

January 25, 2011

BASWARE FINANCIAL STATEMENTS

Basware fourth quarter and full year 2010

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

Financial year 2010

- Net sales EUR 103 094 thousand (EUR 92 654 thousand) – growth 11.3 percent
- Operating profit EUR 13 487 thousand (EUR 11 824 thousand) – growth 14.1 percent
- Operating profit 13.1 percent of net sales (12.8 %)
- Operating profit includes EUR 314 thousand costs of unrealized M&A
- International operations accounted for 54.8 percent of net sales (54.2 %) – growth 12.6 percent
- Growth of Automation services 56,0 percent
- Cash flows from operating activities were EUR 12 523 thousand (EUR 14 732 thousand)
- Earnings per share EUR 0.90 (0.80) – growth 12.6 percent
- Dividend proposal for 2010: EUR 0.40 per share (2009: EUR 0.36)

October-December Q4

- Net sales EUR 30 149 thousand (EUR 26 600 thousand) – growth 13.3 percent
- Operating profit EUR 4 937 thousand (EUR 4 058 thousand) – growth 21.7 percent
- Operating profit 16.4 percent of net sales (15.3 %)
- Operating profit includes EUR 314 thousand costs of unrealized M&A
- International operations accounted for 56.8 percent of net sales (53.9 %) – growth 19.5 percent
- Growth of Automation services 63,2 percent
- Earnings per share EUR 0.34 (0.35) – decrease 4.2 percent

Basware outlook

- Basware expects its net sales in 2011 to grow over 10 percent from previous year
- Operating profit (EBIT) for 2011 is expected to be over 13 percent of net sales

This financial statement release has been prepared in accordance with IAS 34, Interim Financial Reporting.

The amounts presented in the summary of financial statements and notes to the financial statements are based on the company's audited financial statements. The Auditor's Report was issued on January 24, 2011.

GROUP KEY FIGURES

EUR thousand	10-12/ 2010	10-12/ 2009	Change, %	1-12/ 2010	1-12/ 2009	Change, %
Net sales	30 149	26 600	13.3	103 094	92 654	11.3
EBITDA	6 215	5 337	16.4	18 604	16 280	14.3
Operating profit before IFRS-3 amortization	5 477	4 600	19.1	15 691	13 788	13.8
Operating profit	4 937	4 058	21.7	13 487	11 824	14.1
% of net sales	16.4	15.3		13.1	12.8	
Profit before tax	4 839	4 038	19.8	13 325	11 590	15.0
Profit for the period	3 913	4 007	-2.4	10 331	9 074	13.9
Return on equity, %	24.2	29.4		16.7	17.2	
Return on investment, %	29.7	25.3		20.1	18.8	
Liquid assets*	13 822	12 210	13.2	13 822	12 210	13.2

January 25, 2011

Gearing, %	-15.3	-5.3		-15.3	-5.3	
Equity ratio, %	73.3	64.8		73.3	64.8	
Earnings per share, EUR	0.34	0.35	-4.2	0.90	0.80	12.6
Earnings per share (diluted), EUR	0.34	0.35	-4.6	0.89	0.80	11.9
Equity per share, EUR	5.78	4.97	16.3	5.78	4.97	16.3

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

Basware's business operations consist of License Sales. Maintenance. Professional Services and Automation Services. The core of Basware's license sales consists of the Basware Enterprise Purchase to Pay product suite and local, only in Finland marketed financial management products. 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: "Our net sales exceeded EUR 100 million for the first time in the company's history. Our company is quickly changing from an international software company to an international service company. The fastest growing area is Automation services including also e-invoicing, growing 56.0 percent in 2010.

During 2010 we closed several large international Automation services deals which are proof of our strong competitiveness and provide solid basis for future growth. Geographically all segments grew and profitability improved most in Europe segment by 50.2 percent and in Scandinavia segment by 30.5 percent. Operating profit for 2010 grew 14.1 percent being 13.1 percent of net sales.

Also the last quarter in 2010 was successful and operating profit grew by 21.7 percent to EUR 4 937 thousand. In addition to license sales also several Software as a Service (SaaS) deals were closed having an impact on net sales in the long run. Automation services grew 63.2 percent in the last quarter. Profitability grew most in Scandinavia and Other segments.

The price of our share has also continued its steady development, increasing by 70.1 percent during the year. The company's market capitalization exceeded the Mid-Cap threshold, and our share is quoted in the Mid-Cap category of NASDAQ OMX since the beginning of 2011. Our up-dated strategy supports solid international growth also in the future. Our strategic lines for organic growth and acquisitions as well as our leading position on the markets/competitive advantage enable strong international growth and positive development of operating profit.

The long term target is to grow annually 15-30 percent in net sales and more than 50 percent in Automation Services. The target for operating profit margin is between 15% - 20% improving towards the end of the period."

REPORTING

Basware's reporting segment is based upon geography as follows: Finland, Scandinavia, Europe and Other. Following the acquisition of former reseller TAG Services 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 were merged into the Other segment as of Q3/2009. The Finland segment includes the Finnish, Russian, and Asia-Pacific (excluding Australia) business operations and corporate services.

January 25, 2011

In addition, the company reports revenue from products and services as follows: License Sales, Professional Services, Maintenance and Automation Services. Automation Services include Software as a Service (SaaS), e-invoicing and Scan and Capture services.

The company also reports an estimate of revenue to be recognized for current Automation Services agreements in production in the next twelve months. Automation Services agreements are typically in force for a fixed period of several years or until further notice.

FOURTH QUARTER OCTOBER 1 – DECEMBER 31, 2010

NET SALES OCTOBER–DECEMBER 2010

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

Net sales (EUR thousand)	10-12/ 2010	10-12/ 2009	Change, %	1-12/ 2010	1-12/ 2009	Change, %
Finland	16 011	15 271	4.8	53 606	50 486	6.2
Scandinavia	7 708	6 135	25.6	24 188	22 236	8.8
Europe	5 959	5 629	5.9	21 347	18 717	14.1
Other	3 898	2 897	34.5	12 101	9 201	31.5
Sales between segments	-3 429	-3 333	-2.9	-8 149	-7 985	-2.0
Group total	30 149	26 600	13.3	103 094	92 654	11.3

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

Net sales (EUR thousand)	10-12/ 2010	10-12/ 2009	Change, %	1-12/ 2010	1-12/ 2009	Change, %
Finland	13 015	12 267	6.1	46 550	42 449	9.7
Scandinavia	7 488	6 003	24.7	23 346	21 719	7.5
Europe	5 385	5 071	6.2	20 249	18 065	12.1
Other	4 261	3 258	30.8	12 949	10 421	24.3
Group total	30 149	26 600	13.3	103 094	92 654	11.3

Basware Group's net sales increased by 13.3 percent in October–December and were EUR 30 149 thousand (EUR 26 600 thousand).

In the fourth quarter, 27.0 percent (29.3 %) of net sales consisted of own product sales and the product sales increased by 4.2 percent. License sales of Basware's own products increased by 8.0 percent, and sales of third-party scanning software decreased considerably while sales of outsourced scan and capture services grew.

Maintenance revenue accounted for 29.0 percent (29.7 %) of net sales and grew by 10.6 percent. Professional Services represented 30.5 percent (31.5 %) of net sales and increased by 9.6 percent.

