

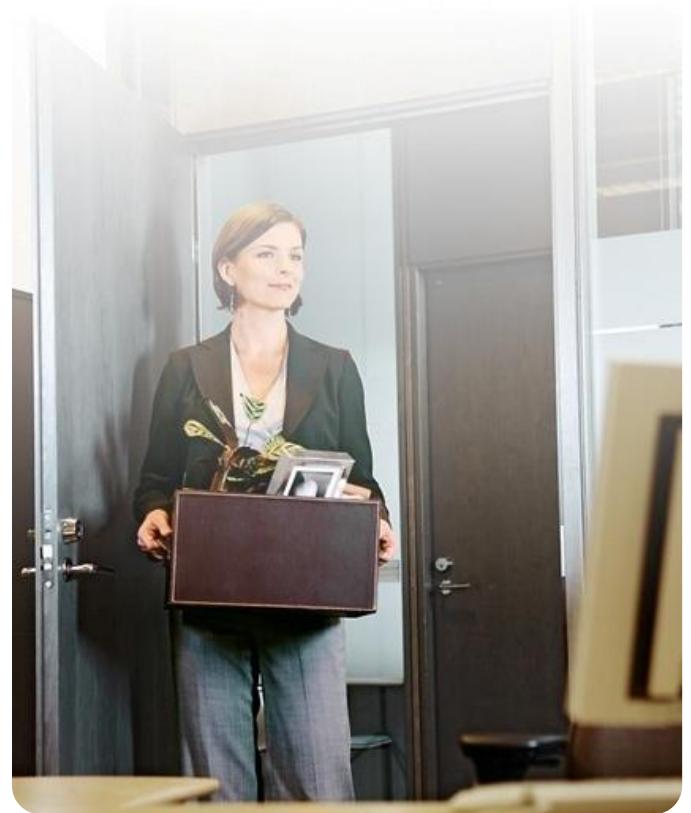
Basware Financial Results Q4/2010 and full year 2010

CEO Ilkka Sihvo and CFO Mika Harjuaho

January 25, 2011

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- Re-defined strategic focus
Future Outlook



Basware in Brief

- Headquarters in Espoo, Finland and altogether 10 subsidiaries in Europe, North America and Asia-Pacific
- Leading supplier of Purchase to Pay (P2P) solutions globally
- Goal to be the leading e-invoicing company globally
- Net sales 103 094 thousand at the end of December 2010 (92 654 thousand)
- 913 employees at the end of December 2010 (761)



Q4/2010 in Brief

EUR Million	Q4/2010	Q4/2009
Net sales	30.1	26.6
Growth of net sales, %	13.3%	1.2%
Operating profit (EBIT)	4.9	4.1
Change of operating profit %	21.7%	-1.6%
% of net sales	16.4%	15.3%
Net profit	3.9	4.0
Earnings per share, euro	0.34	0.35
Change of EPS %	-4.2%	24.0%
Fixed costs	22.2	19.7
International operations' share of net sales	56.8%	53.9%
Resellers' share of product sales	11.6%	11.1%
Personnel 31.12.	913	761

- Record breaking net sales and operating profit
- Growth of operating profit 21.7 percent to EUR 4 937 thousand
- Operating profit includes EUR 314 thousand costs of unrealized M&A
- Net sales grew 13.3 percent to EUR 30 149 thousand
- Automation services grew strongly by 63.2 percent
- International operations' share of net sales continued to grow, growth 19.5 percent
- Several major Software as a Service (SaaS) deals closed

1-12/2010 in Brief

EUR Million	1-12/10	1-12/09
Net sales	103.1	92.7
Growth of net sales, %	11.3	7.6%
Operating profit (EBIT)	13.5	11.8
Change of operating profit %	14.1%	36.2%
% of net sales	13.1%	12.8%
Net profit	10.3	9.1
Cash flow from operating activities	12.5	14.7
Earnings per share, euro	0.90	0.80
Growth of EPS %	12.6%	41.3%
Fixed costs	78.3	70.3
International operations' share of net sales	54.8%	54.2%
Resellers' share of product sales	10.3%	9.9%
Personnel 31.12.	913	761

- Record breaking net sales and operating profit
- Net sales over EUR 100 Million for the first time in the company history
- Operating profit EUR 13.5 Million, growth 14.1 percent
- Operating profit includes EUR 314 thousand costs of unrealized M&A
- Growth of net sales 11.3 percent
- Automation services grew by 56.0 percent
- Growth of EPS 12.6%
- Strong operating cash flow at EUR 12.5 M
- International operations' share of net sales continued to grow, growth 12.6%
- The estimated revenue to be recognized for current Automation Services agreements in production in the next twelve months is EUR 14.6 million, growth of 21.3 percent compared to the estimate made at the end of the previous quarter

Business Review of Q4/2010

CEO Ilkka Sihvo

IT market forecast for 2010

Updated December 2010

	Global			US		
Year	2010	2011	2012	2010	2011	2012
Software	7.5	7.9 -> 7.1	8.9	8.3	9.1 -> 8.4	10
IT Services, total	5.0	7.8 -> 7.3	7.5	3.5	7.4	7.5
All IT	7.0	7.0	8.7	7.7	6.9	9.1

Forecast is based on market reports and estimates from leading independent research companies in March-December 2010.

Note: Purchase to Pay services business is estimated to grow over 10% in 2011.

Reporting

Finland

Finnish, Russian, Asia-Pacific (excl. Australia) and headquarter operations

Scandinavia

Denmark, Norway and Sweden

Europe

France, Germany, The Netherlands, UK

Other

North-America, Australia

License sales

Purchase to Pay and Financial Management Software

Professional Services

Maintenance

Automation services

SaaS
Connectivity (e-invoicing, Scan&Capture, activation services)

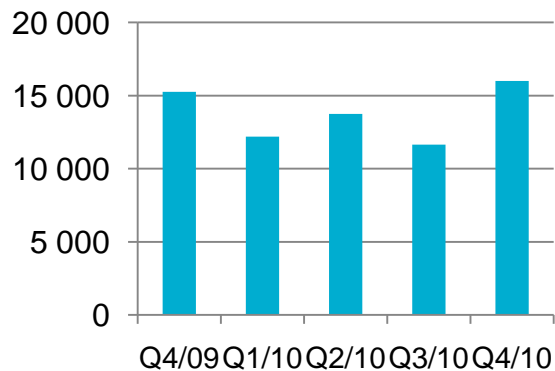
Segment: Finland Q4/2010

Finland

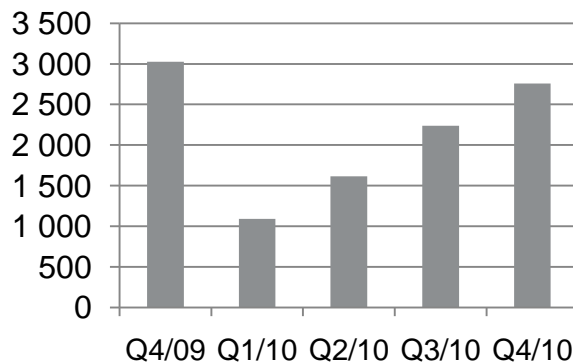
EUR thousand

	Q4/09	Q1/10	Q2/10	Q3/10	Q4/10
Net sales	15 271	12 191	13 763	11 641	16 011
Growth of net sales,%	-0.4%	7.6%	10.9%	1.4%	4.8%
Operating profit	3 024	1 092	1 616	2 238	2 757

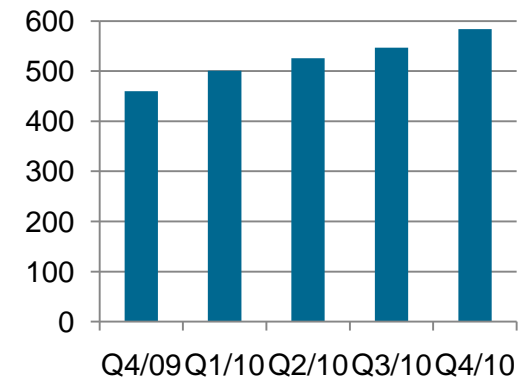
Net Sales



Operating Profit



Personnel



Segment: Finland Q4/2010

Profile

Segment consists of Finnish, Russian, Asia-Pacific (excluding Australia) operations and head quarter functions

