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**FOR IMMEDIATE RELEASE:**

## **ANGOSS REPORTS CONTINUED REVENUE GROWTH IN SECOND QUARTER RESULTS**

**Toronto, Canada – June 24, 2003**

ANGOSS Software Corporation (TSX-V: ANC) released today its unaudited results for the second quarter and six month periods ended May 31, 2003, reporting continued revenue growth in both second quarter and six month results over 2002 results despite the declining value of the US dollar compared with corresponding prior year periods.

“During the second quarter we experienced continuing improvements in revenue growth, cash flow and operating profitability in North America, a strong performance from our solutions organization in delivering value to our telecom clients, improved revenue growth in Europe as well as implementing new solution sales hires and expansion initiatives in North America, Europe and Australia” commented ANGOSS President Eric Apps. “These positives were offset to some extent by the substantial decline in the US dollar and tight budgets for software purchases which continue to result in purchase deferrals by many clients and prospects outside the consumer credit risk management and telecom sectors.”

### **Results Summary**

|                       | Three months ended<br>May 31 |              | Six months ended<br>May 31 |              |
|-----------------------|------------------------------|--------------|----------------------------|--------------|
|                       | 2003                         | 2002         | 2003                       | 2002         |
| Revenues              | \$ 1,290,317                 | \$ 1,225,454 | \$ 2,839,853               | \$ 2,543,315 |
| Net (loss) income (1) | (142,236)                    | 117,196      | 57,581                     | 631,186      |
| Per Share Amounts     | \$ (0.004)                   | \$ 0.013     | \$ 0.001                   | \$ 0.013     |

(1) 2002 net income includes income from discontinued operations. See “Results Detail”. See also “Impact of Decline of US Dollar on Operations”.

### **Operating Highlights**

#### **12% Growth In First Half Revenues and Operating Profits.**

During the first half of 2003 revenues of \$2,839,853 increased by 11.7% over 2002 results (\$2,543,315). North American and European data mining revenues grew 9.5% and 31.2%, respectively. Operating profit for the six months ended May 31, 2003 increased to \$282,923 (2002: \$250,554). Net income for

the six months ended May 31, 2003 was \$57,581 (2002: \$631,186). In 2002 net income reflected a gain of \$584,412 resulting from the Q1 2002 divestment of a non-core business and a provision of \$125,000 for future income taxes. See "Results Detail".

## **5% Second Quarter Growth In North America; 15% Growth In Europe.**

During the second quarter of 2003, revenues of \$1,290,317 were up 5.3% from 2002 results (\$1,225,454). North American data mining revenue growth of 4.4% and European data mining revenue growth of 14.7% was reported, reflecting foreign exchange effects associated with the decline of the US Dollar and continued client and prospect budget constraints. Operating profit for the second quarter was \$11,539 (2002: \$138,053). Operating expenses in the second quarter of 2003 were comparable to those in Q1 2003. Increases in year over year expenses relate primarily to new hires in sales, solutions and professional services, research and development and advisory fees. The Company reported a net loss of \$142,236 during the second quarter (2002: net income of \$117,196). The net loss in Q2 2003 was mainly attributable to foreign exchange losses (a foreign exchange loss of \$164,228 in Q2 2003 compared with a loss of \$82,367 during the second quarter of 2002).

## **Telecom Solutions Result In 58% Solutions Revenues Growth During Second Quarter**

Solution delivery revenues including analyst training, analytics solutions and other data mining services provided to clients, increased 57.6% during the second quarter of 2003 compared to the second quarter of 2002. This increase was primarily as a result of customer segmentation, marketing analytics and churn management solutions being delivered to North American telecommunications industry clients reflecting the Company's expansion of its solution delivery capabilities.

## **Hiring of Director of Analytical Solutions**

During the second quarter the Company hired Robert Tyrie as Director of Analytical Solutions to assume responsibility for supervising delivery of ANGOSS and partner marketing and risk analytics industry solutions to ANGOSS clients. Robert Tyrie has over 18 years of experience in the design, development and delivery of software systems for enterprise environments. He has specialized in large-scale projects for Banking, Insurance and Government organizations where he helped create CRM, Financial Reporting and Simulation Systems. He previously worked with Siebel Systems and Janna Systems in product marketing and client services roles, deploying CRM solutions to numerous financial service clients, including one of the world's largest CRM solution implementations in the insurance industry.

## **Advisor Retained For North American Sales Hire**

The Company's current Director of North American Sales, Pavel Treskin, will be relocating to the Company's European operations to lead the Company's European sales team and expand the Company's relationships with European clients and partners effective during the fourth quarter of 2003. The Company has engaged a professional services organization to commence a search for a new Director of North American sales to lead the North American sales organization.

