

Quadlogic Controls Corporation Announces Financial Results

December 21, 2020 Long Island City, New York

Financial Results and Operational Progress

Quadlogic Controls Corporation (OTC Markets: QDLC), today announced its financial results (audited) for the twelve months ended February 29, 2020 and the six months ended August 31, 2020.

Total revenues (meters plus services) for the twelve months ended February 29, 2020 were \$12.7 million, down \$1.7 million. The decline is due mainly to the discontinuance of sales efforts in Mexico and the Caribbean, and reduced prices for Canadian meter sales under a new Master Supply agreement. Service revenues also declined \$300,000 largely reflecting the previous year's unusually high commissioning revenue for a particular large project.

Net income for the twelve month period ending February 29, 2020 was \$1.6 million compared to \$53,000 for the same period the previous year. The increase in net income is principally due to a license and equipment transfer agreement to a third party for \$2.3 million less approximately \$300,000 of expenses.

Total revenues (meters plus services) for the six months ended August 31, 2020 were \$5.5 million, down \$1.1 million from August 31, 2019. The decline is principally due to the pandemic and its effect on the sale of metering equipment. Quarantines, facility closures and logistical restrictions affected Company manufacturing as well as the operations of customers, suppliers, and vendors. However, after initial uncertainties and delays the Company has seen a return to more normal function operationally. For the same period, Service revenues were \$3.0 million, an increase of \$69,000.

Net loss for the six month period ended August 31, 2020 was \$282,000 compared to a net income of \$3,000 for the same period the previous year. The reduction in income was principally due to lower meter sales partly offset by temporary Covid-related cost reductions.

Two subsequent events are not reflected in the six-month results.

Earlier this year the Company received a loan from the Small Business Administration's (SBA) Paycheck Protection Program in May 2020 in the amount of \$1,036,103. This month the Company received notice from the SBA that the entire amount has been forgiven.

In November the Company reached a favorable settlement of a legal dispute, seeking enforcement of a patent. The amount of that settlement, approximately \$2,100,000, has now been received.

Notwithstanding the challenges of the pandemic year, Quadlogic has made significant progress in its efforts to improve the operations of the Company. Its new meter has been approved for use by all major regulatory agencies, including those of New York State, California and Canada. Shortly the Company will have completed its transition away from domestic manufacturing, resulting in streamlining of operations, reductions in overheads, improvement in operating margins and the full-scale launch of its new Q line of products. Beyond these operational improvements, the Company continues its commitment to exploring opportunities to increase shareholder value.

About Quadlogic

Quadlogic is in the business of electricity and energy submetering and monitoring for buildings. The Company designs, builds and sells digital meters, systems, equipment and software and performs monthly tenant billing services. It is the most widely specified brand in New York and Ontario, Canada.

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 incentive expense, and the results of its product development efforts. Future results will depend on many factors, including Quadlogic's ability to attract new customers, its relationship with existing clients, its ability to retain and attract quality employees including management, the ability to deliver innovative products in a timely manner, changing accounting treatments, and other applicable risks. Readers are cautioned not to place undue reliance on these forward- looking statements, which speak only as of the date hereof.

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