Altogether 14 resellers in the segment

Number of personnel 584 (460)

Highlights

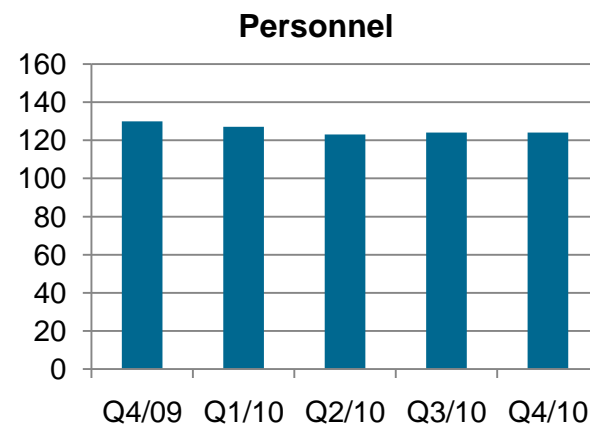
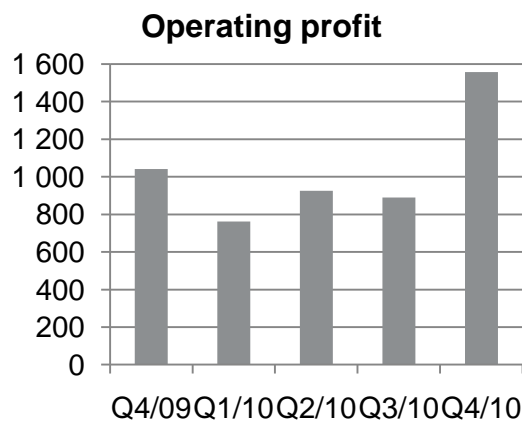
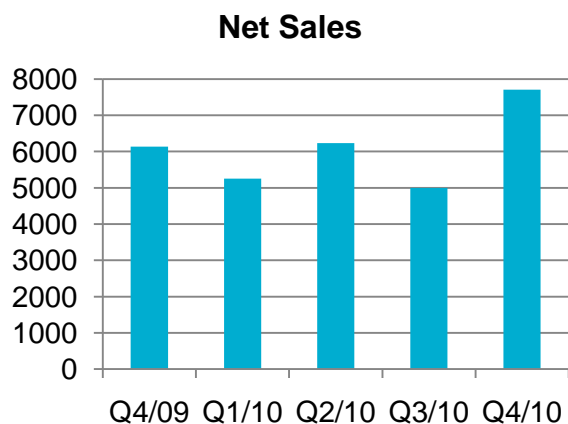
Large procurement solutions to property segment

Large invoice processing and Connectivity services solutions to building industry supplier

Strong progress in SEPA updates

Segment: Scandinavia Q4/2010

<i>EUR thousand</i>	Q4/09	Q1/10	Q2/10	Q3/10	Q4/10
Net sales	6 135	5 253	6 232	4 994	7 708
Growth of net sales, %	-7.4%	-1.2%	-0.7%	10.9%	25.6
Operating profit	1 041	762	926	890	1 557
Number of personnel	130	127	123	124	124



Segment: Scandinavia Q4/2010

Profile

Centrally managed units in Sweden, Norway and Denmark

Mainly direct sales

Number of personnel 124 (130)

Highlights

Strong growth in operating profit 49.6 percent

Invoice Automation solution to a global retailer of home furnishing, revenue recognized partially Q4

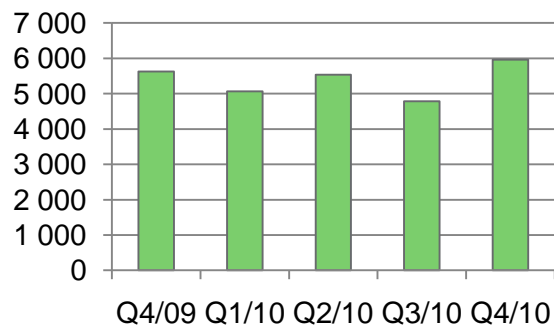
Number of good deals contributing to strong growth of net sales

All countries succeeded well

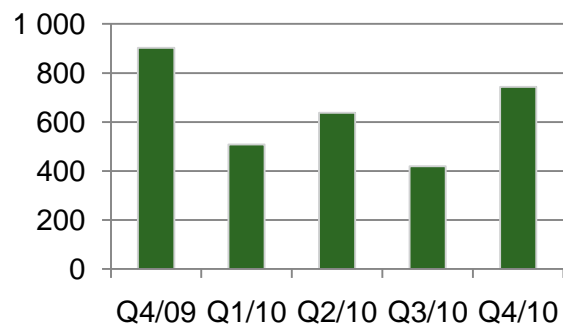
Segment: Europe Q4/2010

<i>EUR thousand</i>	Q4/09	Q1/10	Q2/10	Q3/10	Q4/10
Net sales	5 629	5 069	5 538	4 782	5 959
Growth of net sales, %	6.9%	8.6%	28.2%	16.5%	5.9%
Operating profit	902	509	683	419	743
Number of personnel	119	122	124	126	131

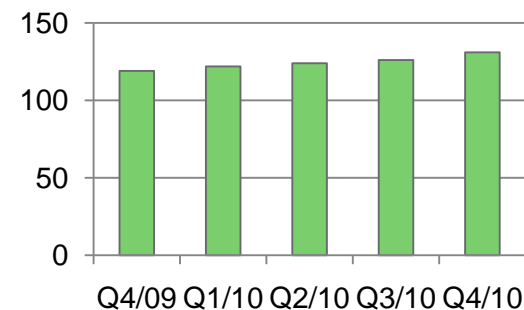
Net Sales



Operating Profit



Personnel



Segment: Europe Q4/2010

Profile

Segment consists of units in Germany, France, Netherlands and UK

Altogether 35 resellers in the segment

Number of personnel 131 (119)

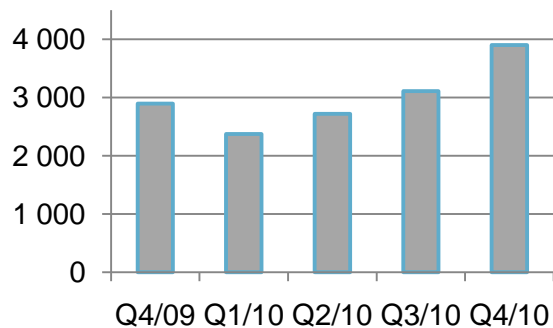
Highlights

- Launch of InvoiceReady, SaaS solution targeted to medium-sized companies
- Germany and Netherlands succeeded well

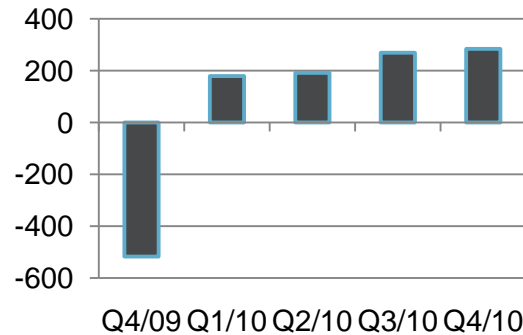
Segment: Other Q4/2010

<i>EUR thousand</i>	Q4/09	Q1/10	Q2/10	Q3/10	Q4/10
Net sales	2 897	2 373	2 719	3 111	3 898
Growth of net sales, %	120.9%	98.6%	141.0%	-21.9%	34.5%
Operating profit	-517	179	191	269	284
Number of personnel	48	48	54	57	61

