

January 26, 2010

BASWARE FINANCIAL STATEMENTS

Basware fourth quarter and full year 2009

SUMMARY (last year's corresponding period in parentheses, unless otherwise stated)

Financial year 2009

- Net sales EUR 92 654 thousand (EUR 86 098 thousand) – growth 7.6 percent
- Operating profit EUR 11 824 thousand (EUR 8 679 thousand) – growth 36.2 percent
- Operating profit 12.8 percent of net sales (10.1%)
- International operations accounted for 54.2 percent of net sales (51.8%) – growth 12.6 percent
- Cash flows from operating activities were EUR 14 732 thousand (EUR 8 331 thousand)
- Earnings per share EUR 0.80 (0.56) – growth 41.3 percent
- Dividend proposal for 2009: EUR 0.36 per share (2008: EUR 0.23)

October-December Q4

- Net sales EUR 26 600 thousand (EUR 26 294 thousand) – growth 1.2 percent
- Operating profit EUR 4 058 thousand (EUR 4 122 thousand) – decrease 1.6 percent
- Operating profit 15.3 percent of net sales (15.7%)
- International operations accounted for 53.9 percent of net sales (51.4%) – growth 6.0 percent
- Earnings per share EUR 0.35 (0.28) – growth 24.0 percent

Basware expects its net sales in 2010 to develop positively on the level of 2009. Operating profit (EBIT) for 2010 is expected to be from 10 to 15 percent of net sales.

The Financial Statements have been prepared according to International Financial Reporting Standards (IFRS).

GROUP KEY FIGURES

EUR thousand	10-12/ 2009	10-12/ 2008	Change, %	1-12/ 2009	1-12/ 2008	Change, %
Net sales	26 600	26 294	1.2%	92 654	86 098	7.6%
EBITDA	5 337	5 111	4.4%	16 280	11 722	38.9%
Operating profit before IFRS-3 amortization	4 600	4 583	0.4%	13 788	9 730	41.7%
Operating profit	4 058	4 122	-1.6%	11 824	8 679	36.2%
% of net sales	15.3%	15.7%		12.8%	10.1%	
Profit before tax	4 038	3 862	4.6%	11 590	8 410	37.8%
Profit for the period	4 007	3 294	21.6%	9 074	6 585	37.8%
Return on equity, %	29.4%	27.2%		17.2%	13.7%	
Return on investment, %	25.3%	31.0%		18.8%	16.6%	
Liquid assets*	12 210	8 777	39.1%	12 210	8 777	39.1%
Gearing, %	-5.3%	9.3%		-5.3%	9.3%	
Equity ratio, %	64.8%	59.5%		64.8%	59.5%	
Earnings per share, EUR	0.35	0.28	24.0%	0.80	0.56	41.3%
Earnings per share (diluted), EUR	0.35	0.28	24.0%	0.80	0.56	41.3%
Equity per share, EUR	4.93	4.23	16.7%	4.93	4.23	16.7%

January 26, 2010

*) Includes cash, cash equivalents and financial assets at fair value through profit or loss

Basware's business operations consist of Product Sales, Maintenance, Professional Services and Automation Services. The core of Basware's product sales consists of the Basware Enterprise Purchase to Pay product suite and the Basware Financial Management (FIMA) suite. The Group's reported market areas are Finland, Scandinavia, Europe and other areas.

Record-high results in challenging market situation

Basware's CEO Ilkka Sihvo: "Operating profit for the full year was record-high and grew by 36.2 percent, which is an extraordinary performance in recession. Our operating profit was 11.8 million euros and accounted for 12.8 percent of our net sales. Net sales grew by 7.6 percent. Automation Services was most successful and grew as much as 72.0 percent. Automation Services have improved our competitiveness and we have made agreements with large international companies on different continents. During 2009 the order backlog of Automation Services has clearly grown.

The last quarter of the year succeeded according to the plan. Operating profit remained at the level of the previous year and was over 15 percent of net sales. During the last quarter Automation Services accelerated its growth to 162.3 percent being an excellent recession performance. We also succeeded in closing large deals during the last quarter in North America."

REPORTING

As of January 1, 2009, the Group has applied the following new and revised standards: IFRS 8 Operating Segments and IAS 1 Presentation of Financial Statements. IFRS 8 has an effect on the segment information in the notes and IAS 1 has an effect on the presentation of the income statement.

Basware's reporting segment is based upon geography as follows: Finland, Scandinavia, Europe and Other. Following the TAG Services acquisition on July 1, 2009, Basware has assets in Australia. Taking into account the nature and extent of the business operations in North America and Australia, these areas will be merged into the Other segment as of Q3/2009. The Finland segment includes the Finnish, Russian, Asia-Pacific (excluding Australia) and Financial Management business operations.

In addition, the company reports revenue from products and services as follows: License Sales, Professional Services, Maintenance, and Automation Services. Automation Services include SaaS revenue and Connectivity Services, which include digitalization of paper invoices and exchange of e-invoices and purchase transactions.

The company also reports the backlog of Automation Services agreements not recognized as income. Automation Services agreements typically span several years.

January 26, 2010

FOURTH QUARTER OCTOBER 1 – DECEMBER 31, 2009

NET SALES OCTOBER–DECEMBER 2009

The geographical division of net sales by the location of assets:

Net sales (EUR thousand)	10-12/ 2009	10-12/ 2008	Change, %	1-12/ 2009	1-12/ 2008	Change, %
Finland	15 271	15 329	-0.4	50 486	49 517	2.0
Scandinavia	6 135	6 627	-7.4	22 236	18 805	18.2
Europe	5 629	5 264	6.9	18 717	19 454	-3.8
Other	2 897	1 311	120.9	9 201	5 004	83.9
Sales between segments	-3 333	-2 238	-49.0	-7 985	-6 682	-19.7
Group total	26 600	26 294	1.2	92 654	86 098	7.6

The geographical division of net sales by the location of customers:

Net sales (EUR thousand)	10-12/ 2009	10-12/ 2008	Change, %	1-12/ 2009	1-12/ 2008	Change, %
Finland	12 267	12 769	-3.9	42 449	41 514	2.3
Scandinavia	6 003	6 411	-6.4	21 719	18 309	18.6
Europe	5 071	5 143	-1.4	18 065	19 191	-5.9
Other	3 258	1 971	65.3	10 421	7 083	47.1
Group total	26 600	26 294	1.2	92 654	86 098	7.6

Basware Group's net sales increased by 1.2 percent in October–December and were EUR 26 600 thousand (EUR 26 294 thousand).

In the fourth quarter, 29.3 percent (30.9%) of net sales consisted of own product sales and the product sales declined by 4.1 percent. Maintenance revenue accounted for 29.7 percent (26.6%) of net sales and grew by 13.3 percent. Consulting and services revenue represented 31.5 percent (38.9%) of net sales and decreased by 18.0 percent.

During the period, Automation Services (SaaS, e-invoicing, Scan and Capture) grew by 162.3 percent and accounted for 9.5 percent (3.6%) of net sales.

Value added resellers provided a net share of 11.1 percent (14.9%) or EUR 869 thousand of product sales in October–December, corresponding to 6.1 percent (8.9%) of international operations' total net sales.

The international share of Basware's net sales was 53.9 percent (51.4%) in October–December. International operations grew by 6.0 percent.

FINANCIAL PERFORMANCE OCTOBER–DECEMBER 2009

Basware Group's operating profit decreased by 1.6 percent in October–December and was EUR 4 058 thousand (EUR 4 122 thousand). Operating profit amounted to 15.3 percent of net sales.

