

BasWare Corporation

Ilkka Sihvo, CEO
OMX Nordic Investment Meeting
September 20, 2005



Value for
financial processes.

Strategy

Rapid profitable growth, as a result of

- Product leadership
- Global expansion
- Customer value

Products

Software for automating financial processes:

- Enterprise Purchase to Pay
- Financial Management

International Operations

Global company with headquarters in Finland:

- Subsidiaries in 8 countries
- Customers and reseller partners in 20+ countries on three continents

Financials

Key figures 2004 (according to FAS):

- Net sales EUR 33 million, growth 27.5%
- Operating profit margin 14%, EPS EUR 0.33

Strategy

Strategic Objectives

Growth

Annual net sales growth of 40% by 2007

Profitability

Operating profit margin of 15% by 2007

International Operations

Expanding operations to cover the major markets in Europe, North America and the Asia Pacific

Stakeholder relations

Continuous value to customers, partners, employees and shareholders

Strategy Phases

**PHASE 1:
Pre-IPO
1990 - 2000**

**PHASE 2:
Post-IPO
2000 - 2004**

**PHASE 3:
Today
2005 -**

PRODUCTS

- Emphasis on **financial management products**
- Launch of the first invoice processing software

- **Extending the electronic business solutions** portfolio
- Development of **IFRS** models for financial management products

- **Leveraging the complete Enterprise Purchase to Pay** portfolio
- Continuous development of **new products and features**

MARKETS

- **Finland-focused**, market opening in Sweden in 1999
- **Leader** in Finnish financial management software

- **Leading** electronic business solutions provider in Finland
- Build-up of **sales network in Europe**
- Opening in the US

- **Further strengthening the market position in Europe**
- **Full launch of the US market**
- Further expanding to **new markets**

APPROACH

- Organic growth

- Organic growth

- Organic growth supported by **acquisitions**

Increased sales activity

- In the turn of 2004 - 2005 **sales and marketing organization** was more than doubled in the strategic markets (US, Germany, UK)
- Program to acquire **new business partners**

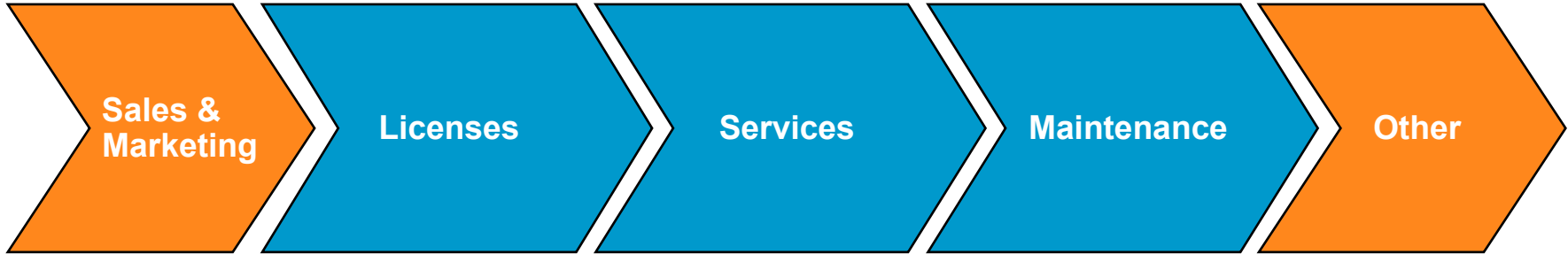
Expanding to new markets

- Nordic introduction of **Financial Management** products and **Electronic Invoicing** service
- Increased demand for **Enterprise Purchase to Pay products**
 - Value-added products increasing average sales value
 - New products to the portfolio (Travel & Expense Management)
- Strengthening operations in France and new markets Italy and Spain

New acquisition strategy

- **Focus on the Nordic** home market in 2005
 - Two acquisition in H1 2005
- Screening of **potential acquisition candidates**
 - Expansion of product portfolio, or
 - Channel development (new customers and markets), or
 - Strengthening position in the Nordic e- invoicing market

Revenue Model



- **Product business logic**
- **Direct and indirect**
- Initial license payments for main products
- Additional licenses for value-added products (e.g. BasWare Recurring Invoice Matching)

