



Data Mining Solutions At the Intersection Of the Warehouse and the Web

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FOR IMMEDIATE RELEASE:

ANGOSS REPORTS THIRD QUARTER RESULTS PERFORMANCE STABLE DESPITE UNSETTLED CONDITIONS

Toronto, Ontario – October 2, 2001 (CDNX: ANC – www.angoss.com) – ANGOSS Software Corporation released third quarter results today, reporting revenues of \$1,125,665 (2000: \$1,258,967) and an operating loss of \$133,045 (\$0.00 per share) for the three months ended August 31, 2001 (2000: \$64,958 profit). For the nine months ended August 31, 2001 the company's revenues were \$3,465,518 (2000: \$3,591,853).

"Unsettled conditions and a slowing economy affected our clients across several industries during the third quarter" commented ANGOSS President Eric Apps. "Our performance remained relatively stable despite a very challenging business environment." ANGOSS continued to expand business with current clients, achieved some notable new client wins, and further expanded its partnerships with significant enterprise application leaders during the third quarter. "Our core business continues to be relatively strong" Apps stated. "We know that recent developments in the US have had a significant impact as we move into the fourth quarter. We are monitoring these developments, but remain optimistic ANGOSS is positioned well for growth as the outlook clarifies over the next few months".

"We met our operating targets in Europe and Canada, but experienced reduced average order sizes and some delays in qualified US deal closings" commented Chief Financial Officer Lon Vining. "Several deferred opportunities remain on the table and we believe progress will be made on them. We are also expanding our sales funnel despite the uncertain current outlook." Mr. Vining noted that while the company has continued to invest in sales activities, compensation adjustments were implemented company wide during the third quarter to reflect the current economic environment. These

adjustments are designed to lower overall compensation levels, and align company wide compensation with profitability targets.

Operating Highlights

The Company reported the following operating highlights during the third quarter:

- ANGOSS announced KnowledgeSERVER for PeopleSoft in August, 2001, with a joint ANGOSS PeopleSoft presentation at the PeopleSoft Users Conference. Currently planned for availability in December, 2001 KnowledgeSERVER for PeopleSoft will be marketed as a "best of breed" data mining plug in for users of the PeopleSoft Enterprise Performance Management suite, and extensible for other PeopleSoft 8 applications.
- ANGOSS entered into a letter of intent providing for the licensing and bundling of certain of its products by an enterprise applications vendor. The letter of intent remains subject to definitive agreements. Integration planning and related deliverables are proceeding on schedule.
- ANGOSS is continuing its work with a leading professional services organization which focuses on bringing to market an integrated risk management solution targeted to Global 2500 organizations. Integration planning and related deliverables are proceeding on schedule.
- ANGOSS completed the filing of a patent application with the United States Patent and Trade Marks Office in June, 2001 with respect to a process, method and system relating to certain real time data mining technologies. These technologies were developed by ANGOSS in conjunction with its KnowledgeSERVER ® for Siebel data mining plug in for the Siebel eBusiness application platform and have applications for this and other enterprise application environments.
- ANGOSS has entered into a letter of intent to license certain intellectual property from one of the world's largest financial services organizations for incorporation into the KnowledgeSTUDIO® platform. This enhancement is expected to be incorporated into an upgrade for KnowledgeSTUDIO users to be made available during 2002.

Results Summary

Unaudited comparative results for the three and nine month periods ended August 31, 2001 and August 31, 2000, respectively, are as follows:

