

BasWare in Q3 2005

Ilkka Sihvo, CEO
October 11, 2005



In brief

- ▶ **Software for automating financial processes**
 - BasWare headquarters in Espoo, nine subsidiaries (Trivet in Finland, seven in Europe, one in the US)
 - Presence in more than 20 countries, on 3 continents
 - Over 350,000 users globally in 1000+ organizations
 - Net sales in 2004 approx. EUR 33 million (FAS)
 - 385 employees at end of Q3 2005

Business Review

- Strong growth of net sales continued
 - 31.7% (vs. IFRS Q3 2004), 38.3% (vs. FAS Q3 2004)
 - License sales 7.5% (vs. IFRS); 24.9% (vs. FAS)
- Growth of international operations accelerated
 - Growth in Q3 by 75.1% (IFRS)
- Partner channel further strengthened
 - Share of resellers' 15.9% (16.2%) of product sales
 - 9 new business partners in Europe, US and Australia
- Acquisition of Trivet Software in Finland in August
 - Expanding BasWare's Enterprise Purchase to Pay product portfolio to Travel & Expense Management



- International share of net sales 53.8% in 1-9/2005 and 58.6% in Q3 2005
 - Growth in 1-9/2005 by 56.1%, growth in Q3 by 75.1%
- Eight foreign subsidiaries: Sweden, Denmark, Norway, Germany, The Netherlands, United Kingdom, France, United States
- Reseller network strengthened with nine new business partners
 - In total 32 Value Added Resellers in 20 countries
 - Share of VARs 17.6% of product sales in 1-9/2005 and 15.9% in Q3 2005 *
- Software installations at customer premises in 21 countries



* Booked net of partner costs and margins

- BasWare acquired Trivet Software in August 2005; acquisition price paid EUR 0.9 million + a possible earn-out of EUR 0.5m
- Trivet Software to be merged in BasWare Corp. by January 31, 2006; merging scheme already registered in the Finnish Trade Register
- Trivet Software's associate in Denmark acquired in September 2005; no significant effects on employment or financials

Facts About Trivet Software

- Specialized in developing solutions for electronic travel expense management
- Key product Voyager has approx. 50 000 users in Finland and Scandinavia
- Net sales EUR 0.8 million in 2004; operating profit margin 20.5%
- 9 employees in Pori, Finland at the end of Q3 2005



Nordic

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



Q3 2005

- Trivet Software started as a subsidiary in Finland as of August 12, 2005
- Sales of Travel & Expense Management (Trivet Software) and Invoice Sender (locore) products started during the quarter
- Achieved the net sales objective as a whole
 - Finland / Enterprise Purchase to Pay achieved the sales objective moderately
 - Finland / Financial Management achieved the sales objective
 - Sweden achieved the sales objective
 - Norway surpassed the objective
 - Denmark was somewhat behind the objective; turn for better

Europe

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



Q3 2005

- Altogether 6 new partners in Europe:
 - Arlington Consulting (Germany)
 - Capital Capture (UK)
 - Dicom (Portugal),
 - Laufenberg (Germany)
 - SanServ AG (Switzerland)
 - Unisys (Belgium &Luxemburg)
- Achieved the net sales objective moderately as a whole
 - The Netherlands surpassed the objective
 - Germany achieved the sales objective moderately
 - UK and France were somewhat behind the objective



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 in the long term

Q3 2005

- Two new business partners in the US:
 - Datric
 - Scan-ONE
- Achieved the net sales objective moderately



Asia Pacific

- Main focus on Australia in 2005

Q3 2005

- One new partner in Australia: FujiXerox

- Enterprise Purchase to Pay: 26 new customer agreements for main products in 10 countries

- Financial Management: 3 new agreements for main products in Finland

- Almost 750,000 invoices in BasWare Business Transactions service
 - Growth by 113.5% compared with Q3 2004

