

ReadSoft's Year-End Report January-December 2010

Jan Andersson
President and CEO

READSOFT[®]

Facts about ReadSoft

- Founded in 1991
- IPO in 1999
- Approx. 460 employees in 16 countries
- Over 6,500 customers in 70 countries



The ReadSoft share, December 31, 2010

- 4,204 shareholders
- 54 percent of the capital owned by institutions
- Major institutional shareholders:

Skandia	6.1%
Länsförsäkringar Fonder	4.1%
Ponderus Securities AB	4.1%
Öhman IT Fond	4.1%
Unionen	3.7%
Försäkrings AB Avanza Pension	3.7%
Swedbank Robur Fonder	2.1%
Nordnet Pensionsförsäkring AB	1.6%
- 91 percent of the capital is owned by Swedish shareholders





Our Business

Document Process Automation

Business drivers

- New efficient organization models, e.g. networks
- Service centers
- Outsourcing projects
- Electronic business and information exchange
- Compliance, e.g. SOX

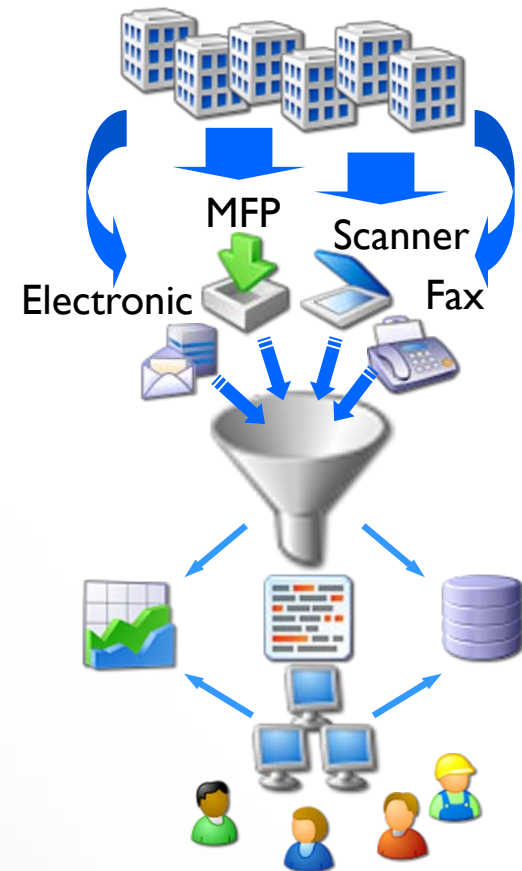
Customer benefits

- Increased efficiency
- Saves money
- Saves time
- Creates flexibility and dynamics
- Increases data quality and enhances the quality of working processes
- Improves security and traceability

Automates document processes...

