

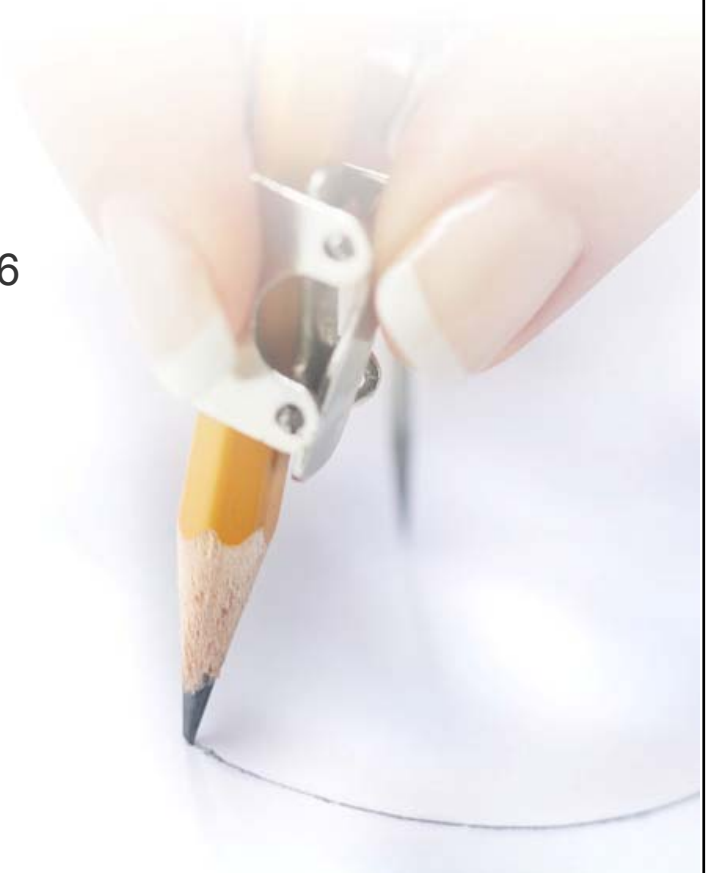
BasWare in Q2 2006

CEO Ilkka Sihvo

July 11, 2006

Contents

- ▶ Business Review of Q2 2006
- ▶ Financial Review of H1 and Q2 2006
- ▶ Future Outlook



Business Review of Q2 2006

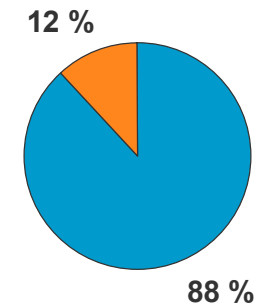


Key Events in Q2 2006

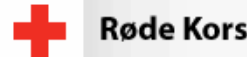
- ▶ Growth of net sales continued – 32 percent including Analyste
 - Net sales EUR 15 813 thousand (EUR 11 963 thousand)
 - International operations 44% of net sales
- ▶ Operating profit growth of 79 percent to EUR 2 409 thousand
 - 15.2 percent of net sales
- ▶ Successful sales cases in all market areas
 - The City of Helsinki is a significant milestone in Purchase Management
 - Large new customers in the US such as Sonic Corporation
 - Agreement signed for the first implementation in Asia
- ▶ 2 new business partners and co-sales agreement with Xerox USA
 - Partnership with the information management and storage company EMC will strengthen the reseller channel in H2 2006
 - Net share of resellers 12 percent (17%) of total product sales

Business Operations in Q2 2006

- ▶ Enterprise Purchase to Pay
 - Growth 35 percent
 - 30 (41) new customer agreements for BasWare main products in 10 countries; 33 agreements for Analyste products in Finland
- ▶ Financial Management
 - Growth 17 percent
 - 17 (11) new agreements for main products in Finland and Norway
- ▶ Business Transactions
 - Over 1.2 million electronic invoices transmitted in the quarter
 - Increase of 79% compared with Q2 2005 and 11% compared with Q1 2006



New Customer Agreements Q2 2006



better work, better life



Nordic Operations in Q2 2006

Nordic

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



Q2 2006

- Growth of net sales 43% in Finland, 14% in Scandinavia
- Achieved the net sales objective as a whole
 - Norway, Denmark and Finnish Financial Management unit surpassed their sales objectives
 - Finnish Enterprise Purchase to Pay unit achieved its objective
 - Sweden achieved its objective moderately

European Operations in Q2 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



Q2 2006

- One new business partner; 27 partners in total at end of the quarter
- Was somewhat behind the net sales objective as a whole; decrease of net sales 7%
 - UK achieved its sales objective
 - Germany and the Netherlands were somewhat behind their sales objectives
 - France was behind its objective