New Agreements in Q3 2005



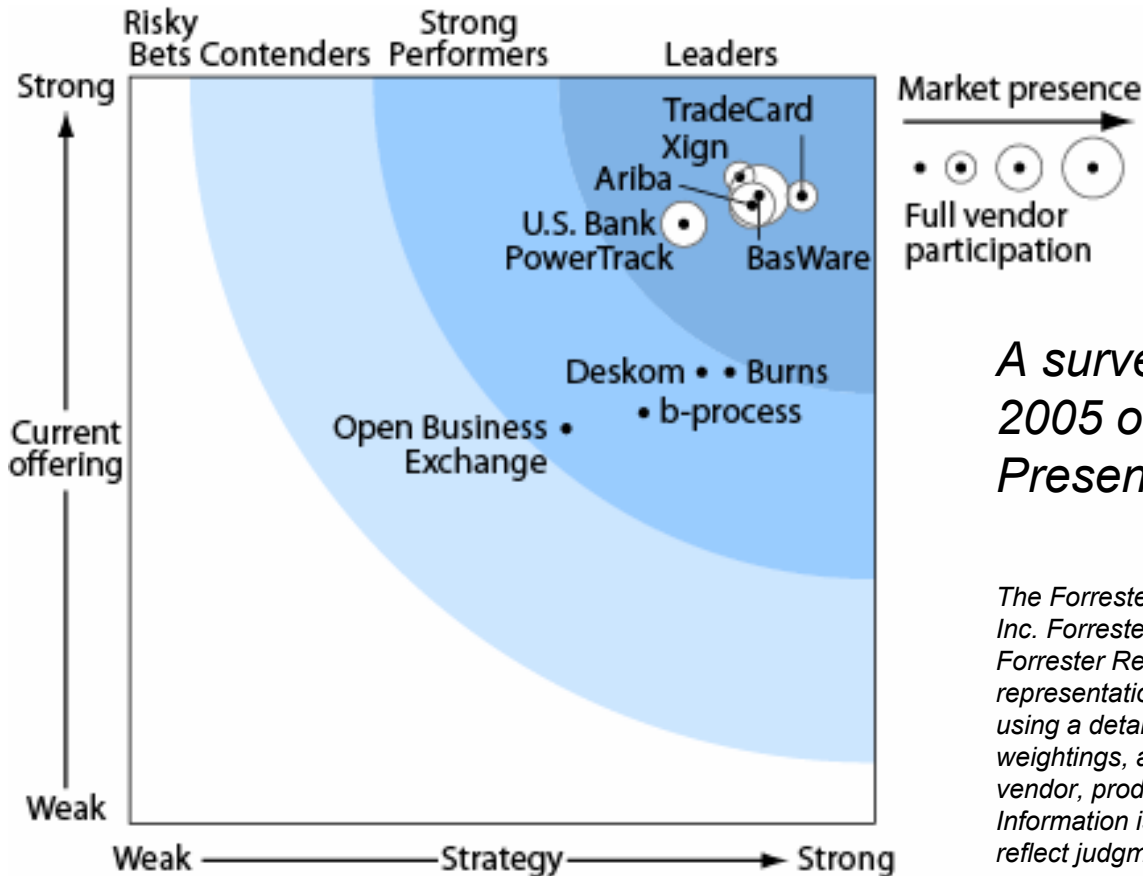
BundeBygg



Buskerud fylkeskommune



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



A survey made in the US in Q3 2005 of Electronic Invoice Presentment & Payment vendors

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BasWare Enterprise Purchase to Pay

