

BasWare in Q3 2007

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BasWare in Brief

- ▶ Headquarters in Espoo, Finland and nine subsidiaries in Europe and in the US
- ▶ Branches in Singapore and Q1/08 in Russia
- ▶ Presence in nearly 50 countries, on 6 continents
- ▶ 500,000 users globally in 1000+ large organizations
- ▶ Net sales in 2006 approx. EUR 60 million
- ▶ 630 employees at the end of September 2007

- ▶ ***Breakthrough to Global Leader***



BasWare Enterprise Purchase to Pay Solutions

BasWare Supplier Portal

BasWare Procurement

- BasWare RFX Management
- BasWare Contract Lifecycle Management
- BasWare Purchase Management

BasWare Invoice Automation

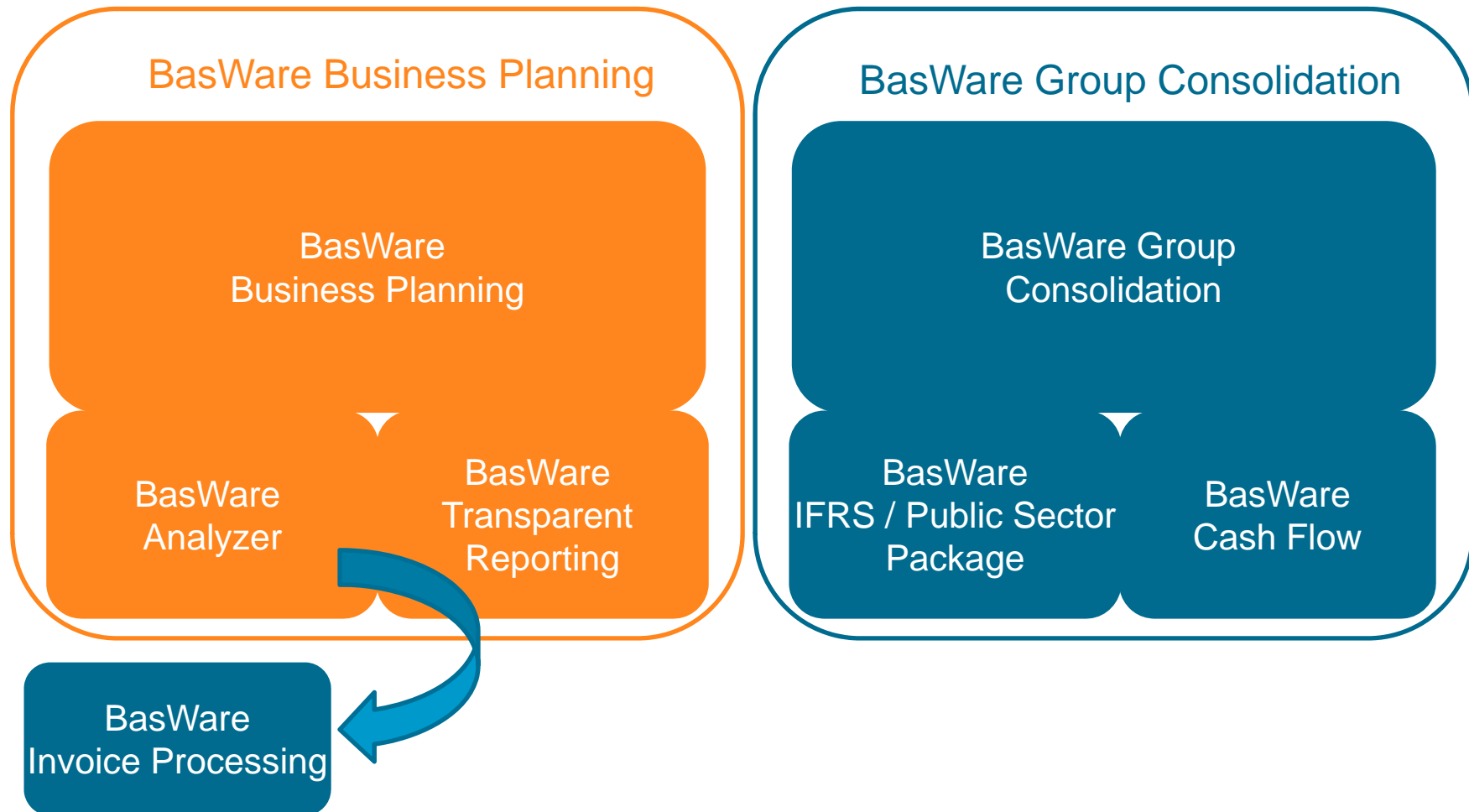
- BasWare Contract Matching
- BasWare Order Matching
- BasWare Invoice Processing

BasWare KPI Tool

BasWare Travel and Expense Management

BasWare Document Archiving

BasWare Financial Management Solutions



BasWare Einvoices offering

Business Transactions Service

- ▶ Communicate with any organization on the network, including those connected to BasWare BT and those on the global interoperability network

Sending customer

- ▶ BasWare Business Transactions Connector with value added services and customization
- ▶ Partner operator offering for small size companies

