

Legend Power Systems Reports Q4 F2023 Financial Results

Conference Call Scheduled for 11am EST

Vancouver, B.C., Canada – December 22, 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 September 30, 2023 (“**Q4 F2023**”). The Company has also scheduled a conference call to provide a business update to discuss its Q4 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.sedarplus.ca. All dollar figures are quoted in Canadian dollars.

Q4 F2023 Highlights

- Revenue of \$159 thousand versus \$579 thousand in Q4 F2022
- Adjusted EBITDA loss of \$926 thousand versus a \$893 thousand loss in Q4 F2022
- Net loss of \$970 thousand versus a \$1.09 million loss in Q4 F2022
- Cash of \$2.5 million, no debt, and \$3.79 million in working capital at September 30, 2023

“Our focus this quarter remained around advancing sales opportunities and we currently have new late-stage large deals with very strong financial viability,” said Randy Buchamer, Legend Power Systems CEO. “We have passed the critical stage of having to prove our solutions work. We have successfully completed technology evaluations in numerous markets, and we are focusing on helping partners and prospects develop deployment plans. We have many prospects deciding on where and how to deploy SmartGates and our order visibility is clearer and stronger than ever.”

Q4 F2023 Operational Highlights

- Green Proving Ground program for the United States General Services Administration, which operates approximately 1,800 federally owned buildings is proceeding well. The deployment and evaluation schedule is well under way. Two initial sites have been selected and installations are expected in 2024.
- The Company’s SmartGATE is deployed in several key Commercial Real Estate verticals such as Multi-family Residential, Hospitality, Big Box Retail and Commercial Office, accounting for roughly 50% of installed SmartGATE’s. Additionally, Legend Power Systems is engaged in active sales processes with several of the top firms in the Commercial Real Estate space, with over 196 buildings in active sales cycles for over 400 plus potential SmartGATE’s.
- Preparation efforts continue for scaling production to handle increasing demand. Both local and international contractors have provided sub-assembly outsourcing proposals, and internally, plans have been established for increased product assembly and test capacity. Manufacturing Engineering and Production staff are undergoing reviews of existing procedures, documentation, and data collection requirements to further streamline production and error-proof the process. Significant improvements have been realized in material requirements planning, inventory management and production planning tools and processes.

Q4 F2023 Financial Highlights

Financial summary for the three and nine months ended September 30, 2023 and 2022

(Cdn\$, unless noted otherwise)	Three months ended September 30,			Years ended September 30,		
	2023	2022	Change	2023	2022	Change
Revenue	159,114	578,828	(73)%	1,106,093	2,118,033	(48)%
Cost of sales	164,788	517,931	(68)%	911,912	1,913,680	(52)%
Gross margin ¹	(5,674)	60,897	(109)%	194,181	204,353	(5)%
Gross margin % ¹	(4)%	11%	(15)%	18%	10%	8%
Operating expenses	(1,001,073)	(1,172,330)	(15)%	(4,430,493)	(5,570,858)	(20)%
Adjusted EBITDA ²	(926,030)	(893,159)	4%	(3,695,371)	(4,561,706)	(19)%
Net loss	(969,729)	(1,091,099)	(11)%	(4,181,902)	(5,346,171)	(22)%

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 the fourth quarter of 2023 was \$159,114 compared with \$578,828 in the same quarter of fiscal 2022. The lower revenue during Q4 of fiscal 2023 was primarily due to a decrease in the number of completed installation of SmartGATE units. Revenue for the year ended September 30, 2023, was \$1,106,093 down from \$2,118,033 in fiscal 2022. The lower revenue in fiscal 2023 is due to a lower number of units sold; however, both deal size and average revenue per unit are increasing.

Gross margin in the fourth quarter of fiscal 2023 was negative 4%, compared with 11% in the same quarter of fiscal 2022. Negative margins in Q4 of fiscal 2023, were the result of allocated fixed costs incurred. Gross margins normalized for these allocated fixed costs would've been 33%. Gross margin for the year ended September 30, 2023 was 18% compared to 10% in fiscal 2022. The increase in gross margin experienced in fiscal 2023 was due to an increase in average selling price of the SmartGATE units.

The Company's operating expenses for the fourth quarter of fiscal 2023 were \$1,001,073, down from \$1,172,330 in the same quarter of fiscal 2022. Operating expenses for the year ended September 30, 2023 was \$4,430,493 versus \$5,570,858 in fiscal 2022. The primary cause for the decrease was lower salaries and consulting costs as a result of internal cost cutting measures.

Adjusted EBITDA for the fourth quarter of fiscal 2023 was negative \$885,809, compared with negative \$893,159 in the same quarter of fiscal 2022. For the year ended September 30, 2023, adjusted EBITDA was negative \$3,655,150 compared to negative \$4,561,706 in fiscal 2022.

Net loss for the fourth quarter of fiscal 2023 was \$969,729, compared with a net loss of \$1,091,099 in the same quarter of fiscal 2022. Higher gross margin, and cost cutting measures taken resulted in a lower net loss year-over-year.

CONFERENCE CALL DETAILS:

DATE: Friday, December 22, 2023

TIME: 11:00 AM ET (8:00 AM PT)

WEBINAR: [Legend Power Fiscal 2023 Financial Results Investor Webinar \(via Zoom\)](#)

REPLAY: Available at: <https://legendpower.com>



About Legend Power Systems Inc.

Legend Power Systems Inc. (<https://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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