

BasWare Q4 and Financial Year 2006

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BasWare in Brief

- ▶ Headquarters in Espoo, eight subsidiaries in Europe and in the US
- ▶ Presence in more than 20 countries, on 3 continents
- ▶ 500,000 users globally in 1000+ large organizations
- ▶ Net sales in 2006 approx. EUR 60 million
- ▶ 528 employees at end of 2006

- ▶ ***Breakthrough to Global Leader***



Key Operations in Q4 2006



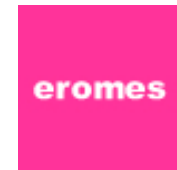
Highlights of Q4 2006

- ▶ Growth of net sales continued
 - Net sales EUR 16 508 thousand (EUR 10 823 thousand)
 - Growth 53%
- ▶ Profitability higher than in 2005
 - Operating profit EUR 1 807 thousand (EUR 97 thousand)
 - Growth 1 759%
- ▶ License sales growth 87% (-12%)
- ▶ Growth of international operations
 - International operations 50% (55%) of net sales
 - Growth 41%
- ▶ Partner channel
 - Resellers' share 24% (17%) of product sales

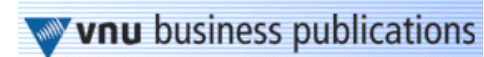
Business Operations in Q4 2006

- ▶ Enterprise Purchase to Pay
 - Growth 61%
 - 53 new customer agreements for main products in 10 countries
- ▶ Financial Management
 - Growth 5%
 - 31 new agreements for main products in Finland and Scandinavia
- ▶ Business Transactions
 - Over a million electronic invoices transmitted in Q4
 - Increase of 50% (117%) compared with Q4 2005 and 23% (35%) compared with Q3 2006

New Customer Agreements Q4 2006



better work, better life



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Panasonic
ideas for life



Business Review of 2006



Highlights of the Year

- ▶ International operations
- ▶ Partner channel
- ▶ Acquisitions
- ▶ New products



International Operations in 2006

- ▶ International share of net sales 46 percent (52%)
- ▶ Growth by 26 percent

- ▶ Enterprise Purchase to Pay operations
 - In all BasWare units globally
- ▶ Financial Management operations and Business Transactions
 - In the Finnish and Scandinavian units

- ▶ Eight international subsidiaries: Sweden, Denmark, Norway, Germany, The Netherlands, United Kingdom, France, United States

- ▶ Software installations at customer premises in over 20 countries

Reseller Channel 2006

- ▶ Resellers share of product sales 18 percent in 2006 (16%)
- ▶ 54 business partners (i.e. value added resellers) in over 20 countries at end of 2006



Nordic Operations in 2006

Nordic

- Finland and subsidiaries in Sweden, Denmark, Norway
- Mainly direct operations
- Whole BasWare product range in Nordic distribution
- Pilot area for new products



In 2006, Nordic operations achieved the net sales objective as a whole

- The Norwegian unit exceeded its objective
- Finnish Financial Management unit exceeded its objective
- Finnish EPP unit achieved its objective
- The Swedish and Danish subsidiaries achieved their objective moderately

European Operations in 2006

Europe

- Subsidiaries in Germany, the UK, the Netherlands and France
- Direct sales as main revenue source in the short term
- Focus from direct to indirect sales in the mid-term
- Multiple channel partners in each strategic market



2006

- 31 partners in total at end of the year
- The area as a whole fell slightly behind the objective
 - The Netherlands exceeded its sales objective
 - UK was somewhat behind its sales objective
 - Germany and France developed both positively nevertheless remaining behind their sales objectives

Operations outside of Europe in 2006

North America

- Direct sales as main revenue source in the short term
- Channel network and co-marketing efforts with various business partners
- Focus from direct to indirect sales in the long term



2006

- In total, 8 partners at end of the year
- Developed favorably nevertheless remaining behind the its objective which was significantly high

Asia Pacific

- Main focus on Australia
- Opportunities in other APAC countries to be reviewed

2006

- Exceeded their sales objectives

Business Areas in 2006

- ▶ Enterprise Purchase to Pay
 - Growth 48%
 - 155 (135) new customers for main products in 13 countries

