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BRIO SOFTWARE, INC. REPORTS SECOND QUARTER RESULTS

SANTA CLARA, Calif., October 23, 2002 - Brio Software, Inc. (Nasdaq: BRIO), a leading provider of next-generation business intelligence tools that help global 3000 companies achieve breakthrough business performance, today reported revenues of \$24.8 million for the quarter ended September 30, 2002, compared to \$28.2 million reported for the quarter ended September 30, 2001, and a sequential decrease of 5.0% from revenues of \$26.1 million reported for the quarter ended June 30, 2002.

Net loss for the quarter ended September 30, 2002, excluding loss on abandonment of property and equipment, restructuring expenses, facility closure expenses and stock compensation charges, was \$786,000 or \$0.02 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, 2001. Net loss for the quarter ended September 30, 2002, including loss on abandonment of property and equipment, restructuring expenses, facility closure expenses and stock compensation charges, was \$2.7 million, or a loss of \$0.07 per share, compared to a net loss of \$9.2 million or a loss of \$0.32 per share for the quarter ended September 30, 2001. Facility closure expenses for the quarter ended September 30, 2002 were \$1.9 million.

As of September 30, 2002, cash, cash equivalents and short-term investments were \$25.4 million. This is a decrease of \$1.9 million from the fiscal year ending March 31, 2002, and a decrease of \$519,000 from the previous quarter ended June 30, 2002.

Craig Brennan, Brio's President and CEO, stated, "The sales cycles during the quarter seemed to extend much longer than anticipated. The opportunities in our pipeline remain relatively robust, but the additional diligence undertaken by our customers on each deal elongated the contracting process. As a result, more deals than anticipated were delayed to future quarters. We don't see any fundamental change in the demand for our products, but we have modified our sales expectations to be more mindful of the elongated closing cycles imposed by the difficult economic environment."

Brennan added, "We are pleased that due to continued cost savings programs and diligence on expense management we have improved our earnings per share, and generated cash flow from operations despite the deals that were pushed into future quarters."

Brio Conference Call

As previously announced, the company will discuss its results in a conference call today, October 23, 2002 at 2:00 p.m. PDT. Craig Brennan, President and Chief Executive Officer, and Craig Collins, 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 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 is a leading provider of next-generation business intelligence tools that help Global 3000 companies achieve breakthrough results. Widely recognized as the easiest-to-use and deploy solution 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 over 2 million people, including 75 of the Fortune 100, 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 in this press release regarding the economy, demand for products, sales expectations, cost savings programs, 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 Company's cost savings measures, and future product acceptance. 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 Software Inc. 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 June 30, 2002, filed with the SEC on August 14, 2002.

BRIO SOFTWARE, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)
(unaudited)

September 30, March 31,
2002 2002

ASSETS

Current assets:		
Cash and cash equivalents	\$14,027	\$16,226
Short-term investments	11,370	11,056
Accounts receivable	19,991	17,238
Inventories	246	184
Deferred income taxes	447	447
Prepaid expenses and other current assets	<u>3,430</u>	<u>4,475</u>
Total current assets	49,511	49,626
Property and equipment, net	20,944	24,625
Other assets	<u>1,772</u>	<u>1,785</u>
	<u>\$72,227</u>	<u>\$76,036</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Note payable, current portion	\$1,667	\$1,667
Accounts payable	5,619	5,089
Accrued liabilities—		
Payroll and related benefits	6,173	7,015
Other	5,666	8,059
Deferred revenue, current	<u>31,389</u>	<u>29,347</u>
Total current liabilities	50,514	51,177
Noncurrent deferred revenue	999	599
Noncurrent note payable	2,083	2,917
Other noncurrent liabilities	<u>2,003</u>	<u>944</u>
Total liabilities	<u>55,599</u>	<u>55,637</u>
Stockholders' equity:		
Common stock	37	36
Additional paid-in capital	101,669	103,779
Notes receivable from stockholders	(12)	(12)
Accumulated components of comprehensive income (loss)	(375)	324
Accumulated deficit	<u>(84,691)</u>	<u>(83,728)</u>
Total stockholders' equity	<u>16,628</u>	<u>20,399</u>
	<u>\$ 72,227</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>Six Months Ended</u>	
	<u>September 30,</u>		<u>September 30,</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Revenues:				
License fees	\$9,709	\$12,721	\$21,730	\$26,192
Services	<u>15,114</u>	<u>15,504</u>	<u>29,228</u>	<u>31,506</u>
Total revenues	<u>24,823</u>	<u>28,225</u>	<u>50,958</u>	<u>57,698</u>
Cost of revenues:				
License fees	476	570	887	1,133
Services	<u>4,743</u>	<u>6,687</u>	<u>9,484</u>	<u>14,469</u>
Total cost of revenues.....	<u>5,219</u>	<u>7,257</u>	<u>10,371</u>	<u>15,602</u>
Gross profit.....	<u>19,604</u>	<u>20,968</u>	<u>40,587</u>	<u>42,096</u>
Operating expenses:				
Research and development	5,668	6,278	11,328	13,694
Sales and marketing.....	12,491	16,278	25,220	34,169
General and administrative.....	2,175	2,940	5,026	5,850
Loss on abandonment of property and equipment.....	—	3,670	—	3,670
Loss on disposal of property and equipment	63	—	1,027	—
Restructuring expenses.....	—	996	1,000	1,427
Facility closure expenses.....	1,942	217	1,942	217
Stock compensation charges.....	—	—	<u>(3,192)</u>	—
Total operating expenses	<u>22,339</u>	<u>30,379</u>	<u>42,351</u>	<u>59,027</u>
Loss from operations.....	<u>(2,735)</u>	<u>(9,411)</u>	<u>(1,764)</u>	<u>(16,931)</u>
Interest and other income, net	<u>13</u>	<u>200</u>	<u>927</u>	<u>101</u>
Loss before provision for income taxes.....	<u>(2,722)</u>	<u>(9,211)</u>	<u>(837)</u>	<u>(16,830)</u>
Provision for income taxes	<u>6</u>	<u>11</u>	<u>126</u>	<u>25</u>
Net loss	<u>\$(2,728)</u>	<u>\$(9,222)</u>	<u>\$(963)</u>	<u>\$(16,855)</u>
Basic and diluted net loss per share.....	<u>\$ (0.07)</u>	<u>\$ (0.32)</u>	<u>\$ (0.03)</u>	<u>\$ (0.58)</u>
Shares used in computing basic and diluted net loss per share ..	<u>37,174</u>	<u>29,273</u>	<u>36,955</u>	<u>29,161</u>

