



# **Legend Power Systems Inc.**

## **CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS For the three and nine months ended June 30, 2025 and 2024**

(Expressed in Canadian Dollars)

# Legend Power Systems Inc.

## CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three and nine months ended June 30, 2025 and 2024

(Unaudited - Expressed in Canadian Dollars)

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**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying unaudited condensed interim consolidated financial statements of Legend Power Systems Inc. for the three and nine months ended June 30, 2025 and 2024 have been prepared by and are the responsibility of the Company's management.

The auditor of Legend Power Systems Inc. has not performed a review of the unaudited condensed interim consolidated statements of loss and comprehensive loss for the three and nine-month period ended June 30, 2025 and 2024.

# Legend Power Systems Inc.

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited - Expressed in Canadian Dollars)

		June 30, 2025	September 30, 2024 (Audited)
	Notes	\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		215,154	236,722
Trade and other receivables	5(i)	17,005	294,881
Due from customers on contract	5(ii)	10,211	28,954
Prepaid expenses and deposits		152,548	124,568
Inventory	6	1,473,606	1,681,478
<b>Total current assets</b>		<b>1,868,524</b>	<b>2,366,603</b>
<b>Non-current assets</b>			
Property and equipment	7	55,618	72,253
Right of use assets	8	292,077	351,843
Intangible assets	9	8,070	11,456
<b>Total non-current assets</b>		<b>355,765</b>	<b>435,552</b>
<b>Total assets</b>		<b>2,224,289</b>	<b>2,802,155</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Account payable		747,452	676,741
Accrued liabilities		387,779	422,046
Deferred revenue		371,163	364,607
Lease liability	8	154,593	127,883
Warranty provision	10	51,245	32,664
<b>Total current liabilities</b>		<b>1,712,232</b>	<b>1,623,941</b>
<b>Non-current liabilities</b>			
Warranty provision	10	9,192	20,744
Lease liability	8	102,368	196,944
<b>Total liabilities</b>		<b>1,823,792</b>	<b>1,841,629</b>
<b>Shareholders' equity</b>			
Share capital	11(i)	63,916,933	62,006,475
Contributed surplus		12,081,318	11,728,605
Accumulated other comprehensive loss		(19,520)	(6,679)
Deficit		(75,578,234)	(72,767,875)
<b>Total shareholders' equity</b>		<b>400,497</b>	<b>960,526</b>
<b>Total liabilities and shareholders' equity</b>		<b>2,224,289</b>	<b>2,802,155</b>
Going concern (Note 1)			
Segments (Note 4)			
Commitments and contingencies (Note 12)			
Subsequent event (Note 17)			

APPROVED BY THE BOARD OF DIRECTORS AND AUTHORIZED FOR ISSUE ON AUGUST 21, 2025

"Cos LaPorta", Director

"Randy Buchamer", Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

# Legend Power Systems Inc.

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Unaudited - Expressed in Canadian Dollars)

	Notes	For the three months ended June 30,		For the nine months ended June 30,	
		2025	2024	2025	2024
		\$	\$	\$	\$
<b>Revenue</b>		385,354	1,042,412	989,768	1,167,638
<b>Cost of sales</b>	6	292,290	522,274	770,413	611,845
<b>Gross margin</b>		93,064	520,138	219,355	555,793
<b>Expenses</b>					
Salaries and consulting		585,521	600,670	1,880,134	1,892,772
General and administrative		107,945	129,581	393,845	378,322
Selling costs		19,797	89,746	43,318	174,728
Share-based compensation	11(ii)	103,642	56,679	364,768	211,477
Professional fees		53,465	36,347	133,753	140,904
Warranty (recovery) expense	10	(1,671)	8,797	6,986	3,948
Product development		36,458	40,881	110,619	121,754
Foreign exchange (gain) loss		(7,674)	3,231	11,342	4,487
Amortization and depreciation	7,8,9	30,356	32,507	101,800	107,100
Bad debt (recovery)	5(i)	-	1,100	(28,028)	1,874
<b>Total expenses</b>		927,839	999,539	3,018,537	3,037,366
<b>Operating loss</b>		(834,775)	(479,401)	(2,799,182)	(2,481,573)
Interest expense on leases	8	(3,066)	(5,207)	(12,198)	(16,501)
Other income		226	2,222	1,021	27,040
<b>Net loss for the period</b>		(837,615)	(482,386)	(2,810,359)	(2,471,034)
<b>Other comprehensive loss:</b>					
Exchange difference arising on translation of foreign operations		3,047	399	(12,841)	(4,176)
<b>Comprehensive loss for the period</b>		(834,568)	(481,987)	(2,823,200)	(2,475,210)
<b>Basic and diluted loss per share</b>		(.006)	(.004)	(.020)	(.019)
<b>Weighted average number of common shares outstanding, basic and diluted</b>		137,183,144	131,694,417	138,389,320	131,694,417