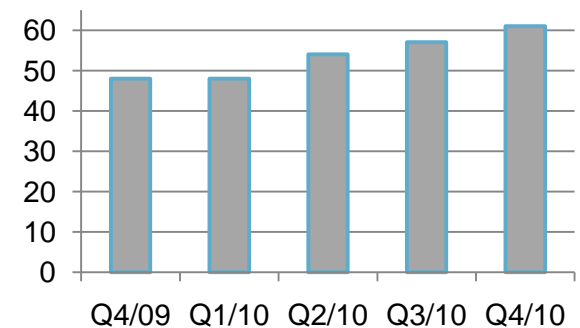
Net Sales



Operating Profit



Personnel



Segment: Other Q4/2010

Profile

Segment consists of units in North America and Australia

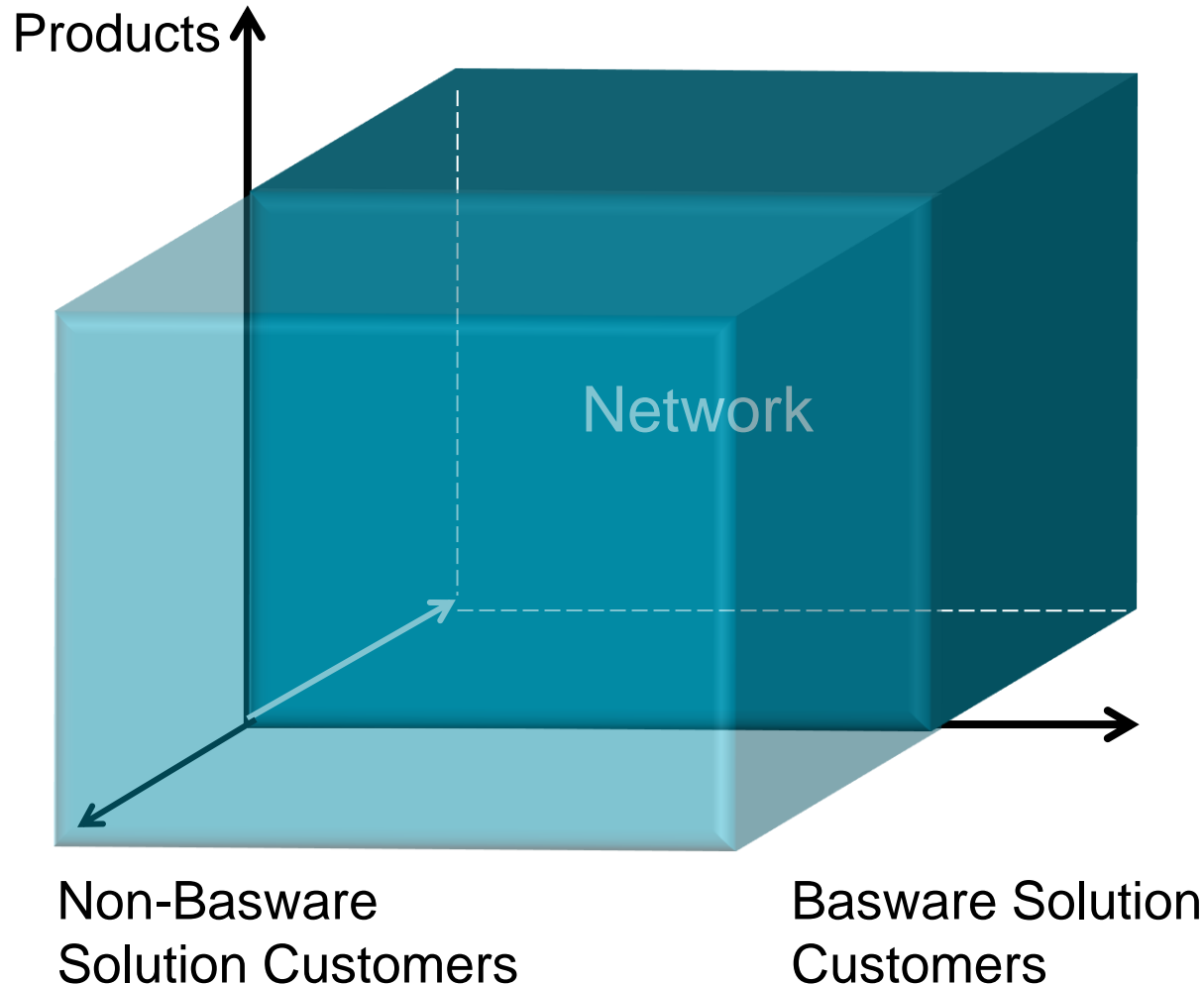
Altogether 10 resellers in the segment

Number of personnel
61 (48)

Highlights

- Strategic partnership agreement in North America including Invoice Automation and eOffice production licenses
- Majority of revenue from new deals
- Excellent performance in Australia

Basware Automation Services – network effect for revenue generation



In Q4/2010 Automation Services grew by 63.2%

The estimated revenue to be recognized for current Automation Services agreements in production in the next twelve months is EUR 14.6 million, growth of 21.3 percent compared to the estimate made at the end of the previous quarter

Transaction volume in Q4/2010 and full year 2010 was 4.1 Million and 13.6 Million, respectively

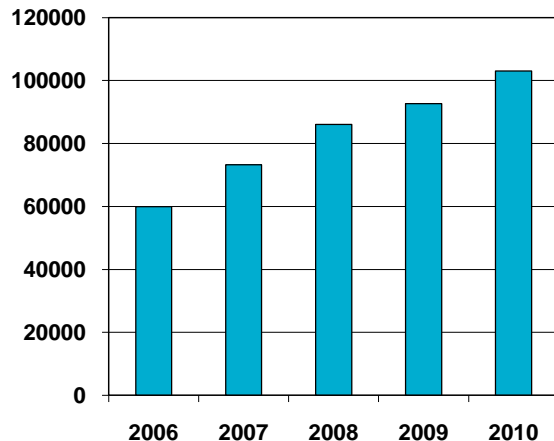
Financial Review of Q4/2010 and 1-12/2010

CFO Mika Harjuaho

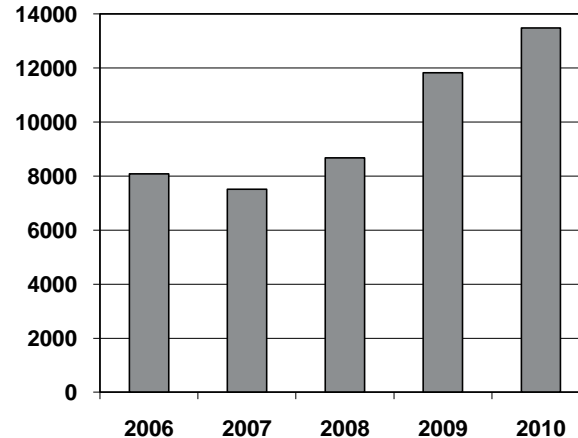
Key Financials 2006-2010

<i>EUR thousand</i>	2006	2007	2008	2009	2010
Net sales	59 954	73 270	86 098	92 654	103 094
Growth of net sales, %	43.9%	22.2%	17.5%	7.6%	11.3%
Operating profit	8 078	7 512	8 679	11 824	13 487
% of net sales	13.5%	10.3%	10.1%	12.8%	13.1%
Personnel, 31.12.	528	658	731	761	913

