

## Basware Q4 2007 and Financial Year 2007

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January 24, 2008

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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
- 650,000 users globally in 1000+ large organizations
- Net sales 73 million in 2007
- 658 employees at the end of December 2007



***Breakthrough to Global Leader***

## Basware Enterprise Purchase to Pay Solutions

Basware Business Transactions

Basware Supplier Portal

### Basware Procurement

Basware RFx Management

Basware Contract Lifecycle Management

Basware Purchase Management

### Basware Invoice Automation

Basware Contract Matching

Basware Invoice Processing

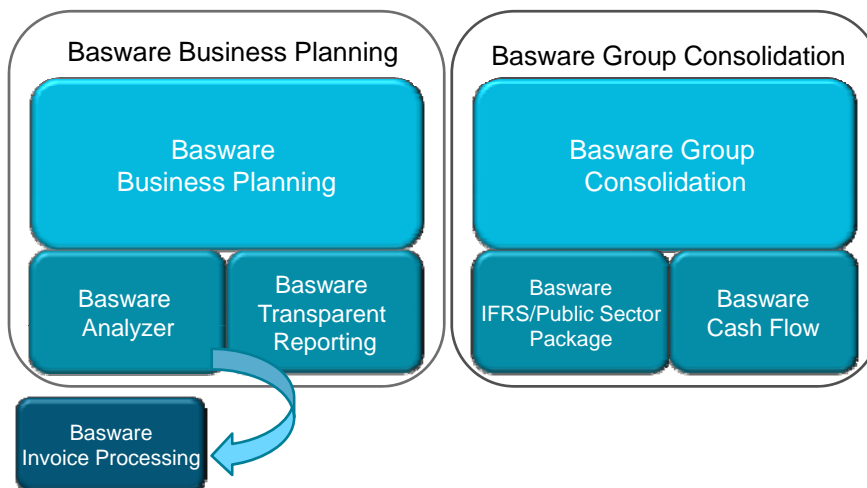
Basware Order Matching

Basware KPI Tool

Basware Travel & 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 Market Overview, February 2007

- ePurchasing software market

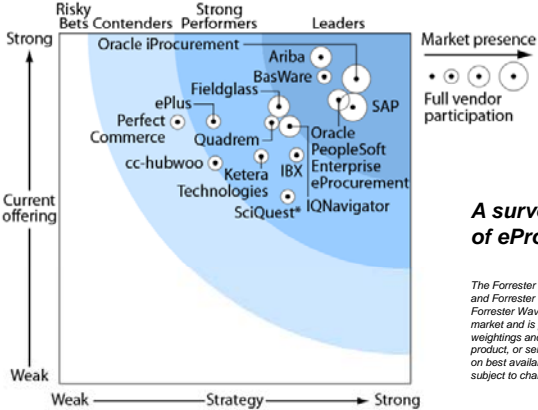
Eleven largest vendors by category (in descending order based on revenues and clients)

Overall ePurchasing	eProcurement	Accounts payable - EIPP
SAP	SAP	BasWare
Oracle	Oracle	US Bank (PowerTrack)
Ariba	Ariba	Harbor Payments
Emptoris	ePlus	TradeCard
BasWare	Quadrem	Ariba
Procuri	cc-hubwoo	OB10
IQNavigator	BasWare	Xign
cc-hubwoo	IBX	Bottomline
ePlus	SciQuest	b-process
Quadrem	Ketera Technologies	Deskom
Accruent*	Perfect	170 Systems

Source: Forrester Research, based on interviews with and data from more than 80 vendors

## Forrester Wave™: eProcurement Solutions, Q2 '07

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



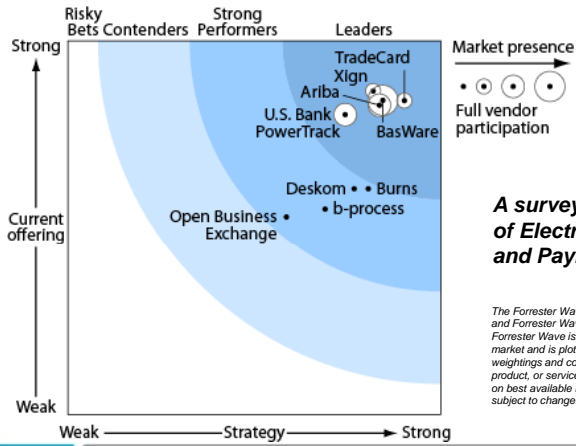
A survey made in the US in Q2 2007 of eProcurement Solution vendors

