

October 13, 2009

BASWARE INTERIM REPORT JANUARY 1 – SEPTEMBER 30, 2009 (IFRS)

SUMMARY

January–September

- Net sales EUR 66 054 thousand (EUR 59 804 thousand) – growth 10.5 percent
- Operating profit EUR 7 767 thousand (EUR 4 557 thousand) – growth 70.4 percent
- Operating profit 11.8 percent of net sales (7.6%)
- International operations accounted for 54.3 percent of net sales (51.9%) – growth 15.5 percent
- Cash flows from operating activities were EUR 8 540 thousand (EUR 6 205 thousand).
- Earnings per share EUR 0.45 (EUR 0.28)

July–September Q3

- Net sales EUR 21 609 thousand (EUR 19 259 thousand) – growth 12.2 percent
- Operating profit EUR 4 028 thousand (EUR 2 381 thousand) – growth 69.2 percent
- Operating profit 18.6 percent of net sales (12.4%)
- International operations accounted for 58.0 percent of net sales (55.1%) – growth 18.0 percent
- Earnings per share EUR 0.27 (EUR 0.17)

Basware expects its net sales for 2009 to develop positively on the level of 2008. Operating profit (EBIT) for 2009 is expected to be from 10 to 15 percent of net sales.

The figures are unaudited.

GROUP KEY FIGURES

EUR thousand	7-9/ 2009	7-9/ 2008	Change, %	1-9/ 2009	1-9/ 2008	Change, %	1-12/ 2008
Net sales	21 609	19 259	12.2%	66 054	59 804	10.5%	86 098
EBITDA	5 134	3 070	67.2%	10 943	6 611	65.5%	11 722
Operating profit before IFRS-3 amortization	4 596	2 577	78.4%	9 188	5 146	78.5%	9 730
Operating profit	4 028	2 381	69.2%	7 767	4 557	70.4%	8 679
% of net sales	18.6%	12.4%		11.8%	7.6%		10.1%
Profit before tax	3 946	2 370	66.5%	7 553	4 548	66.1%	8 410
Profit for the period	3 005	1 941	54.8%	5 066	3 290	54.0%	6 585
Return on equity, %	23.7%	16.3%		13.3%	9.2 %		13.7%
Return on investment, %	24.5%	17.6%		16.4%	11.0%		16.6%
Liquid assets*	7 567	8 680	-12.8%	7 567	8 680	-12.8%	8 777
Gearing, %	3.2%	8.3%		3.2%	8.3%		9.3%
Equity ratio, %	61.9%	60.0%		61.9%	60.0%		59.5%
Earnings per share, EUR	0.27	0.17	60.9%	0.45	0.28	58.8%	0.56
Earnings per share (diluted), EUR	0.27	0.17	60.9%	0.45	0.28	58.8%	0.56
Equity per share, EUR	4.58	4.19	9.3%	4.58	4.19	9.3%	4.23

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

Basware's business operations consist of product sales, maintenance and support, consulting and services, Software as a Service (SaaS) sales and other operations. The core of Basware's product sales consists of the

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Basware Enterprise Purchase to Pay product suite and the Basware Financial Management (FIMA) suite. The Group's reported market areas are Finland, Scandinavia, Europe and other areas.

Basware's CEO **Ilkka Sihvo** comments in conjunction with the Interim Report:

"Our operating result for the third quarter is the best ever Q3 result in the company's history. The cumulative operating result is also at a record high. The 10.5 percent increase in net sales we attained is an excellent achievement amid a recession. In particular, we succeeded in growing the Automation Services business, and we have secured customer accounts with major international corporations. We also made one of our biggest license sales ever during the third quarter. The deal boosts our business in Australia significantly, supporting the business acquisition we made earlier this year.

At this point, our situation seems good with regard to reaching our target for the entire year, but the last quarter of the year is nevertheless rather challenging in the current economic situation," says Ilkka Sihvo, Basware's CEO.

REPORTING

Basware acquired the entire share capital of its reseller TAG Services Pty Ltd on July 1, 2009 in Australia.

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

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

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

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

NET SALES

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

Net sales (EUR thousand)	7-9/ 2009	7-9/ 2008	Change, %	1-9/ 2009	1-9/ 2008	Change, %	1-12/ 2008
Finland	11 478	10 604	8.2	35 215	34 188	3.0	49 517
Scandinavia	4 505	3 352	34.4	16 100	12 179	32.2	18 805
Europe	4 104	5 428	-24.4	13 087	14 189	-7.8	19 454
Other	3 980	1 567	154.0	6 303	3 692	70.7	5 004
Sales between segments	-2 459	-1 692	45.3	-4 652	-4 444	4.7	-6 682
Group total	21 609	19 259	12.2	66 054	59 804	10.5	86 098