Receiving customer

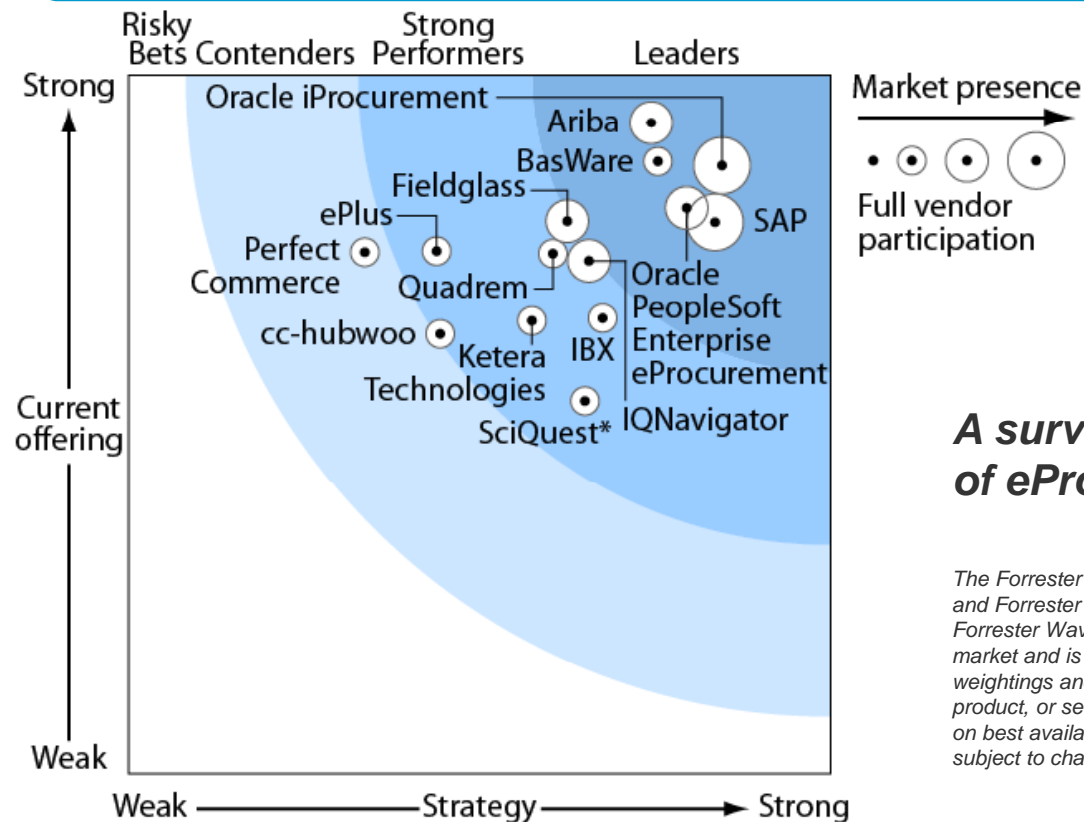
- ▶ Receiving customers use tailored interface if they are BasWare Invoice Processing users or
- ▶ FTP to fetch invoices if they use some other invoice workflow software

Supplier activation

- ▶ A service to maximize the cost saving opportunity for e-invoice receivers

Forrester Wave™: eProcurement Solutions, Q2 '07

“BasWare stakes out a strong position as a new player in eProcurement.”



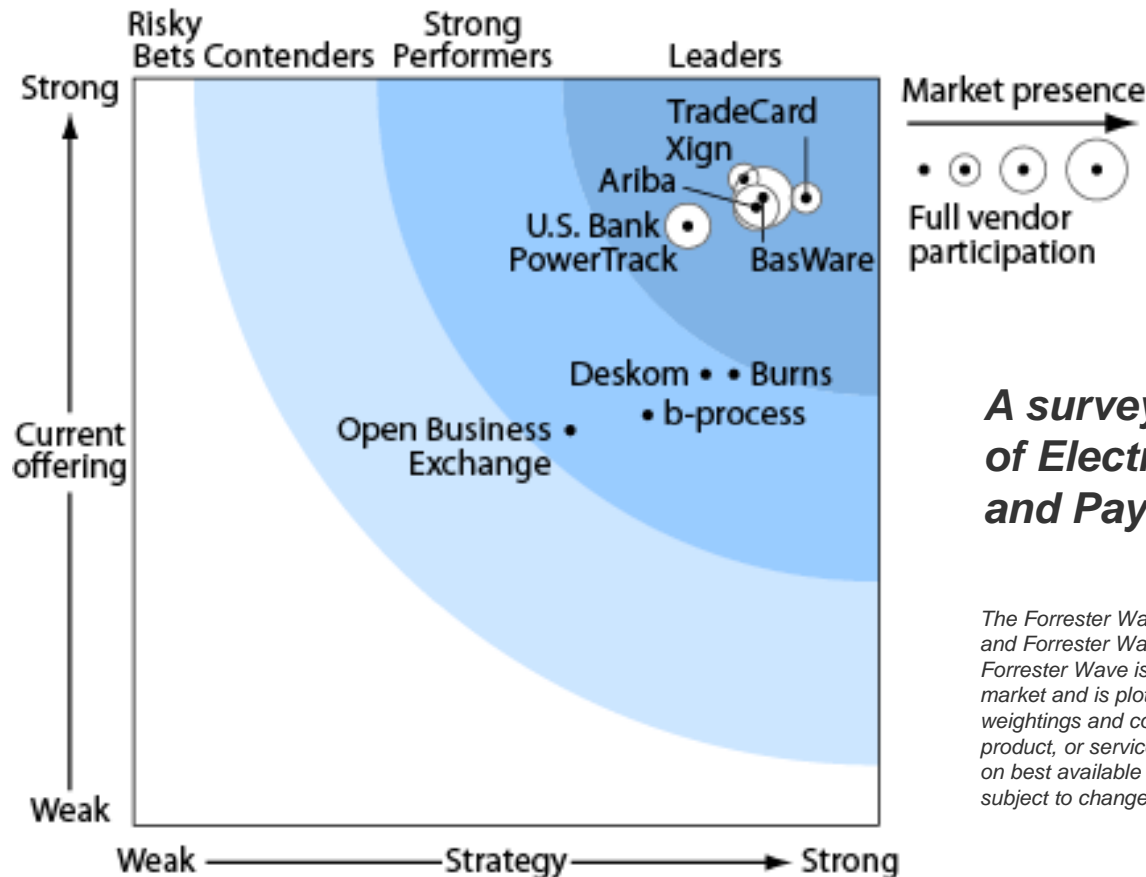
**A survey made in the US in Q2 2007
of eProcurement Solution vendors**

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*SciQuest is a vendor focused on universities and research companies, and its position on this graphic of the overall market does not reflect the strength of its offering for that specific segment.