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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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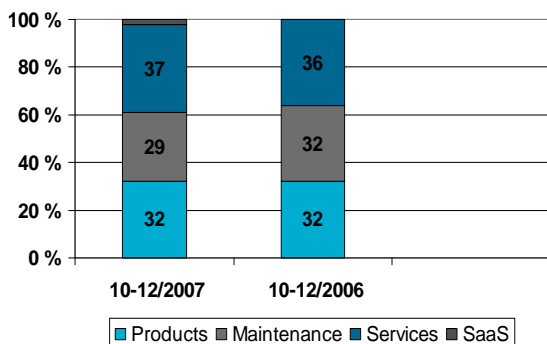
## Business Operations in Q4 2007

## Highlights of Q4 2007

- **Quarter succeeded according to plan**
  - All units contributing well
- **Growth of net sales continued**
  - Net sales EUR 23 187 thousand (EUR 16 508 thousand)
  - Growth 41%
  - Product sales succeeded well
- **Growth of international operations**
  - Represented 53% (50%) of net sales
  - Growth 48%, Europe segment growth 108%
- **Profitability nearly at planned level**
  - Growth investments influenced profitability
  - Operating profit EUR 1 924 thousand (EUR 1 807 thousand)
  - Increase 7%
  - 8% of net sales (11%)
- **Currency exchange differences 0.7 M**
- **Digital Vision oneoff 0.2 M**
- **Acquisition of Digital Vision Technologies**



## Net Sales by Operation 10–12 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

- ▶ Growth of Product sales 43 percent
- ▶ Growth of maintenance revenue 27 percent
- ▶ Growth of services revenue 44 percent
- ▶ SaaS represented 2% of net sales
- ▶ Backlog of orders EUR 11 112 thousand



## Business Operations in Q4 2007

- Enterprise Purchase to Pay
  - Growth 41%
  - New customers include Landesmesse Stuttgart GmbH, Heineken Poland, Elcoteq Corporation Oyj, SKF, Leiras, University of Antwerp, Det Norske Veritas, Romande Energie, Heatcraft Australia Pty Ltd, Carrie Ingredients
- Financial Management
  - Growth 38%
  - New customers include City of Espoo, A-Katsastus, Lindström, Seutukeskus Oy Häme, Folkhälsan, LSR
- Invoices
  - Approximately 2.0 million electronic invoices transmitted in Q4
  - Increase of 31% compared with Q4 2007

## Nordic Operations in Q4 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 Q4 2007, Basware's Nordic operations exceeded its objectives for the fourth quarter

- The Finnish Enterprise Purchase to Pay unit exceeded the objective and Financial Management unit met the objective
- The Scandinavian exceeded the objective
- Finland segment net sales growth 31%, Scandinavia segment net sales growth 33%

## European Operations in Q4 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



### Q4 2007

- The area met the objective for the quarter
  - The units in United Kingdom and France exceeded their objectives – UK Data Capture met its objective
  - Dutch unit met its objective, German unit fell slightly behind
- Europe segment net sales growth 108%
- 41 partners in total at end of the quarter

## Operations outside of Europe in Q4 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



### Q4 2007

- Basware, Inc. fell behind its objective
- The segment "Other" net sales decreased by 8%
- 8 resellers in the area

### Asia Pacific

- More focus on Australia
- Channel building in APAC

### Q4 2007

- Asia Pacific exceeded its objective
- 4 resellers in the area

## New customer agreements Q4 2007



- Invoice Automation & Key Performance Indicator Reporting Tool
- Value close to EUR 1 Million

