

Quadlogic Controls Corporation Reports Financial Results for the years ended February 28, 2017 and February 29, 2016 and announces Commencement of Litigation to recover Unpaid Royalties.

Long Island City, New York

Quadlogic Controls Corporation (OTC Markets: QDLC), today announced its financial results for the years ended February 28, 2017 and February 29, 2016.

Total revenues for the year ended February 28, 2017 were \$13.4 million as compared to \$13.0 million for the year ended February 29, 2016. The Company reported net income for the year ended February 28, 2017 of approximately \$287,000, or 2.1% of total revenues, compared to net loss of \$(456,000), for the year ended February 29, 2016.

The Company effective with year ended 2/28/17 is recognizing royalties received from its Mexican licensee upon receipt of payments.

Detailed audited annual financial statements may be downloaded at www.quadlogic.com or <http://www.otcmarkets.com>

The Company also announced today that on January 16, 2018, it filed two lawsuits in connection with the enforcement of its Mexican license agreement. The first, instituted in the United States District Court for the Southern District of New York, seeks to recover \$7.3 million in unpaid royalties. The second, filed in New York State Supreme Court, involves the actions of a former employee of the Company in connection with the license. The Company intends to enforce its rights vigorously in both lawsuits.

About Quadlogic

The Company is engaged in the business of electricity metering, monitoring and control. All Quadlogic metering products feature the Company's proprietary robust power line communications technology. The business consists of four segments. First is the design, manufacture and sale of the Company's "smart" metering system, a line of digital, microprocessor-controlled meters that, in communication with the Quadlogic Transponder, measures and remotely monitors the time and amount of electricity consumption and other diagnostics. The second segment supports the first and consists of technical services including meter reading, customer billing, and system repair and maintenance. The third segment, the Energy Guard™ system of concentrated metering, is sold primarily to utilities in countries where electricity theft is common. It consists of pole-mounted sealed panels of meters, remote data concentrators and sub-station based data collectors capable of remote metering, theft and tamper detection and remote power disconnect and reconnect. The fourth segment is comprised of royalties from licensees producing and selling our Energy Guard system under licensing arrangements. The Company's customers include real estate development and construction companies, owners and operators of multi-tenant commercial and residential buildings, distributors and foreign electric utility companies, and licensees.

Future financial statement releases: The Company intends to release financial results twice per year upon completion of our audited annual financial statements and our unaudited interim six month financial statements.

Forward Looking Statements: This press release may contain forward-looking information concerning Quadlogic's plans, objectives, future expectations, forecasts and prospects. These

statements may include those regarding Quadlogic's past financial performance including but not limited to lists of customers, revenue and profit, use of cash, investments, relationships and the actual or potential impact of stock option expense, and the results of its product development efforts. Quadlogic's future results will depend on many factors, including Quadlogic's ability to attract new customers and preserve or expand its relationship with existing clients, its ability to retain and attract high quality employees, including its management staff, the ability to deliver new innovative products in a timely manner, changing accounting treatments, and other risks applicable to the Company. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

For investor questions contact: InvestorRelations@Quadlogic.com or Michael Wirth, CFO @ 212-930-9300 ext #101

QUADLOGIC CONTROLS CORPORATION
CONDENSED BALANCE SHEETS
(In thousands, except per share data)