Main products

BasWare Purchase Management

BasWare Business Transactions

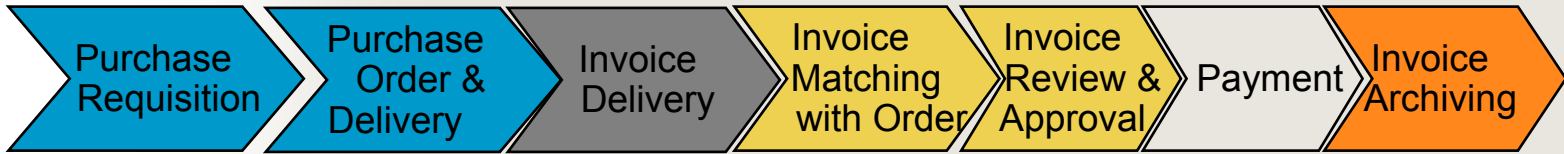
BasWare Invoice Processing

New version

BasWare Travel & Expense Management

New BW product

From Need to Payment



Value-added products

BasWare Supplier Portal

BasWare Invoice Sender

New BW product

**BasWare Recurring Invoice Matching
BasWare Order Matching**

BasWare Document Archiving

BasWare any ERP Adapter & BasWare Solution Platform

New interface

Main products



New version

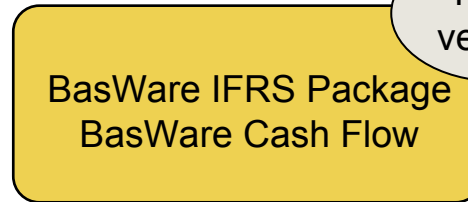
From Planning to Reporting



Value-added products



New product



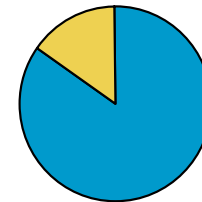
New version

Financial Review

In brief

- Net sales EUR 29 780 thousand (EUR 23 333 thousand)
- Operating profit EUR 2 451 thousand (EUR 4 296 thousand)
- Share of international operations 53.8 percent (44.0%)
- Earnings per share EUR 0.19 (EUR 0.29)
- Cash and cash equivalents EUR 10 514 thousand (EUR 5 234 thousand)

- Net sales EUR 29 780 thousand (EUR 23 333 thousand)
 - Growth by 27.6 percent
 - Q3 net sales EUR 9 289 thousand, growth by 31.7 percent
- When compared with net sales according to FAS:
 - Growth 32.4 percent in 1-9 2005 and 38.3 percent in Q3
 - Organic growth 19.8% compared with FAS 2004 figure
- Resellers provided 17.6 percent (10.1%) of total product sales i.e. EUR 1 780 thousand
 - 15.9 percent in Q3

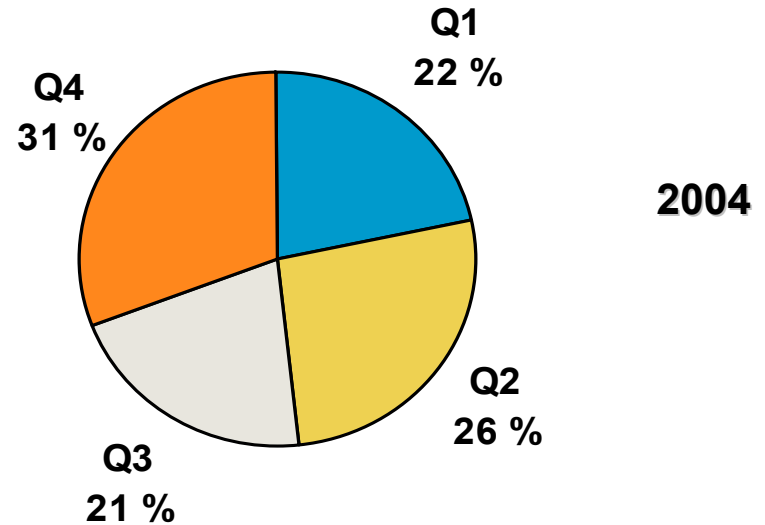
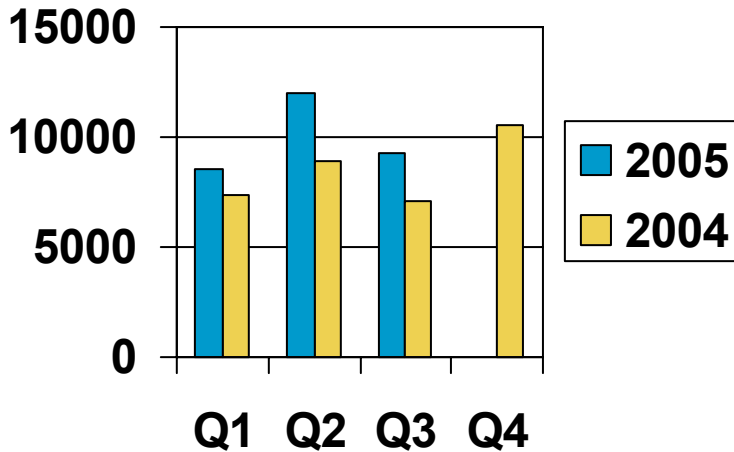