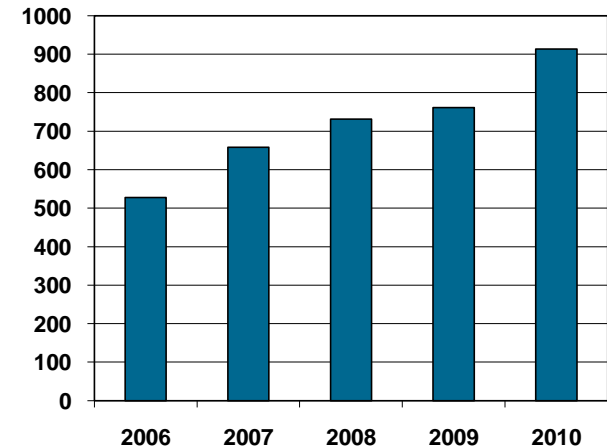
EUR
Thousand ■ Net sales



EUR
Thousand ■ Operating profit



■ Personnel

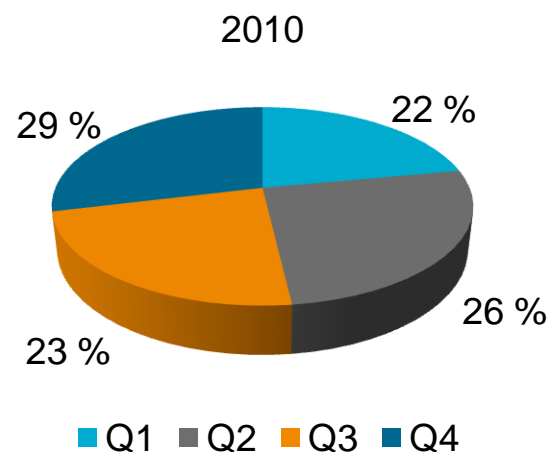
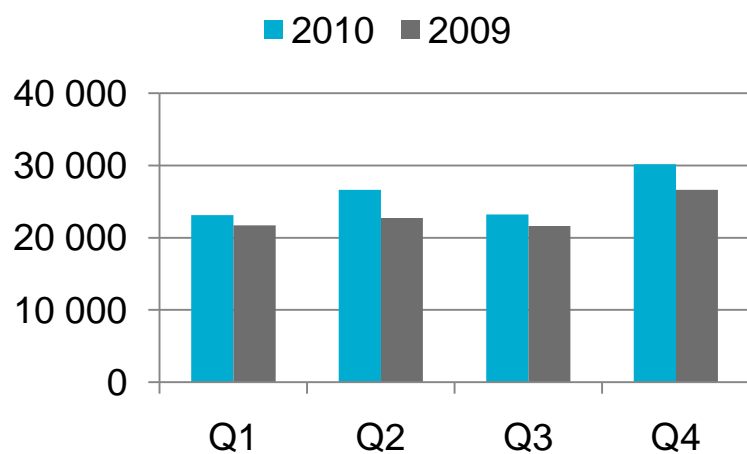


Q4/2010 and 1-12/2010 in Brief

EUR Thousand	Q4/09	Q4/10	1-12/09	1-12/10
Net sales	26 600	30 149	92 654	103 094
Growth of net sales, %	1.2%	13.3%	7.6%	11.3%
Operating profit	4 058	4 937	11 824	13 487
Change of operating profit, %	-1.6%	21.7%	36.2%	14.1%
% of net sales	15.3%	16.4%	12.8%	13.1%
Net profit/loss	4 007	3 913	9 074	10 331
Earning per share, EUR	0.35	0.34	0.80	0.90
Fixed costs	19 660	22 216	70 343	78 285
International operations' share of net sales, %	53.9%	56.8%	54.2%	54.8%
Resellers' share of product sales, %	11.1%	11.6%	9.9%	10.3%

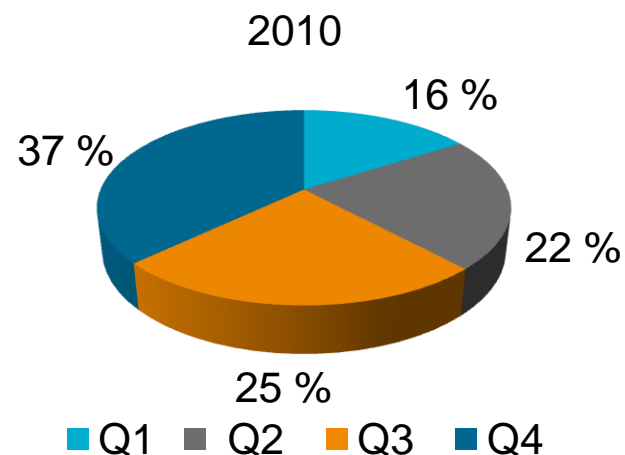
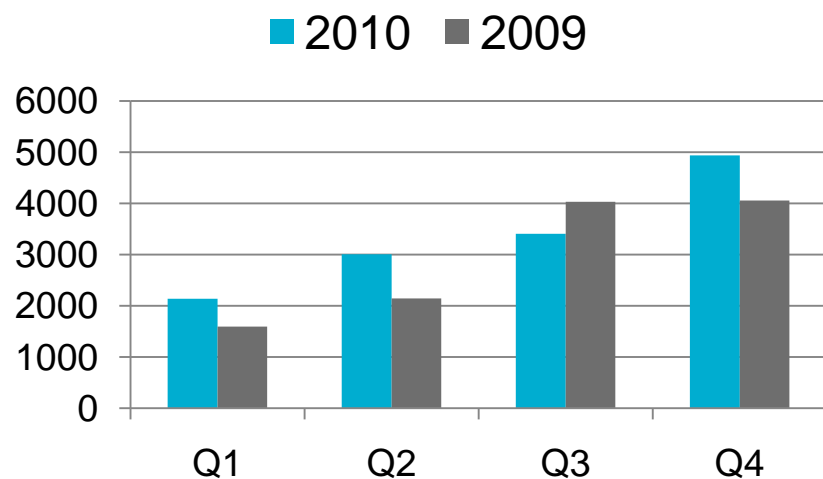
Development of Quarterly Net Sales

<i>EUR thousand</i>	Q1/10	Q1/09	Q2/10	Q2/09	Q3/10	Q3/09	Q4/10	Q4/09
Net sales	23 132	21 717	26 612	22 729	23 202	21 609	30 149	26 600
Growth %	6.5%	19.1%	17.1%	1.9%	7.4%	12.2%	13.3%	1.2%
Other operating income	50	30	55	52	43	47	42	34
Materials and services	1 288	1 552	1 754	1 611	1 593	1 395	1 760	1 636
Personnel expenses	13 703	12 896	15 184	13 444	11 959	11 113	16 491	14 841
Depreciation and write-offs	1 236	1 004	1 309	1 067	1 294	1 106	1 278	1 280
Other operating expenses	4 818	4 703	5 414	4 513	4 991	4 014	5 725	4 819
Operating profit	2 136	1 592	3 006	2 146	3 408	4 028	4 937	4 058