January 26, 2010

The geographical division of operating profit by the location of assets:

Operating profit (EUR thousand)	10-12/ 2009	10-12/ 2008	Change, %	1-12/ 2009	1-12/ 2008	Change, %
Finland	3 024	4 385	-31.0	7 714	7 898	-2.3
Scandinavia	1 041	-21	5 068.2	3 169	1 017	211.4
Europe	902	-48	1 974.6	1 566	-74	2 224.8
Other	-517	118	-537.7	741	289	155.9
Operating profit between segments	-393	-312	-26.0	-1 365	-452	-201.8
Group total	4 058	4 122	-1.6	11 824	8 679	36.2

The company's fixed costs were EUR 19 660 thousand (EUR 19 911 thousand) in the quarter, and have decreased 1.3 percent on the corresponding period the previous year. Personnel costs made up 75.5 percent (75.8%) or EUR 14 841 thousand (EUR 15 093 thousand) of the fixed costs.

Research and development expenses totaled EUR 3 847 thousand (EUR 4 385 thousand), of which EUR 360 thousand (EUR 846 thousand) or 9.4 percent (19.3%) were capitalized during the period. Amortization of capitalized research and development costs totaled EUR 429 thousand (EUR 312 thousand).

Profit before tax for the period was EUR 4 038 thousand (EUR 3 862 thousand) and profit for the period was EUR 4 007 thousand (EUR 3 294 thousand). Undiluted earnings per share were EUR 0.35 (EUR 0.28).

BUSINESS OPERATIONS OCTOBER–DECEMBER 2009

Finland

The Finland segment includes the business operations in Finland, Russia, Asia-Pacific (excluding Australia) and the head office functions. Net sales for the fourth quarter decreased by 0.4 percent to EUR 15 271 thousand (EUR 15 329 thousand).

Net sales of the Finnish and Russian business operations increased by 1.3 percent during the fourth quarter. All the Basware Enterprise Purchase to Pay and Financial Management products are sold in the region.

There are currently 14 resellers in all in the area and the number of personnel averaged 460 (426) during the fourth quarter.

Scandinavia

Basware's Nordic organization consists of a centrally directed Scandinavian (Sweden, Denmark and Norway) unit. All the Basware Enterprise Purchase to Pay solutions are sold in Scandinavia.

January 26, 2010

Net sales of the area decreased by 7.4 percent in the fourth quarter to EUR 6 135 thousand (EUR 6 627 thousand). The profitability of operations increased by 5 068.2 percent and operating profit was EUR 1 041 thousand (EUR -21 thousand).

Business operations are mainly handled by the own organization and there were 130 (146) employees on average in the area.

Europe

Basware's European business operations consist of the units in Germany, France, the Netherlands and the United Kingdom. Additionally, the reseller network covers the eastern part of Central Europe. All Enterprise Purchase to Pay solutions are sold in Europe.

Net sales of the Europe segment increased by 6.9 percent in the fourth quarter and totaled EUR 5 629 thousand (EUR 5 264 thousand). The profitability of the operations improved by 1 974.6 percent and operating profit was EUR 902 thousand (EUR -48 thousand).

During 2009 Basware UK implemented a rationalization program and reorganization of operations, facilitating profitable growth in the unit. Significant cost savings have been achieved and the utilization rate of consulting has been increased with the program, which will improve the unit's profitability.

There are 35 resellers in Europe, and Basware personnel averaged 119 (127) during the fourth quarter.

Other

Business operations in North America and Australia are reported in this segment. Net sales of the area increased by 120.9 percent in the fourth quarter to EUR 2 897 thousand (EUR 1 311 thousand). The profitability of the operations decreased by 537.7 percent and operating profit was EUR -517 thousand (EUR 118 thousand). The business operations in Australia are reported in the Other segment as of July 1, 2009. Cumulative adjustments related to the transfer pricing principle followed by the Group companies have been recorded in the review period.

Basware's North American unit sells the Enterprise Purchase to Pay solutions in the United States and Canada.

At the end of the period, there were 10 resellers in this segment. The number of personnel averaged 48 (29) during the fourth quarter.

FINANCIAL PERIOD JANUARY 1 – DECEMBER 31, 2009

NET SALES

Basware Group's net sales increased by 7.6 percent during the period (January–December) and were EUR 92 654 thousand (EUR 86 098 thousand). Pro forma net sales for the financial period would have been EUR 93 217 thousand had the TAG Services Pty Ltd net sales been consolidated for the entire period.

The company's product sales decreased by 8.1 percent during the period to 25.6 percent (30.0%) of net sales.

January 26, 2010

Maintenance revenue increased by 18.7 percent in the reporting period and accounted for 32.1 percent (29.1%) of net sales. Professional Services revenue increased by 2.1 percent and accounted for 33.6 percent (35.5%) of net sales.

During the period, Automation Services (SaaS, e-invoicing, Scan and Capture) grew by 72.0 percent and accounted for 8.7 percent (5.4%) of net sales. The backlog of the Automation Services business not recognized as income was EUR 14 630 thousand (EUR 10 519 thousand) at the end of the period.

Value added resellers provided a net share of 9.9 percent (15.7%) or EUR 2 343 thousand of Product Sales' net sales during the reporting period, accounting for 4.7 percent (9.1%) of the net sales from international operations.

The international share of Basware's net sales was 54.2 percent (51.8%) in the reporting period. International operations grew by 12.6 percent.

The geographical division of net sales by the location of assets:

Net sales (EUR thousand)	10-12/ 2009	10-12/ 2008	Change, %	1-12/ 2009	1-12/ 2008	Change, %
Finland	15 271	15 329	-0.4	50 486	49 517	2.0
Scandinavia	6 135	6 627	-7.4	22 236	18 805	18.2
Europe	5 629	5 264	6.9	18 717	19 454	-3.8
Other	2 897	1 311	120.9	9 201	5 004	83.9
Sales between segments	-3 333	-2 238	-49.0	-7 985	-6 682	-19.7
Group total	26 600	26 294	1.2	92 654	86 098	7.6

The geographical division of net sales by the location of customers:

Net sales (EUR thousand)	10-12/ 2009	10-12/ 2008	Change, %	1-12/ 2009	1-12/ 2008	Change, %
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Scandinavia	6 003	6 411	-6.4	21 719	18 309	18.6
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Other	3 258	1 971	65.3	10 421	7 083	47.1
Group total	26 600	26 294	1.2	92 654	86 098	7.6

FINANCIAL PERFORMANCE

Basware's operating profit for the period increased by 36.2 percent to 11 824 EUR thousand (EUR 8 679 thousand). Operating profit represented 12.8 percent (10.1%) of net sales. Pro forma operating profit for the financial period would have been EUR 11 806 thousand had the TAG Services Pty Ltd operating profit sales been consolidated for the entire period.

January 26, 2010

The geographical division of operating profit by the location of assets:

Operating profit (EUR thousand)	10-12/ 2009	10-12/ 2008	Change, %	1-12/ 2009	1-12/ 2008	Change, %
Finland	3 024	4 385	-31.0	7 714	7 898	-2.3
Scandinavia	1 041	-21	5 068.2	3 169	1 017	211.4
Europe	902	-48	1 974.6	1 566	-74	2 224.8
Other	-517	118	-537.7	741	289	155.9
Operating profit between segments	-393	-312	-26.0	-1 365	-452	-201.8
Group total	4 058	4 122	-1.6	11 824	8 679	36.2

The company's fixed costs were EUR 70 343 thousand (EUR 69 900 thousand) in the period, up 0.6 percent on the corresponding period the previous year. Personnel costs made up 74.3 percent (72.1%) or EUR 52 294 thousand (EUR 50 399 thousand) of the fixed costs. Bad debt and movement in bad debt accruals are included in fixed costs. Bad debt reservations at the end of the fourth quarter amounted to EUR 666 thousand (EUR 845 thousand).

Research and development expenses totaled EUR 14 781 thousand (EUR 15 518 thousand), of which EUR 1 454 thousand (EUR 2 739 thousand) or 9.8 percent (17.6%) were capitalized during the period. Amortization of capitalized research and development costs totaled EUR 1 624 thousand (EUR 1 183 thousand). Research and development costs equaled 16.0 percent (18.0%) of net sales. The costs decreased by 4.7 percent (17.8%) during the financial year.

