

RiverSoft plc: Preliminary Announcement of Results for the First Quarter 2002

Submitted by: Prompt Communications Ltd

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“Continued product improvements, reductions in costs and cash utilisation”

RiverSoft plc (LSE: RSFT.L), a leading network intelligence company, today announces its financial results for the first quarter ended 31 March 2002.

The RiverSoft Board announced in February that it was implementing actions designed to considerably reduce expenditure and cash utilisation, and that these actions would be undertaken by end June 2002. RiverSoft today announces that these actions have been substantially completed ahead of schedule, resulting in further material reductions in expenses in the first quarter of 2002. Market conditions continue to be challenging and, as previously reported, sales in the quarter were £0.5 million. However, despite the lower level of sales, recurring cash utilisation (before cash flows in respect of exceptional items) was reduced for the fourth consecutive quarter. Cash utilisation in the first quarter of £4.3 million reflects the partial effect of cost reduction measures implemented in that quarter. At 31 March 2002, RiverSoft had cash balances of £48.4 million.

Key Points:

* Recurring cost (before exceptional items) reduced by 20% from Q4 2001 to £7.1 million in quarter one.

* Recurring cash utilisation (before cash flows in respect of exceptional items) further reduced to £4.3 million in quarter one.

* Cash balance of £48.4 million or 19.8p per share.

* Exceptional costs in the quarter of £3.3 million as substantially all cost reduction actions announced in February were completed ahead of schedule.

* Sales in the quarter of £0.5 million.

Commenting on the results, Tim Murray, Chief Executive Officer, said:

“We are confident that we are implementing the right strategy in light of market conditions. We will release an enhanced version of our industry-leading fault management solution this quarter. This will incorporate the ability to provide management tools for MPLS networks, the next wave in IP Virtual Private Networks. We will also release further NMOS-enabled solutions later in the year that directly address our customers’ main concern of improving returns on their network assets in the capital constrained environment in which they currently operate. We are confident that these new solutions will help us to continue to build our sales pipeline, but remain pragmatic about near term improvements.

The changes we put in place to re-structure the business and reduce operating expenses have produced positive results in reducing quarter one costs and cash utilisation. These actions have been substantially completed ahead of schedule, reflecting our continued focus on cash and ability to reduce our cost base in light of market conditions. As previously stated, we are cautious about near term growth prospects, including the current quarter, as customers’ buying decisions remain unpredictable. We continue to monitor conditions in our target markets, and will take further actions as necessary to safeguard our cash resources.

RiverSoft has a team of enormously talented people who remain focused on providing the products and solutions our customers require and on growing our revenues. In addition, we have a strong balance sheet and a leading technology platform, and are consequently well positioned to benefit from a recovery in the markets we serve. “

For a full copy of this release with tables please contact:

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