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

## Legend Power Systems Inc.

### CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Unaudited – Expressed in Canadian Dollars)

	Notes	Number of shares issued #	Share capital \$	Contributed surplus \$	Deficit \$	Accumulated other comprehensive loss \$	Total shareholders' equity \$
<b>Balance at September 30, 2023</b>		<b>131,694,417</b>	<b>61,993,475</b>	<b>11,472,126</b>	<b>(69,464,366)</b>	<b>(6,664)</b>	<b>3,994,571</b>
Share-based compensation	11(ii)	-	-	211,477	-	-	211,477
Net loss and comprehensive loss for the period		-	-	-	(2,471,034)	(4,176)	(2,475,210)
<b>Balance at June 30, 2024</b>		<b>131,694,417</b>	<b>61,993,475</b>	<b>11,683,603</b>	<b>(71,935,400)</b>	<b>(10,840)</b>	<b>1,730,838</b>
<b>Balance at September 30, 2024</b>		131,744,417	62,006,475	11,728,605	(72,767,875)	(6,679)	960,526
Private placement, net	11(i)	8,961,610	1,597,013	-	-	-	1,597,013
Warrants exercised	11(i)	1,205,560	313,445	(12,055)	-	-	301,390
Share-based compensation	11(ii)	-	-	364,768	-	-	364,768
Net loss and comprehensive loss for the period		-	-	-	(2,810,359)	(12,841)	(2,823,200)
<b>Balance at June 30, 2025</b>		<b>141,911,587</b>	<b>63,916,933</b>	<b>12,081,318</b>	<b>(75,578,234)</b>	<b>(19,520)</b>	<b>400,497</b>

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

**Legend Power Systems Inc.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Unaudited – Expressed in Canadian Dollars)

	Notes	For the nine months ended June 30,	
		2025	2024
		\$	\$
<b>Cash flows used in operating activities</b>			
Net loss for the period		(2,810,359)	(2,471,034)
Items not affecting cash:			
Share-based payment	11(ii)	364,768	211,477
Amortization and depreciation	7,8,9	140,949	130,059
Interest on lease liability	8	18,205	22,113
Warranty (recovery) expense	10	6,986	3,948
Lease termination	8	-	(167)
Bad debt (recovery) expense	5(i)	(28,028)	1,874
Changes in non-cash working capital items:			
Receivables, prepaids and deposits		277,944	99,215
Due from customers on contract		18,743	-
Inventory		207,872	118,074
Accounts payable and accrued liabilities		35,803	31,228
Deferred revenue		7,471	313,300
Warranty liability	10	-	(12,800)
		<u>(1,759,646)</u>	<u>(1,552,713)</u>
<b>Cash flows provided by (used in) investing activities</b>			
Purchase of property and equipment	7	(2,294)	(2,912)
Purchase of intangible assets	9	-	(4,925)
		<u>(2,294)</u>	<u>(7,837)</u>
<b>Cash flows provided by (used in) financing activities</b>			
Proceeds from private placement, net	11(i)	1,597,013	-
Proceeds from warrants exercised	11(i)	301,390	-
Repayment of lease obligation	8	(144,939)	(136,571)
		<u>1,753,464</u>	<u>(136,571)</u>
<b>Effects of foreign exchange translation in cash</b>		(13,092)	(3,345)
<b>Net change in cash and cash equivalents for the period</b>		(8,476)	(1,697,121)
<b>Cash and cash equivalents, beginning of the period</b>		236,722	2,506,336
<b>Cash and cash equivalents, end of the period</b>		<u>215,154</u>	<u>805,870</u>

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

# Legend Power Systems Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

### For the three and nine months ended June 30, 2025 and 2024

(Unaudited - Expressed in Canadian Dollars)

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#### 1. NATURE OF BUSINESS

Legend Power Systems Inc. (hereafter referred to as the “Company” or “Legend”) is incorporated under the laws of the Province of British Columbia and was established as a legal entity on June 4, 1987. The Company’s principal business activities are the assembly, marketing and sale of a patented device, the “SmartGATE™”, which enables dynamic power management of an entire commercial or industrial building. The Company’s common shares are listed on the TSX Venture Exchange.