The company's finance income and finance expenses were EUR -234 thousand (EUR -269 thousand). The company's profit before tax was EUR 11 590 thousand (EUR 8 410 thousand). Taxes for the period totaled EUR 2 517 thousand (EUR 1 825 thousand). Profit for the period was 9.8 percent (7.6%) of net sales, or EUR 9 074 thousand (EUR 6 585 thousand). Undiluted earnings per share were EUR 0.80 (EUR 0.56).

FINANCE AND INVESTMENTS

Basware Group's total assets on the balance sheet at the end of the financial period were EUR 87 287 thousand (EUR 81 909 thousand). The company's cash and liquid assets were EUR 12 210 thousand (EUR 8 777 thousand), of which cash and cash equivalents were EUR 12 176 thousand (EUR 8 745 thousand) and financial assets at fair value through profit or loss were EUR 34 thousand (EUR 31 thousand).

Cash flow from operating activities was EUR 14 732 thousand (EUR 8 331 thousand). Cash flow from investments was EUR -5 009 thousand (EUR -12 303 thousand).

Equity ratio was 64.8 percent (59.5%) and gearing was -5.3 percent (9.3%). The company's interest-bearing liabilities totaled EUR 9 230 thousand (EUR 13 283 thousand), of which current liabilities accounted for EUR 5 555 thousand (EUR 5 555 thousand). Return on investment was 18.8 percent (16.6%) and return on equity 17.2 percent (13.7%).

Basware AS purchased the Norwegian invoice automation solution business of Itella Information AS on January 26, 2009. The purchase price was NOK 6.38 million (approximately EUR 0.72 million) and it was paid in cash on the day the acquisition was completed, April 1, 2009. In addition, Basware may pay an

January 26, 2010

additional purchase price of a maximum of NOK 7.0 million (EUR 0.77 million) in February 2010 at the latest, determined on the basis of the volume of the purchased operations' service sales in 2009. The estimated additional purchase is circa NOK 4.4 million (around EUR 0.55 million). EUR 761 thousand associated with customer relationships has been allocated to intangible assets, taking deferred tax liabilities into consideration. The purchase price includes EUR 436 thousand of goodwill. The allocation of the acquisition purchase price is preliminary.

Basware Corporation acquired the entire share capital of TAG Services Pty Ltd in Australia on July 1, 2009. The acquisition price was 2.1 million Australian dollars (approximately EUR 1.2 million) and was paid in cash in two parts in July and August 2009. In addition the deal includes an additional acquisition price element that is based on the company's net sales of the period from July 1, 2009 to June 30, 2010 and will be paid in August 2010 at the latest. 4.2 million Australian dollars (approximately EUR 2.4 million) associated with customer relationships has been allocated to intangible assets, taking deferred tax liabilities into consideration. The allocation of the acquisition purchase price is preliminary.

The company's capital expenditure, resulting from regular additional and replacement investments required for growth, was EUR 2 047 thousand (EUR 1 007 thousand) in the period. Gross investments which include, in addition to those mentioned above, the capitalized research and development costs and acquisitions (TAG Services Pty Ltd and Itella Information AS's invoice automation solution business) totaled EUR 7 448 thousand (EUR 12 476 thousand).

Impairment tests indicate no impairments of assets. Amortization of intangible assets totaled EUR 3 968 thousand (EUR 2 398 thousand), of which amortization associated with business acquisitions amounted to EUR 2 020 thousand (EUR 993 thousand).

RESEARCH, DEVELOPMENT AND NEW PRODUCTS

Research and development expenses were EUR 14 781 thousand (EUR 15 518 thousand) in the period, corresponding to 16.0 percent (18.0%) of net sales. Research and development costs decreased by 4.7 percent (increase by 17.8%) compared with the same period last year. Of the research and development costs, EUR 1 454 thousand (EUR 2 739 thousand) or 9.8 percent (17.6%) were capitalized during the period. Amortization of capitalized research and development costs totaled EUR 1 624 thousand (EUR 1 183 thousand).

A total of 195 (171) people worked in Software Production at the end of 2009. The Software Production unit is expanding in India, where there are currently 55 employees.

At the beginning of 2009, Basware launched the Basware Connectivity solution, which aims at speeding up the migration to electronic exchange of documents. There has been obvious demand for the solution in the market, and it has been sold successfully in Europe as well as North America. Basware is now able to exchange all the documentation related to the Purchase to Pay process in a single solution, including the exchange of e-invoices and procurement messages, e-invoice and scanning services and supplier activation.

PERSONNEL

Basware employed 747 (689) people on average and 761 (731) people at the end of the period. The number of personnel increased by 30 persons and by 4.1 percent compared with the same period the previous year. The acquisition of TAG Services Pty Ltd increased the number of personnel by 13 people and the acquisition of Itella Information AS's invoice automation business by 5 people.

January 26, 2010

The share of personnel working in foreign units has increased compared with the previous year. At the end of the period, 47.4 percent (46.1%) of Basware personnel worked outside of Finland and 52.6 percent (53.9%) in Finland. 16.8 percent of the personnel work in sales and marketing, 48.0 in consulting and services, 25.6 percent in Software Production, and 9.6 percent in administration.

The average age of employees is 36.6 (35.9) years. Of the employees, 35.0 percent have a Master's degree and 43.2 percent have a Bachelor's degree. Women account for 28.1 percent of employees, men for 71.9 percent.

For incentive purposes, the company has a bonus program that covers all employees.

The Executive Team's remuneration consists of salary in money, fringe benefits, a possible annual bonus based on performance, warrants and a share-based incentive scheme. The compensation principles of the Executive Team members are decided by the Board. A long-term incentive program was in place during 2006–2008. Based on the program, warrants could be granted to the members of the top management, country managers and key personnel.

The members of the Basware Executive Team have a share-based incentive scheme as of 2009. The possible reward of the system for the earning period 2009 is based on Basware Corporation's earnings per share (EPS). Any reward for the earning period 2009 will be paid in December 2011 partially as shares in the company and partially in cash.

Geographical distribution of personnel:

Personnel (employed, on average)	10-12/ 2009	10-12/ 2008	Change, %	1-12/ 2009	1-12/ 2008	Change, %
Finland	460	426	8.0	454	421	7.8
Scandinavia	130	146	-11.4	135	112	20.0
Europe	119	127	-6.3	119	129	-7.3
Other	48	29	68.6	39	26	47.0
Group total	758	729	4.0	747	689	8.5

BUSINESS OPERATIONS

Finland

The Finland segment includes operations in Finland, Russia, Asia (excluding Australia) and the Financial Management business. Net sales for the financial period increased by 2.0 percent to EUR 50 486 thousand (EUR 49 517 thousand).

Net sales of the Finnish and Russian business operations increased by 9.0 percent during the financial period to EUR 43 250 thousand (EUR 39 671 thousand). All the Basware Enterprise Purchase to Pay and Financial Management products are sold in the region.

There are currently 14 resellers in all in the area and the number of personnel averaged 454 (421).

January 26, 2010

Scandinavia

Basware's Nordic organization consists of a centrally directed Scandinavian (Sweden, Denmark and Norway) unit. All the Basware Enterprise Purchase to Pay solutions are sold in the Nordic countries.

Net sales of the Scandinavian business operations increased by 18.2 percent to EUR 22 236 thousand (EUR 18 805 thousand). The profitability of the operations increased by 211.4 percent and operating profit was EUR 3 169 thousand (EUR 1 017 thousand).

Business operations are mainly handled by the own organization and there were 135 (112) employees on average in the area.

Europe

Basware's European business operations consist of the units in Germany, France, the Netherlands and the United Kingdom. Additionally, the reseller network covers the eastern part of Central Europe. All Enterprise Purchase to Pay solutions are sold in Europe.

Net sales in the Europe segment decreased by 3.8 percent in the financial period and totaled EUR 18 717 thousand (EUR 19 454 thousand). The profitability of the operations improved by 2 224.8 percent and operating profit was EUR 1 566 thousand (EUR -74 thousand).

