**Total**
Revenue	$ 10,419	$ 5,001	$ -	$ 15,420
Cost of sales	5,861	1,092	-	6,953
Gross profit	4,558	3,909	-	8,467
Expenses	-	-	9,331	9,331
Operating income (loss)	**$ 4,558**	**$ 3,909**	**$ (9,331)**	**$ (864)**

Three months ended June 30, 2025	**Connected Devices**	**Software and Services**	**Corporate**	**Total**
Revenue	$ 8,857	$ 4,231	$ -	$ 13,088
Cost of sales	5,089	1,058	-	6,147
Gross profit	3,768	3,173	-	6,941
Expenses	-	-	7,144	7,144
Operating income (loss)	**$ 3,768**	**$ 3,173**	**$ (7,144)**	**$ (203)**

Six months ended June 30, 2026	**Connected Devices**	**Software and Services**	**Corporate**	**Total**
Revenue	$ 20,815	$ 9,698	$ -	$ 30,513
Cost of sales	11,864	2,292	-	14,156
Gross profit	8,951	7,406	-	16,357
Expenses	-	-	17,236	17,236
Operating income (loss)	**$ 8,951**	**$ 7,406**	**$ (17,236)**	**$ (879)**

Six months ended June 30, 2025	**Connected Devices**	**Software and Services**	**Corporate**	**Total**
Revenue	$ 16,646	$ 8,346	$ -	$ 24,992
Cost of sales	9,415	2,130	-	11,545
Gross profit	7,231	6,216	-	13,447
Expenses	-	-	13,993	13,993
Operating income (loss)	**$ 7,231**	**$ 6,216**	**$ (13,993)**	**$ (546)**

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

10. Segmented Information (continued)

A breakdown of total revenue from contracts with customers by timing of revenue recognition is shown below:

	Three months ened June 30,		Six months ened June 30,	
Timing of revenue recognition	**2026**	**2025**	**2026**	**2025**
At a point in time	$ 11,292	$ 8,857	$ 22,292	$ 17,095
Over time	4,128	4,231	8,221	7,897
Total revenue	**$ 15,420**	**$ 13,088**	**$ 30,513**	**$ 24,992**

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

	Three months ened June 30,		Six months ened June 30,	
	2026	**2025**	**2026**	**2025**
United States[1]	$ 15,379	$ 13,030	$ 30,349	$ 24,745
Canada [2]	41	58	164	247
Total	**$ 15,420**	**$ 13,088**	**$ 30,513**	**$ 24,992**

(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 non-current operating assets on a geographic basis:

	June 30, 2026	**December 31, 2025**
United States	$ 1,031	$ 394
Canada	2,131	2,228
Total	**$ 3,162**	**$ 2,622**

11. Financial instruments

(a) Financial assets and liabilities

As of June 30, 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 and six months ended June 30, 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 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.

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

11. Financial instruments (continued)

(b) Financial risk management (continued)

(i) Interest rate risk (continued)

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 $3,500 (December 31, 2025: nil).

The EDC Term Loan bears interest at the United Sates prime rate plus 5.00% per annum and had a balance, excluding deferred finance costs, of $6,040 as at June 30, 2026 (December 31, 2025: $6,850). This loan was repaid in full on July 6, 2026, see Note 13.

There is no material impact on 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 June 30, 2026 and December 31, 2025 is provided below:

		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**

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

11. Financial instruments (continued)

(b) Financial risk management (continued)

(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 certain operating costs 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.

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. There is no material impact on 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:

(In Canadian dollars)		**June 30, 2026**		**December 31, 2025**
Cash	$	1,680	$	223
Accounts receivable		121		199
Accounts payable and accrued liabilities		(1,413)		(1,884)
Total	**$**	**388**	**$**	**(1,462)**

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

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

11. Financial instruments (continued)

(b) Financial risk management (continued)

(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.

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

12. 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 and six months ended June 30, 2026 and 2025, are 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**

13. 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 $6,040 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.