

# Legend Power Systems Inc.

## MANAGEMENT'S DISCUSSION AND ANALYSIS Three months ended December 31, 2025 and 2024

(Expressed in Canadian Dollars)

February 26, 2026



**Management's Discussion and Analysis**  
**For the three months ended December 31, 2025 and 2024**  
**Dated February 26, 2026**



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## ABOUT THIS MD&A

This discussion and analysis of financial position and results of operation of Legend Power Systems Inc. ("Legend" or the "Company"), is prepared as at February 26, 2026, and should be read in conjunction with the Company's condensed interim consolidated financial statements for the three months ended December 31, 2025 and 2024, and the accompanying notes. The following disclosure and associated financial statements are presented in accordance with IFRS. Except as otherwise disclosed, all dollar figures included therein and in the following Management's Discussion and Analysis ("MD&A") are quoted in Canadian dollars. Unless indicated otherwise, information in this MD&A is current as of February 26, 2026.

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that these filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these filings, and these financial statements together with the other financial information included in these filings. The Board of Directors approves the financial statements and MD&A and ensures that management has discharged its financial responsibilities. The Board's review is accomplished principally through the Audit Committee, which meets periodically to review all financial reports, prior to filing.

Additional information relevant to the Company can be found on the SEDAR+ website at [www.sedarplus.ca](http://www.sedarplus.ca) and the Company's website at [www.legendpower.com](http://www.legendpower.com).

## CAUTION REGARDING FORWARD LOOKING STATEMENTS

This MD&A may contain statements which constitute "forward-looking information", including statements regarding the plans, intentions, beliefs and current expectations of the Company, its directors, or its officers with respect to the future business activities and operating performance of the Company. The words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company, or its management, are intended to identify such forward-looking statements. Investors are cautioned that any such forward-looking statements are not guarantees of future business activities or performance and involve risks and uncertainties, and that the Company's future business activities may differ materially from those in the forward-looking statements as a result of various factors. Such risks, uncertainties and factors are described in the periodic filings with the Canadian securities regulatory authorities, including the Company's quarterly and annual Management's Discussion & Analysis, which may be viewed on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated, or expected. Although the Company has attempted to identify important risks, uncertainties and factors which could cause actual results to differ materially, there may be others that cause results to not be as anticipated, estimated or intended. The Company does not intend, and does not assume any obligation, to update these forward-looking statements other than as may be required by applicable law.

## OUR BUSINESS

Legend Power® Systems Inc. ("Legend Canada") and its wholly owned subsidiaries, 0809882 B.C. Ltd. - (Canada), Legend Power Systems Corp. - (USA) ("Legend U.S.") and LPSI (Barbados) Limited - (Barbados), (collectively, the "Company" or "Legend") is a global leader in onsite energy management technology. The Company markets a patented device (the "SmartGATE™") which, combined with SmartGATE Insights™ (a metering and analytics package) is a single-solution active power management platform that enables owners/operators of light-industrial and commercial buildings to both diagnose

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and then overcome the building-level impacts of electric grid volatility which results in a less than optimal power supply. This less-than-optimal power wastes energy and decreases the reliability and lifetime of critical building systems resulting in higher expenses and greenhouse gas (“GHG”) emissions for building owners and operators. These power quality challenges are common to utilities around the world and are getting worse with increased renewable energy sources like wind and solar along with the growing demand for power. Most buildings (80-90%) on a power grid receive inconsistent electrical voltage from their power utilities as a countermeasure to mitigate the challenges of line-loss across a feeder length and the variable nature of power supply and demand. That variability is further exacerbated by the inconsistent production and availability of renewable energy sources added to the electric supply. Voltage higher or lower than a building’s equipment specifications negatively impacts the lifespan or availability of electrical equipment, creates unnecessary power consumption, increases the potential for ‘brown-outs’, and can cause full or partial equipment failures. This results in higher monthly utility bills, premature equipment failure, a larger than necessary environmental footprint for the affected building, unpredictable power availability, and potential tenant/occupant issues. All these issues represent increased expenses, lower profits, and lower valuations.

Legend utilizes a proprietary and patented technology platform to first assess a building’s inbound power, then regulate and optimize the building’s voltage and manage its total power consumption. SmartGATE’s modular and extensible design, particularly its software-driven controller, enables it to address power quality issues today, while being flexible to address growing issues projected for the future. By ensuring a consistent and optimized voltage level on each individual phase of service and managing or mitigating poor quality (including over/under voltage, voltage sags and swells, phase unbalance, and power factor) across all loads, SmartGATE Active Power Management is a grid interactive technology platform that ensures customers receive consistent power availability, reduce their electrical and maintenance costs, while maintaining and enhancing asset values and brand integrity. SmartGATE’s intelligent controller captures constant, real-time data flow on up to 200 parameters aggregated every minute and made available to building management via the cloud. During initial assessments for prospective customers, this same data can be combined into a Power Impact Report to inform and prioritize implementation decision-making.

**Vision, Offerings, and Strategy**

The Company’s vision statement is: “To be recognized as a global leader in intelligent active power management technology”.

The Company currently markets two complementary offerings:

- SmartGATE Insights™ Service - measures the high impact attributes of electricity and then applies an array of industry-standard calculations to determine what effects they are having on a building. Findings are summarized and communicated to building owners via a Power Impact Report, with an easy-to-understand scorecard of relative building health, an assessment of the hidden financial and human costs, and finally a custom solution based on Legend’s turnkey technologies.
- SmartGATE™ Platform - uses patented technology to correct the power issues uncovered by SmartGATE Insights. The most recently announced version of SmartGATE™ Platform has a smaller footprint, a more affordable price point, and better energy efficiency. It is uniquely suitable for a large array of commercial as well as light-industrial applications, addressing many issues more effectively than anything management has seen in the marketplace to date. Its modular design enables it to address issues today, and future upgrades will address other energy management issues identified by the marketplace.

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A key aspect of the Company's growth strategy is partnering with resellers, particularly energy service companies ("ESCO") in the U.S. as it establishes significant new sales channels and revenue streams for the Company. The partnerships provide Legend with instant access to decades-long, trusted relationships in an expanded set of market verticals with little or no marketing, sales or infrastructure costs. Legend continues to secure partnering opportunities with channels, particularly U.S. ESCOs. Based on industry leading organization NAESCO, the ESCO market in the U.S. is estimated to be a US\$7 billion a year business that bundles energy conservation measures for large public entities such as government organizations and others.

Another core element of Legend's business strategy (whether through direct or channel partner sales) is to focus on enterprise-level sales of a portfolio solution. Leading customer engagements with SmartGATE Insights Service as a means to analyze and assess buildings to quantify financial risk and loss due to poor power quality, enables a fact-based decision to prioritize SmartGATE Platform deployment to fix or mitigate identified issues. This approach lowers customer cost for initial engagement, shortens time to SmartGATE Platform purchase, increases likelihood of multi-unit SmartGATE purchases, and compresses the sales cycle time.

Legend intends to continue to leverage both direct and distribution sales channels to aggressively expand key influencer product adoption and market share in the U.S. and Canada. Key influencers such as ESCOs are defined as individuals or organizations in a target market with whom Legend has proven its solution to be effective and have developed relationships that actively endorse the product's performances, value, and applicability to other potential customers within their sphere of influence.