During 2009 Basware UK implemented a rationalization program and reorganization of operations. Significant cost savings have been achieved and the utilization rate of consulting has been increased with the program, which will improve the unit's profitability.

There are 35 resellers in Europe, and Basware personnel averaged 119 (129) during the third quarter.

Other

Business operations in North America and Australia are reported in this segment. Net sales of the area increased by 83.9 percent in the financial period to EUR 9 201 thousand (EUR 5 004 thousand). The profitability of the operations grew by 155.9 percent and operating profit was EUR 741 thousand (EUR 289 thousand). The business operations in Australia are reported in the Other segment as of July 1, 2009.

At the end of the period, there were 10 resellers in the segment. On average, there were 39 (29) employees in the area.

OTHER EVENTS OF THE FINANCIAL PERIOD

Basware launched an entirely new successful business concept during 2009: Basware Automation Services, which is based on making the processing of the customer organization's paper invoices completely electronic. Basware Automation Services include Software as a Service (SaaS), e-invoicing and Scan and Capture. The company has closed several major automation service deals with multinational companies.

The company made one of its largest deals ever with the State of South Australia in September 2009.

January 26, 2010

Jorma Kempainen was appointed as a member of the Basware Executive Team and head of the Products unit (SVP, Products) on December 1, 2009.

SHARE AND SHAREHOLDERS

Basware Corporation's share capital totaled EUR 3 440 437.20 at the end of the period and the number of shares was 11 468 124.

Share price and trade

During the reporting period, the highest price of the share was EUR 14.66 (EUR 10.45), the lowest was EUR 6.60 (EUR 6.00) and the closing price was EUR 14.52 (EUR 6.59). The average price of the share was EUR 10.79 (EUR 7.53) during the period.

A total of 2 038 565 (2 298 467) shares were traded during the financial period which is the equivalent of 17.9 percent (20.1%) of the average number of shares. Market capitalization with the period's closing price on December 31, 2009 was EUR 165 206 004 (EUR 75 301 011).

Shareholders

Basware had 16 480 (17 120) shareholders on December 31 including nominee-registered holdings (8). Nominee-registered holdings accounted for 9.6 percent of the total number of shares.

Basware announced three notifications of change in ownership when the total number of shares held by Nordea Rahastoyhtiö Suomi Oy fell below 5% of Basware Corporation's share capital on February 23, 2009 and when the total number of shares held by Antti Pöllänen personally fell below 5% of Basware Corporation's share capital on September 10, 2009. Shares held by Antti Pöllänen together with persons under guardianship still exceed 5% of Basware Corporation's share capital. In addition, Basware announced a notice of change in ownership when the total number of shares held by Nordea Rahastoyhtiö Suomi Oy was above 5% of Basware Corporation's share capital on November 27, 2009.

Shareholding of Management and Board

According to the shareholder register managed by Euroclear Finland Oy, on December 31, 2009 CEO Ilkka Sihvo holds 1 065 800 Basware's shares and Esa Tihilä 500 shares. Other members of Basware Executive Team do not hold Basware's shares.

According to the shareholder register managed by Euroclear Finland Oy, on December 31, 2009 Hannu Vaajoensuu holds 962 100 Basware's shares, Pentti Heikkinen 1 016, Ilkka Toivola 2 166, Sakari Perttunen 1 045 800 and Matti Copeland 2 166 shares.

GOVERNANCE

The Annual General Meeting of Shareholders on February 12, 2009, confirmed the number of Board members as five. The Annual General Meeting resolved to agree on the proposal and elected Matti Copeland, Pentti Heikkinen, Sakari Perttunen, Ilkka Toivola and Hannu Vaajoensuu members of the Board of Directors.

January 26, 2010

The Annual General Meeting further resolved to elect Ernst & Young Oy, Authorized Public Accountants as the auditor, with APA Heikki Ilkka in charge and APA Terhi Mäkinen as the deputy auditor.

A separate stock exchange release has been issued on the Board authorizations and other resolutions of the Annual General Meeting of Shareholders on February 12, 2009.

This Corporate Governance Statement has been composed in accordance with Recommendation 51 of the new Corporate Governance Code and Chapter 2, Section 6 of the Finnish Securities Market Act. The Corporate Governance Statement is issued separately from the company's annual report.

Basware's Corporate Governance principles are available in full on the company's website at http://www.basware.com/Investors/corporate_governance/Pages/default.aspx

Share repurchase

Basware Corporation's share repurchases program that was resolved by the Board of Directors on October 14, 2008 ended on March 31, 2009. The program was based on the authorization granted by the Annual General Meeting on February 14, 2008. The purchases started on October 23, 2008 and ended according to the terms of the share repurchase program on March 31, 2009. By March 31, 2009, the company had acquired 90 300 shares and the total number of shares held by the company amounted to 90 300, representing approximately 0.79 % of all Basware shares. The average price of the shares acquired during the repurchases program was 6.9475 euro.

The AGM on February 12, 2009 authorized the Board to resolve on the acquisition of a maximum of 1 146 812 own shares, pursuant to the Chapter 15, section 5 of the Companies Act. The new shares are acquired with invested non-restricted equity on the market price at the NASDAQ OMX Helsinki Ltd at the time of the acquisition. The shares can either be held by the Company, nullified or conveyed further. The authorization for acquisition is valid until March 31, 2010.

SHORT-TERM RISKS AND RISK MANAGEMENT

In accordance with Basware's risk management policy, risks are divided into six categories: risks related to business operations, products, personnel as well as legal, financial and data security risks. Basware takes risks that are a natural part of its strategy and objectives. These risks are managed and decreased in various ways. Short-term risks are considered to be risks in the current reporting year.

The global economic uncertainty continues, which might decrease companies' willingness in the future as well. This might have an unfavorable impact on the development of the company's net sales and profitability. However, the entire IT market is expected to grow by 6.6 percent in the United States and by 4.0 percent in Western and Central Europe in 2010.

In previous economic downturns, the demand for the company's products and services has remained more positive than the general economic market as a whole as the company's software solutions generate cost savings.

The depression has generally increased companies' delinquency entries and the number of bankruptcies. Typically, companies may also prolong the times of payments in order to free up working capital. Basware has intensified its management of sales receivables, and business management regularly monitors the payment of sales receivables as part of the management of customer accounts.

January 26, 2010

The Group's main currency is Euro, accounting for approximately 61 percent of net sales in 2009 (approximately 67% in 2008). The significance of exchange rate fluctuations between the euro and other currencies will increase hand in hand with the share of international operations. In addition to the euro area, Basware operates in various areas, the most significant of them in 2009 being Norway, the United Kingdom, the United States and Sweden. The company is exposed to exchange rate risks in these countries through intra-company trade, exports and imports as well as through the equity and funding of foreign subsidiaries. The company did not realize hedging for exchange rate fluctuations during the financial year as the foreign-currency-denominated cash flow in the subsidiaries did not exceed the foreign-currency-specific limit for hedging measures in accordance with the company's hedging policy.

Goodwill has been tested during the last quarter of 2009. In accordance with the testing for impairment of assets, no depreciation of goodwill was made. During 2009 Basware UK implemented a rationalization program and reorganization of operations, facilitating profitable growth in the unit. Significant cost savings have been achieved and the utilization rate of consulting has been increased with the program, which will improve the unit's profitability. If the unit's profitability does not improve as planned in the medium term despite the streamlining program, it is likely that the goodwill allocated to the unit will need to be impaired.

Basware's objective is to become the world's leading company in e-invoicing. E-invoicing and the supporting Connectivity also target suppliers and buyers outside Basware's existing customer base, which increases the customer potential. The company's long-term objective is annual growth of more than 50 percent in SaaS, Basware Connectivity and e-invoicing business. SaaS, Basware Connectivity and e-invoicing are scalable business models with a high business potential. The realization of this growth potential requires a new operating model as well as active and continuous development of competencies because of the strong growth of the number of customers and transaction volumes. These include sales and commissioning as well as customer support and product development.

