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BASWARE INTERIM REPORT JANUARY 1 – MARCH 31, 2012 (IFRS)

SUMMARY

January-March Q1: Demand for services grew stronger

- Net sales EUR 27 435 thousand (EUR 26 058 thousand) – growth 5.3 percent
- Operating profit EUR 1 822 thousand (EUR 2 957 thousand) – decrease of 38.4 percent
- Operating profit 6.6 percent of net sales (11.3%)
- Growth of Automation Services (SaaS and e-Invoicing) 46.5 percent
- The estimated revenue to be recognized for current Automation Services agreements in production in the next twelve months is EUR 21.8 million, growth from previous quarter 19.4 percent
- Recurring revenue (including Maintenance and Automation Services) 55.5% (48.3%) of net sales
- Cash flow from operating activities EUR 10 634 thousand (EUR 14 623 thousand)
- Earnings per share (diluted) EUR 0.11 (0.19) – decrease of 38.2 percent

Basware expects, as earlier estimated, its net sales for 2012 to grow from the previous year. Operating profit (EBIT) for 2012 is expected to be between EUR 8-18 million.

The interim report is unaudited.

GROUP KEY FIGURES

EUR thousand	1–3/ 2012	1–3/ 2011	Change, %	1–12/ 2011
Net sales	27 435	26 058	5.3	107 750
EBITDA	3 188	4 169	-24.0	17 284
Operating profit before IFRS3 amortization	2 455	3 458	-29.0	14 290
Operating profit	1 822	2 957	-38.4	12 280
% of net sales	6.6%	11.3%		11.4%
Profit before tax	1 918	2 930	-34.5	12 332
Profit for the period	1 476	2 268	-34.9	9 671
Return on equity, %	6.0%	11.4%		11.6%
Return on investment, %	8.0%	14.7%		14.9%
Liquid assets *)	34 450	48 295	-28.7	42 977
Gearing, %	-35.2%	-50.7%		-42.3%
Equity ratio, %	70.5%	71.0%		81.9%
Earnings per share, EUR	0.11	0.19	-38.3	0.76
Earnings per share (diluted), EUR	0.11	0.19	-38.2	0.76
Parent company's shareholders' equity per share, EUR	7.47	7.16	4.3	7.76

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

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REPORTING

As of the first quarter in 2012 Basware Corporation reports one operating segment: Purchase to Pay, P2P.

Basware reports income for products and services as follows: License sales, Professional Services, Maintenance and Automation Services. License sales consists of Purchase to Pay product family together with payment, financial planning and reporting solutions sold only in Finland. Automation Services include e-Invoicing, scanning services, printing services, catalogue management, purchase message exchange, activation services and SaaS services.

Basware reports the estimated revenue to be recognized for current Automation Services agreements in production in the next twelve months. Automation Services agreements typically expand several years or are valid until further notice.

As geographic information Basware reports geographical areas Finland, Scandinavia, rest of the Europe and Other. In the geographical information net sales is split by customer's location. Net sales and operating profit are also reported by the location of the assets. In annual financial statements the geographical information of non-current assets is reported by the location of the assets.

Basware issued a stock exchange release of changes in external reporting in 2012 on March 19, 2012.

CEO Esa Tihilä comments in conjunction with the Interim Report:

"I am satisfied with our performance in the first quarter and in particular the strong growth in Automation Services as well as the fact that recurring revenue accounted for as much as 55.5% of the company's net sales. The company is undergoing a transformation from a software company into a service company, which requires additional investments and changes our operating methods, solutions, and services. We are aiming at completely new customer groups through segmented customer management and portfolio of products and services. Our strategic goal is to become the world's leading e-Invoice operator.

During the first quarter, we concluded several significant deals in all of our geographic segments. With regard to the service business, the demand increased on the whole, and demand shifted from license sales towards Software as a Service (SaaS) solutions. The deals made also included virtual operator agreements as new distribution channel models. Automation Services have already increased their share to 19.8% of net sales. Recurring revenue (Maintenance and Automation Services) continued to account for an increasing share of net sales, totaling 55.5% of net sales.

The transaction volume processed by Automation Services continued to grow favorably during the first quarter, increasing by 77.1%. Increasing transaction volumes are essential to the continuous development of Automation Services.

During the first quarter, our net sales increased by 5.3% to EUR 27.4 million, with our operating profit amounting to 6.6% of net sales, or EUR 1.8 million. License sales' share of net sales decreased compared to the previous year, with the majority of deals being based on SaaS solutions. The realization of the investments required for the company's growth as planned contributed to the decrease in operating profit. These include increasing the Volume Sales function and Volume Delivery implementation consultation, investments in the growth of Automation Services and launch of the Basware Alusta platform technology.

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Basware launched the Alusta platform technology during the first quarter of 2012. The Alusta technology combines Basware's financial process competence and cloud services with usage-based pricing, guaranteeing organizations of all sizes easy connectivity through an open network. The company's next-generation product suite is also offered as a service. The Alusta technology supports Basware's strategic growth and will improve the company's competitiveness.

The company will continue to follow its strategy of focusing increasingly on the service business, selling software as a service instead of licenses."

Market outlook and operating environment

Market estimates released in April 2012 expect the software market to grow 6.2 percent globally (forecast unchanged) and 8.0 percent in the U.S. (forecast unchanged). The entire IT services market is expected to grow by 4.7 percent globally (forecast unchanged) and by 7.3 percent in the U.S. (previous estimate 6.8%) in 2012. According to research companies, the software market is expected to grow at a rate of 7.0 percent globally, IT services by 5.6% and the IT market as a whole by 7.3 percent.

The number of acquisitions and partnerships has increased in the market. Companies active in the market are trying to strengthen their supplier networks and expand geographically. Consolidation is expected to continue in the business environment, with the role of services growing in companies' portfolios. Basware continues active analyzing of acquisition targets especially in European e-Invoicing market according to Basware's strategy.

