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Legend Power Systems Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Three and six months ended March 31, 2025 and 2024

(Expressed in Canadian Dollars)

May 22, 2025

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 May 22, 2025 and should be read in conjunction with the Company's condensed interim consolidated financial statements for the three and six months ended March 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 May 22, 2025.

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 approve 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 and the Company's website at 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. 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 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

With the increasing age and instability of the electric grid driven by high-penetration renewables, SmartGATE has transitioned from a "nice-to-have" optimization tool to a mission-critical infrastructure solution. Over the past several years, Legend Power has strategically invested in the development of its current-generation SmartGATE platform—to move beyond energy savings, and to establish a new category of electrical optimization equipment focused on enhancing building system reliability and extending equipment life at a time when new, efficiency-driven technologies are more sensitive than ever to power quality. Legend Power Systems is pioneering the category of Active Power Management, with over 340 systems deployed to date, proving SmartGATE's efficacy and necessity in the modern energy landscape. 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.

Legend Power Systems total addressable market ("TAM") across target verticals includes multifamily residential, commercial, industrial, military, federal, and state/local government facilities. Each segment reflects significant opportunity for long-term penetration and repeat deployments.

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. The investment in the newest generation of SmartGATE has had tremendous impact on adoption and sales. The average number of SmartGATE systems sold per opportunity has grown significantly over the last two years. From a historical average of 1 to 2 systems per sale approximating $50,000, to current bookings average of over 4.5 SmartGATE systems. Our internal target is to consistently close 6+ system deployments, with projected increased deal sizes. This reflects our current generation creating strong results for the customer leading to customer recognition of SmartGATE as 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 performance, 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. The Company anticipates 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 consumption 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 design 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 weather conditions. The lower inertia energy sources on the grid, 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 highlight 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 more low 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 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.

The program aims to drive down GHG emissions, 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 have been selected, with the first unit shipped and another expected once the delay by the new federal administration is lifted. Within the GPG, the U.S. Federal Government is projected to deploy the first tranche of SmartGATEs as part of the GPG program.

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 GPG 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' 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 GPG 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

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've 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.

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 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.

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 then raised $10 million in a bought deal financing at $0.80 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 March 31, 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 in fiscal Q1 2020 (period ending December 31, 2019). 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

Legend Power Systems' has seen significant increase to the Q2 fiscal 2025 revenue compared to Q2 fiscal 2024. Our strategic focus on partnerships and reseller networks continues to yield substantial results, exemplified by expansions with an Energy Service Company in the United States. This not only reflects the success of our partner/reseller strategy but also signifies our investment in expanding the reseller markets, paving the way for broader adoption of SmartGATE technology.

During the quarter, we entered into a strategic partnership with Unity Electric, an Equans company, to serve as Legend's authorized sales, distribution, and installation partner in New York City. This collaboration strengthens our ability to scale with speed and deliver localized support in a core strategic market.

Additionally, we launched our proprietary Voltage Adherence Risk metric. This diagnostic capability quantifies the operational risk caused by grid-induced power volatility, enabling deeper visibility to the risks to critical building systems present in current non-SmartGATE operations. The SmartGATE Insights evaluation is enhancing the velocity and positive decision-making process for customers and partners.

The Company also continued working closely with the U.S. General Services Administration ("GSA") Green Proving Ground program, where SmartGATE systems are being evaluated. The deployment and evaluation schedule continues, with the first unit shipped, and plans to ship the next system in the next quarter. The Company's SmartGATE systems will aid in the development of specifications and standards for GSA's 1,800 federally owned buildings, similar to efforts by the City of New York Schools.

Previously, the Company published performance results for the first round of Gen3 SmartGATE platforms. Results continue to reflect a 20% increase in energy savings performance over prior generations as well as elimination of over 99% of incoming grid fluctuations. Several customers have reported that the maintenance and repair savings are outpacing energy savings, in many cases resulting in $2 of maintenance savings for every $1 of energy savings. These performance results continue, along with recent deployments, to drive meaningful conversations with partners and customers and have been helpful in influencing decision makers toward adopting Legend's products. This is true for both late stage deals as well as new opportunities.

Sales activity is continuing at a strong pace, as evidenced by new purchase orders from customers, both repeat and new business, who continue engaging with deep and wide interest. The strength in viability is driven mainly by customers articulating power quality concerns and higher visible costs. Partner sales efforts also continue to grow in volume, dollars, and strength.

Subsequent to the quarter, an existing customer placed a repeat order for eight additional SmartGATE systems, and the City of New York Public School System placed its first SmartGATE order, aligning with their building electrification and grid resilience strategy.