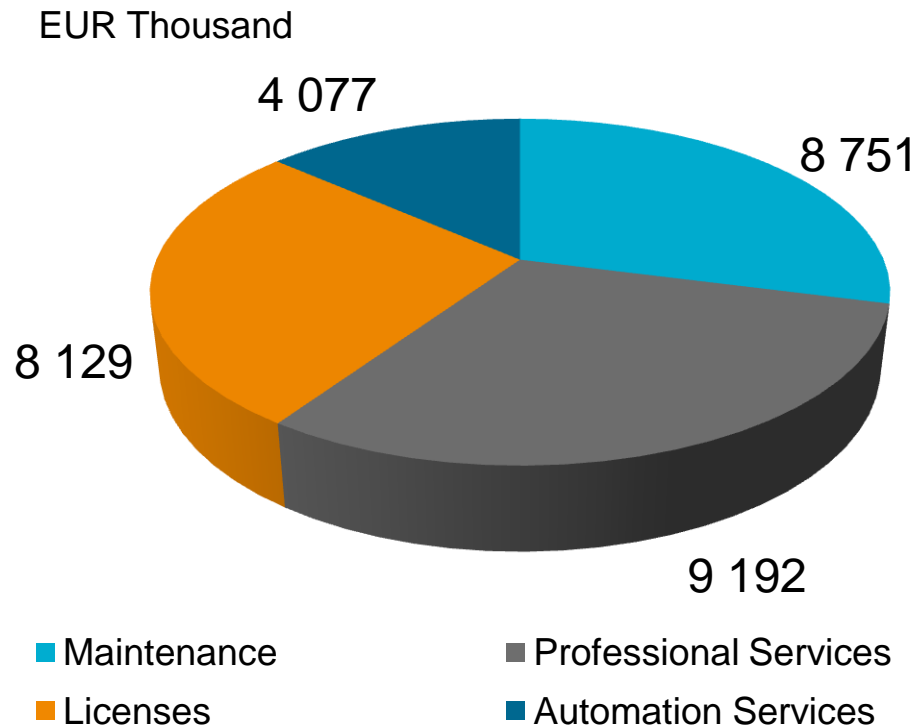


Development of Quarterly profit

<i>EUR thousand</i>	Q1/10	Q1/09	Q2/10	Q2/09	Q3/10	Q3/09	Q4/10	Q4/09
Net sales	23 132	21 717	26 612	22 729	23 202	21 609	30 149	26 600
Growth %	6.5%	19.1%	17.1%	1.9%	7.4%	12.2%	13.3%	1.2%
Other operating income	50	30	55	52	43	47	42	34
Materials and services	1 288	1 552	1 754	1 611	1 593	1 395	1 760	1 636
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Net Sales by Operation Q4/2010



License sales, growth of 4.2%

Maintenance, growth of 10.6%

Professional Services, growth of 9.6%

Automation services, growth of 63.2%

License sales of Basware's own products increased by 8.0%, and sales of third-party scanning software decreased while sales of outsourced scan and capture services grew.

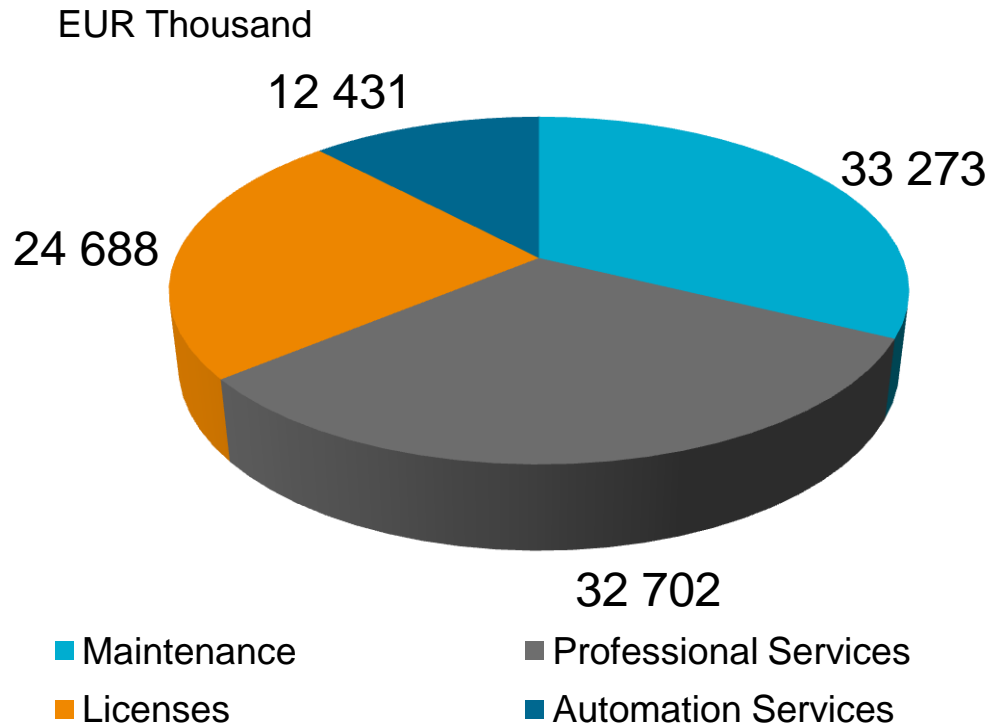
Licenses = License sales of software products

Professional Services = Former consulting, includes also Maintenance and Automation Services related consulting

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

Automation Services = Software as a Service, invoicing, scan and capture

Net Sales by Operation 2010



License sales, growth of 3.9%

Maintenance, growth of 11.8%

Professional Services, growth of 4.9%

Automation Services, growth of 56.0%

License sales of Basware's own products increased by 10.2%, and sales of third-party scanning software decreased while sales of outsourced scan and capture services grew.

Licenses = License sales of software products

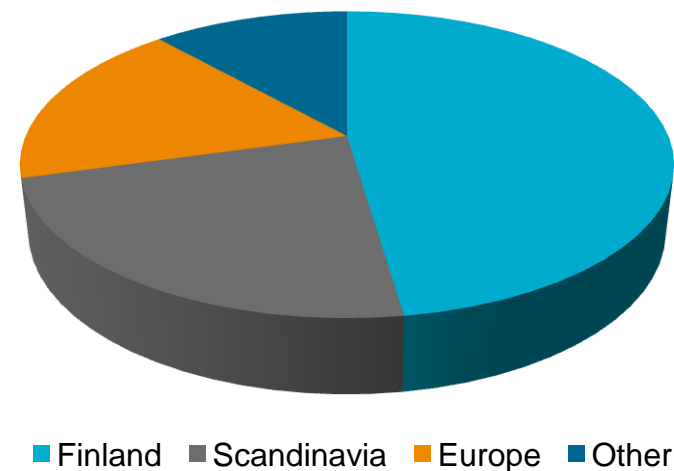
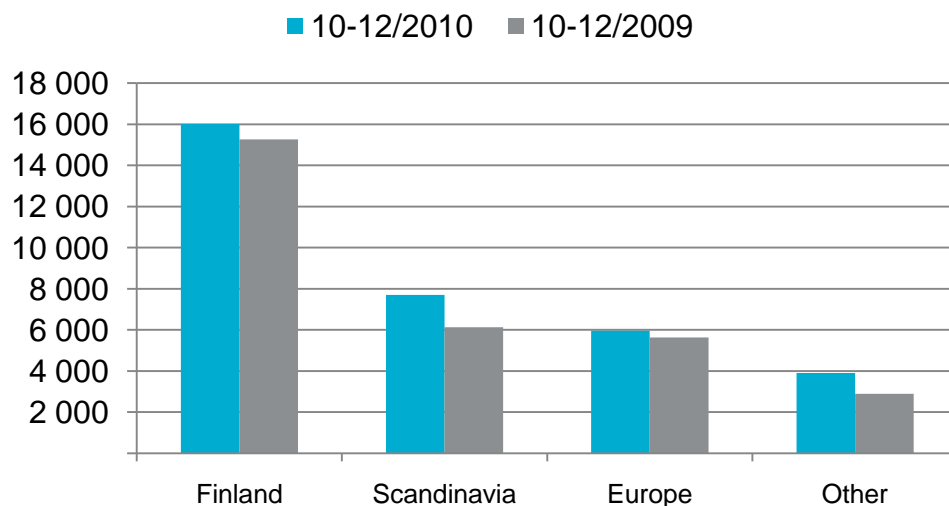
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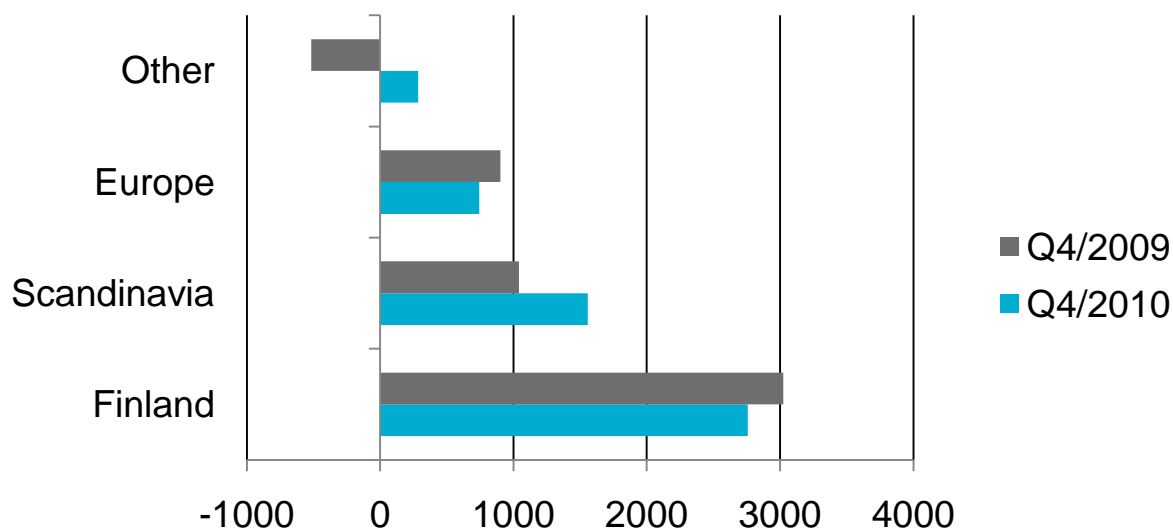
Net Sales by Primary Segment Q4/2010