During the fourth quarter, Automation Services (SaaS, e-invoicing, Scan and Capture) grew by 63.2 percent and accounted for 13.5 percent (9.5%) of net sales. The estimated revenue to be recognized for

January 25, 2011

current Automation Services agreements in production in the next twelve months is EUR 14.6 million (growth of 21.3 percent compared to the estimate made at the end of the previous quarter). The transaction volume processed by the Automation Services business was 4.1 million during the reporting period.

Value added resellers provided a net share of 11.6 percent (11.1%) or EUR 942 thousand of product sales in October–December, corresponding to 5.5 percent (6.1%) of international operations' total net sales.

The international share of Basware's net sales was 56.8 percent (53.9 %) in October–December. International operations grew by 19.5 percent.

FINANCIAL PERFORMANCE OCTOBER–DECEMBER 2010

Basware Group's operating profit increased by 21.7 percent in October–December and was EUR 4 937 thousand (EUR 4 058 thousand). Operating profit amounted to 16.4 percent of net sales.

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

Operating profit (EUR thousand)	10-12/ 2010	10-12/ 2009	Change, %	1-12/ 2010	1-12/ 2009	Change, %
Finland	2 757	3 024	-8.9	7 703	7 714	-0.1
Scandinavia	1 557	1 041	49.6	4 136	3 169	30.5
Europe	743	902	-17.7	2 354	1 566	50.2
Other	284	-517	155.0	924	741	24.7
Operating profit between segments	-405	-393	-2.8	-1 629	-1 365	-19.3
Group total	4 937	4 058	21.7	13 487	11 824	14.1

Operating profit includes EUR 314 thousand costs of unrealized M&A.

The company's fixed costs were EUR 22 216 thousand (EUR 19 660 thousand) in the quarter, and have increased 13.0 percent on the corresponding period the previous year. Personnel costs made up 74.2 percent (75.5 %) or EUR 16 491 thousand (EUR 14 841 thousand) of the fixed costs.

Research and development expenses totaled EUR 4 087 thousand (EUR 3 847 thousand), of which EUR 658 thousand (EUR 360 thousand) or 16.1 percent (9.4 %) were capitalized during the period. Amortization of capitalized research and development costs totaled EUR 484 thousand (EUR 429 thousand).

Profit before tax for the period was EUR 4 839 thousand (EUR 4 038 thousand) and profit for the period was EUR 3 913 thousand (EUR 4 007 thousand). Undiluted earnings per share were EUR 0.34 (EUR 0.35).

BUSINESS OPERATIONS OCTOBER–DECEMBER 2010

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 increased by 4.8 percent to EUR

January 25, 2011

16 011 thousand (EUR 15 271 thousand). The profitability of operations decreased by 8.9 percent and operating profit was EUR 2 757 thousand (EUR 3 024 thousand).

Net sales of the Finnish and Russian operation increased by 6.5 percent during the fourth quarter to EUR 13 179 thousand (EUR 12 373 thousand).

There are currently 14 resellers in all in the area and the number of personnel averaged 584 (460) during the fourth quarter.

Scandinavia

Basware's Nordic organization consists of a centrally directed Scandinavian (Sweden, Denmark and Norway) unit.

Net sales of the area increased by 25.6 percent in the fourth quarter to EUR 7 708 thousand (EUR 6 135 thousand). The profitability of operations increased by 49.6 percent and operating profit was EUR 1 557 thousand (EUR 1 041 thousand).

Business operations are mainly handled by the own organization and there were 124 (130) 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.

Net sales of the Europe segment increased by 5.9 percent in the fourth quarter and totaled EUR 5 959 thousand (EUR 5 629 thousand). The profitability of the operations decreased by 17.7 percent and operating profit was EUR 743 thousand (EUR 902 thousand).

There are 35 resellers in Europe, and Basware personnel averaged 131 (119) during the fourth quarter.

Other

Business operations in North America and Australia are reported in this segment.

Net sales of the area increased by 34.5 percent in the fourth quarter to EUR 3 898 thousand (EUR 2 897 thousand). The profitability of the operations increased by 155.0 percent and operating profit was EUR 284 thousand (EUR -517 thousand).

At the end of the period, there were 10 resellers in this segment. The number of personnel averaged 61 (48) during the fourth quarter.

FINANCIAL PERIOD JANUARY 1 – DECEMBER 31, 2010

NET SALES

January 25, 2011

Basware Group's net sales increased by 11.3 percent during the period (January–December) and were EUR 103 094 thousand (EUR 92 654 thousand).

During the period, 23.9 percent (25.6 %) of net sales consisted of own product sales and the product sales grew by 3.9 percent. License sales of Basware's own products increased by 10.2 percent, and sales of third-party scanning software decreased considerably while sales of outsourced scan and capture services grew.

Maintenance revenue accounted for 32.3 percent (32.1 %) of net sales and grew by 11.8 percent. Professional Services revenue represented 31.7 percent (33.6 %) of net sales and increased by 4.9 percent.

During the period, Automation Services (SaaS, e-invoicing, Scan and Capture) grew 56.0 percent and accounted for 12.1 percent (8.7%) of net sales. The estimated revenue to be recognized for current Automation Services agreements in production in the next twelve months is EUR 14.6 million (growth of 21.3 percent compared to the estimate made at the end of the previous quarter). The transaction volume processed by the Automation Services business was 13.6 million during the reporting period.

Value added resellers provided a net share of 10.3 percent (9.9%) or EUR 2 543 thousand of product sales in January–December, corresponding to 4.5 percent (4.7%) of international operations' total net sales.

The international share of Basware's net sales was 54.8 percent (54.2 %) in January–December. International operations grew by 12.6 percent.

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

Net sales (EUR thousand)	10-12/ 2010	10-12/ 2009	Change, %	1-12/ 2010	1-12/ 2009	Change, %
Finland	16 011	15 271	4.8	53 606	50 486	6.2
Scandinavia	7 708	6 135	25.6	24 188	22 236	8.8
Europe	5 959	5 629	5.9	21 347	18 717	14.1
Other	3 898	2 897	34.5	12 101	9 201	31.5
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Other	4 261	3 258	30.8	12 949	10 421	24.3
Group total	30 149	26 600	13.3	103 094	92 654	11.3

FINANCIAL PERFORMANCE

January 25, 2011

Basware's operating profit for the period increased by 14.1 percent to 13 487 EUR thousand (EUR 11 824 thousand). Operating profit represented 13.1 percent (12.8%) of net sales. Operating profit includes EUR 314 thousand costs of unrealized M&A.

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

Operating profit (EUR thousand)	10-12/ 2010	10-12/ 2009	Change, %	1-12/ 2010	1-12/ 2009	Change, %
Finland	2 757	3 024	-8.9	7 703	7 714	-0.1
Scandinavia	1 557	1 041	49.6	4 136	3 169	30.5
Europe	743	902	-17.7	2 354	1 566	50.2
Other	284	-517	155.0	924	741	24.7
Operating profit between segments	-405	-393	-2.8	-1 629	-1 365	-19.3
Group total	4 937	4 058	21.7	13 487	11 824	14.1

The company's fixed costs were EUR 78 285 thousand (EUR 70 343 thousand) in the period, up 11.3 percent on the corresponding period the previous year. Personnel costs made up 73.2 percent (74.3 %) or EUR 57 337 thousand (EUR 52 294 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 996 thousand (EUR 666 thousand).