**Customer:** International industrial and services company in the United Kingdom

- Basware Enterprise Purchase to Pay
- Value EUR 750 000

**Customer:** Large industrial company in Sweden

- Extension to Basware Purchase Management
- Value EUR 400 000

### Einvoices

- 58 new customers

### Basware FIMA Oy

City of Espoo  
A-Katsastus  
Lindström  
Seutukeskus Oy Häme  
Folkhälsan



## Reseller Channel Q4 2007

- Resellers' share of product sales 14% in Q4 2007 (24%)
  - EUR 1 046 thousand (EUR 1 249 thousand)
- 70 business partners (i.e. value added resellers) in over 30 countries at end of December 2007
  - Eight new reseller agreements in total in Q4 in the United States, France, Poland and Sweden
  - Velocity, Doxtek, MinMax Technologies
  - Dimo Gestion, Teampartners, Linkvest
  - Wola Info, AddconIT
- Focus on developing the cooperation with main technology providers in Europe and the United States



## 2007 Highlights Digital Vision acquisition

- Specializes in data capture and invoice automation
- Stronger market position in the United Kingdom with total of 70 employees
- Extended customer base and expertise in Scan & Capture solutions
- Possibility to a market-leading position in Enterprise Purchase to Pay and Scan & Capture solutions
- Foothold in India
- Integration completed successfully
- No losses in personnel
- Net Sales 2 M for 9-12/2007
- Total acquisition price EUR 9.2 million

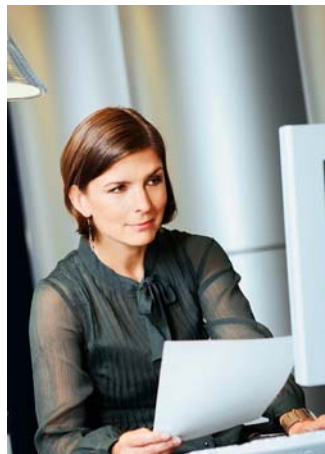


- 13 Baswareans
- Growing Indian IT-center
- At an altitude of 2200 meters

## Business Review of 2007

## Highlights of 2007

- **Growth of net sales continued meeting targeted level**
  - Net sales EUR 73 270 thousand (EUR 59 954 thousand)
  - Growth 22%
- **Growth of international operations**
  - Represented 48% (46%) of net sales
  - Growth 29%
  - Europe segment growth 68%
- **Profitability slightly behind of targeted level**
  - Growth investments influenced profitability
  - Operating profit EUR 7 512 thousand (EUR 8 078 thousand)
  - Decrease 7%
  - 10% of net sales (13%)



## Highlights 2007 Corporate

- Year of SaaS
- Purchase Management
- Global Capability
- New Areas Raising

State Treasury, City of Oulu region, Finnair, Elektrobit, total of 11 M order base

Breakthrough – over targets, "World Wide Ranking #5"

Several large deals and roll-outs: Novartis, Scania, SKF

Russia, APAC

## Business Operations in 2007

- **Enterprise Purchase to Pay**
  - Growth 23%
  - **New customers include:**
    - Elcoteq Corporation Oyj, City of Espoo, Suomen Terveystalo Oyj, Tapiola Pankki, Leiras, Sato Oyj, Toyota Material Handling Finland, Maxit Oy Ab, DW Beton GmbH, Keramag, Martinair, Rolls-Royce Marine AS, SKF, Gannett Co., BNP Paribas SA, Continental AG etc.
  - **New products: Mobile Client, Contract Lifecycle Management, RFx**
- **Financial Management**
  - Increase 18%
  - **New customers include:**
    - City of Espoo, A-Katsastus, Lännen Tehtaat Oyj, Lemminkäinen Oyj, IES Holding
- **Invoices**
  - Approximately 6.9 million electronic invoices transmitted in 2007
  - Increase of 37%
  - New agreements: 322

## Nordic Operations in 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 2007, Basware's Nordic operations exceeded its objectives

- The Finnish Enterprise Purchase to Pay and Scandinavian units exceeded their objectives
- Financial Management unit met its objective
- Finland segment net sales growth 19%, Scandinavia segment net sales growth 14%

## European Operations in 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



### 2007

- The area met its objective for 2007
  - The Netherlands and France exceeded their objectives
  - United Kingdom unit met its objective
  - Germany fell slightly behind of its objective
- Europe segment net sales growth 68%
- 41 partners in total at end of the quarter

