

BasWare in Q2 2005

Ilkka Sihvo, CEO

July 12, 2005



In brief

- ▶ **Software for automating financial processes**
 - BasWare headquarters in Espoo, eight subsidiaries (seven in Europe, one in the US)
 - Presence in more than 20 countries, on 3 continents
 - Over 300,000 users globally in 1000+ organizations
 - Net sales in 2004 approx. EUR 33 million (FAS)
 - 366 employees at end of Q2/2005

Business Review

- Strong growth of net sales
 - 33.8% (vs. IFRS Q2 2004), 38.4% (vs. FAS Q2 2004)
 - License sales 23.3% (vs. IFRS Q2 2004), 34.1% (vs. FAS Q2 2004)
- Partner activities strengthening
 - Share of resellers' 16.3% (7.1%) of product sales
 - 8 new business partners, the first one for North America
- Internationalization of Financial Management going forward as planned
 - First deals in Sweden and Norway
- Acquisition of Iocore AS in Norway completed on April 1, 2005
 - Name changed to BasWare AS in May 2005
 - 30 employees; offices in Oslo and Trondheim, Norway



- International share of net sales 51.7 % in H1 2005 and 54.8% in Q2 2005
 - Growth in H1 by 47.9%, growth in Q2 by 68.3%
- Eight subsidiaries: Sweden, Denmark, Norway, Germany, The Netherlands, United Kingdom, France, United States
- Reseller network strengthened with eight new business partners
 - In total 23 Value Added Resellers in 20 countries
 - Share of VARs 18.1% of product sales in H1 2005 and 16.3 in Q2 2005 *
- Software installations at customers in 21 countries



* Booked net of partner costs and margins

Nordic

- Finland, Sweden, Denmark, Norway
- Mainly direct operations
- Whole product range in Nordic distribution



Q2 2005

- Iocore started as a subsidiary in Norway as of April 1, 2005
- First Financial Management customers in Norway and Sweden during the quarter
- Achieved the net sales objective as a whole
 - Finland: Both Enterprise Purchase to Pay and Financial Management units achieved the sales objectives
 - Sweden did not fully achieve the objectives
 - Norway achieved the objectives
 - Denmark fail to achieve the objective



BasWare

Europe

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



Q2 2005

- Altogether 7 new partners in Europe
 - Capture Projects (UK)
 - CRR Datensysteme (Germany)
 - Doqmentor (Hungary)
 - Le Groupe Mercuria (France)
 - I.R.I.S. Group (Belgium, Luxemburg)
 - NRG Benelux (Belgium, Luxemburg)
 - OCR Systemhaus (Germany)
- Achieved the net sales objective satisfactorily as a whole
 - Germany and The Netherlands achieved the objective
 - UK and France did not fully achieve the objective



North America

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

Q2 2005

- First full-scale business partner, AllStar Software Systems for northeastern states of USA and eastern Canada
- Achieved the net sales objective

ALL STAR
SOFTWARE SYSTEMS



Asia Pacific

- Main focus on Australia in 2005

Q2 2005

- Achieved the sales objective (booked in parent company net sales)

- Enterprise Purchase to Pay: 41 new customer agreements in 11 countries

- Financial Management: 11 new agreements in 3 countries
 - + 16 new customers for Transparent Reporting value-added product, launched in the beginning of Q2 2005

- Over 680,000 invoices in BasWare Business Transactions service
 - Growth by 105.2% compared with Q2 2004