Research and development expenses totaled EUR 14 883 thousand (EUR 14 781 thousand), of which EUR 1 696 thousand (EUR 1 454 thousand) or 11.4 percent (9.8 %) were capitalized during the period. Amortization of capitalized research and development costs totaled EUR 1 883 thousand (EUR 1 624 thousand). Research and development costs equaled 14.4 percent (16.0 %) of net sales. The costs increased by 0.7 percent (decrease by 4.7 %) during the financial year.

The company's finance income and finance expenses were EUR -162 thousand (EUR -234 thousand). The company's profit before tax was EUR 13 325 thousand (EUR 11 590 thousand). Taxes for the period totaled EUR 2 994 thousand (EUR 2 517 thousand). Profit for the period was 10.0 percent (9.8 %) of net sales, or EUR 10 331 thousand (EUR 9 074 thousand). Undiluted earnings per share were EUR 0.90 (EUR 0.80).

FINANCE AND INVESTMENTS

Basware Group's total assets on the balance sheet at the end of the financial period were EUR 91 470 thousand (EUR 87 287 thousand). The company's cash and liquid assets were EUR 13 822 thousand (EUR 12 210 thousand), of which cash and cash equivalents were EUR 13 787 thousand (EUR 12 176 thousand) and financial assets at fair value through profit or loss were EUR 35 thousand (EUR 34 thousand).

Cash flow from operating activities was EUR 12 523 thousand (EUR 14 732 thousand). Cash flow from investments was EUR -4 454 thousand (EUR -5 009 thousand).

Equity ratio was 73.3 percent (64.8%) and gearing was -15.3 percent (-5.3%). The company's interest-bearing liabilities totaled EUR 3 582 thousand (EUR 9 230 thousand), of which current liabilities

January 25, 2011

accounted for EUR 3 550 thousand (EUR 5 555 thousand). Return on investment was 20.1 percent (18.8%) and return on equity 16.7 percent (17.2%).

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 was EUR 293 thousand. Basware Einvoices Oy was merged into the parent company in 2009.

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 AS paid an additional purchase price of NOK 4 434 thousand (EUR 559 thousand) in February 2010, determined on the basis of the volume of the purchased operations' service sales in 2009.

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, an additional acquisition price that was based on the company's net sales of the period from July 1, 2009 to June 30, 2010 was paid in August 2010. The additional acquisition price was 2.0 Australian dollars (EUR 1.4 million).

On October 5, 2010 Basware acquired TNT Post's Connectivity operations, which is a part of TNT Post's electronic invoicing operations in the Netherlands. The purchase price paid in connection with the transaction was EUR 50 thousand, and an estimated additional purchase price of EUR 100 thousand will be paid in January 2011 on the basis of the number of customers that have migrated to the Basware e-invoicing environment. No other assets were transferred. Based upon the preliminary purchase price allocation, the purchase price does not include goodwill. EUR 200 thousand associated with customer relationships has been allocated to intangible assets, taking deferred liabilities into consideration. The acquisition would not have had a material impact on the Group's net sales or operating profit had the consolidation taken place at the beginning of the financial period. The acquisition has not had a material impact on the Group's net sales and operating profit.

The company's capital expenditure, resulting from regular additional and replacement investments required for growth, was EUR 970 thousand (EUR 2 047 thousand) in the period. Gross investments which include, in addition to those mentioned above, the capitalized research and development costs and acquisitions (TNT Post's Connectivity operations) totaled EUR 4 567 thousand (EUR 7 448 thousand).

Impairment tests indicate no impairments of assets. Amortization of intangible assets totaled EUR 4 579 thousand (EUR 3 968 thousand), of which amortization associated with business acquisitions amounted to EUR 2 233 thousand (EUR 2 020 thousand).

RESEARCH, DEVELOPMENT AND NEW PRODUCTS

Research and development expenses were EUR 14 883 thousand (EUR 14 781 thousand) in the period, corresponding to 14.4 percent (16.0 %) of net sales. Research and development costs increased by 0.7 percent (decrease by 4.7 %) compared with the same period last year. Of the research and development costs, EUR 1 696 thousand (EUR 1 454 thousand) or 11.4 percent (9.8 %) were capitalized during the period. Amortization of capitalized research and development costs totaled EUR 1 883 thousand (EUR 1 624 thousand).

January 25, 2011

A total of 239 (195) people worked in Software Production at the end of 2010. The Software Production unit is expanding in India, where there are currently 95 employees.

PERSONNEL

Basware employed 845 (747) people on average and 913 (761) people at the end of the period. The number of personnel increased by 152 persons and by 20.0 percent compared with the same period the previous year. The acquisition of TNT Post's Connectivity operations increased the personnel by 2 people.

The share of personnel working in foreign units has increased compared with the previous year. At the end of the period, 54.9 percent (47.4 %) of Basware personnel worked outside of Finland and 45.1 percent (52.6 %) in Finland. 14.2 percent of the personnel work in sales and marketing, 51.6 in consulting and services, 26.2 percent in Software Production, and 8.0 percent in administration.

The average age of employees is 35.7 (36.6) years. Of the employees, 33.1 percent have a Master's degree and 34.9 percent have a Bachelor's degree. Women account for 27.8 percent of employees, men for 72.2 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/ 2010	10-12/ 2009	Change, %	1-12/ 2010	1-12/ 2009	Change, %
Finland	584	460	26.8	539	454	18.8
Scandinavia	124	130	-4.1	124	135	-7.8
Europe	131	119	9.8	126	119	5.6
Other	61	48	26.2	55	39	41.4
Group total	900	758	18.8	845	747	13.1

BUSINESS OPERATIONS

Finland

The Finland segment includes the business operations in Finland, Russia, Asia-Pacific (excluding Australia) and the head office functions. Net sales for the financial period increased by 6.2 percent to

January 25, 2011

EUR 53 606 thousand (EUR 50 486 thousand). The profitability of the operations decreased by 0.1 percent and operating profit was EUR 7 703 thousand (EUR 7 714 thousand).

Net sales of the Finnish and Russian operations increased by 8.7 percent during the financial period to EUR 47 013 thousand (EUR 43 250 thousand).

There are currently 14 resellers in all in the area and the number of personnel averaged 539 (454).

Scandinavia

Basware's Nordic organization consists of a centrally directed Scandinavian (Sweden, Denmark and Norway) unit.

Net sales of the Scandinavian business operations increased by 8.8 percent to EUR 24 188 thousand (EUR 22 236 thousand). The profitability of the operations increased by 30.5 percent and operating profit was EUR 4 136 thousand (EUR 3 169 thousand).

Business operations are mainly handled by the own organization and there were 124 (135) 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.

Net sales in the Europe segment increased by 14.1 percent in the financial period and totaled EUR 21 347 thousand (EUR 18 717 thousand). The profitability of the operations improved by 50.2 percent and operating profit was EUR 2 354 thousand (EUR 1 566 thousand).

