

QAD Inc.
Condensed Consolidated Statements of Operations and Comprehensive Loss
(in thousands, except per share data)
(unaudited)

	Three Months Ended	
	April 30,	
	2020	2019
Revenue:		
Subscription	\$ 30,771	\$ 25,306
License	1,221	4,466
Maintenance	26,408	29,899
Professional services	15,747	18,364
Total revenue	<u>74,147</u>	<u>78,035</u>
Cost of revenue:		
Subscription	10,348	9,417
License	401	591
Maintenance	6,744	7,603
Professional services	14,932	19,323
Total cost of revenue	<u>32,425</u>	<u>36,934</u>
Gross profit	<u>41,722</u>	<u>41,101</u>
Operating expenses:		
Sales and marketing	18,557	20,891
Research and development	14,017	13,987
General and administrative	10,017	9,418
Amortization of intangibles from acquisitions	64	67
Total operating expenses	<u>42,655</u>	<u>44,363</u>
Operating loss	<u>(933)</u>	<u>(3,262)</u>
Other (income) expense:		
Interest income	(436)	(724)
Interest expense	150	153
Other income, net	(1,232)	(172)
Total other income, net	<u>(1,518)</u>	<u>(743)</u>
Income (loss) before income taxes	585	(2,519)
Income tax expense	995	715
Net loss	<u>\$ (410)</u>	<u>\$ (3,234)</u>
Net loss	\$ (410)	\$ (3,234)
Other comprehensive loss, net of tax:		
Foreign currency translation adjustments	(2,655)	(263)
Total comprehensive loss	<u>\$ (3,065)</u>	<u>\$ (3,497)</u>
Diluted loss per share		
Class A	\$ (0.02)	\$ (0.17)
Class B	\$ (0.02)	\$ (0.14)
Diluted Weighted Shares		
Class A	17,112	16,367
Class B	3,321	3,264

QAD Inc.
Condensed Consolidated Balance Sheets
(in thousands)
(unaudited)

	April 30, 2020	January 31, 2020
	<u> </u>	<u> </u>
Assets		
Current assets:		
Cash and equivalents	\$ 140,154	\$ 136,717
Accounts receivable, net	46,572	80,968
Other current assets	23,490	24,952
Total current assets	<u>210,216</u>	<u>242,637</u>
Property and equipment, net	28,249	28,687
Lease right-of-use assets, net	16,760	18,329
Capitalized software costs, net	1,912	1,922
Goodwill	12,056	12,388
Long-term deferred tax assets, net	5,838	5,834
Other assets, net	<u>11,928</u>	<u>13,007</u>
Total assets	<u><u>\$ 286,959</u></u>	<u><u>\$ 322,804</u></u>
 Liabilities and stockholders' equity		
Current liabilities:		
Current portion of long-term debt	\$ 510	\$ 503
Lease liabilities	4,107	4,371
Accounts payable and other current liabilities	32,456	49,740
Deferred revenue	102,302	118,413
Total current liabilities	<u>139,375</u>	<u>173,027</u>
Long-term debt	12,213	12,341
Long-term lease liabilities	13,404	14,612
Other liabilities	8,096	6,759
Stockholders' equity:		
Common stock	21	21
Additional paid-in capital	200,126	197,824
Treasury stock	(3,226)	(3,226)
Accumulated deficit	(72,050)	(70,209)
Accumulated other comprehensive loss	(11,000)	(8,345)
Total stockholders' equity	<u>113,871</u>	<u>116,065</u>
Total liabilities and stockholders' equity	<u><u>\$ 286,959</u></u>	<u><u>\$ 322,804</u></u>

QAD Inc.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Three Months Ended	
	Apr. 30,	
	2020	2019
Net cash provided by operating activities	\$ 10,912	\$ 14,195
Cash flows from investing activities:		
Purchase of property and equipment	(1,017)	(1,036)
Capitalized software costs	(272)	(264)
Net cash used in investing activities	<u>(1,289)</u>	<u>(1,300)</u>
Cash flows from financing activities:		
Repayments of debt	(149)	(122)
Tax payments related to stock awards	(103)	(235)
Cash dividends paid	(1,431)	-
Net cash used in financing activities	<u>(1,683)</u>	<u>(357)</u>
Effect of exchange rates on cash and equivalents	<u>(4,503)</u>	<u>(961)</u>
Net increase in cash and equivalents	3,437	11,577
Cash and equivalents at beginning of period	136,717	139,413
Cash and equivalents at end of period	<u>\$ 140,154</u>	<u>\$ 150,990</u>

QAD Inc.
Reconciliation of GAAP to Non-GAAP Financial Measures
(in thousands)
(unaudited)

	Three Months Ended	
	April 30,	
	2020	2019
Total revenue	\$ 74,147	\$ 78,035
Net loss	(410)	(3,234)
Add back:		
Net interest income	(286)	(571)
Depreciation	1,296	1,327
Amortization	354	274
Income tax expense	995	715
EBITDA	\$ 1,949	\$ (1,489)
Add back:		
Stock-based compensation expense	2,405	2,304
Change in fair value of interest rate swap	251	91
Adjusted EBITDA	\$ 4,605	\$ 906
Adjusted EBITDA margin	6%	1%
Non-GAAP pre-tax income (loss) reconciliation		
Income (loss) before income taxes	\$ 585	\$ (2,519)
Add back		
Stock-based compensation expense	2,405	2,304
Amortization of purchased intangible assets	71	74
Change in fair value of interest rate swap	251	91
Non-GAAP income (loss) before income taxes	\$ 3,312	\$ (50)