

Basware Q4/2008 and Financial Results for the full year 2008

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Basware in Brief

- Headquarters in Espoo, Finland and 20 offices in Europe, US and Asia Pacific
- 650,000 users globally in 1200+ large organizations
- Net sales EUR 86 098 thousand (EUR 73 270 thousand) at 2008
- 731 (658) employees at 2008

Breakthrough to Global Leader



A woman with short brown hair, wearing a dark blazer, is seen from the back, presenting a gift wrapped in grey paper with a floral pattern. She is standing in an office with large windows overlooking a city. Another woman with long dark hair, wearing a black top and a grey cardigan, is smiling and looking at the gift. The office desk has a computer monitor and a white orchid plant.

basware

Business Review of Q4/2008

Q4/2008 in Brief

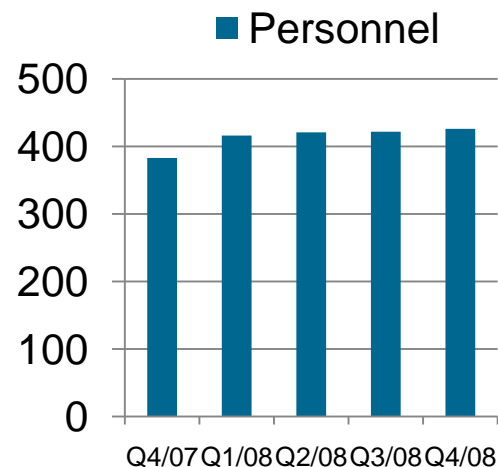
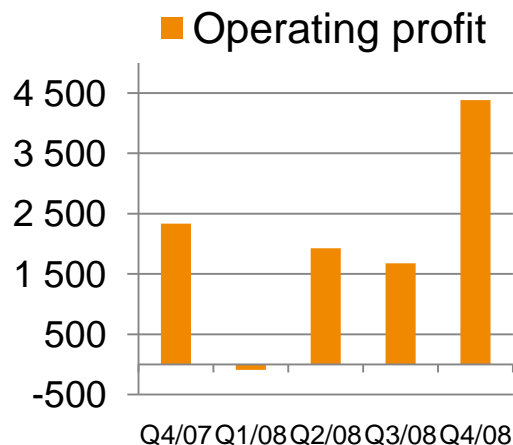
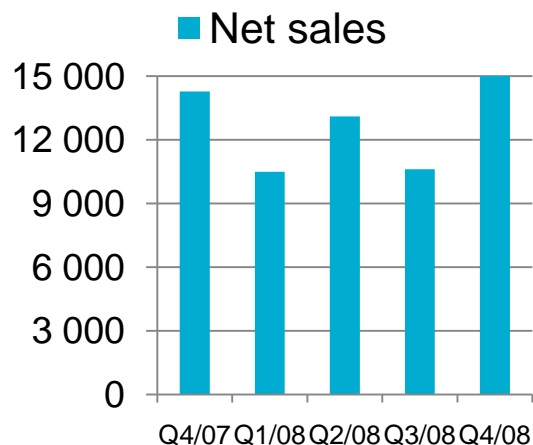
EUR Million	Q4/2008	Q4/2007
Net sales	26.3	23.2
Growth of net sales, %	13.4 %	40.5 %
Operating profit	4.1	1.9
Growth of operating profit %	114.2 %	6.5 %
% of net sales	15.7 %	8.3 %
Net profit/loss	3.3	1.1
Earnings per share, euro	0.28	0.09
Fixed costs	19.9	18.5
International operations' share of net sales	51.4 %	53.2 %
Resellers' share of product sales	15.3 %	14.0 %
Personnel 31.12.	731	658

Record-high profitability

- Growth of Net sales 13.4 %
- With comparable currencies 17.6%
- Growth of Operating profit 114.2 %
- Operating profit without one-off items EUR 4 858 thousand
- Growth of 152.5 %, 18.5% of Net sales
- Growth of consulting services 29.6 %
- Growth of Software as a Service 36.2 %
- 51.4 % of Net sales from outside Finland
- Top units Finland, US, Holland, France, Norway
- Overall market sentiment very challenging

Finland Segment Q4/2008

<i>EUR thousand</i>	Q4/07	Q1/08	Q2/08	Q3/08	Q4/08
Net sales	14 278	10 493	13 091	10 604	15 329
Growth of net sales,%	30.8%	-13.0%	6.6%	3.6%	7.4%
Operating profit	2 335	-93	1 926	1 679	4 385
Number of personnel	383	416	421	422	426



Finland Segment Q4/2008

Profile

Segment consists of Finnish, Russian, Asian, Australian, Financial Management's and Invoicing's businesses

Altogether 17 resellers in the segment

Number of personnel 426

Highlights

The growth of Finland segment 7.4 % to 15 329 thousand euros (14 278)

Growth of EPP 18.3 %
Growth of FIMA 12.0 %
Growth of Invoicing volume 16.8 %

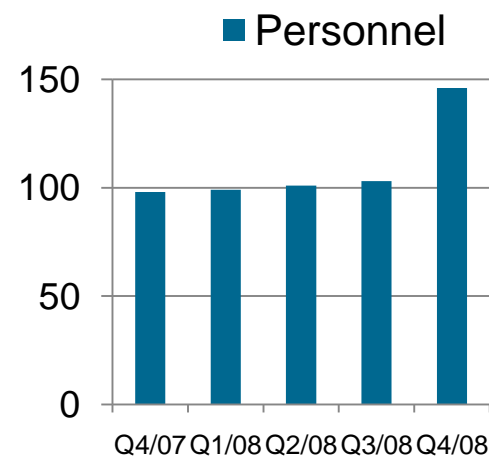
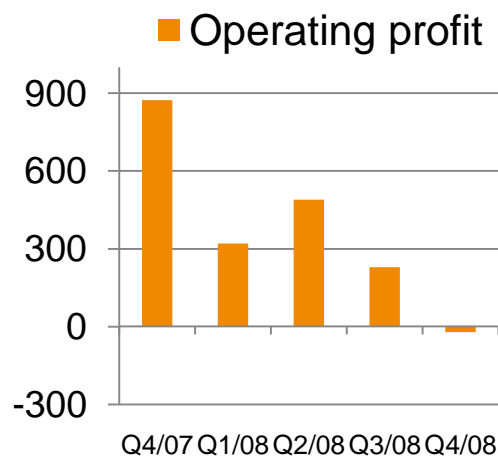
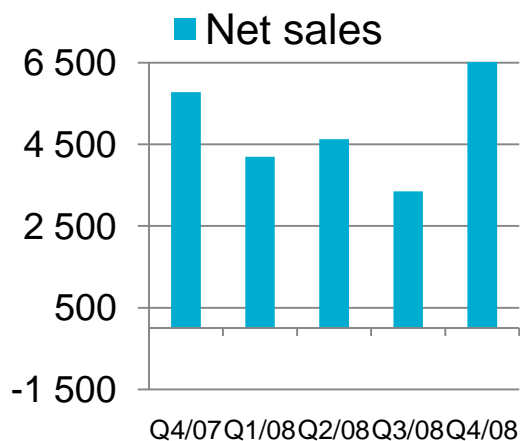
New customers

Huhtamäki Oyj, Lumon, Instru Optiikka Oy, Tehy Ry, Publicis Oy, Flight Centre Ltd ja Svitzer Australia Pty Ltd.