	February 28, 2017	February 29, 2016
<u>ASSETS</u>		
Current assets		
Cash	\$ 128	\$ 271
Accounts receivable	2,018	2,195
Inventories	1,563	1,481
Prepaid expenses and other current assets	<u>195</u>	<u>407</u>
Total current assets	3,904	4,354
Property and equipment, net	842	865
Other assets:		
Patent & trademark costs, net	435	461
Other assets	354	397
Lease deposits	<u>192</u>	<u>192</u>
Total other assets	981	1,050
Total assets	<u>\$ 5,727</u>	<u>\$ 6,269</u>
 <u>LIABILITIES AND SHAREHOLDERS' DEFICIT</u>		
Current liabilities		
Current maturities of installment debt	\$ 28	\$ 114
Debt obligations - preferred shareholders	-	164
Accounts payable	1,826	1,672
Customer deposits	190	128
Accrued expenses and other liabilities	830	591
Current portion of accrued compensation	<u>689</u>	<u>569</u>
Total current liabilities	3,563	3,238
Non-current liabilities		
Accrued compensation	462	590
Secured line of credit - borrowings	611	1,588
Other non-current liabilities	<u>1,165</u>	<u>1,229</u>
Total liabilities	5,801	6,645
Shareholders' deficit		
Common stock, \$0.001 par value; 20,000,000 shares authorized, 11,373,351 shares and 11,313,351 shares issued and outstanding in 2017 and 2016, respectively	11	11
Additional paid-in capital	9,500	9,485
Accumulated deficit	<u>(9,585)</u>	<u>(9,872)</u>
Total shareholders' deficit	<u>(74)</u>	<u>(376)</u>
Total liabilities and shareholders' deficit	<u>\$ 5,727</u>	<u>\$ 6,269</u>

QUADLOGIC CONTROLS CORPORATION
CONDENSED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	February 28, 2017	February 29, 2016
Revenues:		
Meter sales	\$ 7,098	\$ 8,343
Royalty income	1,150	-
Billing and technical services	<u>5,159</u>	<u>4,637</u>
Total revenues	13,407	12,980
Cost of revenues:		
Cost of meters sold	4,671	5,699
Cost of billing and technical services	<u>2,894</u>	<u>2,827</u>
Total cost of revenues	7,565	8,526
Gross profit	5,842	4,454
Operating expenses:		
Selling	1,547	1,443
Research and development	1,544	1,189
General and administrative	<u>2,262</u>	<u>2,028</u>
Total operating expenses	5,353	4,660
Operating income	489	(206)
Other expense:		
Interest expense	(172)	(220)
Other expense, net	<u>(30)</u>	<u>(30)</u>
Total other expense	(202)	(250)
Net income (loss)	\$ <u>287</u>	\$ <u>(456)</u>
Net earnings (loss) per share:		
Basic	\$ 0.03	\$ (0.04)
Shares used in computing basic earnings per share	11,373,351	11,313,351
Diluted	\$ 0.02	\$ (0.04)
Shares used in computing diluted earnings per share	11,683,111	11,643,111

QUADLOGIC CONTROLS CORPORATION
CONDENSED STATEMENTS OF CASH FLOWS
(In thousands)

	February 28, 2017	February 29, 2016
Cash flows from operating activities:		
Net income (loss)	\$ 287	\$ (456)
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for doubtful accounts	1	10
Depreciation and amortization	207	179
Stock based compensation	15	24
Write-off of patents pending	10	-
Changes in assets and liabilities:		
Accounts receivable	175	(73)
Inventories	(38)	750
Prepaid expenses and other current assets	240	29
Accounts payable	154	(251)
Customer deposits	62	52
Accrued expenses and other liabilities	239	54
Accrued compensation	(7)	(8)
Other non-current liabilities	(64)	(65)
Net cash provided by operating activities	<u>1,281</u>	<u>245</u>
Cash flow from investing activities:		
Purchases of property and equipment	(159)	(113)
Patent acquisition costs	(10)	(66)
Net cash used in investing activities	<u>(169)</u>	<u>(179)</u>
Cash flows from financing activities:		
Principal payments on debt	(114)	(205)
Interest payments on debt	(164)	-
Borrowings from line of credit	13,459	13,442
Repayments to line of credit	(14,436)	(13,121)
Net cash provided (used) by financing activities	(1,255)	116
Net (decrease) increase in cash	(143)	182
Cash beginning	271	89
Cash ending	<u><u>\$ 128</u></u>	<u><u>\$ 271</u></u>
Supplemental disclosure of cash flow information:		
Interest paid	\$ 306	\$ 331