- ▶ Financial Management
 - Growth 18%
 - 39 (34) new customers for main products in 3 countries

- ▶ Business Transactions
 - Over 5 million invoices transmitted during the year
 - Increase of 70% (111.2%) compared with previous year

BasWare Enterprise Purchase to Pay

Main products

**BasWare
Purchase
Management**

**BasWare
Business
Transactions**

**BasWare
Invoice
Processing**

BasWare Travel & Expense Management

From Need to Payment

Purchase Requisition

Purchase Order & Delivery

Invoice Delivery

Invoice Matching with Order

Invoice Review & Approval

Payment

Invoice Archiving

BasWare KPI Reporting Tool

Value-added products

**BasWare
Supplier Portal**

**BasWare
Invoice Sender**

**BasWare Recurring
Invoice Matching
BasWare Order Matching**

**BasWare
Document
Archiving**

BasWare any ERP Adapter & BasWare Solution Platform

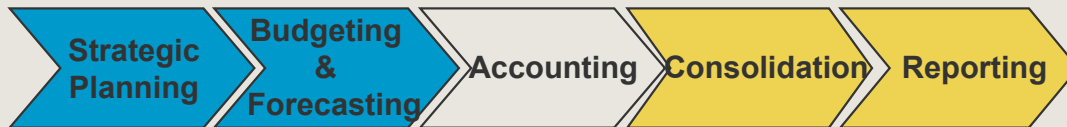
BasWare Financial Management

Main products

**BasWare
Business
Planning**

**BasWare Group
Consolidation**

From Planning to Reporting



Value-added products

**BasWare
Transparent
Reporting**

**BasWare
Analyzer**

**BasWare IFRS Package
BasWare Cash Flow**

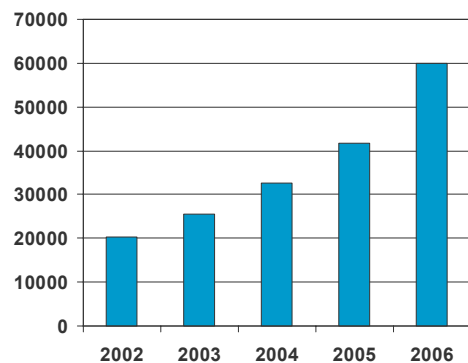
Financial Review of 2006



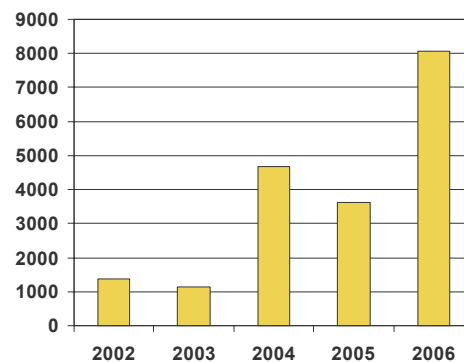
Key Financials 2002–2006

<i>EUR thousand</i>	FAS			IFRS	
	2002	2003	2004	2005	2006
				Restated	
Net sales	20 263	25 597	32 640	41 666	59 954
Growth of net sales, %	63.4%	26.3%	27.5%		43.9%
Operating profit	1 370	1 133	4 663	3 611	8 078
% of net sales	6.8%	4.4%	14.3%	8.7%	13.5%
Personnel, 31.12.	244	254	302	395	528

