

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported) **December 15, 2020**

QAD Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

0-22823
(Commission
File Number)

77-0105228
(IRS Employer Identification Number)

100 Innovation Place, Santa Barbara, California
(Address of principal executive offices)

93108
(Zip code)

Registrant's telephone number, including area code **(805) 566-6000**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, \$0.001 par value	QADA	NASDAQ Global Select Market
Class B Common Stock, \$0.001 par value	QADB	NASDAQ Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01 Other Events.

On December 16, 2020, QAD Inc. (“QAD”) issued a press release announcing it entered into a definitive agreement to acquire Allocation Network GmbH (“Allocation Network”), a best-in-class solution provider for strategy sourcing and supplier management based in Munich, Germany. The purchase price, of up to €20 million (\$25 million) in cash, includes an upfront payment of €12 million (\$15 million) and a performance earn-out based on Allocation Network’s cloud bookings growth over the next three years. The acquisition is in line with QAD’s strategy of acquiring quality products with limited market reach and leveraging QAD’s global footprint.

Item 9.01 Financial Statements and Exhibits.

d) Exhibits.

Exhibit No.	Description
99.1	Press Release, dated December 16, 2020 entitled “QAD Expands Capabilities in Strategic Sourcing and Supplier Management with Planned Acquisition of Allocation Network GmbH”
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

QAD Inc.

Date: December 16, 2020

By: /s/ Daniel Lender
Daniel Lender
Chief Financial Officer

**FOR IMMEDIATE RELEASE****For More Information, Contact:**

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**QAD Expands Capabilities in Strategic Sourcing and Supplier Management
with Planned Acquisition of Allocation Network GmbH**

-- Will round out QAD's Integrated Supplier Management portfolio, offering best-in-class capabilities to help Procurement Organizations improve profitability --

SANTA BARBARA, Calif. – December 16, 2020 – QAD Inc. (Nasdaq: QADA) (Nasdaq: QADB), a leading provider of adaptive, cloud-based enterprise software and services for global manufacturing companies, today announced it entered into a definitive agreement to acquire Allocation Network GmbH, a best-in-class solution provider for strategic sourcing and supplier management, based in Munich, Germany.

The acquisition, which is expected to close by the end of 2020, will not have an immediate, material impact on QAD's financial results. The acquisition is in line with QAD's strategy of acquiring quality products with limited market reach and leveraging QAD's global footprint. The acquisition will support QAD's cloud growth within its existing customer base and strengthen its overall product offering.

QAD will fully incorporate Allocation Network's sourcing, supplier management and procurement systems into its Integrated Supplier Management portfolio to allow customers to eliminate off-contract buying, increase purchasing power and boost cost savings. In today's world, where agility and flexibility in the supply chain are increasingly critical, this powerful combination will greatly enhance the agility and innovation companies are seeking to dynamically manage their supplier communities while delivering operational and financial efficiencies more quickly. Allocation Network will operate as a division of QAD.

"We are excited and delighted to welcome Allocation Network to QAD," said QAD CEO Anton Chilton. "We see tremendous value in their focus on direct sourcing and procurement, highly experienced team and leadership, strong presence in manufacturing vertical segments, and geographic location. Our company cultures are well matched, focusing on the success of our customers and the welfare of our employees."

"This strategic acquisition enhances our ability to enable the vision of the Adaptive Manufacturing Enterprise, extending our capability in supplier management and supporting additional cloud growth," said Chilton. "Additionally, Allocation Network's strong presence in Germany provides us with an ideal position to continue to address and support that country's large automotive market."

"The Allocation Network team is enthusiastic about joining QAD," said Allocation Network Managing Director Bernhard Soltmann. "Allocation Network customers and employees will benefit from QAD's global presence, 24/7 support and portfolio of manufacturing ERP and supply chain solutions. This acquisition will provide customers the agility and innovation needed to rapidly respond to a complex supplier environment while delivering operational and financial efficiencies."