The Company's channel sales team continues to grow and strengthen reseller and ESCO relationships, furthering adoption of Insights, Power Impact Reports and SmartGATE solutions. Target markets and reseller channels continue to respond positively to Legend's solutions and combined opportunities. As of the date of this MD&A, the Company is engaged with many organizations interested in becoming Legend selling partners in the U.S. and Canada. The channel sales team continued development of partner support tools for the partner portal including marketing support, sales support, technical support, and deal registration.

Additionally, with the strategic wins with major resellers and entities, we are being pulled into more geographic areas and customer than every before. With the record progress, strategic direct sales efforts continue to grow with system bookings and new sales opportunities. The current sales booking pipeline is healthy and aligned to support booking target expectations. Continued progress on installation of Gen3 SmartGATE and positive Measurement and Verification Reports are expected to achieve bookings growth in 2025 and beyond.

The Company continues to focus on closing large deals in the pipeline, and in support of both future and current partners, to invest in additional Gen3 SmartGATE software features. Our backlog of 15 systems will be built and delivered in 2025 due to shortened supply and production lead times. The Company continues to implement COGS reductions which will be realized in the coming quarters.

Our top initiatives continue to drive operational change and decision-making, targeting improved time-to-cash, sales turnaround, sales win rates, customer satisfaction, data and report quality, reduced lead times and continued cost reduction. Redesign of the Vancouver factory has been completed, supporting upwards of $30 million in yearly revenue. Outsourcing arrangements have been initiated or are in place to support further growth as needed. The design, capacity and material management strategy are completely transferrable, allowing a seamless transition to other locations. Speed of production has doubled, improving factory utilization and reducing fixed-cost allocations. Further cost reductions are being investigated to support future gross margin improvements.

The impact of business and manufacturing process redesign has improved data and production quality & timeliness, allowing for better and faster decision-making, all leading to improved efficiencies and margins. We previously reported a 50% reduction in the time it takes from Insights installation to presentation of the Power Impact Report through automation and streamlining the measurement and reporting process. We have now completed the project and are measuring results from its first implementation.

Proactive planning and response to changing environments continues to be supported by the implementation of an improved sales operations process, an extended rolling forecast and a sales and operational planning forum. The Company has improved its planning tools, and proactively manages its outlook, allowing time to course-correct, re-align strategies, and optimize the path forward. The Company is laser-focused on optimizing sales for best win-rate, cash flow, and margin, while ensuring opportunity momentum is maintained. As our customers realize the potential of SmartGATE, the Power Impact Report "proof-point" will follow shortly after, solidifying their decision to purchase. For many of our repeat customers, the Power Impact Report is no longer requested, as the proof is in the results being seen from existing installations.

As previously reported, platform functionality continues to improve as Engineering releases new options and functions to the product, including a major SW development about to be released. These improvements support sales and installation turnaround time as well as customer security and performance requirements. Product development continues on larger

Gen3 systems to address the growing need for SmartGATEs in high power applications as well as satisfying new orders. These efforts began last year and will continue into 2025 and beyond.

Management continues to monitor cash and cost-cutting opportunities closely to reduce 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.

FINANCIAL RESULTS

Financial summary for the three and six months ended March 31, 2025 and 2024

	Three months ended March 31,			Six months ended March 31,		
(Cdn$, unless noted otherwise)	**2025**	**2024**	**Change**	**2025**	**2024**	**Change**
Revenue	522,579	123,678	323%	604,414	125,226	383%
Cost of sales	408,234	66,907	510%	478,123	89,571	434%
Gross margin[1]	114,345	56,771	101%	126,291	35,655	254%
Gross margin %[1]	22%	46%		21%	28%	
Operating expenses	(1,049,412)	(968,239)	8%	2,090,698	2,037,827	3%
Net loss	(939,863)	(907,158)	(4)%	(1,972,744)	(1,988,648)	(1)%
Adjusted EBITDA[2]	(810,293)	(811,146)	0%	(1,621,953)	(1,782,819)	(9)%

[1] Gross margin is based on a blend of both equipment and installation revenue.

[2] Adjusted EBITDA is a non-IFRS financial measure. See EBITDA Reconciliation section for details.

Revenue for the second quarter of 2025 was $522,579, compared with $123,678 in the same quarter of fiscal 2024. The higher revenue during Q2 of fiscal 2025 is primarily due to the fulfillment of additional SmartGATE units.

