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## **Intrinsic Software Reports Fourth Quarter and 2001 Financial Results**

*Company reports positive EBITDA for the quarter*

**Vancouver, BC, October 16, 2001** - Intrinsic Software (TSE: ICS), a leading provider of networking solutions for the growing pervasive computing market, today announced record results for the sixth consecutive quarter and year ended August 31, 2001.

In the fourth quarter of fiscal 2001, Intrinsic's total revenue was \$3.8 million, a 223% increase over the \$1.2 million earned in the fourth quarter of fiscal 2000. Total revenue for the fiscal year ended August 31, 2001 increased 268% to \$10.9 million over the \$3.0 million earned in the previous year. Revenue from one customer represented approximately \$1.5 million or 14% of the annual 2001 total revenue.

The net loss for the fourth quarter was \$117,525, (<\$0.01 per share), an 85% reduction from the net loss of \$823,237 (\$0.03 per share) in the fourth quarter of 2000 and a significant reduction from the net loss of \$975,113 in the previous quarter ended May 31, 2001. Before amortization expense and interest income, the Company had positive income of \$9,133 in the fourth quarter compared to a loss of \$831,007 in the third quarter. The net loss for the fiscal year ended August 31, 2001 was \$ 3.7 million, (\$0.12 per share) compared to a net loss of \$3.4 million in the previous year (\$0.16 per share).

As of August 31, 2001 the Company's cash position was \$15.1 million compared to \$7.2 million at the end of the previous year. Working capital improved from \$7.4 million at the beginning of the year to \$13.4 million at the end of the year. In the fourth quarter the Company improved its cash position by \$1.6 million through the continued, effective management of working capital, specifically accounts receivable.

"We are pleased with these financial results, and the achievements realized by our outstanding team in fiscal 2001. We successfully grew our revenue, managed our expenses to expectation, launched several new products, expanded our customer base to more than 1,000 worldwide, broadened our intellectual property portfolio and formed several new partner relationships," said Neil McDonnell, President and Chief Executive Officer. "Although we are faced with challenging economic conditions, I am confident that our strong financial position will allow us to continue prudently building our business, while making the necessary and on-going investments in research and development," added McDonnell.

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### Fourth Quarter Highlights

1. **CerfCube established as the industry standard low-cost reference design** - The CerfCube was launched to rave industry reviews and has grown to become one of the most popular Intel® StrongArm based reference designs on the market.
2. **Launch of Ja.NET, a Java to Microsoft .NET bridging solution** - The addition of JaNET strengthens Intrinsic's suite of licensable bridging technologies, and complements the Company's industry leading J-Integra technology.
3. **Second Licensing Agreement with Rational Software** - This is the second J-Integra agreement with Rational Software, endorsing the power of the technology and the acceptance of Intrinsic's enterprise bridging technologies in the marketplace.
4. **Intrinsic Completes Licensing Agreement with BEA Systems, Inc.** - BEA Systems, Inc., one of the world's leading e-business infrastructure software companies, chose Intrinsic's J-Integra development tool kit for inclusion in BEA WebLogic® Server.
5. **Sun Accepts Intrinsic into its Forte for Java Extension Partner Program** - The program allows Intrinsic to build its products on top of the Forte for Java platform, and to market products from within the Forte for Java portal.
6. **Intrinsic Named to Deloitte & Touche's Fast 50 Program** - For the second year in a row, Intrinsic was named to Deloitte & Touche's Canadian Technology Fast 50 Program.
7. **Intel Accepts Intrinsic into PCA Developers Network** - Expanding on Intrinsic's four-year working relationship with Intel, the Company is now positioned as a preferred Intel partner.
8. **Introduction of CerfPDA Reference Design** - Intrinsic launched the CerfPDA, the newest member in its award winning Cerf family of reference designs, and one of the most comprehensive all-in-one developer solutions for hand-held applications.

A summary of financials is attached and there will be a conference call on October 16, 2001 at 1:30 pm Pacific Daylight Time (PDT) to discuss the results. Analysts, investment professionals, shareholders, members of the media and other interested parties wishing to participate may call **1.888.413.1934** (toll free) five minutes prior to the scheduled time. For those unable to participate, a replay will be available from 4:30 pm PDT on October 16, 2001 through to 4:30 pm PST on November 16, 2001. The replay number is **1.800.558.5253** and the pass code for callers is **19787034**.

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### **About Intrinsyc**

Intrinsyc is a leading provider of intelligent device and enterprise computing solutions to Global 2000 companies. Intrinsyc develops open standards based, intelligent device systems by building on its core reference design technologies, linking intelligent devices to information-rich enterprise applications, and managing global networks of devices. To find out more about Intrinsyc's solutions, visit [www.intrinsyc.com](http://www.intrinsyc.com).

### **Forward Looking Statements**

This press release may contain forward-looking statements that involve risks and uncertainties. These forward-looking statements relate to, among other things, plans and timing for the introduction or enhancement of our services and products, statements about future market conditions, supply and demand conditions, and other expectations, intentions and plans contained in this press release that are not historical fact. Our expectations regarding future revenues depend upon our ability to develop and supply products, which we do not produce today and that meet defined specifications. When used in this press release, the words "plan," "expect," "believe," and similar expressions generally identify forward-looking statements. These statements reflect our current expectations. They are subject to a number of risks and uncertainties, including, but not limited to, changes in technology and changes in the pervasive computing market. In light of the many risks and uncertainties surrounding the pervasive computing market, you should understand that we couldn't assure you that the forward-looking statements contained in this press release will be realized. The Company disclaims any intent or obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise.

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