

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

NANTAHALA CAPITAL PARTNERS
II LIMITED PARTNERSHIP, on behalf
of itself and all other similarly situated
stockholders of QAD INC.,

Plaintiff,

v.

QAD INC., PAMELA M. LOPKER,
ANTON CHILTON, SCOTT J.
ADELSON, KATHLEEN M.
CRUSCO, PETER R. VAN
CUYLENBURG, THOMA BRAVO, LP, QAD
ULTIMATE PARENT, LP (F/K/A PROJECT QUICK
ULTIMATE PARENT, LP), and QAD PARENT, LLC
(F/K/A PROJECT QUICK PARENT, LLC),

Defendants.

C.A. No. 2021-0573-PAF

**NOTICE OF PENDENCY OF STOCKHOLDER CLASS ACTION AND PROPOSED SETTLEMENT, SETTLEMENT
HEARING, AND RIGHT TO APPEAR**

The Delaware Court of Chancery authorized this Notice.
This is not a solicitation from a lawyer.

NOTICE OF PENDENCY OF CLASS ACTION: Please be advised that your rights will be affected by the above-captioned stockholder class action (the “Action”) pending in the Court of Chancery of the State of Delaware (the “Court”) if you were a Class A common stockholder of QAD Inc. (“QAD” or the “Company”) on November 5, 2021.

NOTICE OF SETTLEMENT: Please also be advised that plaintiff Nantahala Capital Partners II Limited Partnership (“Plaintiff”), on behalf of itself and the Class (defined in paragraph 15 below) and defendants QAD Inc., Pamela M. Lopker, Anton Chilton, Scott J. Adelson, Kathleen M. Crusco, Peter R. van Cuylenburg, Thoma Bravo LP, QAD Ultimate Parent, LP, and QAD Parent, LLC (the “Defendants”) have reached a proposed settlement for \$65,000,000 in cash (the “Settlement”). The proposed Settlement, if approved, will resolve all claims in the Action, and the Action will be dismissed with prejudice.

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. This Notice explains how Class Members will be affected by the Settlement. The following table provides a brief summary of the rights you have as a Class Member and the relevant deadlines, which are described in more detail later in this Notice.¹

¹ Any capitalized terms used in this Notice that are not otherwise defined in this Notice shall have the meanings given to them in the Stipulation and Agreement of Compromise and Settlement between Plaintiff and the Defendants, dated August 28, 2023 (the “Stipulation”). Plaintiff and the Defendants are collectively referred to as the “Parties.” A copy of the Stipulation is available at www.QADSettlementLitigation.com.

CLASS MEMBERS' LEGAL RIGHTS IN THE SETTLEMENT:

RECEIVE A PAYMENT FROM THE SETTLEMENT. CLASS MEMBERS <u>DO NOT</u> NEED TO SUBMIT A CLAIM FORM.	If you are a member of the Class (defined in paragraph 15 below), you may be eligible to receive a <i>pro rata</i> distribution from the Settlement proceeds. Eligible Class Members do not need to submit a claim form in order to receive a distribution from the Settlement, if approved by the Court. Your distribution from the Settlement will be paid to you directly. <i>See</i> paragraphs 21-28 below for further discussion.
OBJECT TO THE SETTLEMENT BY SUBMITTING A WRITTEN OBJECTION SO THAT IT IS <i>RECEIVED</i> NO LATER THAN NOVEMBER 6, 2023.	If you are a member of the Class and would like to object to the proposed Settlement, the proposed Plan of Allocation, or Plaintiff's Counsel's request for an award of attorneys' fees and expenses, you may write to the Court and explain the reasons for your objection.
ATTEND A HEARING ON NOVEMBER 21, 2023 AT 11:00 A.M., AND FILE A NOTICE OF INTENTION TO APPEAR SO THAT IT IS <i>RECEIVED</i> NO LATER THAN NOVEMBER 6, 2023.	Filing a written objection and notice of intention to appear that is received by November 6, 2023, allows you to speak in Court, at the discretion of the Court, about your objection. In the Court's discretion, the November 21, 2023 hearing may be conducted by telephone or video conference (<i>see</i> paragraphs 34-36 below). If you submit a written objection, you may (but you do not have to) attend the hearing and, at the discretion of the Court, speak to the Court about your objection.

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WHAT IS THE PURPOSE OF THIS NOTICE?

1. The purpose of this Notice is to notify Class Members of the existence of the Action and the terms of the proposed Settlement with the Defendants. The Notice is also being sent to inform Class Members of a hearing that the Court has scheduled to consider the fairness, reasonableness, and adequacy of the Settlement, the proposed Plan of Allocation for the Settlement proceeds, and the application by Plaintiff's Counsel for a Fee and Expense Award in connection with the Settlement (the "Settlement Hearing"). *See* paragraphs 34-36 below for details about the Settlement Hearing, including the location, date, and time of the hearing.