- Enterprise Purchase to Pay 84.5%
- Financial Management 15.5%

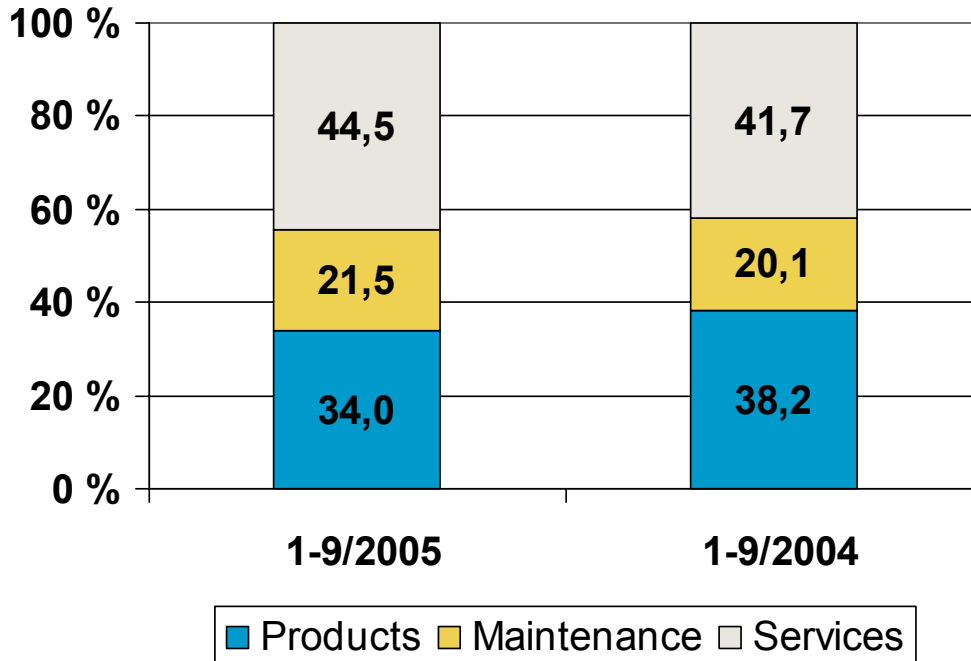
Development of Quarterly Net Sales

EUR thousand

	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	9 289	7 055		10 558
Growth %	16.2%		33.8%		31.7%			
Other operating income	21	24	13	38	13	13		15
Materials and services	694	589	1 031	593	778	453		756
Personnel expences	4 743	3 608	6 375	4 397	4 847	3 156		5 214
Depreciation and write-offs	217	188	267	182	316	177		186
Other operating expenses	2 360	1 724	2 953	2 028	2 794	2 017		2 457



Net Sales by Operation 1-9/2005



Products = License sales of own software products

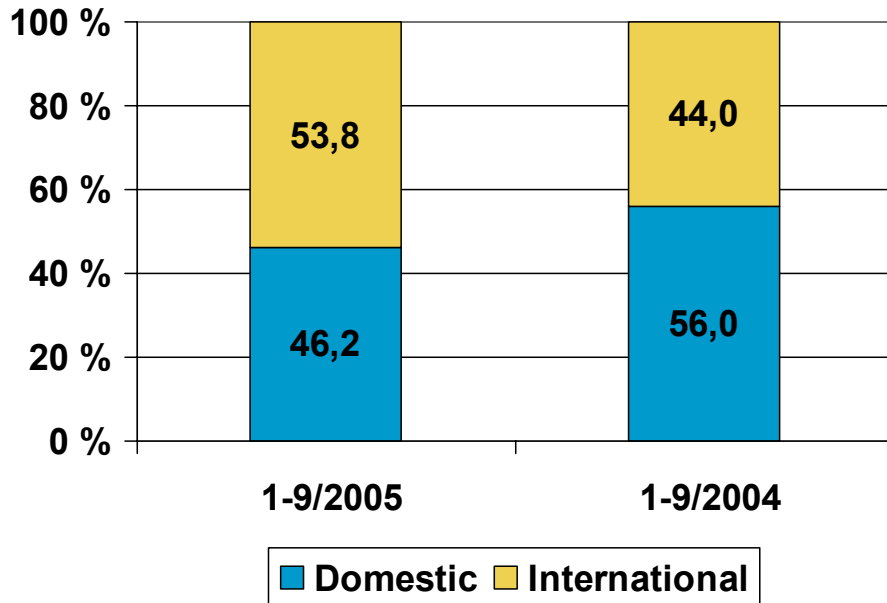
Maintenance = Continuous, annually charged fees (18-20% of license sales)

