

BasWare & Analyste

Strengthening the Leadership in Purchase to Pay market

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Press & Analyst Briefing

Acquisition in Brief

- ▶ BasWare acquired Analyste on January 31, 2006
 - Analyste starts as a subsidiary, to be merged into the parent company BasWare Corporation
- ▶ Expands the Enterprise Purchase to Pay product portfolio
 - E.g. payment systems, internal bank, cash management
- ▶ Strengthens BasWare's market position in Finland
 - Over half of Finnish largest 500 companies and over half of all municipalities as customers



Acquisition Price and Financing

- ▶ Acquisition price approx. EUR 27.37 million
- ▶ Approx. EUR 9.72 million in cash
 - EUR 9.17 million paid on January 31
 - Earn-out of approx. EUR 0.55 million
- ▶ EUR 17.65 million through share exchange
 - 1 463 516 new BasWare shares
 - Price EUR 12.06 per share, i.e. the average of daily closing rates on January 20-26 on the Helsinki Stock Exchange
 - Two directed offerings: first one on January 31, second after February 15 (requires authorization for a share issue from the Annual General Meeting)



About Analyste



Analyste in Brief

- ▶ A developer and supplier of electronic financial administration software
- ▶ Founded in 1981
- ▶ Offices: Helsinki, Tampere and Oulu in Finland
- ▶ 107 employees



- ▶ Net sales in 2005: EUR 9.8 million (IFRS, un-audited)
 - Sales mostly from Finland, some activities in Scandinavia and Estonia
- ▶ Operating profit in 2005: EUR 2.8 million (IFRS, un-audited)
- ▶ Liquid assets (cash and securities) 31.12.2005: EUR 8.4 million
- ▶ Long-term investments 31.12.2005: EUR 3.1 million
- ▶ No interest-bearing liabilities

Analyste Customers

- ▶ Over 7,000 customers
 - Nearly half of Finland's 500 largest companies
 - Over half of Finnish municipalities
 - Leading position in state administration
- ▶ Excellent customer satisfaction according to 3rd party surveys



Analyste Product Portfolio

- ▶ Analyste Banking
 - Payment traffic, such as invoice payments and bank connections
- ▶ Analyste In-House Banking
 - Internal bank, such as allocation and bundling of payments
- ▶ Analyste Finance
 - Financial administration, such as cash planning
- ▶ Analyste eOffice
 - Invoice processing, handling of travel expenses, electronic archiving
- ▶ Analyste Point of Service
 - Cash system for organizations' service locations
- ▶ Analyste iBanking
 - Financial administration system for small companies, especially through the ASP model

The Spearhead Product: Analyste Banking

- ▶ Bank connection software that includes all banks and services in Finland
- ▶ Connection to Scandinavian and Estonian banks
- ▶ Flexible interfaces to financial administration systems
- ▶ Invoice payment, retrieval of account statements, posting and transfer to accounting.



Strategic Fit



BasWare Acquisition Strategy

- ▶ Organic growth may be supported by acquisitions
- ▶ Possibility to expand
 - sales channel
 - customer base ←
 - product portfolio ←
- ▶ Review of acquisition possibilities to continue in the Nordic countries and be extended to other markets



The Clear Market Leader in Finland

- ▶ Strengthening market position in Finland
 - Gaining market share especially among middle-sized companies and public sector
- ▶ After the acquisition, BasWare has over 8 000 Finnish customers in total
 - Over half of Finnish Top 500 companies
 - Over half of Finnish municipalities
- ▶ New potential for value-added products and cross-selling
- ▶ Combined marketing, sales and customer support operations will bring cost savings and better focus

International Operations

- ▶ No changes to BasWare's global expansion
 - Profitable domestic operations will enable further development of international activities

- ▶ Analyste has some sales activities in Scandinavia and Estonia
 - To be taken care of by BasWare's Scandinavian subsidiaries and units in Finland

Enhancing BasWare Product Portfolio

- ▶ Main focus on products that have international potential
 - Especially Cash Management products
 - European standard for payment transactions coming into force in the next couple of years
- ▶ Analyste's product for invoice processing will be targeted for middle-sized companies; BasWare's for large, international companies
- ▶ All products will be re-launched under BasWare brand
- ▶ More detailed product strategy to be finalized in spring 2006

The New Product Portfolio

BasWare
main
products

**BasWare
Purchase
Management**

**BasWare
Business
Transactions**

**BasWare
Invoice
Processing**

BasWare Travel & Expense Management

BasWare Enterprise Purchase to Pay

Purchase
Requisition

Purchase
Order &
Delivery

Invoice
Delivery

Invoice
Matching
with Order

Invoice
Review &
Approval

Payment

Invoice
Archiving

From Need to Payment

Analyste
products

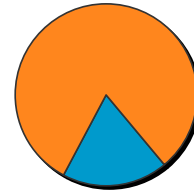
Analyste e-Office

**Analyste Banking,
In-House Banking
and Finance**

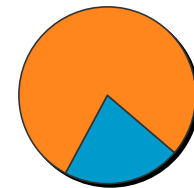
Analyste eBanking and Point of Service

Product Development

- ▶ Increased R&D efforts
 - Pro forma R&D expenses in 2005 approx. EUR 10 million, i.e. 19 percent of net sales
 - 141 employees in Software Production
- ▶ Compensates BasWare's recruiting shortfall in R&D
- ▶ Reduces R&D outsourcing
- ▶ Reallocation of more R&D resources to the development of international products