2. The Court directed that this Notice be mailed to you because you may be a member of the Class. The Court has directed us to send you this Notice because, as a Class Member, you have a right to know about your options before the Court

rules on the proposed Settlement. Additionally, you have the right to understand how the Action and the proposed Settlement generally affect your legal rights. Please Note: the Court may approve the proposed Settlement with such modifications as the Parties may agree to, if appropriate, without further notice to the Class.

3. The issuance of this Notice is not an expression by the Court of any findings of fact or any opinion concerning the merits of any claim in the Action, and the Court has not yet decided whether to approve the Settlement. If the Court approves the Settlement, then payments to Eligible Class Members (defined in paragraph 25 below) will be made after any appeals are resolved.

PLEASE NOTE: Receipt of this Notice does not mean that you are a Class Member or an Eligible Class Member or that you will be entitled to receive a payment from the Settlement.

WHAT IS THIS CASE ABOUT?

THE FOLLOWING RECITATION DOES NOT CONSTITUTE FINDINGS OF THE COURT. THE COURT HAS MADE NO FINDINGS WITH RESPECT TO THE FOLLOWING MATTERS AND THESE RECITATIONS SHOULD NOT BE UNDERSTOOD AS AN EXPRESSION OF ANY OPINION OF THE COURT AS TO THE MERITS OF ANY OF THE CLAIMS OR DEFENSES RAISED BY ANY OF THE PARTIES.

4. On June 27, 2021, Scott J. Adelson, Kathleen M. Crusco, Peter R. van Cuylenburg, each in their capacity as members of the special committee of the board of QAD (the “Special Committee”), recommended that the QAD board formally approve a sale of QAD’s outstanding stock to Thoma Bravo, L.P. and affiliated entities QAD Ultimate Parent, LP (f/k/a Project Quick Ultimate Parent, LP) and QAD Parent, LLC (f/k/a Project Quick Parent, LLC) (collectively, “Thoma Bravo”) for \$87.50 per share (the “Merger”), including a rollover of approximately \$300 million in shares owned by Pamela M. Lopker (“Lopker”) and certain members of her immediate family into the post-Merger entity (the “Rollover”).

5. In July 2021, Plaintiff brought this Action and filed a motion for expedited proceedings (in contemplation of a subsequent motion for a preliminary injunction, which was ultimately filed on September 10, 2021), seeking to enjoin the Merger on the grounds that Lopker’s Rollover violated section 2(B)(d) of the Company’s amended and restated certificate of incorporation (the “Charter”), which stated, in part, “[t]he holders of Class A Common Stock shall be entitled to receive an amount and form of consideration per share no less favorable than the per share consideration, if any, received by any holder of the Class B Common Stock in any merger, business combination or consolidation of [the Company]” (the “No Less Favorable Provision”). The Parties engaged in expedited discovery, which consisted of document production, fact and expert depositions, and expert reports.

6. On August 2, 2021, QAD filed a preliminary proxy statement with the Securities and Exchange Commission. In response, on August 16, 2021, Plaintiff filed a complaint supplement, alleging that the preliminary proxy statement contained false and misleading disclosures. On September 9, 2021, QAD filed its definitive proxy statement regarding the Merger (the “Proxy”). The Proxy included a detailed account of the sale process. QAD filed a supplement to its Proxy on September 27, 2021.

7. Between September 10, 2021 and September 27, 2021, the Parties fully briefed Plaintiff’s motion for a preliminary injunction.

8. On October 8, 2021, (following a hearing on October 1, 2021), the Court issued a bench ruling granting in part and denying in part Plaintiff’s motion for a preliminary injunction, and enjoining the Company from holding the stockholder vote on the Merger for twenty days following the Company’s dissemination of certain additional disclosures regarding the Merger. In accordance with such ruling, on October 12, 2021, QAD filed two separate Proxy supplements that addressed the disclosure issues upon which the Court granted in part the preliminary injunction. The Court subsequently entered an Order Concerning Payment of Interim Mootness Fee, pursuant to which Defendants, QAD, and/or their insurers caused to be paid to Plaintiff’s Counsel (defined below) \$2,450,000.00 in attorneys’ fees in connection with the supplemental disclosures in QAD’s proxy supplements.

9. On November 2, 2021, at a special meeting of the Company’s stockholders, the stockholders voted to approve the Merger. The Merger closed on November 5, 2021.

10. On February 3, 2022, Plaintiff filed a Verified Amended Stockholder Class Action Complaint (the “Complaint”), reasserting its claims from its initial complaint and supplement and adding a claim for tortious interference with contract against Thoma Bravo.

11. Following the filing of the Complaint, Plaintiff and Defendants continued engaging in discovery, including preparing, serving, and responding to requests for production of documents and interrogatories, serving subpoenas on various third

parties, and engaging in various written and oral communications concerning the scope of document production. As of the date of this Stipulation: (i) Defendants and third parties have produced, and Plaintiff has reviewed, several hundred thousand pages of documents to Plaintiff; (ii) Plaintiff has produced over four thousand pages of documents; and (iii) Plaintiff has deposed four fact witnesses, deposed one expert witness, sat for a deposition, and defended one expert deposition.