There are 35 resellers in Europe, and Basware personnel averaged 126 (119) during the period.

Other

Business operations in North America and Australia are reported in this segment.

Net sales of the area increased by 31.5 percent in the financial period to EUR 12 101 thousand (EUR 9 201 thousand). The profitability of the operations grew by 24.7 percent and operating profit was EUR 924 thousand (EUR 741 thousand).

At the end of the period, there were 10 resellers in the segment. On average, there were 55 (39) employees in the area.

OTHER EVENTS OF THE FINANCIAL PERIOD

Basware Board of Directors approved in its meeting on January 25, 2010 the subscription of total of 11 500 shares subscribed for with Basware Warrant Programs. The share subscriptions were based on the Warrant Program 2006 series B.

January 25, 2011

Basware Board of Directors approved in its meeting on April 13, 2010 the subscription of total of 130 100 shares subscribed for with Basware Warrant Programs. The share subscriptions were based on the Warrant Program 2006 series B warrants (56 400 shares) and Warrant Program 2007 series D warrants (73 700 shares).

Basware Board of Directors approved in its meeting on July 8, 2010 the subscription of total of 79 200 shares subscribed for with Basware Warrant Programs. The share subscriptions were based on the Warrant Program 2006 series C warrants (39 000 shares) and Warrant Program 2007 series E warrants (40 200 shares).

Basware Board of Directors approved in its meeting on October 12, 2010 the subscription of total of 1 100 shares subscribed for with Basware Warrant Programs. The share subscriptions were based on the Warrant Program 2007 series E warrants.

The subscription time for the last warrants of the Warrant Program 2006 series C warrants and Warrant Program 2007 series E warrants will expire on March 31, 2011.

SHARE AND SHAREHOLDERS

Basware Corporation's share capital totaled EUR 3 507 007.20 at the end of the period and the number of shares was 11 690 024.

Share price and trade

During the reporting period, the highest price of the share was EUR 24.80 (EUR 14.66), the lowest was EUR 15.00 (EUR 6.60) and the closing price was EUR 24.75 (EUR 14.52). The average price of the share was EUR 19.27 (EUR 10.79) during the period.

A total of 2 131 071 (2 038 565) shares were traded during the financial period which is the equivalent of 18.5 percent (17.9 %) of the average number of shares. Market capitalization with the period's closing price on December 31, 2010 was EUR 287 093 169 (EUR 165 206 004).

Shareholders

Basware had 15 752 (16 480) shareholders on December 31 including nominee-registered holdings (8). Nominee-registered holdings accounted for 10.8 percent of the total number of shares.

The company holds 90 300 Basware Corporation shares, corresponding to approximately 0.77% of all shares in the company.

Basware announced five notifications of change in ownership. On February 2, 2010 the total number of shares held by Nordea Rahastoyhtiö Suomi Oy represented less than 5 % of Basware Corporation's share capital and voting rights. On March 12, 2010 the total number of shares held by Nordea Rahastoyhtiö Suomi Oy represented more than 5 % of Basware Corporation's share capital and voting rights.

The total number of shares held by Ilmarinen Mutual Pension Insurance Company represented over 5 % of Basware Corporation's share capital and voting rights on April 16, 2010

January 25, 2011

On July 26, 2010 the total number of shares held by Nordea Rahastoyhtiö Suomi Oy represented less than 5 % of Basware Corporation's share capital and voting rights. On July 30, 2010 the total number of shares held by Nordea Rahastoyhtiö Suomi Oy represented more than 5 % of Basware Corporation's share capital and voting rights.

Shareholding of Management and Board

According to the shareholder register managed by Euroclear Finland Oy, on December 31, 2010 CEO Ilkka Sihvo holds 1 081 800 Basware's shares, Olli Hyppänen 500 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, 2010 Hannu Vaajoensuu holds 962 100 Basware's shares, Pentti Heikkinen 1 621, Ilkka Toivola 2 362, Sakari Perttunen 1 045 800, Matti Copeland 2 771 and Eeva Sipilä 605 shares.

GOVERNANCE

The Annual General Meeting of Shareholders on February 18, 2010, confirmed the number of Board members as six. The Annual General Meeting resolved to agree on the proposal and elected Matti Copeland, Pentti Heikkinen, Sakari Perttunen, Eeva Sipilä, Ilkka Toivola and Hannu Vaajoensuu members of the Board of Directors.

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 18, 2010.

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

On February 18, 2010 the AGM 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 Helsinki Stock Exchange 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, 2011. The AGM decided to approve Board's proposal to repurchase own shares in the proposed form.

SHORT-TERM RISKS AND RISK MANAGEMENT

January 25, 2011

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.

According to market estimates released at the end of 2010, the software market is expected to grow at a slower rate in 2011 than previously forecasted. The software market is expected to grow by 7.1 percent globally and by 8.4 percent in the United States.

The IT services market is also expected to grow globally at a slower rate than previously forecasted, at a rate of approximately 7.3 percent. The US IT market growth estimate stands unchanged at 7.4 percent. Nevertheless, the Purchase to Pay service market is expected to grow by more than 10 percent in 2011.

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.

Sales receivables are one part of operational business risks and accuracy of financial reporting for this part is managed by reserving for bad debts. Basware Corporation's sales receivable are calculated on a monthly basis in Basware's centralized Financial Shared Service Center. The company will intensify its management and collection of sales receivables. Business management regularly monitors the payment of sales receivables as part of the management of customer accounts.

The Group's main currency is Euro, accounting for approximately 60 percent of net sales in 2010 (approximately 61% in 2009). 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 2010 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 2010. In accordance with the testing for impairment of assets, no depreciation of goodwill was made.

Basware's objective is to become the world's leading company in e-invoicing. Automation services including e-invoicing and the supporting scan and capture 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 Automation Services. SaaS 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.

Basware has in accordance with its strategy carried out organic growth by acquisitions. Acquisition projects are managed carefully and internal as well as external expertise is utilized in planning phase (e.g. due diligence), take over phase (e.g. immediate implementation of Basware's IT systems) and in integration phase (e.g. implementation of HR processes).

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

January 25, 2011

ACQUISITIONS AND CHANGES IN GROUP STRUCTURE

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

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 was EUR 293 thousand. Basware Einvoices Oy was merged into the parent company in 2009.

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 AS paid an additional purchase price of NOK 4 434 thousand (EUR 559 thousand) in February 2010, determined on the basis of the volume of the purchased operations' service sales in 2009.

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, an additional acquisition price that was based on the company's net sales of the period from July 1, 2009 to June 30, 2010 was paid in August 2010. The additional acquisition price was 2.0 Australian dollars (EUR 1.4 million).

On October 5, 2010 Basware acquired TNT Post's Connectivity operations, which is a part of TNT Post's electronic invoicing operations in the Netherlands. The purchase price paid in connection with the transaction was EUR 50 thousand, and an estimated additional purchase price of EUR 100 thousand will be paid in January 2011 on the basis of the number of customers that have migrated to the Basware e-invoicing environment. No other assets were transferred. Based upon the preliminary purchase price allocation, the purchase price does not include goodwill. EUR 200 thousand associated with customer relationships has been allocated to intangible assets, taking deferred liabilities into consideration. The acquisition would not have had a material impact on the Group's net sales or operating profit had the consolidation taken place at the beginning of the financial period. The acquisition has not had a material impact on the Group's net sales and operating profit.