Scandinavia Segment Q4/2008

<i>EUR thousand</i>	Q4/07	Q1/08	Q2/08	Q3/08	Q4/08
Net sales	5 782	4 198	4 628	3 352	6 627
Growth of net sales,%	32.8%	4.2%	19.9%	7.2%	14.6%
Operating profit	873	321	489	229	-21
Number of personnel	98	99	101	103	146

Contempus one-off
Scandinavia 716 kEur



Scandinavia Segment Q4/2008

Profile

Centrally managed units in Sweden, Norway and Denmark

The segment sells Enterprise Purchase to Pay and Financial Management solutions excluding payment solutions

Mainly direct sales

Number of personnel 146

Highlights

The growth of Scandinavian segment was 14.6% to 6 627 thousand euros (5 782 thousand euros)

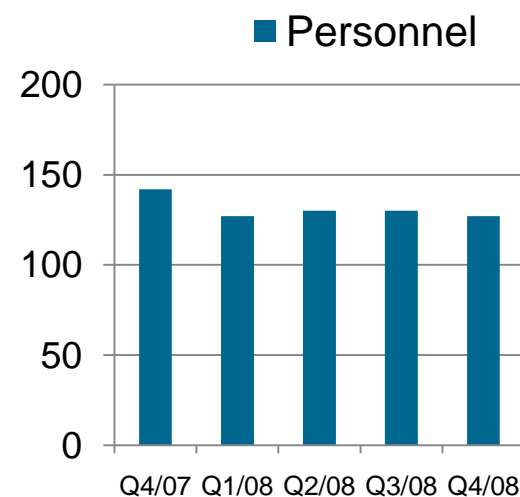
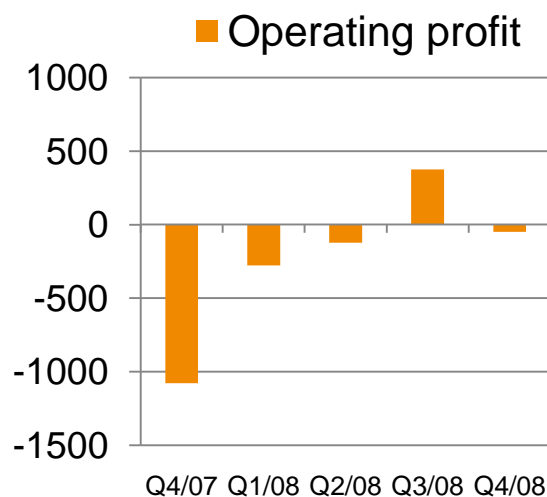
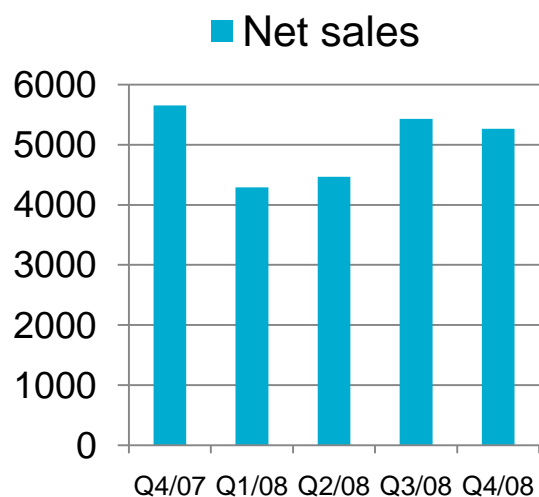
Growth of profitability -102.4% and without one-off costs -20.4%.

New customers

Zalaris HR Services as, HMR Group AS, Nycomed AB, Dagbladet Borsen A/S ja Cleansol AB.

Europe Segment Q4/2008

<i>EUR thousand</i>	Q4/07	Q1/08	Q2/08	Q3/08	Q4/08
Net sales	5 652	4 293	4 469	5 428	5 264
Growth of net sales,%	108.3%	53.3%	41.7%	56.1%	-6.9%
Operating profit	-1 078	-277	-123	375	-48
Number of personnel	142	127	130	130	127



Europe Segment Q4/2008

Profile

Segment consists of units in Germany, France, The Netherlands, UK and Southern Europe

Segment sells Enterprise Purchase to Pay products excluding payment and travel management solutions

Altogether 35 resellers in the segment

Number of personnel 127

Highlights

The decline of Europe segment was 6.9 %

Data Capture growth in UK as expected; operation profitable

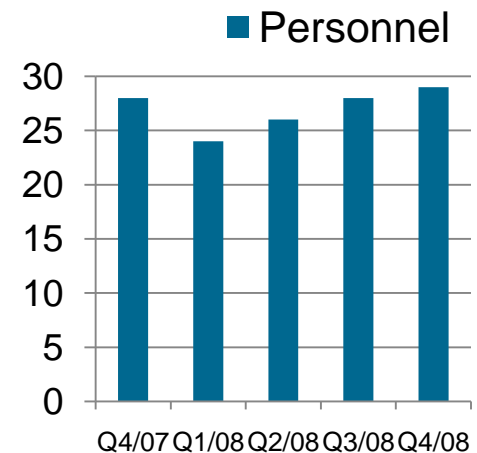
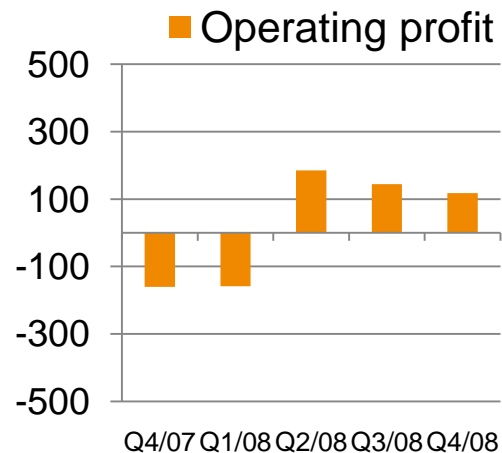
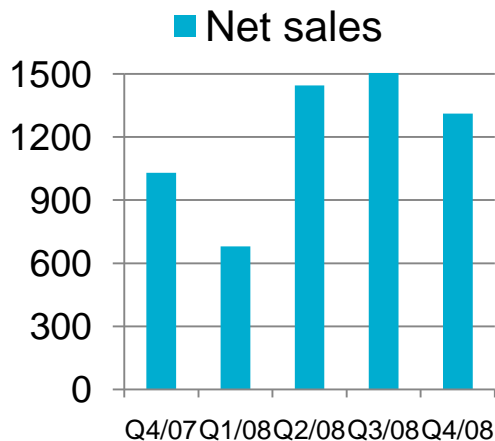
Increase of profitability 95.5 %

New customers

Warnaco BV, Port of Antwerpen, OCMS and Groupe Arrivée.

North America Segment Q4/2008

<i>EUR thousand</i>	Q4/07	Q1/08	Q2/08	Q3/08	Q4/08
Net sales	1 030	680	1 446	1 567	1 311
Growth of net sales,%	-7.9%	-9.6%	57.0%	107.1%	27.3%
Operating profit	-160	-158	185	144	118
Number of personnel	28	24	26	28	29



North America Segment Q4/2008

Profile

The North American unit sells Basware Enterprise Purchase to Pay solutions

Altogether 10 resellers in the segment

Number of personnel 29

Highlights

The growth of North American segment was 27.3%

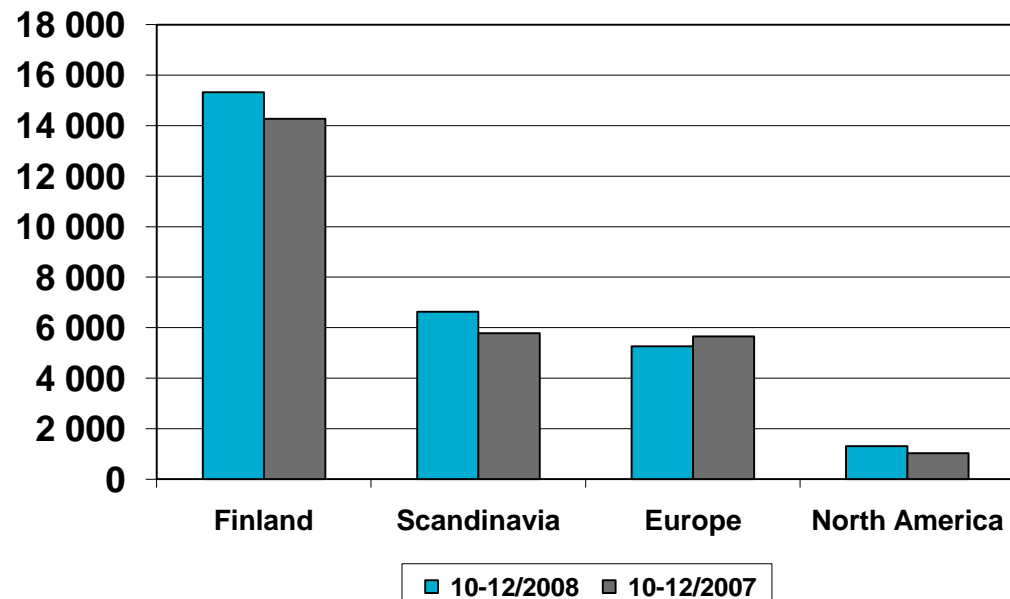
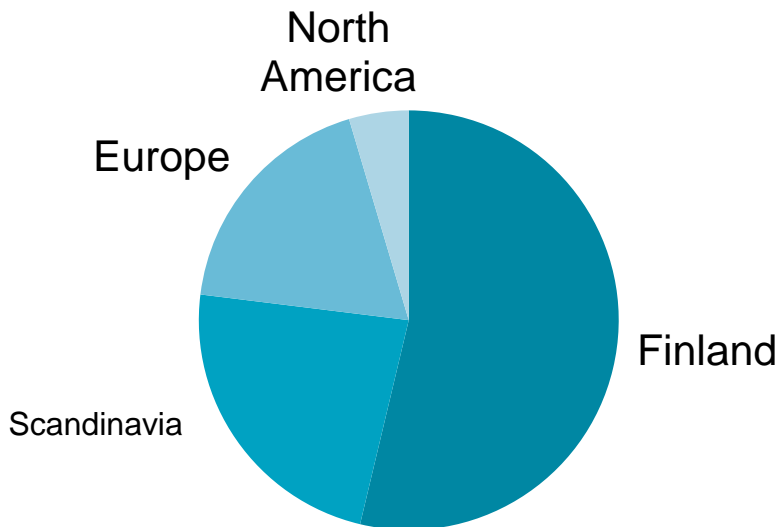
Improvement of profitability was 174.0%

