

Quadlogic Controls Corporation Reports Financial Results for the years ended February 28, 2018 and February 28, 2017

Long Island City, New York

Quadlogic Controls Corporation (OTC Markets: QDLC), today announced its financial results for the years ended February 28, 2018 and February 29, 2017.

Total revenues for the year ended February 28, 2018 were \$13.8 million as compared to \$13.4 million for the year ended February 28, 2017. The Company reported net income for the year ended February 28, 2018 of approximately \$7,000, or 0.05% of total revenues, compared to \$287,000, or 2.1% of total revenues for the year ended February 28, 2017.

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>

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 for shares and per share data)

	February 28, 2018	February 28, 2017
<u>ASSETS</u>		
Current assets		
Cash	\$ 128	\$ 128
Accounts receivable	1,755	2,018
Inventories	1,361	1,563
Prepaid expenses and other current assets	<u>170</u>	<u>195</u>
Total current assets	3,414	3,904
Property and equipment, net	649	842
Other assets:		
Patent & trademark costs, net	389	434
Other assets	385	355
Lease deposits	<u>192</u>	<u>192</u>
Total other assets	966	981
Total assets	<u>\$ 5,029</u>	<u>\$ 5,727</u>
 <u>LIABILITIES AND SHAREHOLDERS' DEFICIT</u>		
Current liabilities		
Current maturities of installment debt	\$ -	\$ 28
Accounts payable	1,418	1,826
Customer deposits	103	190
Accrued expenses and other liabilities	780	830
Current portion of accrued compensation	<u>678</u>	<u>689</u>
Total current liabilities	2,979	3,563
Non-current liabilities		
Accrued compensation	377	462
Secured line of credit - borrowings	938	611
Other non-current liabilities	<u>802</u>	<u>1,165</u>
Total liabilities	5,096	5,801
Shareholders' deficit		
Common stock, \$0.001 par value; 20,000,000 shares authorized, 11,373,351 shares and 11,373,351 shares issued and outstanding in 2018 and 2017, respectively	11	11
Additional paid-in capital	9,500	9,500
Accumulated deficit	<u>(9,578)</u>	<u>(9,585)</u>
Total shareholders' deficit	<u>(67)</u>	<u>(74)</u>
Total liabilities and shareholders' deficit	<u>\$ 5,029</u>	<u>\$ 5,727</u>

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

	February 28, 2018	February 28, 2017
Revenues:		
Meter sales	\$ 7,260	\$ 7,098
Royalty income	1,000	1,150
Billing and technical services	<u>5,542</u>	<u>5,159</u>
Total revenues	13,802	13,407
Cost of revenues:		
Cost of meters sold	4,855	4,671
Cost of billing and technical services	<u>2,969</u>	<u>2,894</u>
Total cost of revenues	7,824	7,565
Gross profit	5,978	5,842
Operating expenses:		
Selling	1,598	1,526
Research and development	1,320	1,519
General and administrative	<u>2,879</u>	<u>2,308</u>
Total operating expenses	5,797	5,353
Operating income	181	489
Other expense:		
Interest expense	(143)	(172)
Other expense, net	<u>(31)</u>	<u>(30)</u>
Total other expense	(174)	(202)
Net income	\$ <u>7</u>	\$ <u>287</u>
Net earnings (loss) per share(unaudited)		
Basic	\$ 0.00	\$ 0.03
Shares used in computing basic earnings per share	11,373,351	11,373,351
Diluted	\$ 0.00	\$ 0.02
Shares used in computing diluted earnings per share	11,718,111	11,683,111

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

	February 28, 2018	February 28, 2017
Cash flows from operating activities:		
Net income	\$ 7	\$ 287
Adjustments to reconcile net income to net cash provided by (used in):		
operating activities:		
Provision for doubtful accounts	4	1
Depreciation and amortization	213	207
Stock based compensation	-	15
Write-off of patents pending	37	10
Loss on abandoned property	35	-
 Changes in assets and liabilities:		
Accounts receivable	260	175
Inventories	167	(38)
Prepaid expenses and other current assets	25	240
Accounts payable	(407)	154
Customer deposits	(87)	62
Accrued expenses and other liabilities	(232)	239
Accrued compensation	(96)	(7)
Other non-current liabilities	(182)	(64)
Net cash provided by (used in) operating activities	<u>(256)</u>	<u>1,281</u>
 Cash flow from investing activities:		
Purchases of property and equipment	(28)	(159)
Patent acquisition costs	(15)	(10)
Net cash used in investing activities	<u>(43)</u>	<u>(169)</u>
 Cash flows from financing activities:		
Principal payments on debt	(28)	(278)
Borrowings from line of credit	14,335	13,459
Repayments to line of credit	(14,008)	(14,436)
Net cash provided by (used in) financing activities	299	(1,255)
 Net Decrease in Cash	-	(143)
Cash, beginning of year	<u>128</u>	<u>271</u>
Cash, end of year	<u>\$ 128</u>	<u>\$ 128</u>
 Supplemental disclosure of cash flow information:		
Interest paid	\$ 113	\$ 306

Supplemental Disclosure of Noncash Investing and Financing Activities:

During the year ended February 28, 2017, prepaid insurance amounting to \$28,431 was financed by installment notes in 2017.