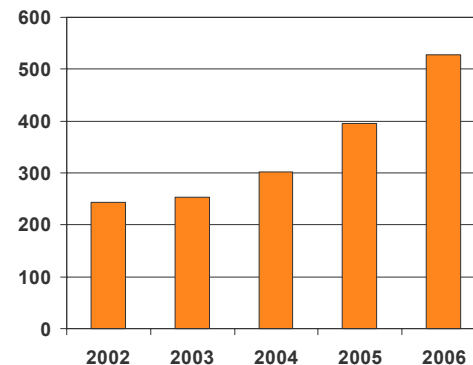
tEUR ■ Net sales



tEUR ■ Operating profit



■ Personnel



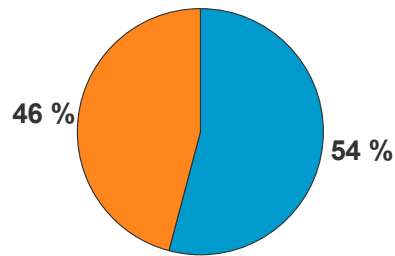
FY 2006 Financials in Brief

- ▶ Net sales EUR 59 954 thousand (EUR 41 666 thousand)
- ▶ Growth 44 percent
- ▶ Operating profit EUR 8 078 thousand (EUR 3 611 thousand)
- ▶ Share of international operations 46 percent (52%)
- ▶ Earnings per share EUR 0.45 (EUR 0.24)

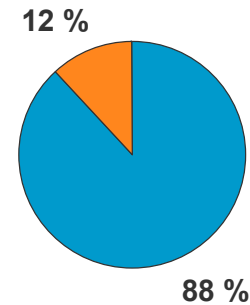


Development of Net Sales

- ▶ Net sales EUR 59 954 thousand (EUR 41 666 thousand)
 - Growth by 44%
- ▶ Resellers' share 18 percent (16%) of total product sales
 - EUR 3 465 thousand



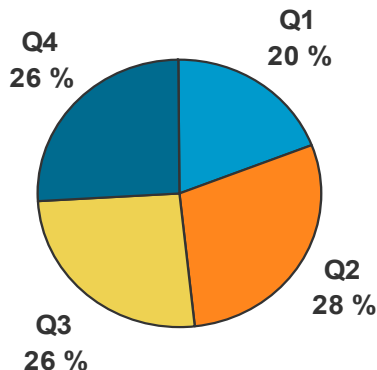
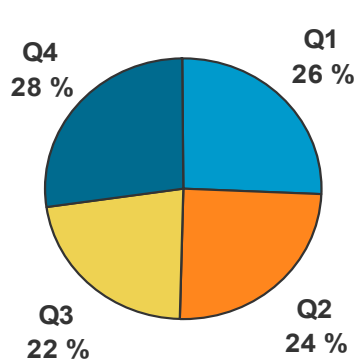
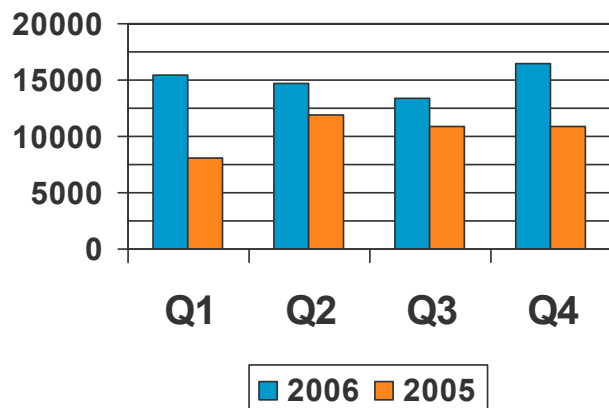
■ Finland ■ International



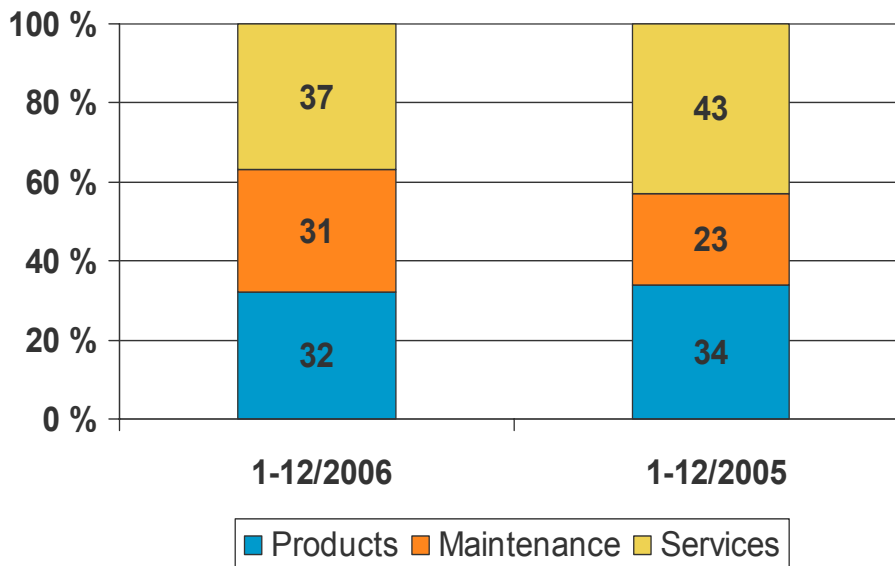
■ Enterprise Purchase to Pay
■ Financial Management