Forrester Wave™: Accounts Payable EIPP, Q3 2005

“BasWare stands out among the European vendors with current offering scores that were equal or close to those of the American vendors. BasWare also had the largest market presence of all vendors.”



***A survey made in the US in Q3 2005
of Electronic Invoice Presentation
and Payment vendors***

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Business Review of Q3 2007



Highlights of Q3 2007

- ▶ **Quarter succeeded according to plan;** Finnish EPP and Financial Management units and European units exceeded the objectives; Scandinavia reached the objective
- ▶ **Growth of net sales continued**
 - Net sales EUR 15 268 thousand (EUR 13 363 thousand)
 - Growth 14%
- ▶ **Consulting and services revenue developed positively**
 - Represented 37% of net sales
 - Growth 25%
- ▶ **Growth of international operations**
 - Represented 48% (48%) of net sales
 - Growth 15%, Europe segment growth 49%
- ▶ **Profitability nearly at planned level**
 - Growth investments influenced profitability
 - Operating profit EUR 1 406 thousand (EUR 2 495 thousand)
 - Decrease 44%
 - 9% of net sales (19%)
- ▶ **Acquisition of Digital Vision Technologies**

Nordic Operations in Q3 2007

Nordic

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



In Q3 2007, BasWare's Nordic operations exceeded its objectives for the third quarter

- The Finnish Enterprise Purchase to Pay and Financial Management units exceeded their objectives
- The Scandinavian unit met its objective
- Finland segment net sales growth 9%, Scandinavia segment net sales growth 17%

European Operations in Q3 2007

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



Q3 2007

- 42 partners in total at end of the quarter
- The area exceeded the objective for the quarter
 - The units in United Kingdom and France exceeded their objectives
 - The Dutch and German units met their objectives
- Europe segment net sales growth 49%

Operations outside of Europe in Q3 2007

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



Q3 2007

- Six resellers in the area
- BasWare, Inc. fell behind its sales objective
- The segment “Other” net sales decreased by 42%

Asia Pacific

- More focus on Australia
- Channel building in APAC

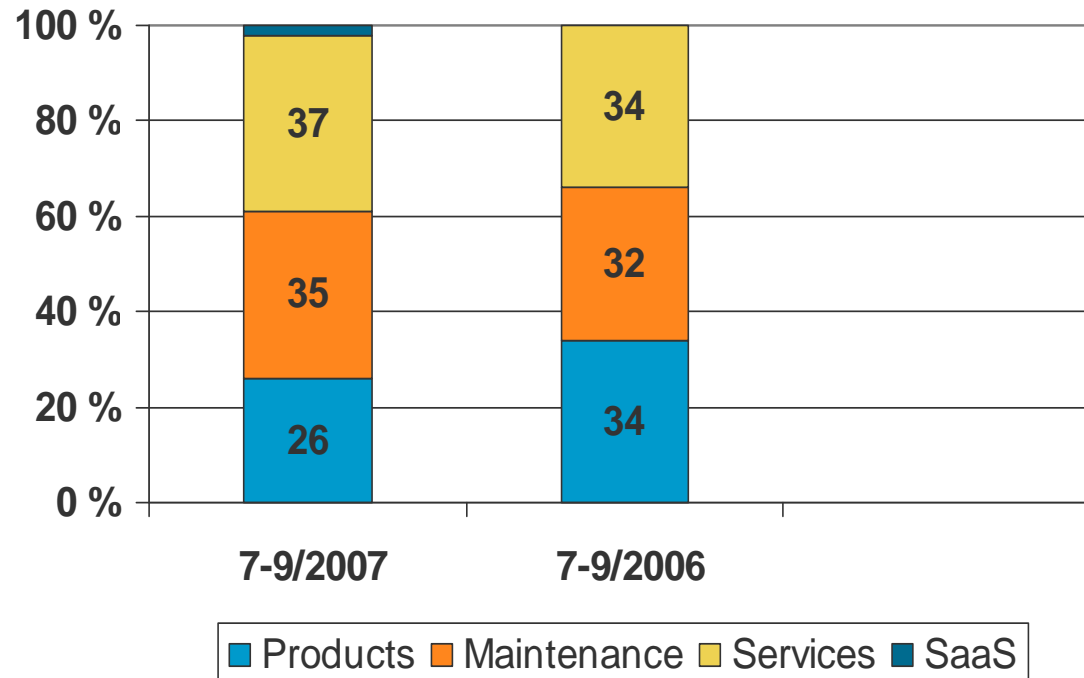
Q3 2007

- Asia Pacific fell slightly behind its objective

Business Operations in Q3 2007

- ▶ Enterprise Purchase to Pay
 - Growth 18%
 - New customers include Scottish & Newcastle Plc in the UK, Ernst & Young France and Fairwinds Credit Union in the US
 - Significant SaaS agreements with Finnish State Treasury and Oulu region
- ▶ Financial Management
 - Decrease 7%
 - New customers include City of Espoo and Lännen Tehtaat in Finland and IES Holding in Russia
- ▶ Invoices
 - Approximately 1.6 million electronic invoices transmitted in Q3
 - Increase of 34% compared with Q3 2006

Net Sales by Operation Q3 2007



Services =

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

Maintenance –

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

Products =

License sales of own software products

SaaS–

Software as a Service, monthly charged fees

- ▶ Product sales decreased 12 percent
- ▶ Growth of maintenance revenue 23 percent
- ▶ Growth of services revenue 25 percent
- ▶ SaaS represented 2% of net sales, backlog of orders EUR 7 048 thousand