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

Net sales (EUR thousand)	7-9/ 2009	7-9/ 2008	Change, %	1-9/ 2009	1-9/ 2008	Change, %	1-12/ 2008
Finland	9 084	8 645	5.1	30 181	28 745	5.0	41 514
Scandinavia	4 893	3 262	50.0	15 716	11 898	32.1	18 309
Europe	3 921	5 299	-26.0	12 994	14 048	-7.5	19 191
Other	3 711	2 052	80.8	7 163	5 113	40.1	7 083
Group total	21 609	19 259	12.2	66 054	59 804	10.5	86 098

Basware Group's net sales grew by 10.5 percent in July–September and were EUR 66 054 thousand (EUR 59 804 thousand).

The company's license sales decreased by 10.0 percent during the reporting period to 24.2 percent (29.6%) of net sales. Maintenance revenue increased by 20.8 percent in the reporting period and accounted for 33.1 percent (30.2%) of net sales. Professional Services revenue increased by 12.2 percent and accounted for 34.4 percent (34.0%) of net sales.

During the period, Automation Services (SaaS, e-invoicing, Scan and Capture) grew 48.6 percent and accounted for 8.3 percent (6.2%) of net sales. The backlog of the Automation Services business not recognized as income was EUR 12 972 thousand (EUR 11 130 thousand) at the end of the period. A total of 1 277 customers had been connected to the service at the end of the reporting period.

In July-September, 26.9 percent (29.9%) of net sales consisted of own product sales with license sales increasing by 0.7 percent. Automation Services sales accounted for 8.7 percent (7.6%) of net sales in the third quarter, up 28.3 percent. Maintenance revenue accounted for 34.3 percent (32.6%) of net sales during the third quarter and grew by 18.0 percent. Consulting revenue represented 30.1 percent (29.9%) of net sales and grew by 13.2 percent.

Value added resellers provided a net share of 9.2 percent (16.8%) or EUR 1 474 thousand of License Sales net sales during the reporting period, accounting for 4.1 percent (9.1%) of the net sales from international operations. In July September, resellers accounted for a net share of 5.7 percent (15.9%) of License Sales. Decrease is partly caused by the acquisition of TAG Services Pty Ltd and the change of its reseller position to a subsidiary.

The international share of Basware's net sales was 54.3 percent (51.9%) in the reporting period. International operations grew by 15.5 percent. International operations accounted for 58.0 percent (55.1%) of Basware's net sales for the third quarter, increasing by 18.0 percent.

FINANCIAL PERFORMANCE

Basware's operating profit increased by 70.4 percent in the period and totaled EUR 7 767 thousand (EUR 4 557 thousand). Operating profit represented 11.8 percent (7.6%) of net sales. Operating profit grew by 69.2% in the third quarter and totaled EUR 4 028 thousand (EUR 2 381 thousand). In the third quarter, operating profit represented 18.6 percent of net sales.

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

Operating profit (EUR thousand)	7-9/ 2009	7-9/ 2008	Change, %	1-9/ 2009	1-9/ 2008	Change, %	1-12/ 2008
Finland	2 546	1 679	51.6	4 690	3 513	33.5	7 898
Scandinavia	212	229	-7.2	2 128	1 038	104.9	1 017
Europe	465	375	24.0	664	-26	2 653.8	-74
Other	1 223	144	748.4	1 258	171	634.0	289
Operating profit between segments	-417	-47	787.2	-972	-140	594.3	-452
Group total	4 028	2 381	69.2	7 767	4 557	70.4	8 679

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The Company's fixed costs were EUR 50 683 thousand (EUR 49 988 thousand) in the period and have grown by 1.4 percent compared with the same period last year. Personnel costs made up 73.9 percent (70.6%) or EUR 37 453 thousand (EUR 35 306 thousand) of the fixed costs. In the third quarter, fixed costs totaled EUR 15 127 thousand (EUR 15 449 thousand).

Research and development costs totaled EUR 10 934 thousand (EUR 11 134 thousand), of which EUR 1 094 thousand (EUR 1 892 thousand) or 10.0 percent (17.0%) were capitalized during the period. Amortization of capitalized research and development costs totaled EUR 1 195 thousand (EUR 871 thousand).

The Company's finance income and finance expenses were EUR -214 thousand (EUR -9 thousand). The Company's profit before tax was EUR 7 553 thousand (EUR 4 548 thousand) and profit for the period was EUR 5 066 thousand (EUR 3 290 thousand). Undiluted earnings per share were EUR 0.45 (EUR 0.28).

FINANCE AND INVESTMENTS

Basware Group's total assets on the balance sheet at the end of the financial period were EUR 84 942 thousand (EUR 80 537 thousand). The Company's cash and liquid assets were EUR 7 567 thousand (EUR 8 680 thousand), of which cash and cash equivalents were EUR 7 535 thousand (EUR 8 648 thousand) and financial assets at fair value through profit or loss were EUR 32 thousand (EUR 32 thousand).