Development of Quarterly Net Sales

<i>EUR thousand</i>	Restated Q1/06	Restated Q1/05	Restated Q2/06	Restated Q2/05	Restated Q3/06	Restated Q3/05	Q4/06	Restated Q4/05
Net sales	15 432	8 136	14 651	11 879	13 363	10 827	16 508	10 823
Growth %	89.7%		50.3%		40.9%		52.5%	
Other operating income	41	21	61	13	25	13	50	13
Materials and services	778	694	689	1 031	468	778	658	669
Personnel expenses	8 259	4 743	8 710	6 375	6 942	4 847	9 042	6 604
Depreciation and write-offs	453	217	488	267	520	316	572	277
Other operating expenses	3 454	2 360	3 578	2 953	2 963	2 794	4 479	3 190
Operating profit	2 529	143	1 247	1 266	2 495	2 105	1 807	97



Net Sales by Operation



Services =

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

Maintenance =

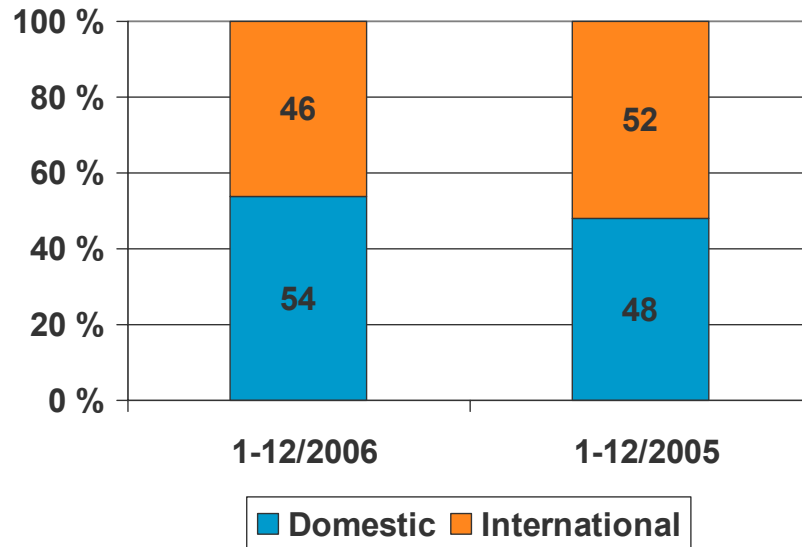
Continuous, annually charged fees (18-20% of license sales)

Products =

License sales of own software products

- ▶ Growth of product sales 38 percent
- ▶ Growth of maintenance revenue 93 percent
- ▶ Growth of services revenue 20 percent