BasWare Enterprise Purchase to Pay

Main products

New version

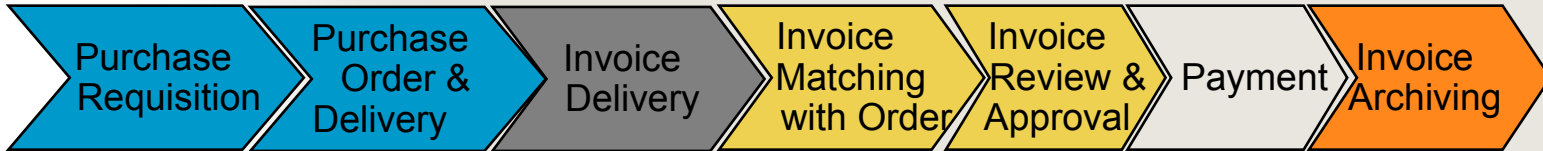
**BasWare
Purchase
Management**

New version

**BasWare
Business
Transactions**

**BasWare
Invoice
Processing**

From Need to Payment



**BasWare
Supplier Portal**

New versions

**BasWare Recurring Invoice Matching
BasWare Order Matching**

**BasWare
Document
Archiving**

Value-added products

Main products

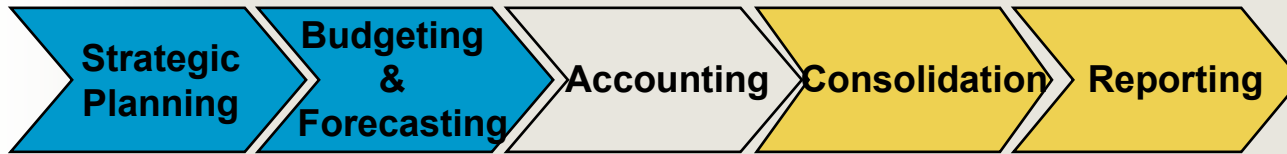
New version

**BasWare
Business
Planning**

New version

**BasWare Group
Consolidation**

From planning to reporting



New product

**BasWare
Transparent
Reporting**

**BasWare IFRS Models
BasWare Cash Flow**

New versions

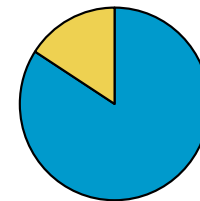
Value-added products

Financial Review

In brief

- Net sales EUR 20 490 thousand (EUR 16 278 thousand)
- Operating profit EUR 1 884 thousand (EUR 3 031 thousand)
- Share of international operations 51.7 percent (44.0%)
- Earnings per share EUR 0.14 (EUR 0.21)
- Cash and cash equivalents EUR 10 058 thousand (EUR 4 191 thousand)

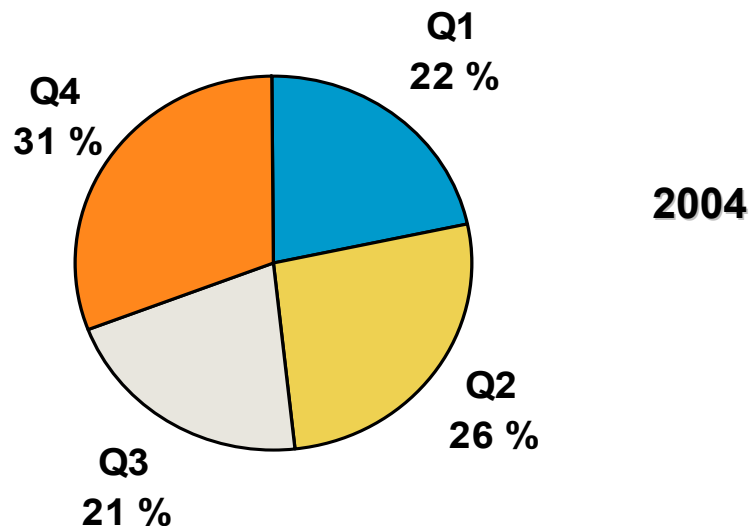
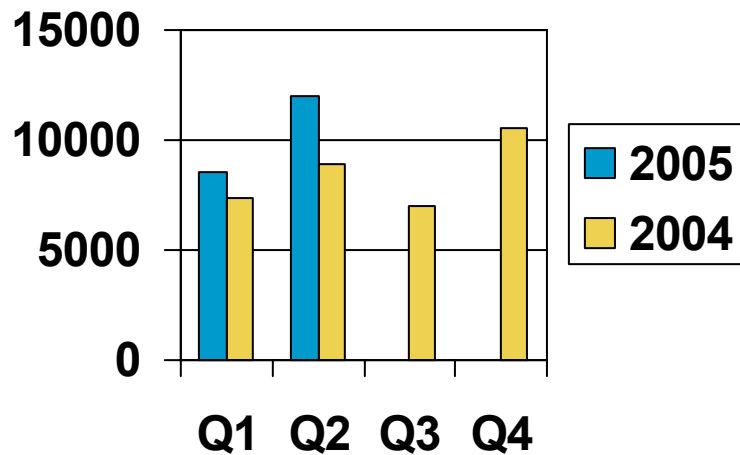
- Net sales EUR 20 490 thousand (EUR 16 278 thousand in H1 2004)
 - Growth by 25.9 percent
 - Organic growth by 17.9 percent
 - Q2 net sales EUR 11 963 thousand, growth by 33.8 percent
- When compared with net sales according to FAS, growth 29.9 percent in H1 and 38.4 percent in Q2
- Resellers provided 18.1 percent (7.8%) of total product sales i.e. EUR 1 367 thousand
 - 16.3 percent in Q2 despite locore consolidated in group financial statements as of April 1, 2005



