



# **Legend Power Systems Inc.**

## **CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS For the three and six months ended March 31, 2025 and 2024**

(Expressed in Canadian Dollars)

# Legend Power Systems Inc.

## CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three and six months ended March 31, 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 six months ended March 31, 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 six-month period ended March 31, 2025 and 2024.

# Legend Power Systems Inc.

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited - Expressed in Canadian Dollars)

		March 31, 2025	September 30, 2024 (Audited)
	Notes	\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		224,200	236,722
Trade and other receivables	5(i)	218,215	294,881
Due from customers on contract	5(ii)	58,351	28,954
Prepaid expenses and deposits		130,950	124,568
Inventory	6	1,494,173	1,681,478
<b>Total current assets</b>		<b>2,125,889</b>	<b>2,366,603</b>
<b>Non-current assets</b>			
Property and equipment	7	61,481	72,253
Right of use assets	8	333,802	351,843
Intangible assets	9	9,198	11,456
<b>Total non-current assets</b>		<b>404,481</b>	<b>435,552</b>
<b>Total assets</b>		<b>2,530,370</b>	<b>2,802,155</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Account payable		643,792	676,741
Accrued liabilities		377,721	422,046
Deferred revenue		14,376	364,607
Lease liability	8	165,779	127,883
Warranty provision	10	50,465	32,664
<b>Total current liabilities</b>		<b>1,252,133</b>	<b>1,623,941</b>
<b>Non-current liabilities</b>			
Warranty provision	10	11,708	20,744
Lease liability	8	135,106	196,944
<b>Total liabilities</b>		<b>1,398,947</b>	<b>1,841,629</b>
<b>Shareholders' equity</b>			
Share capital	11(i)	63,916,933	62,006,475
Contributed surplus		11,977,676	11,728,605
Accumulated other comprehensive loss		(22,567)	(6,679)
Deficit		(74,740,619)	(72,767,875)
<b>Total shareholders' equity</b>		<b>1,131,423</b>	<b>960,526</b>
<b>Total liabilities and shareholders' equity</b>		<b>2,530,370</b>	<b>2,802,155</b>
Going concern (Note 1)			
Segments (Note 4)			
Commitments and contingencies (Note 13)			
Subsequent event (Note 17)			