The Company’s principal office is located at 1480 Frances Street, Vancouver, BC, V5L 1Y9, Canada.

The Company has seen an increased rate of inflation globally, which has created challenges for the Company in securing certain inventory components at reasonable prices and in a timely manner. The Company also continues to experience supply chain constraints, which to date, have not resulted in any lost business.

The United States has announced potential tariffs on imports from Canada, Mexico, and China. The timing and impact of the tariffs on the Company’s financial condition, cash flows, and operations is uncertain and cannot currently be quantified. Management will continue to monitor and assess the impact of the potential tariffs on its judgments, estimates, and amounts recognized in these condensed interim consolidated financial statements.

As described in Note 2 of these condensed interim consolidated financial statements, management makes estimates and assumptions in preparing the consolidated financial statements. Actual results could differ materially from these estimates, in which case the impact would be recognized in the condensed interim consolidated financial statements in future periods.

#### Going concern uncertainty

These condensed interim consolidated financial statements of the Company for the three and nine months ended June 30, 2025, and 2024 (“financial statements”) have been prepared on a going concern basis that presumes the realization of assets and discharge of liabilities in the normal course of business. The financial statements do not include any adjustments to the amounts and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

As at June 30, 2025, the Company has an accumulated deficit of \$75,578,234 (September 30, 2024 - \$72,767,875), and for the three and nine months ended June 30, 2025, recorded a net loss of \$837,615 (2024 - \$482,386) and \$2,810,359 (2024 - \$2,471,034) and negative cash flows from operations of \$1,759,646 (2024 - \$1,552,713). Whether, and when, the Company can attain profitability and positive cash flows from operations is subject to material uncertainty. The application of the going concern assumption is dependent upon the Company’s ability to generate future profitable operations and obtain necessary financing to do so. The Company may need to raise additional capital in order to fund its planned operations and meet its obligations. While the Company has been successful in obtaining financing to date and believes it will be able to obtain sufficient funds in the future and ultimately achieve profitability and positive cash flows from operations, there can be no assurance that the Company will achieve profitability and be able to do so on terms favorable for the Company. The above events and conditions indicate there is a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

# Legend Power Systems Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

### For the three and nine months ended June 30, 2025 and 2024

(Unaudited - Expressed in Canadian Dollars)

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## 2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

### Basis of consolidation

The condensed interim consolidated financial statements include the accounts of the Company and all of its subsidiaries. The subsidiaries of the Company are as follows:

Legend Power Systems Corp. – (USA) active	100%
0809882 B.C. Ltd. – (Canada) inactive	100%
LPSI (Barbados) Limited – (Barbados) inactive	100%

Assets, liabilities, revenue and expenses of the subsidiaries are recognized in accordance with the Company's accounting policies. Inter-company transactions and balances are eliminated upon consolidation.

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). These should be read in conjunction with the Company's last annual consolidated financial statements as at and for the year ended September 30, 2024 ("last annual financial statements"). The accounting policies applied by the Company in these condensed interim consolidated financial statements are the same as those applied in the last annual financial statements. These condensed interim consolidated financial statements do not include all of the information required for full annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of changes in the Company's financial position and performance since the last annual financial statements.

The functional currency of the Company, and its Canadian and Barbados subsidiaries is the Canadian dollar. The functional currency of the Company's U.S. subsidiary is the United States dollar. The condensed interim consolidated financial statements are presented in Canadian dollars.

### Critical judgments and sources of estimation uncertainty

The preparation of these condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed interim consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed interim consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### *Critical judgments*

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the condensed interim consolidated financial statements:

- i) The Company's assessment of its ability to continue as a going concern requires judgments about the Company's ability to execute its strategy by funding future working capital requirements. The

# Legend Power Systems Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

### For the three and nine months ended June 30, 2025 and 2024

(Unaudited - Expressed in Canadian Dollars)

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Company's objectives are to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern and maintain adequate levels of funding to support its ongoing operations and development such that it can continue to provide returns to shareholders and benefits for other stakeholders.

- ii) The determination of an entity's functional currency is a matter of judgment based on an assessment of the specific facts and circumstances relevant to determining the primary economic environment of each individual entity within the group. The Company reconsiders the functional currencies used when there is a change in events or conditions considered in determining the primary economic environment of each entity.
- iii) The United States has announced potential tariffs on imports from Canada, Mexico, and China. The timing and impact of the tariffs on the Company's financial condition, cash flows, and operations is uncertain and cannot currently be quantified. Management will continue to monitor and assess the impact of the potential tariffs on its judgments, estimates, and amounts recognized in these interim condensed consolidated financial statements.

