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BRIO SOFTWARE, INC. REPORTS THIRD QUARTER RESULTS

License Revenue Increases 8% from Prior Quarter

SANTA CLARA, Calif., January 22, 2003 - Brio Software, Inc. (Nasdaq: BRIO), a leading provider of next-generation business intelligence tools, today reported revenues of \$25.5 million for the quarter ended December 31, 2002, compared to \$28.3 million reported for the quarter ended December 31, 2001, and a sequential increase of 3% from revenues of \$24.8 million reported for the quarter ended September 30, 2002.

Net loss for the quarter ended December 31, 2002 was \$2.1 million or a loss of \$0.06 per share compared to a net loss of \$5.0 million or a loss of \$0.17 per share for the quarter ended December 31, 2001. Net loss for the quarter ended December 31, 2001, excluding restructuring expenses, facility closure expenses and stock compensation charges, was \$968,000 or a loss of \$0.03 per share. There were no restructuring expenses, facility closure expenses or stock compensation charges during the three months ended December 31, 2002.

As of December 31, 2002, cash, cash equivalents and short-term investments were \$27.0 million. This is a decrease of \$300,000 from the fiscal year ending March 31, 2002, and an increase of \$11.2 million from the comparable quarter ended December 31, 2001.

Craig Brennan, Brio's President and CEO, stated, "Although we continued to see conservative IT spending, we are pleased to have posted sequential growth in our revenues during the quarter and executed our expenditure plan exactly as expected. Additionally, we held our Annual User Conference during the quarter where we announced Brio Performance Suite 8. Our Windows customers are already

enjoying general availability of Brio Performance Suite 8 and we look forward to expanding support to other platforms as well as localized versions for our international customers in the coming quarters.”

Brennan added, “We are pleased that Brio generated cash from operations this quarter as a result of diligent cost and cash management. I look forward to future quarters as Brio continues to strive toward predictable, profitable growth.”

Brio Conference Call

As previously announced, the company will discuss its results in a conference call today, January 22, 2003 at 2:00 p.m. PST. Craig Brennan, President and CEO, and Craig Collins, Executive Vice President and CFO will host the call. The call will be simultaneously webcast. Investors are invited to listen on the investor relations page of the company’s website www.brio.com. Listeners should go to the website at least 15 minutes early to register, download and install any necessary audio software. A replay of the call will be available on the company’s website, www.brio.com on the investor relations page, for 30 days after the call.

About Brio Software

Brio Software helps Global 3000 companies achieve breakthrough business performance with the industry’s most comprehensive collection of business intelligence tools. Widely recognized as one of the easiest-to-use and deploy solution in the industry, the Brio Performance Suite combines Insight Server’s and Intelligence iServer’s advanced query and analysis technologies with powerful information delivery through Reports iServer (which is based on the industry-standard SQR reporting technology). Brio Metrics Builder provides an interactive, real-time metrics analysis environment that lets businesses define their own performance criteria and then measure progress against these pre-set metrics. Used by 75 of the Fortune 100 and more than 2 million people, Brio products empower individuals, workgroups and executives to turn enterprise information into actionable insight, resulting in superior decisions and business performance. Founded in 1989, and headquartered in Santa Clara, CA, Brio products and services can be found around the globe at www.brio.com.

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"The statements of Mr. Brennan in this press release regarding future product releases and future performance and financial expectations are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities and Exchange Act of 1934, as amended. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those anticipated. Such risks and uncertainties include, but are not limited to, absence of improvement in the economy, absence of, or slower than expected, growth of the business performance software market, changes in business strategy, the realization of operating efficiencies from any of the cost savings measures, sales expectations, as well as future product direction, the inability to timely develop, release and sell future product releases and general economic conditions. For a more complete discussion of risk factors that could affect Brio's current and future operating results, see the discussions in Brio's reports filed with the SEC from time to time, including but not limited to Brio's Annual Report on Form 10-K/A for the year ended March 31, 2002 filed with the SEC on June 5, 2002 and Brio's quarterly report on form 10-Q for the quarter ended September 30, 2002, filed with the SEC on November 14, 2002.

BRIO SOFTWARE, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

(unaudited)

	December 31,	March 31,
	<u>2002</u>	<u>2002</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$16,424	\$16,226
Short-term investments	10,574	11,056
Accounts receivable, net	19,249	17,238
Inventories	281	184
Deferred income taxes	-	447
Prepaid expenses and other current assets	<u>3,751</u>	<u>4,475</u>
Total current assets	50,279	49,626
Property and equipment, net	19,768	24,625
Other assets	<u>1,787</u>	<u>1,785</u>
	<u>\$71,834</u>	<u>\$76,036</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Note payable, current portion	\$1,667	\$1,667
Accounts payable	5,658	5,089
Accrued liabilities—		
Payroll and related benefits	5,807	7,015
Other	5,466	8,059
Deferred revenue, current	<u>33,540</u>	<u>29,347</u>
Total current liabilities	52,138	51,177
Noncurrent deferred revenue	1,146	599
Noncurrent note payable	1,667	2,917
Other noncurrent liabilities	<u>1,843</u>	<u>944</u>
Total liabilities	<u>56,794</u>	<u>55,637</u>
Stockholders' equity:		
Common stock	37	36
Additional paid-in capital	102,363	103,779
Notes receivable from stockholders	-	(12)
Accumulated components of comprehensive income (loss)	(524)	324
Accumulated deficit	<u>(86,836)</u>	<u>(83,728)</u>
Total stockholders' equity	<u>15,040</u>	<u>20,399</u>
	<u>\$ 71,834</u>	<u>\$ 76,036</u>

BRIO SOFTWARE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(unaudited)