Income Statement Information ⁽¹⁾	For the three months		For the nine months	
(unaudited, stated in \$ CDN)	ended August 31		ended August 31	
	2001	2000	2001	2000
REVENUES	1,125,665	1,258,967	3,465,518	3,591,853
Gross Margin	1,100,375	1,232,399	3,402,451	3,512,459
Operating Expenses ⁽¹⁾				
Sales and marketing	530,136	471,246	1,846,132	1,230,823
Research and development	391,636	371,130	997,909	915,243
Administration and general	311,648	325,065	992,784	864,455
	1,233,420	1,167,441	3,836,825	3,010,521
Operating (loss) income	(133,045)	64,958	(434,374)	501,938
TRIFOX recovery	-	-	51,644	286,680
Amortization	(55,353)	(54,970)	(163,601)	(125,318)
Foreign exchange gain (loss)	8,529	26,818	(1,245)	17,460
Financing fees and related interest	(1,831)	(2,561)	(6,679)	(8,353)
Net (loss) income for the period	(181,700)	34,245	(554,255)	672,407
Basic and fully diluted earnings (loss) per share	(0.00)	(0.00)	(0.01)	0.02
Weighted average number of shares outstanding				
Basic	38,338,764	37,890,157	38,189,208	37,591,532
Fully Diluted	39,313,632	41,431,506	40,698,797	41,721,206
Selected Cash Flow Information	For the three months		For the nine months	
(unaudited, stated in \$ CDN)	ended August 31		ended August 31	
	2001	2000	2001	2000
Cash provided by (used in) operating activities	244,108	122,642	(17,496)	453,723
Cash (used in) investing activities	(38,685)	(51,781)	(69,938)	(164,864)
Cash provided by (used in) financing activities	(13,655)	101,950	29,572	188,259
Net increase (decrease) in cash during the period	191,768	172,811	(57,862)	477,118
Selected Balance Sheet Information	August 31,	November 30,		
(unaudited, stated in \$ CDN)	2001	2000		
Cash and cash equivalents	880,538	938,400		
Accounts receivable	987,132	1,341,421		
Prepaid expenses	86,427	65,688		
License agreements, acquired software and capital assets, net	299,094	392,757		
Total assets	2,253,191	2,738,266		
Accounts payable and accrued liabilities	369,812	399,685		
Current portion of deferred revenue	429,907	376,734		
Total current liabilities	1,565,944	1,515,557		
Total liabilities	1,712,934	1,714,192		
Total shareholders' equity	540,257	1,024,074		
Liabilities and shareholders' equity	2,253,191	2,738,266		

(1) Effective August 31, 2001 and for the nine months then ended compensation expenses have been reclassified to allocate such expenses to the respective activities to which they relate. This presentation has been adopted to record expenses associated with these activities.

About ANGOSS Software

ANGOSS Software Corporation, headquartered in Toronto, Canada, develops data mining software solutions that help business organizations across financial services, telecommunications, pharmaceuticals, retailing and manufacturing industries make "Better Business Decisions. Every Day."TM

ANGOSS data mining solutions includes:

- KnowledgeSEEKER®, KnowledgeSTUDIO®, KnowledgeExcelerator® and KnowledgeSERVER®, advanced data mining tools for analysts that are easy to learn, enjoyable to use and interoperate seamlessly with the Windows, Office and SQL Server application platforms from Microsoft ® Corporation.
- KnowledgeSERVER® for Siebel, the ANGOSS data mining and decisioning solution for the Siebel e-Business application suite.
- KnowledgeSERVER® for PeopleSoft, the ANGOSS data mining and decisioning solution for the PeopleSoft 8 application suite.
- KnowledgeWebMinerTM, the ANGOSS data mining solution for mining web data.
- The ANGOSS Data Mining SDK for SQL Server 2000 and KnowledgeSTUDIO SDK, software development kits leveraging Microsoft and Internet standards, platforms and technologies that help corporate and commercial software developers to support rapid deployment of advanced data mining technology to enterprise applications.

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Note to editors: If you are interested in viewing additional information on ANGOSS, please go to www.angoss.com.

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This press release may contain forward-looking statements relating to the future performance of ANGOSS Software Corporation. Forward-looking statements, specifically those concerning future performance and the achievement of operating profitability are subject to certain risks and uncertainties, and actual results may differ materially. These risks and uncertainties include the risk of possible customer disappointment or dissatisfaction with ANGOSS Software products, and any resulting failure to expand the user base as anticipated by the Company; operational and financial risks associated with growth; market acceptance of the Company's products and services; technical uncertainties related to releases of new or modified products and adapting products to specific customer requirements; risks involving management of growth; competition and the introduction of new entrants and/or new products in the Company's markets; product development risks and risks of technological change; the risk of unanticipated expenses or asset reevaluations; and other risks and uncertainties all as described in the disclosure documents filed with securities regulatory authorities in accordance with applicable securities laws.

Note: The Canadian Venture Exchange has neither approved nor disapproved the above information.