## **Letter of Intent For Australian Joint Venture Company**

The Company has entered into a term sheet providing for the formation of a joint venture company to represent ANGOSS in the Australian and New Zealand markets. The Australian principals of the joint venture partner are senior sales and services professionals with extensive credentials in the sale and delivery of customer relationship management and business intelligence solutions. The agreement is expected to be finalized during the third quarter of 2003.

## **Partnerships**

During the second quarter the Company collaborated with Siebel Systems, Inc. on several customer initiatives relating to their previously disclosed licensing agreement. Deliveries under the Company's

previously disclosed licensing agreement with Siebel are proceeding as scheduled. The Company also completed integration of KnowledgeSTUDIO with Microstrategy Intelligence Server providing best of breed data mining and OLAP capabilities for clients selecting Microstrategy applications for their decision support and business intelligence needs. The Company also successfully completed deliveries to PeopleSoft under its previously disclosed licensing agreement with PeopleSoft. The PeopleSoft predictive analytics offering is currently expected to be made available by PeopleSoft to clients during the 2003 fiscal year.

## **Impact Of Decline In Value of US Dollar On Operations**

North American revenue growth and net income during the six months and for the second quarter ended May 31, 2003 were reduced as a result of foreign exchange effects associated with the decline of the US Dollar. With sales completed primarily in US dollars, and expenses incurred primarily in non-US currencies, the Company has traditionally had no natural hedge for relative declines in the value of the US Dollar. Such declines reduce revenues otherwise realized on US dollar denominated sales. During the second quarter of 2003, the weighted average exchange rate applied to sales was 1.4343, a decline of 6.37% from the weighted average exchange rate in effect during Q1 of the 2003 and an 8.34% decline in the weighted average rate in effect in Q2 2002. Declines in the value of the US dollar also affect the carrying value of US financial assets held by the Company. As at May 31, 2003, the exchange rate was 1.3708, down 14.2% from November 30, 2002 and down 8.48% from February 28, 2003.

As a result of these developments, the Company's foreign exchange losses have increased from \$59,062 during the first quarter of 2003 to a total of \$223,290 during the first half of 2003. In May 2003, as a result of continuing exchange rate volatility and uncertain interest rate and currency outlooks, the Company fixed amounts to be received on the delivery of US\$500,000 of existing US term deposits during the balance of 2003. The Company has also announced price increases to be effective during the third quarter to offset the relative decline in value of the US Dollar. These initiatives are expected to reduce the Company's exposure to continued deterioration in the value of the US Dollar. To the extent recent declines in the value of the US dollar reverse over the balance of the fiscal 2003 year, resulting foreign exchange gains would also offset foreign exchange losses experienced during the first half of the year.

## **KnowledgeSTUDIO 4.1 Release, Mining Manager 2 Launch Planned For July, 2003**

During June, 2003 ANGOSS successfully completed its beta testing program for KnowledgeSTUDIO 4.1 and Mining Manager 2.0. These products are scheduled for general availability in July, 2002, with deliveries to clients commencing during the third quarter. Customers have been notified of revised pricing being implemented effective with the KnowledgeSTUDIO product releases.

## **Repayable Contribution**

In conjunction with the receipt of funding for R&D development under a previously disclosed contribution agreement, the Company has recorded, as a long term liability, a repayable contribution of \$108,510. As R&D work continues on the funded project, this amount will increase to a maximum of \$246,600. The amount will be repayable through royalties on future product sales.

## **Options**

In accordance with the requirements of The Toronto Venture Exchange and as disclosed in the Company's Management Information Circular dated March 7, 2003, the Company confirms the grant during the second quarter of 112,500 options to non-executive directors of the Company.

## Results Detail

Unaudited preliminary results for the three and six months ended May 31, 2003 are as follows:

### ANGOSS Software Corporation

#### Income Statement Information

(unaudited, stated in Canadian dollars)

For the period ended May 31,

|   | Three Months       |             | Six Months         |           |
|---|--------------------|-------------|--------------------|-----------|
|   | 2003               | 2002        | 2003               | 2002      |
| Revenues  | <b>\$1,290,317</b> | \$1,225,454 | <b>\$2,839,853</b> | 2,543,315 |
| Gross Margin  | <b>1,273,154</b>   | 1,220,497   | <b>2,820,974</b>   | 2,534,704 |
| Operating Expenses  |                    |             |                    |           |
| General and administration                                    | <b>364,333</b>     | 297,858     | <b>716,659</b>     | 577,382   |
| Sales and marketing   | <b>558,247</b>     | 541,792     | <b>1,230,137</b>   | 1,158,593 |
| Research and development, net [note 11]                       | <b>339,035</b>     | 242,794     | <b>591,255</b>     | 548,175   |
|   | <b>1,261,615</b>   | 1,082,444   | <b>2,538,051</b>   | 2,284,150 |
| Income (loss) from continuing operations before the following | <b>11,539</b>      | 138,053     | <b>282,923</b>     | 250,554   |
| TRIFOX recovery   | <b>26,345</b>      | 35,394      | <b>26,345</b>      | 35,394    |
| Amortization  | <b>(15,892)</b>    | (28,366)    | <b>(28,397)</b>    | (56,705)  |
| Foreign exchange gain (loss)                                  | <b>(164,228)</b>   | (82,367)    | <b>(223,290)</b>   | (52,592)  |
| Financing fees and related interest                           | -                  | 3,299       | -                  | (4,877)   |
| Income (loss) from continuing operations before income taxes  | <b>(142,236)</b>   | 66,013      | <b>57,581</b>      | 171,774   |
| Provision for future income taxes                             | -                  | -           | -                  | (125,000) |
| Discontinued operations - SmartWare                           | -                  | 51,183      | -                  | 584,412   |
| Net Income  | <b>\$(142,236)</b> | \$117,196   | <b>57,581</b>      | 631,186   |
| Basic and diluted earnings (loss) per share                   | <b>\$(0.004)</b>   | \$0.013     | <b>\$0.001</b>     | \$0.013   |

