QAD's Preliminary First Quarter Bottom Line Results In Line With Guidance

QAD Inc. (Nasdaq: QADI) today announced that for the first fiscal quarter ended April 30, 2001 it expects to generate a diluted net loss per share of $0.06 or less, in line with prior guidance of a slight loss to break-even. The company indicated that gross margin for the first quarter is expected to come in at the high end of the previously forecasted range of 52% to 56% due to a favorable revenue mix, consisting of a higher content of internally-developed products. First quarter revenue is expected to range between $51 million and $52 million, compared to guidance of $53 million to $56 million. This performance is a significant improvement over the comparable year-ago period, when QAD reported diluted net loss per share of $0.26 on revenue of $51.6 million with a 49% gross margin. In addition, substantial benefits realized through cost containment and restructuring programs initiated in fiscal year 2001 contributed to this year-over-year improvement. The company also indicated that it generated positive cash flow from operations in the first quarter of fiscal year 2002. "While the current slowdown in corporate IT spending has affected the software industry and our business, we achieved stable revenue in this volatile market," said Karl Lopker, QAD's chief executive officer. "We continue to be encouraged by our customers' renewed focus on enterprise and supply chain systems from vendors they know and trust." The announcement regarding preliminary Q1 results was made in advance of next week's QAD Explore conference in San Antonio, the company's premier annual customer event. QAD will announce final results for the first fiscal quarter on May 30, 2001. About QAD QAD's global manufacturing expertise delivers value through collaborative commerce applications that empower enterprises to integrate diverse business processes and increase market share. Manufacturers of automotive, consumer, electronics, food and beverage, industrial, and medical products use QAD software at more than 5,100 licensed sites in more than 80 countries and in as many as 26 languages. For more information about QAD, telephone +1 805 684 6614, or visit the QAD web site at http://www.qad.com. To receive any of QAD's press releases via facsimile, contact 1 800 356 0747, or outside the U.S. contact +1 213 253 5647. ### QAD is a trademark and MFG/PRO and eQ are registered trademarks of QAD Inc. All other products or company names herein may be trademarks of their respective owners. Note to Investors: This press release contains certain forward-looking statements made under the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. A number of risks and uncertainties could cause actual results to differ materially from those in the forward-looking statements. These risks include, but are not limited to, evolving demand for the company's software products and products that operate with the company's products, the publication of opinions by industry analysts about the company, its products and technology, the entry of new competitors and their technological advances, delays in localizing the company's products for new markets, delays in sales as a result of lengthy sales cycles; changes in operating expenses, pricing, timing of new product releases, the method of product distribution or product mix; and general economic factors. In addition, revenue and earnings in the e-business and enterprise resource planning (ERP) software industries are subject to fluctuations and the growth rates recently experienced by the company do not necessarily represent future operating results. Investors should not use any one quarter's results as a benchmark for future growth. For a more detailed description of the risk factors associated with the company and the enterprise resource planning industry, please refer to the company's Annual Report on Form 10-K for the fiscal year ended January 31, 2001. For additional information, Contact: Maureen Sullivan QAD Public Relations +1 805 566 6066 msq@qad.com Cheryl Slomann QAD Investor Relations +1 805 566 5139 investor@qad.com ENDS