12. On March 1, 2023, the Parties participated in a full-day mediation session (the “Mediation”). The Mediation was presided over by the Hon. Layn R. Phillips (Ret.) of Phillips ADR, who was mutually agreed upon by the Parties (the “Mediator”). Before the Mediation, the Parties exchanged mediation statements and exhibits, which addressed the issues of liability and potential damages. The Action was not resolved during the March 1, 2023 session, and discussions continued between and among the Parties and the Mediator over the course of several weeks.

13. On April 27, 2023, after further discussions following the Mediation, the Mediator made a proposal to the Parties for resolution of the Action. In response to the Mediator’s proposal, the Parties agreed to settle and release the Settled Claims in return for a cash payment on behalf of the Defendants of \$65,000,000 for the benefit of the Class (the “Settlement Amount”), subject to certain terms and conditions.

14. On September 6, 2023, the Court entered a Scheduling Order directing that notice of the Settlement be provided to potential Class Members, and scheduling the Settlement Hearing to, among other things, consider whether to grant final approval of the Settlement.

HOW DO I KNOW IF I AM AFFECTED BY THE SETTLEMENT?

15. If you are a member of the Class, you are subject to the Settlement. The Class preliminarily certified by the Court for purposes of the Settlement consists of:

All record holders and beneficial owners of QAD Inc. Class A common stock as of the closing of the Merger and who received \$87.50 in cash per Class A share as Merger consideration.

Excluded from the Class are: (i) QAD, Pamela M. Lopker, Anton Chilton, Scott J. Adelson, Kathleen M. Crusco, Peter R. van Cuylenburg, Thoma Bravo, LP, QAD Ultimate Parent, LP (f/k/a Project Quick Ultimate Parent, LP), and QAD Parent, LLC (f/k/a Project Quick Parent, LLC), and their immediate family members, legal representatives, heirs, estates, successors, or assigns; (ii) any entity in which any of the Defendants has a direct controlling interest; and (iii) any Person who has entered into a separate settlement agreement with any Defendant for claims based on the same or similar facts, transactions, or occurrences as those alleged in the Complaint and which prohibits such Person from participating as a member of the Class (each such person or entity listed in Stipulation Paragraph 1.2(i)-(iii), an “Excluded Person”).

PLEASE NOTE: The Class is a non-“opt-out” class pursuant to Delaware Court of Chancery Rules 23(a), 23(b)(1), and 23(b)(2). Accordingly, Class Members do not have the right to exclude themselves from the Class.

WHAT ARE THE TERMS OF THE SETTLEMENT?

16. In consideration of the settlement of the Released Plaintiff’s Claims (defined in paragraph 30 below) against the Defendants and the other Released Defendants’ Persons (defined in paragraph 30 below), the Defendants will cause \$65,000,000 in cash (the “Settlement Amount”) to be deposited into an interest-bearing escrow account for the benefit of the Class. See paragraphs 21-28 below for details about the distribution of the Settlement proceeds to Eligible Class Members.

WHAT ARE THE PARTIES’ REASONS FOR THE SETTLEMENT?

17. Plaintiff and Plaintiff’s Counsel thoroughly considered the facts and law underlying the claims asserted in the Action. Although Plaintiff and Plaintiff’s Counsel believe that the claims asserted have merit, the Court could have adopted the Defendants’ view of the applicable legal standards or of the underlying evidence, and could enter judgment for the Defendants, either dismissing the claims against the Defendants prior to trial or after trial. Plaintiff and Plaintiff’s Counsel also considered the expense and length of continued proceedings necessary to pursue Plaintiff’s claims against the Defendants through trial, the uncertainty of appeals, and the collectability of any potential judgment.

18. In light of the monetary recovery achieved, and based upon their investigation and prosecution of the case and the information available to them through discovery and the settlement negotiations, Plaintiff and Plaintiff's Counsel have concluded that the terms and conditions of the Stipulation are fair, reasonable, and adequate to Plaintiff and the Class, and in their best interests. The Settlement provides an immediate benefit in the form of a \$65,000,000 cash payment without the risk that continued litigation could result in obtaining no recovery or a smaller recovery from the Defendants after continued extensive and expensive litigation, including trial and appeals.

19. The Defendants deny any and all allegations of wrongdoing, liability, violations of law or damages arising out of or related to any of the conduct, statements, acts, or omissions alleged against Defendants in the Action, and maintain that their conduct was at all times proper, in the best interests of QAD and its stockholders, and in compliance with applicable law. The Defendants further deny any breach of contract, breach of fiduciary duties, aiding and abetting any breach of fiduciary duties, and any tortious interference with contract. The Defendants affirmatively assert that the Merger was the best available transaction for QAD and its stockholders, was entirely fair to QAD and its stockholders, and has provided QAD and its stockholders with substantial benefits. The Defendants also deny that QAD or its stockholders were harmed by any conduct of the Defendants alleged in the Action or that could have been alleged therein. Each of the Defendants asserts that, at all relevant times, he, she, or it acted in good faith and in a manner reasonably believed to be in the best interests of QAD and all of its stockholders.