- **Service business logic**
- Consulting, delivery and training services
- New product and version installations

- **Recurring cash flows**
- 18–20% of license price *per annum*
- Includes version upgrades and support

- ASP services
- Business Transaction service fees
- Limited sales of 3rd-party SW and HW

Typical customer case

• EUR 80 000

• EUR 25 000 (6-8 weeks)

• EUR 16 000 p.a. starting from the solution “go live”

Share of current sales

• 38.3 %*

• 41.6 %

• 20.1 %

• **Included in the Service sector**

* FY2004; Indirect sales booked net of partner costs and margins

Products

Enterprise Purchase to Pay

- Invoice Processing
- Purchase Management
- Electronic Invoicing
- Travel & Expense Management

- First product in Finland in 1997
- Internationalization started in 1999 in Sweden
- Today customers in 20+ countries

~ 80–85% of net sales

Financial Management

- Business Planning
- Group Consolidation
- IFRS Models

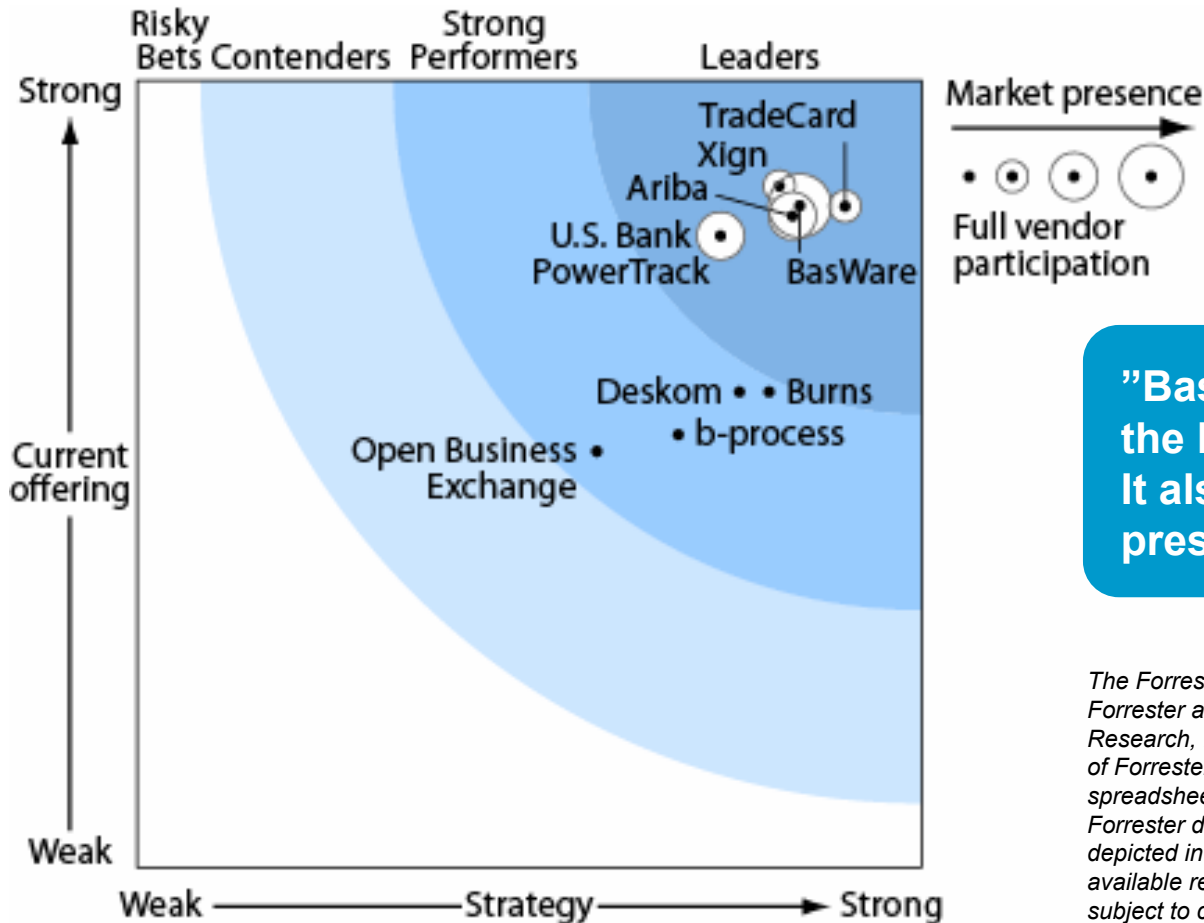
- First product in Finland in 1992
- Expansion to Scandinavia started in early 2005
- First customers in Sweden and Norway in Q2 2005