Net sales	10-12/10	10-12/09	Change, %
Finland	16 011	15 271	4.8
Scandinavia	7 708	6 135	25.6
Europe	5 959	5 629	5.9
Other	3 898	2 897	34.5
Net sales between segments	-3 429	-3 333	-2.9
Group total (IFRS)	30 149	26 600	13.3



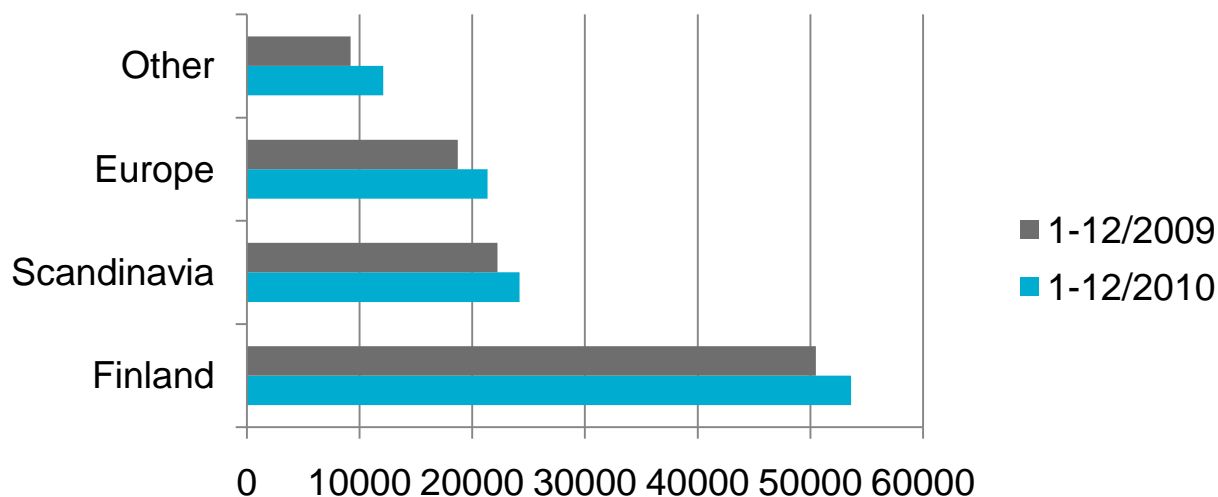
Operating Profit by Primary Segment Q4/2010

Operating profit	Q4/10	Q4/09	Change,%
Finland	2 757	3 024	-8.9
Scandinavia	1 557	1 041	49.6
Europe	743	902	-17.7
Other	284	-517	155.0
Operating profit between segments	-405	-393	-2.8
Group total (IFRS)	4 937	4 058	21.7%



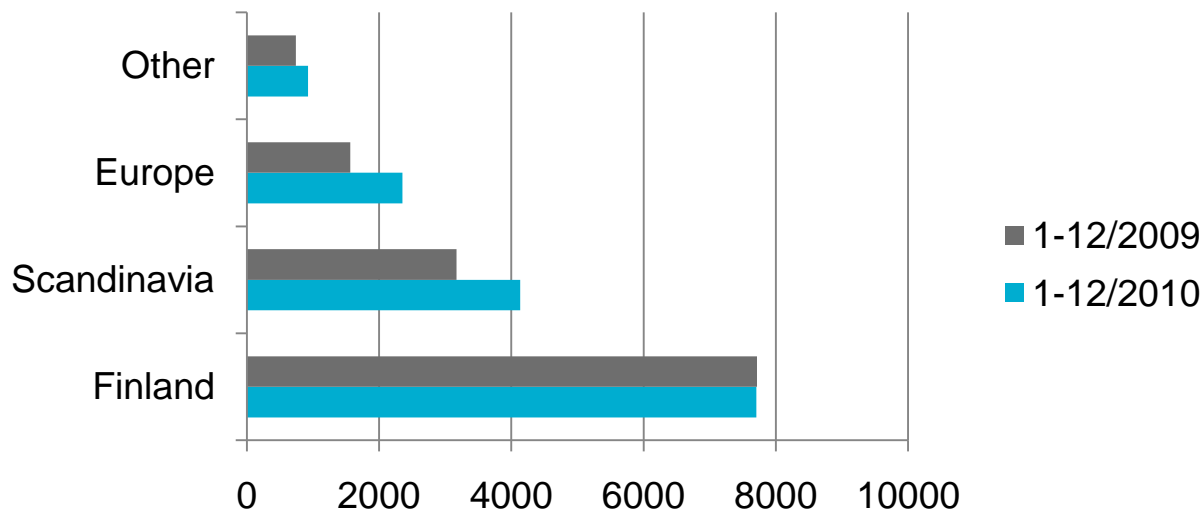
Net Sales by Primary Segment 1-12/2010

Net sales	1-12/2010	1-12/2009	Change, %
Finland	53 606	50 486	6.2%
Scandinavia	24 188	22 236	8.8%
Europe	21 347	18 717	14.1%
Other	12 101	9 201	31.5%
Net sales between segments	-8 149	-7 985	-2.0%
Group total (IFRS)	103 094	92 654	11.3%