The launch of Basware's next generation solutions during the first quarter in 2012 will further improve the competitiveness of Basware's solutions and services. Through the acquisition of German e-Invoicing operator we gained innovative technology, which will improve the competitiveness of the company. Also Automation Services will have a positive impact on the competitiveness, improving the predictability and transparency of the company's net sales and profitability in the long term.

Basware aims to become a leading company in e-invoicing worldwide. E-Invoicing and the supporting services are targeted to connect suppliers and buyers also outside of Basware's existing software customer base, leading into a higher potential. The penetration rate of e-Invoicing is low, between 5-30 percent depending on the country, which creates a solid foundation for the future growth of Basware Automation Services.

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 offshoring 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 offshoring.

NET SALES

Basware Group's net sales for the period increased by 5.3 percent to EUR 27 435 thousand (EUR 26 058 thousand). The growth in comparable currencies was 4.6 percent.

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Information of products and services

Net sales (EUR thousand)	1–3/ 2012	1–3/ 2011	Change, %	1–12/ 2011
License Sales	4 077	4 814	-15.3	20 874
Maintenance	9 779	8 879	10.1	36 247
Professional Services	8 137	8 650	-5.9	34 179
Automation Services	5 442	3 715	46.5	16 449
Group total	27 435	26 058	5.3	107 750

The Company's license sales decreased by 15.3 percent during the period, accounting for 14.9 percent (18.5%) of net sales. SaaS sales, reported in Automation Services, grew by 22.0 percent. Maintenance revenue increased by 10.1 percent and accounted for 35.6 percent (34.1%) of net sales. Professional Services revenue decreased by 5.9 percent and accounted for 29.7 percent (33.2%) of net sales.

During the period, Automation Services increased by 46.5 percent and accounted for 19.8 percent (14.3%) of net sales. The transaction volume processed by the Automation Services business was 7.8 million during the reporting period, growth of 77.1 percent. The estimated revenue to be recognized for current Automation Services agreements in the next twelve months is EUR 21.8 million (growth of 19.4 percent from the estimate made at the end of last quarter).

The international share of Basware's net sales was 56.1 percent (54.5%) in the period. International operations grew by 8.4 percent.

FINANCIAL PERFORMANCE

Basware's operating profit for the period decreased by 38.4 percent to EUR 1 822 thousand (EUR 2 957 thousand). Operating profit represented 6.6 percent (11.3%) of net sales.

Basware recognized a provision of EUR 1 203 thousand related to the restructuring of operations in the fourth quarter of 2011. Negotiations on the restructuring have been completed, and the provision will be fully utilized during the first half of the year. The purpose of the arrangement is to allow possibilities for additional investments needed for strategic growth markets.

The Company's fixed costs were EUR 22 244 thousand (EUR 19 957 thousand) in the period, up 11.5 percent on the corresponding period the previous year. Personnel costs made up 72.3 percent (73.8%) or EUR 16 072 thousand (EUR 14 738 thousand) of the fixed costs. Bad debt and change in bad debt provision are included in fixed costs. Bad debt provision at the end of the first quarter amounted to EUR 1 213 thousand (EUR 984 thousand) on the balance sheet.

The research and development expenses amounted to EUR 4 251 thousand (EUR 3 834 thousand), or 15.5 percent (14.7%) of net sales. The expenses grew by 10.9 compared with the corresponding quarter in previous year. Research and development expenses capitalized during the period amounted to EUR 1 162 thousand (EUR 809 thousand). Basware's research and development costs for the period totaled EUR 3 089 thousand (EUR 3 025 thousand), or 11.3 percent (11.6%) of net sales.

The Company's finance income and finance expenses were EUR 96 thousand (EUR -26 thousand). Profit before tax was EUR 1 918 thousand (EUR 2 930 thousand) and profit for the period was EUR 1 476 thousand (EUR 2 268 thousand) or 5.4 percent (8.7%) of net sales. Taxes for the period amounted to EUR 442 thousand (EUR 662 thousand). Undiluted earnings per share were EUR 0.11 (EUR 0.19).

FINANCE AND INVESTMENTS

Basware Group's total assets on the balance sheet at the end of the period were EUR 136 033 thousand (EUR 129 048 thousand). The Company's cash and liquid assets were EUR 34 450 thousand (EUR 48 295 thousand), of which cash and cash equivalents were EUR 34 450 thousand (EUR 33 251 thousand).

Equity ratio was 70.5 percent (71.0%) and gearing was -35.2 percent (-50.7%). The Company's interest-bearing liabilities totaled EUR 643 thousand (EUR 1 789 thousand), of which current liabilities accounted for EUR 178 thousand (EUR 1 789 thousand). Return on investment was 8.0 percent (14.7%) and return on equity 6.0 percent (11.4%).

Cash flows from operating activities were EUR 10 634 thousand (EUR 14 623 thousand). Cash flows from investments were EUR -13 453 thousand (EUR -1 224 thousand).

The Company's capital expenditure, resulting from regular additional and replacement investments required for growth, was EUR 312 thousand (EUR 411 thousand) in the period. Gross investments which include - in addition to those mentioned above –the acquisition as well as capitalized research and development expenses totaled EUR 13 682 thousand (EUR 1 219 thousand).

Amortization of intangible assets totaled EUR 1 188 thousand (EUR 1 086 thousand). There are no indications of impairments of assets.

On January 17, 2012 Basware acquired the entire share capital of e-Invoicing operator First Businesspost GmbH. The acquisition price was paid in cash in connection with the closing of the acquisition so that 20 percent of the debt free price was paid to an escrow account. The escrow agreement is in place until the end of January 2013. Basware consolidated First Businesspost's figures into its net sales and profit as of January 1, 2012.