New customers

Alcon Laboratories Inc. and Brookfield Properties Management LLC

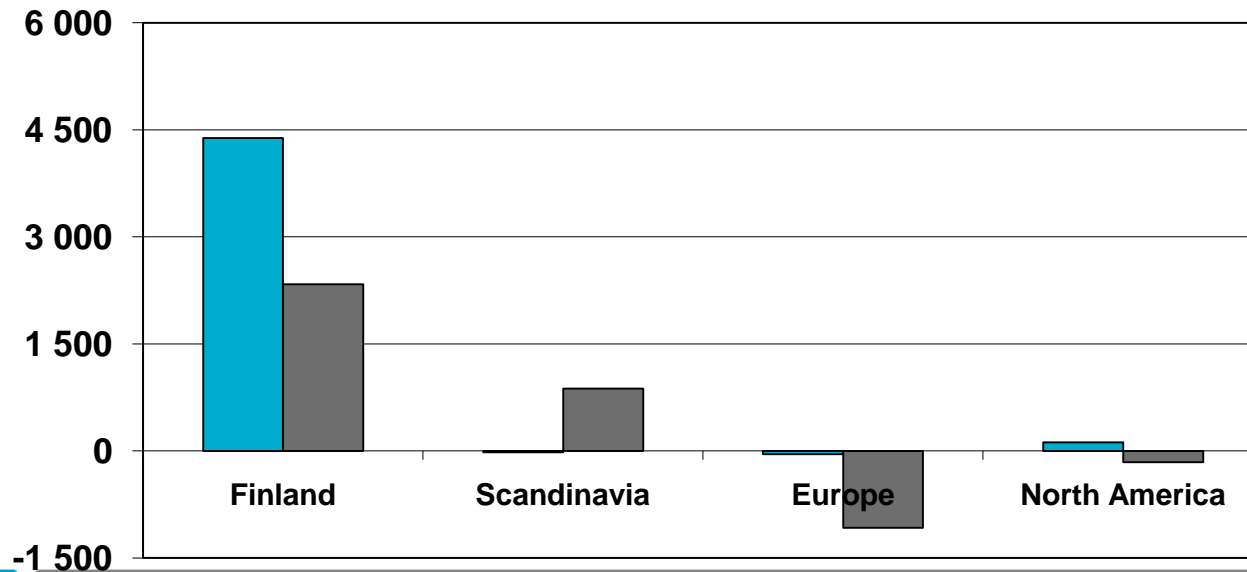
Net Sales by Primary Segment 10-12/2008

Net sales	10-12/2008	10-12/2007	Change, %
Finland	15 329	14 278	7.4
Scandinavia	6 627	5 782	14.6
Europe	5 264	5 652	-6.9
North America	1 331	1 030	27.3
Net sales between segments	-2 238	-3 554	37.0
Group total (IFRS)	26 294	23 187	13.4



Operating Profit by Primary Segment 10-12/2008

Operating profit	10-12/2008	10-12/2007	Change, %
Finland	4 385	2 335	87.8
Scandinavia	-21	873	-102.4
Europe	-48	-1 078	95.5
North America	118	-160	174.0
Operating profit between segments	-312	-47	-565.8
Group total (IFRS)	4 122	1 924	114.2

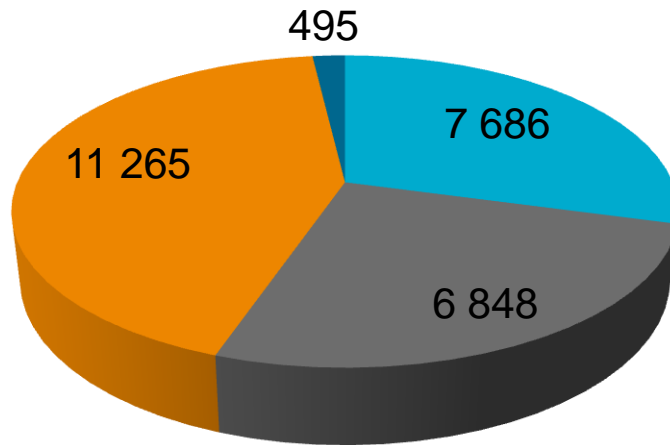


Contempus one-off
Scandinavia 716 kEur
Total 736 kEur

■ 10-12/2008
■ 10-12/2007

Net Sales by Operation Q4/2008

Thousand euros



- Licenses
- Maintenance
- Consulting and Services
- SaaS

- ▶ Growth of license sales 2.7 %
 - ▶ Share of EPP and PM growing
- ▶ Growth of Maintenance 3.0 %
- ▶ Growth of Consulting and Services revenue 29.6 %
 - ▶ High utilization, strong funnel
- ▶ Growth of SaaS 36.2 %
 - ▶ Backlog of SaaS orders
EUR 10 519 thousand

Licenses = License sales of software products

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

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

SaaS = Software as a Service, monthly charged fees

Contempus integration

Integration has been successfully completed within the planned timeframe and cost.

Q4 financials for Contempus units were positive before one-off costs

Customer and partners

Message:

Business as usual with more opportunities with a bigger unit and more comprehensive product suite

Products

Contempus.Invoice & Contempus.Archive

- Renamed to Basware.Invoice & Basware.Archive
- Migration path for Basware.Invoice defined and communicated to market

Offices/People

Sweden: Contempus AB moved into Basware AB offices Mid-December 2008

Norway: Contempus AS and Basware AS will move to new offices on 1st February 2009

Operations

Contempus units fully transferred to Basware Business systems (IP, TEM, NextHour, HR, CRM, SAP etc)

basware

Business Review of 2008



2008 in Brief

EUR Million	2008	2007
Net sales	86.1	73.2
Growth of net sales, %	17.5 %	22.2 %
Operating profit	8.7	7.5
Growth of operating profit %	15.5 %	-7.0 %
% of net sales	10.1 %	10.3 %
Net profit/loss	6.6	4.1
Earnings per share, euro	0.56	0.36
Fixed costs	69.9	59.5
International operations' share of net sales	51.8 %	48.2 %
Resellers' share of product sales	16.3 %	14.9 %
Personnel 31.12.	731	658

Record-high profitability Meeting Net sales targets

- Growth of Net sales 17.5 %
- With comparable currencies 20.1%
- Growth of Operating profit 15.5 %
- Operating profit without one-off items EUR 9 415 thousand
- Growth of 25.3 %, 10.9 % of Net sales
- Growth of consulting services 37.1 %
- Growth of Software as a Service 41.5 %
- 51.8 % of Net sales from outside Finland
- Top units Finland, US, Holland, France, Norway
- Overall market sentiment very challenging

Highlights 2008

Corporate

Profitability

Challenging overall market sentiment
Meeting guidance levels with record high profitability
Improving internal and external figures

Best Areas

Norway, Finland, Holland, US
Norway and Finland outperforming
Holland and US meeting targets