APPROVED BY THE BOARD OF DIRECTORS AND AUTHORIZED FOR ISSUE ON MAY 22, 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 March 31,		For the six months ended March 31,	
		2025	2024	2025	2024
		\$	\$	\$	\$
<b>Revenue</b>		522,579	123,678	604,414	125,226
<b>Cost of sales</b>	6	408,234	66,907	478,123	89,571
<b>Gross margin</b>		114,345	56,771	126,291	35,655
<b>Expenses</b>					
Salaries and consulting		664,460	604,192	1,294,613	1,292,102
General and administrative		158,044	126,778	285,900	248,741
Selling costs		3,487	67,587	23,521	84,982
Share-based compensation	11(ii)	86,810	70,614	261,126	154,798
Professional fees		36,557	48,248	80,288	104,557
Warranty expense (recovery)	10	12,130	(20,768)	8,657	(4,849)
Product development		44,935	36,139	74,161	80,873
Foreign exchange loss (gain)		3,061	(2,291)	19,016	1,256
Amortization and depreciation	7,8,9	39,928	37,740	71,444	74,593
Bad debt (recovery)	5(i)	-	-	(28,028)	774
<b>Total expenses</b>		1,049,412	968,239	2,090,698	2,037,827
<b>Operating loss</b>		(935,067)	(911,468)	(1,964,407)	(2,002,172)
Interest expense on leases	8	(5,025)	(5,741)	(9,132)	(11,294)
Other income		229	10,051	795	24,818
<b>Net loss for the period</b>		(939,863)	(907,158)	(1,972,744)	(1,988,648)
<b>Other comprehensive loss:</b>					
Exchange difference arising on translation of foreign operations		(4,377)	(1,912)	(15,888)	(4,575)
<b>Comprehensive loss for the period</b>		(944,240)	(909,070)	(1,988,632)	(1,993,223)
<b>Basic and diluted loss per share</b>		(.01)	(.01)	(.01)	(.02)
<b>Weighted average number of common shares outstanding, basic and diluted</b>		140,650,669	131,694,417	136,628,187	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)	-	-	154,798	-	-	154,798
Net loss and comprehensive loss for the period		-	-	-	(1,988,648)	(4,575)	(1,993,223)
<b>Balance at March 31, 2024</b>		<b>131,694,417</b>	<b>61,993,475</b>	<b>11,626,924</b>	<b>(71,453,014)</b>	<b>(11,239)</b>	<b>2,156,146</b>
<b>Balance at September 30, 2024</b>		<b>131,744,417</b>	<b>62,006,475</b>	<b>11,728,605</b>	<b>(72,767,875)</b>	<b>(6,679)</b>	<b>960,526</b>
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)	-	-	261,126	-	-	261,126
Net loss and comprehensive loss for the period		-	-	-	(1,972,744)	(15,888)	(1,988,632)
<b>Balance at March 31, 2025</b>		<b>141,911,587</b>	<b>63,916,933</b>	<b>11,977,676</b>	<b>(74,740,619)</b>	<b>(22,567)</b>	<b>1,131,423</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 six months ended March 31,	
		2025	2024
		\$	\$
<b>Cash flows used in operating activities</b>			
Net loss for the period		(1,972,744)	(1,988,648)
Items not affecting cash:			
Share-based payment	11(ii)	261,126	154,798
Amortization and depreciation	7,8,9	92,233	90,248
Interest on lease liability	8	12,614	15,291
Warranty (recovery) expense	10	8,657	(4,849)
Lease termination	8	-	(167)
Bad debt (recovery) expense	5(i)	(28,028)	774
Changes in non-cash working capital items:			
Receivables, prepaids and deposits		99,156	18,988
Due from customers on contract		(29,397)	(705)
Inventory		187,305	(84,031)
Accounts payable and accrued liabilities		(85,497)	(89,685)
Deferred revenue		(351,108)	11,215
Warranty liability	10	-	(12,800)
		<u>(1,805,683)</u>	<u>(1,889,571)</u>
<b>Cash flows 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	(95,424)	(89,828)
		<u>1,802,979</u>	<u>(89,828)</u>
Effects of foreign exchange translation in cash		(7,524)	(4,417)
<b>Net change in cash and cash equivalents for the period</b>		<u>(4,998)</u>	<u>(1,987,236)</u>
<b>Cash and cash equivalents, beginning of the period</b>		<u>236,722</u>	<u>2,506,336</u>
<b>Cash and cash equivalents, end of the period</b>		<u><b>224,200</b></u>	<u><b>514,683</b></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 six months ended March 31, 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 six months ended March 31, 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 March 31, 2025, the Company has an accumulated deficit of \$74,740,619 (September 30, 2024 - \$72,767,875), and for the three and six months ended March 31, 2025, recorded a net loss of \$939,863 (2024 - 907,158) and \$1,972,744 (2024 - \$1,988,648) and negative cash flows from operations of \$1,805,683 (2024 - \$1,889,571). 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 six months ended March 31, 2025 and 2024**

(Unaudited - Expressed in Canadian Dollars)

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# Legend Power Systems Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

### For the six months ended March 31, 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 six months ended March 31, 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 and warrants are 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 and warrants.
- 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 six months ended March 31, 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 six months ended March 31, 2025, 100% of the Company's revenues were attributable to Legend Canada (2024 – 100%) and 0% of revenues were attributable to Legend U.S. (2024 – 0%). 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 March 31, 2025				As at September 30, 2024			
	Legend Canada	Legend U.S.	Other Subs	Total	Legend Canada	Legend U.S.	Other Subs	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Assets	2,525,019	5,351	-	2,530,370	2,769,562	29,887	2,706	2,802,155
Liabilities	1,225,147	173,800	-	1,398,947	1,706,635	134,994	-	1,841,629

  

	Three months ended March 31, 2025				Three months ended March 31, 2024			
	Legend Canada	Legend U.S.	Other Subs	Total	Legend Canada	Legend U.S.	Other Subs	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	522,579	-	-	522,579	123,678	-	-	123,678
Cost of sales	(408,225)	(9)	-	(408,234)	(66,907)	-	-	(66,907)
Op costs	(763,557)	(285,855)	-	(1,049,412)	(713,581)	(254,658)	-	(968,239)
Other income	(4,796)	-	-	(4,796)	4,310	-	-	4,310
Net loss	(653,999)	(285,864)	-	(939,863)	(652,500)	(254,658)	-	(907,158)