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

- Growth of product sales 13.8 percent (25.7% compared with FAS figure)
- Growth of maintenance revenue 36.4 percent
- Growth of services revenue 36.1 percent

Net Sales by Geographic Area 1-9/2005

All business operations



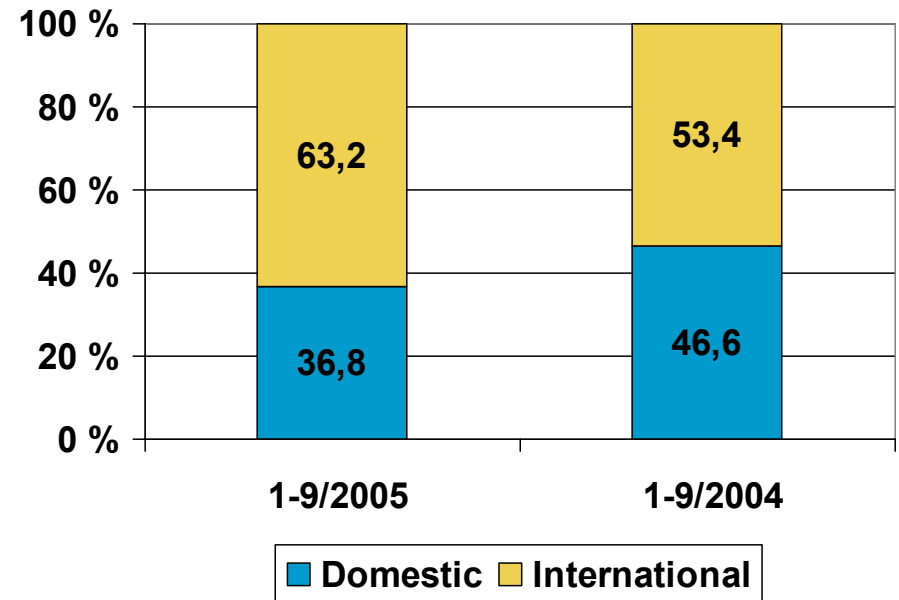
Domestic net sales

- Growth by 5.2 percent

International net sales

- Growth by 56.1 percent

Enterprise Purchase to Pay



Domestic net sales

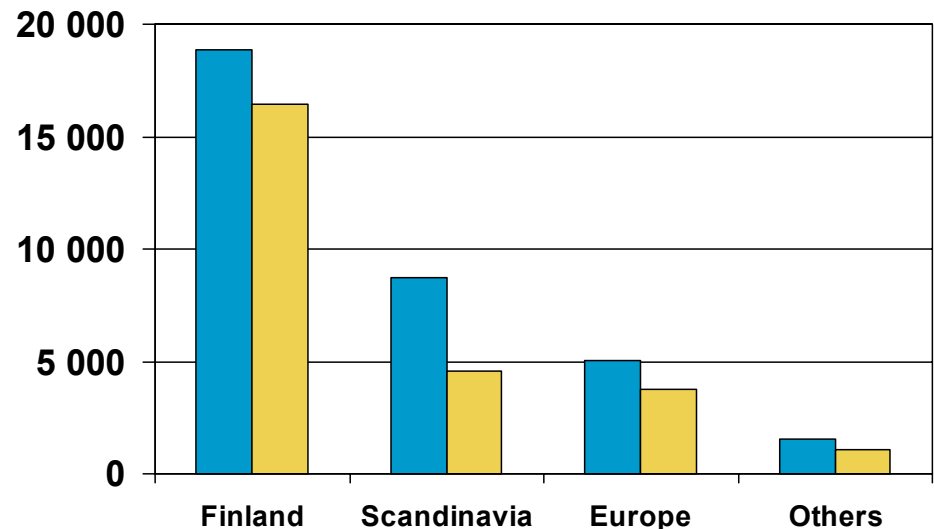
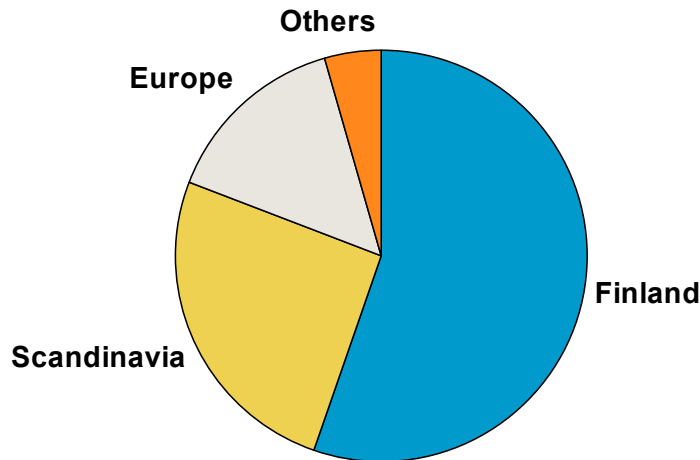
- Growth by 3.7 percent