Reseller Channel Q3 2007

- ▶ Resellers' share of product sales 16% in Q3 2007 (15%)
 - EUR 620 thousand (EUR 669 thousand)
- ▶ 66 business partners (i.e. value added resellers) in over 30 countries at end of September 2007
 - Three new reseller agreements in Q3 (Russia, Croatia, South-Africa)



- ▶ Focus on developing the cooperation with main technology providers in Europe and the United States

New customer agreements Q3 2007

ERNST & YOUNG
Quality In Everything We Do

- Covers Invoice Automation & Procurement solutions
- Value over EUR 300K
- Option to extend further to Southern Europe

Scottish & Newcastle

- Covers Invoice Automation & KPI Tool
- Roll-out to UK, France, Belgium & Portugal

LEAR
CORPORATION

- Covers Invoice Automation
- Strengthens BasWare's position in the manufacturing industry
- Global Fortune 500 company



Acquisition of Digital Vision in September

- ▶ Total acquisition price approx. EUR 9.2 million
 - A total of EUR 9 million paid in conjunction with the completion of the acquisition. Remainder determined by Digital Vision's net assets on the Interim Financial Statements on August 31, 2007
- ▶ Strengthens BasWare's market position in the UK and extends BasWare's customer base in the area
- ▶ Extends BasWare's expertise in scan & capture and document management solutions
- ▶ Digital Vision's organization combined with BasWare UK Ltd.
 - Integration proceeding according to plan
- ▶ Acquisition increases BasWare's net sales by approximately EUR 2 million in 9–12 2007
 - Digital Vision employed 52 persons at end of September 2007

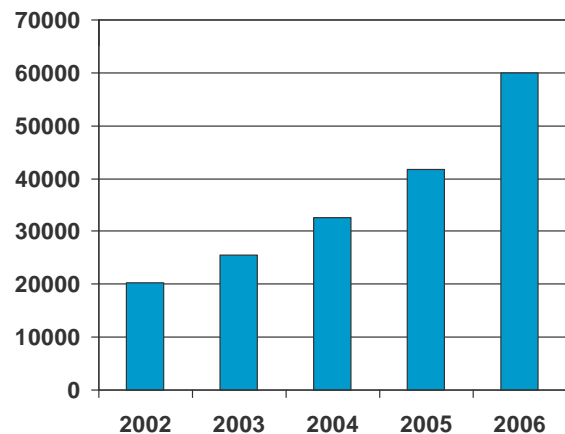
Financial Review of 1-9 2007



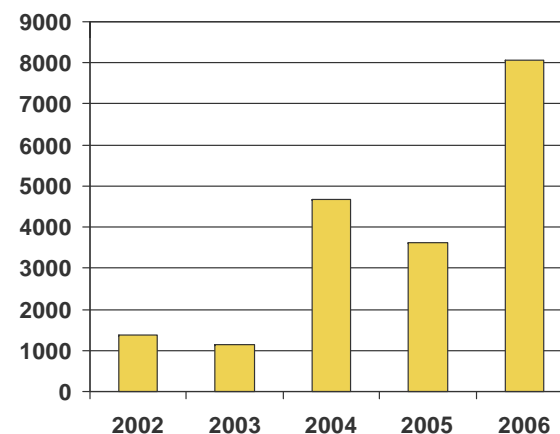
Key Financials 2002–2006

<i>EUR thousand</i>	FAS			IFRS	
	2002	2003	2004	2005	2006
				Restated	
Net sales	20 263	25 597	32 640	41 666	59 954
Growth of net sales, %	63.4%	26.3%	27.5%		43.9%
Operating profit	1 370	1 133	4 663	3 611	8 078
% of net sales	6.8%	4.4%	14.3%	8.7%	13.5%
Personnel, 31.12.	244	254	302	395	528

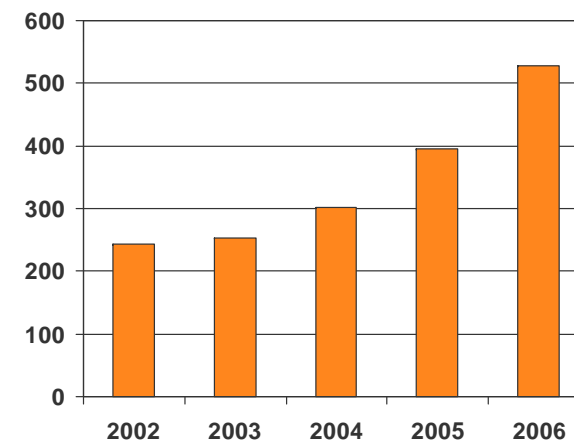
tEUR ■ Net sales



tEUR ■ Operating profit

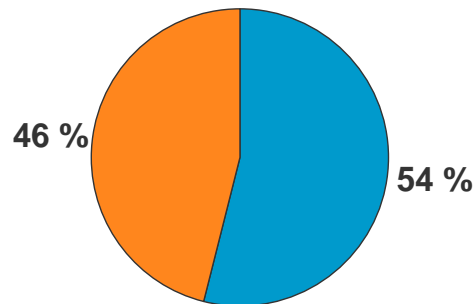


■ Personnel

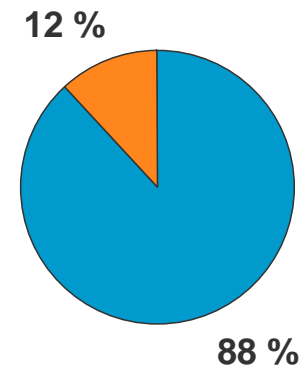


Development of Net Sales 1–9 2007

- ▶ Net sales EUR 50 082 thousand (EUR 43 446 thousand)
 - Growth by 15%
- ▶ Resellers' share 15 percent (16%) of total product sales
 - EUR 2 533 thousand