Gross margin in the second quarter of fiscal 2025 was $114,345, compared with $56,771 in the same quarter of fiscal 2024. The increase in gross margin dollars is mainly due to an increase in the number SmartGATE units sold. Gross margin percentage has decreased due to increased cost of certain inventory components, as well as suppliers paid in US dollars.

The Company's operating expenses for the second quarter of fiscal 2025 were $1,049,412, compared with $968,239 in the same quarter of fiscal 2024. The primary cause for the increase was higher consulting and warranty expense, as well as temporary cost cutting measures taken in the prior year.

Adjusted EBITDA for the second quarter of fiscal 2025 was negative $810,293, compared with negative $811,146 in the same quarter of fiscal 2024.

Net loss for the second quarter of fiscal 2025 was $939,863, compared with a net loss of $907,158 in the same quarter of fiscal 2024.

Significant Operating Expenses

	Three months ended March 31,			Six months ended March 31,		
(Cdn$, unless noted otherwise)	2025	2024	Change	2025	2024	Change
Salaries and consulting	664,460	604,192	10%	1,294,613	1,292,102	0%
General and administrative	158,044	126,778	25%	285,900	248,741	15%
Selling costs	3,487	67,587	(95)%	261,126	84,982	207%
Product development	44,935	36,139	24%	19,016	80,873	(76)%
Professional fees	36,557	48,248	(24)%	80,288	104,557	(23)%
Share-based compensation	86,810	70,614	23%	261,126	154,798	69%
Amortization and depreciation	39,928	37,740	6%	71,444	74,593	(4)%
Warranty (recovery) expense	12,130	(20,768)	(158)%	8,657	(4,849)	(279)%

- Salaries and consulting fees for the second quarter of fiscal 2025 of $664,460, were up from $604,192 during the same quarter of fiscal 2024. The increase in fiscal 2025 was due to temporary internal cost cutting measures taken in fiscal 2024.

- General and administrative expenses for the second quarter of fiscal 2025 were $158,044, an increase from $126,778 during the same quarter of fiscal 2024. The Company continues to monitor general and administrative expenses closely, and sources more cost-effective options wherever possible.

- Selling costs for the second quarter of fiscal 2025 were $3,487, a decrease from $67,587 during the same quarter of fiscal 2024. The decrease in selling costs is due to a decrease in commission and timing of sales.

- Product development costs for the second quarter of fiscal 2025 were $44,935, a marginal increase from $36,139 during the same quarter of fiscal 2024. 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 second quarter of fiscal 2025 were $36,557, down from $48,248 in the same quarter of fiscal 2024. 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 second quarter of fiscal 2025 was $86,810, compared to $70,614 in the same quarter of fiscal 2024. The increase in fiscal 2025 was due to a larger number of options vesting compared to 2024.

- Warranty expense for the first quarter of fiscal 2025 was $12,130, compared with a recovery of $20,768 in the same quarter of fiscal 2024. The primary cause of the warranty (recovery) expense was due to fewer warranty claims and the expiration of existing warranty provisions. The Company provides a 1-year, 3-year or 10-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 2023		Fiscal 2024				Fiscal 2025	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Revenue	470,310	159,114	1,548	123,678	1,042,412	705,335	81,835	522,579
Gross margin[1]	104,003	(5,674)	(21,116)	56,771	520,138	147,059	11,946	114,345
Operating expenses	1,128,015	1,001,073	1,069,588	968,239	999,539	976,967	1,041,286	1,049,412
Operating loss	(1,024,012)	(1,006,747)	(1,090,704)	(911,468)	(479,401)	(829,908)	(1,029,340)	(935,067)
Net loss	(1,018,568)	(969,729)	(1,081,490)	(907,158)	(482,386)	(832,475)	(1,032,881)	(939,863)
Loss per common share[2]	(.009)	(.008)	(.008)	(.007)	(.004)	(.006)	(.008)	(.007)

[1] Gross margin is based on a blend of both equipment and installation revenue.
[2] Basic and diluted

Our quarterly revenues do naturally 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. The negative margin for Q1 of fiscal 2024 relate to the allocation of fixed costs. The Company expects to recover the majority of these costs incurred in the following months. Further, negative margins in Q4 of fiscal 2023 were the result of allocated fixed costs incurred. The Company continues to work diligently in sourcing lower cost alternatives to components and improving the efficiency in producing the new Gen3 units.