Equity ratio was 61.9 percent (60.0%) and gearing was 3.2 percent (8.3%). The Company had a total of EUR 9 235 thousand (EUR 12 697 thousand) interest-bearing liabilities, of which current liabilities accounted for EUR 5 563 thousand (EUR 5 561 thousand). Return on investment was 16.4 percent (11.0%) and return on equity 13.3 percent (9.2%).

Cash flows from operating activities were EUR 8 540 thousand (EUR 6 205 thousand). Cash flows from investments were EUR -3 550 thousand (EUR -11 039 thousand).

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

The company's gross capital expenditure, comprising of ordinary additional and replacement investments required by growth, totaled EUR 334 thousand (EUR 684 thousand) during the period. Gross investments, including capitalized R&D expenses and business acquisitions in addition to the above, totaled EUR 7 084 thousand (EUR 11 262 thousand).

Amortizations of intangible assets were EUR 2 772 thousand (EUR 1 621 thousand). There are no indications of impairments of assets.

RESEARCH, DEVELOPMENT AND NEW PRODUCTS

Basware's research and development costs were EUR 10 934 thousand (EUR 11 134 thousand) in the period and made up 16.6 percent (18.6%) of net sales. Research and development costs decreased by 1.8 percent (growth of 28.9%) compared with the same period last year. Of the research and development costs, EUR 1 094 thousand (EUR 1 892 thousand) or 10.0 percent (17.0%) has been capitalized. Amortization of capitalized research and development costs totaled EUR 1 195 thousand (EUR 871 thousand).

Altogether 184 (162) people worked in Products at the end of September 2009. The Products unit is expanding in India where there are currently 49 employees.

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

PERSONNEL

Basware employed 743 (675) people on average in the third quarter and 755 (686) people at the end of the period. The number of personnel grew by 69 persons and by 10.1 percent compared with the same period last year.

Basware Corporation acquired the entire share capital of TAG Services in Australia. TAG Services employed 13 people who joined Basware.

The share of personnel working in foreign units has increased compared with the same period last year. At the end of the period, 47.0 percent (42.6%) of Basware personnel worked outside of Finland and 53.0 percent (57.4%) in Finland.

17.6 percent of the personnel work in sales and marketing, 48.9 in consulting and services, 24.4 percent in Products, and 9.1 percent in administration.

The average age of the employees is 36.5 (35.9) years. 35.0 percent of them hold a Master's degree and 43.0 percent a Bachelor's degree. 28.7 percent of the personnel are women and 71.3 percent men.

Geographical distribution of personnel (primary segment):

Personnel (employed, on average)	7-9/ 2009	7-9/ 2008	Change, %	1-9/ 2009	1-9/ 2008	Change, %	1-12/ 2008
Finland	458	422	8.6	452	420	7.7	421
Scandinavia	135	103	31.1	137	101	35.2	112
Europe	116	130	-10.5	119	129	-7.7	129
Other	46	28	65.1	36	26	39.0	26
Group total	755	682	10.6	743	675	10.1	689

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 third quarter increased by 8.2 percent to EUR 11 478 thousand (EUR 10 604 thousand).

Net sales of the Finnish and Russian business operations increased by 10.1 percent during the third quarter to EUR 9 144 thousand (EUR 8 306 thousand). All the Basware Enterprise Purchase to Pay and Financial Management products are sold in the region.

New deal were made with Aktia, Metso, Helsingin seurakuntayhtymä, Schenker and Ilmarinen.

There are currently 14 resellers in all in the area and the number of personnel averaged 458 (422) during the third quarter.

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Scandinavia

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

Net sales of the Scandinavian business operations increased by 34.4 percent to EUR 4 505 thousand (EUR 3 352 thousand). The profitability of the operations declined by 7.2 percent and operating profit was EUR 212 thousand (EUR 229 thousand).

Business operations are mainly handled by the own organization and there were 135 (103) employees on average in the area.

Europe

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

Net sales in the Europe segment decreased by 24.4 percent in the third quarter and totaled EUR 4 101 thousand (EUR 5 428 thousand). The profitability of the operations improved by 24.0 percent and operating profit was EUR 465 thousand (EUR 375 thousand).

At the end of 2008, Basware UK initiated a rationalization program and reorganization of operations, facilitating profitable growth. The program has resulted in significant cost-savings and the utilization rate of consulting has increased, which improves the unit's profitability.

New customers included Her Majesty's Prison Service, Provimi Petfood, Frencken Group, Eurofoam Deutschland and Ringier AG.