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>December 31,</u>		<u>December 31,</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Revenues:				
License fees	\$10,506	\$14,143	\$32,236	\$40,335
Services	<u>14,945</u>	<u>14,204</u>	<u>44,173</u>	<u>45,710</u>
Total revenues	<u>25,451</u>	<u>28,347</u>	<u>76,409</u>	<u>86,045</u>
Cost of revenues:				
License fees (includes \$0, \$3, \$0 and \$3, respectively, in stock compensation expense)	369	456	1,256	1,589
Services (includes \$0, 401, \$(386) and \$401, respectively, in stock compensation expense (benefit))	<u>5,137</u>	<u>5,501</u>	<u>14,235</u>	<u>19,970</u>
Total cost of revenues	<u>5,506</u>	<u>5,957</u>	<u>15,491</u>	<u>21,559</u>
Gross profit	<u>19,945</u>	<u>22,390</u>	<u>60,918</u>	<u>64,486</u>
Operating expenses:				
Research and development (includes \$0, \$588, \$(543) and \$588, respectively, in stock compensation expense (benefit))	5,565	5,959	16,350	19,653
Sales and marketing (includes \$0, \$982, \$(758) and \$982, respectively, in stock compensation expense (benefit)) ..	13,228	16,090	37,690	50,259
General and administrative (includes \$0, \$1,567, \$(1,505) and \$1,567, respectively, in stock compensation expense (benefit))	2,873	4,740	6,394	10,590
Loss on abandonment of property and equipment	—	—	—	3,670
Loss on disposal of property and equipment	—	—	1,027	—
Restructuring expenses	—	309	1,000	1,736
Facility closure expenses	—	<u>144</u>	<u>1,942</u>	<u>361</u>
Total operating expenses	<u>21,666</u>	<u>27,242</u>	<u>64,403</u>	<u>86,269</u>
Loss from operations	(1,721)	(4,852)	(3,485)	(21,783)
Interest and other income (expense), net	<u>46</u>	<u>(104)</u>	<u>973</u>	<u>(3)</u>
Loss before provision for income taxes	(1,675)	(4,956)	(2,512)	(21,786)
Provision for income taxes	<u>470</u>	<u>6</u>	<u>596</u>	<u>31</u>
Net loss	<u>\$(2,145)</u>	<u>\$(4,962)</u>	<u>\$(3,108)</u>	<u>\$(21,817)</u>
Basic and diluted net loss per share	<u>\$ (0.06)</u>	<u>\$ (0.17)</u>	<u>\$ (0.08)</u>	<u>\$ (0.74)</u>
Shares used in computing basic and diluted net loss per share	<u>37,632</u>	<u>29,626</u>	<u>37,182</u>	<u>29,320</u>

Supplemental net loss data:

Net loss excluding loss on abandonment of property and equipment, restructuring expenses, facility closure expenses and stock compensation charges (benefit)	<u>\$(2,145)</u>	<u>\$(968)</u>	<u>\$(3,358)</u>	<u>\$(12,509)</u>
Basic and diluted net loss per share excluding abandonment of property and equipment, restructuring expenses, facility closure expenses and stock compensation charges (benefit)	<u>\$ (0.06)</u>	<u>\$ (0.03)</u>	<u>\$ (0.09)</u>	<u>\$ (0.43)</u>
Shares used in computing basic and diluted net loss per share	<u>37,632</u>	<u>29,626</u>	<u>37,182</u>	<u>29,320</u>

BRIO SOFTWARE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	<u>Nine Months Ended</u>	
	<u>December 31,</u>	
	<u>2002</u>	<u>2001</u>
Cash Flows from Operating Activities:		
Net loss	\$(3,108)	\$ (21,817)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities—		
Depreciation and amortization.....	5,346	6,308
Provision for returns and doubtful accounts.....	—	350
Deferred compensation amortization.....	—	25
Stock compensation charges (benefit).....	(3,192)	3,994
Loss on disposal and abandonment of property and equipment.....	1,474	3,670
Change in deferred taxes.....	447	—
Changes in operating assets and liabilities—		
Accounts receivable.....	(2,011)	13,780
Inventories.....	(97)	146
Prepaid expenses, other current assets and other noncurrent assets.....	615	(600)
Accounts payable and accrued liabilities.....	(3,488)	(6,755)
Deferred revenue.....	4,740	(1,862)
Other noncurrent liabilities.....	899	359
Net cash provided by (used in) operating activities.....	<u>1,625</u>	<u>(2,402)</u>
Cash Flows from Investing Activities:		
Purchases of short-term investments.....	(12,366)	—
Sales of short-term investments.....	12,860	2,171
Purchases of property and equipment, net.....	<u>(1,735)</u>	<u>(4,831)</u>
Net cash used in investing activities.....	<u>(1,241)</u>	<u>(2,660)</u>
Cash Flows from Financing Activities:		
Proceeds from borrowings under line of credit.....	—	6,000
Repayments under line of credit.....	—	(6,000)
Proceeds from note payable.....	—	5,000
Repayments under note payable.....	(1,250)	—
Proceeds from issuance of common stock, net.....	1,912	2,960
Proceeds from repayments of notes receivable from stockholders.....	<u>12</u>	<u>24</u>
Net cash provided by financing activities.....	<u>674</u>	<u>7,984</u>
Net increase in cash and cash equivalents.....	1,058	2,922
Effect of exchange rate changes on cash.....	(860)	(201)
Cash and cash equivalents, beginning of period.....	<u>16,226</u>	<u>13,048</u>
Cash and cash equivalents, end of period.....	<u>\$16,424</u>	<u>\$ 15,769</u>
Noncash operating activities:		
Negotiated reduction in implementation services classified as accounts payable and property and equipment.....	<u>\$—</u>	<u>\$ 1,417</u>