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. In 2010 Basware has participated World Wildlife Fund's Save the Baltic Sea project and supported The Association of the Friends of the University Childrens' Hospital in Finland (Lastenklintikan kummit ry).

January 25, 2011

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.

STRATEGY

Basware's Board of Directors and company management have adjusted the company's strategy and goals for the next 4-year period. The company will focus strongly on international growth and therefore Basware is considering toraise additional equity financing from the market.

Basware Automation Services, launched in 2009, grew 56.0 percent in 2010, and have shown their unique competitiveness internationally. In order to utilize the achieved competitive edge, the company will increase its efforts to support the growth of Automation Services.

The company aims to be among the leading e-invoice companies worldwide. Acquisitions will support the growth of the e-invoicing service. Its annual volume in 2010 amounted to 13.6 million transactions. The e-invoicing market is growing strongly, and Basware aims to reach the 100 million invoice mark by 2014.

In order to support international growth, Basware is developing its organizational structure into stronger geographical regions. The country specific organizations will be combined into regional structure. The regional structure gives a boost to and enables additional investments in sales, marketing, supplier activation services of Automation Services, and other customer functionalities. At the same time, Basware is surveying opportunities for rearranging its product and business portfolio in order to enhance the international product and service business.

According to Basware's view, the significance of the service concept will continue its solid growth in the future as well, which is the reason for marketing the company's next-generation product concept strongly also as services. The company's aim is to transfer the installations of existing customers through product updates to Software as a Service (SaaS) model to a considerable extent in the future. Service offering development will continue vigorously. Basware will launch new Invoice Automation process outsourcing offering for the global market during first half of 2011. Offering new and more extensive service models to the customer will improve the company's profitability and increase its constant net sales.

Basware has adjusted its pricing model to be very flexible according to customer needs. From now on, software solutions will be available to customers with one-time license fee, monthly subscription, and according to the SaaS model.

In order to consolidate international growth further, Basware is increasing the focus on acquisitions in its strategy and organization. The company has been active in mergers and acquisitions and is now further strengthening the activity by establishing a new executive team-level M&A function with the aim of actively engaging in potential mergers and acquisitions in support of the company's strategy. In order to increase financial flexibility and preparedness to carry out potential acquisitions Basware is considering to raise additional equity financing from the market during the first quarter of 2011. Such additional financing is planned to be raised by means of a directed share issue to institutional investors. Nordea has been appointed as financial adviser to Basware in relation to the potential share issue.

The role of offshoring operations will continue to grow in the company's strategy. R&D and Automation Services operations at Basware's Indian office have already succeeded in gaining a significant role. The company is surveying the development of off-shoring in order to improve profitability also with regard to

January 25, 2011

new service business operations and internal support functions. The company is also investigating the possibility of new geographical regions in expanding offshoring.

Basware's long-term objectives were specified further. The new strategic guidelines facilitate strong international growth and positive development of operating profit margin. The long term target is to grow annually 15-30 percent in net sales and more than 50 percent in Automation Services. The company's long-term target for operating profit margin is 15-20 percent improving towards the end of the period.

MANAGEMENT AND AUDITORS

In 2010, 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 18, 2010, confirmed the number of Board members as six. Matti Copeland, Pentti Heikkinen, Sakari Perttunen, Eeva Sipilä, 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.

Hannu Vaajoensuu, Chairman of the Board was employed by the company until February 17, 2010. In addition to his role as a Chairman of the Board he participated in the M&A project team and acted as an advisor in M&A projects. In connection of the termination of the employment, only standard statutory remuneration was paid.

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, 2011, members of the Basware Executive Team are Ilkka Sihvo, CEO; Mika Harjuaho, CFO; Mari Heusala, Vice President HR; Olli Hyppänen, Senior Vice President Strategy and Global Operations; Jorma Kemppainen, Senior Vice President Products; Pekka Lindfors, Senior Vice President Northeast; Steve Muddiman, Senior Vice President Global Marketing; Matti Rusi, Senior Vice President Europe; Ari J. Salonen, General Manager North America; Esa Tihilä, Senior Vice President Automation Services and Jukka Virkkunen, Senior Vice President Scandinavia. In addition, as of January 25, 2011 Matti Copeland, Senior Vice President, M&A is a member of Basware Executive Team.

Matti Copeland resigned from the Board of Directors of Basware Corporation on January 24, 2011.

Basware Board of Directors approved in its meeting on January 20, 2011 the subscription of total of 30 805. The share subscriptions were based on the Warrant Program 2006 series C warrants (21 605 shares) and Warrant Program 2007 series E warrants (9 200 shares).

FUTURE OUTLOOK

According to market estimates released at the end of 2010, the software market is expected to grow at a slower rate in 2011 than previously forecasted. The software market is expected to grow by 7.1 percent globally and by 8.4 percent in the United States.

The IT services market is also expected to grow globally at a slower rate than previously forecasted, at a rate of approximately 7.3 percent. The US IT market growth estimate stands unchanged at 7.4 percent. Nevertheless, the Purchase to Pay service market is expected to grow by more than 10 percent in 2011.

January 25, 2011

Western Europe and the United States combined account for approximately three quarters of the enterprise software market. According to market research companies the penetration rate of e-invoicing is still low between 5 and 20 percent depending on geographical location. In Scandinavia the rate is slightly higher. 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 2011 Basware will introduce next generation invoice automation solution improving the company's competitiveness. Next generation versions of other solutions in the product family will be introduced later. Automation services, which can also be offered as a separate solution, will improve the company's competitiveness in the starting strategy period. Automation services has been growing more than 50 percent annually.

Basware's objective is to become the world's leading company in e-invoicing. E-invoicing and the supporting scan and capture also target suppliers and buyers outside Basware's existing customer base, which increases the customer potential. Long-term objective of Automation services is to grow more than 50 percent annually. SaaS and e-invoicing are scalable solutions offering high business potential.

The company's international growth is based on efforts of its own sales and marketing activity as well as the reseller channel. In North America, the focus will be on developing the company's own sales channel and strategic partnerships. Development of own sales channel and profitable growth continues in Europe. 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.

In order to consolidate international growth further, Basware is increasing the focus on acquisitions in its strategy and organization. The company has been active in mergers and acquisitions and is now further strengthening the activity by establishing a new executive team-level M&A function with the aim of actively engaging in potential mergers and acquisitions in support of the company's strategy. Matti Copeland has been appointed to Senior Vice President, M&A and also to Member of Basware Executive Team as of January 25, 2011.

The role of off-shoring operations will continue to grow in the company's strategy. R&D and Automation Services operations at Basware's Indian office have already succeeded in gaining a significant role. The company is surveying the development of off-shoring in order to improve profitability also with regard to new service business operations and internal support functions. The company is also investigating the possibility of new geographical regions in expanding off-shoring.

January 25, 2011

Basware expects its net sales to grow over 10 percent in 2011. Operating profit (EBIT) for 2011 is expected to be over 13 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 2010, the Group parent company's distributable funds are EUR 68 491 345.99.

Basware's Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.40 per share (2009: EUR 0.36) be paid for 2010.