There are 35 resellers in Europe, and Basware personnel averaged 116 (130) during the third quarter.

Other

Business operations in North America and Australia are reported in this segment. Net sales of the area increased by 154.0 percent in the third quarter to EUR 3 980 thousand (EUR 1 567 thousand). The profitability of the operations grew by 748.4 percent and operating profit was EUR 1 223 thousand (EUR 144 thousand). The business operations in Australia are reported in the Other segment as of July 1, 2009.

Basware will deliver the Basware Enterprise Purchase to Pay solution and Scan and Capture services to HCR ManorCare, Inc. in North America. The value of the agreement is over EUR one million including product sales, consulting and Scan and Capture services. The sales and consulting revenue will be recognized mainly during the last quarter of 2009 and Connectivity services over the next three years. Basware made one of its largest license deals ever with the State of South Australia.

At the end of the period, there were 9 resellers in the segment. On average, there were 46 (28) employees in the area.

OTHER EVENTS OF THE FINANCIAL PERIOD

Basware Corporation acquired the entire share capital of TAG Services Pty Ltd in Australia. The acquisition price was based on the Company's net sales for its fiscal year from July 1, 2008 to June 30, 2009 and the Company's net asset value on June 30, 2009. The acquisition price was 2.1 million Australian dollars (approximately EUR 1.2 million, using exchange rate of EUR/AUD 1.7359 on June 30, 2009). The Company's net asset value at June 30 was 0.42 million Australian dollars (approximately EUR 0.24 million). The acquisition price was paid in cash in two parts in July and August 2009. In addition the deal includes an additional acquisition price element that is based on

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the Company's net sales of the period from July 1, 2009 to June 30, 2010 and will be paid in August 2010 at the latest.

On August 21, 2009 Basware increased its shareholding in Basware FIMA Oy to 100 percent by acquiring 4.04% of the company's shares and control from the company's management.

Basware announced a notice of change in ownership when the total number of shares held by Antti Pöllänen personally was below 5% of Basware Corporation's share capital and voting rights on September 10, 2009. Shares held by Antti Pöllänen together with persons under guardianship still exceed 5% of Basware Corporation's share capital and voting rights.

SHARE AND SHAREHOLDERS

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

Share price and trade

In the third quarter, the highest price of the share was EUR 11.49 (EUR 10.45), lowest price was EUR 6.60 (EUR 6.14) and closing price was EUR 10.72 (EUR 7.00). The average price of the share was EUR 9.29 (EUR 7.70).

A total of 1 297 031 (1 808 869) shares were traded during the financial period which is the equivalent of 11.4 percent (15.8%) of the average number of shares. Market capitalization with the period's closing price on September 30, 2009 was EUR 121 970 273 (EUR 80 276 868).

Shareholders

Basware had 16 668 (17 301) shareholders on September 30, 2009 including nominee-registered holdings (7). Nominee-registered holdings accounted for 9,0 percent of the total number of shares.

Basware Corporation's share repurchases program that was resolved by the Board of Directors on October 14, 2008 ended on March 31, 2009. The program was based on the authorization granted by the Annual General Meeting on February 14, 2008. The purchases started on October 23, 2008 and ended according to the terms of the share repurchase program on March 31, 2009.

On March 31, 2009, 90 300 of shares had been acquired and the company now holds a total of 90 300 shares representing approximately 0.79% of all Basware shares. The average price of the shares acquired during the repurchases program was 6.9475 euro.

GOVERNANCE

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

The Board was authorized to resolve on share issue and share repurchase.

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

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THE COMPANY'S NEAR FUTURE RISKS AND BUSINESS UNCERTAINTIES

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

The global crisis of the finance market, general economic uncertainty and depression decrease companies' willingness to invest, which might have an unfavorable impact on the development of the company's net sales and profitability. In previous economic downturns, the demand for the company's products and services has remained more positive than the general economic market as a whole as the company's software solutions generate cost savings.

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

Goodwill has been tested during the last quarter of 2008. In accordance with the testing for impairment of assets, no impairment of assets has occurred. At the end of 2008, Basware UK implemented a rationalization program and reorganization of operations. The program has resulted in significant cost-savings and the utilization rate of consulting has increased, which improves the unit's profitability. If the unit's profitability does not improve as planned in the medium term despite the streamlining program, it is likely that the goodwill allocated to the unit will need to be impaired.

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

EVENTS AFTER THE FINANCIAL PERIOD

Basware will deliver Connectivity Services and Invoice Processing to a leading manufacturer of building materials. The value of the deal exceeds EUR 400 000.

FUTURE OUTLOOK

According to market estimates updated in the early fall of 2009, the software market is expected to decrease by 9.4 percent in the United States and by 5.4 percent in Western and Central Europe in 2009. In 2010, the software market is expected to increase by 9.3 percent in the United States and by 5.5 percent in Western and Central Europe.