## Operations outside of Europe in 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



### 2007

- Eight resellers in the area
- Basware, Inc. fell behind its sales objective
- The segment "Other" net sales decreased by 1%











### Asia Pacific

- More focus on Australia
- Channel building in APAC

### 2007

- Asia Pacific fell slightly behind its objective

## Major deals in 2007

<p><b>SaaS</b></p> <ul style="list-style-type: none"> <li>•State Treasury</li> <li>•City of Oulu Region</li> </ul>	<p><b>Enterprise Purchase to Pay</b></p> <ul style="list-style-type: none"> <li>•Ernst &amp; Young France</li> <li>•Neste Oil</li> <li>•Large industrial company in Sweden</li> </ul>	<p><b>Basware FIMA Oy</b></p> <ul style="list-style-type: none"> <li>•City of Espoo</li> </ul>
		
		
		
		

## New customer agreements 2007

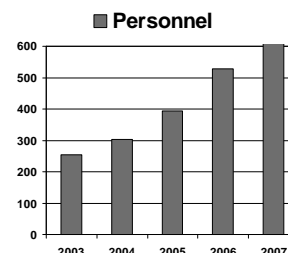
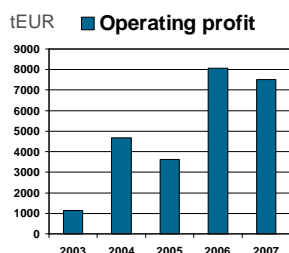
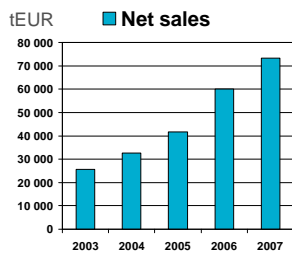
## Reseller Channel 2007

- Resellers share of product sales 15 percent in 2007 (18%)
- 70 business partners (i.e. value added resellers) in over 30 countries at end of 2007



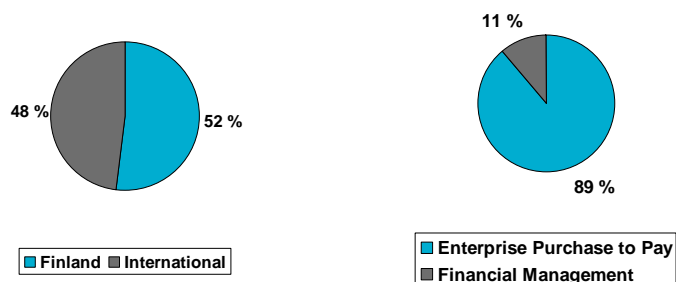
## Key Financials 2003–2007

EUR thousand	FAS		IFRS		
	2003	2004	2005	2006	2007
			<b>Restated</b>		
Net sales	25 597	32 640	41 666	59 954	73 270
Growth of net sales, %	26.3%	27.5%		43.9%	22.2%
Operating profit	1 133	4 663	3 611	8 078	7 512
% of net sales	4.4%	14.3%	8.7%	13.5%	10.5%
Personnel, 31.12.	254	302	395	528	658



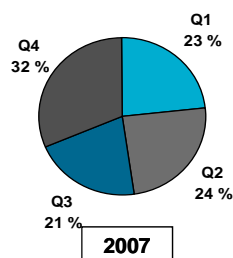
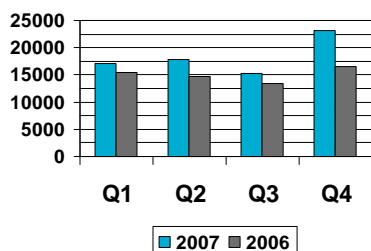
## Development of Net Sales in 2007

- Net sales EUR 73 270 thousand (EUR 59 954 thousand)
  - Growth by 22%
- Resellers' share 15 percent (18%) of total product sales
  - EUR 3 579 thousand