Legend's U.S. expansion is ongoing with a primary presence in New York City and indirect presence in a growing number of other major U.S. metropolitan areas by virtue of customer engagement driven by our channel partner networks.

Legend's research and development programs are focused on the creation, rapid development, and delivery of unique feature sets driven by customer feedback. This focus has resulted in enhanced product solutions that are being readied and sold now. It is anticipated that these feature sets will, in addition to current energy savings benefits, eliminate organizational risk and loss caused by a range of power quality issues with cost-effective solutions not currently available in the Company's target markets.

### **Background on Active Power Management**

Active power management ("APM") is the real-time control and optimization of power voltage level to maintain the stability, efficiency, and reliability of the incoming commercial building electrical power supply. It involves continuously evaluating the power commercial buildings receive from the grid and dynamically correcting the incoming electrical power on a cycle-by-cycle basis prior to distributing the incoming electrical power for consumption within the building.

One of the most critical aspects of APM is voltage. Each piece of equipment (i.e. HVAC, elevators, lighting, life and safety systems, VFDs, motors, pumps, and more) has a name plate voltage rating, and the closer the incoming voltage is to the name plate voltage rating, the more efficient, reliable and lifetime each piece of equipment will experience. The utility provides voltage within the current standards which is essentially 10% from the service description or for a 480V service is 440V to 520V. Meanwhile, all 480V equipment is designed to a nameplate voltage rating of 465V. The further away the provided voltage is from the nameplate voltage rating, the higher the risk of poor performance for efficiency, reliability and life expectancy.

Another major factor driving the need for APM in commercial buildings is the increasing integration of renewable energy sources such as wind and solar power; these sources are considered low inertia and are more variable dependent on

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weather and grid demand conditions. As inertia energy sources on the grid fall, the overall grid inertia goes down and therefore electrical fluctuations increase significantly. APM mitigates these fluctuations by incorporating energy storage, demand-side management, and flexible generation sources to maintain a steady supply of electricity to commercial buildings.

The growing shift toward decentralization and the increasing presence of distributed energy resources further highlights the need for APM. Traditionally, the grid relied on centralized power plants, but modern systems now include rooftop solar, battery storage, and microgrids. APM minimizes these effects on commercial buildings, ensuring overall stability of distributed power to electrical systems.

Additionally, buildings are installing more sophisticated and higher efficiency systems for a variety of reasons. These sophisticated high-tech systems are more susceptible to voltage fluctuations. Combined with more severe and more frequent voltage fluctuations due to lower inertia energy deployment, building performance will worsen.

In summary, active power management is essential for maintaining stable, reliable power for commercial buildings. With the growing share of renewables, increasing electricity demand, and evolving grid technologies, APM provides the necessary tools to balance consumption while enhancing security and resilience of power for commercial buildings.

#### **U.S. Agencies' SmartGATE Validation Strategy**

The United States General Services Administration ("GSA") Green Proving Ground ("GPG") program selected eight product technologies to evaluate as part of the 2022 program, including the SmartGATE Systems technology offered by Legend Power Systems. Under the program, GSA will work with the U.S. Department of Energy's Oak Ridge National Laboratory ("ORNL") to validate the technology and conduct measurement and verification to form broad deployment strategies. Oak Ridge Labs is widely recognized for its technical leadership and expertise in building level energy efficiency. With the change in presidential administrations, the Green Proving Ground has been replaced by the Technology Proving Group ("TPG").

The program aims to drive efficiencies, while reducing operational costs, stabilize the incoming power in federal buildings and help lead market transformation through the deployment of new technologies. GSA operates approximately 1,800 federally owned buildings. Two initial sites were selected, with the first unit shipped and another expected once the delay by the new federal administration is lifted. The second location is being reviewed for continuation and budget funding. Within the TPG, the U.S. Federal Government is projected to deploy the first tranche of SmartGATEs as part of the new TPG program. With the segregated scope it is expected that ORNL will be able to accelerate the findings and reporting deliverable and deliver the findings earlier than originally expected.

The GSA's embrace of SmartGATE technology is a transformative milestone that positions Legend Power Systems to unlock enormous potential within federal government facilities. With the GSA overseeing more than 3 billion square feet of real estate, Legend's involvement in their TPG program serves as a robust endorsement of our technology's effectiveness and reliability. This validation extends far beyond the GSA itself, establishing a precedent that will encourage broader adoption across other federal, state, and municipal agencies.

Legend Power Systems is also in progress of obtaining a GSA Multiple Award Schedule ("MAS"). A GSA MAS contract is the U.S. government's preferred way to buy from trusted, pre-vetted vendors, making procurement faster, easier, and more compliant for both sides. Here are the benefits of the MAS:

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- Pre-approved vendor list: A MAS means the government has already vetted a company's pricing, qualifications, and terms. It has essentially passed a federal background check for doing business.
- One contract, many buyers: The schedule is "multiple award" because hundreds or thousands of suppliers can hold contracts in the same category. Government agencies (federal, and often state/local through cooperative programs) can choose from any of them.
- Streamlined purchasing: Once a company is on the schedule, agencies can buy from the approved company without going through a long public bidding process.
- Pre-negotiated terms: Pricing, delivery, warranty, and other conditions are locked in up front.
- Wide scope: The MAS covers a huge range of categories from office supplies to IT systems to engineering services, grouped into SINs (Special Item Numbers).

This approval and issuance process is an extensive process and is time consuming and unpredictable in duration and effort. Legend began the process in mid-2024 and anticipates resolution during 2026. The main benefit will be a streamlined and simplified purchasing processes for virtually any and governmental entity at virtually any level.

Legend Power Systems' SmartGATE technology was also selected for the City of New York's Department of Citywide Administrative Service's ("DCAS") IDEA program, which is similar to the GSA TPG program. DCAS oversees more than 15 million square feet of city-owned buildings across New York City that are primarily used to house city agencies. DCAS' focus on improving energy performance aligns directly with Legend's value proposition, making it a prime candidate for broader collaborations. DCAS plays a significant role in energy management and efficiency upgrades, supporting the City's goals to reduce emissions and energy consumption in public facilities.

The City of New York announced a [\\$4 billion plan to make all new schools all-electric and to convert 100 existing schools](#). The City of New York also finalized the specification for Active Power Management requiring new build and new renovations for City of New York schools to require an Active Power Management system similar to the SmartGATE. The City of New York Public Schools operates over 1,700 schools, as well as all public buildings in the city, and completion of the [IDEA SmartGATE evaluation](#) comes just in time to enable Legend Power Systems SmartGATE Active Power Management to play a significant role in this massive effort. The City of New York has developed a standard Active Power Management Specification for inclusion in building electrification efforts. Several requests for proposals ("RFPs") have already been released including this specification. Additionally, Legend Power Systems is meeting with the City of New York Electrical Design firms to ensure best practices for Active Power Management are properly incorporated into the City New Build and Renovation projects. Beyond schools, DCAS also serves other agencies, including schools, fire, police, museums, libraries, housing and more.