20. Nevertheless, the Defendants wish to eliminate the uncertainty, risk, burden, and expense of further litigation. The Defendants have therefore determined to settle the claims asserted against them in the Action on the terms and conditions set forth in this Stipulation solely to put the Released Plaintiff's Claims (as defined below) to rest, finally and forever, without in any way acknowledging any wrongdoing, fault, liability, or damages. Each of the Defendants asserts that, at all relevant times, he, she, or it acted in good faith and in a manner he, she, or it reasonably believed to be in the best interests of QAD and all of its stockholders. Nothing in the Settlement and the Stipulation shall be construed as, or deemed to be, evidence of or an admission or concession on the part of any of the Defendants with respect to any claim or factual allegation or of any fault or liability or wrongdoing or damage whatsoever or any infirmity in the defenses that any of the Defendants have or could have asserted.

HOW MUCH WILL MY PAYMENT FROM THE SETTLEMENT BE?
HOW WILL I RECEIVE MY PAYMENT?

21. Please Note: If you are eligible to receive a payment from the Net Settlement Fund, you do not have to submit a claim form in order to receive your payment.

22. As stated above, the \$65,000,000 Settlement Amount will be deposited into an interest-bearing escrow account for the benefit of the Class. If the Settlement is approved by the Court and the Effective Date of the Settlement occurs, the Net Settlement Fund (that is, the Settlement Amount plus any and all interest earned thereon (the "Settlement Fund") less: i) any Taxes and Tax Expenses; (ii) any Notice and Administration Costs; (iii) any Fee and Expense Award awarded by the Court; and (iv) any other costs or fees approved by the Court will be distributed in accordance with the proposed Plan of Allocation or such other plan of allocation as the Court may approve.

23. The Net Settlement Fund will not be distributed unless and until the Court has approved the Settlement and a plan of allocation, and the time for any petition for rehearing, appeal, or review, whether by certiorari or otherwise, has expired. Approval of the Settlement is independent from approval of a plan of allocation. Any determination with respect to a plan of allocation will not affect the Settlement, if approved.

24. The Court may approve the Plan of Allocation as proposed or it may modify the Plan of Allocation without further notice to the Class. Any Orders regarding any modification of the Plan of Allocation will be posted on the Settlement website, www.QADSettlementLitigation.com.

PROPOSED PLAN OF ALLOCATION

25. The Net Settlement Fund will be distributed on a *pro rata* basis to "Eligible Class Members." "Eligible Class Members" will consist of all Class Members who held shares of QAD Class A common stock at the closing of the Merger on November 5, 2021 (the "Closing") and therefore received or were entitled to receive the Merger Consideration for their "Eligible

Shares.” “Eligible Shares” will be the number of shares of QAD Class A common stock held by Eligible Class Members at the Closing and for which Eligible Class Members received or were entitled to receive the Merger Consideration.²

26. Each Eligible Class Member will be eligible to receive a *pro rata* payment from the Net Settlement Fund equal to the product of (i) the number of Eligible Shares held by the Eligible Class Member and (ii) the “Per-Share Recovery” for the Settlement, which will be determined by dividing the total amount of the Net Settlement Fund by the total number of Eligible Shares.

27. Payments from the Net Settlement Fund to Eligible Class Members will be made in the same manner in which Eligible Class Members received the Merger Consideration. Accordingly, if your shares of QAD Class A common stock were held in “street name” and the Merger Consideration was deposited into your brokerage account, your broker will be responsible for depositing your Settlement payment into that same brokerage account.

28. Subject to Court approval in the Class Distribution Order, Plaintiff’s Counsel will direct the Settlement Administrator to conduct the distribution of the Net Settlement Fund to Eligible Class Members as follows:

1. With respect to shares of QAD Class A common stock held of record at the Closing by the Depository Trust & Clearing Corporation, including its subsidiary the Depository Trust Company (collectively, “DTCC”), through its nominee Cede & Co., Inc. (“Cede”), the Settlement Administrator will cause that portion of the Net Settlement Fund to be allocated to Eligible Class Members who held their shares through DTCC Participants. The Settlement Administrator will make payment to the DTCC Participants directly. The DTCC Participants and their respective customers, including any intermediaries, shall then ensure *pro rata* payment to each Eligible Class Member based on the number of Eligible Shares beneficially owned by such Eligible Class Members.
2. With respect to shares of QAD Class A common stock common stock held of record at the Closing other than by Cede, as nominee for DTCC (a “Closing Non-Cede Record Position”), the payment with respect to each such Closing Non-Cede Record Position shall be made by the Settlement Administrator from the Net Settlement Fund directly to the record owner of each Closing Non-Cede Record Position in an amount equal to the Per-Share Recovery times the number of Eligible Shares comprising such Closing Non-Cede Record Position.
3. A person who purchased shares of QAD Class A common stock on or before November 5, 2021 but had not settled those shares at the Closing (“Non-Settled Shares”) shall be treated as an Eligible Class Member (and their shares treated as Eligible Shares) with respect to those Non-Settled Shares, and a person who sold those Non-Settled Shares on or before November 5, 2021 shall not be treated as an Eligible Class Member with respect to those Non-Settled Shares.
4. In the event that any payment from the Net Settlement Fund is undeliverable or in the event a check is not cashed by the stale date (*i.e.*, more than six months from the check’s issue date), the DTCC Participants or the holder of a Closing Non-Cede Record Position shall follow their respective policies with respect to further attempted distribution or escheatment.