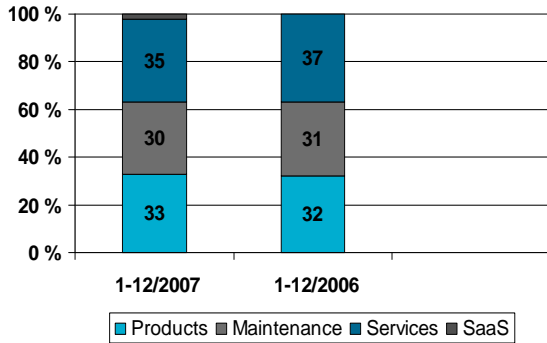


## Development of Quarterly Net Sales

<i>EUR thousand</i>	Q1/07	Q1/06	Q2/07	Q2/06	Q3/07	Q3/06	Q4/07	Q4/06
<b>Net sales</b>	17 038	15 432	17 776	14 651	15 268	13 363	23 187	16 508
<b>Growth %</b>	10.4%	89.7%	21.3%	50.3%	14,3%	40.9%	40.5%	52.5%
Other operating income	15	41	752	61	23	25	44	50
Materials and services	819	778	662	689	981	468	1 996	658
Personnel expenses	9 243	8 259	9 961	8 710	7 827	6 942	13 569	9 042
Depreciation and write-offs	571	453	597	488	657	520	765	572
Other operating expenses	5 010	3 454	4 536	3 578	4 419	2 963	4 977	4 479
<b>Operating profit</b>	<b>1 409</b>	<b>2 529</b>	<b>2 773</b>	<b>1 247</b>	<b>1 406</b>	<b>2 495</b>	<b>1 924</b>	<b>1 807</b>



### Net Sales by Operation 1-12 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)

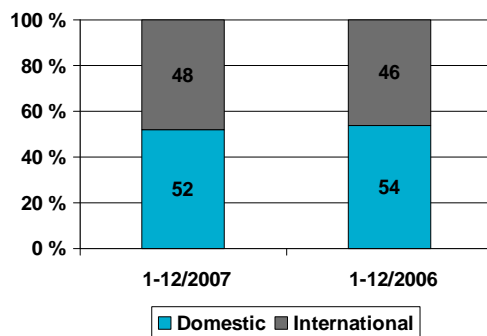
**Products =**  
License sales of own software products

**SaaS=**  
Software as a Service, monthly charged fees

- ▶ Growth of product sales 24 percent
- ▶ Growth of maintenance revenue 17 percent
- ▶ Growth of services revenue 19 percent
- ▶ SaaS represented 2% of net sales, backlog of orders

EUR 11 112 thousand

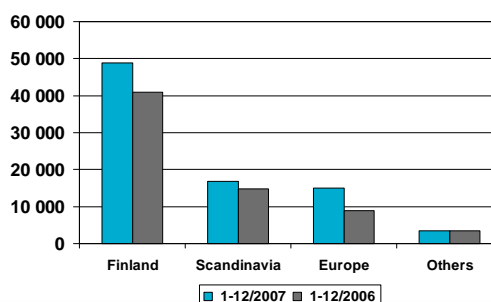
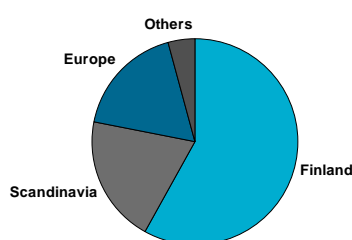
### Net Sales by Geographic Area 1-12 2007



- ▶ Growth of domestic net sales 17 percent
- ▶ Growth of international net sales 29 percent

## Net Sales by Primary Segment 1-12 2007

Net sales	1-12/2007	1-12/2006	Change, %
Finland	48 849	41 028	19.1
Scandinavia	16 797	14 698	14.3
Europe	15 081	8 985	67.8
Others	3 460	3 512	-1.5
Net sales between segments	-10 917	-8 269	-32.0
<b>Group total (IFRS)</b>	<b>73 270</b>	<b>59 954</b>	<b>22.2</b>

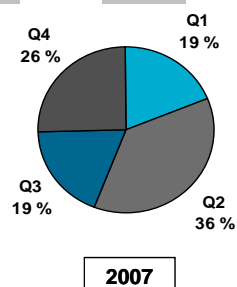
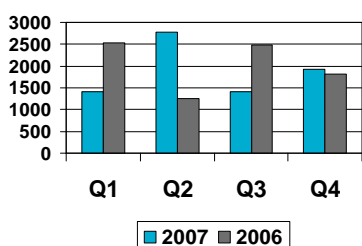