Summary of financial statements and notes to the financial statements are presented in a separate document.

Espoo, Finland, January 24, 2011

BASWARE CORPORATION
Board of Directors

For more information, please contact

CEO Ilkka Sihvo, Basware Corp.,
Tel. +358 9 8791 7251 or +358 40 501 8251

Analyst and Press Briefing

Basware arranges today, January 25, 2010 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 2011

Basware's Annual Report 2010, including the audited Financial Statements, will be published on the company's website during the week starting on February 8, 2011. The company will not publish the Annual Report in print.

Release dates for interim reports:

- Interim Report January-March 2011 (Q1) on Wednesday, April 13, 2011
- Interim Report January-June 2011 (Q2) on Friday, July 8, 2011
- Interim Report January-September 2011 (Q3) on Thursday, October 13, 2011

Basware Corporation's Annual General Meeting of Shareholders will be held on Thursday, February 17, 2011 starting at 2:00 PM at Hotel Kämp, Pohjoisesplanadi 29 in Helsinki, Finland.

January 25, 2011

Distribution:

NASDAQ OMX Helsinki Ltd

Key media

www.basware.com

January 25, 2011

SUMMARY OF FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS

This financial statement release has been prepared in accordance with IAS 34, Interim Financial Reporting. As from the beginning of the financial period, the company has adopted certain new or amended IFRS standards and IFRIC interpretations as described in the Financial Statements for 2009. However, the adoption of these new and amended norms have not yet had an effect on the reported figures in practice. In other respects, the same accounting policies have been followed as in the Financial Statements for 2009. Key indicator calculations remain unchanged and have been presented in the 2009 Financial Statements.

The amounts presented in the summary of financial statements and notes to the financial statements are based on the company's audited financial statements. The Auditor's Report was issued on January 24, 2011.

GROUP INCOME STATEMENT

EUR thousand	1.10.- 31.12. 2010	1.10.- 31.12. 2009	Change , %	1.1.- 31.12. 2010	1.1.- 31.12. 2009	Change , %
NET SALES	30 149	26 600	13.3	103 094	92 654	11.3
Other operating income	42	34	25.8	189	162	16.6
Materials and services	-1 760	-1 636	7.6	-6 395	-6 193	3.3
Employee benefit expenses	-16 491	-14 841	11.1	-57 337	-52 294	9.6
Depreciation and amortization	-1 278	-1 280	-0.1	-5 117	-4 456	14.8
Other operating expenses	-5 725	-4 819	18.8	-20 947	-18 048	16.1
Operating profit	4 937	4 058	21.7	13 487	11 824	14.1
Finance income	141	-15	1 031.0	202	172	17.8
Finance expenses	-239	-5	4 747.6	-365	-406	-10.2
Profit before tax	4 839	4 038	19.8	13 325	11 590	15.0
Income tax expense	-926	-30	2 943.5	-2 994	-2 517	19.0
PROFIT FOR THE PERIOD	3 913	4 007	-2.4	10 331	9 074	13.9
Other comprehensive income						
Exchange differences on translating foreign operations	1 330	-691	292,4	1 981	1 326	49,4
Income tax relating to components of other comprehensive income	-779	-594	31,1	-454	-549	-17,3

January 25, 2011

Other comprehensive income, net of tax	551	-1 285	142.9	1 527	777	96.4
TOTAL COMPREHENSIVE INCOME	4 463	2 722	64.0	11 857	9 850	20.4
Profit attributable to:						
Owners of the parent	3 913	4 007	-2.4	10 331	9 074	13.9
	3 913	4 007	-2.4	10 331	9 074	13.9
Total comprehensive income attributable to:						
Owners of the parent	4 463	2 722	64.0	11 857	9 850	20.4
	4 463	2 722	64.0	11 857	9 850	20.4
Earnings per share (undiluted), EUR	0.34	0.35	-4.2	0.90	0.80	12.6
Earnings per share (diluted), EUR	0.34	0.35	-4.6	0.89	0.80	11.9

GROUP BALANCE SHEET

	31.12.2010	31.12.2009	Change, %
EUR thousand			
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	18 085	20 291	-10.9
Goodwill	32 184	31 119	3.4
Tangible assets	1 079	823	31.2
Available-for-sale investments	38	38	
Long-term trade and other receivables	23	124	-81.8
Deferred tax assets	2 074	2 199	-5.7
Non-current assets	53 483	54 593	-2.0
CURRENT ASSETS			
Inventories	56	33	70.5
Trade and other receivables	24 066	19 684	22.3
Income tax receivables	43	767	-94.4
Financial assets at fair value through profit or loss	35	34	2.0
Cash and cash equivalents	13 787	12 176	13.2
Current assets	37 987	32 694	16.2
TOTAL ASSETS	91 470	87 287	4.8

January 25, 2011

EQUITY AND LIABILITIES

Share capital	3 507	3440	1.9
Issue of shares	255	140	81.7
Share premium account	1 187	69	1 623.1
Own shares	-629	-629	
Fair value reserve and other reserves	34 803	33 598	3.6
Translation differences	-1 688	-3 214	47.5
Retained earnings	29 644	23 176	27.9
Shareholders' equity	67 079	56 580	18.6
NON-CURRENT LIABILITIES			
Deferred tax liability	2 751	3 997	-31.2
Interest-bearing liabilities	32	3 674	-99.1
Non-interest-bearing liabilities	631	110	474.6
Non-current liabilities	3 414	7 782	-56.1
CURRENT LIABILITIES			
Interest-bearing liabilities	3 550	5 555	-36.1
Trade payables and other liabilities	16 201	17 039	-4.9
Tax liability from income tax	1 226	331	270.3
Current liabilities	20 977	22 926	-8.5
TOTAL EQUITY AND LIABILITIES	91 470	87 287	4.8

January 25, 2011

GROUP STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share holder capital	Share issue	Share premium account	Own Shares	Inv. non- restr. equity res.	Othe r res.	Tran sl. diff	Retained earnings	Minority interest	Total
EUR thousand SHARE- HOLDERS' EQUITY 1.1.09	3 440	0	69	-271	33 058	540	-3 991	15 648	224	48 717
Comprehensive 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
	Share holder capital	Share Issue	Share premium account	Own Shar es	Inv. non- restr. equity res.	Other res	Tran sl. diff.	Retained earnings	Minority interest	Total
EUR thousand SHARE- HOLDERS' EQUITY 1.1.10	3 440	140	69	-629	33 058	540	-3 214	23 176	0	56 580
Comprehensive income							1 527	10 331		11 857
Dividend distribution								-4 100		-4 100
Granted warrants								235		235
Changes in reporting period	67	115	1 118		1 205			2		2 506
SHARE- HOLDERS' EQUITY 31.12.10	3 507	255	1 187	-629	34 263	540	-1 688	29 644	0	67 079

GROUP CASH FLOW STATEMENT

	1.1- 31.12.2010	1.1.- 31.12.2009
EUR thousand		
Net cash from operating activities		
Profit for the period	10 331	9 074
Adjustments for profit	8 508	7 832
Working capital changes	-3 158	-136
Interest paid	-43	-192
Interest received	66	104
Other financial items in operating activities	-98	-30

January 25, 2011

Income taxes paid	-3 084	-1 920
Net cash from operating activities	12 523	14 732

Cash flows from investing activities

Purchase of tangible and intangible assets	-2 722	-3 135
Proceeds from sale of tangible and intangible assets	0	1
Acquired subsidiaries	-1 732	-1 875
Net cash used in investing activities	-4 454	-5 009

Cash flows from financing activities

Minority's capital investment	2 505	140
Repayments of short-term borrowings	-2 001	-3 558
Repayments of long-term borrowings	-3 550	0
Purchase of own shares	0	-358
Dividends paid	-4 100	-2 623
Net cash used in financing activities	-7 147	-6 398

Net change in cash and cash equivalents according to the cash flow statement	922	3 324
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Cash and cash equivalents at beginning of period	12 210	8 777
Effects of exchange rate changes on cash and cash equivalents	690	109
Cash and cash equivalents at end of period	13 822	12 210

The acquired subsidiaries presented under cash flows from investing activities include the remaining purchase price for the minority acquisition made in 2009, EUR 293 thousand, which was paid in 2010.