WHAT WILL HAPPEN IF THE SETTLEMENT IS APPROVED?
WHAT CLAIMS WILL THE SETTLEMENT RELEASE?

29. If the Settlement is approved, the Court will enter a judgment (the “Judgment”). Pursuant to the Judgment, the claims asserted against the Defendants in the Action will be dismissed with prejudice and the following releases will occur:

30. **Release of Claims by Plaintiff and the Class:** Upon the Effective Date, Plaintiff and each and every other member of the Class, on behalf of themselves and any and all of their respective successors-in-interest, successors, predecessors-in-interest, predecessors, representatives, trustees, executors, administrators, estates, heirs, assigns and transferees, immediate and remote, and any Person acting for or on behalf of, or claiming under, any of them, and each of them, together with their predecessors-in-interest, predecessors, successors-in-interest, successors, and assigns, each of the foregoing in their capacities as such only, shall have fully, finally, and forever released, settled, and discharged the Released Defendants’ Persons (defined below) from and with respect to every one of the Released Plaintiff’s Claims, and shall thereupon be forever barred and enjoined from commencing, instituting, prosecuting, or continuing to prosecute any Released Plaintiff’s Claims against any of the Released Defendants’ Persons.

² “Eligible Class Members” do not include any of the “Excluded Persons” (as defined in the Stipulation) and “Eligible Shares” do not include any shares of QAD Class B common stock.

“Released Plaintiff’s Claims” means all Claims that were alleged, asserted, set forth, or claimed in the Complaint or could have been alleged, asserted, set forth, or claimed in the Complaint or in any other court, tribunal, or proceeding by Plaintiff or any other member of the Class, individually, or as a member of the Class directly in their capacities as current or former QAD stockholders, against the Defendants, arising out of, based on, or relating to the allegations, transactions, facts, events, matters, occurrences, representations, or omissions involved, set forth, or referred to in the Complaint, including without limitation all such claims relating to (i) the Merger or any element, term, condition, or circumstance of the Merger or the sale process leading up to the Merger; (ii) any actions, deliberations, negotiations, discussions, offers, inquiries, solicitations of interest, indications of interest, bids, due diligence, or any act or omission in connection with the review of strategic alternatives available to QAD or the Merger, including the process of deliberation or negotiation concerning the Merger; (iii) the consideration received by Plaintiff and/or the Class in connection with the Merger; and (iv) any fiduciary obligations of the Defendants relating to the Merger, the process of deliberation or negotiation leading to the Merger, or the disclosures respecting the Merger.

“Released Defendants’ Persons” means (i) the Defendants, and Defendants’ counsel; and (ii) their current or former legal representatives, officers, directors, managers, employees, agents, partners, representatives, attorneys, auditors, accountants, advisors, heirs, executors, administrators, trusts, trustees, Immediate Family Members, insurers, reinsurers, predecessors, successors, predecessors-in-interest, successors-in-interest, and assigns of any of the foregoing.

(ii) **Release of Claims by Defendants:** Upon the Effective Date, the Defendants, on behalf of themselves and any and all of their respective successors-in-interest, successors, predecessors-in-interest, predecessors, representatives, trustees, executors, administrators, estates, heirs, assigns and transferees, immediate and remote, and any Person acting for or on behalf of, or claiming under, any of them, and each of them, together with their predecessors-in-interest, predecessors, successors-in-interest, successors, and assigns, each of the foregoing in their capacities as such only, shall have fully, finally, and forever released, settled, and discharged the Released Plaintiff’s Persons from and with respect to every one of the Released Defendants’ Claims, and shall thereupon be forever barred and enjoined from commencing, instituting, prosecuting, or continuing to prosecute any Released Defendants’ Claims against any of the Released Plaintiff’s Persons.

“Released Defendants’ Claims” means all claims and causes of action, rights, liabilities, suits, debts, obligations, demands, damages, losses, judgments, matters, issues of every nature and description whatsoever, including Unknown Claims, whether arising under federal law, state law, statutory law, common law, foreign law, or any other law, rule or regulation, arising out of or relating to the Action other than claims relating to the enforcement of the Settlement, including without limitation, all actions taken by Plaintiff in connection with the initiation, prosecution, and settlement of the Action.

“Released Plaintiff’s Persons” means (i) Plaintiff, all other Class Members, and Plaintiff’s Counsel, and (ii) their legal representatives, advisors, heirs, executors, administrators, trusts, trustees, parents, affiliates, subsidiaries, officers, directors, partnerships, partners, agents, employees, Immediate Family Members, insurers, reinsurers, predecessors, successors, predecessors-in-interest, successors-in-interest, and assigns of any of the foregoing.