19% of
net sales



29% of
personnel

Synergies of the Integration

- ▶ Substantial synergies in marketing, sales and customer support operations in Finland
 - Activities also in Scandinavia will be combined
- ▶ Reallocation of R&D resources will bring further synergies
- ▶ Cost savings in administration, IT and office infrastructure etc.
- ▶ BasWare expects to achieve EUR 0.8–1.0 million cost synergies in 2006 and EUR 1.4–1.6 million in 2007
 - One-off restructuring costs approx. EUR 0.3 million in H1

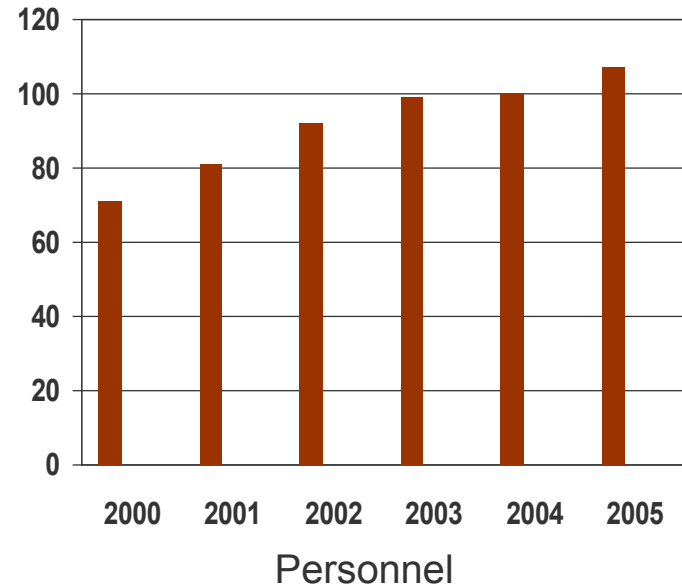
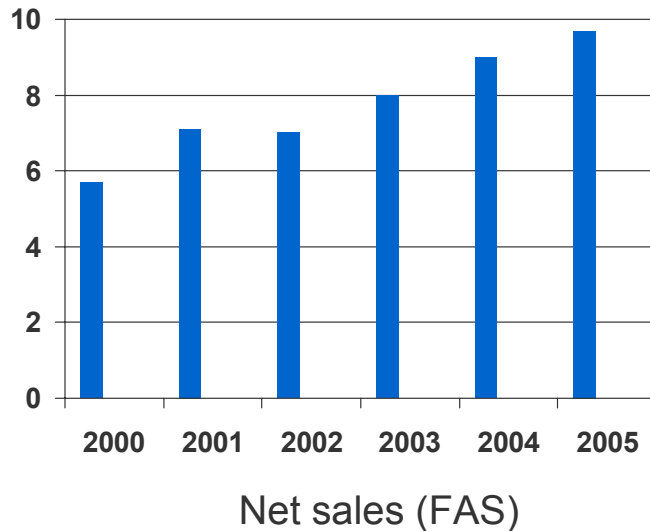
Financial Review



Analyste 2000–2005

- ▶ Net sales EUR 9.8 million (FAS and IFRS) in 2005
- ▶ Operating profit EUR 2.2 million (FAS); EUR 2.8 million (IFRS) in 2005

FAS data audited, IFRS data un-audited



Analyste Balance Sheet 31.12.2005

- ▶ Liquid assets (cash and securities) EUR 8.4 million
- ▶ Long-term investments EUR 3.1 million
- ▶ No interest-bearing liabilities

Pro Forma Key Figures in 2005

EUR million	BasWare IFRS	Analyste IFRS	Pro Forma Adjustments	ProForma IFRS
Net sales	42.8	9.8		52.6
Operating profit	4.8	2.8	-0.5	7.1
Profit for the period	3.1	2.3	-0.5	4.9

Personnel 504 in total

- BasWare 397 employees
- Analyste 107 employees
- 68 percent in Finland; 32 percent abroad

Proposals for the AGM

- ▶ Annual General Meeting on 15 February 2006
- ▶ Proposal for Board's authorization on increasing the share capital
 - Maximum of 2 139 451 shares, i.e. EUR 641 835.30
 - Required for the second directed offering for Analyste shareholders
- ▶ Proposal for Board composition:
 - Existing members Kirsi Eräkangas, Esa Korvenmaa, Ossi Pohjola, Antti Pöllänen and Hannu Vaajoensuu
 - New members Tom Bangemann and Asko Ahonen
 - Tom Bangemann: European Practice Leader of The Hackett Group, a global business process advisory firm
 - Asko Ahonen: CEO of Analyste since 1985, not continuing in the operative management of the company after the AGM
- ▶ Proposed dividend EUR 0.10 (EUR 0.12) per share

Outlook for 2006

- ▶ **Growth of net sales approx. 45 percent**
- ▶ **Operating profit over 15 percent of net sales**
 - Full-year net sales and operating profit compared with BasWare FY2005

- ▶ International growth
 - Own sales activities by subsidiaries
 - Further development of the reseller channel, especially in Europe and USA

- ▶ Nordic growth
 - Growing product portfolio: new Travel & Expense Management, enhanced Purchase Management, e-invoicing service, Financial Management

- ▶ Review of acquisition possibilities to continue in the Nordic countries and extended to other markets
 - Possibility to expand the sales channel and product portfolio
 - Possibility to strengthen the position in the electronic invoicing market

Thank you!

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