Operations outside of Europe in Q2 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

Q2 2006

- One new business partner and co-sales agreement with Xerox; 8 partners in total at end of the quarter
- Achieved the net sales objective; growth 118%
- New country manager started in April
- Sonic Corp. the largest new case in the quarter



Asia Pacific

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

Q2 2006

- Achieved the sales objective
- Agreement signed for the first installation in Asia

Current Product Portfolio

BasWare
main
products

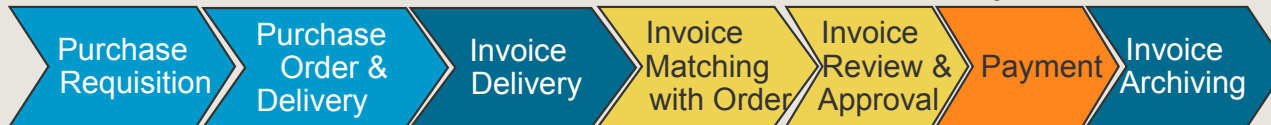
**BasWare
Purchase
Management**

**BasWare
Business
Transactions**

**BasWare
Invoice
Processing**

BasWare Travel & Expense Management

BasWare Enterprise Purchase to Pay



From Need to Payment

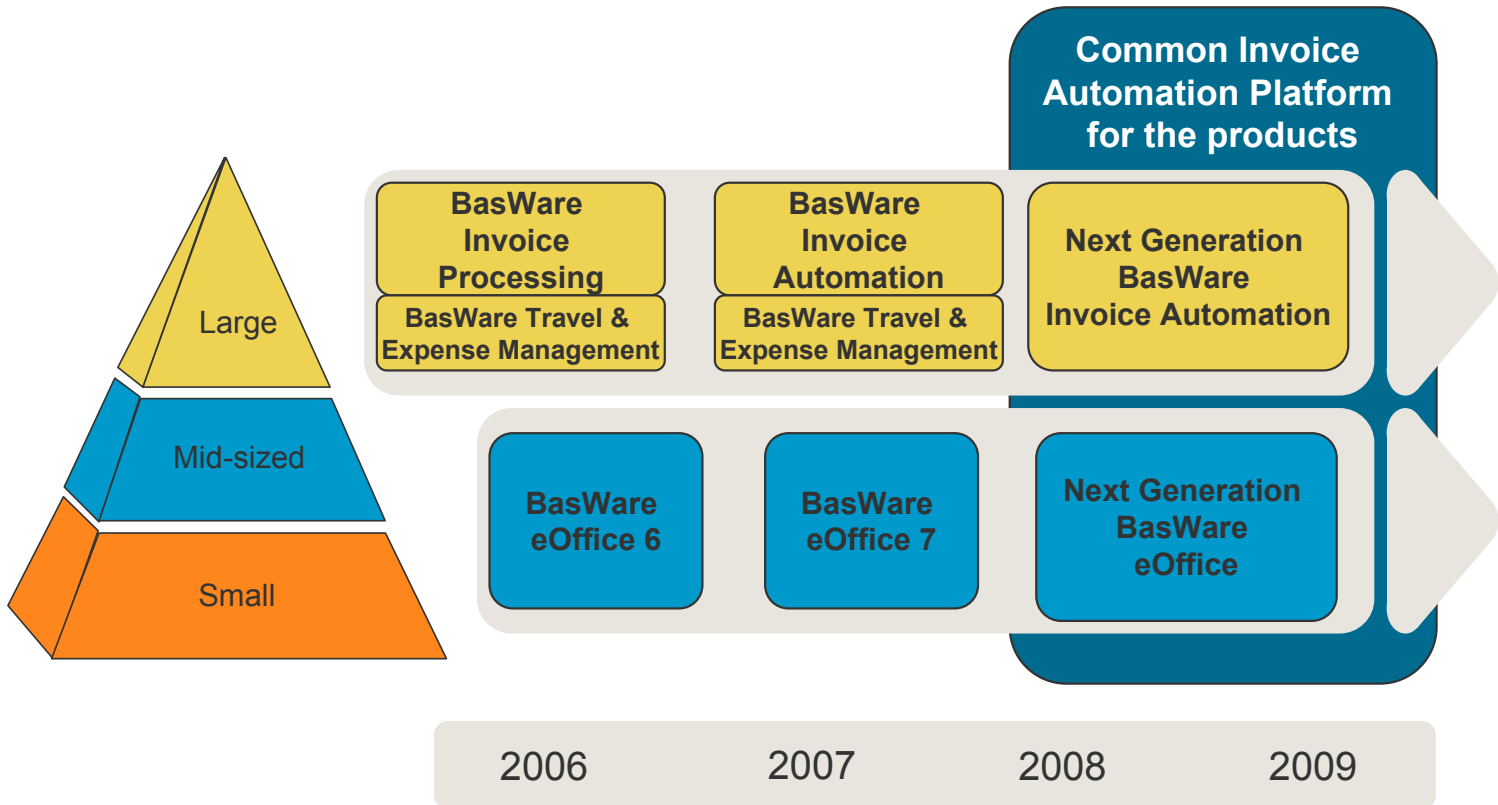
Analyste
products

Analyste e-Office

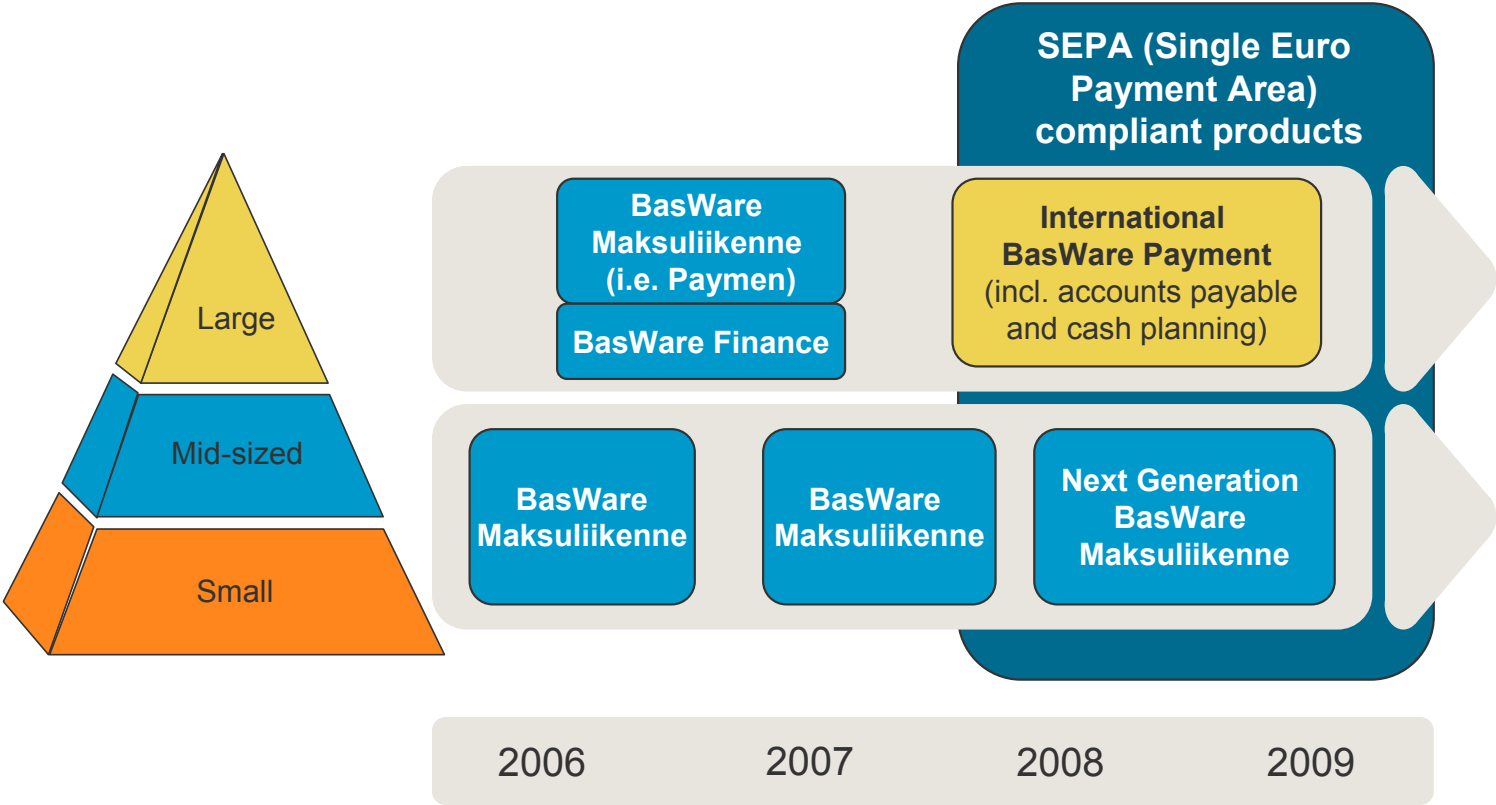
**Analyste Banking,
In-House Banking
and Finance**