In other respects, no significant changes have taken place in Basware's short-term risks and uncertainties during the financial period.

ACQUISITIONS AND CHANGES IN GROUP STRUCTURE

The company has branch offices in Singapore, Russia and India.

Basware AS purchased the Norwegian invoice automation solution business of Itella Information AS on January 26, 2009. The purchase price was NOK 6.38 million (approximately EUR 0.72 million) and it was paid in cash on the day the acquisition was completed, April 1, 2009. In addition, Basware may pay an additional purchase price of a maximum of NOK 7.0 million (EUR 0.77 million) in February 2010 at the latest, determined on the basis of the volume of the purchased operations' service sales in 2009. The estimated additional purchase is circa NOK 4.4 million (around EUR 0.55 million). The acquisition increased the net sales of Basware Automation Services for 2009 by approximately EUR 0.9 million instead of the previously estimated EUR 1.2 million due to the lower-than-expected volume of service sales.

Basware Corporation acquired the entire share capital of its Australian reseller TAG Services Pty Ltd. The acquisition price was based on the company's net sales for its fiscal year 2008–2009 ended June 30, 2009 and the company's net asset value on June 30, 2009. The acquisition price was 2.1 million Australian dollars (approximately EUR 1.2 million, using exchange rate of EUR/AUD 1.7359 on June 30, 2009). The company's net asset value at June 30 was 0.42 million Australian dollars (approximately EUR 0.24 million). The acquisition price was paid in cash in two parts in July and August 2009. In addition the

January 26, 2010

deal includes an additional acquisition price element that is based on the growth of the company's net sales during the period from July 1, 2009 to June 30, 2010 and will be paid in August 2010 at the latest.

Basware increased its shareholding in Basware Invoices Oy to 100 percent on January 30, 2009, by acquiring 12.55% of the company's shares and control from the company's management. The purchase price paid on the date of the transaction was approximately EUR 720 thousand and the additional purchase price to be paid based on the business volume for 2009 in February 2010 at the latest is expected to be approximately EUR 250 thousand. Basware increased its shareholding in Basware FIMA Oy to 100 percent on August 21, 2009, by acquiring 4.04% of the company's shares and control from the company's management. A situation such as the one presented above is currently not regulated by IFRS, so the company's management has compiled an accounting principle for the case in compliance with IAS 8. The change of ownership is recognized under shareholders' equity, and it will not have any effect on profit or goodwill.

Basware Invoices Oy merged with Basware Corporation in accordance with the previously registered merger plan on July 13, 2009. Basware Invoices Oy's business operations will continue in Basware Corporation as a part of Basware's Automation Services business. The merger did not result in any changes to Basware Corporation's organization structure.

In Norway, Contempus AS merged into Basware AS on June 30, 2009, in accordance with the previously registered merger plan. The business operations of Contempus AS will resume in Basware AS as a part of its normal business. The merger did not result in changes to the organization structure of Basware AS.

In Sweden, Contempus AB merged into Basware AB on December 30, 2009, in accordance with the previously registered merger plan. The business operations of Contempus AB will resume in Basware AB as a part of its normal business. The merger did not result in changes to the organization structure of Basware AB.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

Basware's corporate responsibility is driven by strong business ethics, corporate values, and legislation. The company is committed to economic, social and environmental responsibility in all operations.

Basware's software products reduce paper consumption in thousands of offices around the world, leading the customer companies toward the paperless office, which saves both the environment and money. Profitability and financial stability are an integral part of Basware's responsibility. Stability and trustworthiness yield added value to all stakeholders.

Basware has cooperated with the Plan Finland charity foundation since 2002, and the company has 15 sponsored children around the world.

Basware's head office in Espoo has held a Green Office certificate issued by the World Wildlife Fund since 2003. The prerequisites for being issued the certificate include a standing environmental program, waste sorting and recycling, reduction of carbon dioxide emissions and endeavors to constantly improve environmental issues.

January 26, 2010

STRATEGY

Basware has updated its strategy for 2010-2012. The Basware Responsive Strategy framework allows the company to act with agility and sensitivity based on the company's situation, market trends and other changes. The Responsive Strategy framework includes follow-up and analysis of internal and external trends as well as the company's vision, mission and operating principles. Basware's operating principles comprise of the company's values, corporate governance and responsibility.

The implementation of Basware's strategy was guided by separately named strategy projects (Must-Win Battles). In line with the revised strategy, the previous strategy projects will be replaced with growth projects, strategy projects and other changing corporate-level projects. The Responsive Strategy framework also includes follow-up and analysis of internal and external trends as well as the company's vision, mission and operating principles. The operating principles are comprised of the company values, Corporate Governance and responsibility.

The company aims at maintaining its position as a leading global supplier of invoice automation and procurement solutions. Invoice automation growth is strongly supported by a new mid-market SaaS (Software as a Service) "pay as you go" offering to selected high potential markets.

Basware aims also to become a leading company in e-invoicing worldwide. E-invoicing and supporting Connectivity Services are now targeted to connect suppliers and buyers also outside of Basware's existing software customer base leading into a higher potential.

The company's long-term target is to grow annually more than 50% in SaaS, Connectivity Services and e-invoicing. SaaS, Connectivity Services and e-invoicing are scalable models and offer an increasing profit potential in the long run. The company's long-term target is to grow annually more than 10% in License Sales, Maintenance and Professional Services. The target for operating profit margin is between 10% - 20%.

MANAGEMENT AND AUDITORS

In 2009, Ilkka Sihvo acted as the CEO of the company. The CEO is in charge of the day-to-day management of the company in accordance with the instructions and orders given by the Board. The Annual General Meeting of Shareholders on February 12, 2009, confirmed the number of Board members as five. Matti Copeland, Pentti Heikkinen, Sakari Perttunen, Ilkka Toivola and Hannu Vaajoensuu were elected to the Board. In its first meeting, the Board elected Hannu Vaajoensuu as Chairman of the Board and Sakari Perttunen as Vice Chairman.

As of 2009 the duties of Hannu Vaajoensuu, the Chairman of the Board, were redefined. In addition to the chairman's standard duties, Hannu Vaajoensuu will continue as a member of the M&A Team and have an advisory role in major M&A projects. He will also carry out networking and industry influencer activities.

The Annual General Meeting further resolved to elect Ernst & Young Oy, Authorized Public Accountants as the auditor, with APA Heikki Ilkka in charge and APA Terhi Mäkinen as the deputy auditor.

EVENTS AFTER THE FINANCIAL PERIOD

As of January 1, 2010, members of the Basware Executive Team are Ilkka Sihvo, CEO; Mika Harjuaho, CFO; Olli Hyppänen, Strategy and Development; Jorma Kemppainen, Senior Vice President, Products;

January 26, 2010

Steve Muddiman, Senior Vice President, Global Marketing; Matti Rusi, Senior Vice President, Europe; Ari Salonen, General Manager, North America; Esa Tihilä, Senior Vice President, Global Operations; Odd Roar Trapnes, Senior Vice President Scandinavia; and Jukka Virkkunen, Senior Vice President NorthEast.

Matti Rusi, Senior Vice President, Europe was employed by Basware as of January 4, 2010.

Basware will centralize its product development units and therefore the activities of the small Norwegian unit will be moved to the Finnish and Indian locations during the first half of the year 2010.

The chairman of the Board of Directors, Hannu Vaajoensuu, has been employed by the company since 1985. In addition to the standard duties of the chairman of the Board, he has most recently worked as a member of the M&A Team and had an advisory role in M&A projects. The company and Vaajoensuu have agreed on January 25, 2010 that his employment will be terminated on February 17, 2010. In connection with the termination of employment, only ordinary and statutory employment-related compensation will be paid.

FUTURE OUTLOOK

Market forecasts updated towards the end of 2009 expect the software market to increase by 9.2 percent in 2010 in the United States and by 5.5 percent in Western and Central Europe.