The acquisition price to be allocated amounts to approximately EUR 12.5 million. EUR 2.6 million associated with customer relationships and associated with acquired technology has been allocated to intangible assets, taking deferred tax liabilities into consideration. The value associated with customer relationships is amortized in seven years and value associated with technology in five years, starting in the first quarter of 2012. The purchase price includes approximately EUR 9.1 million of goodwill. The allocation of the purchase price also takes into account the deferred tax assets of EUR 0.8 million related to the utilization of retained losses. The allocation of the acquisition purchase price is preliminary.

The Annual General Meeting decided to authorize the Board of Directors to decide on repurchase of company's own shares in accordance with the proposal of the Board of Directors. By virtue of the authorization, the Board of Directors is entitled to decide on repurchasing a maximum of 1 290 000 company's own shares. The Repurchase Authorization shall be valid until 30 June 2013. A separate stock exchange release has been sent on February 16, 2012. The company has repurchased 27 219 own shares by March 31, 2012 and the total amount of own shares held by the company on March 31, 2012 is 84 980.

RESEARCH, DEVELOPMENT AND NEW PRODUCTS

The research and development expenses amounted to EUR 4 251 thousand (EUR 3 834 thousand), or 15.5 percent (14.7%) of net sales. The expenses grew by 10.9% compared with the corresponding quarter in previous year. Research and development expenses capitalized during the period amounted

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to EUR 1 162 thousand (EUR 809 thousand). Basware's research and development costs for the period totaled EUR 3 089 thousand (3 025 thousand), or 11.3 percent (11.6%) of net sales.

The development of the next generation of software had an effect on the amount of capitalized research and development costs.

Basware Alusta, a cloud-based platform for business-to-business transaction collaboration, was launched on February 29. Basware Alusta is a flexible, new architecture that is designed to bring together Basware's B2B process knowledge with its cloud services optimized to ensure easy connectivity with the Open Network to companies of all sizes. Basware Alusta is also strongly offered as a Service and supports Basware's strategic transformation to a services company. It will also have a positive impact on the competitiveness of Basware in the long run.

A total of 325 (270) people worked in Products of which 149 people in India at the end of March 2012. The number of the personnel in the Products unit is expected to grow moderately in the future.

PERSONNEL

Basware employed 1 241 (959) people on average during the first quarter and 1 245 (981) at the end of the period. The number of personnel increased by 264 persons and by 26.9 percent compared with the same period the previous year. The increase in the number of personnel is mainly due to the increase in the number of employees in the Indian unit and the personnel joining Basware through the acquisition of a German e-Invoice operator.

Geographical division of personnel:

Personnel (employed, on average)	1-3/ 2012	1-3/ 2011	Change, %	1-12/ 2011
Finland	463	431	7.3	454
Scandinavia	126	120	5.3	119
Rest of the Europe	169	136	24.2	137
India	415	208	99.4	284
Other	68	63	8.5	64
Group total	1 241	959	29.5	1 058

Basware recognized a provision of EUR 1 203 thousand related to the restructuring of operations in the fourth quarter of 2011. Negotiations on the restructuring have been completed, and the provision will be fully utilized during the first half of the year. The purpose of the arrangement is to allow possibilities for additional investments needed for strategic growth markets.

The share of personnel working in foreign units has increased compared with the previous year. At the end of the period, 63.3 percent (56.1%) of Basware personnel worked outside of Finland and 36.7 percent (43.9 %) in Finland. 10.8 percent of the personnel work in sales and marketing, 56.6 percent in consulting and services, 26.1 percent in Products, and 6.4 percent in administration.

The average age of employees is 34.2 (35.4) years. Of the employees, 26.6 percent have a Master's degree and 32.5 percent have a Bachelor's degree. Women account for 24.7 percent of employees, men for 75.3 percent. For incentive purposes, the company has a bonus program that covers all employees.

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The short-term remuneration of the top management consists of salary, fringe benefits and a possible annual bonus based on performance. Long-term remuneration of the top management consists of warrants and a share-based incentive scheme. The bonus based on performance is no more than 50 percent of annual basic salary. The bonus based performance percentage is not limited in the CEO's contract of employment. The bonus is determined on the basis of the attainment of goals supporting to the company's growth and profitability according to its strategy, and personal objectives. The Board of Directors monitors the fulfillment of the performance and result criteria of the incentive scheme twice a year and approves the bonus to be paid.

A share-based incentive scheme was in use in 2009–2011. The possible reward of the share-based incentive scheme for the vesting period 2009–2011 is based on Basware Corporation's earnings per share (EPS). The bonus for the vesting period 2009 was paid in December 2011, the bonus for the vesting period 2010 will be paid in December 2012, and the bonus for the vesting period 2011 in December 2013, partially as shares in the company and partially in cash. The bonus of the share-based incentive scheme is paid two years after the end of the vesting period, and therefore no other restrictions are associated with the ownership of the shares received.

The Board of Directors of Basware Corporation has approved a new share-based incentive plan for the Basware Group key personnel on February 17, 2012. The aim of the plan is to combine the objectives of the shareholders and the key personnel in order to increase the value of the company, commit the key personnel to the company, and offer them a competitive reward plan based on shareholding in the company. The Board of Directors encourages the Basware Executive Team members to hold shares in the company equaling the value of annual gross base salary.

The system includes three earning periods, calendar years 2012, 2013 and 2014. The system comprises annual earning periods 2012, 2013, and 2014 and fixed earning period 2012–2014. Members of Basware Executive Team may be allocated additional shares without consideration against shareholding during the earning period 2012–2014.

The Board of Directors decides on the earnings criteria and related targets separately for each annual earning period at the beginning of the earning period. There are employment-related conditions for eligibility for reward payment.

A separate stock exchange release has been issued on February 17, 2012.

GEOGRAPHICAL INFORMATION

Geographical division of net sales and operating profit is presented in the summary of financial statements and notes. As geographic information Basware reports geographical areas Finland, Scandinavia, rest of the Europe and Other.