“Unknown Claims” means, as appropriate, (i) any Released Plaintiff’s Claims that any Plaintiff or any other Class Member does not know or suspect to exist in his, her, or its favor at the time of the release of the Released Defendants’ Persons, which, if known by him, her, or it, might have affected his, her, or its decision(s) with respect to the Settlement, or (ii) any Released Defendants’ Claims that any Defendant does not know or suspect to exist in his, her, or its favor at the time of the release of the Released Plaintiff’s Persons, which, if known by him, her, or it, might have affected his, her, or its decision(s) with respect to the Settlement. With respect to any and all Released Plaintiff’s Claims and Released Defendants’ Claims, the Parties stipulate and agree that Plaintiff and the Defendants shall expressly waive, and each of the other Class Members by operation of law shall be deemed to have waived, any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or other jurisdiction, or principle of common law or foreign law, which is similar, comparable, or equivalent to Cal. Civ. Code § 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

Plaintiff and the Defendants acknowledge, and each of the other Class Members by operation of law are deemed to acknowledge, that they may discover facts in addition to or different from those now known or believed to be true with respect to the Released Plaintiff’s Claims and the Released Defendants’ Claims, but that it is the intention of Plaintiff and the Defendants, and by operation of law the other Class Members, to completely, fully, finally, and forever extinguish any and all Released Plaintiff’s Claims and Released Defendants’ Claims, known or unknown, suspected or unsuspected, which now exist, or heretofore existed, or may

hereafter exist, and without regard to the subsequent discovery of additional or different facts. Plaintiff and the Defendants also acknowledge, and each of the other Class Members by operation of law are deemed to acknowledge, that the inclusion of “Unknown Claims” in the definition of Released Plaintiff’s Claims and Released Defendants’ Claims is separately bargained for and is a key element of the Settlement.

31. By Order of the Court, all proceedings against the Defendants in the Action, except for those related to the Settlement, have been stayed, and Plaintiff and all other Class Members are barred and enjoined from commencing, instituting, or prosecuting any other proceedings against the Defendants asserting any Released Plaintiff’s Claims pending final determination of whether the Settlement should be approved.

32. If the Settlement is approved and the Effective Date occurs, no QAD stockholder or Class Member will be able to bring another action asserting the Released Plaintiff’s Claims against any of the Released Defendants’ Persons on behalf of QAD or individually.

HOW WILL PLAINTIFF’S COUNSEL BE PAID?

33. With the exception of \$2,450,000.00 in attorneys’ fees paid to Plaintiff’s Counsel in connection with supplemental disclosures in QAD’s proxy supplements, Plaintiff’s Counsel have not received any payment for their services in pursuing claims in the Action on behalf of the Class, nor have Plaintiff’s Counsel been paid for their litigation expenses incurred in connection with the Action. Before final approval of the Settlement, Plaintiff’s Counsel intend to apply to the Court for an award of attorneys’ fees and litigation expenses to Plaintiff’s Counsel in connection with achieving the creation of the Settlement Fund (the “Fee and Expense Award”). Plaintiff’s Counsel intend to seek a Fee and Expense Award not to exceed 23% of the Settlement Fund plus reimbursement of Plaintiff’s Counsel’s out-of-pocket litigation expenses, which are currently estimated to be approximately \$500,000. The Court will determine the amount of the Fee and Expense Award. The Fee and Expense Award will be paid solely from (and out of) the Settlement Fund in accordance with the terms of the Stipulation. Class Members are not personally liable for any such fees or expenses.

WHEN AND WHERE WILL THE SETTLEMENT HEARING BE HELD?
DO I HAVE TO COME TO THE HEARING? MAY I SPEAK AT THE HEARING
IF I DON’T LIKE THE SETTLEMENT?

34. **Class Members do not need to attend the Settlement Hearing. The Court will consider any submission made in accordance with the provisions below even if a Class Member does not attend the Settlement Hearing. Class Members can recover from the Settlement without attending the Settlement Hearing.**

35. **Please Note:** The date and time of the Settlement Hearing may change without further written notice to Class Members. In addition, the Court may decide to conduct the Settlement Hearing remotely by Zoom, or otherwise allow Class Members to appear at the hearing remotely by video or phone, without further written notice to Class Members. **In order to determine whether the date and time of the Settlement Hearing have changed, or whether Class Members must or may participate remotely by video or phone, it is important that you monitor the Court’s docket and the Settlement website, www.QADSettlementLitigation.com, before making any plans to attend the Settlement Hearing. Any updates regarding the Settlement Hearing, including any changes to the date or time of the hearing or updates regarding in-person or remote appearances at the hearing, will be posted to the Settlement website, www.QADSettlementLitigation.com. Also, if the Court requires or allows Class Members to participate in the Settlement Hearing remotely by video or telephone conference, the information needed to access the conference will be posted to the Settlement website, www.QADSettlementLitigation.com.**