Operating profit by Primary Segment 1-12/2010

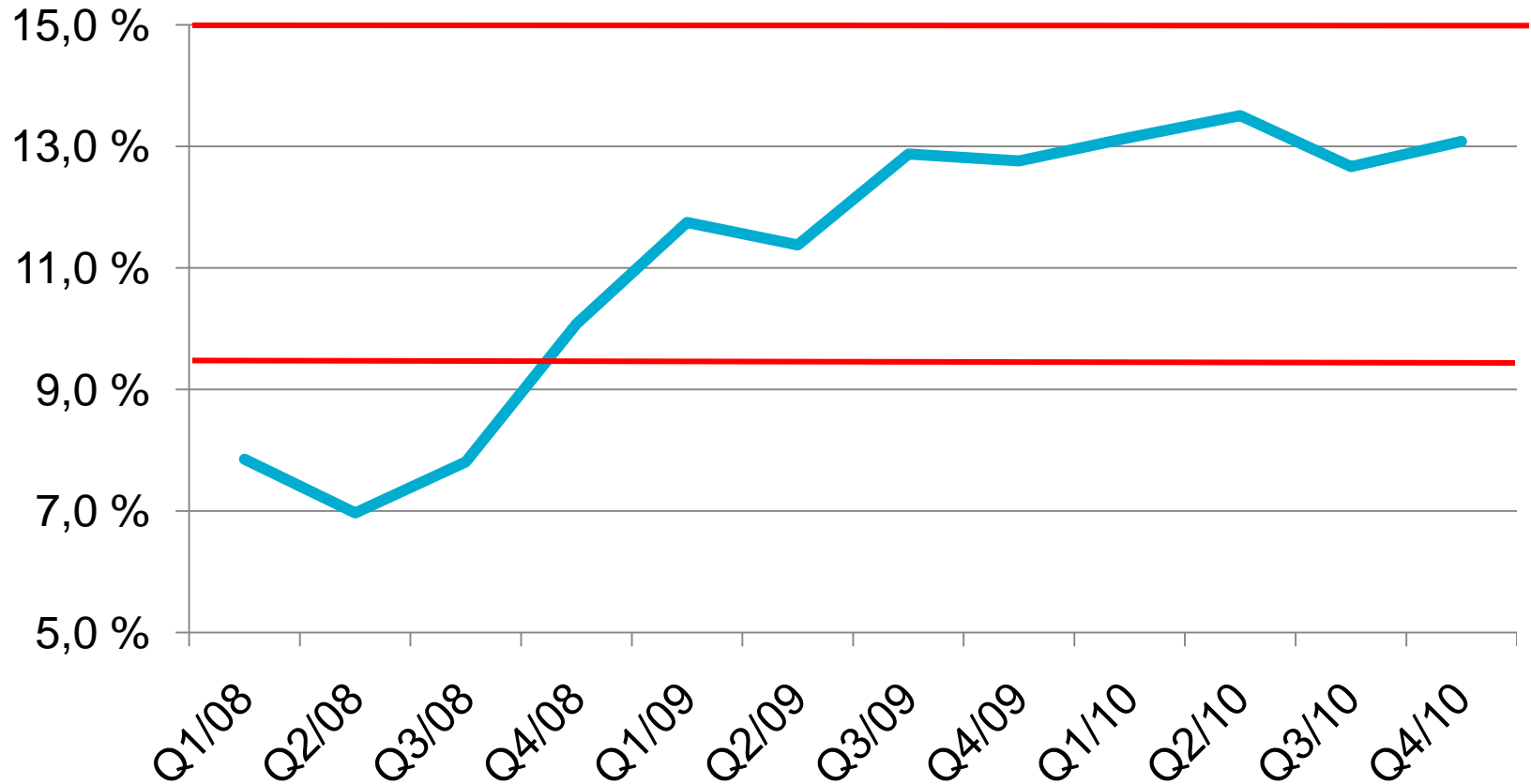
Operating profit	1-12/2010	1-12/2009	Change,%
Finland	7 703	7 714	-0.1%
Scandinavia	4 136	3 169	30.5%
Europe	2 354	1 566	50.2%
Other	924	741	24.7%
Operating profit between segments	-1 629	-1 365	-19.3%
Group total (IFRS)	13 487	11 824	14.1%



Development of Profit Q4/2010 and 1-12/2010

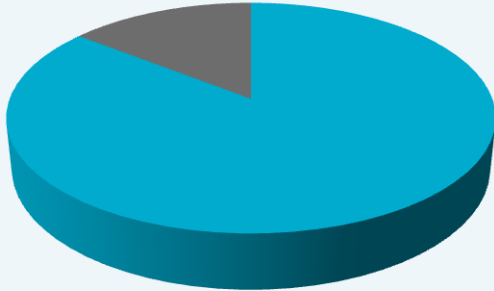
EUR Thousand	Q4/10	Q4/09	1-12/10	1-12/09
Operating profit	4 937	4 058	13 487	11 824
Change of operating profit, %	21.7%	-1.6%	14.1%	36.2%
% of net sales	16.4%	15.3%	13.1%	12.8%
Profit before tax	4 839	4 038	13 325	11 590
Net profit/loss	3 913	4 007	10 331	9 074
Earnings per share, EUR	0.34	0.35	0.90	0.80
Fixed costs	22 216	19 660	78 285	70 343
Personnel costs	16 491	14 841	57 337	52 294
R&D expenses	4 087	3 847	14 883	14 781

Operating Profit % (EBIT %) Trend Rolling 12 Month Quarterly Average



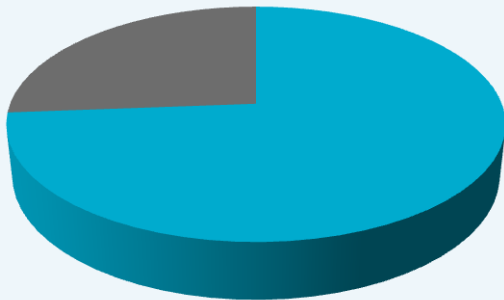
Operating profit (EBIT) for **2011** is expected to be over 13 percent of net sales.

Products



R&D expenses 14.4% of net sales

- R&D expenses EUR 14 883 thousand (EUR 14 781 thousand)
 - Increase of 0.7 percent
 - 14.4 percent of net sales (16.0%)
 - EUR 1 696 thousand of costs capitalized i.e. 11.4%



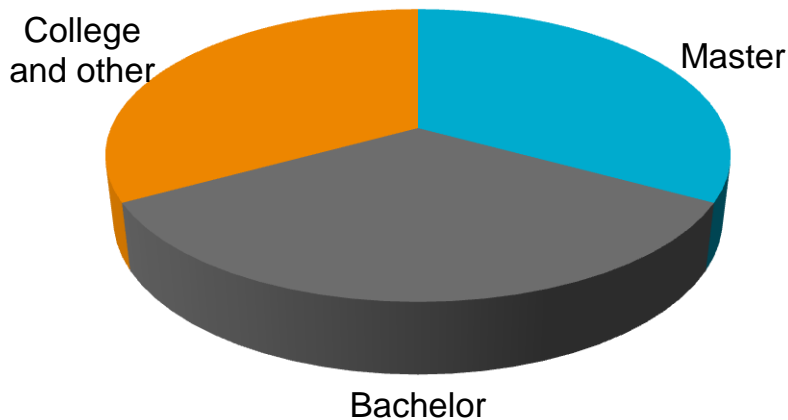
26.2% of personnel

- Products unit personnel 239 (195)
 - Units in Finland and India
 - Future recruitments in India