Basware closed several significant agreements during the first quarter across all geographical regions. Demand for services grew as a whole and demand for license sales is shifting towards services delivered as service. The deals include also virtual operator agreements representing new channel distribution models.

Basware sent out five stock exchange releases in the first quarter about agreements delivered as service closed in Finland, one of those being a virtual operator agreement. One stock exchange release was sent out about a Scandinavian service agreement, two releases about service agreements in Rest of the Europe and one release about a service agreement in the Other area.

OTHER EVENTS OF THE PERIOD

Strategy

Basware continues the realization of the 4-year-period strategy published in January 2011. The company focuses on strong international growth through organic growth and acquisitions.

The company aims to be the leading e-Invoice company worldwide. Acquisitions will support the growth of the e-Invoicing service. Its annual volume in 2011 amounted to 20.8 million transactions. The e-Invoicing market is growing strongly, and Basware aims to reach the 100 million invoice mark by the end of 2014. Through the acquisition of a German e-Invoicing operator in January 2012 Basware is able to complement its offering through innovative technology to turn also accounts receivable into electronic format. This expands our growth potential and delivers value also for our existing customers globally.

We restructured our organization during the fourth quarter of 2011 and adopted a globally managed function-based organization as of January 1, 2012. The change in the operating model allows Basware to implement its strategy more efficiently, clarify the functions and utilize the growth opportunities offered by the market. We will seek entirely new customer groups with segment-based customer account management and product and service portfolio. 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. 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.

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

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.

A separate stock exchange release on the strategy update was issued on January 25, 2011 and on the organization reform on October 31, 2011.

SHARE AND SHAREHOLDERS

Basware Corporation's share capital totaled EUR 3 528 368.70 at the end of the period and the number of shares was 12 931 229.

The Board of Directors of Basware Corporation has decided to start repurchase of own shares on February 16, 2012. Maximum of 100 000 company's own shares can be purchased representing 0.77 percent of the total amount of all shares owned by the company. The Annual General Meeting decided to authorize the Board of Directors to decide on repurchase of company's own shares on February 16, 2012. The repurchasing will be started earliest on February 27, 2012 and finalized by May 31, 2012. The repurchased shares will be mainly used as a part of Basware Corporation's incentive program.

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The company's own shares shall be repurchased otherwise than in proportion to the holdings of the shareholders by using the non-restricted equity through public trading on NASDAQ OMX Helsinki Ltd at the market price prevailing at the time of acquisition. The shares shall be repurchased and paid for in accordance with the rules of NASDAQ OMX Helsinki Ltd and Euroclear Finland Ltd.

A separate stock exchange release has been issued on the Board authorizations and other resolutions of the Annual General Meeting of Shareholders on February 16, 2012.

Share price and trade

During the reporting period, the highest price of the share was EUR 19.95 (EUR 27.00), the lowest was EUR 16.70 (EUR 23.02) and the closing price was EUR 19.26 (EUR 26.40). The average price of the share was EUR 19.04 (EUR 25.26) during the period.

A total of 444 503 (2 625 376) shares were traded during the period, equivalent to 3.5 percent (21.5%) of the average number of shares. Market capitalization with the period's closing price on March 31, 2012 was EUR 247 418 756 (EUR 337 933 966).

Shareholders

Basware had 14 964 (15 518) shareholders on March 31, 2012 including nominee-registered holdings (10). Nominee-registered holdings accounted for 12.1 percent (11.1%) of the total number of shares.

The company holds 84 980 Basware Corporation shares, corresponding to approximately 0.7% of all shares in the company.

Share holdings of the Executive Team and Board of Directors members

According to the share register maintained by Euroclear Finland Ltd, CEO Esa Tihilä holds 6 225 shares in Basware Corporation, Matti Copeland 2 771 shares, Mika Harjuaho 4 375 shares, Steve Muddiman 4 375 shares and Jukka Virkkunen 1 875 shares on March 31, 2012. Other members of the Executive Team did not hold shares in Basware Corporation.

According to the share register maintained by Euroclear Finland Ltd, Hannu Vaajoensuu held 757 976, Pentti Heikkinen 2 609, Ilkka Sihvo 881 675, Eeva Sipilä 1 593 and Anssi Vanjoki 5 000 shares in Basware Corporation on March 31, 2012.

GOVERNANCE

The Annual General Meeting of Shareholders on February 16, 2012, confirmed the number of Board members as five. The Annual General Meeting resolved to agree on the proposal to elect Ilkka Sihvo, Pentti Heikkinen, Eeva Sipilä, Hannu Vaajoensuu and Anssi Vanjoki as members of the Board of Directors. In its first meeting held after the Annual General Meeting, the Board of Directors elected Hannu Vaajoensuu as chairman and Ilkka Sihvo as vice chairman of the Board.

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.

Authorizing the Board of Directors to decide on the repurchase of the company's own shares

The Annual General Meeting decided to authorize the Board of Directors to decide on repurchase of company's own shares in accordance with the proposal of the Board of Directors. By virtue of the

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authorization, the Board of Directors is entitled to decide on repurchasing a maximum of 1 290 000 company's own shares. The company's own shares shall be repurchased otherwise than in proportion to the holdings of the shareholders by using the non-restricted equity through public trading on NASDAQ OMX Helsinki Ltd at the market price prevailing at the time of acquisition. The shares shall be repurchased and paid for in accordance with the rules of NASDAQ OMX Helsinki Ltd and Euroclear Finland Ltd. The shares shall be repurchased for use as consideration in possible acquisitions or other arrangements related to the company's business, as financing for investments or as part of the company's incentive program or to be held by the company, to be conveyed by other means or to be cancelled. The Board of Directors shall decide on other terms and conditions related to the repurchase of the company's own shares. The Repurchase Authorization shall be valid until 30 June 2013. A separate stock exchange release has been sent on February 16, 2012.