The entire IT market is expected to grow by 6.6 percent in the United States and by 4.0 percent in Western and Central Europe in 2010.

Western Europe and the United States combined account for approximately three quarters of the enterprise software market. In these markets, electronic invoice processing and procurement solutions are still in their infancy. The procurement management and electronic invoice processing markets are heterogeneous in terms of the competitive situation. Growth could attract more competitors to the market. The industry is consolidating, and this development could go on in the future as well. Globally speaking, Basware is a medium-sized software company in terms of net sales as well as number of personnel.

Basware's direct competitors are mainly locally operating and often smaller companies. In North America in particular, the company has also larger competitors, especially in the field of procurement management. Developers of document management, scanning and recycling systems compete with Basware, particularly with regard to purchase invoice management solutions. Competing solutions also include customized solutions integrated into ERP (Enterprise Resource Planning) systems.

The software products still offer a competitive edge, thanks to the integrated offering consisting of new added value products and the products. Automation services, a new concept in the portfolio, will have a positive impact on the competitiveness.

EPP Automation Services will bring more predictability and transparency over Basware's revenue stream and profitability development. In 2009, revenue from continuous services (including maintenance) accounted for approximately 40 percent of the total revenue. Basware predicts that EPP Automation Services revenue will increase significantly in the strategy period.

The company's long-term target is to grow annually more than 50% in SaaS, Connectivity Services and e-invoicing. SaaS and e-invoicing are scalable models and offer an increasing profit potential in the long

January 26, 2010

run. A program to invest in the growth of Basware Automation Services (SaaS, e-invoicing service and Scan and Capture) has been initiated as of the beginning of 2010, which is expected to promote the favorable development of operations and order backlog.

The company's international growth is based on efforts of its own sales and marketing activity as well as the reseller channel. Development of the indirect distribution channel continues in Europe, Russia and Asia. In North America, the focus will be on developing the company's own sales channel for the time being. In 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. In Finland, the focus is on profitability, and moderate growth will primarily be achieved from the fields of procurement management and services.

Basware has complemented its organic growth with acquisitions. The company will continue to review possible acquisition targets during 2010. The aim of the acquisitions is to expand the company's Automation Services, distribution channel and product portfolio in international markets.

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.

Additional investments required by growth will be moderately realized, provided that net sales and profitability have realized in accordance with expectations.

Basware expects its net sales to develop positively on the level of 2009. Operating profit (EBIT) for 2010 is expected to be from 10 to 15 percent of net sales.

BOARD'S DIVIDEND PROPOSAL

Basware is a growth company that aims at increased market capitalization and moderate dividend yield. When preparing the dividend proposal, the Board considers the company's financial position, profitability and prospects in the near future.

At the end of 2009, the Group parent company's distributable funds are EUR 61 575 776.74.

Basware's Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.36 per share (2008: EUR 0.23) be paid for 2009.

Espoo, Finland, January 25, 2010

BASWARE CORPORATION
Board of Directors

For more information, please contact
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January 26, 2010

Analyst and Press Briefing

Basware arranges today, January 26, 2009 a briefing on the Interim Report for the press and analysts at 11:00 a.m. in Hotel Kämp, Pohjoisesplanadi 29, Helsinki, Finland. During this briefing CEO Ilkka Sihvo will comment the operations and financial performance of the quarter. Welcome.

FINANCIAL REPORTING IN 2010

Basware's Annual Report 2009, including the audited Financial Statements, will be published on the company's website during the week starting on February 8, 2010. The company will not publish the Annual Report in print.

Release dates for interim reports:

- Interim Report January-March 2010 (Q1) on Thursday, April 15, 2010
- Interim Report January-June 2010 (Q2) on Monday, July 12, 2010
- Interim Report January-September 2010 (Q3) on Thursday, October 14, 2010

Basware Corporation's Annual General Meeting of Shareholders will be held on Thursday, February 18, 2010 starting at 2:00 PM at the Diana auditorium (Erottajankatu 5) in Helsinki, Finland.

Distribution:

NASDAQ OMX Helsinki Ltd

Key media

www.basware.com

January 26, 2010

SUMMARY OF FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS

The financial statements has been prepared in accordance with the International Financial Reporting Standards (IFRS). As of January 1, 2009, the Group has applied the following new and revised standards: IFRS 8 Operating Segments and IAS 1 Presentation of Financial Statements. Otherwise the same Accounting Principles have been applied as in the 2008 Financial Statements. Key indicator calculations remain unchanged and have been presented in the 2008 Financial Statements.

GROUP INCOME STATEMENT

EUR thousand	1.10.- 31.12. 2009	1.10.- 31.12. 2008	Change, %	1.1.- 31.12. 2009	1.1.- 31.12. 2008	Change ,
						%
NET SALES	26 600	26 294	1.2	92 654	86 098	7.6
Other operating income	34	62	-45.4	162	250	-35.2
Materials and services	-1 636	-1 333	22.8	-6 193	-4 726	31.0
Employee benefit expenses	-14 841	-15 093	-1.7	-52 294	-50 399	3.8
Depreciation and amortization	-1 280	-990	29.3	-4 456	-3 043	46.4
Other operating expenses	-4 819	-4 818	0.0	-18 048	-19 500	-7.4
Operating profit	4 058	4 122	-1.6	11 824	8 679	36.2
Finance income	-15	637	-102.4	172	734	-76.6
Finance expenses	-5	-897	-99.5	-406	-1 003	-59.5
Profit before tax	4 038	3 862	4.6	11 590	8 410	37.8
Income tax expense	-30	-567	-94.6	-2 517	-1 825	37.9
PROFIT FOR THE PERIOD	4 007	3 294	21.6	9 074	6 585	37.8
Other comprehensive income						
Exchange differences on translating foreign operations	-691	-3 764	-81.6	1 326	-4 383	-130.6
Income tax relating to components of other comprehensive income	-594	0	-100.0	549	0	-100.0
Other comprehensive						

January 26, 2010

income, net of tax	-1 285	-3 764	-65.9	777	-4 383	-117.7
TOTAL COMPREHENSIVE INCOME	2 722	-470	679.5	9 850	2 201	347.4
Profit attributable to:						
Owners of the parent	4 007	3 252	23.2	9 074	6 467	40.3
Minority interest	0	43	-100.0	0	118	-100.0
	4 007	3 294	21.6	9 074	6 585	37.8
Total comprehensive income attributable to:						
Owners of the parent	2 722	-513	630.9	9 850	2 084	372.8
Minority interest	0	43	-100.0	0	118	-100.0
	2 722	-470	679.5	9 850	2 201	347.4
Earnings per share (undiluted), EUR	0.35	0,28	24.0	0.80	0.56	41.3
Earnings per share (diluted), EUR	0.35	0,28	24.0	0.80	0.56	41.3

GROUP BALANCE SHEET

	31.12.2009	31.12.2008	Change, %
EUR thousand			
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	20 291	17 022	19.2
Goodwill	31 119	29 212	6.5
Tangible assets	823	991	-17.0
Available-for-sale investments	38	38	
Long-term trade and other receivables	124	536	-76.9
Deferred tax assets	2 199	2 208	-0.4
Non-current assets	54 593	50 006	9.2
CURRENT ASSETS			
Inventories	33	48	-31.7
Trade and other receivables	19 684	20 737	-5.1
Income tax receivables	767	2 341	-67.2
Financial assets at fair value through profit or loss	34	31	8.0
Cash and cash equivalents	12 176	8 745	39.2
Current assets	32 694	31 902	2.5
TOTAL ASSETS	87 287	81 909	6.6