Analyste iBanking and Cashier Point

Roadmap for Invoice Automation



Roadmap for Payment Solutions

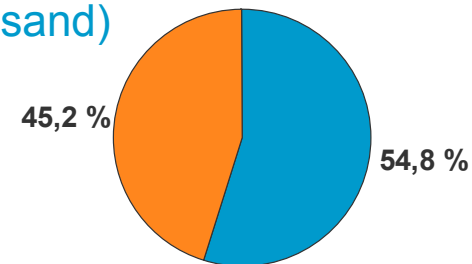


Financial Review of H1 2006



Development of Net Sales H1 2006

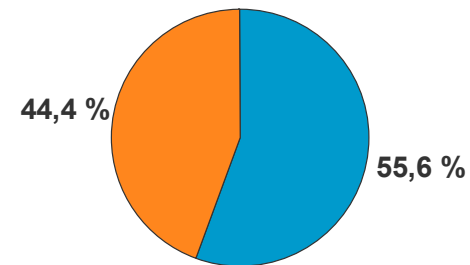
- ▶ Net sales EUR 30 056 thousand (EUR 20 490 thousand)
 - Growth 47 percent; 20 percent compared with the H1 2005 pro forma net sales (BasWare + Analyste)
- ▶ Resellers' share 15 percent (19%) of total product sales
 - EUR 1 455 thousand (EUR 1 410 thousand)
- ▶ Resellers' share 26 percent (34%) of international product sales
- ▶ Growth of international net sales 31 percent (45%)



■ Finland ■ International

Development of Net Sales Q2 2006

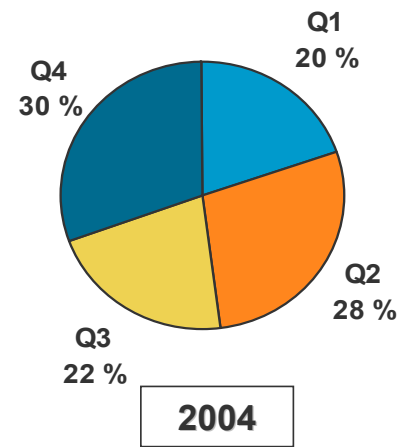
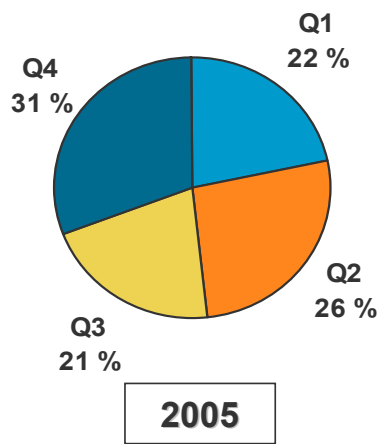
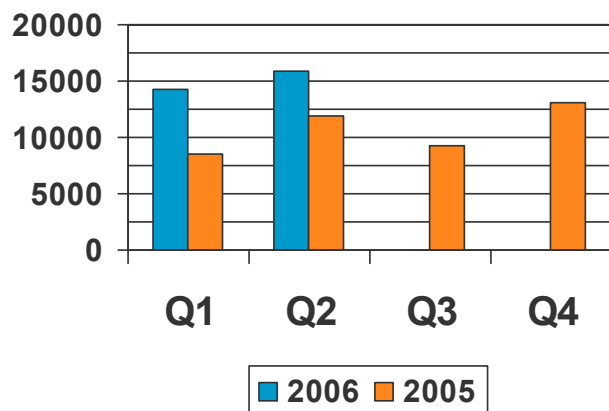
- ▶ Net sales EUR 15 813 thousand (EUR 11 963 thousand)
 - Growth 32 percent
- ▶ Resellers' share 12 percent (17%) of total product sales
 - EUR 634 thousand (EUR 762 thousand)
- ▶ Resellers' share 21 percent (32%) of international product sales
- ▶ Growth of international net sales 12 percent (61%)