#### *Estimation uncertainty*

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

- i) Provision for future warranty expense was forecasted by management based on recent historical experience and expectations of future warranty claim activity.
- ii) Provisions for impairment of inventory were made using the best estimate of net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to complete the sale for finished goods and replacement cost for raw materials.
- iii) Expected credit losses are estimates based on observations of historical collection history. Given the nature, balances and the collection history of the Company's receivables, Management has applied a nominal loss allowance.
- iv) For those contracts that include both a system and its installation, the Company utilizes Management's best estimate of the relative fair value of revenue generated from the products delivered and the installation services provided. Installation revenue fair value is based on actual third-party contractor pricing by product size multiplied by either: i) the average gross margin achieved by the Company over the preceding two fiscal years or; ii) the implied gross margin specific to a multi system order. The relative fair value of the product is the difference between total sale price to customer and fair value estimate of installation revenue.
- v) The fair value of share-based compensation is estimated using the Black-Scholes option pricing model and rely on a number of estimates, such as the expected term, expected dividend yield, the volatility of the underlying share price, the risk-free rate of return, and the estimated rate of forfeiture. Such estimates and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates of share-based compensation.
- vi) In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively

# Legend Power Systems Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

### For the three and nine months ended June 30, 2025 and 2024

(Unaudited - Expressed in Canadian Dollars)

verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

### 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended September 30, 2024.

### 4. SEGMENTS

The Company has assessed two operating segments based on geographical location of sales: Legend Power Systems Canada ("Legend Canada") and Legend Power Systems Corp. - U.S. ("Legend U.S."). During the three and nine months ended June 30, 2025, 95% of the Company's revenues were attributable to Legend Canada (2024 – 35%) and 5% of revenues were attributable to Legend U.S. (2024 – 65%). Each reportable segment derives its revenue from the sale and installation of the SmartGATE™ products. Transfer prices between operating segments are calculated on a non-arm's length basis.

	As at June 30, 2025				As at September 30, 2024			
	Legend Canada	Legend U.S.	Other Subs	Total	Legend Canada	Legend U.S.	Other Subs	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Assets	2,170,815	47,669	5,805	2,224,289	2,769,562	29,887	2,706	2,802,155
Liabilities	1,632,407	191,385	-	1,823,792	1,706,635	134,994	-	1,841,629
	Three months ended June 30, 2025				Three months ended June 30, 2024			
	Legend Canada	Legend U.S.	Other Subs	Total	Legend Canada	Legend U.S.	Other Subs	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	367,782	17,572	-	385,354	363,619	678,793	-	1,042,412
Cost of sales	(292,296)	6	-	(292,290)	(291,149)	(231,125)	-	(522,274)
Op costs	(651,877)	(269,677)	(6,285)	(927,839)	(655,829)	(338,443)	(5,267)	(999,539)
Other expense	(2,840)	-	-	(2,840)	(2,985)	-	-	(2,985)
Net loss	(579,231)	(252,099)	(6,285)	(837,615)	(586,344)	109,225	(5,267)	(482,386)
	Nine months ended June 30, 2025				Nine months ended June 30, 2024			
	Legend Canada	Legend U.S.	Other Subs	Total	Legend Canada	Legend U.S.	Other Subs	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	972,196	17,572	-	989,768	488,845	678,793	-	1,167,638
Cost of sales	(769,688)	(725)	-	(770,413)	(380,720)	(231,125)	-	(611,845)
Op costs	(2,176,591)	(832,955)	(8,991)	(3,018,537)	(2,162,810)	(866,585)	(7,971)	(3,037,366)
Other income (expense)	(11,177)	-	-	(11,177)	10,539	-	-	10,539
Net loss	(1,985,260)	(816,108)	(8,991)	(2,810,359)	(2,044,146)	(418,917)	(7,971)	(2,471,034)

# Legend Power Systems Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

### For the three and nine months ended June 30, 2025 and 2024

(Unaudited - Expressed in Canadian Dollars)

#### 5. RECEIVABLES

- i) Trade and other receivables

Aging of trade receivables as follows:

Trade receivables	Total due	0-30 days	31-90 days	90+ days
	\$	\$	\$	\$
June 30, 2025	17,005	15,310	-	1,695
September 30, 2024	294,881	285,964	1,695	7,222

During the nine months ended June 30, 2025, the Company recovered trade receivables previously provided for in the amount of \$28,028 (2024 – wrote off \$774) and the expected credit loss was nominal (September 30, 2024 - nominal).