International net sales

- Growth by 55.7 percent

Net Sales by Primary Segment

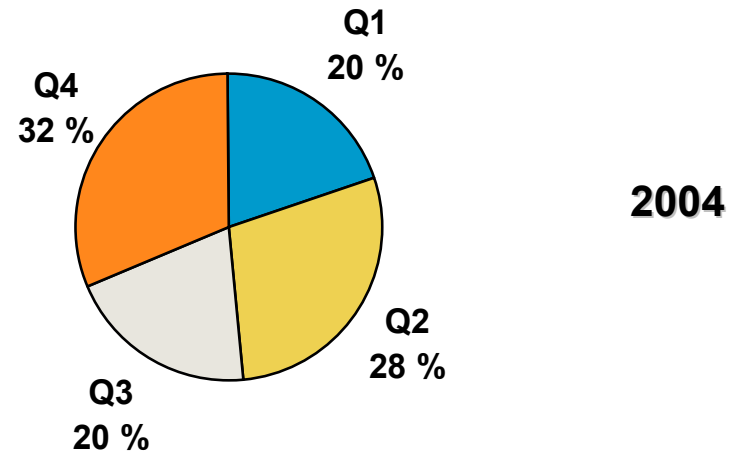
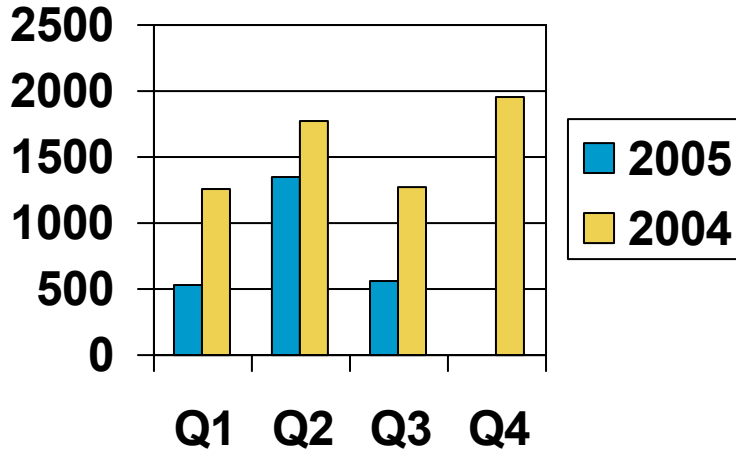
Net sales	1-9/2005	1-9/2004	Change, %	1-12/2004
Finland	18 881	16 418	15.0	24 088
Scandinavia	8 709	4 584	90.0	7 078
Europe	5 043	3 737	34.9	5 224
Others	1 524	1 043	46.1	1 425
Net sales between segments	-4 377	-2 449	78.7	-3 924
Group total (IFRS)	29 780	23 333	27.6	33 891
Group total (FAS)		22 491	32.4	32 640



- Operating profit EUR 2 451 thousand (EUR 4 296 thousand)
 - Decrease by 43.0 percent
 - 8.2 percent (18.4%) of net sales
- Fixed costs EUR 24 073 thousand (EUR 16 930 thousand)
 - Personnel costs EUR 15 966 (EUR 11 161 thousand)
- R&D costs total EUR 4 370 of which EUR 953 thousand capitalized
 - Amortization on R&D costs EUR 220 thousand
- Profit before tax EUR 2 482 thousand (EUR 4 245 thousand)
- Profit for the period EUR 1 806 thousand (EUR 2 492 thousand)