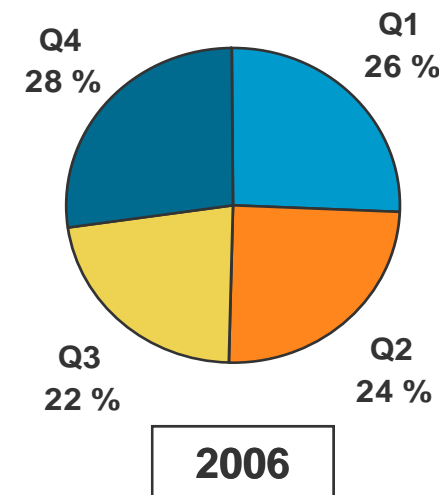
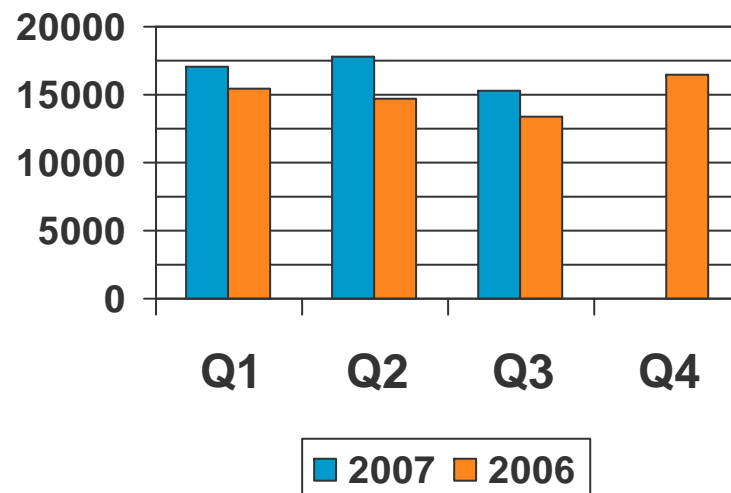
■ Finland ■ International



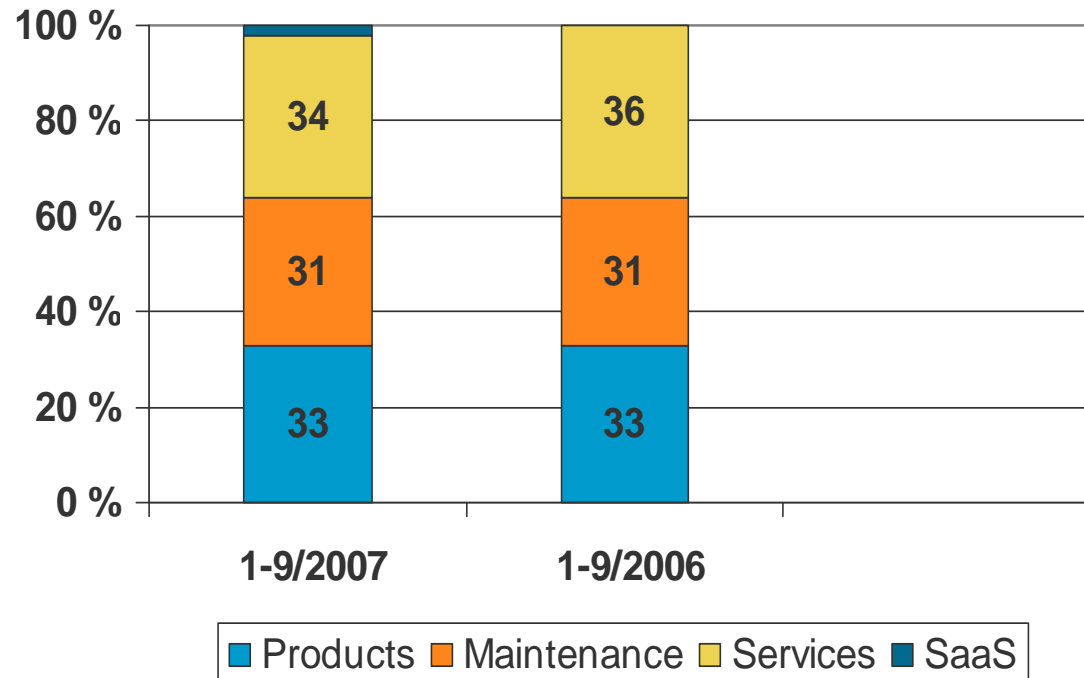
■ Enterprise Purchase to Pay
■ Financial Management

Development of Quarterly Net Sales

<i>EUR thousand</i>	Q1/07	Q1/06	Q2/07	Q2/06	Q3/07	Q3/06	Q4/07	Q4/06
Net sales	17 038	15 432	17 776	14 651	15 268	13 363		16 508
Growth %	10.4%	89.7%	21.3%	50.3%	14,3%	40.9%		52.5%
Other operating income	15	41	752	61	23	25		50
Materials and services	819	778	662	689	981	468		658
Personnel expences	9 243	8 259	9 961	8 710	7 827	6 942		9 042
Depreciation and write-offs	571	453	597	488	657	520		572
Other operating expenses	5 010	3 454	4 536	3 578	4 419	2 963		4 479
Operating profit	1 409	2 529	2 773	1 247	1 406	2 495		1 807