## Development of Profit

- Operating profit EUR 7 512 thousand (EUR 8 078 thousand)
  - 10 percent (13%) of net sales
  - Decrease 7 percent
- Fixed costs EUR 59 543 thousand (EUR 47 427 thousand)
  - Personnel costs EUR 40 600 (EUR 32 953 thousand)
  - R&D costs total EUR 13 172 thousand (EUR 10 925 thousand), of which EUR 3 061 thousand capitalized
- Profit before tax EUR 7 704 thousand (EUR 8 287 thousand)
- Profit for the period EUR 4 112 thousand (EUR 4 986 thousand)
- EPS EUR 0.36 (EUR 0.45)

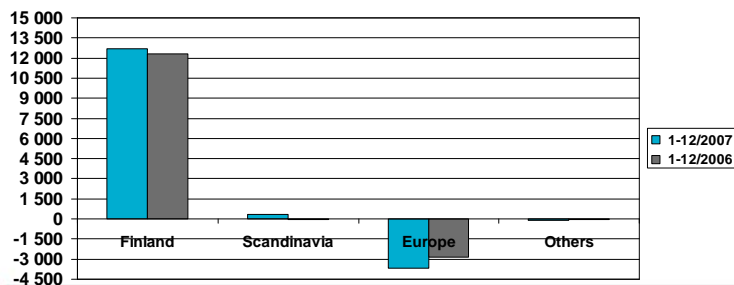
## Development of Quarterly Profit

EUR thousand	Q1/07	Q1/06	Q2/07	Q2/06	Q3/07	Q3/06	Q4/07	Q4/06
<b>Net sales</b>	<b>17 038</b>	<b>15 432</b>	<b>17 776</b>	<b>14 651</b>	<b>15 268</b>	<b>13 363</b>	<b>23 187</b>	<b>16 508</b>
Growth %	10.4%	89.7%	21.3%	50.3%	15.3%	40.9%	40.5%	52.5%
Other operating income	15	41	752	61	23	25	44	50
Materials and services	819	778	662	689	981	468	1 996	658
Personnel expenses	9 243	8 259	9 961	8 710	7 827	6 942	13 569	9 042
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## Operating Profit by Primary Segment

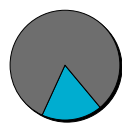
Operating profit	1-12/2007	1-12/2006	Change, %
Finland	12 706	12 314	3.2
Scandinavia	333	-45	832.0
Europe	-3 662	-2 831	-29.3
Others	-1 751	-1 297	-35.0
Operating profit between segments	-114	-62	-84.2
<b>Group total (IFRS)</b>	<b>7 512</b>	<b>8 078</b>	<b>-7.0</b>



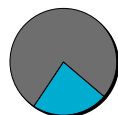
## Finance and Investments

- Total assets on the balance sheet EUR 67 722 thousand (EUR 57 558 t)
- Cash and cash equivalents EUR 7 041 thousand (EUR 8 975 t)
- Cash flow from operations EUR 4 387 thousand (EUR 5 657 t)
  
- Equity ratio 8.9% (15.1%)
- Gearing -5.7% (-18.4%)
  
- Total gross investments EUR 12 220 thousand, includes the acquisition of Digital Vision (EUR 25 315 thousand, includes the acquisition of Analyste)
  - Includes capitalized R&D costs