- ii) Due from customers on contract

At June 30, 2025, due from customers on contract amounted to \$10,211 and at September 30, 2024, was \$28,954. These amounts relate to equipment delivered and/or installation services performed for sales where revenue has been recognized and customers had not yet been invoiced.

#### 6. INVENTORY

Inventories consist of the following, as at June 30, 2025 and September 30, 2024:

	June 30, 2025	September 30, 2024
	\$	\$
Finished products ("SmartGATE")	129,049	128,769
Work in progress and finished sub-components	327,384	410,970
Transformers and components	954,155	1,009,011
Inventory in transit	63,018	132,728
	1,473,606	1,681,478

During the three and nine months ended June 30, 2025, inventories were recognized as cost of sales in the amount of \$193,880 (2024 - \$424,555) and \$558,930 (2024 - \$461,314), respectively. Further, the Company recorded a provision for slow-moving and obsolescence of \$nil (2024 - \$nil). Total provision recognized against inventory as at June 30, 2025, was \$173,868 (September 30, 2024 - \$228,359), the Company wrote-off \$54,491 (2024 - \$nil), against the provision.

#### 7. PROPERTY AND EQUIPMENT

	Computer equipment	Equipment and furniture	Leasehold improvements	Total
	\$	\$	\$	\$
<b>Cost</b>				
Balance, September 30, 2023	139,884	747,702	44,245	931,831
Additions	2,912	-	-	2,912
Balance, September 30, 2024	142,796	747,702	44,245	934,743
Additions	-	2,294	-	2,294
Balance, June 30, 2025	142,796	749,996	44,245	937,037

# Legend Power Systems Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

### For the three and nine months ended June 30, 2025 and 2024

(Unaudited - Expressed in Canadian Dollars)

<b>Accumulated depreciation</b>				
Balance, September 30, 2023	137,495	642,639	39,711	819,845
Additions	2,668	36,692	3,285	42,645
Balance, September 30, 2024	140,163	679,331	42,996	862,490
Additions	1,134	16,986	809	18,929
Balance, June 30, 2025	141,297	696,317	43,805	881,419
<b>Net book value</b>				
<b>At September 30, 2024</b>	<b>2,633</b>	<b>68,371</b>	<b>1,249</b>	<b>72,253</b>
<b>At June 30, 2025</b>	<b>1,499</b>	<b>53,679</b>	<b>440</b>	<b>55,618</b>

## 8. RIGHT OF USE ASSETS AND LEASE LIABILITIES

### Office lease

The Company's estimated incremental borrowing rate of the lease was 8.29%, which has been used to determine the present value of the minimum lease payments.

On January 1, 2025, certain costs related to property tax and insurance premiums associated to the leased asset became known and unavoidable for the upcoming year. As a result, those payments became fixed in-substance at that time giving rise to a lease modification. An adjustment was made in the amount of \$58,868 (2024 - \$51,405) to the right-of-use asset and lease liability.

During the three and nine months ended June 30, 2025, depreciation expense was \$41,725 (2024 - \$35,185) and \$118,634 (2024 - \$101,599), respectively, of which \$39,149 (2024 - \$33,527) was allocated to inventory and cost of sales. Interest expense for the three and nine months ended June 30, 2025, was \$5,591 (2024 - \$7,774) and \$18,205 (2024 - \$24,580), respectively, of which, \$6,007 (2024 - \$8,112) was allocated to inventory and cost of sales.

### Office equipment

The Company entered into a 5-year photocopier lease on June 1, 2019. The Company's estimated incremental borrowing rate at the inception of the lease of 10% has been used to determine the present value of the minimum lease payments which was determined to be \$7,844 as of October 1, 2019.

In January 2024, the Company terminated office equipment lease and recognized a gain of \$167 in other income.

Set out below are the carrying amounts of the Company's right-of-use assets and lease liabilities.