Authorizing the Board of Directors to decide on share issue as well as on the issuance of options and other special rights entitling to shares

The Annual General Meeting decided to authorize the Board of Directors to decide on issuing new shares and/or conveying the company's own shares held by the company and/or granting special rights entitling to shares pursuant to Chapter 10, Section 1 of the Finnish Companies Act in accordance with the proposal of the Board of Directors.

The Board of Directors shall decide on all other related to the authorization. The authorizations shall be valid until 30 June 2013. A separate stock exchange release has been sent on February 16, 2012.

The company issues a Corporate Governance Statement for 2011, 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.

The Corporate Governance Statement can be read at:

http://www.basware.com/Investors/corporate_governance/Pages/default.aspx

Basware Executive Team as of April 1, 2012

Esa Tihilä, CEO; Matti Copeland, Senior Vice President, Strategy; Mika Harjuaho, CFO; Henrik Hasselbalch, Senior Vice President, Professional Services; Mari Heusala, Senior Vice President, HR&Dev; Jorma Kemppainen, Senior Vice President, Products; Pekka Lindfors, Senior Vice President, Volume Sales; Steve Muddiman, Senior Vice President, Global Marketing; Riku Roos, Senior Vice President, Automation Services; Matti Rusi, Senior Vice President, Support and Jukka Virkkunen, Senior Vice President, Enterprise Sales.

SHORT-TERM RISKS AND UNCERTAINTY FACTORS

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.

During 2012, the company will be undergoing a strong transformation from a software company into a service company, which will change our operating methods, solutions, and services.

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The global economy and markets are unstable, which may result in a decrease in the demand for license sales and services. In addition, the conversion of license sales to SaaS solutions may have an increasingly negative effect on the growth in net sales, especially with the company's next-generation software family. The shift in demand from license sales towards SaaS solutions will support the long-term growth targets of the Automation Services business in the future.

Competitiveness in acquiring new customers is fundamental to the growth pursued by the company. Basware will publish a next-generation software suite during the first quarter of 2012. The next-generation software family aims to ensure Basware's product leadership in Purchase to Pay software and services as well as increase the number of new customers.

Securing the annual maintenance and service revenue generated by the existing software customers is the foundation of the company's profitable growth. Therefore, the company aims to ensure that existing customers migrate to next-generation software and services in future financial periods in a controlled way.

The long-term target in Automation Services is annual growth of more than 50 percent. SaaS and e-invoicing are scalable business models with a high business potential. Achieving the targeted growth requires continuous strong growth in the number of customers and transaction volumes. We restructured our organization during the last quarter of 2011 and adopted a globally directed function-based organization. The change of the business model allows Basware to better utilize the growth opportunities offered by the market.

Basware has complemented its organic growth through acquisitions in line with its strategy. Ensuring the success of acquisitions is fundamental to the company's profitable growth. In implementing acquisition projects, the aim is to follow due diligence and utilize the company's internal and external expertise in the planning phase, take over phase and when integrating the acquired functions into the company's operations.

Managing the increasing costs through the cost benefits offered by offshoring sites is an essential part of the continuous improvement of the company's profitability. Our Indian branch has grown at a rapid rate during 2011, and we are surveying the possibilities of new business service functions and internal support functions to operate from India. We are also investigating new geographical areas.

Goodwill is tested for impairment during the last quarter in 2011. According to testing for asset impairment, goodwill has not been impaired, and there were no indications of impairment.

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

EVENTS AFTER THE REPORTING PERIOD

Henrik Hasselbalch, 47, has been appointed Senior Vice President, Professional Services and a Member of Basware Executive Team as of April 1, 2012. He reports to CEO Esa Tihilä.

FUTURE OUTLOOK

Operating environment and market outlook

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Market estimates released in April 2012 expect the software market to grow 6.2 percent globally (forecast unchanged) and 8.0 percent in the U.S. (forecast unchanged). The entire IT services market is expected to grow by 4.7 percent globally (forecast unchanged) and by 7.3 percent in the U.S. (previous estimate 6.8%) in 2012. According to research companies, the software market is expected to grow at a rate of 7.0 percent globally, IT services by 5.6% and the IT market as a whole by 7.3 percent.

Basware strategic goal is to grow more than 50% in Automation Services. During 2012, the company will be undergoing a strong transformation from a software company into a service company, which will change our operating methods, solutions, and services.

The world economy and markets are unstable, which may result in a decrease in license sales and demand for services. In addition, the conversion of license sales to SaaS solutions may have an increasingly negative effect on the growth in net sales, especially in the first quarter when Basware Alusta P2P collaboration tool is launched. The shift in demand from license sales towards SaaS solutions will support the long-term growth targets of the Automation Services business in the future.

Outlook for 2012

The performance of the first quarter of the year gives a good starting point to reach the growth targets of Automation Services during the rest of the year. Demand for recurring services (Maintenance and Automation Services) is expected to continue strong and demand for license sales is expected to shift towards services delivered as SaaS.

Additional investments needed for transformation and growth of Automation Services will be realized according to plans along the year as defined in Basware strategy.

Basware estimates that net sales for 2012 will grow from previous year and operating profit is estimated to reach EUR 8-18 million.

Espoo, Finland, April 13, 2012

BASWARE CORPORATION
Board of Directors

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Analyst and Press Briefing

Basware arranges today, April 13, 2012 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 Esa Tihilä and CFO Mika Harjuaho will comment on the events and financial performance of the quarter. Welcome.

A conference call for analysts will take place on April 13 at 3 p.m. EEST:

Preregistration is required to listen to the conference call:

April 13, 2012

<https://emea.directeventreg.com/registration/event/70450316>

Preregistration is required to see the presentation during the conference call:

http://webeventservices.reg.meeting-stream.com/62160_basware/

Distribution:

NASDAQ OMX Helsinki Ltd

Key media

www.basware.com

April 13, 2012

SUMMARY OF FINANCIAL STATEMENTS AND NOTES JANUARY 1 – MARCH 31, 2012
Basis of preparation:

The Interim Report has been prepared in accordance with the IAS 34 Interim Reports standard. The company has adopted certain new or revised IFRS standards and IFRIC interpretations at the beginning of the financial period as described in the Financial Statements for 2011. However, the adoption of these new and amended standards has 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 2011. Key indicator calculations remain unchanged and have been presented in the 2011 Financial Statements.