Supplemental stock compensation charges data:

Cost of revenues	\$ —	\$ —	\$ (386)	\$ —
Research and development	—	—	(543)	—
Sales and marketing	—	—	(758)	—
General and administrative	—	—	<u>(1,505)</u>	—
Total stock compensation charges.....	<u>\$ —</u>	<u>\$ —</u>	<u>\$(3,192)</u>	<u>\$ —</u>

Supplemental net loss data:

Net loss excluding loss on abandonment of property and equipment, restructuring expenses, facility closure expenses and stock compensation charges.....	<u>\$(786)</u>	<u>\$(4,339)</u>	<u>\$(1,213)</u>	<u>\$(11,541)</u>
Basic and diluted net loss per share excluding loss on abandonment of property and equipment, restructuring expenses, facility closure expenses and stock compensation charges	<u>\$ (0.02)</u>	<u>\$ (0.15)</u>	<u>\$ (0.03)</u>	<u>\$ (0.40)</u>
Shares used in computing basic and diluted net loss per share	<u>37,174</u>	<u>29,273</u>	<u>36,955</u>	<u>29,161</u>

BRIO SOFTWARE, INC.

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

	<u>Six Months Ended</u>	
	<u>September 30,</u>	
	<u>2002</u>	<u>2001</u>
Cash Flows from Operating Activities:		
Net loss	\$(963)	\$ (16,855)
Adjustments to reconcile net loss to cash used in operating activities—		
Depreciation and amortization	3,643	4,358
Provision for returns and doubtful accounts	—	200
Deferred compensation amortization	—	21
Stock compensation	(3,192)	—
Loss on disposal and abandonment of property and equipment	1,474	3,670
Changes in operating assets and liabilities—		
Accounts receivable	(2,753)	11,134
Inventories	(62)	118
Prepaid expenses, other current assets and other noncurrent assets	986	(1,573)
Accounts payable and accrued liabilities	(2,961)	(2,781)
Deferred revenue	2,442	(3,047)
Other noncurrent liabilities	<u>1,059</u>	<u>246</u>
Net cash used in operating activities	<u>(327)</u>	<u>(4,509)</u>
Cash Flows from Investing Activities:		
Purchases of short-term investments	(7,220)	—
Sales of short-term investments	7,000	2,171
Purchases of property and equipment, net	<u>(1,243)</u>	<u>(5,920)</u>
Net cash used in investing activities	<u>(1,463)</u>	<u>(3,749)</u>
Cash Flows from Financing Activities:		
Proceeds from borrowings under line of credit	—	6,000
Proceeds from issuance of common stock, net	1,218	2,362
Repayments under note payable	(834)	—
Repayments under notes receivable from stockholders	—	<u>4</u>
Net cash provided by financing activities	<u>384</u>	<u>8,366</u>
Net increase (decrease) in cash and cash equivalents	(1,406)	108
Effect of exchange rate changes on cash	(793)	(218)
Cash and cash equivalents, beginning of period	<u>16,226</u>	<u>13,048</u>
Cash and cash equivalents, end of period	<u>\$14,027</u>	<u>\$ 12,938</u>
Noncash operating activities:		
Negotiated reduction in implementation services classified as accounts payable and property and equipment	<u>\$—</u>	<u>\$ 1,417</u>