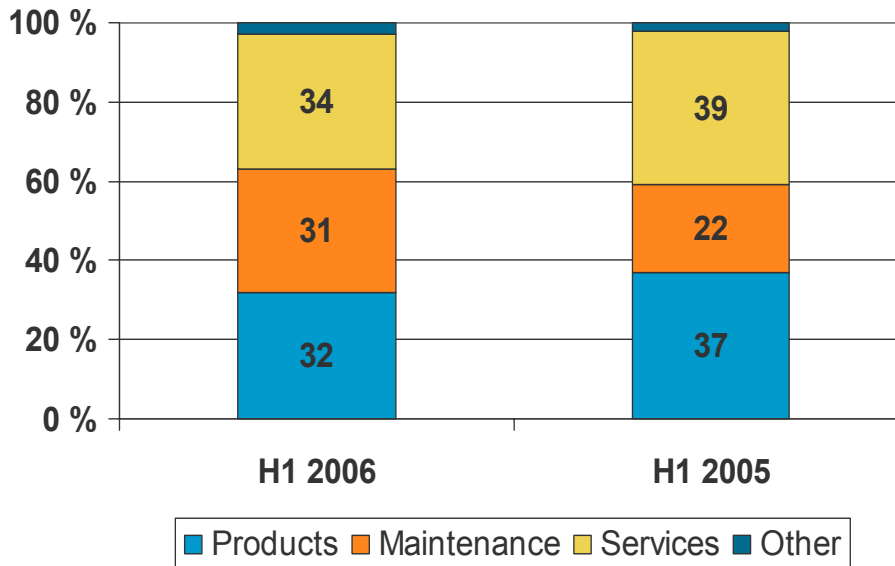
■ Finland ■ International

Development of Quarterly Net Sales

<i>EUR thousand</i>	Q1/06	Q1/05	Q2/06	Q2/05	Q3/06	Q3/05	Q4/06	Q4/05
Net sales	14 243	8 527	15 813	11 963		9 289		13 031
Growth %	67,0 %	16.2%	32,2 %	33.8%		31.7%		23.4%
Other operating income	41	21	61	13		13		13
Materials and services	778	694	689	1 031		778		669
Personnel expenses	8 259	4 743	8 710	6 375		4 847		6 604
Depreciation & amortization	453	217	488	267		316		277
Other operating expenses	3 454	2 360	3 578	2 953		2 794		3 190
Operating profit	1 339	534	2409	1 349		567		2 305



Net Sales by Operation H1 2006



Note the segment division

Products =

License sales of own software products, also through ASPs

Maintenance & Support =

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

Consulting & Services =

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

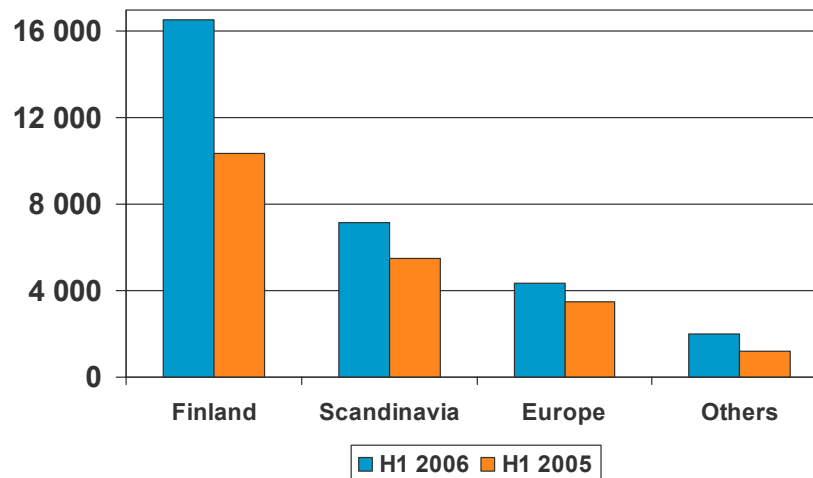
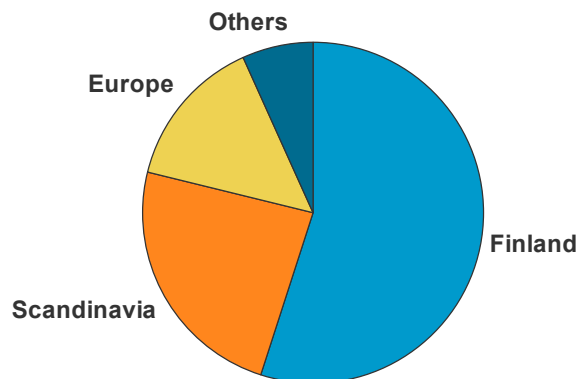
Other =

Mainly sales and maintenance of third party hardware and software

- ▶ Growth of product sales 27 percent
- ▶ Growth of maintenance revenue 100 percent
- ▶ Growth of services revenue 30 percent