#### **Beyond U.S. Agencies' SmartGATE Validation**

The federal government's rigorous evaluation and procurement standards often set the benchmark for other sectors. As SmartGATE technology is deployed and proven effective within the GSA's extensive portfolio, it not only strengthens our foothold in government markets but also acts as a powerful catalyst for adoption in private and commercial sectors. When organizations in industries like commercial real estate, multifamily housing, big-box retail, and education see the federal government leveraging SmartGATE to improve energy efficiency, reduce costs, and extend the lifespan of critical systems, they gain confidence in the value proposition and reliability of our solutions.

This broader market validation accelerates decision-making for non-governmental clients, reducing perceived risks and shortening sales cycles. It also enhances our brand equity, making SmartGATE synonymous with power optimization and long-term value creation. In this way, the GSA's adoption of our technology not only drives exponential growth within their portfolio but also opens doors to a much larger ecosystem of opportunities across public and private sectors, creating a ripple effect that propels us toward our long-term growth goals.

### **Operational Strategies**

The Company continues to evaluate recurring revenue opportunities and has implemented maintenance programs, feature enhancements, extended warranties and project management offerings, from which the Company is now seeing revenues.

Legend initiated a transformation of its business management systems in mid-2022 with the objective of transforming business and manufacturing procedures to increase win rates and win velocity, improving efficiency and effectiveness across the Company. Coupled with long-term planning and growth strategies, Legend will scale to meet increasing demand knowing it's replicating best practices. Continuous Improvement is an on-going activity, involving all functions within the Company, and addressing business, manufacturing, customer, partner, supplier, and employee needs now and in the future. To date, Legend has completed the initial transformation phases on 25 key elements of its business management system. The remainder have strategic plans in place for future implementation.

## **INDUSTRY AND CORPORATE UPDATE**

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### **Building Energy Efficiency– Electrification & Decarbonization**

The global push to decarbonize our economy, estimated to cost \$2-3 trillion annually for the next 20-30 years, involves significant investment in renewable energy sources like wind, solar, and batteries, as well as in energy-efficient systems for buildings. However, renewable energy sources, which have low inertia, reduce the overall inertia of the electric grid. This reduction in inertia destabilizes the grid, leading to greater voltage fluctuations. These fluctuations can negatively impact critical building systems, such as HVAC, elevators, life safety systems, and other energy-efficient equipment, which require precise power quality to function optimally. Legend's SmartGATE addresses this challenge by providing full voltage regulation, effectively eliminating the power fluctuations caused by the low-inertia grid and ensuring the reliable operation of these critical systems. This long-term global path will drive SmartGATE demand for the foreseeable future.

State and municipal governments have added energy efficiency requirements to building codes, and SmartGATE Insights helps keep building owners in compliance, especially in municipal jurisdictions where energy audits are mandated. New York City is particularly stringent about greenhouse gas emissions, having enacted its [Climate Mobilization Act](#). New York City claims that 71% of greenhouse gas emissions are due to commercial buildings and has established emissions caps for buildings over 25,000 square feet. In Washington, D.C., the [Clean Energy DC Omnibus Amendment Act of 2018](#) has also set emissions standards for 50,000 square foot buildings in 2021, scaling down to 10,000 square foot buildings by 2026. Furthermore, New York State in 2019 enacted the [Climate Leadership and Community Protection Act](#) which requires 70% of the state's electricity to be generated by renewable energy by 2030. As a major strategy to this end, the state is doubling wind and solar generation every year and is expected to be over 25% wind and solar by 2025.

Concurrently, many buildings are deploying high tech building systems for higher efficiency to minimize GHG emissions and attract top tenants. These more sophisticated building systems are negatively impacted by grid volatility. The proliferation

of low inertia renewable energy will further increase electric grid volatility. This will increase the need for solutions like the industry leading SmartGATE.

Energy efficiency and decarbonization action extends beyond governments. We have seen continued announcements from major businesses about energy efficiency actions and carbon footprints, including:

- [Microsoft](#) seeks to be carbon negative by 2030 and plans a shift to rely 100% on renewable energy by 2025.
- [Morgan Stanley](#) building upon its \$800 million impact investing platform by closing a \$110 million fund focused on climate solutions.
- [Apple](#) announced goals to reduce and offset emissions along its entire supply chain and in the production of its iPhones and other devices, in under ten years.
- Amazon announced its US\$2 billion [Climate Pledge Fund](#) to support the development of sustainable and decarbonizing technologies and services. The company has committed to reach net-zero carbon across its global operations by [2040](#).

Decarbonization of the commercial building sector and power grid infrastructure investments to connect to renewable projects will require three macro changes:

- An increase in renewable power generation, which includes distributed energy resources (wind, solar, storage etc.) deployed throughout the grid in a decentralized manner.
- Electrification of equipment is traditionally reliant on fossil fuels (Electric Vehicles, Electric Heat Pumps).
- Continued effort to increase the energy efficiency of commercial buildings. Smarter and more efficient technologies will continue to replace existing equipment within facilities to reduce a building's energy use intensity and reduce demand for electricity.

This applies to new green construction as well as retrofitting existing buildings with power systems that optimize HVAC, lighting, controllers and office equipment. In the past, quantifying energy efficiency in commercial buildings has been difficult. For example, how do you measure the financial losses from a 3-year-old electric elevator motor that ran hot and was undetected until it burnt out years before its anticipated end of life? Legend Power's SmartGATE Insights can detect building power issues so that owners can repair problems early, optimizing the efficiency of electrical equipment and systems. If you can't measure a problem, you can't fix it, and SmartGATE Insights has the data to make informed decisions about commercial building energy efficiency.

### **How Legend Power's SmartGATE Can Help**

A grid more reliant on renewables is inherently less stable than a centralized grid reliant on large fossil fuel generation due to lower grid inertia created by low inertia sources like wind and solar. The reliability and quality of power is expected to decline as renewable generation proliferates. Additionally, equipment which drives efficiency for the electrification movement is less tolerant of power challenges and is prone to fail or malfunction when sub-standard power is supplied. As the global economy moves towards decarbonization and electrification, grid instability is expected to be pervasive, which should drive strong demand for Legend Power's solutions.

Declining power quality and the requirement for reliable high-quality power as an enabler for efficiency and electrification will continue to limit decarbonization efforts in the building sector. Legend's SmartGATE platform is the only proven solution that addresses this large-scale challenge.

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SmartGATE enables a lower carbon building strategy by correcting common power challenges associated with renewable power sources while increasing a building's overall efficiency and resiliency for decades to come.

### **History of the Company**

Founded in 1987, Legend Power Systems is an electrical system provider of an active power management system called SmartGATE, which optimizes the incoming electrical power supply to maximize building performance in the categories of efficiency, reliability and lifetime of virtually anything that uses electricity within a building. SmartGATE consists of SmartGATE Insights, a diagnostic tool that provides metering and analytics across 38 power quality parameters, and SmartGATE platform, patented technology that corrects the power issues uncovered by Insights.

The vision behind the current SmartGATE platform was driven by CEO Randy Buchamer, who joined as CEO in March 2012 to refocus the organization. Mr. Buchamer was Managing Director, Operations for The Jim Pattison Group and held executive roles with Mohawk Oil Company, where he restructured the firm and completed a successful turnaround. Part of Mr. Buchamer's focus was to concentrate on a single market (Ontario), prove the technology and then expand the model to other geographies, specifically the U.S., a market several times the magnitude of Ontario.