Business areas

- Purchasing
- Orders
- Applications
- Claims
- Questionnaires
-



... within all kinds of industries

Industries

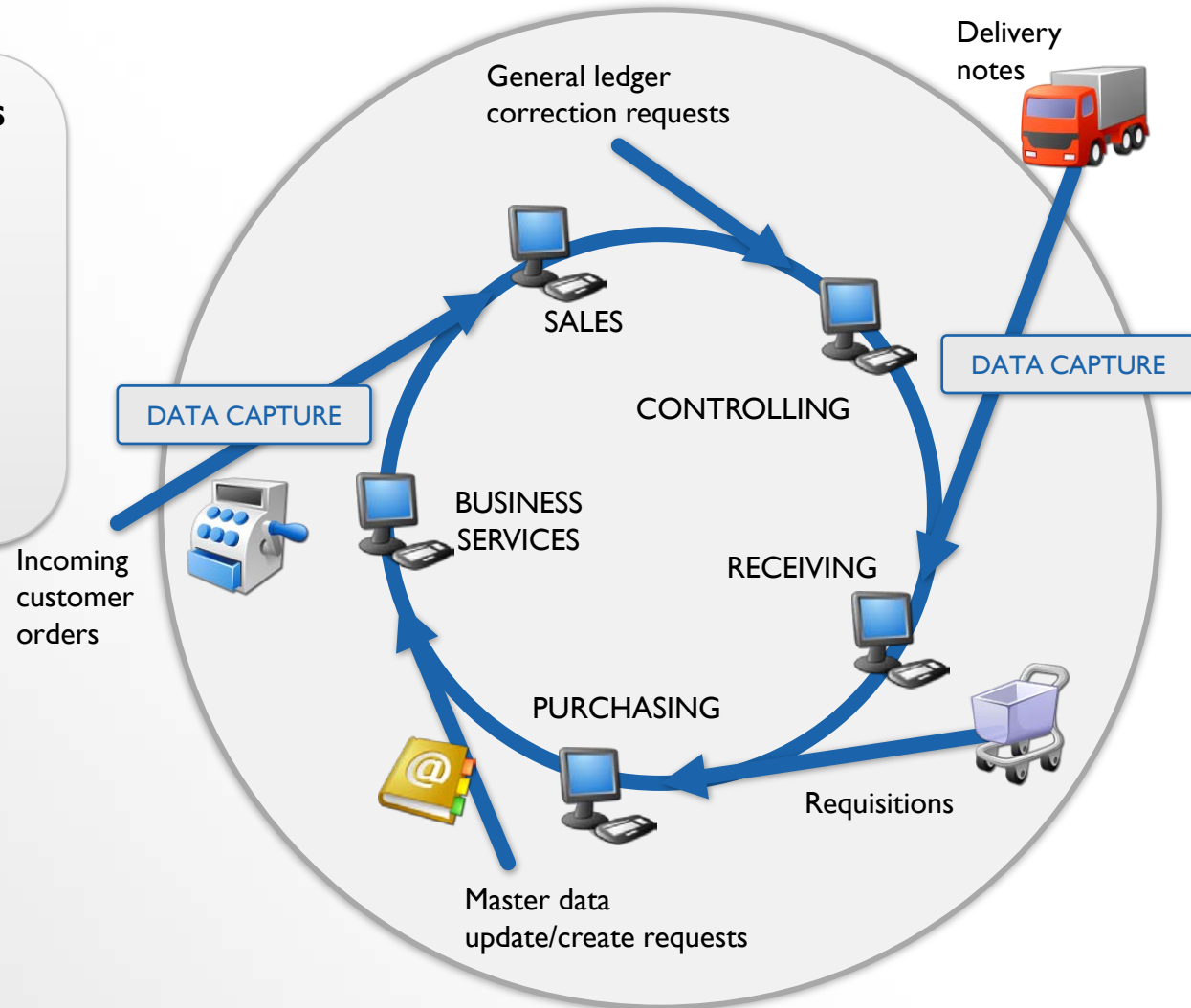
- Manufacturing
- Retail
- Bank and finance
- Insurance
- Government
-



The purchasing process as an example

Documents and requests

- Purchase requisitions
- Supplier invoices
- Order confirmation
- Delivery notes
- General ledger changes
- Master data updates