January 25, 2011

GROUP QUARTERLY INCOME STATEMENT

EUR thousand	1–3/ 2010	1–3/ 2009	4–6/ 2010	4–6/ 2009	7–9/ 2010	7–9/ 2009	10–12/ 2010	10–12/ 2009
NET SALES	23 132	21 717	26 612	22 729	23 202	21 609	30 149	26 600
Other operating income	50	30	55	52	43	47	42	34
Materials and services	-1 288	-1 552	-1 754	-1 611	-1 593	-1 395	-1 760	-1 636
Employee benefit expenses	-13	-12	-15	-13	-11		-16	-14
Depreciation and amortization	703	896	184	444	959	-11 113	491	841
Other operating expenses	-1 236	-1 004	-1 309	-1 067	-1 294	-1 106	-1 278	-1 280
	-4 818	-4 703	-5 414	-4 513	-4 991	-4 014	-5 725	-4 819
Operating profit	2 136	1 592	3 006	2 146	3 408	4 028	4 937	4 058
%	9.2 %	7.3%	11.3 %	9.4%	14.7 %	18.6%	16.4 %	15.3%
Finance income	116	124	4	30	-59	32	141	-15
Finance expenses	-111	232	-58	-54	42	-115	-239	-5
Profit before tax	2 142	1 484	2 953	2 122	3 391	3 946	4 839	4 038
%	9.3 %	6.8%	11.1 %	9.3%	14.6 %	18.3%	16.1 %	15.2%
Income tax expense	-560	-818	-811	-727	-697	-941	-926	-30
PROFIT FOR THE PERIOD	1 582	666	2 142	1 396	2 694	3 005	3 913	4 007
%	6.8 %	3.1%	8.0 %	6.1%	11.6 %	13.9%	13.0 %	15.1%

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 was EUR 293 thousand. Basware Einvoices Oy was merged into the parent company in 2009.

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 AS paid an additional purchase price of NOK 4 434 thousand (EUR 559 thousand) in February 2010, determined on the basis of the volume of the purchased operations' service sales in 2009.

January 25, 2011

Basware FIMA Oy was merged into the parent company in the second quarter in 2010.

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, an additional acquisition price that was based on the company's net sales of the period from July 1, 2009 to June 30, 2010 was paid in August 2010. The additional acquisition price was 2.0 Australian dollars (EUR 1.4 million).

On October 5, 2010 Basware acquired TNT Post's Connectivity operations, which is a part of TNT Post's electronic invoicing operations in the Netherlands. The purchase price paid in connection with the transaction was EUR 50 thousand, and an estimated additional purchase price of EUR 100 thousand will be paid in January 2011 on the basis of the number of customers that have migrated to the Basware e-invoicing environment. No other assets were transferred. Based upon the preliminary purchase price allocation, the purchase price does not include goodwill. EUR 200 thousand associated with customer relationships has been allocated to intangible assets, taking deferred liabilities into consideration. The acquisition would not have had a material impact on the Group's net sales or operating profit had the consolidation taken place at the beginning of the financial period. The acquisition has not had a material impact on the Group's net sales and operating profit.

COMMITMENTS AND CONTINGENT LIABILITIES

	31.12.2010	31.12.2009
EUR thousand		
OWN GUARANTEES		
Floating charge	1 200	1 200
GUARANTEES ON BEHALF OF SUBSIDIARIES		
Guarantees	1 123	1 075
OTHER OWN GUARANTEES		
Lease liabilities		
Current lease liabilities	848	970
Lease liabilities maturing in 1–5 years	796	895
Total	1 644	1 865
Other rental liabilities		
Current rental liabilities	4 054	2 333
Rental liabilities maturing in 1–5 years	9 913	2 924
Rental liabilities maturing later	0	1 071
Total	13 967	6 328
Other own contingent liabilities, total	15 611	8 193

Value added tax is only included in vehicle leasing liabilities. The other liabilities are exclusive of value added tax.

January 25, 2011

SEGMENT REPORTING

Geographical segments (by the location of assets)

Net sales (EUR thousand)	10-12/ 2010	10-12/ 2009	Change, %	1-12/ 2010	1-12/ 2009	Change, %
Finland	16 011	15 271	4.8	53 606	50 486	6.2
Scandinavia	7 708	6 135	25.6	24 188	22 236	8.8
Europe	5 959	5 629	5.9	21 347	18 717	14.1
Other	3 898	2 897	34.5	12 101	9 201	31.5
Sales between segments	-3 429	-3 333	-2.9	-8 149	-7 985	-2.0
Group total	30 149	26 600	13.3	103 094	92 654	11.3

Operating profit (EUR thousand)	10-12/ 2010	10-12/ 2009	Change, %	1-12/ 2010	1-12/ 2009	Change, %
Finland	2 757	3 024	-8.9	7 703	7 714	-0.1
Scandinavia	1 557	1 041	49.6	4 136	3 169	30.5
Europe	743	902	-17.7	2 354	1 566	50.2
Other	284	-517	155.0	924	741	24.7
Operating profit between segments	-405	-393	-2.8	-1 629	-1 365	-19.3
Group total	4 937	4 058	21.7	13 487	11 824	14.1

Personnel (employed, on average)	10-12/ 2010	10-12/ 2009	Change, %	1-12/ 2010	1-12/ 2009	Change, %
Finland	584	460	26.8	539	454	18.8
Scandinavia	124	130	-4.1	124	135	-7.8
Europe	131	119	9.8	126	119	5.6
Other	61	48	26.2	55	39	41.4
Group total	900	758	18.8	845	747	13.1

Net sales by business

Net sales (EUR thousand)	10-12/ 2010	10-12/ 2009	Change, %	1-12/ 2010	1-12/ 2009	Change, %
License Sales	8 129	7 800	4.2	24 688	23 755	3.9
Maintenance	8 751	7 913	10.6	33 273	29 757	11.8
Professional Services	9 192	8 388	9.6	32 702	31 174	4.9
Automation Services	4 077	2 498	63.2	12 431	7 967	56.0
Group total	30 149	26 600	13.3	103 094	92 654	11.3