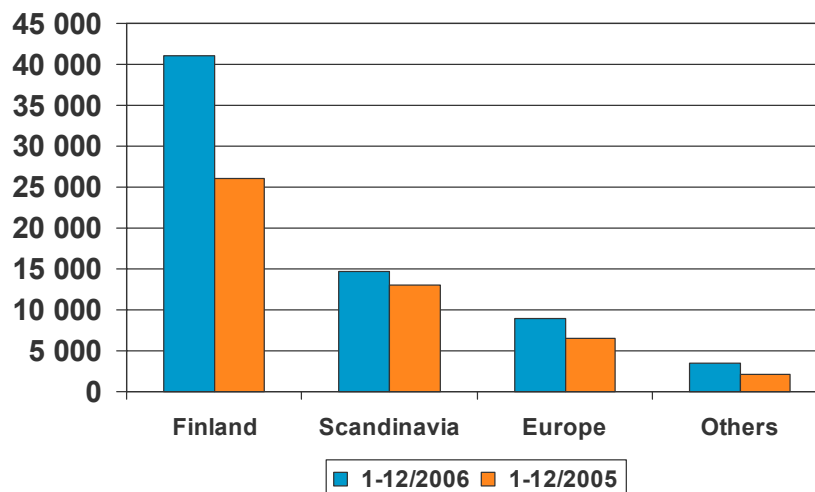
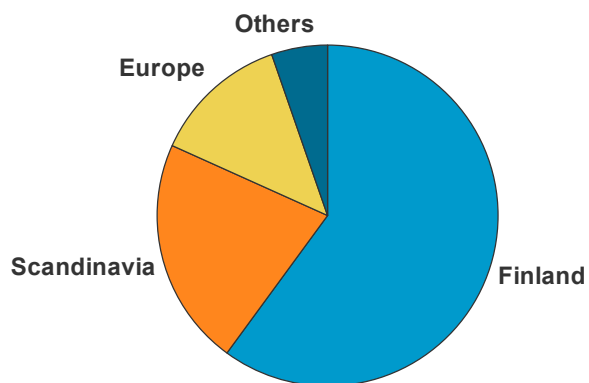
Net Sales by Geographic Area



- ▶ Growth of domestic net sales 64 percent
- ▶ Growth of international net sales 26 percent

Net Sales by Primary Segment

Net sales	1-12/2006	1-12/2005 Restated	Change, %
Finland	41 028	26 111	57.1
Scandinavia	14 698	13 024	12.9
Europe	8 985	6 497	38.3
Others	3 512	2 077	69.1
Net sales between segments	-8 269	-6 043	
Group total (IFRS)	59 954	41 666	43.9

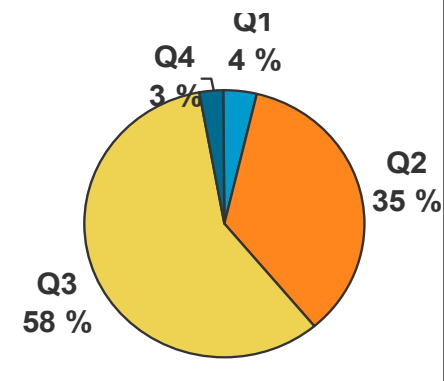
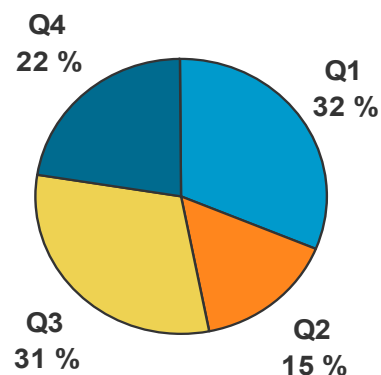
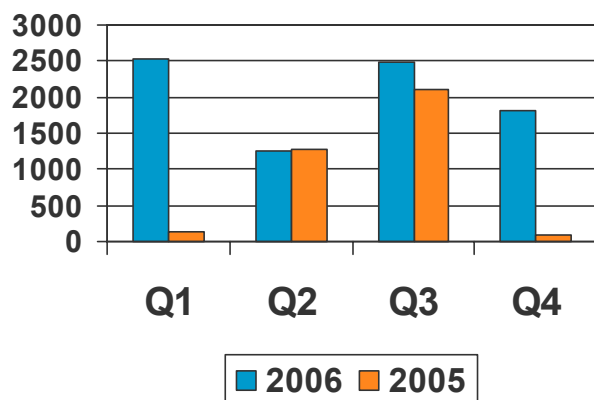