The entire IT market is expected to shrink 9.3 percent in the United States and 6.3 percent in Western and Central Europe. In 2010, the entire IT market is expected to grow 7.7 percent in the United States and by 4.0 percent in Western and Central Europe.

Western Europe and the United States combined account for approximately three quarters of the enterprise software market. In these markets, electronic invoice processing and procurement solutions are still in early maturity. 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.

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Basware's direct competitors are primarily 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 still offers 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.

Automation Services increase the predictability and transparency of a company's net sales and profitability. In 2008, revenue from continuous services (including maintenance) accounted for a third of the company's total revenue. Basware predicts that Automation Services revenue will increase significantly in the strategy period.

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

Basware has complemented its organic growth with acquisitions. The company will continue to review possible acquisition targets during 2009. The aim of the acquisitions is to expand the company's distribution channel and product portfolio in international markets.

The Group increased its number of personnel mainly in India during the first two quarters. Research and development costs are not expected to substantially increase from the level of 2008. Additional investments required by growth will be made moderately during the second half of the year if net sales and profitability are at the expected level.

The cost savings resulting from the synergy benefits of the Contempus integration will materialize starting from the beginning of 2009 and they will be approximately EUR 3 million by the end of 2009. Approximately EUR 1 million will be amortized of the Contempus acquisition cost allocated to customer relationships and products in accordance with a straight-line depreciation plan of 4.25 years.

Basware expects its net sales for 2009 to develop positively on the level of 2008. Operating profit (EBIT) for 2009 is expected to be from 10 to 15 percent of net sales.

In Espoo, Finland, October 13, 2009

BASWARE CORPORATION

Board of Directors

For more information, please contact

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Analyst and Press Briefing

Basware arranges today, October 13, 2009 a briefing on the Interim Report for the press and analysts at 11:00 in Hotel Kämp, Pohjoisesplanadi 29, Helsinki, Finland. During this briefing CEO Ilkka Sihvo will comment the operations and financial performance of the quarter. Welcome.

Distribution

Helsinki Stock Exchange, Key media, www.basware.com

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

GROUP INCOME STATEMENT

EUR thousand	1.7.- 30.9. 2009	1.7.- 30.9. 2008	Change, %	1.1.- 30.9. 2009	1.1.- 30.9. 2008	Change, %	1.1.- 31.12. 2008
NET SALES	21 609	19 259	12.2	66 054	59 804	10.5	86 098
Other operating income	47	58	-18.3	129	189	-31.8	250
Materials and services	-1 395	-797	75.0	-4 557	-3 394	34.3	-4 726
Employee benefit expenses	-11 113	-10 933	1.6	-37 453	-35 306	6.1	-50 399
Depreciation and amortization	-1 106	-690	60.3	-3 176	-2 053	54.7	-3 043
Other operating expenses	-4 014	-4 516	-11.1	-13 230	-14 682	-9.9	-19 500
Operating profit	4 028	2 381	69.2	7 767	4 557	70.4	8 679
Finance income	32	39	-17.7	187	96	93.9	734
Finance expenses	-115	-50	130.6	-401	-106	280.0	-1 003
Profit before tax	3 946	2 370	66.5	7 553	4 548	66.1	8 410
Income tax expense	-941	-430	119.0	-2 486	-1 258	97.6	-1 825
PROFIT FOR THE PERIOD	3 005	1 941	54.8	5 066	3 290	54.0	6 585
Other comprehensive income							
Exchange differences on translating foreign operations	620	-409	251.6	2 017	619	425.8	-4 383
Income tax relating to components of other comprehensive income	89	0		45	0		0
Other comprehensive income, net of tax	709	0	273.3	2 062	619	433.1	-4 383
TOTAL COMPREHENSIVE INCOME	3 714	1 532	142.5	7 128	2 671	166.9	2 201

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Profit attributable

to:

Owners of the

parent

Minority interest

3 055	1 913	59.7	5 066	3 215	57.6	6 467
-50	27	-286.5	0	75	-100.0	118
3 005	1 941	54.8	5 066	3 290	54.0	6 585

Total
comprehensive
income attributable

to:

Owners of the

parent

Minority interest

3 763	1 504	150.1	7 128	2 596	174.6	2 084
-50	27	-286.5	0	75	-100.0	118
3 714	1 532	142.5	7 128	2 671	166.9	2 201