Preparation of financial statements in accordance with the IFRS standards requires Basware's management to make estimates and assumptions that have an effect on the amount of assets and liabilities on the balance sheet at the closing date as well as the amounts of income and expenses for the financial period. In addition, the management must exercise its judgment regarding the application of accounting policies. Since the estimates and assumptions are based on the views at the date of the Interim Report, they include risks and uncertainties. The actual results may differ from the estimates and assumptions.

The amounts presented in the income statement and balance sheet are Group figures. The amounts presented in the release are rounded, so the sum of individual figures may differ from the sum reported. The Interim Report is unaudited.

GROUP INCOME STATEMENT

EUR thousand	1.1.– 31.3.2012	1.1.– 31.3.2011	Change, %	1.1.– 31.12.2011
NET SALES	27 435	26 058	5.3	107 750
Other operating income	58	42	36.1	172
Materials and services	-2 061	-1 948	5.7	-7 788
Employee benefits expense	-16 072	-14 738	9.1	-61 575
Depreciation and amortization	-1 366	-1 237	10.4	-5 004
Other operating expenses	-6 171	-5 219	18.2	-21 275
Operating profit	1 822	2 957	-38.4	12 280
Finance income	146	51	188.1	510
Finance expenses	-50	-77	-35.3	-458
Profit before tax	1 918	2 930	-34.5	12 332
Tax on income from operations	-442	-662	-33.2	-2 661
PROFIT FOR THE PERIOD	1 476	2 268	-34.9	9 671
Other comprehensive income:				
Exchange differences on translating foreign operations	-2	-339	-99.4	368
Income tax relating to components of other comprehensive income	-8	170	-104.7	54
Other comprehensive income, net of tax	-10	-170	-94.1	422
TOTAL COMPREHENSIVE INCOME	1 466	2 098	-30.1	10 093
Profit attributable to:				
Equity holders of the parent company	1 476	2 268	-34.9	9 671
	1 476	2 268	-34.9	9 671
Total comprehensive income attributable to:				
Equity holders of the parent company	1 466	2 098	-30.1	10 093
	1 466	2 098	-30.1	10 093
Earnings per share (undiluted), EUR	0.11	0.19	-38.3	0.76
Earnings per share (diluted), EUR	0.11	0.19	-38.2	0.76

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GROUP BALANCE SHEET

EUR thousand	31.3.2012	31.3.2011	Change, %	31.12.2011
ASSETS				
NON-CURRENT ASSETS				
Intangible assets	23 018	17 954	28.2	19 208
Goodwill	41 530	32 065	29.5	32 210
Tangible assets	1 372	1 146	19.7	1 244
Available-for-sale investments	38	38	0.0	38
Long-term trade and other receivables	1	0	0.0	0
Deferred tax assets	3 392	2 095	61.9	2 680
Non-current assets	69 350	53 298	30.1	55 379
CURRENT ASSETS				
Inventories	138	152	-9.0	143
Trade and other receivables	31 062	27 032	14.9	23 091
Income tax receivables	1 032	271	280.8	374
Financial assets at fair value through profit or loss	0	15 043	-100.0	0
Cash and cash equivalents	34 450	33 251	3.6	42 977
Current assets	66 683	75 750	-12.0	66 586
TOTAL ASSETS	136 033	129 048	5.4	121 966
EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY				
Share capital	3 528	3 516	0.3	3 528
Issue of shares	0	334	-100.0	0
Share premium account	1 187	1 187	0.0	1 187
Own shares	-932	-629	-48.3	-429
Fair value reserve and other reserves	62 503	62 419	0.1	62 516
Translation differences	-1 276	-1 857	31.3	-1 266
Retained earnings	30 946	26 688	16.0	34 340
Shareholders' equity	95 956	91 658	4.7	99 877
NON-CURRENT LIABILITIES				
Deferred tax liability	2 929	2 776	5.5	2 079
Interest-bearing liabilities	465	0	0.0	524
Non-interest-bearing liabilities	462	866	-46.7	486
Non-current liabilities	3 856	3 642	5.9	3 090
CURRENT LIABILITIES				
Interest-bearing liabilities	178	1 789	-90.0	158
Trade payables and other liabilities	34 954	31 248	11.9	16 765
Tax liability from income tax	861	711	21.2	873
Provisions	229	0	0.0	1 203
Current liabilities	36 222	33 747	7.3	19 000
TOTAL EQUITY AND LIABILITIES	136 033	129 048	5.4	121 966

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GROUP STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

EUR thousand	Shareholder capital	Share issue	Share premium account	Own shares	Inv.non-restricted equity	Other reserves	Translation differences	Retained earnings	Total
SHAREHOLDERS' EQUITY 1.1.2011	3 507	255	1 187	-629	34 263	540	-1 688	29 644	67 079
Compr. income							-170	2 268	2 098
Dividend distribution								-5 120	-5 120
Share issue					27 370				27 370
Granted warrants								102	102
Changes in reporting period	9	79			246			-205	129
SHAREHOLDERS' EQUITY 31.3.2011	3 516	334	1 187	-629	61 879	540	-1 857	26 688	91 658

EUR thousand	Shareholder capital	Share issue	Share premium account	Own shares	Inv.non-restricted equity	Other reserves	Translation differences	Retained earnings	Total
SHAREHOLDERS' EQUITY 1.1.2012	3 528	0	1 187	-429	61 976	540	-1 266	34 340	99 877
Compr. income							-10	1 476	1 466
Dividend distribution								-5 278	-5 278
Changes in reporting period				-503	-13			408	-108
SHAREHOLDERS' EQUITY 31.3.2012	3 528	0	1 187	-932	61 963	540	-1 276	30 946	95 956