Development of Profit

- ▶ Operating profit EUR 8 078 thousand (EUR 3 611 thousand)
 - 13.5 percent (8.7%) of net sales
 - Increase by 124 percent
- ▶ Fixed costs EUR 47 427 thousand (EUR 33 865 thousand)
 - Personnel costs EUR 32 953 (EUR 22 569 thousand)
 - R&D costs total EUR 10 925 thousand (EUR 6 204 thousand), of which EUR 2 454 thousand capitalized
- ▶ Profit before tax EUR 8 287 thousand (EUR 3 647 thousand)
- ▶ Profit for the period EUR 4 993 thousand (EUR 2 229 thousand)
- ▶ EPS EUR 0.45 (EUR 0.24)

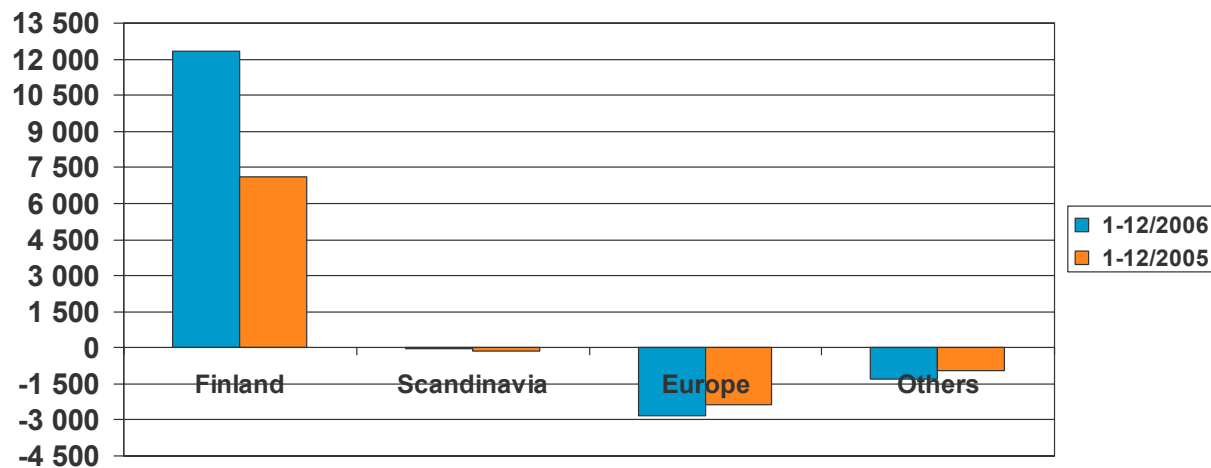
Development of Quarterly Profit

EUR thousand	Restated	Restated	Restated	Restated	Restated	Restated	Restated
	Q1/06	Q1/05	Q2/06	Q2/05	Q3/06	Q3/05	Q4/06
Net sales	15 432	8 136	14 651	11 879	13 363	10 827	16 508
Growth %	89.7%		50.3%		40.9%		52.5%
Other operating income	41	21	61	13	25	13	50
Materials and services	778	694	689	1 031	468	778	658
Personnel expenses	8 259	4 743	8 710	6 375	6 942	4 847	9 042
Depreciation and write-offs	453	217	488	267	520	316	572
Other operating expenses	3 454	2 360	3 578	2 953	2 963	2 794	4 479
Operating profit	2 529	143	1 247	1 266	2 495	2 105	1 807



Operating Profit by Primary Segment

Operating profit	1-12/2006	1-12/2005	Change, %
Finland	12 314	7 130	72.7
Scandinavia	-45	-116	60.7
Europe	-2 831	-2 379	-19.0
Others	-1 297	-976	-32.9
Operating profit between segments	-62	-47	
Group total (IFRS)	8 078	3 611	123.7



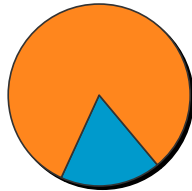
Finance and Investments

- ▶ Total assets on the balance sheet EUR 57 558 thousand (EUR 31 228 t)
- ▶ Cash and cash equivalents EUR 8 975 thousand (EUR 9 987 t)
- ▶ Cash flow from operations EUR 5 657 thousand (EUR 4 t)

- ▶ Equity ratio 77.5% (68.2%)
- ▶ Gearing -18.4% (-41.1%)

