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BRIO SOFTWARE, INC. REPORTS SECOND QUARTER RESULTS

SANTA CLARA, Calif. – October 23, 2001 – Brio Software, Inc. (Nasdaq: BRIO), a leading provider of next-generation business intelligence tools and applications that help global 3000 companies achieve breakthrough business performance, today reported revenues of \$28.2 million for the second quarter of fiscal 2002. This represents a decrease of approximately 17% from \$33.9 million reported in the comparable fiscal 2001 quarter.

Net loss for the quarter ended September 30, 2001, excluding non-recurring expenses, was \$4.3 million or a loss of \$0.15 per share compared to a net loss of \$4.3 million, or a loss of \$0.15 per share for the quarter ended September 30, 2000. Net loss for the quarter ended September 30, 2001 including non-recurring expenses was \$9.2 million, or a loss of \$0.32 per share.

“The slowing global economy, combined with the September 11 tragedy, has clearly lengthened the enterprise sales cycle and is encouraging deferred IT spending”, stated Craig Brennan, president and CEO. “Despite these obvious obstacles, we made important progress toward new product releases, expense containment, and important customer wins. Continuing to build a profitable software company is our exclusive focus.”

New Product Release and Major Customer Wins

On September 18, Brio shipped Brio Enterprise v6.5, a major milestone in product reliability and integration with third party partners, such as Hyperion’s Essbase™. This important new release shipped

three weeks ahead of schedule, provides the analytical foundation for all enterprise customer deployments, and is the version to which Brio encourages all customers to upgrade as part of a current maintenance agreement.

Additionally, Brio logged important enterprise customer wins across a diverse array of industries and geographies, including high technology, the public sector, education and financial services markets. Overall, 27% of quarterly revenue came from outside North America, with an important and growing percentage from its Asia Pacific region.

“We continue to be encouraged by the diversity and sophistication of customer success using Brio tools and applications”, said Don Beck, executive vice president of worldwide sales. “This is continued proof that our advanced tools combined with ease-of-use and ease-of-implementation are even more important in this soft economy.”

Brio Results Conference Call

As previously announced, the company will discuss its results in a conference call on Tuesday, October 23, 2001 at 2:00 p.m. PDT. Craig Brennan, president and CEO, and Tamara MacDuff, executive vice president and chief financial officer, 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, <http://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, <http://www.brio.com> on the investor relations page, for 30 days after the call.

About Brio Software

Brio Software is the leading provider of next-generation business intelligence tools and applications that help Global 3000 companies achieve breakthrough business performance. Widely recognized as one of the easiest-to-use and deploy solutions in the industry, the Brio Performance Suite™ expands business intelligence beyond advanced query and analysis technologies to include powerful information delivery through enterprise-class reporting and personalized performance dashboards. Used by nearly 70 percent of the Fortune 100, Brio products empower individuals, workgroups and executives in an organization to turn enterprise information into actionable insight, so superior decisions and business performance result. 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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Brio Intelligence, Brio Portal, Brio Reports, Brio Performance Suite and Brio Performance Applications are trademarks of Brio Software.

The statements in this press release regarding our future sales efforts, cost containment measures, beliefs, expectations, goals, financial performance and future strategies 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, the impact of proposed and implemented changes, the potential for fluctuations in Brio’s quarterly operating results, Brio’s dependence upon its direct sales force, Brio’s ability to attract and retain qualified personnel and Brio’s lengthy product sales cycle. For a more complete discussion of risk factors that could affect the Company’s current and future operating results, see the discussions in the Company’s reports filed with the SEC from time to time, including but not limited to the Company’s Annual Report on Form 10-K for the year ended March 31, 2001 filed with the SEC on June 29, 2001 and the Company’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2001 filed with the SEC on August 14, 2001.