January 26, 2010

EQUITY AND LIABILITIES

Share capital	3 440	3 440	
Issue of shares	140	0	100.0
Share premium account	69	69	
Own shares	-629	-271	-131.9
Fair value reserve and other reserves	33 598	33 598	
Translation differences	-3 214	-3 991	19.5
Retained earnings	23 176	15 648	48.1
Minority interest	0	224	-100.0
Shareholders' equity	56 580	48 717	16.1
NON-CURRENT LIABILITIES			
Deferred tax liability	3 997	2 307	73.3
Interest-bearing liabilities	3 674	7 729	-52.5
Non-interest-bearing liabilities	110	0	100.0
Non-current liabilities	7 782	10 036	-22.5
CURRENT LIABILITIES			
Interest-bearing liabilities	5 555	5 555	
Trade payables and other liabilities	17 039	16 683	2.1
Tax liability from income tax	331	918	-63.9
Current liabilities	22 926	23 156	-1.0
TOTAL EQUITY AND LIABILITIES	87 287	81 909	6,6

January 26, 2010

GROUP STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share- holder s' capital	Share issue	Share premium account	Own Shar- es	Inv. non- restr. equity res.	Other res.	Tran- sl. diff	Retain- ed earnin- gs	Mino- rity inter- est	Total
EUR thousand										
SHARE- HOLDERS' EQUITY										
1.1.08	3 440	0	33 127	0	0	540	392	9 765	148	47 413
Compre- hensive income							-4 383	6 467	118	2 201
Dividend distribution								-1 720		-1 720
Granted warrants								142		142
Changes in reporting period			-33 058	-271	33 058			993	-41	-681
SHARE- HOLDERS' EQUITY										
31.12.08	3 440	0	69	-271	33 058	540	-3 991	15 648	224	48 717

	Share- holder s' Capital	Share Issue	Share premium account	Own Shar- es	Inv. non- restr. equity res.	Other res	Tran- sl. diff.	Retain- ed	Mino- rity Inter- est	Total
EUR thousand										
SHARE- HOLDERS' EQUITY										
1.1.09	3 440	0	69	-271	33 058	540	-3 991	15 648	224	48 717
Compre- hensive income							777	9 074		9 850
Dividend distribution								-2 623		-2 623
Granted warrants								515		515
Changes in reporting period		140		-358				561	-224	119
SHARE- HOLDERS' EQUITY										
31.12.09	3 440	140	69	-629	33 058	540	-3 214	23 176	0	56 580

January 26, 2010

GROUP CASH FLOW STATEMENT

EUR thousand	1.1- 31.12.2009	1.1.- 31.12.2008
Net cash from operating activities		
Profit for the period	9 074	6 585
Adjustments for profit	7 832	5 243
Working capital changes	-136	125
Interest paid	-192	-291
Interest received	104	154
Other financial items in operating activities	-30	-38
Income taxes paid	-1 920	-3 447
Net cash from operating activities	14 732	8 331
Cash flows from investing activities		
Purchase of tangible and intangible assets	-3 135	-3 631
Proceeds from sale of tangible and intangible assets	1	47
Acquired subsidiaries	-1 875	-8 728
Repayment of loan receivables	0	9
Net cash used in investing activities	-5 009	-12 303
Cash flows from financing activities		
Minority's capital investment	140	0
Proceeds from short-term borrowings	0	2 000
Repayments of short-term borrowings	-3 558	-4 000
Proceeds from long-term borrowings	0	10 650
Repayments of long-term borrowings	0	-300
Purchase of own shares	-358	-271
Repayments of financial lease liabilities	0	-1
Dividends paid	-2 623	-1 720
Net cash used in financing activities	-6 398	6 358
Net change in cash and cash equivalents according to the cash flow statement		
	3 324	2 386
Cash and cash equivalents at beginning of period	8 777	7 041
Effects of exchange rate changes on cash and cash equivalents	109	-650
Cash and cash equivalents at end of period	12 210	8 777

January 26, 2010

GROUP QUARTERLY INCOME STATEMENT

EUR thousand	1-3/ 2009	1-3/ 2008	4-6/ 2009	4-6/ 2008	7-9/ 2009	7-9/ 2008	10-12/ 2009	10-12/ 2008
NET SALES	21 717	18 233	22 729	22 312	21 609	19 259	26 600	26 294
Other operating income	30	69	52	62	47	58	34	62
Materials and services	-1 552	-1 211	-1 611	-1 385	-1 395	-797	-1 636	-1 333
Employee benefit expenses	-12	-11	-13	-12	-	-10	-14	-15
Depreciation and amortization	896	765	444	608	11 113	933	841	093
Other operating expenses	-1 004	-671	-1 067	-693	-1 106	-690	-1 280	-990
	-4 703	-4 910	-4 513	-5 257	-4 014	-4 516	-4 819	-4 818
Operating profit	1 592	-254	2 146	2 431	4 028	2 381	4 058	4 122
%	7.3%	-1.4%	9.4%	10.9%	18.6%	12.4%	15.3%	-15.7%
Finance income	124	39	30	18	32	39	-15	637
Finance expenses	232	-35	-54	-21	-115	-50	-5	-897
Profit before tax	1 484	-250	2 122	2 428	3 946	2 370	4 038	3 862
%	6.8%	-1.4%	9.3%	10.9%	18.3%	12.3%	15.2%	14.7%
Income tax expense	-818	-300	-727	-528	-941	-430	-30	-567
PROFIT FOR THE PERIOD	666	-550	1 396	1 899	3 005	1 941	4 007	3 294
%	3.1%	-3.0%	6.1%	8.5%	13.9%	10.1%	15.1%	12.5%

Consolidation of new acquisitions

Basware increased its shareholding in Basware Einvoices Oy to 100 percent on January 30, 2009, by acquiring 12.55% of the company's shares and control from the company's management. The purchase price paid on the date of the transaction was approximately EUR 720 thousand and the additional purchase price to be paid based on the business volume for 2009 in February 2010 at the latest is expected to be approximately EUR 250 thousand. Basware increased its shareholding in Basware FIMA Oy to 100 percent on August 21, 2009, by acquiring 4.04% of the company's shares and control from the company's management. A situation such as the one presented above is currently not regulated by IFRS, so the company's management has compiled an accounting principle for the case in compliance with IAS 8. The change of ownership is recognized under shareholders' equity, and it will not have any effect on profit or goodwill.

Basware Einvoices Oy merged with Basware Corporation in accordance with the previously registered merger plan on July 13, 2009. Basware Einvoices Oy's business operations will continue in Basware Corporation as a part of Basware's Automation Services business. The merger did not result in any changes to Basware Corporation's organization structure.

January 26, 2010

Basware Corporation acquired TAG Services Pty Ltd on July 1, 2009. The acquisition price was 2.1 million Australian dollars (approximately EUR 1.2 million). 4.2 Australian dollars associated with customer relationships has been allocated to intangible assets, taking deferred tax liabilities into consideration. The allocation of the acquisition purchase price is preliminary.

The acquisition of the Norwegian invoice automation solution business of Itella Information AS was completed on April 1, 2009. The purchase price was NOK 6.38 million (approximately EUR 0.72 million). EUR 1 039 thousand associated with customer relationships has been allocated to intangible assets, taking deferred tax liabilities into consideration. The purchase price includes EUR 436 thousand of goodwill. The allocation of the acquisition purchase price is preliminary.

