

November 9, 2005, at 9.00 a.m. (EET)

## **ALDATA SOLUTION INTERIM REPORT JANUARY - SEPTEMBER 2005**

### **Strong organic growth and improved profitability**

#### **Summary of third quarter:**

- Net sales were EUR 19.8 million (EUR 15.7 million, comparable EUR 14.2 million) which represent 39% comparable growth on third quarter of 2004
- Gross profit was EUR 16.7 million, a 49% increase compared to the comparable figure in third quarter 2004
- Operating profit, EBIT, was EUR 1.6 million, a EUR 4.1 million increase compared to third quarter 2004
- Net profit was EUR 0.8 million ( EUR -2.7 million) and earnings per share, EPS, were 0.011 (-0.040)
- The order backlog was EUR 18.9 million compared to and a comparable EUR 18.5 million at the end of Q3 2004 and EUR 19.5 million at the end of Q2 2005

#### **Third quarter 2005**

Aldata's net sales were EUR 19.8 million (EUR 15.7 million, comparable EUR 14.2 million), which represents organic growth of 39% over the previous year's comparable net sales (comparable figures exclude Aldata Industries Oy, which was divested in December 2004). Software licenses and maintenance accounted for 27.0% of the net sales (29.0%), development and consulting services for 67.5% (54.6%) and third party licenses and hardware for 5.5% (16.4%).

The Group's gross profit increased by 49% compared to the comparable figure in third quarter 2004 and was EUR 16.7 million (EUR 12.1 million, comparable EUR 11.2 million). Operating profit, EBIT, increased by EUR 4.1 million to EUR 1.6 million (loss of EUR 2.5 million, comparable loss EUR 2.5 million). Net profit increased by EUR 3.5 million to EUR 0.8 million (loss of EUR 2.7 million) and earnings per share, EPS, were 0.011 euros (-0.040 euros).

The 2005 third quarter operating costs include a EUR 0.4 million non-recurring item related to the change of Aldata Group's President and CEO.

Aldata's order backlog includes license and maintenance contracts and fixed price service contracts. The order backlog, which is to be recognized during the next twelve months, was EUR 18.9 million compared to a comparable EUR 18.5 million at the end of Q3 2004 and EUR 19.5 million at the end of Q2 2005.

In the third quarter Aldata and Bewator AB, the acquirer of Aldata Industries Oy, have agreed on certain liabilities linked to the sale of Aldata Industries Oy, which took place in December 2004. As a

result Aldata has waived its right for an earn-out compensation linked to the future performance of Aldata Industries Oy.

### **January – September 2005**

Aldata's net sales were EUR 54.2 million (EUR 48.0 million, comparable EUR 43.0 million), which represents a growth of 26% over the previous year's comparable net sales (comparable figures exclude Aldata Industries Oy, which was divested in December 2004). Software licenses and maintenance accounted for 27.0% of the net sales (24.7%), development and consulting services for 65.7% (59.1 %) and third party licenses and hardware for 7.3% (16.2%).

The Group's gross profit grew by 26% and was EUR 44.9 million (EUR 36.1 million, comparable EUR 33.3 million). Operating profit, EBIT, increased by EUR 7.4 million to EUR 2.4 million (loss of EUR 5.0 million, comparable loss EUR 5.0 million). Net profit increased by EUR 6.6 million to EUR 1.6 million (loss of EUR 5.0 million) and earnings per share, EPS, were 0,024 euros (-0,075 euros).

### **Financing and capital expenditure**

At the end of September 2005 Aldata Group's cash, cash equivalents and marketable securities amounted to EUR 5.2 million (EUR 5.7 million at the end of September 2004) and the balance sheet total stood at EUR 42.5 million (EUR 40.7 million). The Group had EUR 0.2 million interest-bearing debt (EUR 3.0 million) and interest-bearing net liabilities totalled EUR -5.0 million (EUR -2.5 million). At the end of September the Group's short-term receivables totalled EUR 27.9 million (EUR 21.0 million).

On September 30<sup>th</sup> 2005, the Group's solvency ratio was 52.1% (50.0%), gearing was -22.9% (-12.4%), and shareholders' equity per share was EUR 0.322 (EUR 0.298).

Gross capital expenditure by Aldata Group on hardware and software purchases amounted to EUR 0.2 million (0.0 million) during the third quarter and to EUR 0.8 million (0.3 million) during the first nine months of 2005.

