Legend Power® Systems Reports Q1 F2023 Financial Results

Vancouver, B.C., Canada – February 24, 2023 – Legend Power® Systems Inc. (TSX.V: LPS) (OTCQB: LPSIF) ("**Legend Power**" or the "**Company**"), a global leader in commercial electrical system solutions, reports its financial results for the three months ended December 31, 2022 ("**Q1 F2023**"). The Company has also scheduled a conference call to provide a business update to discuss its Q1 F2023 financial results today at 11:00 AM ET (8:00 AM PT) (details below). The call will be hosted by Randy Buchamer, President & Chief Executive Officer. A complete set of Financial Statements and Management's Discussion & Analysis has been filed at www.sedar.com. All dollar figures are quoted in Canadian dollars.

Q1 F2023 Highlights

- Revenue of $403 thousand versus $169 thousand in Q1 F2022
- Adjusted EBITDA loss of $849 thousand versus a $1.01 million loss in Q1 F2022
- Net loss of $1.01 million versus a $1.23 million loss in Q1 F2022
- Cash of $2.06 million, no debt, and $4.25 million in working capital at December 31, 2022
- Shipped two SmartGATE systems, completed three installations, and received an order for ten units in the quarter, which will be recognized into revenue in the coming months.

Subsequent Events

- Green Proving Ground program for the United States General Services Administration, which operates approximately 1,800 federally owned buildings is proceeding well and advancing towards next steps
- Realizing the benefits of the increased selling prices and new payment plan implemented in FY22
- The Company has multiple channels driving results. The current sales booking pipeline is stronger than ever and tracking to meet or potentially exceed target expectations for 2023.

"We had another very successful quarter with many new large opportunities continuing to advance in our sales funnel," said Randy Buchamer, Legend Power Systems CEO. "These opportunities build on the strong pipeline coming into Q1 and include deals with ESCO's, commercial real estate companies, government agencies and electrical distribution companies. It is now evident that our sales and power analysis process is enabling us to speak directly to the C-suite about the benefits of Active Power Management and Legend's solutions to reduce greenhouse gas emissions, save electricity and most importantly improve the overall functionality of the entire building. Legend has never had this many opportunities and been better positioned for future growth."

Q1 F2023 Operational Highlights

The Company continues to focus on closing on large deals in the pipeline. Our sales order process has evolved to improve on-time delivery and lead time performance with the addition of tighter controls and implementation of key performance indicators. Initial results show improvement in on-time delivery and dramatically reduced sales order turn-around times, meaning cash sooner. Targets have been set and progress continues toward our operational goals.

The Company's channel sales team has grown reseller and ESCO relationships, furthering adoption of both Insights and SmartGATE solutions. Target markets and reseller channels continue to respond positively to

Legend's solutions and combined opportunities. As of today, the Company is engaged with more than 50 organizations interested in becoming Legend selling partners in the US 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.

Strategic Direct sales efforts continue to grow with system bookings and new sales opportunities in the pipeline. The current sales booking pipeline is healthy and in-line to meet or exceed booking target expectations. Continued progress on installation of Gen3 SmartGATE and positive Measurement and Verification Reports is expected to enable booking growth to expand in fiscal 2023.

SmartGATE installation costs continue to improve as we work with our partners to optimize installation designs. We have better control of contractor estimates, which has reduced costs and created consistent standards. Since last quarter, we have introduced our installation cost model to additional Canadian and US contractors with great success, gaining both buy-in and more competitive rates.

Planning for increased capacity is well underway, both organically and abroad. A multi-phased approach includes a doubling of capacity in our current location through increased utilization of existing equipment and cross-training new operators in areas of constraint. In parallel, all our basic sub-assemblies are being quoted by several local assemblers to offload a significant manual operation. Candidates include our current provider plus another who is also quoting on our system level assembly and test. This candidate will form part of a dual-source arrangement with a near- or off-shore provider, discussions which have already begun. As we see growing strength in our forecast, Legend is addressing capacity and resource to match, while balancing the need to place orders for long lead time components. Although supply chains are improving somewhat, as opposed to capacity, they will ultimately gate deliveries for the near future.

Q1 F2023 Financial Highlights

Financial summary for the three months ended December 31, 2022 and 2021

	Three months ended December 31,		
(Cdn$, unless noted otherwise)	**2022**	**2021**	**Change**
Revenue	402,663	169,220	138%
Cost of sales	301,952	131,972	129%
Gross margin[1]	100,711	37,248	170%
Gross margin %[1]	25%	22%	14%
Operating expenses	(1,112,996)	(1,319,476)	(16)%
Adjusted EBITDA[2]	(849,576)	(1,005,774)	(16)%
Net loss	(1,005,514)	(1,229,961)	(18)%

[1] Gross margin is based on a blend of both equipment and installation revenue.
[2] Adjusted EBITDA is a non-IFRS financial measure. See EBDITA Reconciliation for details.

Revenue for Q1 F2023 was $402,663 compared with $169,220 in Q1 F2022. The higher revenue during Q1 F2023 was primarily due to an increase selling price of the Gen3 version of SmartGATE. Further, the Company was able to complete the installation of more units compared to Q1 F2022.

Gross margin in Q1 2023 was 25%, compared with 22% in Q1 F2022. The comparative increase in gross margin experienced during Q1 F2023 was due primarily to an increase in selling price of the Gen3 version of SmartGATE due to the higher cost of goods sold driven by widespread supply chain cost and delivery challenges.

The Company's operating expenses for Q1 F2023 were $1,112,997, down from $1,319,476 in Q1 F2022. The primary cause for the decrease was lower salaries and consulting costs as a result of internal cost cutting measures.

Adjusted EBITDA for Q1 F2023 was negative $849,577, compared with negative $1,005,774 in Q1 F2022.

Net loss for Q1 F2023 was $1,005,515, compared with a net loss of $1,229,961 in Q1 F2022. Higher gross margins and decreased operating costs in Q1 F2023 compared with Q1 F2022 resulted in a lower net loss.

Cash at the end of the quarter was $2.06 million. The Company has no debt and had working capital of $4.25 million. The Company took cost cutting measures last year and continues to manage cash and working capital while working to meet sales and growth targets.

CONFERENCE CALL DETAILS:

DATE:	Friday, February 24, 2023
TIME:	11:00 AM ET (8:00 AM PT)
DIAL-IN NUMBERS:	North America Toll Free Dial-in Number (888) 396-8049
ONLINE LISTENING	https://viavid.webcasts.com/starthere.jsp?ei=1597974&tp_key=012a9f44cd
CONFERENCE ID:	41094158
REPLAY:	Available at: www.legendpower.com

About Legend Power® Systems Inc.

Legend Power® Systems Inc. (www.legendpower.com) provides an intelligent energy management platform that analyzes and improves building energy challenges, significantly impacting asset management and corporate performance. Legend Power's proven solutions support proactive executive decision-making in a complex and volatile business and energy environment. The proprietary and patented system reduces total energy consumption and power costs, while also maximizing the life of electrical equipment. Legend Power's unique solution is also a key contributor to both corporate sustainability efforts and the meeting of utility energy efficiency targets.

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