Consulting

Several outperforming units
All units now performing above
minimum levels

Awareness "breakaway"

The Forrester Wave™: AP-EIPP, Q2 2008
Basware is number 1 in all report dimensions: Strategy,
Current Offering and Market Presence

Some of new customers in 2008

Société de Figaro

Malaysian Airlines

ABB Japan

Stockmann ZAO

Alcon laboratories

Warnaco BV

Europe Arab Bank

Ovako Steel

Scandic Hotels AB

Dagbladet Borsen
A/S

PowerPacker

Huhtamäki Oy

Tehy Ry

Flight Centre Ltd

Tamro AB

AkzoNobel
Functional
Chemicals

Port of Antwerpen

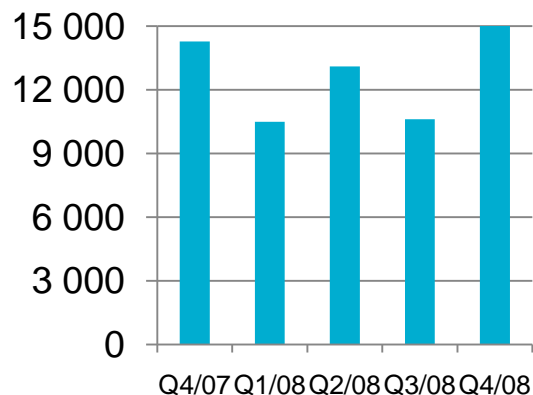
Brookfield
Properties
Management LLC

Finland Segment 2008

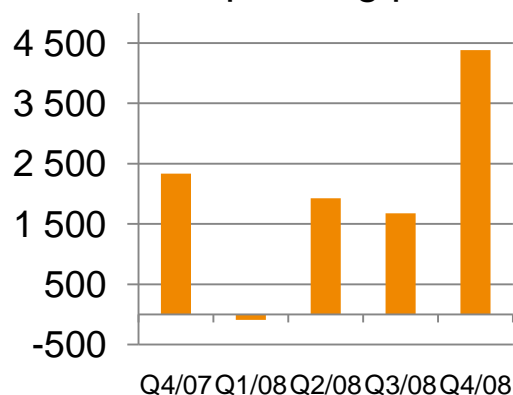
EUR thousand

	2006	2007	2008
Net sales	41 028	48 849	49 517
Growth of net sales, %		19.1 %	1.4 %
Operating profit	12 314	12 706	7 898
Number of personnel	346	367	421

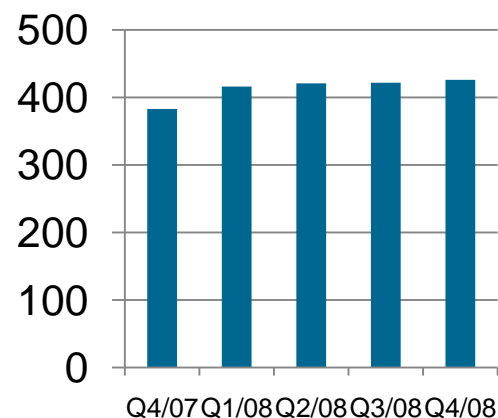
■ Net sales



■ Operating profit



■ Personnel



Finland Segment 2008

Profile

Segment consists of Finnish, Russian, Asian, Australian, Financial Management's and Invoicing's businesses

Altogether 17 resellers in the segment

Number of personnel 421

Highlights

The growth of Finland segment 1.4 % to 49 517 thousand euros (48 849)

Growth of EPP 10.6 %

Growth of FIMA 3.9 %

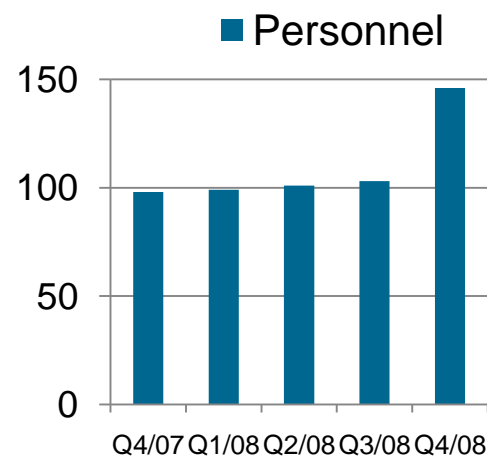
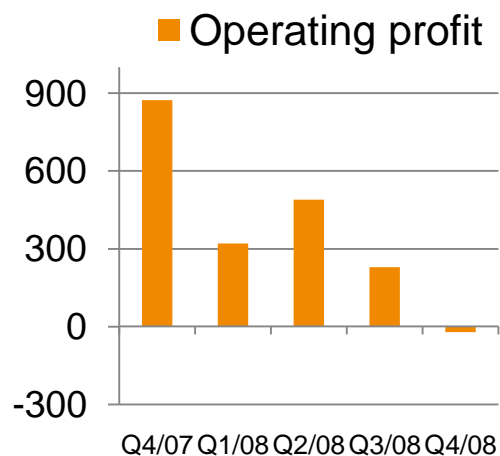
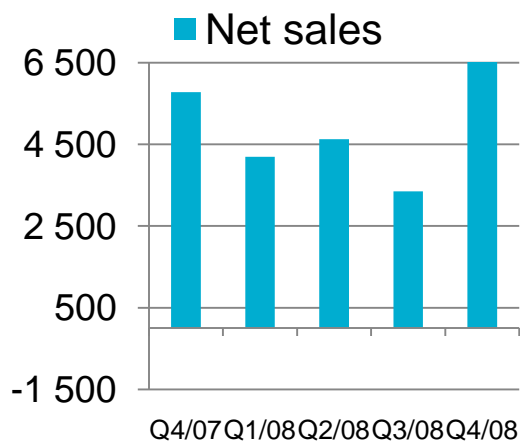
Growth of Invoicing volume 21.1%

New customers

Huhtamäki Oyj, Lumon, Instru Optiikka Oy, Tehy Ry, Publicis Oy, Flight Centre Ltd ja Svitzer Australia Pty Ltd.

Scandinavia Segment 2008

<i>EUR thousand</i>	2006	2007	2008
Net sales	14 698	16 797	18 805
Growth of net sales,%		14.3 %	12.0 %
Operating profit	-45	333	1 017
Number of personnel	89	96	112



Scandinavia Segment 2008

Profile

Centrally managed units in Sweden, Norway and Denmark

The segment sells Enterprise Purchase to Pay and Financial Management solutions excluding payment solutions

Mainly direct sales

Number of personnel 112

Highlights

The growth of Scandinavian segment was 12.0% to 18 805 thousand euros (16 797 thousand euros)

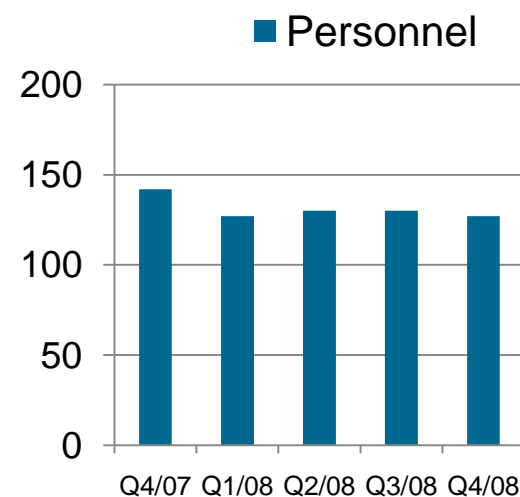
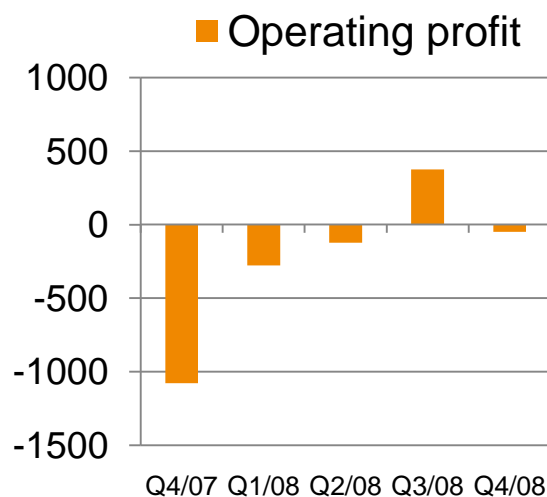
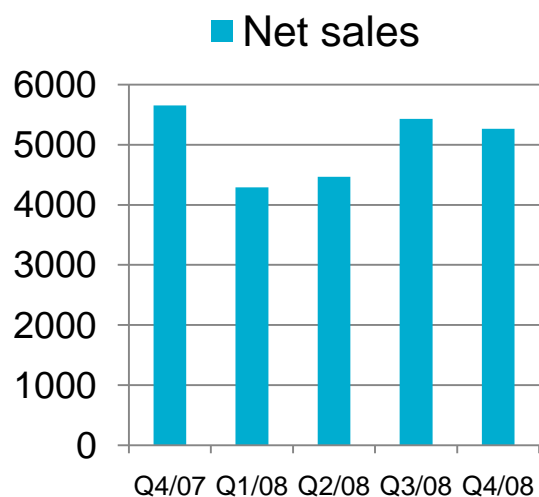
Growth of profitability 205.6 % and without one-off costs 520.4 %.

