

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

	Six Months ended	
	August 31,	August 31,
	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Net (loss) income	\$ (282)	\$ 3
Adjustment to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	150	114
Provision for doubtful accounts	12	12
Stock based compensation	47	41
Write-off of patents	1	4
Changes in assets and liabilities:		
Accounts receivable	(6)	568
Inventories	(127)	(134)
Prepaid expenses and other current assets	37	60
Accounts payable	(64)	(239)
Customer deposits		(78)
Accrued expenses and other liabilities	(41)	(84)
Accrued compensation	7	(13)
Other non-current liabilities	(112)	(120)
Net Cash Provided by (Used In) Operating Activities	(378)	134
Cash Flows from Investing Activities:		
Purchase of property and equipment	(38)	(72)
Patent acquisition costs	(3)	(4)
Net Cash Used in Investing Activities	(41)	(76)
Cash flows from financing activities:		
Principal debt repayments	(3)	(63)
SBA payroll protection loan	1,036	
Borrowing from line of credit	4,165	7,390
Repayments of line of credit	(5,034)	(7,303)
Net Cash Provided by Financing Activities	164	24
Net (Decrease) Increase in Cash	(255)	82
Cash, beginning of year	1,947	97
Cash, end of period	\$ 1,692	\$ 179

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

	Unaudited	Audited
	August 31,	February 29,
	<u>2020</u>	<u>2020</u>
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 1,692	\$ 1,947
Accounts receivable	1,900	1,907
Inventories	1,145	1,017
Holdback receivable	575	575
Prepaid expenses and other current assets	191	227
Total Current Assets	5,503	5,673
Property and Equipment, Net	579	683
Other Assets:		
Intangible assets, net	215	222
Lease deposits	192	192
Total Other Assets	407	414
Total Assets	\$ 6,489	\$ 6,770
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
Current Liabilities:		
Accounts payable	\$ 1,542	\$ 1,540
SBA payroll protection loan	1,036	
Accrued expenses and other liabilities	619	661
Accrued compensation	709	702
Installment debt payable to related party	312	302
Customers deposits		65
Current maturities of capital lease obligations	26	26
Total Current Liabilities	4,244	3,296
Non-Current Liabilities:		
Secured line of credit - borrowings	437	1,306
Other non-current liabilities	270	382
Capital lease obligations, net of current maturities	59	72
Total Non-Current Liabilities	766	1,760
Total Liabilities	5,010	5,056
Shareholders' Equity:		
Common stock, - \$0.001 par value; 20,000,000 shares authorized, and 11,922,351 and 11,835,351 shares issued and outstanding as of August 31, 2020 and February 29, 2020, respectively.	12	12
Additional paid-in capital	9,690	9,643
Accumulated deficit	(8,223)	(7,941)
Total Shareholders' Equity	1,479	1,714
Total Liabilities and Shareholders' Equity	\$ 6,489	\$ 6,770

QUADLOGIC CONTROLS CORPORATION
UNAUDITED CONDENSED STATEMENTS OF INCOME

	Six Months Ended	
	August 31,	August 31,
	<u>2020</u>	<u>2019</u>
Revenues:		
Meter sales	\$ 2,561	\$ 3,715
Billing and technical services	2,967	2,898
Total Revenues	5,528	6,613
 Cost of Goods Sold:		
Cost of meters sold	2,091	2,501
Cost of billing and technical services	1,522	1,644
Total Cost of Goods Sold	3,613	4,145
 Gross Profit	1,915	2,468
 Operating Expenses:		
Selling	451	615
Research and development	479	461
General and administrative	1,169	1,294
Total Operating Expenses	2,099	2,370
 Operating (Loss) Income	(184)	98
 Other (Expense) Income:		
Interest expense	(75)	(80)
Interest income	9	
Other expense, net	(32)	(15)
Total Other Income (expense)	(98)	(95)
 Net (Loss) Income	\$ (282)	\$ 3