GROUP CASH FLOW STATEMENT

EUR thousand	1.1.- 31.3.2012	1.1.- 31.3.2011	1.1.- 31.12.2011
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Cash flows from operating activities

Profit for the period	1 476	2 268	9 671
Adjustments for profit	1 695	1 926	7 613
Working capital changes	8 640	11 661	2 456
Interest paid	-1	-17	-285
Interest received	69	37	483
Other financial items in operating activities	20	-40	-285
Income taxes paid	-1 266	-1 212	-4 446
Net cash from operating activities	10 634	14 623	15 207

Cash flows from investing activities

Purchase of tangible and intangible assets	-1 475	-1 224	5 631
Acquired subsidiaries	-11 978	0	0
Net cash used in investing activities	-13 453	-1 224	-5 631

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Cash flows from financing activities

Share issue	0	27 704	28 063
Purchase of own shares	-516	0	0
Repayments of short-term loans	-44	0	0
Repayments of long-term borrowings	0	-1 775	-3 550
Dividends paid	-5 278	-4 708	-5 120
Net cash used in financing activities	-5 838	21 221	19 393

Net change in cash and cash equivalents according to cash flow statement

-8 657	34 619	28 969
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Cash and cash equivalents at beginning of period	42 977	13 822	13 822
Effects of exchange rate changes on cash and cash equivalents	130	-124	187
Cash and cash equivalents at end of period	34 450	48 295	42 977

GROUP QUARTERLY INCOME STATEMENT

EUR thousand	1-3/ 2012	1-3/ 2011	4-6/ 2011	7-9/ 2011	10-12/ 2011
NET SALES	27 435	26 058	27 280	24 185	30 227
Other operating income	58	42	41	43	46
Materials and services	-2 061	-1 948	-1 727	-1 933	-2 179
Employee benefit expenses	-16 072	-14 738	-16 004	-13 293	-17 539
Depreciation and amortization	-1 366	-1 237	-1 279	-1 270	-1 218
Other operating expenses	-6 171	-5 219	-5 478	-4 694	-5 883
Operating profit	1 822	2 957	2 832	3 038	3 454
%	6.6%	11.3%	10.4%	12.6%	11.4%
Finance income	146	51	125	102	232
Finance expenses	-50	-77	-53	-115	-213
Profit before tax	1 918	2 930	2 904	3 024	3 472
%	7.0%	11.2%	10.6%	12.5%	11.5%
Income tax expense	-442	-662	-742	-723	-533
PROFIT FOR THE PERIOD	1 476	2 268	2 162	2 301	2 940
%	5.4%	8.7%	7.9%	9.5%	9.7%

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COMMITMENTS AND CONTINGENT LIABILITIES

EUR thousand	31.3.2012	31.3.2011	31.12.2011
Own guarantees			
Business mortgages of own debts	1 200	1 200	1 200
Commitments on behalf of subsidiaries and group companies			
Guarantees	1 123	1 143	1 290
Other own guarantees			
Lease liabilities			
Current lease liabilities	916	908	825
Lease liabilities maturing in 1–5 years	1 061	903	899
Total	1 977	1 811	1 723
Other rental liabilities			
Current rental liabilities	4 425	3 826	4 551
Rental liabilities maturing in 1–5 years	6 301	7 917	7 016
Total	10 726	11 743	11 568
Other own contingent liabilities, total	12 704	13 553	13 291

SEGMENT REPORTING

Basware Corporation reports one operating segment: Purchase to Pay, P2P. The reportable operating segment consists of the whole group, and the segment information is consistent with the group figures.

GEOGRAPHICAL INFORMATION

As geographic information Basware reports geographical areas Finland, Scandinavia, rest of the Europe and Other. In the geographical information net sales is split by customer's location. Net sales and operating profit are also reported by the location of the assets. Finland's geographical area includes the business operations in Finland, Russia, Asia-Pacific (excluding Australia) and the head office functions. Other geographical area includes the business operations in North America and Australia.

Net sales by the location of customer:

Net sales (EUR thousand)	1–3/ 2012	1–3/ 2011	Change, %	1–12/ 2011
Finland	12 040	11 856	1.6	48 660
Scandinavia	6 216	6 083	2.2	25 381
Rest of the Europe	6 053	5 256	15.2	20 187
Other	3 125	2 863	9.2	13 522
Group total	27 435	26 058	5.3	107 750

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Geographical information by the location of assets

Net sales (EUR thousand)	1-3/ 2012	1-3/ 2011	Change, %	1-12/ 2011
Finland	14 592	13 656	6.9	57 685
Scandinavia	6 381	6 096	4.7	25 693
Rest of the Europe	6 110	5 518	10.7	20 940
Other	2 925	2 611	12.0	12 737
Sales between areas	-2 574	-1 823	41.2	-9 305
Group total	27 435	26 058	5.3	107 750

Operating profit (EUR thousand)	1-3/ 2012	1-3/ 2011	Change, %	1-12/ 2011
Finland	1 218	1 782	-31.6	6 812
Scandinavia	883	1 122	-21.3	4 533
Rest of the Europe	261	520	-49.8	1 629
Other	-288	-54	-431.6	963
Operating profit between areas	-252	-413	-39.0	-1 657
Group total	1 822	2 957	-38.4	12 280

Personnel (employed, on average)	1-3/ 2012	1-3/ 2011	Change, %	1-12/ 2011
Finland	463	431	7.3	454
Scandinavia	126	120	5.3	119
Rest of the Europe	169	136	24.2	137
India	415	208	99.4	284
Other	68	63	8.5	64
Group total	1 241	959	29.5	1 058

Net sales by business

Basware reports income for products and services as follows: License sales, Professional Services, Maintenance and Automation Services. License sales consists of Purchase to Pay product family together with payment, financial planning and reporting solutions sold only in Finland. Automation Services include e-Invoicing, scanning services, printing services, catalogue management, purchase message exchange, activation services and SaaS services.