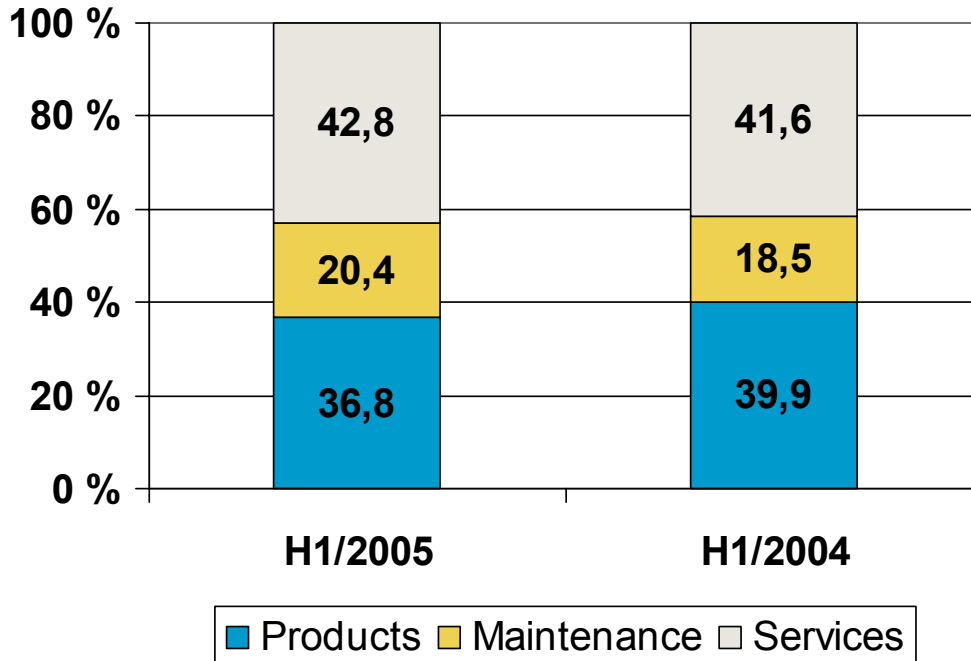
- Enterprise Purchase to Pay 84.2%
- Financial Management 15.8%

Development of Quarterly Net Sales

<i>EUR thousand</i>	Q1/05	Q1/04	Q2/05	Q2/04	Q3/05	Q3/04	Q4/05	Q4/04
Net sales	8 527	7 336	11 963	8 942		7 055		10 558
Growth %	16.2%		33.8%					
Other operating income	21	24	13	38		13		15
Materials and services	694	589	1 031	593		453		756
Personnel expences	4 743	3 608	6 375	4 397		3 156		5 214
Depreciation and write-offs	217	188	267	182		177		186
Other operating expenses	2 360	1 724	2 953	2 028		2 017		2 457
Operating profit	534	1 252	1 349	1 779		1 266		1 960