  

	Six months ended March 31, 2025				Six months ended March 31, 2024			
	Legend Canada	Legend U.S.	Other Subs	Total	Legend Canada	Legend U.S.	Other Subs	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	604,414	-	-	604,414	125,226	-	-	125,226
Cost of sales	(477,392)	(731)	-	(478,123)	(89,571)	-	-	(89,571)
Op costs	(1,524,714)	(563,278)	(2,706)	(2,090,698)	(1,506,981)	(528,142)	(2,704)	(2,037,827)

# Legend Power Systems Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

### For the six months ended March 31, 2025 and 2024

(Unaudited - Expressed in Canadian Dollars)

Other income (expense)	(8,337)	-	-	(8,337)	13,524	-	-	13,524
Net loss	(1,406,029)	(564,009)	(2,706)	(1,972,744)	(1,457,802)	(528,142)	(2,704)	(1,988,648)

#### 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
	\$	\$	\$	\$
March 31, 2025	218,215	143,523	28,894	45,798
September 30, 2024	294,881	285,964	1,695	7,222

During the six months ended March 31, 2025, the Company recovered trade receivables 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 March 31, 2025, due from customers on contract amounted to \$58,351 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 March 31, 2025 and September 30, 2024:

	March 31, 2025	September 30, 2024
	\$	\$
Finished products ("SmartGATE")	63,811	128,769
Work in progress and finished sub-components	365,762	410,970
Transformers and components	956,815	1,009,011
Inventory in transit	107,785	132,728
	1,494,173	1,681,478

During the three and six months ended March 31, 2025, inventories were recognized as cost of sales in the amount of \$365,051 (2024 - \$48,160) and \$365,051 (2024 - \$52,567), respectively. Further, the Company recorded a provision for slow-moving and obsolescence of \$nil (2024 - \$nil). Total provision recognized against inventory as at March 31, 2025 was \$228,359 (September 30, 2024 - \$228,359).

#### 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

# Legend Power Systems Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended March 31, 2025 and 2024

(Unaudited - Expressed in Canadian Dollars)

Balance, March 31, 2025	142,796	749,996	44,245	937,037
<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	891	11,636	539	13,066
Balance, March 31, 2025	141,054	690,967	43,535	875,556
<b>Net book value</b>				
At September 30, 2024	2,633	68,371	1,249	72,253
At March 31, 2025	1,742	59,029	710	61,481

### 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 six months ended March 31, 2025, depreciation expense was \$41,725 (2024 - \$35,184) and \$76,909 (2024 - \$66,414), respectively, of which \$20,789 (2024 - \$21,918) was allocated to inventory and cost of sales. Interest expense for the three and six months ended March 31, 2025, was \$6,484 (2024 - \$8,558) and \$12,614 (2024 - \$16,806), respectively, of which, \$3,482 (2024 - \$5,545) 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

# Legend Power Systems Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

### For the six months ended March 31, 2025 and 2024

(Unaudited - Expressed in Canadian Dollars)

Balance, March 31, 2025	1,092,469	-	1,092,469
<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	76,909	-	76,909
Balance, March 31, 2025	758,667	-	758,667
<b>Net book value</b>			
<b>At September 30, 2024</b>	<b>351,843</b>	<b>-</b>	<b>351,843</b>
<b>At March 31, 2025</b>	<b>333,802</b>	<b>-</b>	<b>333,802</b>

#### Lease Obligations

	Office lease	Equipment lease	Total
	\$	\$	\$
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	(95,424)	-	(95,424)
Interest portion of payments	12,614	-	12,614
Lease termination	-	-	-
Balance, March 31, 2025	300,885	-	300,885
Lease payable, current	165,779	-	165,779
Lease payable, non-current	135,106	-	135,106
Total lease payable	300,885	-	300,885

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

	Office lease	Equipment lease	Total
	\$	\$	\$
Less than 1 year	182,782	-	182,782
Between 2 and 3 years	140,280	-	140,280
Total	323,062	-	323,062