### Right of use Assets

	Office lease	Equipment lease	Total
	\$	\$	\$
<b>Cost</b>			
Balance, September 30, 2023	982,196	7,844	990,040
Effect of lease modification	51,405	-	51,405
Lease termination	-	(7,844)	(7,844)
Balance, September 30, 2024	1,033,601	-	1,033,601
Effect of lease modification	58,868	-	58,868
Balance, June 30, 2025	1,092,469	-	1,092,469

# Legend Power Systems Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

### For the three and nine months ended June 30, 2025 and 2024

(Unaudited - Expressed in Canadian Dollars)

<b>Accumulated depreciation</b>			
Balance, September 30, 2023	544,975	6,723	551,698
Additions	136,783	461	137,244
Lease termination	-	(7,184)	(7,184)
Balance, September 30, 2024	681,758	-	681,758
Additions	118,634	-	118,634
Balance, June 30, 2025	800,392	-	800,392
<b>Net book value</b>			
<b>At September 30, 2024</b>	<b>351,843</b>	<b>-</b>	<b>351,843</b>
<b>At June 30, 2025</b>	<b>292,077</b>	<b>-</b>	<b>292,077</b>

### Lease Obligations

	<b>Office lease</b>	<b>Equipment lease</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance, September 30, 2023	424,613	1,377	425,990
Effect of lease modification	51,405	-	51,405
Lease payments	(182,731)	(583)	(183,314)
Interest portion of payments	31,540	33	31,573
Lease termination	-	(827)	(827)
Balance, September 30, 2024	324,827	-	324,827
Effect of lease modification	58,868	-	58,868
Lease payments	(144,939)	-	(144,939)
Interest portion of payments	18,205	-	18,205
Balance, June 30, 2025	256,961	-	256,961
Lease payable, current	154,593	-	154,593
Lease payable, non-current	102,368	-	102,368
Total lease payable	256,961	-	256,961

The future undiscounted minimum lease commitments for the Company's leases are as follows:

	<b>Office lease</b>	<b>Equipment lease</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Less than 1 year	168,336	-	168,336
Between 2 and 3 years	105,210	-	105,210
Total	273,546	-	273,546

## 9. INTANGIBLE ASSETS

	<b>Patents</b>	<b>Computer software</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Cost</b>			
Balance, September 30, 2023	1,655,750	184,084	1,839,834
Additions	4,925	-	4,925
Balance, September 30, 2024	1,660,675	184,084	1,844,759
Additions	-	-	-
Balance, June 30, 2025	1,660,675	184,084	1,844,759

# Legend Power Systems Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

### For the three and nine months ended June 30, 2025 and 2024

(Unaudited - Expressed in Canadian Dollars)

<b>Accumulated depreciation</b>			
Balance, September 30, 2023	1,645,146	184,084	1,829,230
Additions	4,073	-	4,073
Balance, September 30, 2024	1,649,219	184,084	1,833,303
Additions	3,386	-	3,386
Balance, June 30, 2025	1,652,605	184,084	1,836,689
<b>Carrying amount</b>			
<b>At September 30, 2024</b>	<b>11,456</b>	<b>-</b>	<b>11,456</b>
<b>At June 30, 2025</b>	<b>8,070</b>	<b>-</b>	<b>8,070</b>

#### 10. WARRANTY PROVISION

	<b>Total</b>
	<b>\$</b>
Balance, September 30, 2023	96,429
Warranty fulfillment	(12,800)
Decrease in provision	(30,213)
Adjustment	(8)
Balance, September 30, 2024	53,408
Increase in provision	6,986
Adjustment	43
Balance, June 30, 2025	60,437
Warranty provision, current	51,245
Warranty provision, non-current	9,192
<b>Total</b>	<b>60,437</b>

The Company provides a variable length warranty on its equipment of between 1 and 10 years. The warranty provision will be used to fulfill warranty claims, should they arise, over the warranty period provided to customers. As at June 30, 2025, the average remaining years of equipment under warranty was 2.71 years (September 30, 2024 – 3.33 years).

#### 11. SHARE CAPITAL AND CONTRIBUTED SURPLUS

##### i) Share Capital

The Company's authorized share capital is an unlimited number of common shares without par value. At June 30, 2025, the Company had 141,911,587 (September 30, 2024 – 131,744,417) shares issued and outstanding. All issued common shares are fully paid. Contributed surplus consists of the accumulated fair value of common share options recognized as share-based compensation, fair value of warrants and fair value of broker warrants.

During the nine months ended June 30, 2025, the Company closed a non-brokered private placement by issuing a total of 8,961,610 units, for gross proceeds of \$1,613,090. 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 \$0.30 at any time up to 24 months following the closing date of the offering. The Company incurred share issuance cost of \$16,077.