New customers

Zalaris HR Services as, HMR Group AS, Nycomed AB, Dagbladet Borsen A/S ja Cleansol AB.

Europe Segment 2008

<i>EUR thousand</i>	2006	2007	2008
Net sales	8 985	15 081	19 454
Growth of net sales,%		67.8 %	29.0 %
Operating profit	-2 831	-3 662	-74
Number of personnel	62	93	129



Europe Segment 2008

Profile

Segment consists of units in Germany, France, The Netherlands, UK and Southern Europe

Segment sells Enterprise Purchase to Pay products excluding payment and travel management solutions

Altogether 27 resellers in the segment

Number of personnel 129

Highlights

The growth of Europe segment was 29.0 %

Data Capture growth in UK as expected; operation profitable

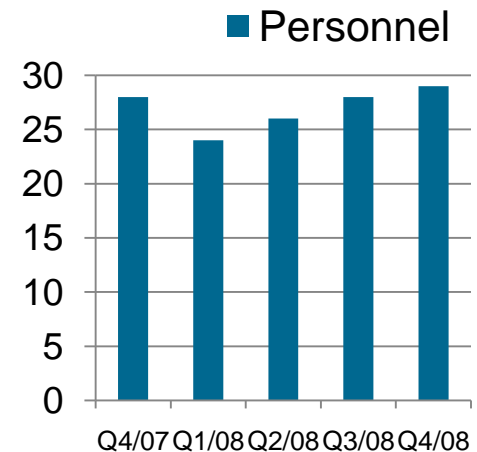
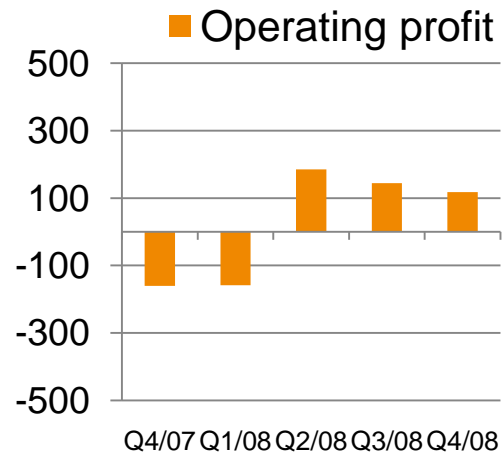
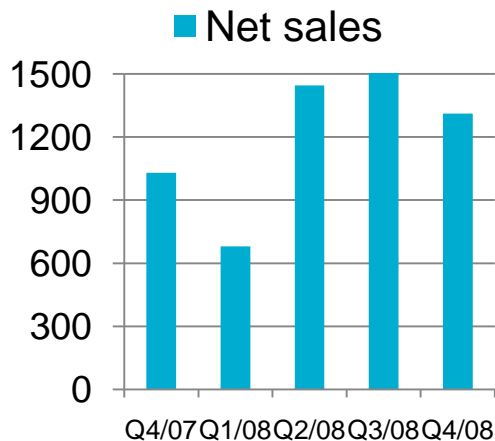
Increase of profitability 98.0 %

New customers

Warnaco BV, Port of Antwerpen, OCMS and Groupe Arrivée.

North America Segment 2008

<i>EUR thousand</i>	2006	2007	2008
Net sales	3 512	3 460	5 004
Growth of net sales, %		-1.5 %	44.6 %
Operating profit	-1 297	-1 751	289
Number of personnel	17	25	26



North America Segment 2008

Profile

The North American unit sells Basware Enterprise Purchase to Pay solutions

Altogether 10 resellers in the segment

Number of personnel 26

Highlights

The growth of North American segment was 44.6 %

Improvement of profitability was 116.5 %

New customers

Alcon Laboratories Inc. and Brookfield Properties Management LLC

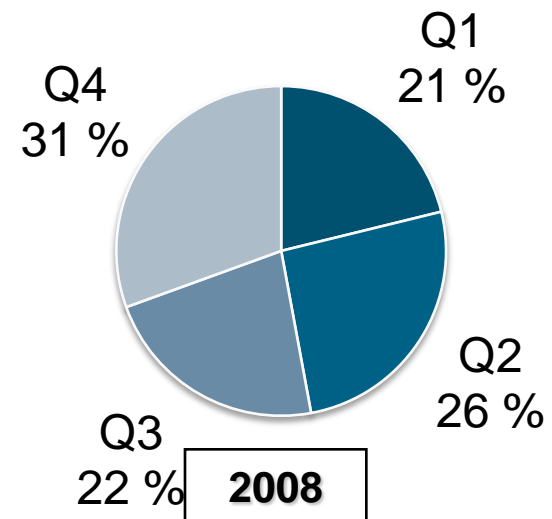
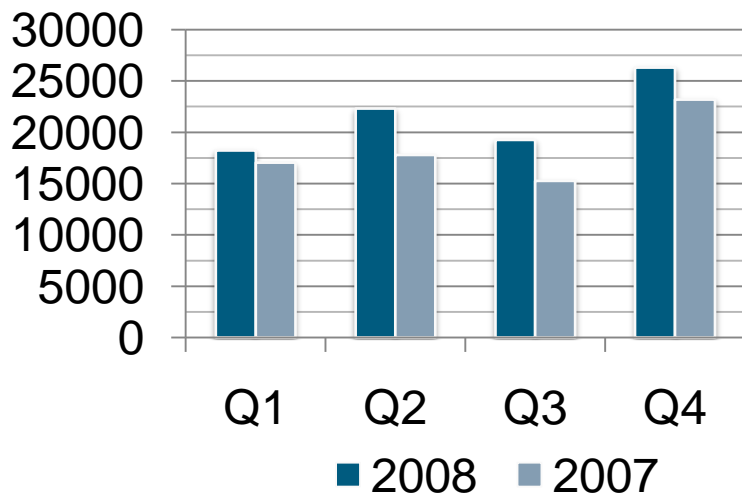
Financial Review 2008

Development of Net Sales in Q4/2008 and 1-12/2008

EUR Thousand	Q4/2008	Q4/2007	1-12/08	1-12/07
Net sales	26 294	23 187	86 098	73 270
Growth of net sales, %	13.4%	40.5%	17.5%	22.2%
International operations' share of net sales, %	51.4%	53.2%	51.8%	48.2%
Growth of International operations, %	9.6%	48.2%	26.2%	28.9%
Resellers' share of product sales, %	15.3%	14.0%	16.3 %	14.9%
Resellers' share of product sales	1 179	1 046	3 901	3 579
FIMA: share of net sales, %	9.5%	9.7%	10.2%	11.5%
Growth of FIMA, %	12.0%	38.1%	3.9%	18.1%