FINANCIAL CONDITION, CAPITAL RESOURCES AND OTHER DISCLOSURES

Summary of Consolidated Statement of Cash Flows

	Six months ended March 31,		
(Cdn$, unless noted otherwise)	**2025**	**2024**	**Change**
Cash used in operating activities	(1,805,683)	(1,889,571)	(4)%
Cash used in investing activities	(2,294)	(7,837)	
Cash provided by (used in) financing activities	1,802,979	(89,828)	(2107)%
Net change in cash and cash equivalents	(4,998)	(1,987,236)	(100)%

Cash used in operating activities
During the six months ended March 31, 2025, cash used in operating activities was $1,805,683, down 4% from $1,889,571 in fiscal 2024.

Cash used in investing activities

During the six months ended March 31, 2025, cash used in investing activities was $2,294, compared with cash used for investing activities of $7,837 in fiscal 2024.

Cash provided by financing activities

During the six months ended March 31, 2025, cash provided by financing activities was $1,802,979, compared with cash used in financing activities of $89,828 in fiscal 2025. The increase was mainly due to the $1,613,090 (gross) non-brokered financing completed in fiscal 2025 and $301,390 from the exercise of stock warrants.

Working Capital Items

(Cdn$, unless noted otherwise)	As at March 31, 2025	As at September 30, 2024	Change
Cash and cash equivalents	224,200	236,722	(5)%
Trade receivables	218,215	294,881	(26)%
Due from customers on contract	58,351	28,954	102%
Prepaid expenses and deposits	130,950	124,568	5%
Inventory	1,494,173	1,681,478	(11)%
Total current assets	**2,125,889**	**2,366,603**	**(10)%**
Account payable	643,792	676,741	(5)%
Accrued liabilities	377,721	422,046	(11)%
Deferred revenue	14,376	364,607	(96)%
Lease liability	165,779	127,883	30%
Warranty provision	50,465	32,664	54%
Total current liabilities	**1,252,133**	**1,623,941**	**(23)%**
Working capital	**873,756**	**742,662**	**18%**

Liquidity and capital resources measures

As at March 31, 2025, the Company had cash and cash equivalents of $224,200 (September 30, 2024 - $236,722), total current assets of $2,125,889 (September 30, 2024 - $2,366,603) and current liabilities of $1,252,133 (September 30, 2024 - $1,623,941). As at March 31, 2025, the Company had working capital of $873,756 (September 30, 2024 - $742,662).

The Company has historically relied on equity financing to raise the requisite financial resources. There is no assurance that profitability will be achieved or that management will be successful in obtaining financing when and if required on terms acceptable to the Company.

Trade Receivables

Trade receivables receivable at March 31, 2025, was $218,215, down from $294,881 at September 30, 2024. 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. Subsequent to March 31, 2025, the Company has received $750,403 of outstanding trades receivables and deposits from sales orders.

Due from Customers on contract

Due from customers on contract of $58,351 at March 31, 2025 and $28,954 at September 30, 2024, 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
Prepaid expense and deposits as at March 31, 2025, was $130,950 (September 30, 2024 - $124,568), of which $81,551 (September 30, 2024 - $47,253) is related to cost incurred to fulfill installation contracts.

Inventory
Inventory at March 31, 2025, was $1,494,173, an 11% decrease from $1,681,478 at September 30, 2024. The Company's strategy is to advance purchase sufficient materials to fulfill at least three months of projected orders. The Company's ability to fulfill customer orders on a timely basis is dependent on carrying inventory of various components, in particular those components with lengthy lead times.

Current Liabilities
Trade payables and accrued liabilities at March 31, 2025, were $643,792 and $377,721, respectively, compared with $676,741 and $422,046 at September 30, 2024. 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 March 31, 2025, was $165,779, compared with $127,883 at September 30, 2024.

At March 31, 2025, the current portion of warranty provision was $50,465 compared with $32,664 at September 30, 2024.

Deferred revenue
Deferred revenue of $14,376 at March 31, 2025, and $364,067 at September 30, 2024, relates to funds received where revenue has not been recognized for delivery and/or installation. Subsequent to March 31, 2025, the Company received additional funds for future revenue for the amount of $384,829.

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, 2024	Net issued (equity offering, grants, cancellation, exercises or forfeitures)	Number outstanding at March 31, 2025	Net issued (grants, cancellations, exercises)	Number outstanding at May 22, 2025
Shares[1]	131,694,417	10,167,170	141,861,587	-	141,861,587
Options	7,670,566	3,765,000	11,435,566	-	11,435,566
Warrants	14,067,113	7,756,050	21,823,163	-	21,823,163

[1] *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
During the six months ended March 31, 2025, 1,205,560 shares were issued upon the exercise of stock warrants and 8,961,610 were issued upon the completion of a non-brokered private placement.