Net Sales by Operation 1–9 2007



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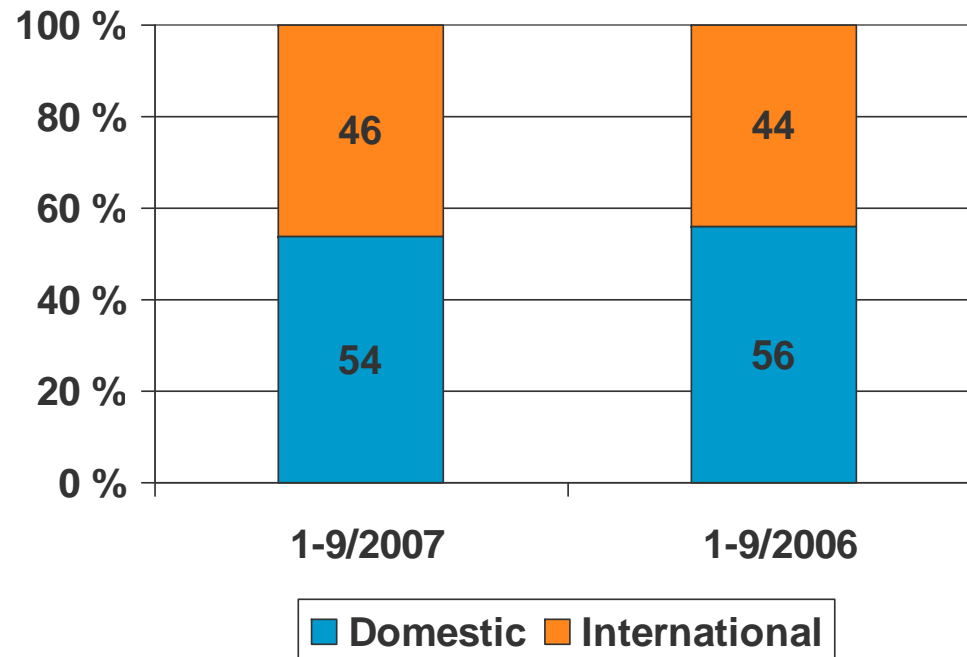
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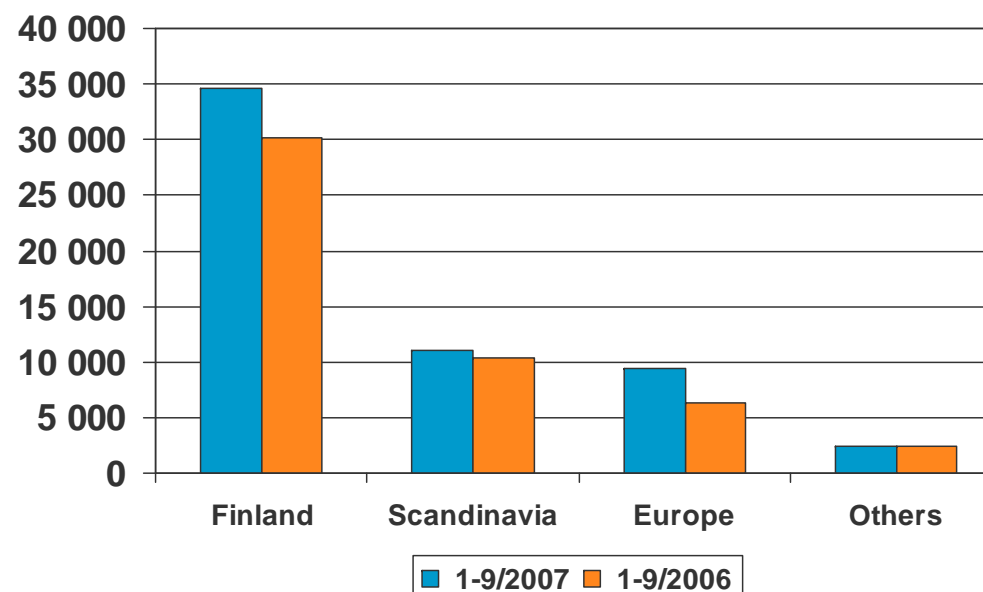
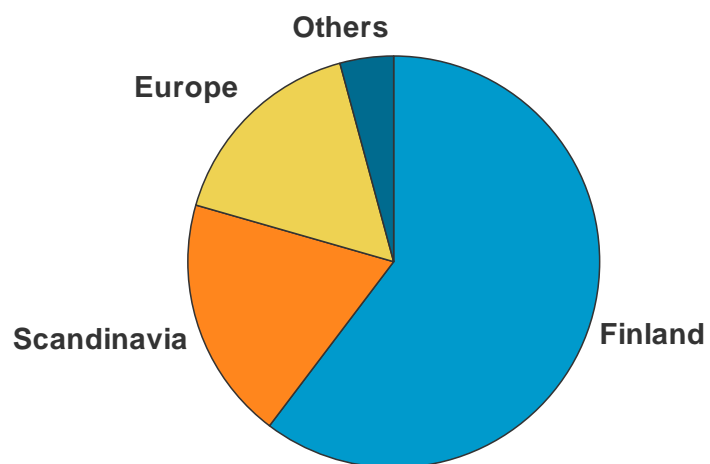
Net Sales by Geographic Area 1–9 2007



- ▶ Growth of domestic net sales 10 percent
- ▶ Growth of international net sales 24 percent

Net Sales by Primary Segment 1–9 2007

Net sales	1-9/2007	1-9/2006	Change, %
Finland	34 571	30 110	14.8
Scandinavia	11 015	10 344	6.5
Europe	9 429	6 272	50.3
Others	2 429	2 393	1.5
Net sales between segments	-7 362	-5 671	-29.8
Group total (IFRS)	50 082	43 446	15.3