In 2017, the Company doubled revenue in the Ontario market and invested significant capital to expand the product portfolio and expand into the key markets in the U.S.

Legend continues to expand the New York market and build relationships with the key market participants, including the building owners, utilities, and ESCOs in the regions. During Q2 of fiscal 2022, the Company commenced a pilot program with a municipality that has an annual US\$4 billion budget dedicated towards electrification of schools. The pilot program has yielded positive results, and the municipality paid a deposit in the third quarter of 2024 which, subsequent to June 30, 2025, converted to a purchase order.

Prior to the introduction of SmartGATE Insights, commercial building owners could neither effectively identify nor measure power issues caused by the electrical grid. After analyzing feedback from customers and key participants across all markets, the Company announced a new and improved SmartGATE platform and introduced SmartGATE Insights data collection and analytics tool. SmartGATE Insights provides real-time analytics across entire property portfolios, clearly identifying electrical waste and the potential for premature wear or damage to electrical equipment. This visibility has helped to accelerate the sales cycles for several SmartGATE platforms and increased the likelihood of multi-unit orders.

### **Quarterly Update**

During the quarter, Legend Power Systems continued to see strong commercial engagement driven by a structural shift in how customers are experiencing and valuing power. Electricity demand is increasing rapidly due to electrification, automation, and data-driven building operations, while grid stability is becoming less predictable. At the same time, modern building systems are more efficient but also more sensitive to voltage variability and power disturbances. As a result, customers are increasingly focused on power quality as a driver of equipment performance, maintenance cost, and asset life, rather than energy consumption alone.

While overall engagement remains strong, management notes that certain customer decisions have been delayed as prospective buyers seek additional validation of SmartGATE's non-energy financial benefits. This skepticism is not related to system performance, but rather to the industry's historical reliance on energy-only savings metrics and the lack of standardized methodologies for quantifying maintenance reduction, asset life extension, and avoided capital expenditures.

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The Company is addressing this directly through multiple independent validation efforts, including third-party review under the U.S. GSA Technology Proving Ground program, analysis of operating data from existing SmartGATE deployments, and the use of actuarial maintenance and repair cost models from external partners. In parallel, Legend is expanding its system-level analysis to more clearly document how power conditions impact the life expectancy, repair frequency, and replacement cost of specific building systems such as HVAC, automation controls, elevators, variable-frequency drives, and lighting. Management believes these combined efforts will convert deferred opportunities into closed business by providing financial stakeholders with clearer, third-party-supported evidence of SmartGATE's long-term economic value.

Customer conversations during the period reflected this shift. Prospective and existing customers are engaging with Legend to better understand how unstable power conditions contribute to higher maintenance costs, accelerated equipment degradation, and unplanned capital expenditures. SmartGATE is being evaluated as a means of stabilizing incoming power to protect critical building systems, improve reliability, and reduce long-term operating and capital risk. This reframing is expanding the scope of SmartGATE discussions beyond traditional energy efficiency projects and into infrastructure protection and asset management strategies.

The Company continued to advance its commercial validation efforts during the quarter to address customer and investor skepticism around non-energy financial benefits. In parallel with the U.S. GSA Technology Proving Ground evaluation being reviewed by Oak Ridge National Laboratory, Legend is conducting deeper analysis of operating data from deployed SmartGATE systems and leveraging third-party actuarial maintenance and repair cost models. In addition, the Company is developing a more detailed system-by-system framework that maps the life expectancy, replacement cost, and repair profile of critical building systems to power quality conditions. This approach is intended to clearly visualize depreciation risk and unbudgeted capital exposure, providing financial stakeholders with a more transparent basis for evaluating SmartGATE's long-term value.

Sales activity during the quarter remained active across direct and partner-led channels. The Company continues to see strong repeat interest from existing customers once systems are installed, as well as growing inbound interest from organizations experiencing grid-related operational challenges. Partner engagement continued to expand, particularly with ESCOs, electrical contractors, and building services providers who are increasingly positioning power quality assessments as an entry point to broader customer discussions.

Legend also continued to strengthen its channel infrastructure, including partner enablement tools, sales support, and technical resources designed to support scalable deployment. The Company remains engaged in advanced discussions with several large partners that could significantly expand geographic reach and market access. As a result of these combined efforts, Legend is seeing broader customer engagement across more regions and asset types than in prior periods.

Two systems of backlog have been shipped since our recent FY25 year end release, with the remaining 6 to be shipped by the end of April, 2026. Cash management continues to be a top priority. Accounts receivable from backlog shipments is supporting our on-going operation costs.

Efforts to improve Costs of Good Sold is taking effect as we see improvement in our quarterly gross margin percent and will continue, as previously reported, with additional component cost reductions over the coming months. Operating Expenses reduced from \$347k to \$210k per month versus the prior quarter.

As reported previously, management continues to monitor cash and cost-cutting opportunities closely, reducing overall expenditure in support of working capital and growth objectives. Cost reductions continue, lead times have shortened, and gross margins initiatives are underway, all aligned with our operational objectives.

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**FINANCIAL RESULTS**

**Financial summary for the three months ended December 31, 2025 and 2024**

(Cdn\$, unless noted otherwise)	Three months ended December 31,		
	2025	2024	Change
Revenue	252,870	81,835	209%
Cost of sales	141,554	69,889	103%
Gross margin <sup>1</sup>	111,316	11,946	832%
Gross margin % <sup>1</sup>	44%	15%	202%
Operating expenses	631,005	1,041,286	(39)%
Net loss	(522,024)	(1,032,881)	(49)%
Adjusted EBITDA <sup>2</sup>	(465,102)	(801,490)	(42)%

<sup>1</sup> Gross margin is based on a blend of both equipment and installation revenue.

<sup>2</sup> Adjusted EBITDA is a non-IFRS financial measure. See EBITDA Reconciliation section for details.

Revenue for the first quarter of 2026 was \$252,870, compared with \$81,835 in the same quarter of fiscal 2025. The higher revenue during Q1 of fiscal 2026 is primarily due to the fulfillment of additional SmartGATE units.

Gross margin in the first quarter of fiscal 2026 was \$111,316, compared with \$11,946 in the same quarter of fiscal 2025. The increase in gross margin, compared to prior quarter of this fiscal, was primarily due to an increase in average selling price of the SmartGATE units and factory utilization a higher number of units sold.

The Company's operating expenses for the first quarter of fiscal 2026 were \$631,005, compared with \$1,041,286 in the same quarter of fiscal 2025. The primary cause for the decrease was lower headcount, salaries and consulting costs as a result of internal cost cutting measures.

Adjusted EBITDA for the first quarter of fiscal 2026 was negative \$465,102, compared with negative \$801,490 in the same quarter of fiscal 2025.

Net loss for the first quarter of fiscal 2026 was \$522,024, compared with a net loss of \$1,032,881 in the same quarter of fiscal 2025.