COMMITMENTS AND CONTINGENT LIABILITIES

EUR thousand	31.12.2009	31.12.2008
OWN GUARANTEES		
Floating charge	1 200	200
GUARANTEES ON BEHALF OF SUBSIDIARIES		
Guarantees	1 075	1 096
OTHER OWN GUARANTEES		
Lease liabilities		
Current lease liabilities	970	868
Lease liabilities maturing in 1–5 years	895	838
Total	1 865	1 706
Other rental liabilities		
Current rental liabilities	2 333	2 385
Rental liabilities maturing in 1–5 years	2 924	4 620
Rental liabilities maturing later	1 071	1 196
Total	6 328	8 201
Other own contingent liabilities, total	8 193	9 907

SEGMENT REPORTING

Geographical segments (by the location of assets)

Net sales (EUR thousand)	10-12 / 2009	10-12/ 2008	Change, %	1-12/ 2009	1-12/ 2008	Change, %
Finland	15 271	15 329	-0.4	50 486	49 517	2.0
Scandinavia	6 135	6 627	-7.4	22 236	18 805	18.2
Europe	5 629	5 264	6.9	18 717	19 454	-3.8
Other	2 897	1 311	120.9	9 201	5 004	83.9
Sales between segments	-3 333	-2 238	-49.0	-7 985	-6 682	-19.7
Group total	26 600	26 294	1.2	92 654	86 098	7.6

January 26, 2010

Operating profit (EUR thousand)	10-12/ 2009	10-12/ 2008	Change, %	1-12/ 2009	1-12/ 2008	Change, %
Finland	3 024	4 385	-31.0	7 714	7 898	-2.3
Scandinavia	1 041	-21	5 068.2	3 169	1 017	211.4
Europe	902	-48	1 974.6	1 566	-74	2 224.8
Other	-517	118	-537.7	741	289	155.9
Operating profit between segments	-393	-312	-26.0	-1 365	-452	-201.8
Group total	4 058	4 122	-1.6	11 824	8 679	36.2

Personnel (employed, on average)	10-12/ 2009	10-12/ 2008	Change, %	1-12/ 2009	1-12/ 2008	Change, %
Finland	460	426	8.0	454	421	7.8
Scandinavia	130	146	-11.4	135	112	20.0
Europe	119	127	-6.3	119	129	-7.3
Other	48	29	68.6	39	26	47.0
Group total	758	729	4.0	747	689	8.5

Net sales by business

Net sales (EUR thousand)	10-12/ 2009	10-12/ 2008	Change, %	1-12/ 2009	1-12/ 2008	Change, %
License Sales	460	426	8.0	454	421	7.8
Maintenance	130	146	-11.4	135	112	20.0
Professional Services	119	127	-6.3	119	129	-7.3
Automation Services	48	29	68.6	39	26	47.0
Group total	758	729	4.0	747	689	8.5

Geographical division of net sales by the location of customer

Net sales (EUR thousand)	10-12/ 2009	10-12/ 2008	Change, %	1-12/ 2009	1-12/ 2008	Change, %
Finland	12 267	12 769	-3.9	42 449	41 514	2.3
Scandinavia	6 003	6 411	-6.4	21 719	18 309	18.6
Europe	5 071	5 143	-1.4	18 065	19 191	-5.9
Other	3 258	1 971	65.3	10 421	7 083	47.1
Group total	26 600	26 294	1.2	92 654	86 098	7.6

GROUP KEY INDICATORS

EUR thousand	1-12/09	1-12/08	1-12/07
Net sales	92 654	86 098	73 270
Growth of net sales, %	7.6%	17.5%	22.2%
EBITDA	16 280	11 722	10 102
% of net sales	17.6%	13.6%	13.8%
Operating profit before IFRS amortization	13 788	9 730	8 224

January 26, 2010

% of net sales	14.9%	11.3%	11.3%
Operating profit	11 824	8 679	7 512
Growth of operating profit, %	36.2%	15.5%	-7.0%
% of net sales	12.8%	10.1%	10.3%
Profit before tax	11 590	8 410	7 704
% of net sales	12.5%	9.8%	10.5%
Profit for the period	9 074	6 585	4 112
% of net sales	9.8%	7.6%	5.6%
Return on equity, %	17.2%	13.7%	8.9%
Return on investment, %	18.8%	16.6%	16.2%
Interest-bearing liabilities	9 230	13 283	4 334
Cash and liquid assets *)	12 210	8 777	7 041
Gearing, %	-5.3%	9.3%	-5.7%
Equity ratio, %	64.8%	59.5%	70.0%
Total assets	87 287	81 909	67 722
Gross investments **)	7 448	12 476	12 220
% of net sales	8.0%	14.5%	16.7%
Capital expenditure	2 047	1 007	817
% of net sales	2.2%	1.2%	1.1%
Research and development costs	14 781	15 518	13 172
% of net sales	16.0%	18.0%	18.0%
R&D personnel at end of period	195	171	152
Personnel on average during the period	747	689	580
Personnel at end of period	761	731	658
Increase in personnel, %	4.1%	11.1%	24.6%
Earnings per share, EUR	0.80	0.56	0.36
Earnings per share (diluted), EUR	0.80	0.56	0.36
Equity per share, EUR	4.93	4.23	4.12
Dividend per share, EUR ***)	0.36	0.23	0.15
Dividend per profit, %	45.2%	40.8%	42.0%
Effective dividends, %	2.5%	3.5%	1.5%
P/E ratio (P/E)	18.21	11.68	28.02
Share price performance			
lowest share price	6.60	6.00	9.50
highest share price	14.66	10.45	14.00
average share price	10.79	7.53	12.03
closing share price	14.52	6.59	10.00
Market capitalization at end of period	165 206 004	75 301 011	114 681 240
Number of traded shares	2 038 565	2 298 467	2 761 995
% of average number of shares	17.9%	20.1%	24.1%
Average number of shares			
- during the period	11 381 905	11 463 307	11 468 124
- during the period, diluted	11 381 905	11 463 307	11 468 124

*) Includes cash, cash equivalents and financial assets at fair value through profit or loss

**) Includes capitalized R&D costs and acquisitions

***) The figure for 2009 is the Board's proposal to the Annual General Meeting

January 26, 2010

Major Shareholders, December 31, 2009

	Number of shares	Votes, %
1 Sihvo, Ilkka	1 065 800	9.3
2 Eräkangas, Kirsi	1 021 800	8.9
Eräkangas, Kirsi	711 400	6.2
Eräkangas, Lotta	310 400	2.7
3 Vaajoensuu, Hannu	962 100	8.4
Vaajoensuu, Hannu	528 000	4.6
Havacment Oy	266 500	2.3
Vaajoensuu, Henri	83 800	0.7
Vaajoensuu, Petra	83 800	0.7
4 Perttunen, Sakari	830 400	7.2
5 Nordea Bank Finland PLC	663 883	5.8
6 Pöllänen, Antti	617 423	5.4
Pöllänen, Antti	516 615	4.5
Launimo, Essi	100 808	0.9
7 Nordea Nordic Small Cap Fund	565 123	4.9
8 Mandatum Life Insurance Company	550 000	4.8
9 Ilmarinen Mutual Pension Insurance Company	440 850	3.8
10 Ahonen, Asko	318 822	2.8
11 Fondita Nordic Micro Cap Placeringsfond Svenska Handelsbanken AB (Publ),	300 000	2.6
12 Filialverksamheten i Finland	269 292	2.3
13 Royal Skandia Life Assurance EIB 17527-6	250 000	2.2
14 Kaleva Mutual Insurance Company	242 690	2.1
15 Veritas Pension Insurance Company	226 000	2.0
16 Perttunen, Meimi	215 400	1.9
17 Aktia Capital	180 863	1.6
18 Skandinaviska Enskilda Banken	158 416	1.4
19 Basware Oyj	90 300	0.8
20 Vaajoensuu, Sara	83 700	0.7
20 largest shareholders total	9 052 862	78.9
Total of nominee-registered	1 099 341	9.6
Others	1 315 921	11.5
Total	11 468 124	100.0

January 26, 2010

Distribution by sector, December 31, 2009

	Number of		Shares
	holders	%	Pcs
Private companies	592	7,7	887 595
Financial and insurance institutions	23	17,1	1 957 097
Public-sector organizations	6	6,1	697 150
Non-profit organizations	30	0,7	79 996
Households	15 777	56,5	6 482 111
Foreign	44	2,3	264 834
	16 472	90,4	10 368 783
Nominee-registered	8	9,6	1 099 341
Total	16 480	100,0	11 468 124

Distribution of holdings by number of shares, December 31, 2009

Number of shares	Number of holders	Votes, %	Shares, pcs
1-100	13712	2,8	318879
101-1 000	2450	6,6	754232
1 001-10 000	277	6,6	756095
10 001 - 100 000	20	8,1	927656
100 001 +	21	76,0	8711262
Total	16480	100	11468124