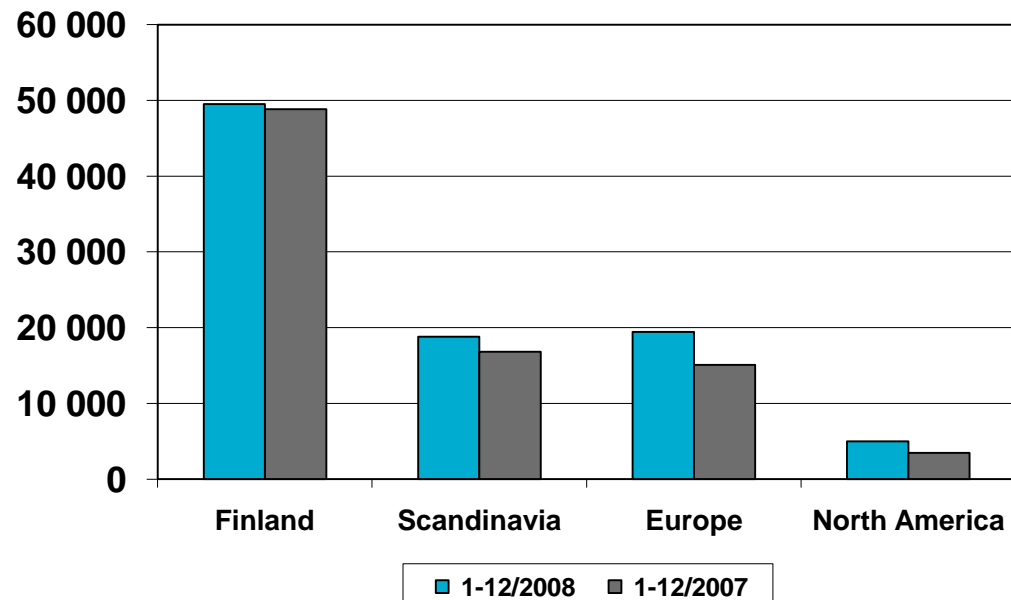
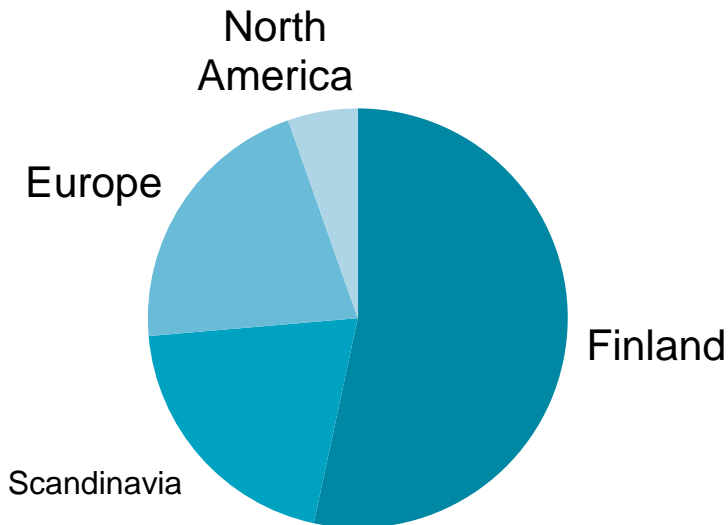
Development of Quarterly Net Sales

<i>EUR thousand</i>	Q1/08	Q1/07	Q2/08	Q2/07	Q3/08	Q3/07	Q4/08	Q4/07
Net sales	18 233	17 038	22 312	17 776	19 259	15 268	26 294	23 187
Growth %	7.0%	10.4%	25.5%	21.3%	26.1%	14.3%	13.4%	40.5%
Other operating income	69	15	62	752	58	23	62	44
Materials and services	1 211	819	1 385	662	797	981	1 333	1 996
Personnel expenses	11 765	9 243	12 608	9 961	10 933	7 827	15 093	13 569
Depreciation and write-offs	671	571	693	597	690	657	990	765
Other operating expenses	4 910	5 010	5 257	4 536	4 516	4 419	4 818	4 977
Operating profit	-254	1 409	2 431	2 773	2 381	1 406	4 122	1 924



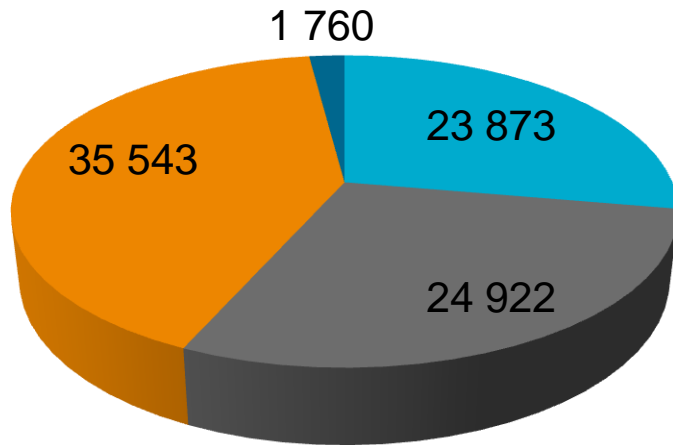
Net Sales by Primary Segment 1-12/2008

Net sales	1-12/2008	1-12/2007	Change, %
Finland	49 517	48 849	1.4
Scandinavia	18 805	16 797	12.0
Europe	19 454	15 081	29.0
North America	5 004	3 460	44.6
Net sales between segments	-6 682	-10 917	38.8
Group total (IFRS)	86 098	73 270	17.5



Net Sales by Operation 2008

Thousand euros



- Licenses
- Maintenance
- Consulting and Services
- SaaS

- ▶ Change of Product sales -0.8 %, the growth of product sales with non restated comparison figures would have been 15.5 %.
 - ▶ Share of EPP and PM growing
- ▶ Growth of Maintenance 13.1 %
- ▶ Growth of Consulting and Services revenue 37.1 %
 - ▶ High utilization, strong funnel
- ▶ Growth of SaaS 41.5 %
 - ▶ Backlog of SaaS orders
EUR 10 519 thousand

Licenses = License sales of software products

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

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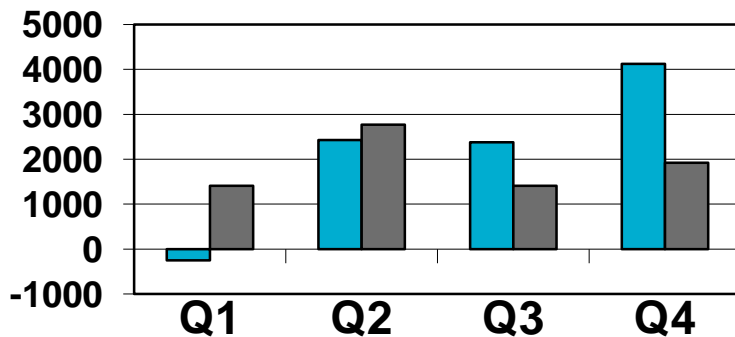
SaaS = Software as a Service, monthly charged fees

Development of Profit

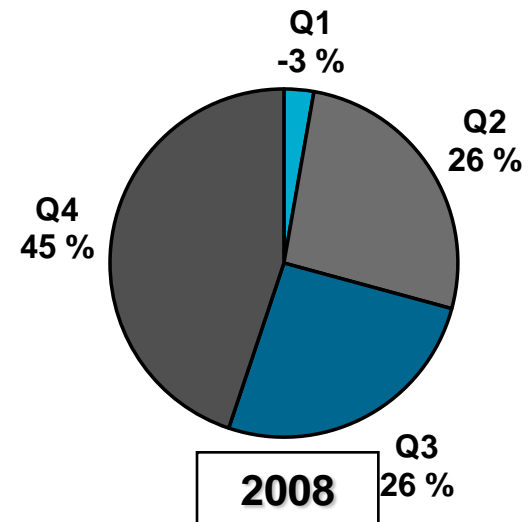
EUR Thousand	Q4/2008	Q4/2007	1-12/08	1-12/07
Operating profit	4 122	1 924	8 679	7 512
Change of operating profit , %	114.2%	6.5%	15.5%	-7.0%
% of net sales	15.7%	8.3%	10.1%	10.3%
Profit before tax	3 862	1 888	8 410	7 704
Net profit/loss	3 294	1 113	6 585	4 112
Earnings per share, euro	0.28	0.09	0.56	0.36
Fixed costs	19 911	18 546	69 900	59 543
Personnel costs	15 093	13 569	50 399	40 600
R&D costs	4 385	4 532	15 518	13 172
Capitalized R&D	846	1 217	2 739	3 061