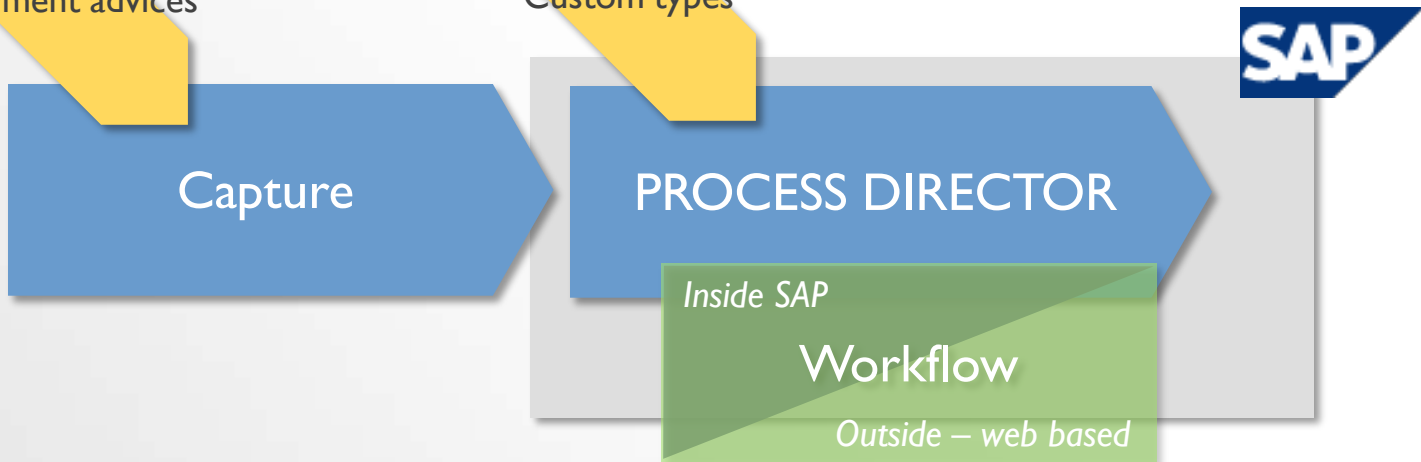
ReadSoft B2B process automation

Document driven processes

- Sales orders
- Delivery notes
- Invoices
- Payment advices

Request driven processes

- Requisitions
- General Ledger changes
- Master data changes
- Custom types



Some of the world-class performers

AVON TOYOTA AUDI BANK OF ENGLAND

CEMEX
Building the future™

Abbey Yves Rocher ING

SANDVIK

PORSCHE

ThyssenKrupp

TOTAL

sema

Adecco Group

dubal
Dubai Aluminium

LEGO just imagine...

SAS

citibank

afa
FÖRSÄKRING

PEPSICO

ABB

Q8

Boehringer Ingelheim

SIEMENS

HSBC

HCF
We're different.™

coop
supermarkten

Schneider Electric

VOLVO

Miele

RBS
The Royal Bank of Scotland

adidas TESCO THE GALLUP ORGANIZATION

GREEN MOUNTAIN POWER
Generating Possibilities

LOCKHEED MARTIN

if...

Länsförsäkringar
Bank & Försäkring

AGC

Whirlpool CORPORATION

National Semiconductor

DnB NOR

and many more...

Document Process Automation - Economical and Ecological

- An average invoice is copied 5-11 times during its lifetime
- ReadSoft customers process 270 million invoices every year
- This means that 1.4 billion paper copies do not have to be made
- This equals about 3,000 trees or 2,000 tons of CO₂ emissions

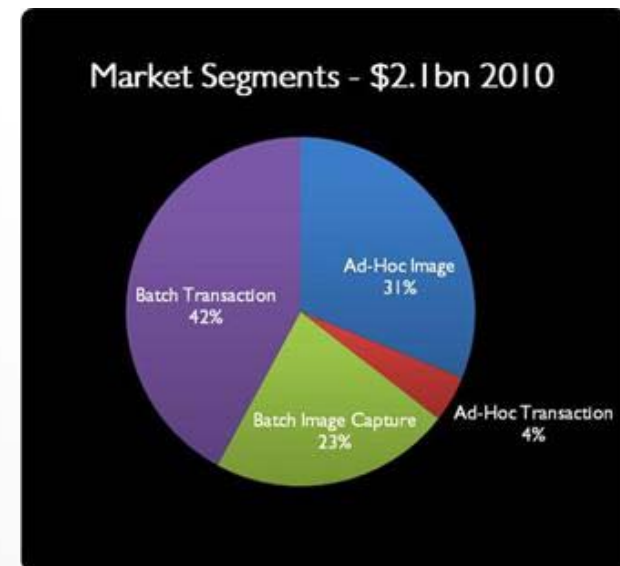
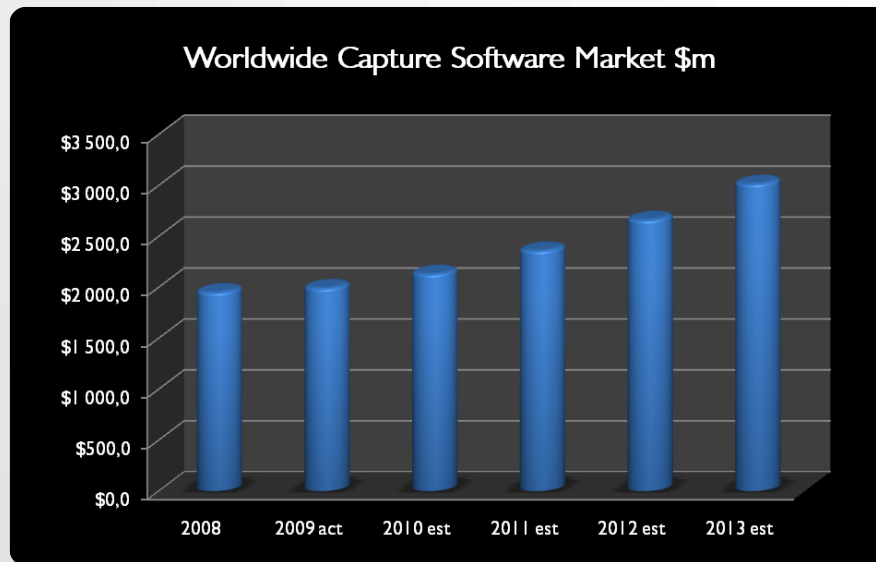