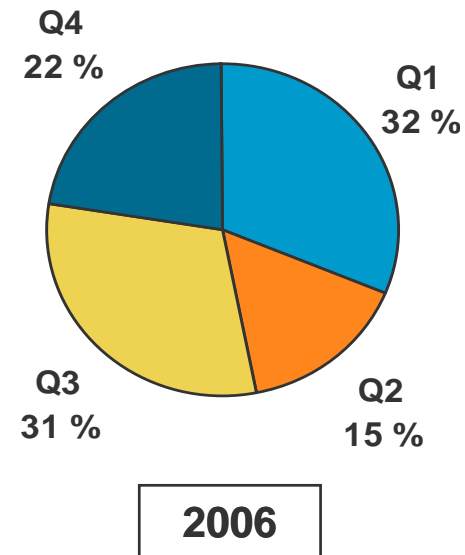
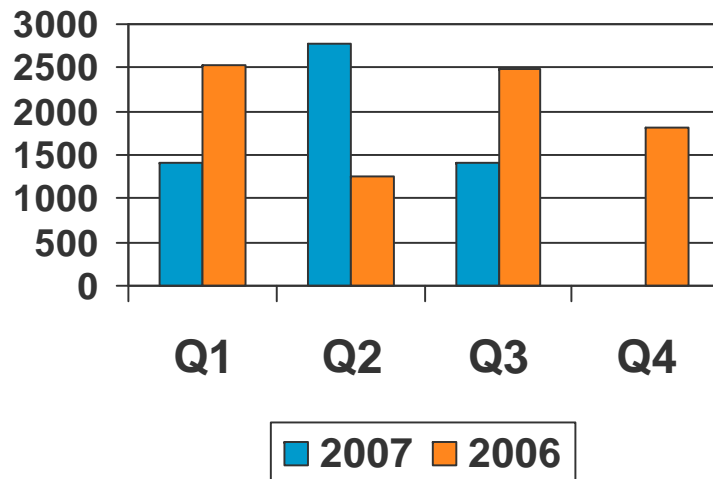


Development of Profit

- ▶ Operating profit EUR 5 588 thousand (EUR 6 271 thousand)
 - 11 percent (14%) of net sales
 - Decrease 11 percent
- ▶ Fixed costs EUR 40 996 thousand (EUR 33 906 thousand)
 - Personnel costs EUR 27 031 (EUR 23 910 thousand)
 - R&D costs total EUR 8 640 thousand (EUR 7 640 thousand), of which EUR 1 843 thousand capitalized
- ▶ Profit before tax EUR 5 816 thousand (EUR 6 457 thousand)
- ▶ Profit for the period EUR 2 999 thousand (EUR 4 460 thousand)
- ▶ EPS EUR 0.26 (EUR 0.40)

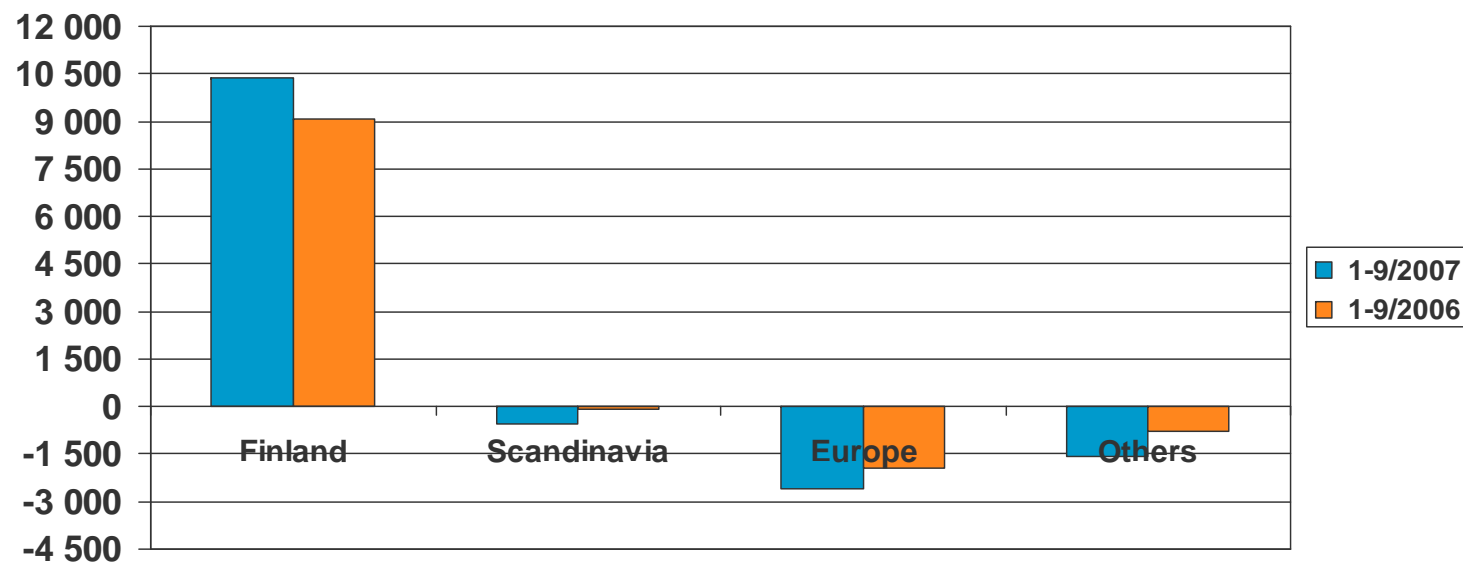
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Operating Profit by Primary Segment

Operating profit	1-9/2007	1-9/2006	Change, %
Finland	10 371	9 072	14.3
Scandinavia	-540	-65	-729.5
Europe	-2 584	-1 922	-34.5
Others	-1 591	-767	-107.6
Operating profit between segments	-67	-47	
Group total (IFRS)	5 588	6 271	-10.9



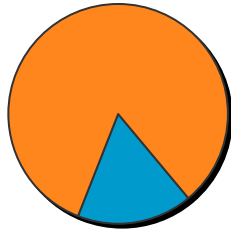
Finance and Investments

- ▶ Total assets on the balance sheet EUR 67 555 thousand (EUR 57 293 t)
- ▶ Cash and cash equivalents EUR 9 644 thousand (EUR 9 909 t)
- ▶ Cash flow from operations EUR 5 918 thousand (EUR 5 532 t)