36. The Settlement Hearing will be held on **November 21, 2023 at 11:00 a.m.**, before The Honorable Paul A. Fioravanti, Jr., Vice Chancellor, in person at the Court of Chancery of the State of Delaware, New Castle County, Leonard L. Williams Justice Center, 500 North King Street, Wilmington, Delaware 19801, to, among other things: (i) determine whether the Action may be finally maintained as a non-opt-out class action and whether the Class should be finally certified, for purposes of the Settlement, pursuant to Court of Chancery Rules 23(a), 23(b)(1), and 23(b)(2); (ii) determine whether Plaintiff may be finally appointed as representatives for the Class and Plaintiff’s Counsel, Labaton Sucharow LLP, may finally be appointed as counsel for the Class, and whether Plaintiff and Plaintiff’s Counsel have adequately represented the interests of the Class in the Action; (iii) determine whether the proposed Settlement on the terms and conditions provided for in the Stipulation is fair, reasonable, and adequate to the Class, and should be approved by the Court; (iv) determine whether a Judgment, substantially in the form attached as Exhibit D to the Stipulation, should be entered dismissing the Action with prejudice; (v) determine whether the proposed Plan

of Allocation of the Net Settlement Fund is fair and reasonable, and should therefore be approved; (vi) determine whether the application by Plaintiff's Counsel for an award of attorneys' fees and expenses should be approved; (vii) hear and rule on any objections to the Settlement, the proposed Plan of Allocation, and/or to the application by Plaintiff's Counsel for an award of attorneys' fees and expenses; and (viii) consider any other matters that may properly be brought before the Court in connection with the Settlement.

37. Any Class Member may object to the Settlement, the proposed Plan of Allocation, or Plaintiff's Counsel's application for an award of attorneys' fees and litigation expenses ("Objector"); *provided, however*, that no Objector shall be heard or entitled to object unless, **on or before November 6, 2023**, such person **(1)** files their written objection, together with copies of all other papers and briefs supporting the objection specified in paragraph 38 below, with the Register in Chancery at the address set forth below; **(2)** serves such papers (electronically by File & ServeXpress, by hand, by first-class U.S. Mail, or by express service) on Plaintiff's Counsel and Defendants' Counsel at the addresses set forth below; and **(3)** emails a copy of the written objection to nweinberger@labaton.com, kshannon@potteranderson.com, jjanghorbani@paulweiss.com, Burns@RLF.com, chrismcgrath@paulhastings.com, mmckane@kirkland.com, kyla.jackson@kirkland.com, and rstottmann@morrisnichols.com.

REGISTER IN CHANCERY

Register in Chancery
Court of Chancery of the State of Delaware
New Castle County
Leonard L. Williams Justice Center
500 North King Street
Wilmington, Delaware 19801

PLAINTIFF'S COUNSEL

Ned Weinberger
Labaton Sucharow LLP
222 Delaware Ave., Suite 1510
Wilmington, Delaware 19801

1-866-640-7254

DEFENDANTS' COUNSEL

Kevin R. Shannon
POTTER ANDERSON & CORROON LLP
1313 N. Market Street
Hercules Plaza, 6th Floor
Wilmington, DE 19801
(302) 984-6000
Counsel for Defendants QAD Inc. and Anton Chilton

Jaren Janghorbani
**PAUL, WEISS, RIFKIND,
WHARTON & GARRISON LLP**
1285 Avenue of the Americas
New York, NY 10019
(212) 373-3000
Counsel for Defendants Peter R. van Cuylenburg, Kathleen M. Crusco, and Scott J. Adelson

Mark McKane, P.C.
KIRKLAND & ELLIS LLP
555 California Street, 29th Floor
San Francisco, CA 94104
(415) 439-1400

Kyla Jackson
KIRKLAND & ELLIS LLP
601 Lexington Avenue, 45th Floor
New York, NY 10022
(212) 446-4800

Ryan Stottmann
MORRIS, NICHOLS, ARSHT & TUNNELL LLP
1201 North Market Street, 16th Floor
Wilmington, DE 19899
(302) 658-9200

Counsel for Defendants Thoma Bravo, L.P., QAD Parent, LLC, and QAD Ultimate Parent, L.P.

Christopher H. McGrath
PAUL HASTINGS LLP
695 Town Center Drive, 17th Floor
Costa Mesa, CA 92626
(714) 668-6200

Robert L. Burns
RICHARDS, LAYTON & FINGER, PA
920 North King Street
Wilmington, DE 19801
(302) 651-7700

Counsel for Defendant Pamela M. Lopker

38. Any objections must: (i) identify the case name and civil action number, “*Nantahala Capital Partners II Limited Partnership v. QAD Inc.*, Civil Action Number 2021-0573-PAF”; (ii) state the name, address, and telephone number of the Objector and, if represented by counsel, the name, address, and telephone number of the Objector’s counsel; (iii) be signed by the Objector; (iv) contain a specific, written statement of the objection(s) and the specific reason(s) for the objection(s), including any legal and evidentiary support the Objector wishes to bring to the Court’s attention, and if the Objector has indicated that he, she, or it intends to appear at the Settlement Hearing, the identity of any witnesses the Objector may call to testify and any exhibits the Objector intends to introduce into evidence at the hearing; and (v) include documentation sufficient to prove that the Objector is a member of the Class (*i.e.*, held shares of QAD Class A common stock on November 5, 2021 and who received \$87.50 in cash per Class A share as Merger consideration). Documentation establishing that an Objector is a member of the Class must consist of copies of monthly brokerage account statements or an authorized statement from the Objector’s broker containing the transactional and holding information found in an account statement.