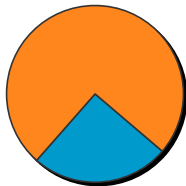
- ▶ Total gross investments EUR 25 315 thousand (EUR 6 925 thousand)
- includes acquisitions and capitalized R&D costs

Research and Development



18% of
net sales

- ▶ Product development costs
 - EUR 10 925 thousand (EUR 6 204 thousand)
 - Growth by 76 percent (35%)
 - EUR 2 454 thousand i.e. 23% of costs capitalized



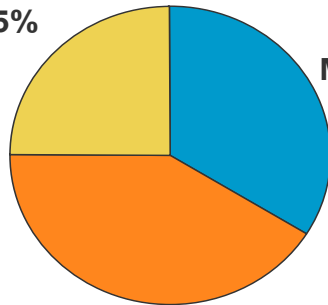
26% of
personnel

- ▶ Software production personnel 138 (79)
 - Units in Finland and Norway

Personnel

- ▶ In total 528 (395) employees at end of 2006
- ▶ Growth 34 percent; 8 percent without acquisitions
- ▶ 66 percent in Finland; 34 percent abroad
- ▶ Average age 35.4 years

College and other 25%

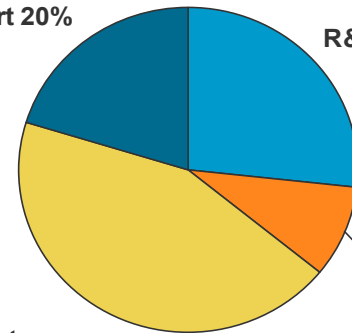


Bachelor
41%

Master 34%

Education

Sales & Sales Support 20%



R&D 26%

Administration
9%

Customer Services
43%

Personnel Groups

Share Capital and Equity 31.12.2006

- ▶ Number of shares 11 468 124 (9 877 258)
- ▶ Share capital 3 440 437.20 EUR thousand (EUR 2 963 thousand)
 - Increase with share subscriptions EUR 38 205 thousand in 2006
 - Increase with directed offerings EUR 439 055 thousand in 2006
- ▶ The subscription period of warrant program Finland II 2002–2006 ended on June 30, 2006 with a total of 160 030 shares subscribed. During 2006, 127 350 shares were subscribed with the program
- ▶ Warrant Program 2006
 - Subscription period of starts April 1, 2008
 - Based on the warrant program, a maximum of 300 000 warrants can be granted to the key personnel of BasWare Group

Share and Shareholders



- ▶ Number of shareholders 19 759 (21 679) at end of 2006
- ▶ Share price development in 2006:
 - Average price of the share 13.09 EUR (EUR 9.85)
 - Highest EUR 15.25, lowest EUR 11.21
 - Closing price EUR 13.05 (EUR 12.62)
- ▶ Traded shares 5 534 522 (3 666 939 thousand)
 - 48% (39%) of all shares
- ▶ Market capitalization EUR 149 659 018 (EUR 124 050 996)

Outlook for 2007

- ▶ **Growth of net sales 15-20 percent**
- ▶ **Operating profit 10-15 percent of net sales**

- ▶ Direct sales
- ▶ Indirect sales: Europe, US, Russia, Asia, Southern Europe
- ▶ Scandinavia & Finland focus on profitability, mild growth
- ▶ New products: RFX, CLM, Mobile Client

- ▶ Review of acquisition possibilities

Markets and approaches 2007

Global Alliances ...

North America – high growth

- Direct sales investment
- Channel investment
- Services investment
- PM as a new product
- Profitability 2008