Founded in 1998, Allocation Network is a best-of-breed solution provider for strategic sourcing and supplier quality management with approximately 50 employees. Allocation Network centralizes and organizes the entire post-contract procurement process of a product lifecycle using its Supplier Management, Sourcing, Auctions and Collaboration modules. The company's integrated cloud-based solutions are sold to customers including BMW, Denso, MAGNA, Siemens, VOITH and Volkswagen. With a strong presence in the German automotive market, Allocation Network enhances QAD's position in supporting the world's fourth largest automotive marketplace.

Allocation Network's products and services fall into four strategic areas:

- **Supplier Management:** Supplier Qualification, Supplier Classification, Contract Management, Supplier Evaluation, Supplier Development, and Sourcing Strategies.
- **Sourcing:** Requisitions, Templates (RFI/RFQ), Bidder Lists, Submissions, List of Offers, Negotiation, and Awarding.
- **Collaboration:** Workflow collaboration for Industrialization, Audits, Supplier Questionnaires, and CSR.
- **Auctions:** Transfer from Sourcing, Template Design, Ticker Auction, and English Auction.

About QAD – Enabling the Adaptive Manufacturing Enterprise

QAD Inc. is a leading provider of adaptive, cloud-based enterprise software and services for global manufacturing companies. Global manufacturers face ever-increasing disruption caused by technology-driven innovation and changing consumer preferences. In order to survive and thrive, manufacturers must be able to innovate and change business models at unprecedented rates of speed. QAD calls these companies Adaptive Manufacturing Enterprises. QAD solutions help customers in the automotive, life sciences, consumer products, food and beverage, high tech and industrial manufacturing industries rapidly adapt to change and innovate for competitive advantage.

Founded in 1979 and headquartered in Santa Barbara, California, QAD has 29 offices globally. Over 2,000 manufacturing companies have deployed QAD solutions including enterprise resource planning (ERP), demand and supply chain planning (DSCP), global trade and transportation execution (GTTE) and quality management system (QMS) to become an Adaptive Manufacturing Enterprise. To learn more, visit www.qad.com or call +1 805-566-6100. Find us on [Twitter](#), [LinkedIn](#), [Facebook](#), [Instagram](#) and [Pinterest](#).

"QAD" is a registered trademark 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, including, but not limited to, statements regarding projections of revenue, income and loss, capital expenditures, plans and objectives of management regarding the company's business, future economic performance or any of the assumptions underlying or relating to any of the foregoing. Forward-looking statements are based on the company's current expectations. Words such as "expects," "believes," "anticipates," "could," "will likely result," "estimates," "intends," "may," "projects," "should," "would," "might," "plan" and variations of these words and similar expressions are intended to identify these forward-looking statements. 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: risks associated with the COVID-19 (novel coronavirus) pandemic or other catastrophic events that may harm our business; adverse economic, market or geo-political conditions that may disrupt our business; our cloud service offerings, such as defects and disruptions in our services, our ability to properly manage our cloud service offerings, our reliance on third-party hosting and other service providers, and our exposure to liability and loss from security breaches; demand for the company's products, including cloud service, licenses, services and maintenance; pressure to make concessions on our pricing and changes in our pricing models; protection of our intellectual property; dependence on third-party suppliers and other third-party relationships, such as sales, services and marketing channels; changes in our revenue, earnings, operating expenses and margins; the reliability of our financial forecasts and estimates of the costs and benefits of transactions; the ability to leverage changes in technology; defects in our software products and services; third-party opinions about the company; competition in our industry; the ability to recruit and retain key personnel; delays in sales; timely and effective integration of newly acquired businesses; economic conditions in our vertical markets and worldwide; exchange rate fluctuations; and the global political environment. For a more detailed description of the risk factors associated with the company and factors that may affect our forward-looking statements, please refer to the company's latest Annual Report on Form 10-K and, in particular, the section entitled "Risk Factors" therein, and in other periodic reports the company files with the Securities and Exchange Commission thereafter. Management does not undertake to update these forward-looking statements except as required by law.

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