~ 15–20% of net sales

Competitive Situation

Forrester Wave™: Accounts Payable EIPP, Q3 '05

A survey made in the US of Electronic Invoice Presentment & Payment vendors



”BasWare stands out among the European vendors. It also had the largest market presence of all vendors.”

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“BasWare Invoice Processing helps us save over EUR 1,000,000 annually since we started to use the system in 2002 and we expect even greater savings in the future.”

*Mervi Mäkelä,
Director Cash Management,
Finnair*



- BasWare's products have globally over 350,000 users in more than 1,000 organizations in both the private and public sectors.



International Operations

- International share of net sales 52% in H1 2005
 - Growth by 48% compared with H1 2004
- Software installations in 21 countries
- Partner network covering 20 countries on 3 continents
- Eight subsidiaries
 - Sweden
 - Denmark
 - Norway
 - Germany
 - The Netherlands
 - United Kingdom
 - France
 - United States





- Iocore AS acquired in March 2005
- BasWare's reseller in Norway since 1999
- 35 employees, net sales approx. EUR 4.9 million in 2004
- Acquisition price EUR 2.94 million + earn-out of max EUR 0.5m
- Strengthening and harmonizing BasWare's Nordic operations
- Own software products for travel expense management and electronic invoicing



- Trivet Software Oy acquired in August 2005
- 10 employees, net sales EUR 0.8 million in 2004
- Acquisition price EUR 0.9 million + earn-out max. EUR 0.5m
- Own software solution for travel & expense management ("Voyager" since 1995)

Nordic

- Finland, Sweden, Denmark, Norway
- Mainly direct sales
- Whole product range in distribution
- Pilot area for new products

North America

- Direct sales as main revenue source in the short term
- Starting to build the indirect channel in 2005
- Emphasis from direct to indirect sales in the long term

Europe

- Subsidiaries in Germany, UK, The Netherlands and France
- Direct sales as main revenue source in the short term
- Emphasis from direct to indirect in the mid-term
- Multiple channel partners in each strategic market
- More focus on the Italian and Spanish markets, follow-up of new EU countries



Asia-Pacific

- Main focus on Australia in 2005
- Continuous follow-up of other countries
- Expansion following customers' global product roll-outs

- Currently 23 full-scale Business Partners in 20 countries
 - Taking care of marketing, sales, implementation and support
 - 18% of product license sales through partners in H1 2005
- Also technology (SAP, Microsoft), marketing and other partners

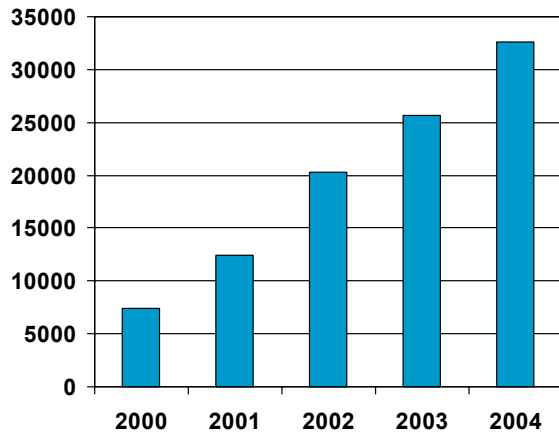


Financials

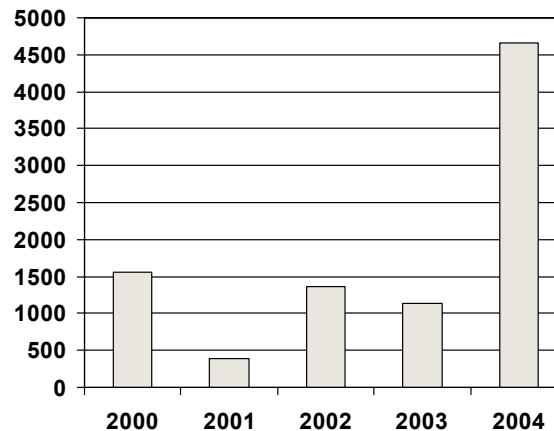
Key Figures 2000–2004 (FAS)