Net Sales by Operation H1 2005



Products = License sales of own software products

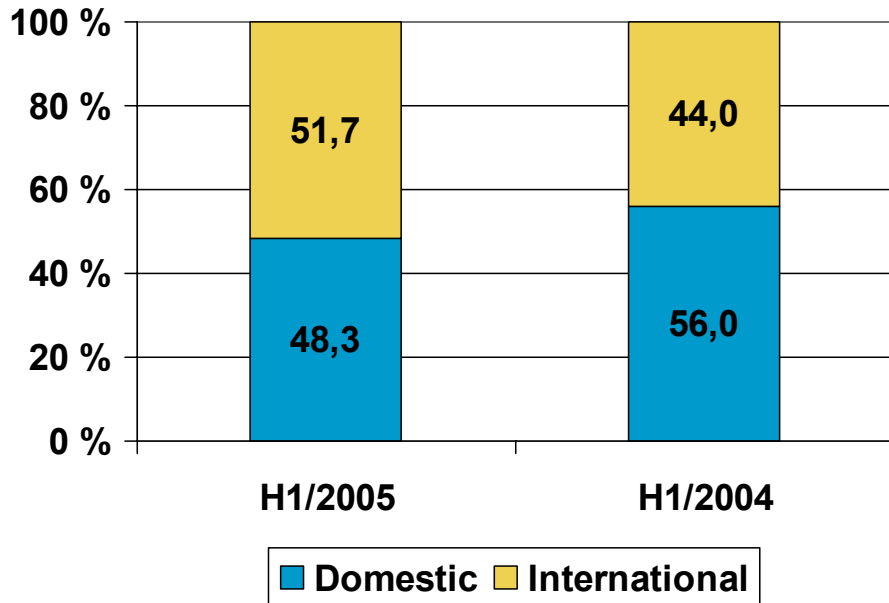
Maintenance = Continuous, annually charged fees (18-20% of license sales)

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

- Growth of product sales 16.1 percent
- Growth of maintenance revenue 38.2 percent
- Growth of service revenue 29.7 percent