Earnings per share

(undiluted), EUR

Earnings per share

(diluted), EUR

0.27	0,17	60.9	0.45	0.28	58.8	0.36
0.27	0,17	60.9	0.45	0.28	58.8	0.36

GROUP BALANCE SHEET

EUR thousand	30.9.2009	30.9.2008	Change, %	31.12.2008
ASSETS				
NON-CURRENT ASSETS				
Intangible assets	19 636	20 953	-6.3	17 022
Goodwill	31 283	25 821	21.2	29 212
Tangible assets	879	1 148	-23.5	991
Available-for-sale investments	38	38	0.0	38
Long-term trade and other receivables	132	12	983.2	536
Deferred tax assets	1 962	2 199	-10.8	2 208
Non-current assets	53 928	50 171	7.5	50 006
CURRENT ASSETS				
Inventories	40	57	-30.2	48
Trade and other receivables	20 275	19 579	3.6	20 737
Income tax receivables	3 132	2 051	52.7	2 341
Financial assets at fair value through profit or loss	32	32	1.6	31
Cash and cash equivalents	7 535	8 648	-12.9	8 745
Current assets	31 014	30 367	2.1	31 902
TOTAL ASSETS	84 942	80 537	5.5	81 909

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EQUITY AND LIABILITIES

SHAREHOLDERS' EQUITY

Share capital	3 440	3 440	0.0	3 440
Share premium account	69	69	0.0	69
Own shares	-629			-271
Fair value reserve and other reserves	33 598	33 598	0.0	33 598
Translation differences	-3 542	-237	539.3	-3 991
Retained earnings	19 622	11 235	33.9	15 648
Minority interest		223	-100.0	224
Shareholders' equity	52 559	48 328	8.8	48 717

NON-CURRENT LIABILITIES

Deferred tax liability	3 852	1 648	133.8	2 307
Interest-bearing liabilities	3 672	7 118	-48.4	7 729
Non-interest-bearing liabilities	242			
Non-current liabilities	7 766	8 766	-11.4	10 036

CURRENT LIABILITIES

Interest-bearing liabilities	5 563	5 561	0.0	5 555
Trade payables and other liabilities	18 384	17 138	7.3	16 683
Tax liability from income tax	670	744	-10.0	918
Current liabilities	24 617	23 444	5.0	23 156

TOTAL EQUITY AND LIABILITIES	84 942	80 537	5.5	81 909
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GROUP STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share- holders capital	Share premium account	Own shares	Inv. non- restr. equity res.	Other res.	Transl diff.	Retained earnings	Minority interest	Total
EUR thousand									
SHAREHOLDERS' EQUITY 1.1.08	3 440	33 127	0	0	540	392	9 765	148	47 413
Comprehensive income						-629	3 225	75	2 671
Dividend distribution							-1 720		-1 720
Granted warrants							106		106
Changes in reporting period		-33 058		33 058			-141		-141
SHAREHOLDERS' EQUITY 30.9.08	3 440	69	0	33 058	540	-237	11 235	223	48 328

EUR thousand

SHAREHOLDERS'	3 440	69	-271	33 058	540	-3 991	15 648	224	48 717
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EQUITY 1.1.09

Comprehensive income						450	6 678		7 128
Dividend distribution							-2 623		-2 623
Granted warrants							447		447
Repurchase of own shares			-358						-358
Changes in reporting period							-528	-224	-752
SHAREHOLDERS' EQUITY 30.9.09	3 440	69	-629	33 058	540	-3 542	19 622	0	52 559

GROUP CASH FLOW STATEMENT

EUR thousand	1.1.– 30.9.2009	1.1.– 30.9.2008	1.1.– 31.12.2008
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Net cash from operating activities

Profit for the period	5 066	3 290	6 585
Adjustments for profit	5 877	3 294	5 243
Working capital changes	859	2 200	125
Interest paid	-183	-83	-291
Interest received	57	83	154
Other financial items in operating activities	-58	-8	-38
Income taxes paid	-3 079	-2 572	-3 447
Net cash from operating activities	8 540	6 205	8 331

Cash flows from investing activities

Purchase of tangible and intangible assets	-1 447	-2 515	-3 631
Proceeds from sale of tangible and intangible assets	0	36	47
Acquired subsidiaries	-2 104	-8 567	-8 728
Repayment of loan receivables	0	7	9
Net cash used in investing activities	-3 550	-11 039	-12 303

Cash flows from financing activities

Proceeds from short-term loans	0	5 550	2 000
Repayments of short-term loans	0	-4 000	-4 000
Proceeds from long-term borrowings	0	7 100	10 650
Repayments of long-term borrowings	-3 558	-300	-300
Share repurchase	-358		-271
Repayments of financial lease liabilities	0	-5	-1
Dividends paid	-2 623	-1 711	-1 720
Net cash used in financing activities	-6 539	6 634	6 358

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Net change in cash and cash equivalents according to cash flow statement	-1 549	1 800	2 386
Cash and cash equivalents at beginning of period	8 777	7 041	7 041
Effects of exchange rate changes on cash and cash equivalents	339	-161	-650
Cash and cash equivalents at end of period	7 567	8 680	8 777