<i>EUR thousand</i>	2000	2001	2002	2003	2004
Net sales	7 455	12 399	20 263	25 597	32 640
Growth of net sales, %	64.4%	66.3%	63.4%	26.3%	27.5%
Operating profit	1 551	389	1 370	1 133	4 663
% of net sales	20.8%	3.1%	6.8%	4.4%	14.3%
Personnel, 31.12.	101	168	244	254	302

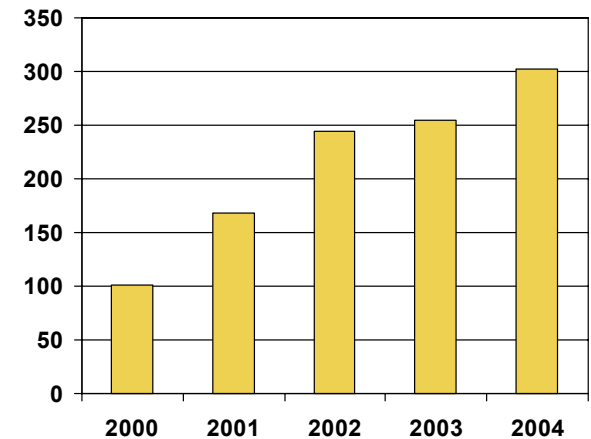
■ Net sales



■ Operating profit

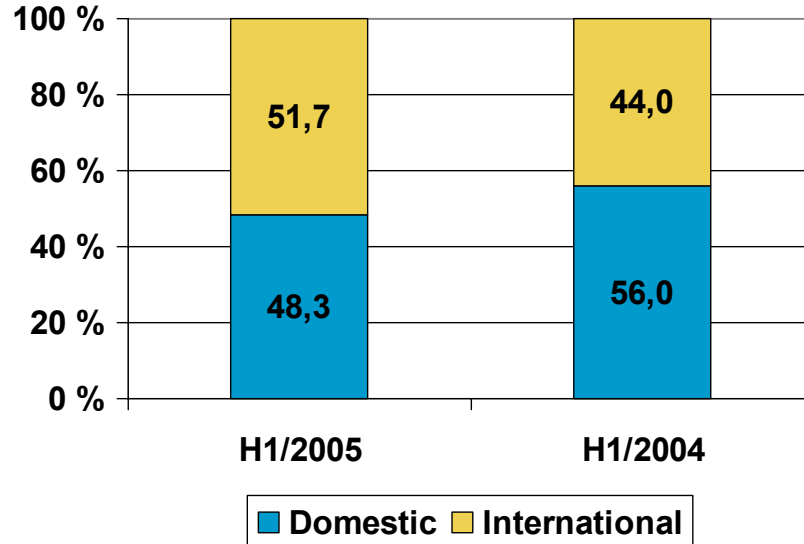


■ Personnel



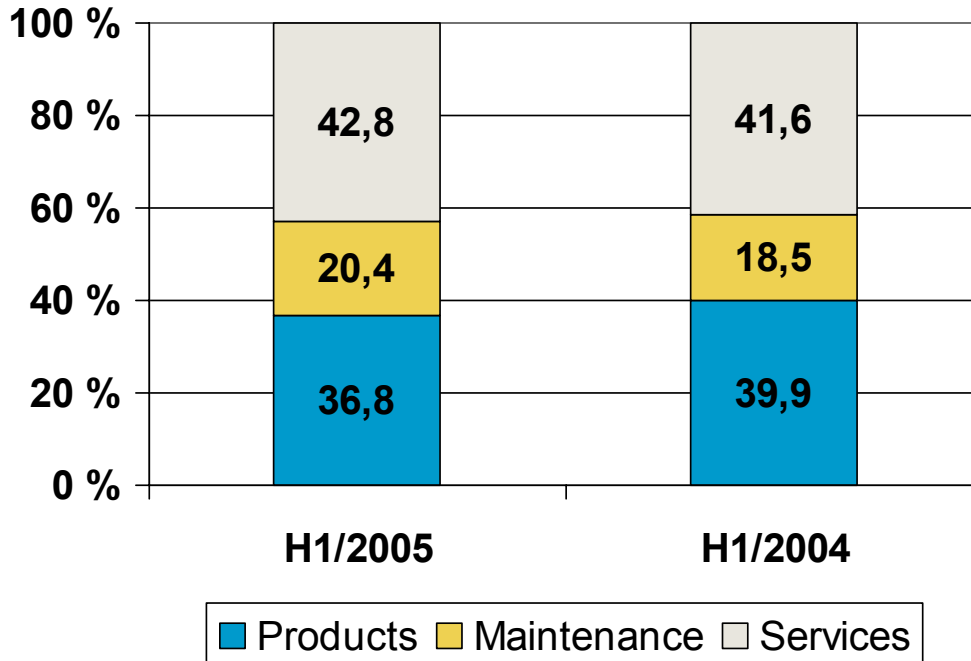
Development of Sales H1 2005

- Net sales EUR 20 490 thousand (EUR 16 278 thousand in H1 2004)
 - Growth by 26%; organic growth 18%
 - Growth 30% when compared with sales according to FAS in H1 04
- Resellers provided 18 percent (8%) of total product sales
- International operations:



- Domestic net sales:
Growth by 9 percent
- International net sales:
Growth by 48 percent

Net Sales by Operation H1 2005



Products = License sales of own software products

Maintenance = Continuous, annually charged fees (18-20% of license sales)

Services = Installation and other consulting services related to products; also Business Transaction service fees

- Growth of product sales 16 percent
- Growth of maintenance revenue 38 percent
- Growth of service revenue 30 percent

- Operating profit EUR 1 884 thousand (EUR 3 031 thousand in H1 2004)
 - Decrease by 38 percent
 - 9 percent (19%) of net sales
- Fixed costs EUR 16 432 thousand (EUR 11 758 thousand)
- R&D costs EUR 3 099 thousand, of which EUR 419 thousand capitalized
 - 15 percent of net sales
- Profit for the period EUR 1 270 thousand (EUR 1 821 thousand)
- Earnings per share EUR 0.14 (EUR 0.21)



- **International growth** in 2005 bases on
 - subsidiary sales activities, especially in strategic markets (US, Germany, UK)
 - reseller channel: further development in Europe and North America