Net Sales by Geographic Area H1 2005

All business operations



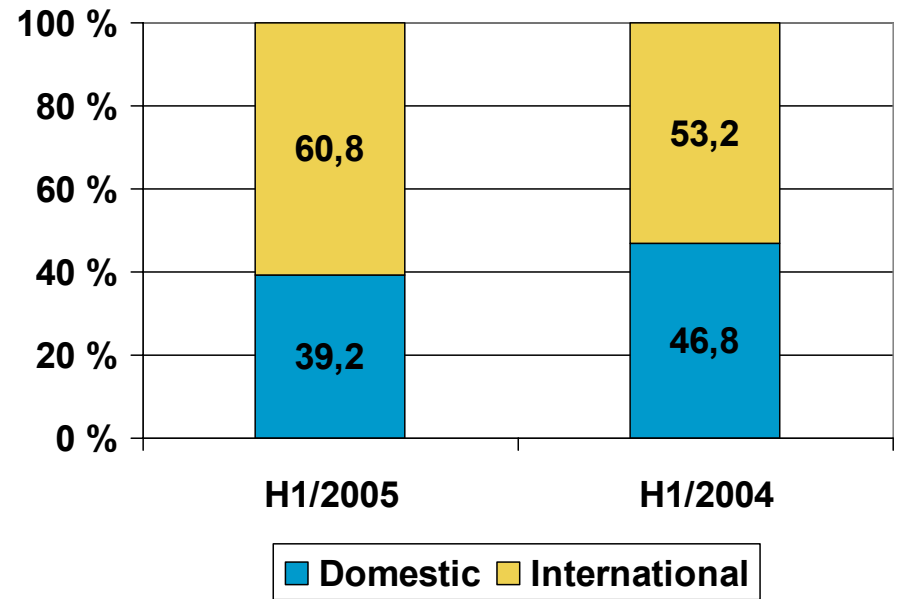
Domestic net sales

- Growth by 8.6 percent

International net sales

- Growth by 47.9 percent

Enterprise Purchase to Pay



Domestic net sales

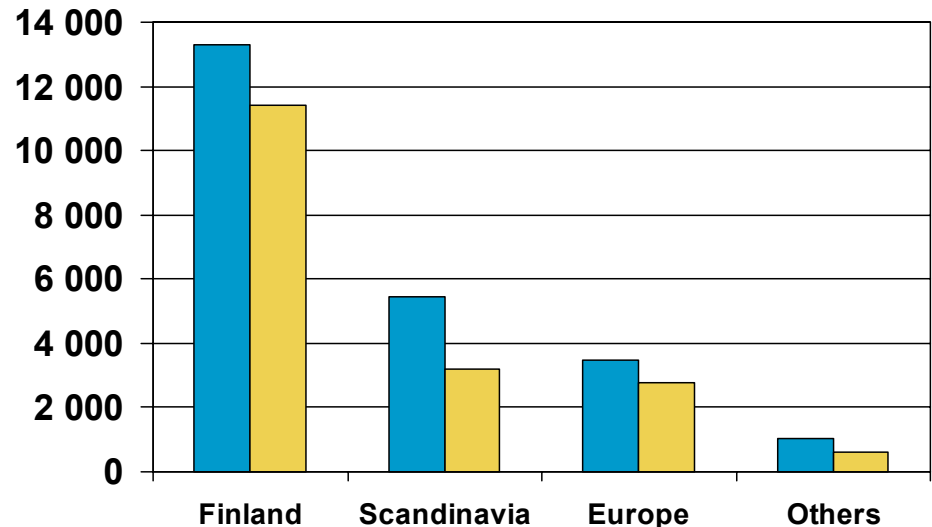
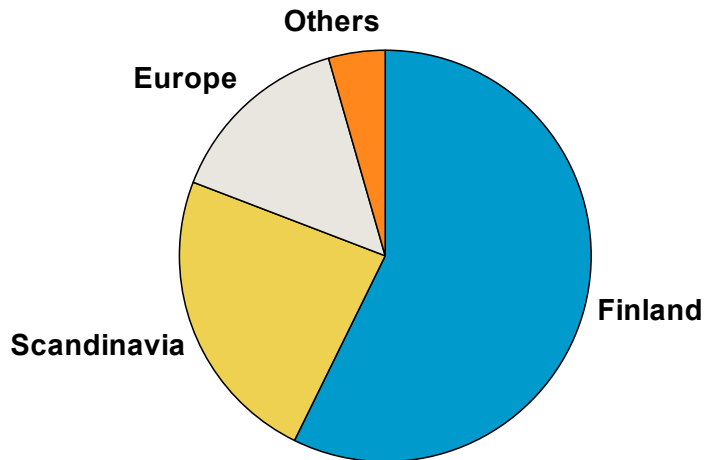
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International net sales

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Net Sales by Primary Segment

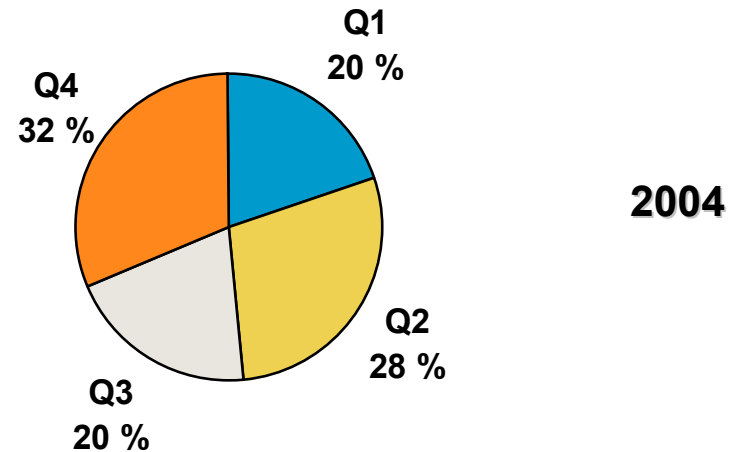
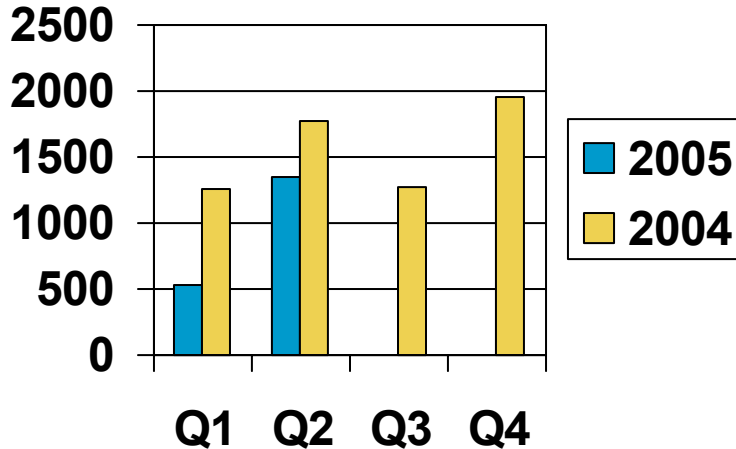
Net sales	1-6/2005	1-6/2004	Change, %	1-12/2004
Finland	13 293	11 412	16.5	24 088
Scandinavia	5 472	3 172	72.5	7 078
Europe	3 455	2 794	23.6	5 224
Others	1 017	594	71.2	1 425
Net sales between segments	-2 747	-1 694	62.1	-3 924
Group total (IFRS)	20 490	16 278	25.9	33 891
Group total (FAS)		15 774	29.9	32 640