**Significant Operating Expenses**

(Cdn\$, unless noted otherwise)	Three months ended December 31,		
	2025	2024	Change
Salaries and consulting	360,349	630,153	(43)%
General and administrative	124,671	127,856	(2)%
Selling costs	7,652	20,034	(62)%
Product development	18,468	29,226	(37)%
Professional fees	47,820	43,731	9%
Share-based compensation	28,597	174,316	(84)%

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Amortization and depreciation	33,279	31,516	6%
Warranty (recovery) expense	14,953	(3,473)	(531)%

- Salaries and consulting fees for the first quarter of fiscal 2026 of \$360,349, were down from \$630,153 during the same quarter of fiscal 2025. The decrease in fiscal 2026 was due to internal cost cutting measures.
- General and administrative expenses for the first quarter of fiscal 2026 were \$124,671, a decrease from \$127,856 during the same quarter of fiscal 2025. The Company continues to monitor general and administrative expenses closely, and sources more cost-effective options wherever possible.
- Selling costs for the first quarter of fiscal 2026 were \$7,652, a decrease from \$20,034 during the same quarter of fiscal 2025. The decrease in selling costs is due to a decrease in commission and timing of sales.
- Product development costs for the first quarter of fiscal 2026 were \$18,468, a decrease from \$29,226 during the same quarter of fiscal 2025. The engineering team continues to work on value-added system functionality, supporting new customer requirements and our recurring revenue software, security and maintenance service plans.
- Professional fees for the first quarter of fiscal 2026 were \$47,820, up from \$43,731 in the same quarter of fiscal 2025. Professional fees consist of legal fees, audit fees and tax preparation costs.
- Share-based compensation expense arises from grants of incentive stock options to employees, officers, directors and consultants, and is expensed in relation to the fair value and vesting periods associated with the options granted, including past years' grants. This expense for the first quarter of fiscal 2026 was \$28,597, compared to \$174,316 in the same quarter of fiscal 2025. The decrease in fiscal 2026 was due to a smaller number of options vesting compared to 2025.
- Warranty expense for the first quarter of fiscal 2026 was \$14,953, compared with a recovery of \$3,473 in the same quarter of fiscal 2025. The primary cause of the warranty expense was due to new sales in the first quarter of 2026. The Company provides a 1-year or 3-year warranty with the sale of its SmartGATE™ systems. The Company's calculation of warranty provision is based on estimations and assumptions related to the need for future replacement of SmartGATE™ components. Warranty provision is calculated each reporting period based on actual warranty costs incurred and an updated projection of all future warranty claims.

**Quarterly Trends**

(Cdn\$, unless otherwise noted)

	Fiscal 2024			Fiscal 2025			Fiscal 2026	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Revenue	123,678	1,042,412	705,335	81,835	522,579	385,354	690,284	252,870
Gross margin <sup>1</sup>	56,771	520,138	147,059	11,946	114,345	93,064	173,638	111,316
Operating expenses	968,239	999,539	976,967	1,041,286	1,049,412	927,839	652,188	631,005
Operating loss	(911,468)	(479,401)	(829,908)	(1,029,340)	(935,067)	(834,775)	(478,550)	(519,689)
Net loss	(907,158)	(482,386)	(832,475)	(1,032,881)	(939,863)	(837,615)	(481,441)	(522,024)

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Loss per common share <sup>2</sup>	(.007)	(.004)	(.006)	(.008)	(.007)	(.006)	(.003)	(.004)
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<sup>1</sup> Gross margin is based on a blend of both equipment and installation revenue.

<sup>2</sup> Basic and diluted

Our quarterly revenues do fluctuate, which management deems consistent with a technology company perfecting the execution of its business model while transitioning through a high growth stage. The Company's sales cycle has historically been up to 12 months, which exposes reported revenue to unevenness related to customer buying cycles. Historically, this unevenness in revenue has been seasonal and most pronounced during the Company's third quarter.

Our gross margin on a quarterly basis is variable and reflects the mix of product versus installation revenue and any inventory adjustments that are tied to changes in component pricing, technology, and product offering/design or write-downs.

**FINANCIAL CONDITION, CAPITAL RESOURCES AND OTHER DISCLOSURES**

**Summary of Consolidated Statement of Cash Flows**

(Cdn\$, unless noted otherwise)	Three months ended December 31,		
	2025	2024	Change
Cash provided by (used in) operating activities	43,690	(583,598)	(107)%
Cash used in investing activities	-	(2,294)	(100)%
Cash provided by (used in) financing activities	(49,516)	1,012,016	(105)%
Net change in cash and cash equivalents	(5,826)	426,124	(101)%

**Cash used in operating activities**

During the three months ended December 31, 2025, cash provided by operating activities was \$43,690, compared to cash used in operating activities of \$583,598 in fiscal 2025.

**Cash used in investing activities**

During the three months ended December 31, 2025, cash used in investing activities was \$nil, compared with cash used for investing activities of \$2,294 in fiscal 2025.

**Cash provided by (used in) financing activities**

During the three months ended December 31, 2025, cash used by financing activities was \$49,516, compared with cash provided by financing activities of \$1,012,016 in fiscal 2025.

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**Working Capital Items**

(Cdn\$, unless noted otherwise)	As at December 31, 2025	As at September 30, 2025	Change
Cash and cash equivalents	46,634	52,749	(12)%
Trade and other receivables	35,768	222,451	(84)%
Due from customers on contract	10,211	45,769	(78)%
Prepaid expenses and deposits	145,274	141,707	3%
Inventory	1,263,767	1,238,751	2%
<b>Total current assets</b>	<b>1,501,654</b>	<b>1,701,427</b>	<b>(12)%</b>
Account payable	1,121,457	904,756	24%
Accrued liabilities	649,939	487,051	33%
Deferred revenue	425,810	531,897	(20)%
Lease liability	131,514	143,173	(8)%
Warranty provision	28,768	26,077	10%
<b>Total current liabilities</b>	<b>2,357,488</b>	<b>2,092,954</b>	<b>13%</b>
<b>Working capital</b>	<b>(855,834)</b>	<b>(391,527)</b>	<b>119%</b>

**Liquidity and capital resources measures**

As at December 31, 2025, the Company had cash and cash equivalents of \$46,634 (September 30, 2025 - \$52,749), total current assets of \$1,501,654 (September 30, 2025 - \$1,701,427) and current liabilities of \$2,357,488 (September 30, 2025 - \$2,092,954). As at December 31, 2025, the Company had working capital of negative \$855,834 (September 30, 2025 - negative \$391,527).

Based on forecasted sales and cash inflows and requirements for fiscal 2026, management believes the Company has sufficient working capital to continue business operations into fiscal 2026. In the event that revenues increase or additional funding is realized, the Company's ability to operate and grow the business will be extended.

Subsequent to December 31, 2025, the Company closed a non-brokered private placement by issuing a total of 13,748,167 units, for gross proceeds of \$1,649,780. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at an exercise price of \$0.12 at any time up to 24 months following the closing date of the offering.

**Trade Receivables**

Trade receivables receivable at December 31, 2025, was \$35,768, down from \$222,451 at September 30, 2025. The Company's cash collection cycle is typically longer than most due to the varying nature of customer scheduling constraints and the multi-step process associated with installation and commissioning of our technology.