During the nine months ended June 30, 2025, a total of 1,205,560 (September 30, 2024 – 50,000) shares were issued upon the exercise of stock warrants for gross proceeds of \$301,390 (September 30, 2024 - \$12,500).

# Legend Power Systems Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

### For the three and nine months ended June 30, 2025 and 2024

(Unaudited - Expressed in Canadian Dollars)

#### ii) Stock Options

The Company has an incentive share option plan (the "Plan"). Under the Plan a total of 10% of the Company's outstanding common shares are reserved for the issuance of share options to directors, officers, employees and consultants. The terms of each option award are fixed by the directors at the time of grant. Share options awarded have a maximum term of five years. Share options vest over various time periods from the grant date to five years at the discretion of the board of directors.

During the nine months ended June 30, 2025, the following stock options were granted:

- November 5, 2024 – 2,400,000 with an exercise price of \$0.18 and a 5-year term<sup>1</sup>; and
- November 5, 2024 – 2,800,000 with an exercise price of \$0.18 and a 5-year term<sup>2</sup>

During the year ended September 30, 2024, the following stock options were granted:

- October 3, 2023 – 100,000 with an exercise price of \$0.18 and a 5-year term<sup>1</sup>; and
- November 1, 2023 – 275,000 with an exercise price of \$0.18 and a 5-year term<sup>1</sup>

The options granted during the year ended September 30, 2024 and 2023 vest as to:

<sup>1</sup> 1/6 vest on the 6-month anniversary of grant and each 6-month anniversary thereafter

<sup>2</sup> Vest on performance milestone being met

A summary of the Company's share options outstanding at June 30, 2025, including the changes during the period, is as follows:

	Share options	Weighted average exercise price
		\$
Balance, September 30, 2023	9,344,081	0.32
Granted	375,000	0.18
Expired	(1,740,000)	0.35
Forfeited	(308,515)	0.31
Balance, September 30, 2024	7,670,566	0.31
Granted	5,200,000	0.18
Expired	(765,000)	0.30
Forfeited	(712,499)	0.18
Balance, June 30, 2025	11,393,067	0.26

The weighted average remaining contractual life of stock options outstanding as of June 30, 2025, is 2.85 years (September 30, 2024 – 2.37 years).

During the three and nine months ended June 30, 2025, the Company recorded share-based compensation of \$103,642 (2024 - \$56,679) and \$364,768 (2024- \$211,477).

The fair value of share options awarded to employees, directors and consultants was estimated on the dates of award using the Black-Scholes option-pricing model with the following assumptions during the nine months ended June 30, 2025:

	June 30, 2025	September 30, 2024
Risk-free interest rate (average)	3.07%	4.29%
Estimated volatility (average)	83%	94%
Expected life (average)	3.87	3.80
Forfeiture rate (average)	20.75%	21.52%
Dividend rate (average)	0.00%	0.00%

# Legend Power Systems Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

### For the three and nine months ended June 30, 2025 and 2024

(Unaudited - Expressed in Canadian Dollars)

The Black-Scholes option pricing model was developed for use in estimating the fair value of share options that have no vesting provisions and are fully transferable. Also, option-pricing models require the use of estimates and assumptions including the expected volatility. The Company uses expected volatility rates which are based upon historical volatility rates. Changes in the underlying assumptions can materially affect the fair value estimates.

The following table summarizes share options outstanding and exercisable at June 30, 2025:

Options outstanding	Options exercisable	Exercise price	Year of expiry
		\$	
1,740,566	1,740,566	0.35 - 0.47	2025
520,000	520,000	0.39 - 0.75	2026
2,345,000	2,329,170	0.19 - 0.33	2027
2,287,501	1,166,679	0.18 - 0.33	2028
4,500,000	400,000	0.18	2029
11,393,067	6,156,415		

The following table summarizes share options outstanding and exercisable at September 30, 2024:

Options outstanding	Options exercisable	Exercise price	Calendar year of expiry
		\$	
735,000	735,000	0.18 - 0.75	2024
1,770,565	1,770,565	0.17 - 0.47	2025
520,000	503,334	0.39 - 0.75	2026
2,345,001	1,739,180	0.19 - 0.33	2027
2,300,000	725,006	0.18 - 0.33	2028
7,670,566	5,473,085		

#### iii) Warrants

The continuity of share purchase warrants is as follows:

	Warrants	Weighted average exercise price
		\$
Balance, September 30, 2023	14,117,113	0.25
Exercised	(50,000)	0.25
Balance, September 30, 2024	14,067,113	0.25
Issued	8,961,610	0.30
Exercised	(1,205,560)	0.25
Balance, June 30, 2025	21,823,163	0.27

The weighted average remaining contractual life of warrants outstanding as of June 30, 2025, is 0.68 years (September 30, 2024 – 0.84 years).