#### 9. INTANGIBLE ASSETS

		\$	\$	\$
	Cost			
Balance, September 30, 2023		1,655,750	184,084	1,839,834
Additions		4,925	-	4,925

# Legend Power Systems Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

### For the six months ended March 31, 2025 and 2024

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Balance, September 30, 2024	1,660,675	184,084	1,844,759
Additions	-	-	-
Balance, March 31, 2025	1,660,675	184,084	1,844,759
<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	2,258	-	2,258
Balance, March 31, 2025	1,651,477	184,084	1,651,477
<b>Carrying amount</b>			
At September 30, 2024	11,456	-	11,456
At March 31, 2025	9,198	-	9,198

#### 10. WARRANTY PROVISION

	Total
	\$
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	8,657
Adjustment	108
Balance, March 31, 2025	62,173
Warranty provision, current	50,465
Warranty provision, non-current	11,708
<b>Total</b>	<b>62,173</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 March 31, 2025, the average remaining years of equipment under warranty was 2.89 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 March 31, 2025, the Company had 141,911,587 (September 30, 2024 – 131,694,417) 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 six months ended March 31, 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.

# Legend Power Systems Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

### For the six months ended March 31, 2025 and 2024

(Unaudited - Expressed in Canadian Dollars)

During the six months ended March 31, 2025, a total of 1,205,560 (September 30, 2024 – 50,000) were issued upon the exercise of stock warrants for gross proceeds of \$301,390 (September 30, 2024 - \$12,500).

#### 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 six months ended March 31, 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 March 31, 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	(735,000)	0.30
Forfeited	(700,000)	0.18
Balance, March 31, 2025	11,435,566	0.26

The weighted average remaining contractual life of stock options outstanding as of March 31, 2025, is 3.09 years (September 30, 2024 – 2.37 years).

During the three and six months ended March 31, 2025, the Company recorded share-based compensation of \$86,810 (2024 - \$70,614) and \$261,126 (2024- \$154,798).

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 six months ended March 31, 2025:

	March 31, 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

# Legend Power Systems Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

### For the six months ended March 31, 2025 and 2024

(Unaudited - Expressed in Canadian Dollars)

Forfeiture rate (average)	20.75%	21.52%
Dividend rate (average)	0.00%	0.00%

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 March 31, 2025:

Options outstanding	Options exercisable	Exercise price	Year of expiry
		\$	
1,770,566	1,770,566	0.3 - 0.47	2025
520,000	520,000	0.39 - 0.75	2026
2,345,000	2,130,010	0.19 - 0.33	2027
2,300,000	1,108,344	0.18 - 0.33	2028
4,500,000	-	0.18 - 0.18	2029
11,435,566	5,528,920		

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, March 31, 2025	21,823,163	0.26

The weighted average remaining contractual life of warrants outstanding as of March 31, 2025, is 0.93 years (September 30, 2024 – 0.84 years).

During the six months ended March 31, 2025, the Company issued:

- a) 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 six months ended March 31, 2025 and 2024**

(Unaudited - Expressed in Canadian Dollars)

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# Legend Power Systems Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

### For the six months ended March 31, 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 six months ended March 31, 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 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

(ii) Transactions with Directors:

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

	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

At March 31, 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 six months ended March 31, 2025 and 2024**

(Unaudited - Expressed in Canadian Dollars)

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# Legend Power Systems Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

### For the six months ended March 31, 2025 and 2024

(Unaudited - Expressed in Canadian Dollars)

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#### **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).

# Legend Power Systems Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

### For the six months ended March 31, 2025 and 2024

(Unaudited - Expressed in Canadian Dollars)

#### 15. LOSS PER SHARE

	Three months ended		Six months ended	
	March 31,		March 31,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Basic	(.007)	(.007)	(.015)	(.015)
Diluted	(.007)	(.007)	(.015)	(.015)

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 early 2025, the United States imposed tariffs of up to 25% on most Canadian imports. The Canadian federal and provincial governments then imposed retaliatory tariffs on imports from the United States as well as non-tariff measures. Although the ultimate scope, timing and duration of these tariffs and retaliatory measures remains unclear, the connected impact of these announcements may cause continued economic uncertainty. While no adjustments have been made to these financial statements, it may be difficult to reliably measure the impact of this uncertainty on future accounting estimates, forecasts and financial results.