- Operating profit EUR 1 884 thousand (EUR 3 031 thousand in H1 2004)
 - Decrease by 37.8 percent
 - 9.2 percent (18.6%) of net sales
- Fixed costs EUR 16 432 thousand (EUR 11 758 thousand)
 - Personnel costs EUR 11 119 (EUR 8 006 thousand)
- R&D costs total EUR 3 099 of which EUR 419 thousand capitalized
- Profit before tax EUR 1 901 thousand (EUR 3 002 thousand)
 - Income tax rate decreased due to deferred tax assets
- Profit for the period EUR 1 270 thousand (EUR 1 821 thousand)

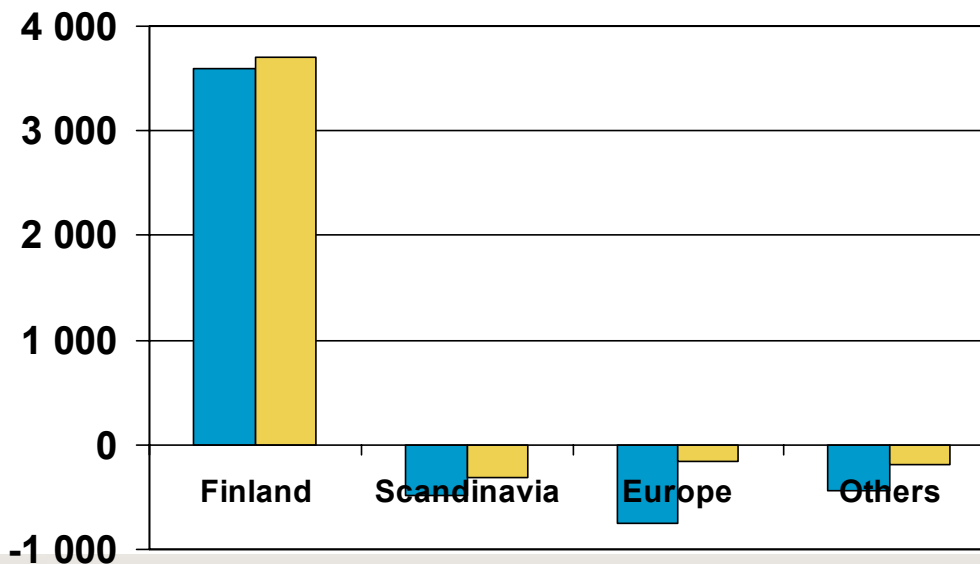
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Operating Profit by Primary Segment

Operating profit	1-6/2005	1-6/2004	Change, %	1-12/2004
Finland	3 591	3 697	-2.9	8 185
Scandinavia	-484	-315	-53.9	-189
Europe	-750	-162	-361.8	-1 133
Others	-447	-189	-136.4	-608
Op. profit between segments	-26			
Group total (IFRS)	1 884	3 031	-37.8	6 256
Group total (FAS)		2 442	-22.9	4 663



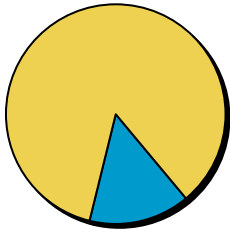


- Total assets on the balance sheet EUR 31 192 thousand (EUR 17 029 thousand)
- Cash and cash equivalents EUR 10 058 thousand (EUR 4 191 thousand)
- Cash flow from operations EUR 445 thousand (2 604 thousand)

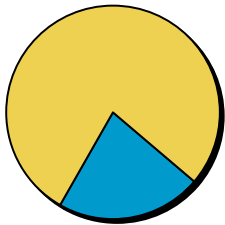
- Equity ratio 62.8% (56.6%)
- Gearing -43.0% (-24.2%)

- Icore acquisition approx. EUR 3 062 thousand in total
 - Intangible assets (customer relationships and products, with deferred tax liabilities) EUR 690 thousand and goodwill EUR 2 345 thousand

- Gross investments EUR 4 330 thousand (EUR 801 thousand)
 - Of which capital expenditure EUR 515 thousand
 - Includes Icore acquisition and capitalized R&D expenses of EUR 419 thousand