Weighted average number of shares outstanding

|  | Basic   | 2003              | 2002              | Basic | 2003              | 2002       |
|--|---------|-------------------|-------------------|-------|-------------------|------------|
|  |         | <b>38,502,096</b> | <b>38,402,096</b> |       | <b>38,502,096</b> | 38,395,594 |
|  | Diluted | <b>38,502,096</b> | <b>38,972,618</b> |       | <b>38,924,735</b> | 38,998,291 |

#### Selected Cash Flow Information

(unaudited, stated in Canadian dollars)

For the period ended May 31,

|   | Three Months    |            | Six Months      |           |
|---|-----------------|------------|-----------------|-----------|
|   | 2003            | 2002       | 2003            | 2002      |
| Cash provided by (used in) operating activities   | <b>\$6,403</b>  | \$(43,578) | <b>550,190</b>  | (89,369)  |
| Cash (used in) investing activities               | <b>(35,393)</b> | (8,641)    | <b>(72,168)</b> | (178,578) |
| Cash provided by (used in) financing activities   | <b>114,135</b>  | (20,091)   | <b>114,135</b>  | (12,730)  |
| Net increase (decrease) in cash during the period | <b>85,145</b>   | (72,310)   | <b>592,157</b>  | (280,677) |

#### Selected Balance Sheet Information

(unaudited, stated in Canadian dollars)

|  | May 31,<br>2003    | November 30,<br>2002 |
|--|--------------------|----------------------|
| Cash and cash equivalents                | <b>\$1,253,867</b> | \$661,710            |
| Accounts receivable                      | <b>830,824</b>     | 1,420,305            |
| Prepaid expenses and other               | <b>88,426</b>      | 100,278              |
| Total current assets                     | <b>2,173,117</b>   | 2,182,293            |
| Other assets                             | <b>138,625</b>     | 94,854               |
| Total assets                             | <b>\$2,311,742</b> | \$2,277,147          |
| Accounts payable and accrued liabilities | <b>\$305,497</b>   | \$316,732            |
| Current portion of deferred revenue      | <b>753,789</b>     | 861,240              |
| Other                                    | <b>4,689</b>       | 5,245                |
| Total current liabilities                | <b>1,063,975</b>   | 1,183,217            |
| Future tax liabilities                   | <b>250,000</b>     | 250,000              |
| Repayable contribution agreement         | <b>108,510</b>     | -                    |
| Deferred revenue                         | <b>73,044</b>      | 90,923               |
| Total liabilities                        | <b>1,495,529</b>   | 1,524,140            |
| Total shareholders' equity               | <b>816,213</b>     | 753,007              |
| Liabilities and shareholders' equity     | <b>\$2,311,742</b> | \$2,277,147          |

## About ANGOSS Software Corporation

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."™

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.
- Informatica Data Mining Tools, a best of breed data mining module for users of Informatica Analytic Applications developed by ANGOSS for resale by Informatica Corporation.
- KnowledgeSERVER® for PeopleSoft, the ANGOSS data mining and decisioning solution for the PeopleSoft 8 application suite.
- KnowledgeSERVER® for Siebel, the ANGOSS data mining and decisioning solution for the Siebel eBusiness application suite.
- KnowledgeSERVER® for Microstrategy, the ANGOSS data mining and decisioning solution for the Microstrategy Intelligence Server.
- KnowledgeWebMiner™, 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 Corporation

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

For Informatica Analytic Applications

<http://www.angoss.com/WEB2003/Partners/informatica.html>

For PeopleSoft CBM

<http://www.angoss.com/WEB2003/Partners/peoplesoft.html>

For Siebel eBusiness

<http://www.angoss.com/WEB2003/Partners/siebel.html>

For Microstrategy Intelligence Server

<http://www.angoss.com/WEB2003/Partners/microstrategy.html>

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

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