### **Market overview**

In the third quarter the market conditions for application software have further improved. In the retail vertical, where Aldata's focus is, an increase in demand for packaged software solutions has become visible. Aldata expects the market conditions to remain strong in the fourth quarter and beyond. This development is strongly supported by the change in retailers' approach towards standardized software solutions. Currently many global retail chains are evaluating a move from proprietary IT systems to packaged solutions.

However, sales cycles for large software projects remain long and the current consolidation within the application software sector has pushed some retailers into postponing their investment decisions.

The key competitive advantage for Aldata against diversified software providers is its deep know-how in retail solutions and strong track-record of successful implementations at the worlds leading retailers. It is clear that the current consolidation within the sector will affect the competitiveness of the various vendors, but Aldata's strategy in focusing on retailer's business critical applications has proved to be valid.

## **Supply Chain Management Software unit**

Net sales of the Supply Chain Management (SCM) Software business unit grew by 50% to EUR 17.6 million (EUR 11.7 million). The gross profit was EUR 14.8 (EUR 9.0) million and the operating profit, EBIT, was EUR 2.3 (EUR -2.1) million.

The positive development of the business unit is attributable to a number of successful Aldata G.O.L.D. implementations. The extensive project with Carrefour has entered in the first countries the roll-out phase and during the third quarter has been extended to cover a total of 15 countries. In addition to ordered extensions by many current customers, Aldata has in the third quarter signed a large Aldata G.O.L.D. implementation project with Interex (Intermarché) covering its operations in the Balkans. In early October Aldata signed its fifth G.O.L.D. customer in the US by making an agreement to deliver the Aldata G.O.L.D. software to Giant Eagle Inc., a multi-billion food and grocery retailer.

Aldata's success in winning large global accounts is a result of Aldata G.O.L.D.'s retail-specific design which enables retailers significantly to increase their operational efficiency. Especially the central management of a retailer's whole supply chain, with one database operating consistently in real-time, and perpetual inventory management are unique qualities of Aldata G.O.L.D. In 2005 Aldata's technology leadership has further been strengthened with the addition of G.O.L.D. Topase, a module for replenishment optimization and forecasting in shops and warehouses, and G.O.L.D. Mobile for mobility in the shops. G.O.L.D. Topase is successfully used by Elidis, the logistics subsidiary of the French brewery Kronenbourg, and by Smart&Final, a leading US based grocery retailer. The new web-based version of G.O.L.D. Mobile has been implemented at Carrefour Thailand and at Delhaize in France.

Aldata's retail-specific approach, extensive product offering and successful track-record in managing demanding projects give confidence for the future. With 50% organic growth in the third quarter, Aldata's SCM unit has clearly outperformed the growth of its competitors.

## **In-Store Software unit**

Net sales of the In-Store Software business unit decreased to EUR 2.3 million (EUR 2.4 million). The gross profit was EUR 1.9 (EUR 2.2) million and the operating profit, EBIT, was EUR -0.7 (EUR -0.3) million. In Finland the In-Store unit has been significantly increasing its sales and has further strengthened its leading position as a supplier of point-of-sales solutions for Finnish retail chains. Also in terms of profitability, the Finnish unit is performing very well and restructuring measures taken at the end of last year have clearly improved the efficiency of the unit. However, performance in rest of the Nordic region has been weaker than expected and measures to increase the performance have been taken.

In 2005 significant investments in the development of the new G.O.L.D. POS software have been made. This new product, which is based on the G.O.L.D. SCM product technology, enables a seamless integration of Aldata's In-Store and Supply Chain Management solutions. Aldata sees significant growth opportunities in offering a complete end-to-end solution, where retailers can centrally manage the whole supply chain, from suppliers' factories to store front doors.

## **Personnel**

Aldata Group employed 561 (533) persons at the end of the review period and on average had 538 (523) employees during the review period. The personnel growth rate was 21% in the Supply Chain Management Software business unit, whereas the number of personnel declined by 8% in the In-Store Software business unit. Geographically, the growth was strongest in Aldata subsidiaries in the US and

the UK.