Market Overview

The market grows steadily

- The total market:
 - Projected annual growth rate of 10.9 percent per year
 - By 2012-2013, the market will grow to USD 3.0 billion
- The largest segment:
 - Total market (Batch Transaction) 2009 was approx. USD 900 million
 - Growth 2009-2010 approx. 13 percent



Source: Harvey Spencer Associates

Gartner about ReadSoft

- Gartner sees ReadSoft as being the “premium product for AP invoice automation” and often recommends ReadSoft for deals with SAP and other ERP systems.
- ReadSoft is listed as “Best” in the “Invoice Automation Solution” vendor ranking
 - Vendors are ranked by 3 categories: Basic, Better, Best

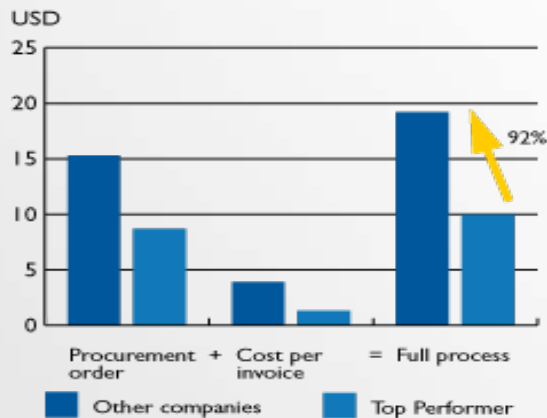
Source: John Van Decker, Research VP, Gartner, Dec 2009

We create world class performers

The Hackett Group consulting firm states that:

- Only 17 percent of today's Fortune 1000 corporations use invoice automation and extraction as their primary solution for handling paper invoices
- World Class Performers have a process cost per purchase order that is 92 percent lower than the average performer

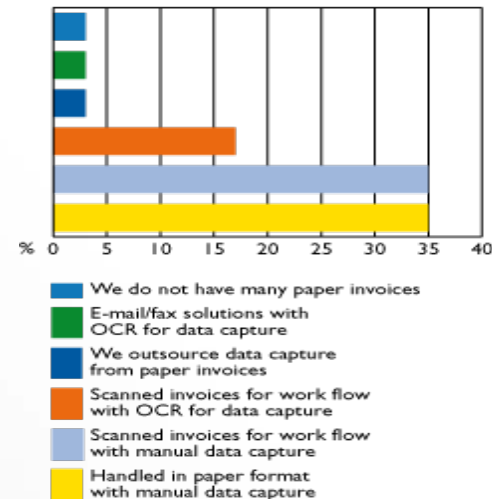
Process cost per transaction
(Labor and outsourcing)



For a median company, this is equivalent to a savings of USD 2 to 3 million in terms of the total administration of purchases.

Source: The Hackett Group

Handling of paper invoices, %



The Hackett Group's surveys indicate major growth potential in the market for automated invoice processing systems (Scanned invoices for work flow and OCR for data capture).