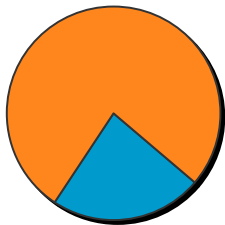
- ▶ Equity ratio 8.8% (18.2%)
- ▶ Gearing -10.9% (-20.6%)

- ▶ Total gross investments EUR 11 109 thousand, includes the acquisition of Digital Vision (EUR 24 492 thousand, includes the acquisition of Analyste)
 - Includes capitalized R&D costs

Research and Development



17% of
net sales

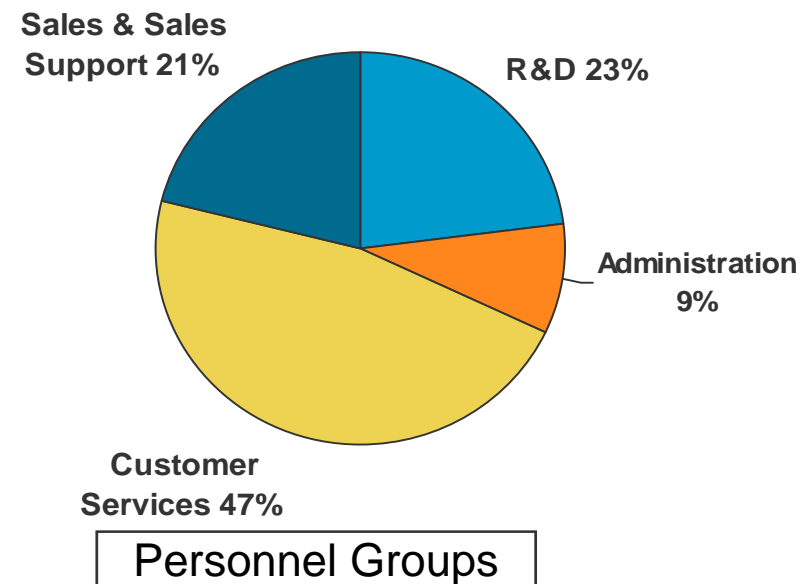
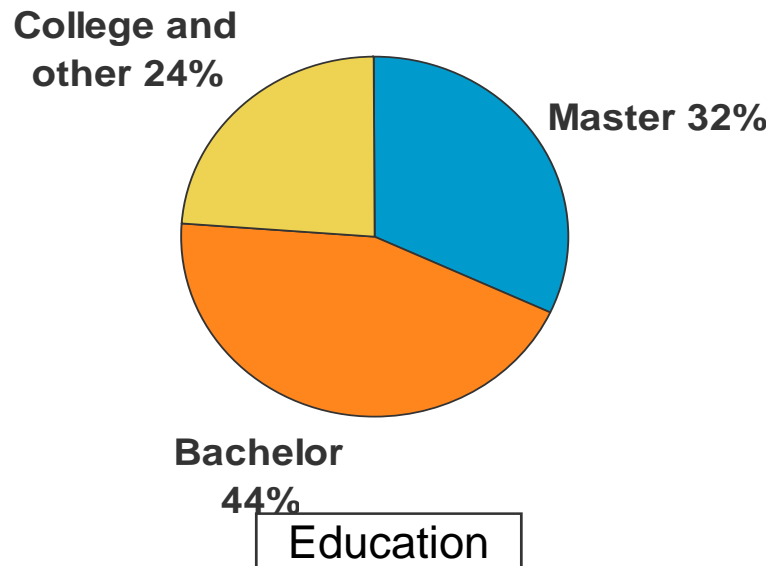


23% of
personnel

- ▶ Product development costs
 - EUR 8 640 thousand (EUR 7 640 thousand)
 - Growth 13 percent (75%)
 - 17% of net sales (18%)
 - EUR 1 843 thousand i.e. 21% of costs capitalized
- ▶ Software production personnel 144 (138)
 - Units in Finland and Norway

Personnel

- ▶ In total 630 (517) employees at the end of September 2007
- ▶ Growth 22 percent
- ▶ Acquisition of Digital Vision increased the number of personnel by 52
- ▶ 59 percent in Finland; 41 percent abroad
- ▶ Average age 35.8 years



Share and Warrant Information, 30 September 2007

- ▶ Number of shares 11 468 124 (11 074 109)
- ▶ Share capital EUR 3 440 437.20 (EUR 3 440 437.20)

- ▶ Warrant Program 2007
 - Subscription period starts April 1, 2009
 - Based on the warrant program, a maximum of 200 000 warrants can be granted to the key personnel of BasWare Group

- ▶ Warrant Program 2006
 - Subscription period starts April 1, 2008
 - Based on the warrant program, a maximum of 300 000 warrants can be granted to the key personnel of BasWare Group

Share and Shareholders



- ▶ Number of shareholders 17 990 (20 453) at the end of September 2007
- ▶ Share price development during January–September 2007:
 - Average price of the share EUR 12.13 (EUR 13.22)
 - Highest EUR 14.00 lowest EUR 10.11
 - Closing price EUR 12.95 (EUR 11.90)
- ▶ Traded shares 2.2 million (4.7 million)
 - 19% (43%) of all shares
- ▶ Market capitalization EUR 149 million (EUR 136 million)

Outlook for 2007

- ▶ **Growth of net sales 15–20 percent**
- ▶ **Operating profit 10–15 percent of net sales**

- ▶ Direct sales
- ▶ Indirect sales: Europe, US, Russia, Asia, Southern Europe
- ▶ Scandinavia & Finland focus on profitability, mild growth
- ▶ New products: BasWare Mobile Client, BasWare RFX Management, BasWare Contract Lifecycle Management

- ▶ Review of acquisition possibilities continues

Thank you!

www.basware.com