By Business Units	Sept 30, 2005		Sept 30, 2004	
	Persons	%	Persons	%
SCM Software	454	81	369	69
In-Store Software	97	7	112	21
Security Systems	-	-	37	7
Group administration	10	2	15	3
Total	561	100	533	100

At the end of the review period, approximately 15% of personnel were employed by Aldata companies in Finland, 53% in France, 13% in Germany, 8% in Sweden, 5% in Slovenia, 3.7% in the US and 2.3% in the UK. At the end of the review period 205 (195) employees were involved in R&D activities, which represents 36% of the Group's personnel.

### **Share performance and foreign ownership**

The highest price of the Aldata Solution Oyj share during January – September 2005 was 2.07 EUR and the lowest price 1.07 EUR. The average price was 1.53 EUR and the closing price 1.98 EUR. The trading volume on the Helsinki Stock Exchange was EUR 59.5 million and altogether 38.9 million shares were traded, which represents 57.7% of the shares. Aldata Solution Oyj has 67.4 million shares outstanding. The number has remained unchanged during the period.

The number of shareholders was 6260 and the free float was 99.5% of the share capital at the end of September 2005. A total of 50.7% of Aldata Solution Oyj's shares were owned by foreign investors at the end of the period.

### **Extraordinary shareholders meeting and Board Committees**

The Extraordinary General Meeting of Aldata Solution Oyj on 9 September 2005 in Vantaa, made the following decisions:

Increase the number of the members of the Board of Directors

- Extraordinary General Meeting decided to increase the number of the members of the Board of Directors from four to seven.
- Election of the three new members of the Board of Directors
- The meeting decided to strengthen the Board of Directors consisting of Mr. Kimmo Alkio, Mr. Ilkka Hollo, Mr. Peter Titz and Mr. Pekka Vennamo with the following new members: Mr. Hervé Defforey, Mr. Peter Ekelund and Mr. Klaus-Dieter Laidig.
- Mr. Pekka Vennamo continues as the Chairman of the Board of Directors.
- In the Board meeting held after the Extraordinary General Meeting Mr. Kimmo Alkio was elected as the Vice Chairman of the Board.

The Board of Directors of Aldata Solution Oyj decided in its meeting on October 17th 2005, to establish two committees: A Compensation Committee consisting of three members, Mr. Kimmo Alkio, Mr. Hervé

Defforey and Mr. Klaus-Dieter Laidig, and an Audit Committee consisting of two members, Mr. Peter Ekelund and Mr. Ilkka Hollo.

### **Events after the review period**

On October 03, 2005, Aldata announced its fifth customer in the U.S. Giant Eagle Inc. will start deploying Aldata G.O.L.D. across its whole organization.

### **Outlook**

Based on a strong demand for Aldata's products, a number of new customers and new orders from existing customers, the Board of Directors expects growth and profitability also in the fourth quarter of 2005. For the full year 2005 Aldata expects net sales of around EUR 75 million, which represents over 23% comparable organic growth and an operating (EBIT) margin of over 5% (excluding adjustments made for IRFS). However, due to the strong organic growth the Board of Directors sees the target of a positive cash-flow in 2005 as challenging.

The order backlog, combined with the prospect list, gives the Company a good base for further growth.

This report has been prepared according to FAS (Finnish Accounting Standards). The interim report is unaudited.

Helsinki, November 9, 2005

Aldata Solution Oyj

Board of Directors

Further information:

Aldata Solution Oyj, René Homeyer, President and CEO, tel. +33 683 810 888

Aldata Solution Oyj, Thomas Hoyer, CFO, tel. +358 45 670 0491

*Aldata will hold a press conference for media and investment analysts in the Espa cabinet at the Scandic Hotel Simonkenttä, Helsinki on November 9, 2005, starting at 12.00 (EET).*

The presentation material used in the conference will also be published simultaneously on the Company's website at [www.aldata-solution.com](http://www.aldata-solution.com).

The company will publish its results for the period of January – December 2005 on 14th February 2006.