GROUP QUARTERLY INCOME STATEMENT

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

Changes of ownership

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

Basware Einvoices Oy merged with Basware Corporation in accordance with the previously registered merger plan on June 30, 2009. Basware Einvoices Oy's business operations will continue in Basware Corporation as a part of Basware's Automation Services business. The merger did not result in any changes to Basware Corporation's organization structure

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Basware AS acquired the Norwegian invoice automation solution business of Itella Information AS. The purchase price was NOK 6.38 million (approximately EUR 0.72 million) and it was paid in cash on the day the acquisition was completed, April 1, 2009. In addition, Basware may pay an additional purchase price of a maximum of NOK 7.0 million (EUR 0.77 million) in February 2010, determined on the basis of the volume of the purchased operations' service volume in 2009. EUR 1 039 thousand associated with customer relationships has been allocated to intangible assets, taking deferred tax liabilities into consideration. The purchase price includes EUR 436 thousand of goodwill. The allocation of the acquisition cost is preliminary. The acquired business operations do not have a significant impact on the company's net sales and profit for the reporting period, which is the reason for not presenting separate pro forma figures.

Basware Corporation acquired the entire share capital of TAG Services Pty Ltd in Australia. The acquisition price was 2.1 million Australian dollars (approximately EUR 1.2 million) and was paid in cash in two parts in July and August 2009. In addition the deal includes an additional acquisition price element that is based on the Company's net sales of the period from July 1, 2009 to June 30, 2010 and will be paid in August 2010 at the latest. 4.2 million Australian dollars (approximately EUR 2.4 million) associated with customer relationships has been allocated to intangible assets, taking deferred tax liabilities into consideration. The purchase price does not include goodwill. The allocation of the acquisition purchase price is preliminary.

Pro forma net sales for the financial period would have been EUR 66 636 thousand had TAG Services Pty Ltd net sales been consolidated for the entire period.

Pro forma operating profit for the financial period would have been EUR 7 747 thousand had TAG Services Pty Ltd operating profit been consolidated for the entire period.

COMMITMENTS AND CONTINGENT LIABILITIES

EUR thousand	30.9.2009	30.9.2008	31.12.2008
GUARANTEES ON BEHALF OF SUBSIDIARIES			
	1 122	1 101	1 096
Guarantees total	1 122	1 101	1 096
OWN GUARANTEES			
Lease liabilities			
Current lease liabilities	880	781	868
Lease liabilities maturing in 1–5 years	800	969	838
Total	1 680	1 750	1 706
Other rental liabilities			
Current rental liabilities	2 419	2 033	2 385
Rental liabilities maturing in 1–5 years	3 309	4 056	4 620
Rental liabilities maturing later	1 140		1 196
Total	6 869	6 183	8 201
Other own contingent liabilities, total	8 549	7 934	9 907

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SEGMENT REPORTING

Net sales by market area

Net sales (EUR thousand)	7-9/ 2009	7-9/ 2008	Change, %	1-9/ 2009	1-9/ 2008	Change, %	1-12/ 2008
Finland	11 478	10 604	8.2	35 215	34 188	3.0	49 517
Scandinavia	4 505	3 352	34.4	16 100	12 179	32.2	18 805
Europe	4 104	5 428	-24.4	13 087	14 189	-7.8	19 454
Other	3 980	1 567	154.0	6 303	3 692	70.7	5 004
Sales between segments	-2 459	-1 692	45.3	-4 652	-4 444	4.7	-6 682
Group total	21 609	19 259	12.2	66 054	59 804	10.5	86 098

Operating profit (EUR thousand)	7-9/ 2009	7-9/ 2008	Change, %	1-9/ 2009	1-9/ 2008	Change, %	1-12/ 2008
Finland	2 546	1 679	51.6	4 690	3 513	33.5	7 898
Scandinavia	212	229	-7.2	2 128	1 038	104.9	1 017
Europe	465	375	24.0	664	-26	2 653.8	-74
Other	1 223	144	748.4	1 258	171	634.0	289
Operating profit between segments	-417	-47	787.2	-972	-140	594.3	-452
Group total	4 028	2 381	69.2	7 767	4 557	70.4	8 679

Personnel (employed, on average)	7-9/ 2009	7-9/ 2008	Change, %	1-9/ 2009	1-9/ 2008	Change, %	1-12/ 2008
Finland	458	422	8.6	452	420	7.7	421
Scandinavia	135	103	31.1	137	101	35.2	112
Europe	116	130	-10.5	119	129	-7.7	129
Other	46	28	65.1	36	26	39.0	26
Group total	755	682	10.6	743	675	10.1	689