**Due from Customers on contract**

Due from customers on contract of \$10,211 at December 31, 2025, and \$45,769 at September 30, 2025, relates to systems delivered and/or installation services provided for sales transactions where revenue has been recognized, but customers have not yet been invoiced.

**Prepaid expenses and deposits**

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Prepaid expense and deposits as at December 31, 2025, was \$145,274 (September 30, 2025 - \$141,707), of which \$23,971 (September 30, 2025 - \$25,651) is related to cost incurred to fulfill installation contracts.

**Inventory**

Inventory at December 31, 2025, was \$1,263,767, a 2% decrease from \$1,238,751 at September 30, 2025. The Company's strategy is to purchase materials once systems are ordered, minimizing on-hand inventories.

**Current Liabilities**

Trade payables and accrued liabilities at December 31, 2025, were \$1,121,457 and \$649,939, respectively, compared with \$904,756 and \$487,051, respectively, at September 30, 2025. Trade payables and accrued liabilities tend to fluctuate with no particular pattern.

As of October 1, 2019, the Company adopted IFRS-16 Leases, resulting in the recording of a current lease liability which at December 31, 2025, was \$131,514, compared with \$143,173 at September 30, 2025.

At December 31, 2025, the current portion of warranty provision was \$28,768 compared with \$26,077 at September 30, 2025.

**Deferred revenue**

Deferred revenue of \$425,810 at December 31, 2025, and \$531,897 at September 30, 2025, relates to funds received where revenue has not been recognized for delivery and/or installation.

**Contractual Obligations and Contingencies**

The Company has an employment agreement with the President and CEO and the COO of the Company that contains severance provisions whereby termination without cause could result in additional costs to the Company unless re-negotiated or settled otherwise.

**Outstanding Share Data**

Class of Security	Number outstanding at September 30, 2025	Net issued (equity offering, grants, cancellation, exercises or forfeitures)	Number outstanding at December 31, 2025	Net issued (grants, cancellations, exercises)	Number outstanding at February 26, 2026
Shares <sup>1</sup>	141,911,587	-	141,911,587	13,748,167	155,659,754
Options	10,648,336	(1,935,000)	8,713,336	(263,335)	8,450,001
Warrants	21,823,163	-	21,823,163	14,040,867	35,864,030

<sup>1</sup> The Company's authorized share capital is an unlimited number of common shares without par value. All issued common shares are fully paid.

**Common shares**

Subsequent to December 31, 2025, 13,748,167 shares were issued upon the completion of a non-brokered private placement.

**Incentive stock options**

During the three months ended December 31, 2025, 1,535,000 stock options expired and 400,000 stock options were forfeited. Subsequent to December 31, 2025, 263,335 stock options were forfeited.

### **Stock Warrants**

Subsequent to December 31, 2025, 14,040,867 stock warrants were issued upon the completion of a non-brokered private placement, of which, 292,700 stock warrants were issued as finder's warrants.

### **Off-Balance Sheet Arrangements**

The Company does not have any off-balance sheet arrangements.

## **RISKS AND UNCERTAINTIES**

In the course of our operations, we are exposed to various business risks and uncertainties that can affect our financial condition. While some financial exposures are reduced through insurance, and other risk management measures we have in place, there are certain cases where the market and operating risks are driven by external factors beyond our influence and control. The risks and uncertainties below are not the only ones related to the Company. There are additional risks and uncertainties that the Company does not presently know of or that the Company currently considers immaterial which may also impair the Company's business operations. If any of the following risks occur, the Company's business may be harmed, and its financial condition and results of operations may suffer significantly. An investment in the Company's shares is speculative and will be subject to certain material risks. Investors should not invest in securities of the Company unless they can afford to lose their entire investment.

### ***General Risks***

An investment in the Company's shares is speculative and involves a high degree of risk due to the nature of the Company's business and the present stage of the Company's operations. The following risk factors, as well as risks not currently known to the Company, could materially adversely affect the Company's future business, operations and financial condition and could cause them to differ materially from the estimates described in forward-looking statements contained herein. Prospective investors should carefully consider the following risk factors along with the other matters set out herein.

An investment in the Company will be subject to certain material risks and investors should not invest in securities of the Company unless they can afford to lose their entire investment. A purchase of any of the securities of the Company involves a high degree of risk and should be undertaken only by purchasers whose financial resources are enough to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the securities of the Company should not constitute a major portion of an individual's investment portfolio and should only be made by persons who can afford a total loss of their investment. Prospective purchasers should carefully evaluate the following risk factors associated with an investment in the Company's securities prior to purchasing any of the securities.

### ***Uncertainty of Revenues***

Since the date of incorporation, the Company has had a history of losses, and while the Company does not expect such losses to continue, there can be no assurance that such losses will not continue.

### ***Negative Cash Flow from Operations***

The Company has negative operating cash flow. The Company cannot guarantee if it will have positive cash flow from operating activities in future periods. The Company cannot provide any assurance that it will achieve sufficient revenues to

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achieve or maintain profitability or positive cash flow from operating activities. If the Company does not achieve or maintain profitability or positive cash flow from operating activities, then there could be a material adverse effect on the Company's business, financial condition and results of operation and the Company may need to deploy a portion of its working capital to fund such negative operating cash flows or seek additional sources of funding, of which there is no assurance that any required funding will be obtained.

In the event that cash flow from operations do not adequately support the fixed costs of the Company, the Company will then be required to re-evaluate its planned expenditures, reallocate its total resources and may require future financings in such a manner as the Board of Directors and management deem to be in the Company's best interest. This may result in a substantial reduction of the scope of the Company's existing and planned operations. The presence of these conditions may indicate the existence of a material uncertainty that may cast significant doubt regarding the Company's ability to continue as a going concern.

***Financing***

The ability of the Company to arrange any further financing will depend in part on the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing.

The Company may not be successful in generating sufficient cash from operations or in raising capital in sufficient amounts on acceptable terms to implement its entire business plan. The failure to generate sufficient cash flows or to raise sufficient funds may require the Company to delay or abandon some or all of its plans or otherwise forego market opportunities and may make it difficult for the Company to respond to competitive pressures, any of which could have a material adverse effect on the Company's business, results of operations and financial condition.

***Limited Operating History***

The Company is marketing and selling in the North American market. The ability of the Company to sustain revenue and income in this market segment is not fully proven, and the Company's limited operating history makes an evaluation of the Company's performance and its prospects difficult. The Company's performance and its prospects must be considered in light of the risks, expenses and difficulties encountered by companies in the field of energy efficiency. To address these risks, among other things, the Company must sell SmartGATE™ and build its brand name effectively, continue to grow its infrastructure to accommodate customers, respond to competitive developments and retain and motivate qualified personnel.

***Exchange Rate Fluctuations***

A portion of the Company's business may be transacted in U.S. dollars. Therefore, changes in the exchange rates between the Canadian dollar and U.S. dollar may have an adverse effect on the Company's business, financial condition, future prospects and results of operations.

***Two Product Company***

The success of the Company will be largely dependent upon success with commitments for SmartGATE Insights Service engagements and then ultimately with the ratio of the number of its SmartGATE Platforms that are sold for every SmartGATE

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Insights engagement completed. There is no guarantee that the market for the Company's products will develop, or that the Company will be successful in deploying its SmartGATE Platforms.