Source: The Hackett Group

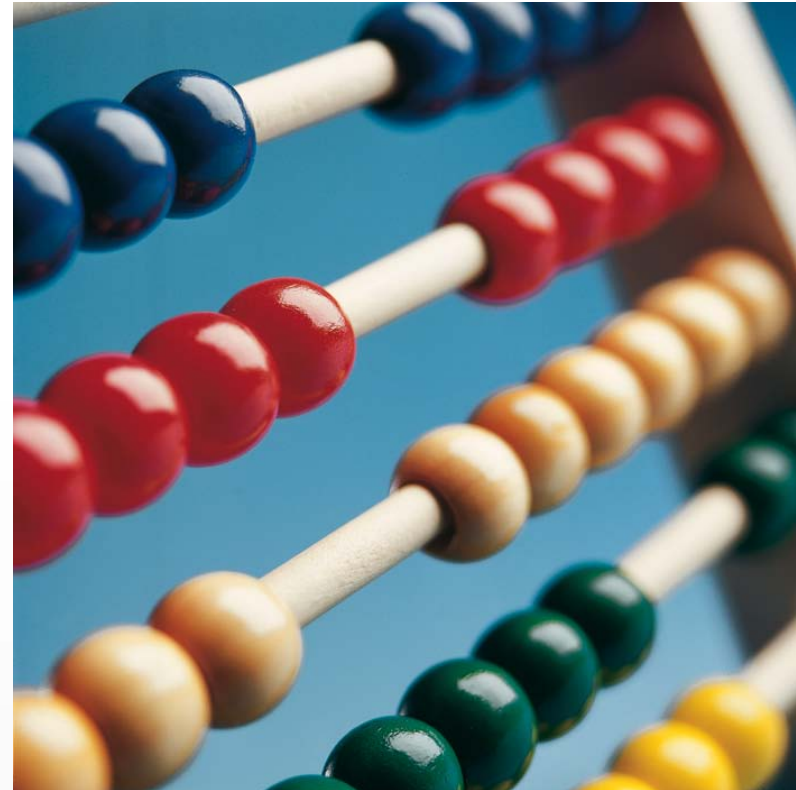
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Financial Development Q4 10 and the Full Year 2010

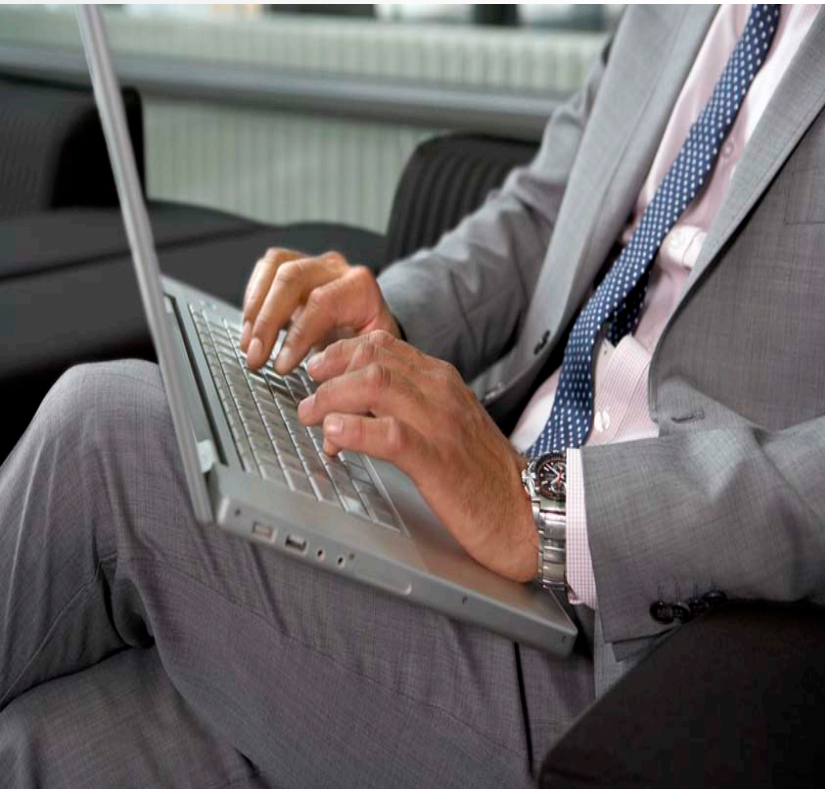
Net sales and profit/loss Q4 10

- Sales increased with 7% and amounted to 179.5 (167.4) MSEK. In local currencies the growth was 13%
- Operating profit EBITDA improved with 73% to 37.6 (21.6) MSEK
- Profit before tax increased heavily to 36.8 (21.4) MSEK
- Cash-flow from operating activities decreased to 22.3 (30,3) MSEK