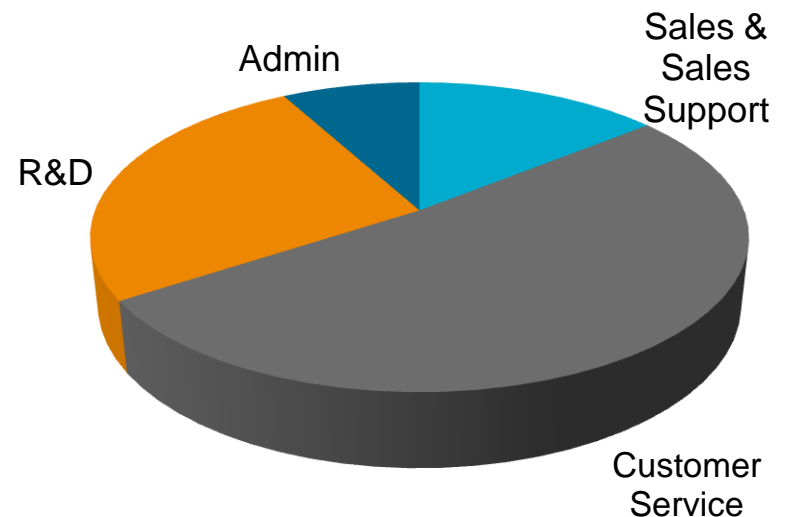
Personnel

- In total 913 (761) employees at the end of December 2010

- 54.9 percent abroad
- Average age 35.7 years



Education



Personnel groups

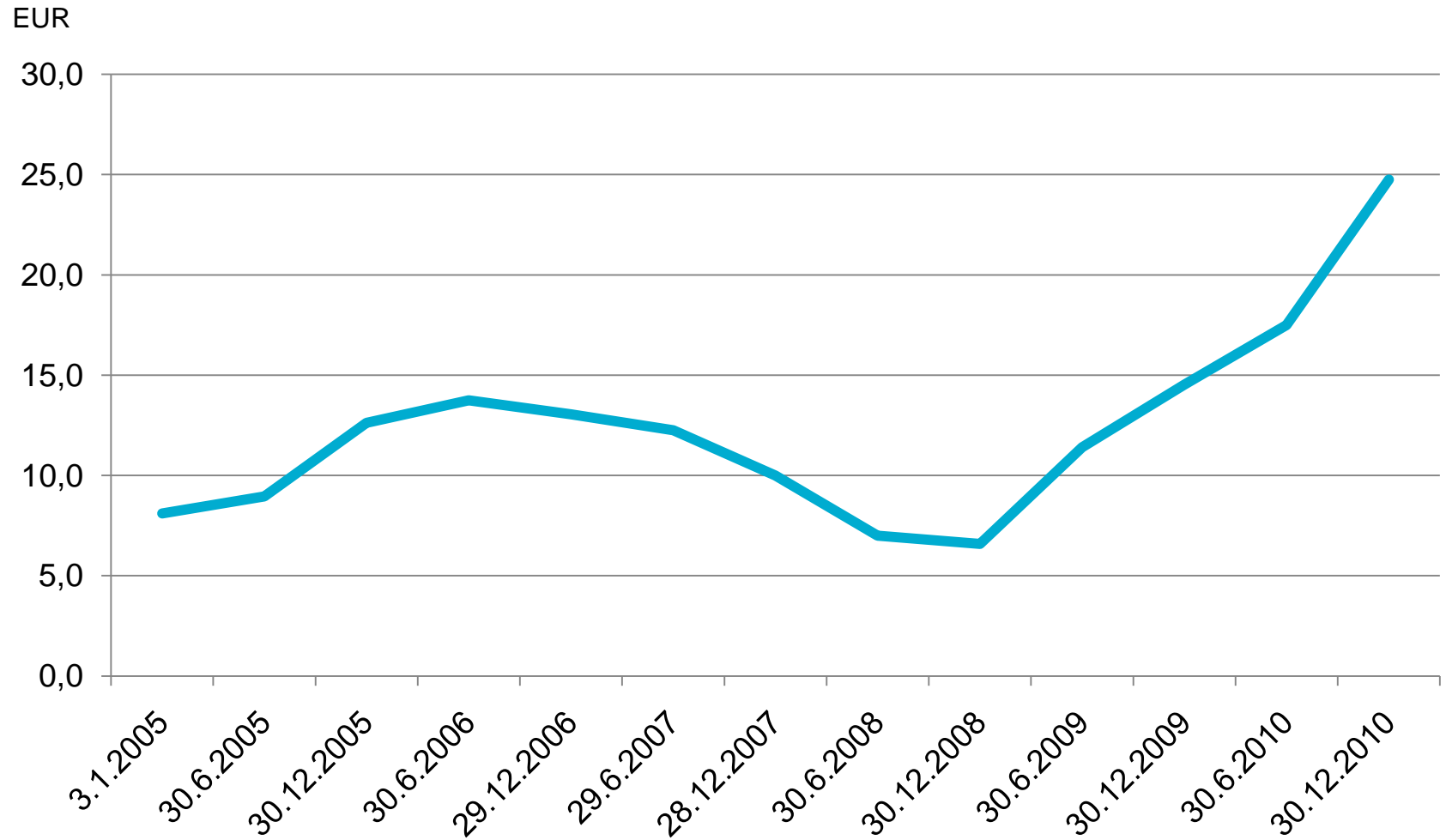
Finance and Investments

- Total assets on the balance sheet EUR 91 470 thousand (EUR 87 287 thousand)
- Cash and cash equivalents EUR 13 822 thousand (EUR 12 210 thousand)
- Cash flow from operations EUR 12 523 thousand (EUR 14 732 thousand)
- Equity ratio 73.3% (64.8%)
- Gearing -15.3% (-5.3%)
- Total gross investments EUR 4 567 thousand (EUR 7 448 thousand)
 - Includes capitalized R&D costs and acquisitions

Share and Shareholders

- Number of shareholders 15 752 (16 480) at the end of December 2010
- Share price development during January–December 2010:
 - Average price of the share EUR 19.27 (EUR 10.79)
 - Highest EUR 24.80 (EUR 14.66), lowest EUR 15.00 (EUR 6.60)
 - Closing price EUR 24.75 (EUR 14.52)
- As of January 1, 2011 Basware is listed on NASDAQ OMX Helsinki Mid cap
- Traded shares 2 131 071 (2 038 565)
 - 18.5% (17.9%) of all shares
- Market capitalization EUR 287 093 169 (EUR 165 206 004)
- Basware's Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.40 per share (2009: EUR 0.36) be paid for 2010.

Development of share price 2005-2010



Re-defined strategic focus based on strong international growth 1/2

- Increasing efforts to support the growth of Automation services and especially e-invoicing
- Transition of existing installations to SaaS model in connection to NextGen product updates
- New Invoice Automation process outsourcing offering
- New monthly subscription payment model as an alternative to existing ones (one-time license and pay-per-use SaaS)

Re-defined strategic focus based on strong international growth 2/2

- Development of organizational structure and potential rearrangement of product and business portfolio
- Increasing focus on offshoring operations to include service business operations and internal support functions
- The company's long-term target is to grow annually 15-30 percent in net sales and more than 50 percent in Automation Services.
- The company's long-term target for operating profit margin is 15-20 percent improving towards the end of the period.

Basware as the market consolidator – focus on acquisitions

- E-invoicing market is currently characterized by a large number of vendors with insignificant volumes and non-profitable operations
- Extensive international consolidation expected and Basware aims to be one of the key consolidators
- With thorough understanding of the market and recent activity in M&A, Basware is further increasing its focus on acquisitions:
 - i. New executive team level M&A function
 - ii. Additional financial flexibility [e.g.] through a potential equity offering during Q1 2011 to support acquisitive growth

Future Outlook

CEO Ilkka Sihvo

Industry and Basware Outlook 2011

- According to market estimates released at the end of 2010, the software market is expected to grow at a slower rate in 2011 than previously forecasted. The software market is expected to grow by 7.1 percent globally and by 8.4 percent in the United States.
- The IT services market is also expected to grow globally at a slower rate than previously forecasted, at a rate of approximately 7.3 percent. The US IT market growth estimate stands unchanged at 7.4 percent. Nevertheless, the Purchase to Pay service market is expected to grow by more than 10 percent in 2011.
- Competitive position strong, Automation Services supporting overall product offering.

Industry and Basware Outlook 2011

- The company's long-term target is to grow annually more than 50% in SaaS, Connectivity Services and e-invoicing. Target is to become the leading e-invoicing companies in the world.
- The estimated revenue to be recognized for current Automation Services agreements in production in the next twelve months is EUR 14.6 million (growth of 21.3 percent compared to the estimate made at the end of the previous quarter).
- In North America, the focus is on developing the company's own sales channel and strategic partnerships.
- In Europe, development of own sales channel and profitable growth continues.
- In Finland and Scandinavia, the focus is on profitability, and moderate growth is supported by the company's expanded product portfolio and the development of the service business.

Industry and Basware Outlook 2011

- The number of the Group's personnel will increase mainly in Automation Services and R&D activities during the year. The number of personnel will increase the most in India, which will enable growth with a more moderate increase in costs.
- Basware is increasing the focus on acquisitions in its strategy and organization. The company has been active in mergers and acquisitions and is now further strengthening the activity by establishing a new executive team-level M&A function.
- The role of offshoring operations will continue to grow in the company's strategy.
- Net sales is expected to grow over 10 percent in 2011.
- Operating profit (EBIT) for 2011 is expected to be over 13 percent of net sales.

Next interim report on April 13, 2011

Analyst and press briefing takes place on April 13, 2011 at 11.00 in Hotel Kämp, Pohjoisesplanadi 29, Helsinki, Finland.

Welcome!