Geographical division of net sales by the location of customer

Net sales (EUR thousand)	10-12/ 2010	10-12/ 2009	Change, %	1-12/ 2010	1-12/ 2009	Change, %
Finland	13 015	12 267	6.1	46 550	42 449	9.7
Scandinavia	7 488	6 003	24.7	23 346	21 719	7.5
Europe	5 385	5 071	6.2	20 249	18 065	12.1

January 25, 2011

Other	4 261	3 258	30.8	12 949	10 421	24.3
Group total	30 149	26 600	13.3	103 094	92 654	11.3

GROUP KEY INDICATORS

EUR thousand	1-12/10	1-12/09	1-12/08
Net sales	103 094	92 654	86 098
Growth of net sales, %	11.3 %	7.6%	17.5%
EBITDA	18 604	16 280	11 722
% of net sales	18.0 %	17.6%	13.6%
Operating profit before IFRS amortization	15 691	13 788	9 730
% of net sales	15.2 %	14.9%	11.3%
Operating profit	13 487	11 824	8 679
Growth of operating profit, %	14.1 %	36.2%	15.5%
% of net sales	13.1 %	12.8%	10.1%
Profit before tax	13 325	11 590	8 410
% of net sales	12.9 %	12.5%	9.8%
Profit for the period	10 331	9 074	6 585
% of net sales	10.0 %	9.8%	7.6%
Return on equity, %	16.7 %	17.2%	13.7%
Return on investment, %	20.1 %	18.8%	16.6%
Interest-bearing liabilities	3 582	9 230	13 283
Cash and liquid assets *)	13 822	12 210	8 777
Gearing, %	-15.3 %	-5.3%	9.3%
Equity ratio, %	73.3 %	64.8%	59.5%
Total assets	91 470	87 287	81 909
Gross investments **)	4 567	7 448	12 476
% of net sales	4.4 %	8.0%	14.5%
Capital expenditure	970	2 047	1 007
% of net sales	0.9 %	2.2%	1.2%
Research and development costs	14 883	14 781	15 518
% of net sales	14.4 %	16.0%	18.0%
R&D personnel at end of period	239	195	171
Personnel on average during the period	845	747	689
Personnel at end of period	913	761	731
Increase in personnel, %	20.0 %	4.1%	11.1%
Earnings per share, EUR	0.90	0.80	0.56
Earnings per share (diluted), EUR	0.89	0.80	0.56
Equity per share, EUR	5.78	4.97	4.24
Dividend per share, EUR ***)	0.40	0.36	0.23
Dividend per profit, %	44.6 %	45.2%	40.8%
Effective dividends, %	1.6 %	2.5%	3.5%
P/E ratio (P/E)	27.58	18.21	11.68
Share price performance			
lowest share price	15.00	6.60	6.00
highest share price	24.80	14.66	10.45
average share price	19.27	10.79	7.53

January 25, 2011

closing share price	24.75	14.52	6.59
Market capitalization at end of period	287 093 169	165 206 004	75 301 011
Number of traded shares	2 131 071	2 038 565	2 298 467
% of average number of shares	18.5 %	17.9%	20.1%
Average number of shares			
- during the period	11 513 690	11 381 905	11 463 307
- during the period, diluted	11 585 155	11 381 905	11 463 307

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

**) Includes capitalized R&D costs and acquisitions

***) The figure for 2010 is the Board's proposal to the Annual General Meeting

Major shareholders, December 31, 2010

1.	Sihvo, Ilkka	1 081 800	9.3
2.	Ilmarinen Mutual Pension Insurance Company	1 048 713	9.0
3.	Vaajoensuu, Hannu	962 100	8.2
	<i>Havacment Oy</i>	266 500	2.3
	<i>Vaajoensuu, Hannu</i>	528 000	4.5
	<i>Vaajoensuu, Matias</i>	83 800	0.7
	<i>Vaajoensuu, Petra</i>	83 800	0.7
4.	Eräkangas, Kirsi	881 800	7.5
	<i>Eräkangas, Kirsi</i>	631 400	5.4
	<i>Eräkangas, Lotta</i>	250 400	2.1
5.	Perttunen, Sakari	830 400	7.1
6.	Nordea Nordic Small Cap Fund	576 033	4.9
7.	Mandatum Life Insurance Company Ltd.	550 000	4.7
8.	Pöllänen, Antti	549 023	4.7
	<i>Launimo, Essi</i>	97 408	0.8
	<i>Pöllänen, Antti</i>	451 615	3.9
9.	Veritas Pension Insurance Company	315 000	2.7
10.	Fondita Nordic Micro Cap Sijoitusrahasto	300 000	2.6
11.	Kaleva Mutual Insurance Company	242 690	2.1
12.	Perttunen, Meimi	215 400	1.8
13.	Investment Fund Aktia Capital	200 863	1.7
14.	Ahonen, Asko	188 736	1.6
15.	Basware Oyj	90 300	0.8

January 25, 2011

16.	Vaajoensuu, Sara	83 700	0.7
17.	Pavor Oy	75 052	0.6
18.	Tietoklusteri Oy	74 600	0.6
19.	Sinkonen, Raija	70 000	0.6
20.	Gyllenberg Small Firm Fund	61 968	0.5
	20 largest shareholders total	8 398 178	71.8
	Nominee registered total	1 262 781	10.8
	Others	2 029 065	17.4
	Total	11 690 024	100,0

Distribution by sector, December 31, 2010

	Number of holders	Votes, %	Shares, Pcs
Private companies	568	6.8	793 252
Financial and insurance institutions	19	18.0	2 104 587
Public-sector organizations	5	11.9	1 390 013
Non-profit organizations	32	0.7	87 774
Households	15 080	51.7	6 044 324
Foreign	40	0.1	7 293
	15 744	89.2	10 427 243
Nominee-registered	8	10.8	1 262 781
Total	15 752	100.0	11 690 024

Distribution of holdings by number of shares,
December 31, 2010

Number of shares	Number of holders	Votes, %	Shares, pcs
1-100	13 081	2.6	307 492
101-1 000	2 372	6.2	724 888
1 001-10 000	256	5.5	640 640
10 001 - 100 000	24	10.0	1 168 728
100 001 +	19	75.7	8 848 276
Total	15 752	100.0	11 690 024

January 25, 2011

Espoo, Finland, January 24, 2011

BASWARE CORPORATION
Board of Directors

For more information, please contact
CEO Ilkka Sihvo, Basware Corp.,
Tel. +358 9 8791 7251 or +358 40 501 8251

Analyst and Press Briefing

Basware arranges today, January 25, 2010 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 2011

Basware's Annual Report 2010, including the audited Financial Statements, will be published on the company's website during the week starting on February 8, 2011. The company will not publish the Annual Report in print.

Release dates for interim reports:

- Interim Report January-March 2011 (Q1) on Wednesday, April 13, 2011
- Interim Report January-June 2011 (Q2) on Friday, July 8, 2011
- Interim Report January-September 2011 (Q3) on Thursday, October 13, 2011

Basware Corporation's Annual General Meeting of Shareholders will be held on Thursday, February 17, 2011 starting at 2:00 PM at Hotel Kämp, Pohjoisesplanadi 29 in Helsinki, Finland.

Distribution:

NASDAQ OMX Helsinki Ltd
Key media
www.basware.com