Net sales (EUR thousand)	1-3/ 2012	1-3/ 2011	Change, %	1-12/ 2011
License Sales	4 077	4 814	-15.3	20 874
Maintenance	9 779	8 879	10.1	36 247
Professional Services	8 137	8 650	-5.9	34 179
Automation Services	5 442	3 715	46.5	16 449
Group total	27 435	26 058	5.3	107 750

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GROUP KEY INDICATORS
Financial Performance Indicators

EUR thousand	1-3/2012	1-3/2011	1-3/2010	1-12/2011
Net sales	27 435	26 058	23 132	107 750
Growth of net sales, %	5.3%	12.7%	6.5%	4.5%
EBITDA	3 188	4 169	3 373	17 284
% of net sales	11.6%	16.0%	14.6%	16.0%
Operating profit before IFRS3 amortization	2 455	3 458	2 692	14 290
% of net sales	8.9%	13.3%	11.6%	13.3%
Operating profit	1 822	2 957	2 136	12 280
Growth of operating profit, %	-38.4%	38.4%	34.2%	-8.9%
% of net sales	6.6%	11.3%	9.2%	11.4%
Profit before tax	1 918	2 930	2 142	12 332
% of net sales	7.0%	11.2%	9.3%	11.4%
Profit for the period	1 476	2 268	1 582	9 671
% of net sales	5.4%	8.7%	6.8%	9.0%
Return on equity, %	6.0%	11.4%	11.2%	11.6%
Return on investment, %	8.0%	14.7%	14.1%	14.9%
Interest bearing liabilities	643	1 789	5 388	682
Liquid assets *	34 450	48 295	16 351	42 977
Gearing, %	-35.2%	-50.7%	-19.4%	-42.3%
Equity ratio, %	70.5%	71.0%	59.1%	81.9%
Total assets	136 033	129 048	95 606	121 966
Gross investments **	13 682	1 219	845	6 331
% of net sales	49.9%	4.7%	3.7%	5.9%
Capital expenditure	312	411	263	2 014
% of net sales	1.1%	1.6%	1.1%	1.9%
Research and development costs	4 251	3 834	3 748	16 489
% of net sales	15.5%	14.7%	16.2%	15.3%
R&D personnel at end of the period	325	270	192	311
Personnel, average for the period	1 241	959	797	1 058
Personnel, at end of the period	1 245	981	808	1 182
Growth of personnel, %	26.9%	21.4%	10.7%	29.5%

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

**) Includes capitalized R&D costs and acquisitions

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Group share indicators

	1-3/2012	1-3/2011	1-3/2010	1-12/2011
Earnings per share (basic), EUR	0.11	0.19	0.14	0.76
Earnings per share (diluted), EUR	0.11	0.19	0.14	0.76
Equity per share, EUR	7.42	7.11	4.92	7.72
Parent company's shareholders' equity per share, EUR	7.47	7.16	4.96	7.76
Price per earnings (P/E)	167.94	141.94	121.37	21.57
Share price performance, share issue adjusted				
lowest price	16.70	23.02	15.00	14.95
highest price	19.95	27.00	18.58	28.10
average price	19.04	25.26	16.99	21.58
closing price	19.26	26.40	16.86	16.45
Market capitalization at end of period	247 418 756	337 933 966	192 024 003	211 737 063
Share issue adjusted number of traded shares	444 503	2 625 376	400 317	5 079 523
% of average number of shares	3.5%	21.5%	3.5%	40.1%
Average number of shares				
- during the period	12 868 721	12 192 657	11 383 312	12 679 281
- at end of the period	12 931 229	12 890 829	11 479 624	12 931 229
- at end of the period, diluted	12 868 721	12 222 700	11 501 810	12 686 792

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Major Shareholders, March 31, 2012

		Shares	Votes
		Pcs	%
1.	Ilmarinen Mutual Pension Insurance Company	1 593 548	12.3
2.	Sihvo, Ilkka	881 675	6.8
3.	Eräkangas, Kirsi	827 300	6.4
	<i>Eräkangas, Kirsi</i>	576 900	4.5
	<i>Eräkangas, Lotta</i>	250 400	1.9
4.	Vaajoensuu, Hannu	673 800	5.2
	<i>Havacment Oy</i>	266 500	2.1
	<i>Vaajoensuu, Hannu</i>	323 500	2.5
	<i>Vaajoensuu, Matias</i>	83 800	0.6
5.	Perttunen, Sakari	665 900	5.1
6.	Varma Mutual Pension Insurance Company	530 000	4.1
7.	Nordea Nordic Small Cap Fund	387 585	3.0
8.	Veritas Pension Insurance Company	372 641	2.9
9.	Fondita Nordic Micro Cap Fund	360 000	2.8
10.	Op-Suomi Pienyhtiöt	335 000	2.6
11.	Pöllänen, Antti	299 023	2.3
	<i>Pöllänen, Antti</i>	299 023	2.3
12.	Investment Fund Aktia Capital	273 313	2.1
13.	The State Pension Fund	256 000	2.0
14.	Op-Delta Fund	202 500	1.6
15.	Kaleva Mutual Insurance Company	181 781	1.4
16.	Fim Fenno Fund	181 243	1.4
17.	Perttunen, Meimi	175 400	1.4
18.	Ahonen, Asko	168 736	1.3
19.	Fim Forte Fund	150 000	1.2
20.	Carnegie Share Fund	107 489	0.8
	20 largest shareholders	8 622 934	66.7
	Nominee registered shares	1 573 577	12.2
	Other	2 734 718	21.1
	Total	12 931 229	100.0