### **About Aldata**

*Aldata Solution is one of the leading providers of software solutions for the global retail industry. The product portfolio includes Supply Chain Management Software, In-Store Software and Smart Card Solutions. Aldata supplies its software through its own subsidiaries in Finland, Sweden, France, Germany, Slovenia, Thailand, the UK and the USA, as well as through its global partner network. Aldata has more than 300 installations in over 45 countries. Aldata had net sales of EUR 66 million and 514 employees at the end of 2004. Aldata's shares are quoted on the Helsinki Stock Exchange with the identifier ALD1V. More information at: [www.aldata-solution.com](http://www.aldata-solution.com).*

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APPENDICES

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**APPENDIX 1**

	MEUR Jan- Sep/	MEUR Jan- Sep/	Change	MEUR Total
INCOME STATEMENT	2005 *)	2004 *)	%	2004
*) unaudited				
Net sales	54,2	48,0	12,9 %	66,0
Other Operating income	0,6	0,4	62,7 %	4,7
Operating expenses	-51,2	-51,5	0,4 %	-69,7
Depreciation on fixed assets and other long-term expenditure	-0,6	-0,8	14,6 %	-0,9
Operating profit before goodwill amortization	2,9	-3,8	-	0,1
Goodwill amortization	-0,5	-1,2	57,8 %	-1,6
Operating profit	2,4	-5,0	-	-1,5
Financial items	0,3	0,1	289,5 %	-0,1
Profit before taxes	2,8	-5,0	-	-1,6
Income taxes	-1,1	0,0	-	-3,1
Minority interest	-0,1	0,0	-	0,0
Profit for the financial period	1,6	-5,0	-	-4,8

**APPENDIX 2**

BALANCE SHEET	MEUR	MEUR	MEUR
*) unaudited	30 Sep	30 Sep	31 Dec
	2005 *)	2004 *)	2004
ASSETS			
Non-current assets			
Intangible assets	7,5	8,8	8,0
Tangible assets	0,9	1,1	1,0
Investments	0,5	0,4	0,4
Non-current assets total	8,8	10,3	9,4
Current assets			

Inventories	0,3	1,2	0,6
Deferred tax assets	0,2	2,5	0,1
Short-term receivables	27,9	21,0	22,4
Cash and cash equivalents	5,2	5,7	6,5
Current assets total	33,7	30,5	29,6
Assets total	42,5	40,7	39,0

#### SHAREHOLDERS' EQUITY AND LIABILITIES

Shareholders' equity	21,7	20,1	20,3
Minority interest	0,3	0,3	0,2
Provisions	0,8	0,6	0,7
Liabilities	19,7	19,8	17,8
Shareholders' equity total	42,5	40,7	39,0

#### APPENDIX 3

##### CASH FLOW

	MEUR Jan-Sep 2005	MEUR Jan-Sep 2004	MEUR Jan-Dec 2004
Cash flow from operating activities	-0,4	-2,3	-4,2
Cash flow from investing activities	-0,7	-0,3	5,4
Cash flow before financing	-1,1	-2,6	1,2
Cash flow from financing activities	-0,2	-0,7	-3,7
Net cash flow, total	-1,3	-3,3	-2,5

#### APPENDIX 4

##### CONTINGENT LIABILITIES

	MEUR 30 Sep 2005	MEUR 3 Sep 2004	MEUR 31 Dec 2004
Loans from financial institutions	0,2	3,0	0,0
Mortgages for the above	5,4	5,4	5,4
Rent and leasing liabilities	9,9	5,3	10,0
Guarantees on behalf of Group company debt	0,1	0,5	0,1
Guarantees on behalf of others	0,0	2,7	2,7

**APPENDIX 5**

## INCOME STATEMENT

KEY FIGURES, MEUR	Jan- Sep/ 2005 *)	Jan- Sep/ 2004 *)	Total 2004
Scope of operations			
Net sales, MEUR	54,2	48,0	66,0
Average number of personnel	538	523	525
Profitability			
Operating profit before goodwill amortization	2,9	-3,8	0,1
Operating profit before goodwill amortization, % of net sales	5,4	-8,0	0,1
Operating profit	2,4	-5,0	-1,5
Operating profit, % of net sales	4,5	-10,5	-2,3
Return on equity, % (ROE)	10,6	-29,2	-20,5
Return on investment, % (ROI)	17,4	-23,5	-4,0
Financial standing			
Quick ratio	1,7	1,4	1,6
Current ratio	1,7	1,6	1,7
Equity ratio, %	52,1	50,0	53,0
Interest-bearing net debt	-5,0	-2,5	-6,3
Gearing, %	-22,9	-12,4	-30,8
Per share data			
	EUR	EUR	EUR
Earnings per share (EPS)	0,024	-0,075	-0,070
Earnings per share (EPS), adjusted for dilution effect	0,024	-0,075	-0,070
Equity per share	0,322	0,298	0,301