Development of Quarterly Profit

<i>EUR thousand</i>	Q1/08	Q1/07	Q2/08	Q2/07	Q3/08	Q3/07	Q4/08	Q4/07
Net sales	18 233	17 038	22 312	17 776	19 259	15 268	26 294	23 187
Growth %	7.0%	10.4%	25.5%	21.3%	26.1%	14.3%	13.4%	40.5%
Other operating income	69	15	62	752	58	23	62	44
Materials and services	1 211	819	1 385	662	797	981	1 333	1 996
Personnel expences	11 765	9 243	12 608	9 961	10 933	7 827	15 093	13 569
Depreciation and write-offs	671	571	693	597	690	657	990	765
Other operating expenses	4 910	5 010	5 257	4 536	4 516	4 419	4 818	4 977
Operating profit	-254	1 409	2 431	2 773	2 381	1 406	4 122	1 924

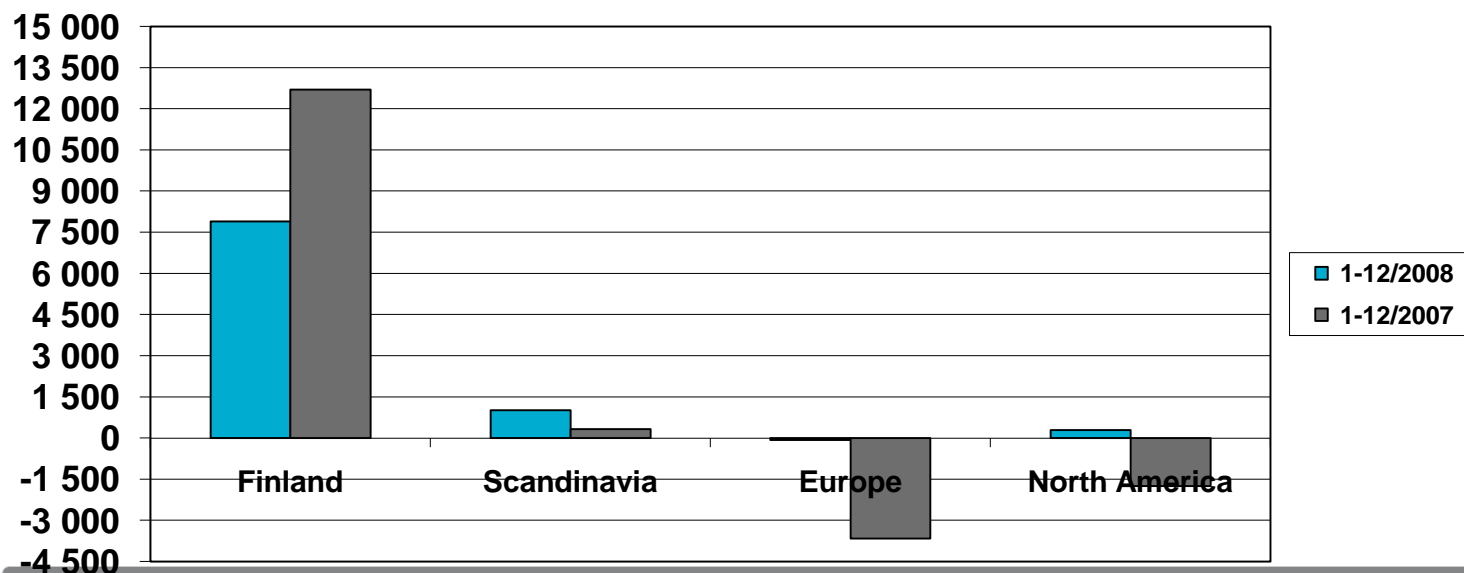


■ 2008 ■ 2007



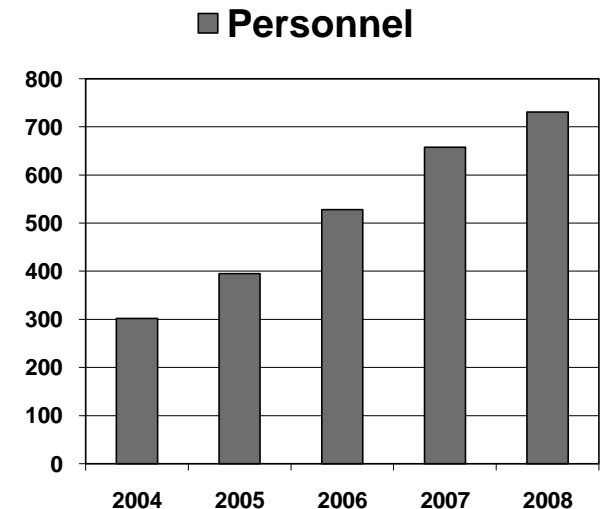
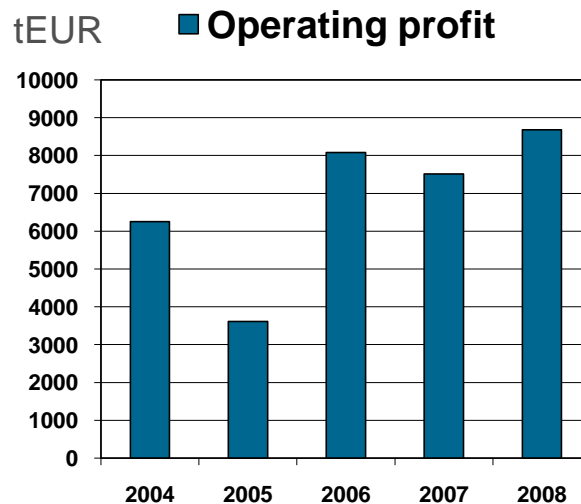
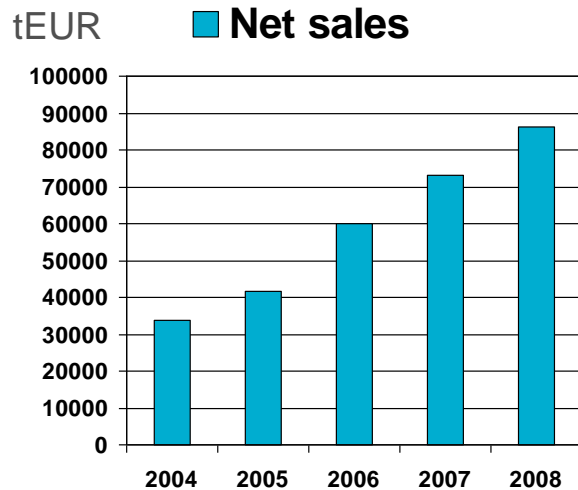
Operating Profit by Primary Segment 1-12/2008

Operating profit	1-12/2008	1-12/2007	Change, %
Finland	7 898	12 706	-37.8
Scandinavia	1 017	333	205.6
Europe	-74	-3 662	98.0
North America	289	-1 751	116.5
Operating profit between segments	-452	-114	-295.7
Group total (IFRS)	8 679	7 512	15.5



Key Financials 2004–2008

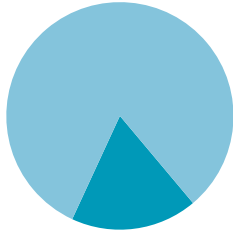
<i>EUR thousand</i>	2004	2005	2006	2007	2008
		Restated			
Net sales	33 891	41 666	59 954	73 270	86 098
Growth of net sales, %		29.4%	43.9%	22.2%	17.5%
Operating profit	6 256	3 611	8 078	7 512	8 679
% of net sales	18.5%	8.7%	13.5%	10.3%	10.1%
Personnel, 31.12.	302	395	528	658	731



Finance and Investments

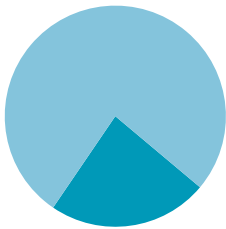
- Total assets on the balance sheet EUR 81 909 thousand (EUR 67 722 thousand)
- Cash and cash equivalents EUR 8 777 thousand (EUR 7 041 thousand)
- Cash flow from operations EUR 8 331 thousand (EUR 4 387 thousand)
- Equity ratio 59.5 % (70.0 %)
- Gearing 9.3 % (-5.7 %)
- Total gross investments EUR 12 476 thousand (EUR 12 220 thousand)
 - Includes capitalized R&D costs and acquisitions

Products



18.0% of
net sales

- R&D costs
EUR 15 518 thousand (EUR 13 127 thousand)
 - Growth 17.8 percent (20.6 %)
 - 18.0 % of net sales (18.0 %)
 - EUR 2 739 thousand i.e.17.6 % of costs capitalized