Incentive stock options

During the six months ended March 31, 2025, 5,200,000 stock options were granted, 735,000 stock options expired and 700,000 stock options were forfeited.

Stock Warrants

During the six months ended March 31, 2025, 8,961,610 stock warrants were issued upon the completion of a non-brokered private placement and 1,205,560 were exercised.

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 evaluate carefully 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 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

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. One other company has attempted 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 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 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 in order 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.

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.

U.S. Trade Tariffs

Recent changes in U.S. trade policy, including the imposition of new tariffs on Canadian goods and materials, could pose a risk to our operations, supply chain, and financial performance. Increased costs for equipment, materials and components sourced from Canadian suppliers impacted by U.S. tariffs could result in higher input costs for the Company. These upstream pressures may lead to inflationary pricing, supply chain delays, or limited availability of key products.

Furthermore, broader economic uncertainty and reduced cross-border trade activity may have a dampening effect on Canadian economic growth, which could indirectly affect customer demand, project timelines, and access to competitively priced goods and services. The Company is currently evaluating opportunities for expansion into the U.S. market, and future operations could be directly exposed to U.S. trade policies, tariffs, and associated compliance requirements. There is also an increased risk of reduced access to capital and foreign investment due to perceived instability in U.S.-Canada trade relations, which could adversely impact our growth strategy. We continue to monitor macroeconomic conditions and trade developments to assess potential impacts on our operations and cost structure.

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 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 and six months ended March 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), CFO (Ms. Florence Tan), and COO (Mr. Paul Moffat):

	Three months ended March 31,		Six months ended March 31,	
	2025	2024	2025	2024
	$	$	$	$
Salaries and consulting fees to key management personnel	138,250	116,167	276,500	254,417
Share-based compensation	44,450	16,993	135,352	40,917
Car allowance	2,400	2,400	4,800	4,800
	185,100	135,560	416,652	300,134

Transactions with Other Related Parties

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):

	Three months ended March 31,		Six months ended March 31,	
	2025	2024	2025	2024
	$	$	$	$
Share-based compensation	16,048	55,171	33,869	125,709
	16,048	55,171	33,869	125,709

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

The Company's financial instruments consist of cash and cash equivalents, trade 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 March 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 six months ended March 31, 2025, by approximately $56,400 (2024 - $52,810).

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 during the six months ended March 31, 2025, averaged 3.49% (2024 – 5.31%). A 1% nominal change in interest rates would have affected the Company's results of operations for the six months ended March 31, 2025, by approximately $100 (2024 - $6,300) The Company does not have any interest-bearing liabilities.

Credit risk

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 March 31, 2025, trade receivables from three customers accounted for 12%, 21% and 65%, respectively, of the Company's trade receivable balance for a total of 98% in aggregate. At September 30, 2024, trade receivables from three customers accounted for 12%, 16% and 63%, respectively, of the Company's trade receivables balance for a total 91% in aggregate. Given the nature, balances and the collection history of the Company's receivables, Management has applied a nominal loss allowance as at March 31, 2025 (September 30, 2024 – nominal).

Concentration risk

During the three and six months ended March 31, 2025, two customers accounted for 18% and 79% (2024 – two customers accounted for 20% and 78%), and 16% and 69% (2024 – two customers accounted for 20% and 77%), respectively, 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 March 31, 2025, the Company had cash and cash equivalents of $224,200 (September 30, 2024 – $236,722) to settle its current liabilities of $1,252,133 (September 30, 2024 – $1,623,941).

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 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.

	Three months ended March 31,			Six months ended March 31,		
(Cdn$, unless noted otherwise)	**2025**	**2024**	**Change**	**2025**	**2024**	**Change**
Net loss	(939,863)	(907,158)	4%	(1,972,744)	(1,988,648)	(1)%
Add/(deduct):						
Foreign exchange loss	3,061	(2,291)	(234)%	19,016	1,256	1414%
Other income	(229)	(10,051)	(98)%	(795)	(24,818)	(97)%
Amortization and depreciation	39,928	37,740	6%	71,444	74,593	(4)%
Share based compensation	86,810	70,614	23%	261,126	154,798	69%
Adjusted EBITDA	**(810,293)**	**(811,146)**	0%	**(1,621,953)**	**(1,782,819)**	(9)%

OTHER MD&A REQUIREMENTS

Additional information relating to the Company may be found at SEDAR+ at www.sedarplus.ca or the Company's website at www.legendpower.com in the Company's condensed interim consolidated financial statements for the three and six months ended March 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, May 22, 2025