**APPENDIX 6**

## QUARTERLY FIGURES, MEUR

*) unaudited	Q3 / 2005*)	Q2 / 2005*)	Q1 / 2005*)	Q4 / 2004*)	Q3 / 2004*)
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## INCOME STATEMENT

\*) unaudited

Net sales	19,8	18,2	16,1	18,0	15,7
Other Operating income	0,1	0,2	0,3	4,3	0,1

Operating expenses	-18,0	-17,1	-16,1	-18,2	-17,7
Depreciation on fixed assets and other long term expenditure	-0,2	-0,2	-0,2	-0,2	-0,2
Operating profit before goodwill amortization	1,7	1,0	0,2	3,9	-2,1
Goodwill amortization	-0,2	-0,2	-0,2	-0,4	-0,4
Operating profit	1,6	0,9	0,0	3,5	-2,5
Financial items	0,0	0,2	0,1	-0,2	0,0
Profit before taxes	1,6	1,1	0,1	3,4	-2,5
Income taxes	-0,8	-0,2	-0,2	-3,1	-0,2
Minority interest	-0,1	0,0	0,0	0,0	0,0
Profit for the financial period	0,8	0,9	0,0	0,3	-2,7

#### BALANCE SHEET

\*) unaudited

	30 Sep 2005 *)	30 Jun 2005 *)	31 Mar 2005 *)	31 Dec 2004 *)	30 Sep 2004 *)
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#### ASSETS

Non-current assets					
Intangible assets	7,5	7,7	7,8	8,0	8,8
Tangible assets	0,9	1,0	1,0	1,0	1,1
Investments	0,5	0,5	0,6	0,4	0,4
Non-current assets total	8,8	9,1	9,4	9,4	10,3
Current assets					
Inventories	0,3	0,3	0,5	0,6	1,2
Deferred tax assets	0,2	0,1	0,1	0,1	2,5
Short-term receivables	27,9	25,5	24,1	22,4	21,0
Cash and cash equivalents	5,2	4,0	4,3	6,5	5,7
Current assets total	33,7	29,9	29,1	29,6	30,5
Assets total	42,5	39,0	38,5	39,0	40,7

#### SHAREHOLDERS' EQUITY AND LIABILITIES

Shareholders' equity	21,7	21,0	20,2	20,3	20,1
Minority interest	0,3	0,3	0,2	0,2	0,3
Provisions	0,8	1,0	0,6	0,7	0,6
Liabilities	19,7	16,7	17,4	17,8	19,8
Shareholders' equity total	42,5	39,0	38,5	39,0	40,7

#### APPENDIX 7

QUARTERLY KEY FIGURES, MEUR

*) unaudited	Q3 / 2005*)	Q2 / 2005*)	Q1 / 2005*)	Q4 / 2004*)	Q3 / 2004*)
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#### Profitability

Operating profit before goodwill amortization	1,7	1,0	0,2	3,9	-2,1
Operating profit before goodwill amortization,					

% of net sales	8,8	5,7	1,1	21,8	-13,5
Operating profit	1,6	0,9	0,0	3,5	-2,5
Operating profit, % of net sales	7,9	4,7	0,0	19,6	-16,0
	Jan-Sep	Jan-Jun	Jan-Mar	Jan-Dec	Jan-Sep
	2005 *)	2005 *)	2005 *)	2004 *)	2004 *)
Return on equity, % (ROE)	10,6	8,2	-0,5	-20,5	-29,2
Return on investment, % (ROI)	17,4	11,5	3,4	-4,0	-23,5
Financial standing					
Quick ratio	1,7	1,8	1,6	1,6	1,4
Current ratio	1,7	1,8	1,7	1,7	1,6
Equity ratio, %	52,1	54,6	53,3	53,0	50,0
Interest-bearing net debt	-5,0	-3,7	-4,1	-6,3	-2,5
Gearing, %	-22,9	-17,6	-20,0	-30,8	-12,4
Per share data					
	EUR	EUR	EUR	EUR	EUR
Earnings per share (EPS)	0,024	0,013	0,000	0,070	-0,075
Earnings per share (EPS), adjusted for dilution effect	0,024	0,013	0,000	0,070	-0,075
Equity per share	0,322	0,311	0,300	0,301	0,298
Equity per share	0,311	0,300	0,301	0,298	0,338