***Dependence Upon New Markets; Uncertainty of Acceptance of Product Offerings***

The market acceptance of SmartGATE Solutions in North America, outside of Ontario, remains to be proven, and the Company's future growth will depend upon successful marketing of SmartGATE Insights and Platform. If the market targeted by the Company fails to develop, develops slower than expected, is successfully and significantly penetrated by competitors or if SmartGATE does not achieve broader market acceptance, the Company's business, results of operations and financial conditions would be materially and adversely affected.

***Potential Fluctuations in Results of Operations***

The Company does not have an operating history sufficient to assess whether significant fluctuations in operations on a quarterly and/or annual basis will occur. Results of operations may vary partly due to factors which are outside of the Company's control. These factors may include:

- a) demand for, and market acceptance of the Company's products;
- b) introduction of products by competitors;
- c) reliable continuity of service;
- d) reliable supply of materials to the Company;
- e) customer retention;
- f) currency fluctuations;
- g) changes in the pricing policies of suppliers; and
- h) timing and magnitude of expenditures on advertising and promotion.

***Competition***

At present, SmartGATE™ is the only technology of its kind in North America, and the Company holds multiple patents on its technology. Attempts have been made by one other company to achieve voltage regulation electronically, albeit unsuccessfully. There is also a company in the United Kingdom that sells similar equipment but without the critical capability of voltage regulation in the North American market. The Company believes that neither of them have all of the capabilities and features of SmartGATE™. The Company believes that there are no direct competitors today that are focusing on the same target market due to its patent protections. The Company may, however, face additional competition from new market entrants. If and when that does occur in the future, the Company will respond appropriately.

***Management of Growth***

Internal growth is a principal component of the Company's strategy, and the Company anticipates undergoing a period of expansion in its business. If the Company fails to sustain or effectively manage such growth, its operating results will fluctuate and suffer. The Company's growth depends on its ability to accomplish a number of things, including identifying and developing new geographic markets, developing new products and market acceptance for them, increasing the Company's manufacturing and outsourcing capacity, maintaining current customer and distributor relationships and developing new ones, and successfully managing expansion and arranging the necessary financing.

Any growth the Company achieves will require additional personnel and will increase the scope of both its operating and financial systems and the geographic area of its operations. This will increase its operating complexity and may place significant strain on its management and other resources. The Company may not be able to attract and retain qualified

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personnel, and its current operating and financial systems and controls may not be adequate to support such growth. The Company's ability to improve its systems and controls may be limited by increased costs, technological challenges or lack of qualified personnel. In addition, the Company's past results may not be indicative of the Company's future prospects or ability to penetrate new markets, which may have different competitive conditions and demographic characteristics than current markets. Failure to effectively manage the budgeting, forecasting and other process control issues arising from growth could materially and adversely affect the Company's business, financial condition and results of operations. In addition, the Company's expense levels are based, in part, on expected future revenues, and the Company is limited in its ability to reduce expenses quickly if for any reason its purchase orders do not meet expectations in a particular quarter or year.

The Company may also grow through investment in or acquisition of complementary businesses. In connection with any investment or acquisition the Company makes, however, there may be liabilities that the Company fails to discover or is unable to discover and for which the Company, as successor owner, may be responsible. In addition, acquisitions often result in difficulties in integration, which may place significant strain on management and other resources and disrupt business operations.

The Company's business plan involves expansion of its customer base and technologies resulting in additional funding requirements and hiring of new employees. This growth could potentially place a significant strain on the Company's financial, management and operational resources. The Company's management, personnel, systems, procedures and controls may not adequately support a rapid expansion. If the Company's executives are unable to manage growth effectively, the Company's business, results of operations and financial condition could be materially and adversely affected.

***Dependence on Key Personnel***

The Company's success depends significantly upon the continued services of its key technical, sales and senior management personnel. Any officer or employee of the Company can terminate his or her relationship with the Company at any time. There is no assurance the Company can maintain the services of those individuals or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

The Company's future success will also depend on its ability to attract, train, retain and motivate highly qualified technical, marketing, sales and management personnel. Competition for such personnel is intense, and the Company may not be able to attract and retain key personnel. The loss of the services of one or more of the Company's key employees or the Company's failure to attract additional qualified personnel could have a material adverse effect on the Company's business, results of operations and financial condition.

***Suppliers***

We are dependent on our suppliers, some of which are limited or single-source suppliers, and the inability of these suppliers to deliver necessary components of our products according to our schedule and at prices, quality levels and volumes acceptable to us, or our inability to efficiently manage these components, could have a material adverse effect on our financial condition and operating results.

Our products contain numerous purchased parts which we source globally directly from suppliers, some of which are single-source suppliers, although we attempt to qualify and obtain components from multiple sources whenever feasible. Any significant increases in our production may require us to procure additional components in a short amount of time, and in the past we have also replaced certain suppliers because of their failure to provide components that met our quality control

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standards or our timing requirements. If we encounter unexpected difficulties with key suppliers, and if we are unable to fill these needs from other suppliers, we could experience production delays and potential loss of access to important technology and parts for producing, servicing and supporting our products.

This limited, and in many cases single source, supply chain exposes us to multiple potential sources of delivery failure or component shortages for production of our products. Furthermore, unexpected changes in business conditions, materials pricing, labor issues, wars, governmental changes, and natural disasters could also affect our suppliers' abilities to deliver components to us on a timely basis. The loss of any single or limited source supplier or the disruption in the supply of components from these suppliers could lead to product design changes and delays in product deliveries to our customers, which could hurt our relationships with our customers and result in negative publicity, damage to our brand and a material and adverse effect on our business, prospects, financial condition and operating results.

Changes in our supply chain may lead to an increased cost for our products. We have also experienced cost increases from certain suppliers to meet our quality targets and timelines as well as due to our design changes, and we may experience similar cost increases in the future. Certain suppliers have sought to renegotiate the terms of supply arrangements. Additionally, we are negotiating with existing suppliers for cost reductions and are seeking new and less expensive suppliers for certain parts. If we are unsuccessful in our efforts to control and reduce supplier costs, our operating results will suffer. There can be a shortage of semiconductor chip products and capacitors. Many suppliers may not fulfill orders on short notice resulting in long lead times for ordering these components, and often at higher price points.

***Government Regulation***

Canadian and American, Provincial/State and Federal statutes concerning electrical safety require the Company's products to be approved listed products. All products manufactured, sold and installed by the Company are subject to safety certification procedures by approved safety bodies, and are listed products.

***Insurance***

A defect in the products manufactured by the Company or in the installation process could result in serious personal injury, property damage, and lost hours of operation and revenue. Although the Company carries general liability insurance of up to \$10,000,000, it is not fully insured against all risks, nor are all such risks fully insurable.

***Product Liability***

A malfunction of the Company's products could result in tort or warranty claims. Even where a claim is without merit, the costs of defending could be substantial in terms of actual monetary expense as well as diversion of managerial attention. Any liability for damages resulting from malfunctions of the Company's products or other costs incurred to remedy the problem, such as product recalls, could be substantial and could increase the Company's expenses and prevent the Company from growing its business. In addition, a well-publicized actual or perceived problem could adversely affect market perception of the Company's products. This could result in a decline in demand for the Company's products, which would reduce its revenue and harm its business.