Numbers and comments compared to the corresponding period the previous year



To notice during the quarter



- Licens sales increased with 17% in local currencies
- Operating margin EBITDA for Q410 is over 20%
- Growth in all markets

Net sales and profit/loss during 2010

- Sales amounted to 618.2 (617.7) MSEK (underlying growth of 6% in local currencies)
- Operating profit EBITDA increased with 93% to 56.5 (29.1) MSEK
- Profit before tax improved significantly to 49.5 (11.3) MSEK
- Cash-flow from operating activities amounted to 73.1 (102.5) MSEK

Numbers and comments compared to the corresponding period the previous year



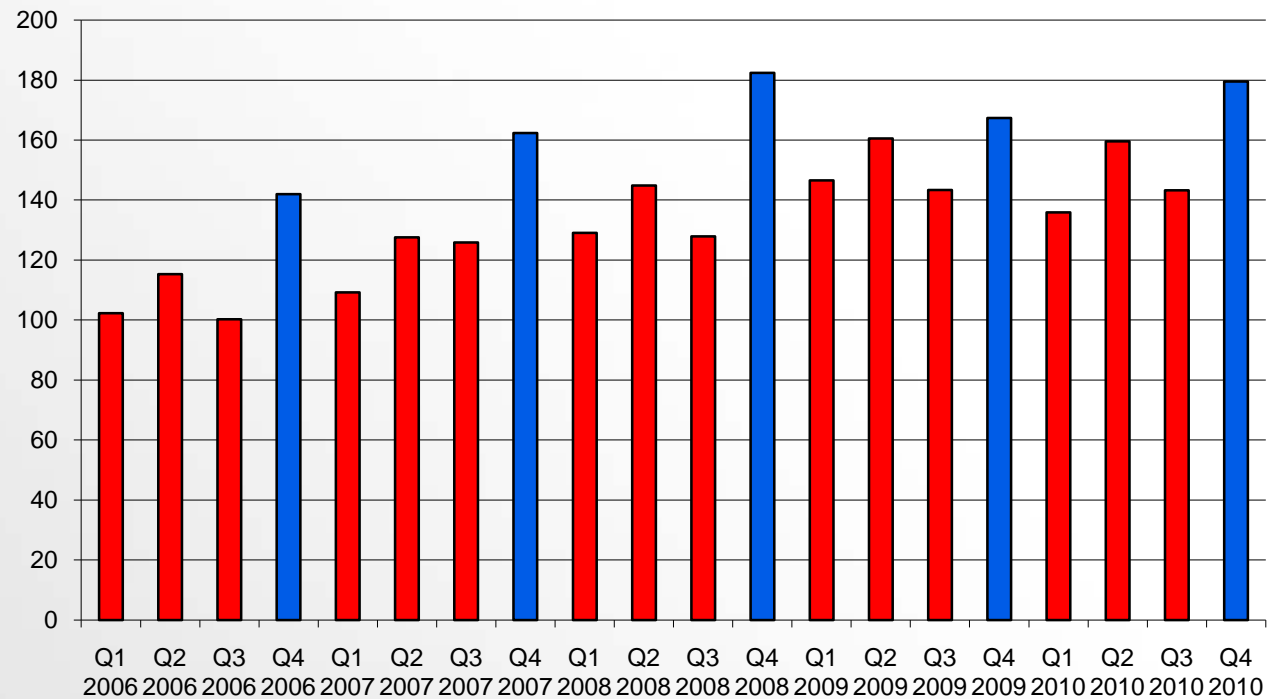
To notice during 2010



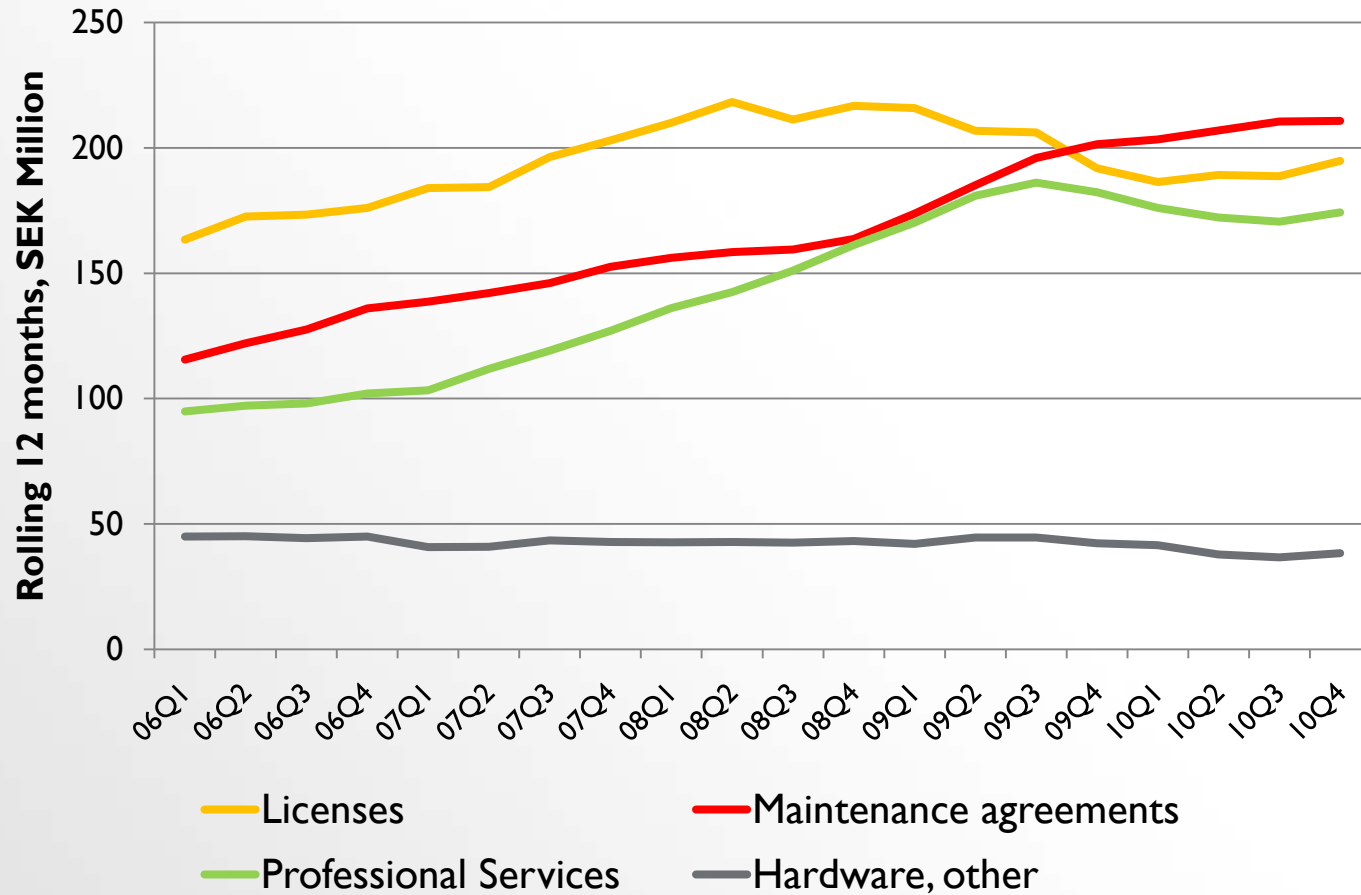
- The market has gradually improved over the year
- A strong Swedish krona dampens earnings and conceal the real growth in local currencies
- Considerably improved result gives a operating margin of 9.1% for the full year (EBITDA)
- Accelerating license sales during the year
- Several new products have been rolled out successfully
 - PROCESS DIRECTOR
 - REPORTER