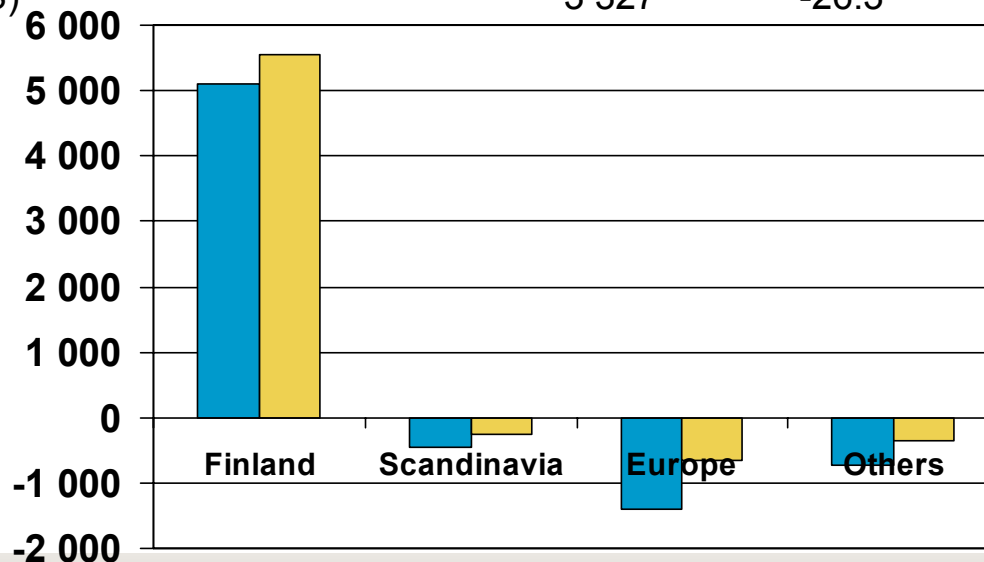
Development of Quarterly Profit

<i>EUR thousand</i>	Q1/05	Q1/04	Q2/05	Q2/04	Q3/05	Q3/04	Q4/05	Q4/04
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Depreciation and write-offs	217	188	267	182	316	177		186
Other operating expenses	2 360	1 724	2 953	2 028	2 794	2 017		2 457
Operating profit	534	1 252	1 349	1 779	567	1 266		1 960



Operating Profit by Primary Segment

Operating profit	1-9/2005	1-9/2004	Change, %	1-12/2004
Finland	5 109	5 560	-8.1	8 185
Scandinavia	-451	-263	-71.3	-189
Europe	-1 414	-644	-119.6	-1 133
Others	-723	-356	-102.8	-608
Op. profit between segments	-70			
Group total (IFRS)	2 451	4 296	-43.0	6 256
Group total (FAS)		3 327	-26.3	4 663



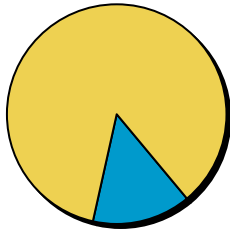


- Total assets on the balance sheet EUR 32 374 thousand (EUR 17 365 thousand)
- Cash and cash equivalents EUR 10 514 thousand (EUR 5 234 thousand)
- Cash flow from operations EUR 1 215 thousand (4 143 thousand)

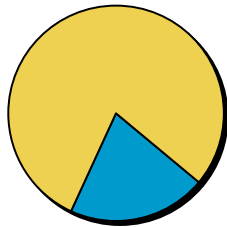
- Equity ratio 64.4% (59.4%)
- Gearing -42.4% (-33.7%)

- Acquisitions approx. EUR 4 451 thousand in total
 - Intangible assets (customer relationships and products, with deferred tax liabilities) EUR 1 308 thousand and goodwill EUR 3 104 thousand

- Gross investments EUR 6 164 thousand (EUR 1 149 thousand)
 - Of which capital expenditure EUR 600 thousand
 - Includes acquisitions and capitalized R&D costs