***Dividends***

During the most recently completed financial period, no dividends were paid on the common shares issued and outstanding. It is not expected that dividends will be paid on the common shares in the foreseeable future as it is the Company's current

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policy to retain earnings to finance expansion and to otherwise fund operations, unless profits far exceed such requirements. Future payment of dividends will be dependent upon the Company's financial condition, financial requirements to fund future growth, and other factors the Board of Directors may consider appropriate in the circumstances. Until the Company pays dividends, which it may never do, shareholders will not be able to receive a return on their common shares unless they sell them.

**Share Price**

Legend's share price has been highly volatile following its TSX-V listing on July 3, 2008 due to market conditions and may continue to experience significant fluctuation in the future. Among the factors that could affect Legend's share price are: quarterly variations in operating results, news announcements, research reports by analysts and other developments with respect to the Company's industry or competitors, changes in general market conditions, lack of liquidity in the marketplace and domestic and international economic factors unrelated to the Company's performance.

The markets for equity securities of technology companies have been highly volatile recently and the market price of Legend's common shares may be subject to innovations or new products by the Company or its competitors, fluctuations in energy prices, patent or proprietary rights developments and market conditions for high technology stocks in general. In addition, stock markets in recent years have experienced extreme price and volume fluctuations that often have been unrelated or disproportionate to the operating performance of individual companies. These market fluctuations may adversely affect the market price of Legend's shares. There can be no assurance that the trading price of Legend's shares will remain at or near the current trading price.

**RELATED PARTY DISCLOSURES**

The Company entered into the following related party transactions during the three months ended December 31, 2025 and 2024. The terms and conditions of the transactions with key management personnel and non-executive directors and/or their related parties were no more favorable than those available, or which might reasonably be expected to be available, on similar transactions with non-related entities on an arm's length basis.

**Transactions with Key Management Personnel**

The following amounts were incurred with respect to the Company's CEO (Mr. Randy Buchamer), ex-CFO (Ms. Florence Tan), and COO and Interim CFO (Mr. Paul Moffat):

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
	\$	\$
Salaries and consulting fees to key management personnel	89,063	127,208
Share-based compensation	18,527	14,037
Car allowance	1,800	2,400
	<b>109,390</b>	<b>143,645</b>

**Transactions with Other Related Parties**

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The following amounts were incurred with respect to the Company's non-executive directors (Messrs. Michael Atkinson, Dave Guebert, Cosimo La Porta and Jonathan Lansky):

	December 31, 2025	December 31, 2024
	\$	\$
Share-based compensation	7,075	41,274
	7,075	41,274

## FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### Financial instruments

The Company's financial instruments consist of cash and cash equivalents, trade and other receivables, due from customers on contract, accounts payable, accrued liabilities and lease liability. The carrying values of these financial instruments are not based on fair value but approximate their fair values because of their short-term nature.

### Risk management

The risks associated with these financial instruments and the policies regarding their management are discussed below. Management monitors these risk exposures to ensure appropriate measures are implemented in a timely and effective manner.

### Foreign currency risk

The Company is exposed to the U.S. dollar versus Canadian dollar exchange rate fluctuation risks through operations of its U.S. subsidiary and expenses incurred in U.S. dollars. As at December 31, 2025, all of the Company's liquid assets and liabilities were held in Canadian dollars and U.S. dollars. A significant change in the USD exchange rate relative to the Canadian dollar could affect the Company's results of operations. A change in the value of U.S. dollar by 10% relative to the value of the Canadian dollar would have affected the Company's results of operations for the nine months ended December 31, 2025, by approximately \$11,700 (December 31, 2024 - \$27,800).

### Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk due to its potential impact on cash and cash equivalents. The Company earns interest on deposits based on current market interest rates, which three months ended December 31, 2025, averaged 2.40% (December 31, 2024 – 3.93%). A 1% nominal change in interest rates would have affected the Company's results of operations for the three months ended December 31, 2025, by approximately a nominal amount (December 31, 2024 - nominal). The Company does not have any interest-bearing liabilities.

### Credit risk

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Credit risk is the risk of an unexpected loss if the counterparty to a financial instrument fails to meet its contractual obligations. The credit risk associated with cash is believed to be minimal as cash is on deposit with Canadian and foreign banks that are deemed to be creditworthy. Receivables are comprised primarily of amounts due from various customers. The Company is exposed to credit risk through accounts receivable from customers. At December 31, 2025, trade receivables from two customers accounted for 95% of the Company's trade receivable balance. At September 30, 2025, trade receivables from one customer accounted for 90% of the Company's trade receivable balance. Given the nature, balances and the collection history of the Company's receivables, Management has applied a nominal loss allowance as at December 31, 2025 (September 30, 2025 – nominal).

**Concentration risk**

During the three months ended December 31, 2025, two customers accounted for 98% (2024 – two customers accounted for 98%) of the Company's revenue.

**Liquidity risk**

Liquidity risk is managed by ensuring sufficient financial resources are available to meet obligations associated with financial liabilities. The Company has in place a planning and budgeting process which helps determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. As at December 31, 2025, the Company had cash and cash equivalents of \$46,634 (September 30, 2025 – \$52,749) to settle its current liabilities of \$2,357,488 (September 30, 2025 – \$2,092,954).

**EBITDA RECONCILIATION**

We are disclosing Adjusted EBITDA as a supplementary indicator of operating performance. This is a non-IFRS financial measure and is not a standardized financial measure under the financial reporting framework used to prepare the financial statements of the entity to which the measure relates and might not be comparable to similar financial measures disclosed

**Management's Discussion and Analysis**  
**For the three months ended December 31, 2025 and 2024**  
**Dated February 26, 2026**



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by other issuers. We define Adjusted EBITDA as net income or loss before; interest, income taxes, amortization, depreciation, accretion, non-cash stock-based compensation and foreign exchange gains and losses. Management believes that this supplementary financials measures reflect the Company's ongoing business in a manner that allows for meaningful period-to-period comparisons and analysis of business trends. We believe the Adjusted EBITDA to be useful in providing an indication of the operational results of our business.

(Cdn\$, unless noted otherwise)	Three months ended December 31,		
	2025	2024	Change
Net loss	(522,024)	(1,032,881)	(49)%
Add/(deduct):			
Foreign exchange loss (gain)	(4,784)	15,955	(130)%
Other income	(170)	(566)	(70)%
Amortization and depreciation	33,279	41,686	(20)%
Share based compensation	28,597	174,316	(84)%
<b>Adjusted EBITDA</b>	<b>(465,102)</b>	<b>(801,490)</b>	<b>(42)%</b>

**OTHER MD&A REQUIREMENTS**

Additional information relating to the Company may be found at SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) or the Company's website at [www.legendpower.com](http://www.legendpower.com) in the Company's condensed interim consolidated financial statements for the three months ended December 31, 2025 and 2024.

**Approval**

The Board of Directors of the Company has approved the disclosure contained in this Management's Discussion and Analysis.

On Behalf of the Board of Directors,  
"Randy Buchamer"

Randy Buchamer, President, CEO and Director, February 26, 2026