



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

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**FOR IMMEDIATE RELEASE:**

**ANGOSS RELEASES PRELIMINARY  
FOURTH QUARTER AND FISCAL 2001 RESULTS**

**DATA MINING INDUSTRY LEADER BUCKS TECH SECTOR DOWN TREND;  
REPORTS SOLID GROWTH IN CHALLENGING FOURTH QUARTER**

Toronto, Ontario – January 14, 2002 (CDNX: ANC – [www.angoss.com](http://www.angoss.com)) – ANGOSS Software Corporation released preliminary results today, reporting solid sequential and year over year revenue growth, an operating profit and positive cash flow in its fourth quarter ended November 30, 2001.

**Results Commentary**

Fourth quarter revenues of \$1,315,342 were up 17% over third quarter results and up 6% over record 2000 fourth quarter results. Rebounding from a challenging first quarter of 2001 industry wide, ANGOSS delivered revenue growth through the balance of 2001 over same period 2000 results.

“These results, achieved in the toughest quarter of the most challenging year the technology industry has seen in the past decade, are outstanding” commented ANGOSS President Eric Apps. “Our relationships with existing and new clients are expanding, we are creating new revenue opportunities for 2002 by adding value to the platforms of our partners, and our opportunity funnel for 2002 looks promising. We expect to further strengthen our leadership position in the data mining industry in 2002, despite the fact that we expect this will remain a very challenging year for software vendors.”

Best ever results in 2001 in the US financial services, pharmaceutical and manufacturing industries, and in Canadian and European markets, were partially offset by stable to declining

sales in US telecom, technology and dot com market segments resulting from client budget constraints that affected 2001 software purchase decisions.

For the twelve months ended November 30, 2001 the company's revenues were \$4,780,860, 1% below 2000 results (2000: \$4,832,145). "Our success in 2001 reflects strong products, growing client relationships, a commitment to exceptional service to customers and partners, solid execution by our sales and services teams in a tough North American business environment, and a break through year in Europe" commented ANGOSS Director of Sales Pavel Treskin.

ANGOSS achieved an operating profit of \$54,301 (\$0.00 per share) for the fourth quarter, compared with an operating loss of \$47,417 (\$0.00) for the fourth quarter of 2000. For the 2001 fiscal year ANGOSS reported an operating loss of \$380,073 compared with a 2000 operating profit of \$454,521. This operating loss was due primarily to lower than expected first quarter revenues in 2001, reflecting an abrupt spending slowdown across the technology industry that generated an operating loss of approximately \$316,000 in that quarter.

"We adjusted quickly to deteriorating business conditions in the first quarter and were able to deliver profitable revenue growth and continue to invest in growing our business over the balance of the year in an environment where many development stage peers continued to struggle with their business models or ceased operations entirely and where even well established software companies were reporting substantial revenue declines" commented ANGOSS Chief Financial Officer Lon Vining. "As a result, we are entering 2002 with a positive revenue outlook, a stronger balance sheet, an expanding solutions portfolio, strengthened client relationships, and new potential direct and partner led revenue opportunities that we believe will contribute to additional growth in 2002 and future years as the economic outlook improves."

## **Operating Highlights and Recent Developments**

ANGOSS also reported the following operating highlights and recent developments:

- Fourth quarter revenues were driven by product licensing, consulting and development services transactions involving some of North America best known banking, insurance, brokerage and financial services organizations, including a strong mix of new clients, several follow on, higher value orders with key existing clients and initial KnowledgeWebMiner deliveries to a major North American based logistics organization. ANGOSS European growth was led by licensing transactions involving several existing and new clients in the financial services and marketing industries, a significant fraud detection mandate with a major European government taxation authority, and a new relationship with one of the world's leading private sector export-import control and inspection groups.
- ANGOSS continued an aggressive product development agenda during the fourth quarter, further strengthening integration of KnowledgeSTUDIO and KnowledgeSERVER with the industry leading Microsoft SQL Server database platform

and the solutions of Microsoft Data Warehouse Alliance partners. See related [Microsoft](#) link below. During the fourth quarter, ANGOSS also joined the XML for Analysis industry standards initiative being co-sponsored by Microsoft Corporation and Hyperion Solutions Corporation. ANGOSS is investing heavily in XML based technologies that leverage Microsoft technologies, platforms, applications and Internet standards as part of its KnowledgeSTUDIO 4, KnowledgeSERVER 4 and new product development plans and will be working with other leading business intelligence, olap, data mining and decision support solution providers in this standards initiative. See related [XML for Analysis](#) link below. Several significant OLE DB DM and XML based enhancements have already been implemented by ANGOSS for KnowledgeSTUDIO 4 and KnowledgeSERVER 4 scheduled for beta release in Q2, 2002.