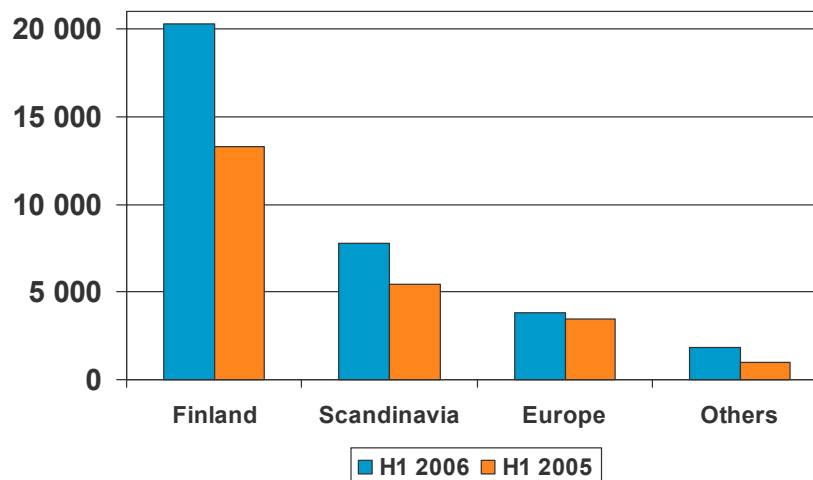
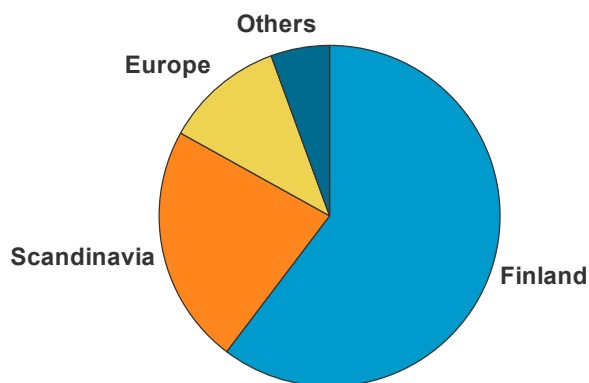
Net Sales by Geographic Area

Net sales	1-6/2006	1-6/2005	Change, %	1-12/2005
Finland	16 533	10 353	59.7	20 840
Scandinavia	7 138	5 468	30.5	12 639
Europe	4 362	3 468	25.8	6 854
Others	2 022	1 201	68.4	2 477
Group total	30 056	20 490	46.7	42 810



Net Sales by Primary Segment

Net sales	1-6/2006	1-6/2005	Change, %	1-12/2005
Finland	20 325	13 293	52.9	27 214
Scandinavia	7 749	5 472	41.6	12 571
Europe	3 848	3 455	11.4	6 917
Others	1 867	1 017	83.6	2 194
Net sales b/w segments	-3 733	-2 747	35.9	-6 085
Group total	30 056	20 490	46.7	42 810



Development of Profit H1 2006

- ▶ Operating profit EUR 3 749 thousand (EUR 1 884 thousand)
 - 13 percent (9%) of net sales
 - Growth 99 percent; 29 percent compared with the H1 2005 pro forma

- ▶ Fixed costs EUR 24 001 thousand (EUR 16 432 thousand)
 - Personnel costs EUR 16 969 thousand (EUR 11 119 thousand)
 - Re-structuring costs due to the acquisition approx. EUR 230 thousand