-financial tables to follow-

BRIO SOFTWARE, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

	September 30,	March 31,
	<u>2001</u>	<u>2001</u>
	<u>(unaudited)</u>	
ASSETS		
Current assets:		
Cash and cash equivalents	\$12,938	\$ 13,048
Short-term investments	31	2,280
Accounts receivable	24,102	35,436
Inventories	215	333
Deferred income taxes	447	447
Prepaid expenses and other current assets	<u>6,336</u>	<u>4,877</u>
Total current assets	44,069	56,421
Property and equipment, net	28,167	31,508
Other assets	<u>1,556</u>	<u>1,626</u>
	<u>\$73,792</u>	<u>\$ 89,555</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Line of credit	\$6,000	\$ —
Accounts payable	9,895	7,679
Accrued liabilities—		
Payroll and related benefits	8,090	13,307
Other	9,376	10,573
Deferred revenue, current	<u>27,420</u>	<u>30,363</u>
Total current liabilities	60,781	61,922
Noncurrent deferred revenue	689	793
Other noncurrent liabilities	<u>719</u>	<u>473</u>
Total liabilities	<u>62,189</u>	<u>\$ 63,188</u>
Stockholders' equity:		
Common stock	29	29
Additional paid-in capital	86,075	83,720
Notes receivable from stockholders	(32)	(36)
Deferred compensation	(4)	(32)
Accumulated components of comprehensive income	460	756
Accumulated deficit	<u>(74,925)</u>	<u>(58,070)</u>
Total stockholders' equity	<u>11,603</u>	<u>26,367</u>
	<u>\$ 73,792</u>	<u>\$ 89,555</u>

BRIO SOFTWARE, INC.

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

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>September 30,</u>		<u>September 30,</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Revenues:				
License fees	\$12,721	\$18,982	\$26,192	\$37,952
Services	<u>15,462</u>	<u>14,904</u>	<u>31,048</u>	<u>28,959</u>
Total revenues	<u>28,183</u>	<u>33,886</u>	<u>57,240</u>	<u>66,911</u>
Cost of revenues:				
License fees	570	1,007	1,133	1,964
Services	<u>6,645</u>	<u>6,735</u>	<u>14,011</u>	<u>12,779</u>
Total cost of revenues	<u>7,215</u>	<u>7,742</u>	<u>15,144</u>	<u>14,743</u>
Gross profit	<u>20,968</u>	<u>26,144</u>	<u>42,096</u>	<u>52,168</u>
Operating expenses:				
Research and development	6,278	6,688	13,694	12,255
Sales and marketing	16,278	20,053	34,169	41,126
General and administrative	2,940	3,544	5,850	7,469
Non-recurring expenses	<u>4,883</u>	<u>—</u>	<u>5,314</u>	<u>—</u>
Total operating expenses	<u>30,379</u>	<u>30,285</u>	<u>59,027</u>	<u>60,850</u>
Loss from operations	(9,411)	(4,141)	(16,931)	(8,682)
Interest and other income (expense), net	<u>200</u>	<u>(171)</u>	<u>101</u>	<u>(85)</u>
Loss before provision for income taxes	(9,211)	(4,312)	(16,830)	(8,767)
Provision for income taxes	<u>11</u>	<u>—</u>	<u>25</u>	<u>—</u>
Net loss	<u>\$(9,222)</u>	<u>\$(4,312)</u>	<u>\$(16,855)</u>	<u>\$(8,767)</u>
Basic and diluted net loss per share	<u>\$ (0.32)</u>	<u>\$ (0.15)</u>	<u>\$ (0.58)</u>	<u>\$ (0.31)</u>
Shares used in computing basic and diluted net loss per share...	<u>29,273</u>	<u>28,194</u>	<u>29,161</u>	<u>28,092</u>
Supplemental net loss data:				
Net loss excluding non-recurring expenses	<u>\$(4,339)</u>	<u>\$(4,312)</u>	<u>\$(11,541)</u>	<u>\$(8,767)</u>
Basic and diluted net loss per share excluding non-recurring expenses	<u>\$ (0.15)</u>	<u>\$ (0.15)</u>	<u>\$ (0.40)</u>	<u>\$ (0.31)</u>
Shares used in computing basic and diluted net loss per share	<u>29,273</u>	<u>28,194</u>	<u>29,161</u>	<u>28,092</u>