During the year, ANGOSS also continued to strengthen integration of its data mining and predictive analytics capabilities with the applications of the technology industry's tier one enterprise application vendors. These on-going efforts have resulted in the following:

- In December, 2001 ANGOSS participated in a joint Internet seminar with PeopleSoft Corporation to introduce participating PeopleSoft and ANGOSS clients to the business value benefits of PeopleSoft Customer Behavior Modeling which incorporates comprehensive profiling, analytics and scoring solution for maximizing the value of their customer relationships through best of breed integration with ANGOSS KnowledgeSERVER for PeopleSoft. See related [PeopleSoft CBM](#) link below.
- ANGOSS has validated integration of KnowledgeSTUDIO and KnowledgeSERVER with Siebel Systems' eBusiness application suite. The integration illustrates how organizations selecting Siebel eBusiness sales applications can improve sales forecast accuracy, improve effectiveness of sales strategies, and strengthen closing and cross-sell capabilities of their sales forces using KnowledgeSERVER for Siebel to mine customer and prospect data captured through their Siebel eBusiness applications. See related [Siebel](#) link below. Additional data mining templates for users of Siebel eFinance applications in the financial services industry are scheduled for 2002 release.
- In December, 2001 ANGOSS entered into a licensing agreement providing for the licensing of KnowledgeSTUDIO and KnowledgeExcelerator by an enterprise applications vendor. This agreement follows a term sheet entered into during the third quarter of 2001. Further announcements are planned during 2002.

## **RESULTS SUMMARY**

Unaudited comparative results for the three and twelve month periods ended November 30, 2001 and November 30, 2000, respectively, are as follows:

**ANGOSS Software Corporation**  
**Income Statement Information**  
(stated in \$ CDN)

	For the three months ended November 30		For the twelve months ended November 30	
	2001	2000	2001	2000
REVENUES	1,315,342	1,240,292	4,780,860	4,832,145
Gross Margin	1,290,431	1,211,046	4,692,882	4,723,505
Operating Expenses				
Sales and marketing	639,877	510,923	2,486,009	1,741,746
Administration and general	296,520	409,998	1,289,304	1,274,453
Research and development	299,733	337,542	1,297,642	1,252,785
	1,236,130	1,258,463	5,072,955	4,268,984
Operating (loss) income	54,301	(47,417)	(380,073)	454,521
TRIFOX recovery	39,146	47,973	90,790	334,653
Amortization	(73,129)	(61,281)	(236,730)	(186,599)
Foreign exchange gain (loss)	(110,994)	(1,855)	(112,239)	15,605
Financing fees and related interest	(1,426)	(3,818)	(8,105)	(12,171)
Net (loss) income for the period	(92,102)	(66,398)	(646,357)	606,009

Basic and fully diluted earnings (loss) per share	(0.00)	(0.00)	(0.02)	0.02
Weighted average number of shares outstanding				
Basic	38,361,896	38,033,488	38,232,261	37,705,571
Fully Diluted	38,361,896	38,033,488	38,232,261	41,184,158

**Selected Cash Flow Information**  
(stated in \$ CDN)

	For the three months ended November 30		For the twelve months ended November 30	
	2001	2000	2001	2000
Cash provided by (used in) operating activities	184,265	(129,294)	166,769	324,429
Cash (used in) investing activities	(5,550)	(43,152)	(75,488)	(208,016)
Cash provided by (used in) financing activities	(54,458)	(21,140)	(24,886)	167,119
Net increase (decrease) in cash during the period	124,257	(193,586)	66,395	283,532

**Selected Balance Sheet Information**  
(stated in \$ CDN)

	November 30, 2001	November 30, 2000
Cash and cash equivalents	1,004,795	938,400
Accounts receivable	1,096,517	1,341,421
Prepaid expenses	92,201	65,688
License agreements, acquired software and capital assets, net	231,515	392,757
Total assets	2,425,028	2,738,266
Accounts payable and accrued liabilities	504,124	399,685
Current portion of deferred revenue	592,616	376,734
Total current liabilities	1,875,716	1,515,557
Total liabilities	2,017,644	1,714,192
Total shareholders' equity	407,384	1,024,074
Liabilities and shareholders' equity	2,425,028	2,738,266

## 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."<sup>TM</sup>

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 eBusiness application suite.
- KnowledgeSERVER® for PeopleSoft, the ANGOSS data mining and decisioning solution for the PeopleSoft 8 application suite.
- KnowledgeWebMiner<sup>TM</sup>, 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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### Related Links

For Microsoft

<http://www.microsoft.com/sql/partners/dwa/datamining.asp>

For XML for Analysis

<http://msdn.microsoft.com/library/default.asp?url=/library/en-us/dnxmlspec/html/xmlanalysis.asp>

For PeopleSoft CBM

[http://www.peoplesoft.com/corp/en/products/line/epm/cust\\_bhvr\\_md/ features.asp](http://www.peoplesoft.com/corp/en/products/line/epm/cust_bhvr_md/ features.asp)

For Siebel eBusiness

<http://www.siebel.com/partners/dir/detail.shtm?PartnerId=521>

ANGOSS Software Corporation

<http://www.angoss.com>

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*This press release contains statements of a forward-looking nature. These statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. The accuracy of these statements may be impacted by a number of business risks and uncertainties that could cause actual results to differ materially from those projected or anticipated, including: the risk that the sale of our products and services involves a long sales cycle; the risk that the economic environment and business conditions will remain difficult to predict; the risk of competition in our target markets; the risk that we may not respond adequately to evolving technologies; the risk that we or our customers may have difficulties in introducing our products or services; the risk that we will encounter difficulties in continuing to offer services; the risk that we will encounter difficulties in integrating the operations of acquired companies with our own; the risks of conducting our operations in a variety of international locations; the risk that we may need to record future write-downs of assets arising from our investments in other companies; the risks relating to the costs that we may incur as a result of litigation against us; and other risks described in our filings with securities regulatory authorities, including our annual reports, interim financial statements and similar disclosure documents. ANGOSS Software does not undertake any obligation to update this forward-looking information after the date of its initial publication, except as required under applicable law.*

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