15.1% of net sales



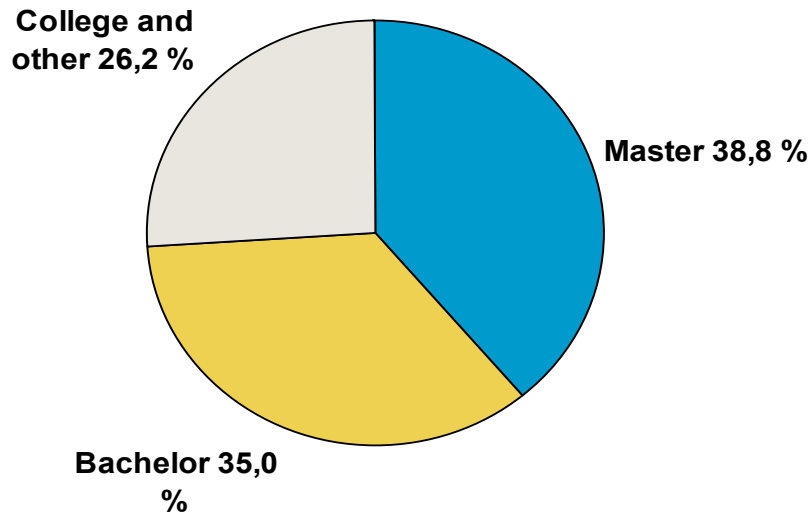
21.9% of personnel

- Product development costs
 - EUR 3 099 thousand (EUR 2 304 thousand)
 - Of net sales 15.1% (14.2%)
 - Growth by 34.5%
 - EUR 419 thousand i.e. 13.5% of costs capitalized
- Software production personnel 80 (60)
 - Of total personnel 21.9%
 - R&D combined with Products and Technology unit in the Software Production business area

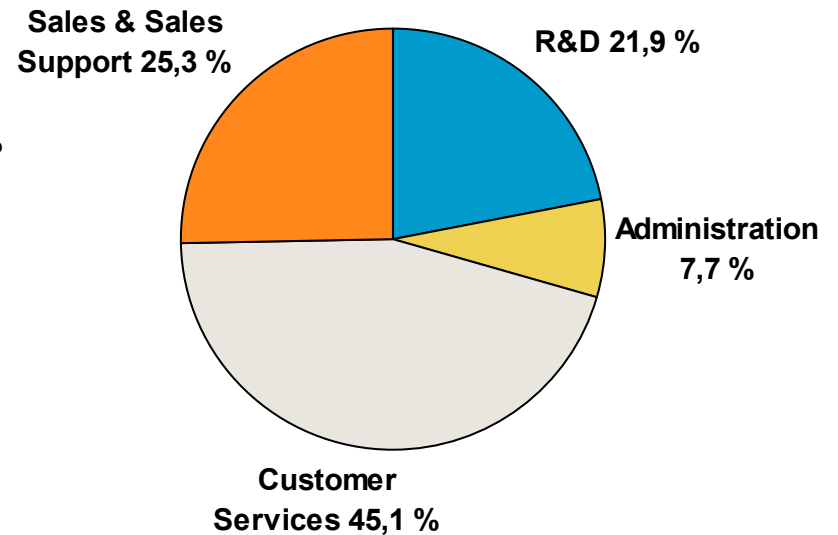
Facts

- In total 366 (282) employees at end of June
- Growth by 29.8%
- Finland 60.1%, international 39.9%
- Average age 34.5 years

Education



Personnel Groups





- Number of shares 9 581 687 on June 30, 2005
- Share capital EUR 2 874 506.10
 - Share capital increased by EUR 23 326.20 based on warrants
 - By June 30, 2005 altogether 171 087 shares have been subscribed with warrants (of 631 000 in total)
- Number of shareholders 23 119 (25 043) at end of June
- Average price of the share EUR 8.70 (EUR 7.16) in H1
- Closing price EUR 8.95 (EUR 8.10)
- Highest price EUR 9.30, lowest price EUR 7.70
- Traded shares 1 563 thousand (1 145 thousand) in H1
 - Of all shares 17.0% (13.4%)
- Market capitalization EUR 85 756 099 (69 259 860)

- International growth in 2005 bases on
 - subsidiary sales activities, especially 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 figures are compared with FAS figures in 2004



Thank you!