Sales per quarter

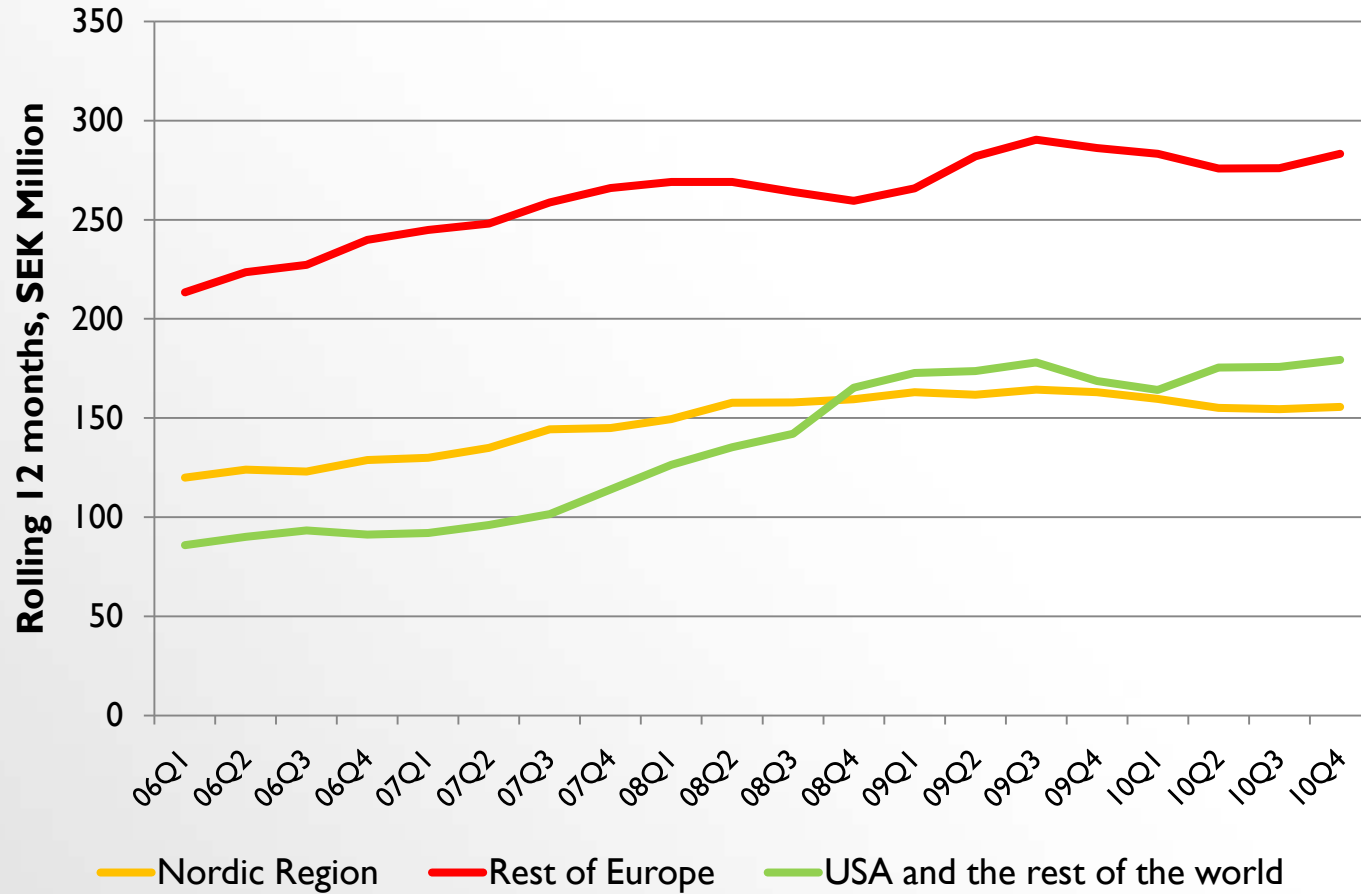
SEK Million



Revenue distribution



Sales per geographic market





Going Forward

Focus on



- Profitability and cash-flow
- Growth and partner sales
- Additional sales of new products to our existing customer base
- Increasing the average deal size towards new customers
- Drive the growth of our pipeline harder with more effective marketing

Market situation and the future



- We anticipate a continued positive market, possibly with temporary setbacks
- We expect that the Swedish krona is further strengthened during the year
- Positive trends for ReadSoft:
 - Strong market position – worldwide market leader
 - New products are being very well received



Financial calendar

Interim Report January-March 2011	May 3, 2011
Annual General Meeting	May 3, 2011
Interim Report January-June 2011	July 19, 2011
Interim Report January-September 2011	October 24, 2011

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