39. You may file a written objection without having to appear at the Settlement Hearing. You may not, however, appear at the Settlement Hearing to present your objection unless you first file and serve a written objection in accordance with the procedures described above, unless the Court orders otherwise.

40. If you wish to be heard orally at the hearing in opposition to the approval of the Settlement, the Plan of Allocation, or Plaintiff’s Counsel’s application for an award of attorneys’ fees and litigation expenses, assuming you timely file and serve a written objection as described above, you must also file a notice of appearance with the Register in Chancery and serve it on Plaintiff’s Counsel and on Defendants’ Counsel at the mailing and email addresses set forth in paragraph 37 above so that the notice is **received on or before November 6, 2023**. Persons who intend to object and desire to present evidence at the Settlement Hearing must include in their written objection or notice of appearance the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the hearing. Such persons may be heard orally at the discretion of the Court.

41. You are not required to hire an attorney to represent you in making written objections or in appearing at the Settlement Hearing. However, if you decide to hire an attorney, it will be at your own expense, and that attorney must file a notice of appearance with the Court and serve it on Plaintiff’s Counsel and Defendants’ Counsel at the mailing and email addresses set forth in paragraph 37 above so that the notice is **received on or before November 6, 2023**.

42. The Settlement Hearing may be adjourned by the Court without further written notice to Class Members. If you intend to attend the Settlement Hearing, you should confirm the date and time with Plaintiff's Counsel.

43. **Unless the Court orders otherwise, any Class Member who does not object in the manner described above will be deemed to have waived any objection (including the right to appeal) and shall be forever foreclosed from making any objection to the proposed Settlement, the proposed Plan of Allocation, or Plaintiff's Counsel's application for an award of attorneys' fees and litigation expenses, or any other matter related to the Settlement or the Action, and will otherwise be bound by the Judgment to be entered and the Releases to be given. Class Members do not need to appear at the Settlement Hearing or take any other action to indicate their approval.**

CAN I SEE THE COURT FILE? WHOM SHOULD I CONTACT IF I HAVE QUESTIONS?

44. This Notice contains only a summary of the terms of the proposed Settlement. For more detailed information about the matters involved in the Action, you are referred to the papers on file in the Action, including the Stipulation, which may be inspected during regular office hours at the Office of the Register in Chancery in the Court of Chancery of the State of Delaware, New Castle County, Leonard L. Williams Justice Center, 500 North King Street, Wilmington, Delaware 19801. Additionally, copies of the Stipulation, the Complaint, and any related orders entered by the Court will be posted on the Settlement website, www.QADSettlementLitigation.com. If you have questions regarding the Settlement, you may contact the Settlement Administrator: info@QADSettlementLitigation.com, or Plaintiff's Counsel: Ned Weinberger, Labaton Sucharow LLP, 222 Delaware Ave., Suite 1510, Wilmington, Delaware 19801, 1-866-640-7254, delawaresettlements@labaton.com.

WHAT IF I HELD SHARES ON SOMEONE ELSE'S BEHALF?

45. If you are a broker or other nominee that held shares of QAD Class A common stock as of the Closing (November 5, 2021) for the beneficial interest of persons or entities other than yourself, you are requested to either: (i) within seven (7) calendar days of receipt of this Notice, request from the Settlement Administrator sufficient copies of this Notice to forward to all such beneficial owners and within seven (7) calendar days of receipt of those Notices forward them to all such beneficial owners; or (ii) within seven (7) calendar days of receipt of this Notice, provide a list of the names, addresses, and, if available, email addresses of all such beneficial owners to info@QADSettlementLitigation.com. If you choose the second option, the Settlement Administrator will send a copy of the Notice to the beneficial owners.

46. Upon full compliance with these directions, such nominees may seek reimbursement of their reasonable expenses actually incurred by providing the Settlement Administrator with proper documentation supporting the expenses for which reimbursement is sought. A copy of this Notice may also be obtained from the Settlement website, www.QADSettlementLitigation.com, by calling the Settlement Administrator toll free at 1-800-952-0581, or by emailing the Settlement Administrator at info@QADSettlementLitigation.com.

**DO NOT CALL OR WRITE THE COURT OR THE OFFICE OF
THE REGISTER IN CHANCERY REGARDING THIS NOTICE.**

Dated: September 22, 2023

BY ORDER OF THE COURT OF CHANCERY OF THE
STATE OF DELAWARE

QAD, INC.
c/o A.B. Data, Ltd.
P.O. Box 170500
Milwaukee, WI 53217

COURT APPROVED NOTICE REGARDING
QAD, Inc. Litigation