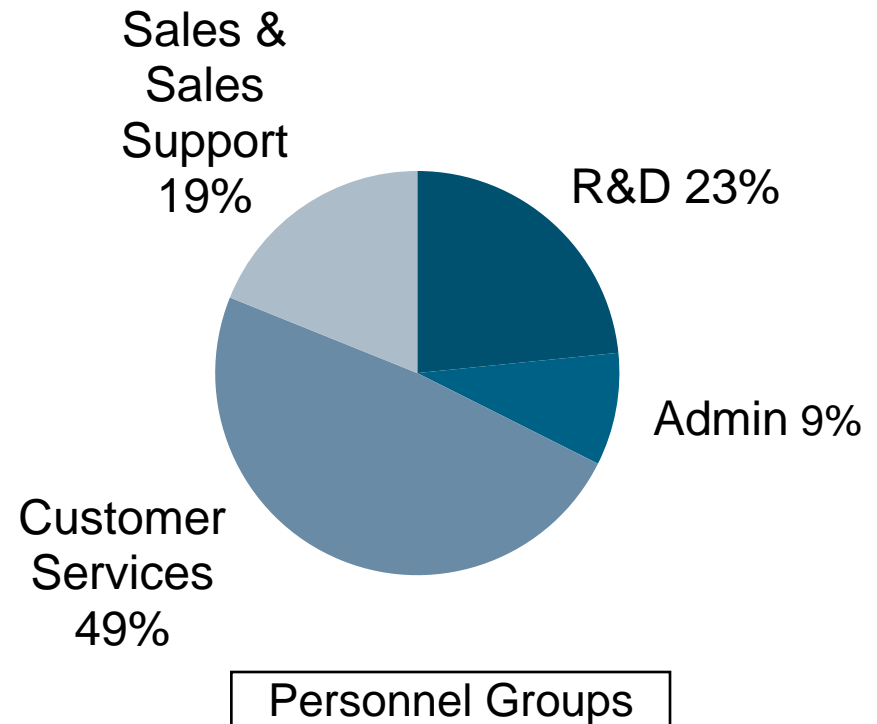
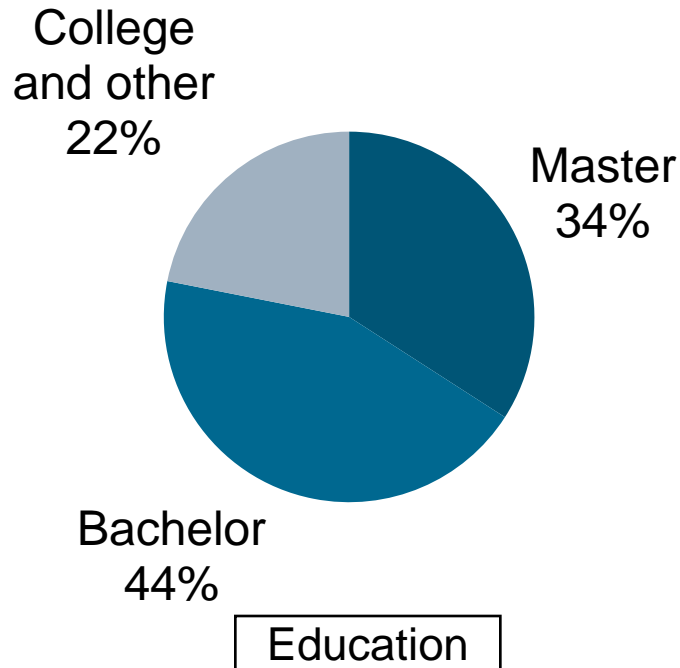


23.4% of
personnel

- Products unit personnel 171 (152)
 - Units in Finland, India and Norway
 - Future recruitments in India

Personnel

- In total 731 (658) employees at the end of December 2008
- Growth 11.1 percent
- 53.9 percent in Finland; 46.1 percent abroad
- Average age 35.9 years



Share and Shareholders

- Number of shareholders 17 120 (17 301) at the end of December 2008
- Share price development during January–December 2008:
 - Average price of the share EUR 7.53 (EUR 12.03)
 - Highest EUR 10.45 (14.00), lowest EUR 6.00 (9.50)
 - Closing price EUR 6.59 (EUR 10.00)
- Traded shares 2 298 467 (2 761 995)
 - 20.1 % (24.1 %) of all shares
- Market capitalization EUR 75 301 011 (EUR 114 681 240)

Basware Corporation starts share repurchases

- Basware Corporation's Board of Directors has resolved to start repurchases of the company's own shares. A maximum of 400 000 shares will be acquired which represents approximately 3.49% of all Basware shares. The decision is based on the authorization granted by the Annual General Meeting on February 14, 2008 to purchase a maximum of 1 146 812 shares. The purchases will start on October 23, 2008 at the earliest, and they will end by March 31, 2009.
- The shares may be repurchased in order to finance or carry out acquisitions or other business transactions, in order to develop the Company's capital structure, to improve the liquidity of the Company's shares, to be disposed for other purposes, or to be cancelled. Basware will use its free liquid to purchase the shares, which will decrease the amount of distributable funds.
- The repurchases will be carried out through public trading on the NASDAQ OMX Helsinki Ltd, whereby the shares will be purchased in accordance with the rules and regulations of the NASDAQ OMX Helsinki Ltd and the Finnish Central Securities Depository.

Future Outlook

Forecasts

Gartner (Sep 2008): 2009 growth of global IT purchases will slide to the 5% to 7% range - “Gartner just revised its 2008 IT market growth figure down from 8% to 3% because of the economic turmoil.” Chris Mellor, IT Director, 26th October 2008

Gartner: Enterprise Software Markets, Worldwide, 2007-2012 (22 Sept 2008): The enterprise software market will grow to more than \$324 billion by 2012, averaging annual growth of 10%.

Gartner Dataquest predicts that SaaS will constitute 16.7% of the total ERP market by 2011. Of this 16.7%, Gartner Dataquest believes that SMB SaaS adoption will constitute 86% with the enterprise market comprising the remaining 14%. Gartner Dataquest, Aug 2008

“The business document capture market is forecast to grow 15% this year and at roughly that rate through to 2011. This is a higher growth rate than the overall enterprise content market of which it is part, and higher again than the general IT market.” Chris Mellor, IT Director, 26th October 2008

Declines in almost all categories of IT purchases in 2009, with revival in 2010

2009 and 2010 global IT purchases forecast
(percentage change in US dollars)

IT budget categories (percentage change)	2005	2006	2007	2008*	2009*	2010*
Computer equipment	8%	8%	13%	8%	-4%	7%
Communications equipment	6%	12%	12%	8%	-3%	8%
Software	9%	10%	16%	9%	0%	10%
IT services and outsourcing	7%	6%	12%	8%	-3%	9%
Total IT purchases	7%	9%	13%	8%	-3%	9%

*Forrester forecast Jan 2009

Forrester: Overall ePurchasing market — key trends

- Market growth is slowing — from 22% in 2007 to 14% in 2008 and 2009.
- The fastest growth is in supplier performance management, services procurement, supplier network services, AP-EIPP, CLM, and automated spend analysis.
- eProcurement has the widest adoption, with more than 12,000 enterprises having this product in 2008.
- The US market is still the largest but Europe is catching up and leads in EIPP and eSourcing.
- SaaS is playing a role but mostly in EIPP, supplier network services, and eSourcing.
- There are new entrants and consolidation among vendors.

Basware Outlook

- **Net Sales expected to develop positively**
- **Operating profit 10–15 percent of net sales**
- Uncertainty in the world economy
- Growth based on direct and indirect (Europe, Russia, APAC) sales efforts
- Europe, US (mainly direct sales), Russia, Asia, Southern Europe: growth areas, profitability improving
- Scandinavia & Finland focus on profitability, mild growth
- Competitive status good and supported positively with the new EPP Automation Services
- Products Unit expanding to India, 2009 R&D growth level expected to be below 2008 level
- Growth investments are beginning at Q2 but are scaled by Q1 outcome
- SaaS order backlog EUR 10.5 M: 1 M in revenue in 2009
- Review of acquisition possibilities continues in 2009
- The cost savings resulting from the synergy benefits of the Contempus integration will materialize starting from the beginning of 2009 and they will be approximately EUR 3 million by the end of 2009.



Thank You!