Europe – high growth

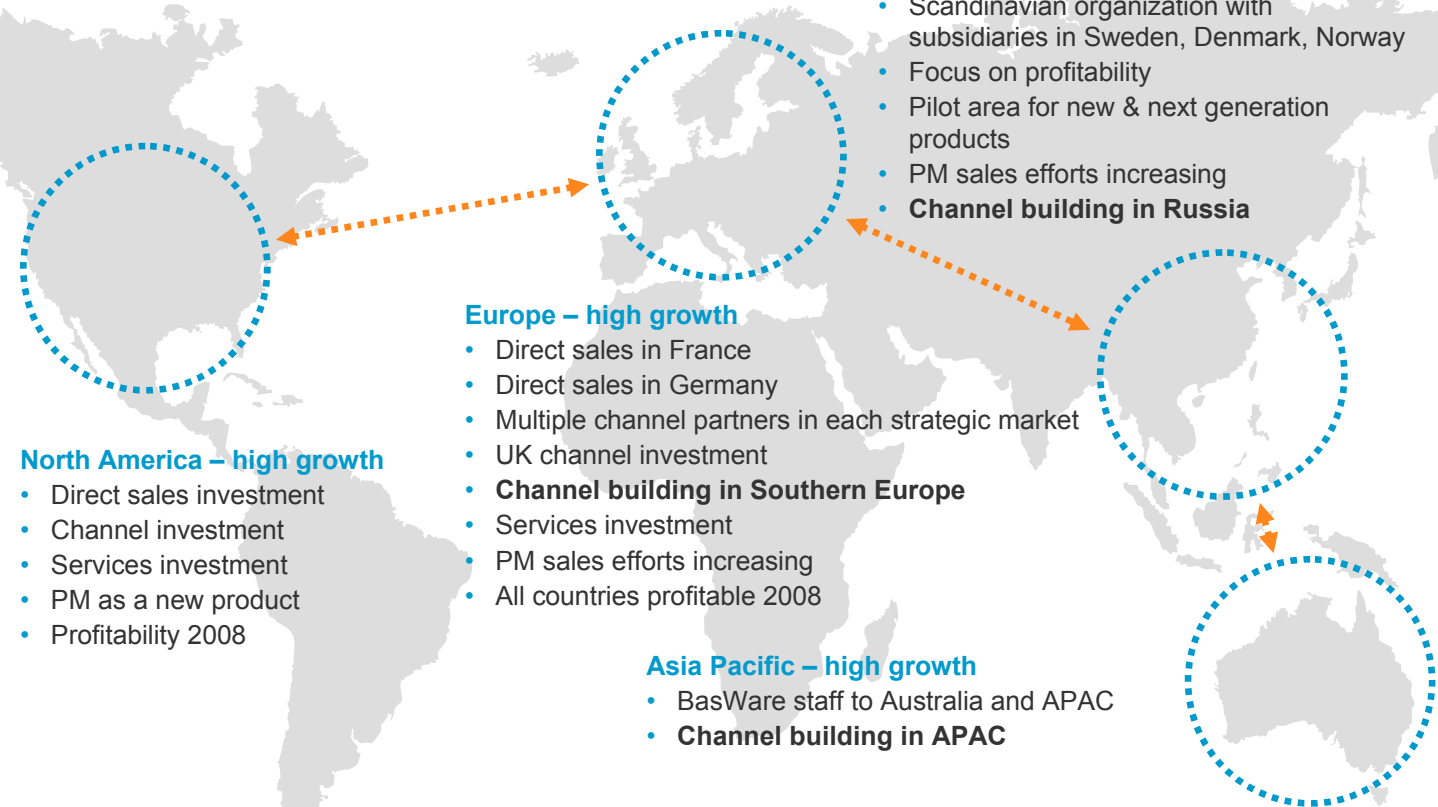
- Direct sales in France
- Direct sales in Germany
- Multiple channel partners in each strategic market
- UK channel investment
- **Channel building in Southern Europe**
- Services investment
- PM sales efforts increasing
- All countries profitable 2008

Asia Pacific – high growth

- BasWare staff to Australia and APAC
- **Channel building in APAC**

Finland and Scandinavia – mild growth

- Scandinavian organization with subsidiaries in Sweden, Denmark, Norway
- Focus on profitability
- Pilot area for new & next generation products
- PM sales efforts increasing
- **Channel building in Russia**



2007 Key Announcements

Major Enhancements:

IP 4.0 and PM 4.0 – UNICODE support (e.g. APAC)
KPI Tool – Business Performance Improvements
Portal – Single Point of an EPP access
Mobile Client – EPP processes "on the road"

New Products:

RFx – Sourcing add-on for Power Purchase
CLM – Contract Life Cycle Management, fastest growing SCM area

Thank you!

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