## Research and Development



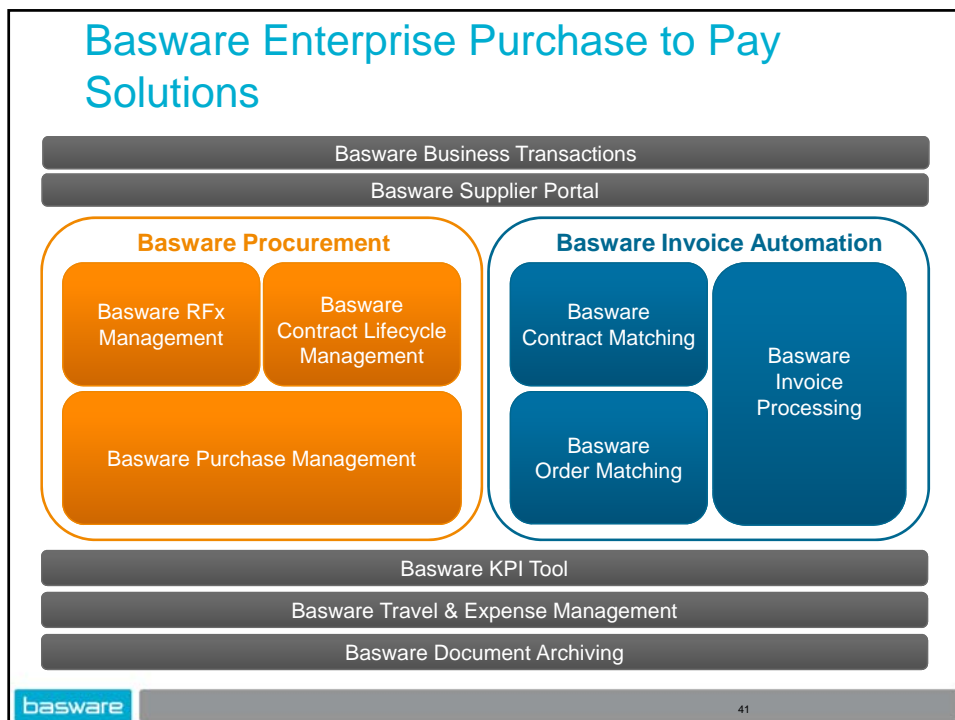
18% of net sales



23% of personnel

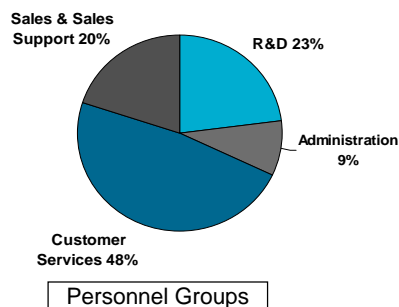
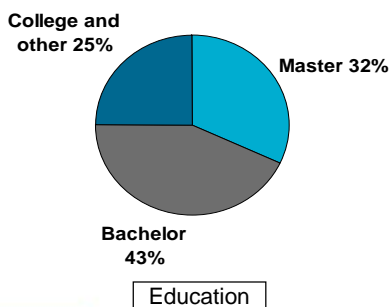
- Product development costs EUR 13 172 thousand (EUR 10 925 thousand)
  - Growth 21 percent (76%)
  - 18% of net sales (18%)
  - EUR 3 061 thousand i.e. 23% of costs capitalized
  
- Software production personnel 152 (138)
  - Units in Finland and Norway

## Basware Enterprise Purchase to Pay Solutions



## Personnel

- In total 658 (528) employees at the end of December 2007
- Growth 25 percent
- Acquisition of Digital Vision increased the number of personnel by 52
- 59 percent in Finland; 41 percent abroad
- Average age 35.6 years



## Share and Warrant Information, 31 December 2007

- Number of shares 11 468 124 (11 468 124 )
- 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 17 535 (19 759) at the end of December 2007
  
- Share price development during January–December 2007:
  - Average price of the share EUR 12.03 (EUR 13.09)
  - Highest EUR 14.00 lowest EUR 9.50
  - Closing price EUR 10.00 (EUR 13.05)
  
- Traded shares 2.8 million (5.5 million)
  - 24% (50%) of all shares
  
- Market capitalization EUR 115 million (EUR 150 million)

## Outlook for 2008

- **Growth of net sales 15–25 percent**
- **Q1 lower in growth due to restated Q1 2007 level**
- **Operating profit 10–15 percent of net sales**
- Uncertainty in world economy
- Business software area expected to grow
- Europe, US, Russia, Asia, Southern Europe, growth areas, profitability increasing influencing also tax rate
- Scandinavia & Finland focus on profitability, mild growth
- Software production expanding to India, relative cost of R&D decreases
- SaaS order back log: Approximately EUR 1 M in revenue in 2008
- New products: Basware Mobile Client, Basware RFX Management, Basware Contract Lifecycle Management
- Review of acquisition possibilities continues: Europe, US distribution channel



Thank you!