14.7% of net sales



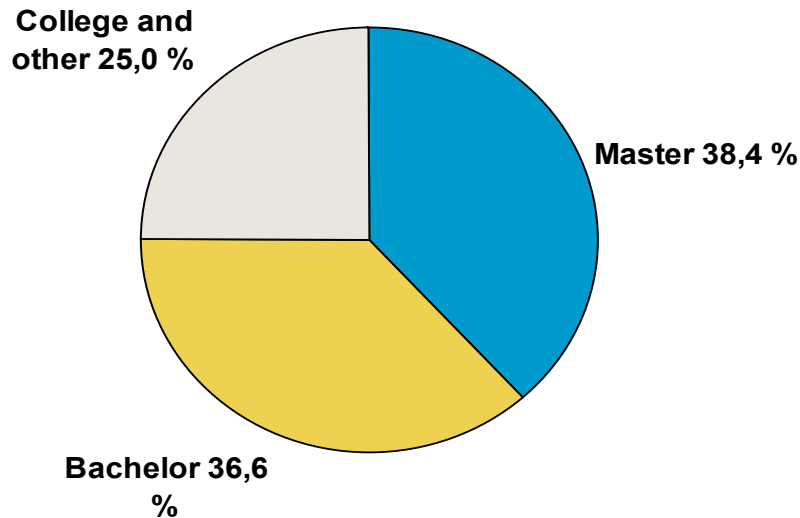
20.8% of personnel

- Product development costs
 - EUR 4 370 thousand (EUR 3 194 thousand)
 - Of net sales 14.7% (13.7%)
 - Growth by 36.8% (including Product & Technology); or 22.5% when compared with costs of the R&D unit only
 - EUR 953 thousand i.e. 21.8% of costs capitalized
- Software production personnel 80 (62)
 - Of total personnel 20.8%
 - R&D combined with Products & Technology unit into Software Production function
 - R&D mainly in Finland (Espoo, Tampere, Pori), also a small unit in Norway

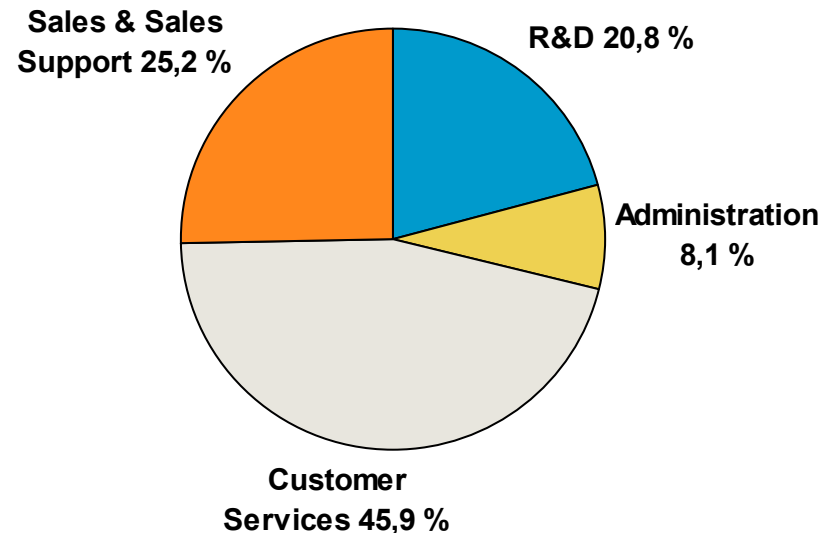
Facts

- In total 385 (288) employees at end of September
- Growth by 33.7%; 9 new persons from Trivet
- Finland 59.7%, international 40.3%
- Average age 34.8 years

Education



Personnel Groups



Share Capital and Equity

- Number of shares 9 666 298 on September 30, 2005
- Share capital EUR 2 899 889.40
 - Increase of EUR 10 923 based on warrants
 - Increase of EUR 14 460.30 based on a directed offering to Trivet Software's shareholders
- Warrant Programs:

Share subscriptions	Finland I	Finland II	Total
2004 – Q2 2005	165 087	6 000	171 087
Q3 2005	28 730	7680	36 410
October 6, 2005 (not in Trade Register yet)	138 350	19 000	157 350
Total subscribed	332 167	32 680	364 847
Unsubscribed	87 833	177 320	265 153



- Number of shareholders 22 528 (24 607) at the end of September

Share price development 1-9/2005:

- Average price of the share EUR 9.08 (EUR 8.99)
- Closing price EUR 11.74 (EUR 9.66)
- Highest price EUR 11.97, lowest price EUR 7.70

- Traded shares 2 415 thousand (1 562 thousand)
 - 25.9% (18.3%) of all shares

- Market capitalization EUR 113 482 339 (EUR 82 598 796)

- **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*



Thank you!