During the nine months ended June 30, 2025, the Company issued 8,961,610 unit warrants in connection with the non-brokered private placement which, based on the residual method, were fair valued at \$nil and recorded in contributed surplus.

# Legend Power Systems Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

### For the three and nine months ended June 30, 2025 and 2024

(Unaudited - Expressed in Canadian Dollars)

#### 12. COMMITMENTS AND CONTINGENCIES

The Company has employment agreements with each of the CEO and 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.

#### 13. RELATED PARTY DISCLOSURES

The Company considers a person or entity a related party if they are a member of key management personnel, including their close relatives, an associate or joint venture, those having significant influence over the Company, as well as entities that are controlled by related parties. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

The Company entered into the following related party transactions during the three and nine months ended June 30, 2025 and 2024:

(i) Transactions with Key Management Personnel:

The following amounts were incurred with respect to Key Management Personnel; being the Company's CEO, COO and the CFO:

	Three months ended June 30,		Nine months ended June 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Salaries and consulting fees to key management personnel	138,250	127,208	414,750	381,625
Share-based compensation	51,434	14,037	186,787	54,954
Car allowance	2,400	2,400	7,200	7,200
	192,084	143,645	608,737	443,779

(ii) Transactions with Directors:

The following amounts were incurred with respect to non-executive directors of the Company:

	Three months ended June 30,		Nine months ended June 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Share-based compensation	10,314	41,274	44,183	166,983
	10,314	41,274	44,183	166,983

At June 30, 2025, a total of \$nil (September 30, 2024 - \$6,825) was due to related parties for salaries, consulting fees and expenses reimbursement.

#### 14. 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.

# Legend Power Systems Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

### For the three and nine months ended June 30, 2025 and 2024

(Unaudited - Expressed in Canadian Dollars)

#### 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 June 30, 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 June 30, 2025, by approximately \$81,610 (2024 - \$44,210).

#### 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 nine months ended June 30, 2025, averaged 3.30% (2024 – 5.28%). A 1% nominal change in interest rates would have affected the Company's results of operations for the nine months ended June 30, 2025, by approximately \$300 (2024 - \$6,800). 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 June 30, 2025, trade receivables from one customer accounted for 90% of the Company's trade receivable balance. 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 June 30, 2025 (September 30, 2024 – nominal).

#### Concentration risk

During the three and nine months ended June 30, 2025, one customer accounted for 95% (2024 – two customers accounted for 28% and 63%), and 10% and 79% (2024 – two customers accounted for 33% and 56%), 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 June 30, 2025, the Company had cash and cash equivalents of \$215,154 (September 30, 2024 – \$236,722) to settle its current liabilities of \$1,712,232 (September 30, 2024 – \$1,623,941).

#### 15. LOSS PER SHARE

		Three months ended		Nine months ended	
		June 30,		June 30,	
		2025	2024	2025	2024

# Legend Power Systems Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

### For the three and nine months ended June 30, 2025 and 2024

(Unaudited - Expressed in Canadian Dollars)

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	\$	\$	\$	\$
Basic	(.006)	(.004)	(.020)	(.019)
Diluted	(.006)	(.004)	(.020)	(.019)

Common share equivalents that could potentially dilute net income per basic share in the future, were not included in the computation of diluted earnings per share because the impact would have been anti-dilutive, and which included all issued stock options (note 11(ii)).

#### 16. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern and maintain adequate levels of funding to support its ongoing operations and development such that it can continue to provide returns to shareholders and benefits for other stakeholders. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the Company's underlying assets. The Company plans to use funds from the future sale of products to fund operations and expansion activities.

#### 17. SUBSEQUENT EVENT

In July 2025, the Company granted 225,000 stock options with an exercise price of \$0.12 and a 5-year term to employees.

In July 2025, the Company extended the terms of 12,861,553 common share purchase warrants that were issued under the Company's private placement of units completed in two tranches on July 31, 2023 and August 22, 2023. The warrants have an exercise price of \$0.25 and were set to expire on July 31, 2025 and August 22, 2025. The Company has received consent from TSX Venture Exchange to extend the expiry date of the warrants to July 31, 2026 and August 22, 2026.