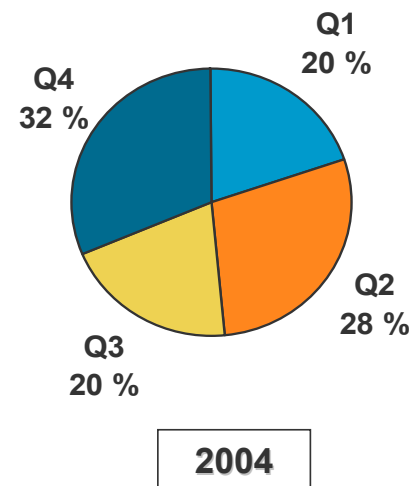
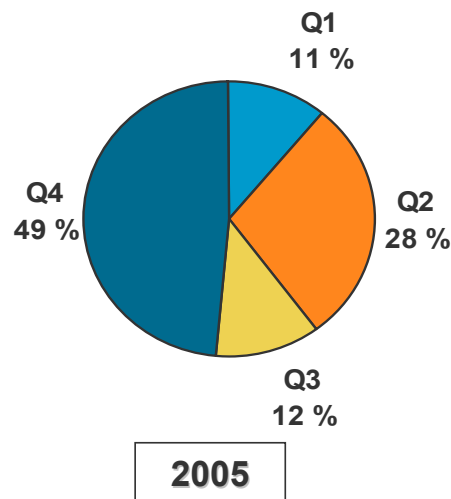
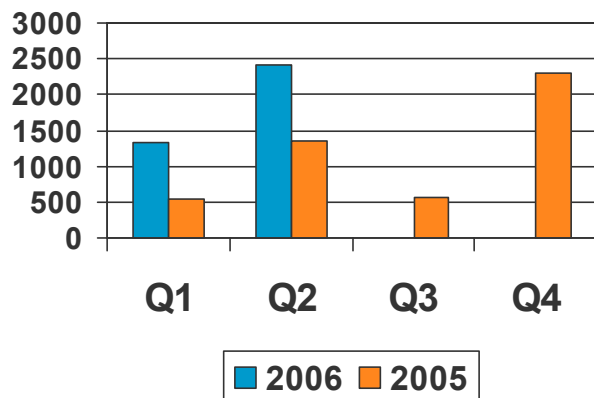
- ▶ Profit before tax EUR 3 866 thousand (EUR 1 901 thousand)
- ▶ Profit for the period EUR 2 570 thousand (EUR 1 270 thousand)
- ▶ EPS EUR 0.24 (EUR 0.14)

Development of Profit Q2 2006

- ▶ Operating profit EUR 2 409 thousand (EUR 1 349 thousand)
 - 15 percent (11%) of net sales
 - Growth 79 percent
- ▶ Fixed costs EUR 12 288 thousand (EUR 9 329 thousand)
 - Personnel costs EUR 8 710 thousand (EUR 6 375 thousand)
 - Re-structuring costs due to the acquisition approx. EUR 60 thousand
- ▶ Profit before tax EUR 2 449 thousand (EUR 1 362 thousand)
- ▶ Profit for the period EUR 1 458 thousand (EUR 1 153 thousand)
- ▶ EPS EUR 0.13 (EUR 0.12)

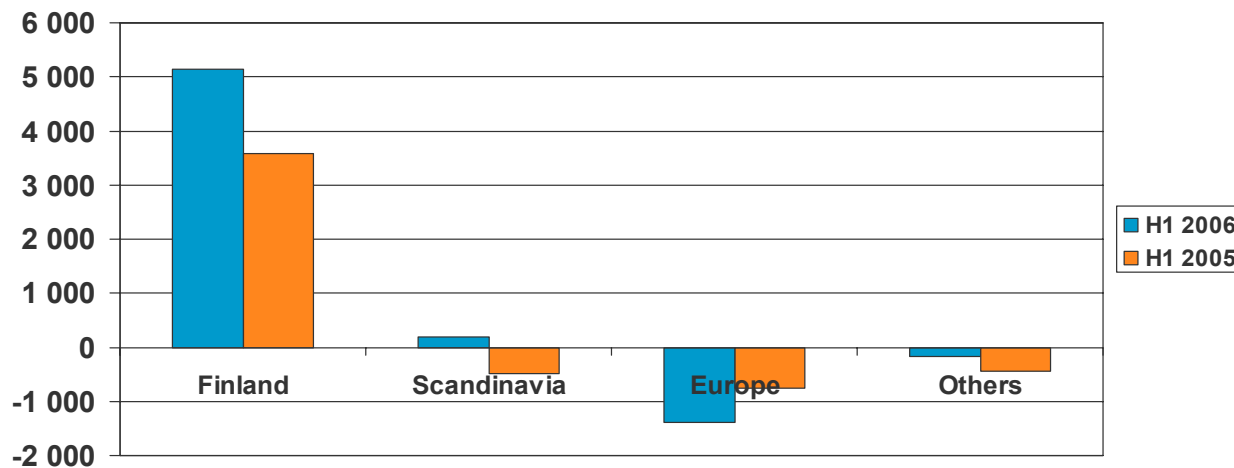
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Operating Profit by Primary Segment

Operating profit	1-6/2006	1-6/2005	Change, %	1-12/2005
Finland	5 148	3 591	43.3	8 232
Scandinavia	184	-484	138.0	-342
Europe	-1 388	-750	-84.9	-2 169
Others	-164	-447	63.3	-917
Operating profit b/w segments	-31	-26	19.2	-47
Group total	3 749	1 884	99.0	4 756