 - Financial Management expansion continuing in other Nordic countries
 - **Domestic growth** on a lower level than internationally but higher than the average growth rate in the Finnish software market
 - **Review of acquisition possibilities** to continue in the Nordic countries
 - Possibility to expand the sales channel and product portfolio
 - Possibility to strengthen the position in the Nordic electronic invoicing market
- **Organic growth of net sales over 20%, with the locore acquisition over 30%**
 - **Operating profit more than in 2004 i.e. EUR 4 663 thousand**
 - *Guidance in 2005 is compared with FAS figures in 2004*



For Investors

- Listed on the Helsinki Stock Exchange since 2000
 - Listing price EUR 5.70
 - Main List, sector IT (Application Software)
- Average price of the share EUR 7.83 in 2004
- Dividend EUR 0.12 per share from year 2004
- Over 23 000 shareholders

Share price performance and trading volume 2004



**Solid track
record since IPO**

**Strong
prospects**

- **Strong financial performance**
 - Continuous double-digit sales growth (1999-2004 CAGR 48%)
 - Profitable every year since 1993
 - Share of international operations from 0% to 50% in 6 years
- **Committed and experienced management**
 - Have delivered their promises since IPO
- **Attractive sector**
 - Strong trend towards packaged software
 - Growing demand as companies replace legacy systems and regulatory requirements get more stringent
 - Market growth estimates vary between 11-42% p.a.
- **Internal Growth Drivers**
 - Unique product portfolio; many products at the beginning of their life cycle with high revenue potential
 - International expansion accelerates due to increased sales efforts and the growing partner reseller network
 - Acquisitions to support the organic growth

Thank you!