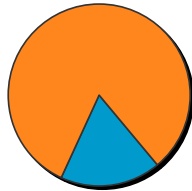
Finance and Investments

- ▶ Total assets on the balance sheet EUR 61 136 thousand (EUR 31 192 t)
- ▶ Cash and liquid assets EUR 11 312 thousand (EUR 10 058 t)
- ▶ Cash flow from operations EUR 6 568 thousand (EUR 445 t)

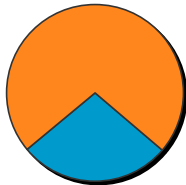
- ▶ Equity ratio 71 percent (63%); gearing -23 percent (-43%)
- ▶ Return on equity 15 percent (16%); return on investment 23 percent (22%)

- ▶ Total gross investments EUR 23 074 thousand (EUR 4 330 thousand)
 - Capital expenditure EUR 450 thousand
 - Capitalized R&D costs EUR 1 755 thousand
 - Acquisitions EUR 20 549 thousand

Research and Development



18% of
net sales



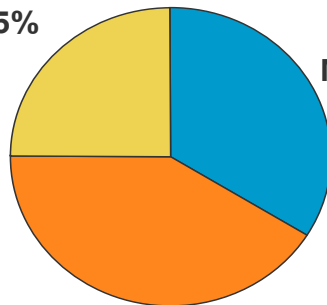
27% of
personnel

- ▶ Product development costs in H1
 - EUR 5 445 thousand (EUR 3 099 thousand)
 - Growth by 76%; comparable growth 21%
 - EUR 1 117 thousand i.e. 21% of costs capitalized
 - Q2 product development costs EUR 2 806 thousand (EUR 1 780 thousand); growth 6% from Q1 2006
- ▶ Software production personnel 136 (80) at end of June
 - Units in Finland and Norway

Personnel

- ▶ In total 507 (366) employees at end of June
- ▶ Decrease 1 % compared with the previous quarter
- ▶ 67 percent in Finland; 33 percent abroad
- ▶ Average age 35.4 years

College and other 25%

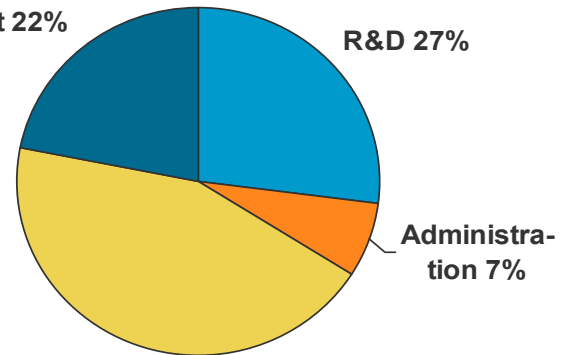


Bachelor
41%

Master 34%

Education

Sales & Sales Support 22%



Customer Services
44%

R&D 27%

Administration 7%

Personnel Groups

Share and Shareholders



- ▶ Number of shareholders 20 651 (23 119) at end of June
- ▶ Share price development during January–June:
 - Average price of the share EUR 13.35 (EUR 8.70)
 - Highest EUR 15.25, lowest EUR 11.21
 - Closing price EUR 13.75 (EUR 8.95)
- ▶ Traded shares 3.6 million (1.6 million)
 - 33 percent (17%) of all shares
- ▶ Market capitalization EUR 156 million (EUR 86 million)

Share Capital

- ▶ Number of shares 11 607 435 (9 581 687) at end of June
- ▶ Share capital EUR 3 404 thousand (EUR 2 875 thousand)
- ▶ Further subscription of 119 850 shares accepted by the board in July; share capital increase not yet registered

Share Subscriptions with Warrants	Finland II Program	New Program 2006
Total number of warrants	210 000	300 000
Subscribed in 2005	32 680	0
Subscribed in 2006	127 350	0
Total subscribed	160 030	0
End of subscription time	30.6.2006	31.3.2011
Nullified / unsubscribed	49 970	300 000

Outlook for 2006 remains unchanged

- ▶ Growth of net sales approx. 45 percent
 - Compared with BasWare's net sales of the financial year 2005
- ▶ Operating profit over 15 percent of net sales

- ▶ International growth
 - Own sales activities by subsidiaries
 - Further development of the reseller channel, especially in Europe and USA
- ▶ Growth in Scandinavia
 - Enhancing product portfolio: new Travel & Expense Management, enhanced Purchase Management, the e-invoicing service, Financial Management
- ▶ Growth in Finland
 - Acquisition of Analyste significantly increases both net sales and profitability; Analyste profitability to remain in good level

- ▶ Review of acquisition possibilities to continue
 - 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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