Net sales by business

Net sales (EUR thousand)	7-9/ 2009	7-9/ 2008	Change, %	1-9/ 2009	1-9/ 2008	Change, %	1-12/ 2008
License Sales	5 803	5 763	0.7	15 955	17 725	-10.0	25 859
Maintenance	7 405	6 278	18.0	21 843	18 086	20.8	25 068
Professional Services	6 517	5 757	13.2	22 786	20 313	12.2	30 538
Automation Services	1 884	1 469	28.3	5 469	3 680	48.6	4 633
Group total	21 609	19 267	12.2	66 054	59 804	10.5	86 098

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Net sales by the location of customer:

Net sales (EUR thousand)	7-9/ 2009	7-9/ 2008	Change, %	1-9/ 2008	1-9/ 2008	Change, %	1-12/ 2008
Finland	9 084	8 645	5.1	30 181	28 745	5.0	41 514
Scandinavia	4 893	3 262	50.0	15 716	11 898	32.1	18 309
Europe	3 921	5 299	-26.0	12 994	14 048	-7.5	19 191
Other	3 711	2 052	80.8	7 163	5 113	40.1	7 083
Group total	21 609	19 259	12.2	66 054	59 804	10.5	86 098

GROUP KEY INDICATORS

EUR thousand	1-9/ 2009	1-9/ 2008	1-9/ 2007	1-12/ 2008
Net sales	66 054	59 804	50 082	86 098
Growth of net sales, %	10.5%	19.4%	15.3%	17.5%
EBITDA	10 943	6 611	7 414	11 722
% of net sales	16.6%	11.1%	14.8%	13.6%
Operating profit before IFRS3 amortization	9 188	5 146	6 104	9 730
% of net sales	13.9%	8.6%	12.2%	11.3%
Operating profit	7 767	4 557	5 588	8 679
Growth of operating profit, %	70.4%	-18.4%	-10.9%	15.5%
% of net sales	11.8%	7.6%	11.2%	10.1%
Profit before tax	7 553	4 548	5 816	8 410
% of net sales	11.4%	7.6%	11.6%	9.8%
Profit for the period	5 066	3 290	2 999	6 585
% of net sales	7.7%	5.5%	6.0%	7.6%
Return on equity, %	13.3%	9.2%	8.8%	13.7%
Return on investment, %	17.1%	11.0%	16.2%	16.6%
Interest-bearing liabilities	9 235	12 679	4 597	13 283
Cash and liquid assets)	7 567	8 680	9 644	8 777
Gearing, %	3.2%	8.3%	-10.9%	9.3%
Equity ratio, %	61.9%	60.0%	68.7%	59.5%
Total assets	84 942	80 537	67 555	81 909
Gross investments **)	7 084	11 262	11 109	12 476
% of net sales	10.7%	18.8%	22.2%	14.5%
Capital expenditure	334	684	581	1 007
% of net sales	0.5%	1.1%	1.2%	1.2%
Research and development costs	10 934	11 134	8 640	15 518
% of net sales	16.6%	18.6%	17.3%	18.0%
R&D personnel at end of period	184	162	144	171
Personnel on average during the period	743	675	557	689

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Personnel at end of period	755	686	630	731
Increase in personnel, %	10.1%	8.9%	21.8%	11.1%
Earnings per share, EUR	0.45	0.28	0.26	0.56
Earnings per share (diluted), EUR	0.45	0.28	0.26	0.56
Equity per share, EUR	4.58	4.19	4.04	4.23
P/E ratio	24.09	24.97	49.02	11.68
Share price performance				
lowest share price	6.60	6.14	10.11	6.00
highest share price	11.49	10.45	14.00	10.45
average share price	9.29	7.70	12.13	7.53
closing share price	10.72	7.00	12.95	6.59
Market capitalization at end of period	121 970 273	80 276 868	148 512 206	75 301 011
Number of traded shares	1 297 031	1 808 869	2 216 534	2 298 467
% of average number of shares	11.4%	15.8%	19.3%	20.1%
Average number of shares				
- undiluted	11 383 265	11 468 124	11 468 124	11 463 307
- diluted	11 383 265	11 468 124	11 468 124	11 463 307

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

**) Includes capitalized R&D costs and acquisitions

Major shareholders

September 30, 2009

1. Sihvo, Ilkka	1 065 800	9.3
2. Eräkangas, Kirsi (incl. children under guardianship)	1 031 800	9.0
3. Vaajoensuu, Hannu (incl. a controlled company and children under guardianship)	962 100	8.4
4. Perttunen, Sakari	830 400	7.2
5. Pöllänen, Antti (incl. children under guardianship)	667 423	5.8
6. Nordea Nordic Small Cap Fund	552 217	4.8
7. Sampo Life Insurance Company Limited	550 000	4.8
8. Ilmarinen Mutual Pension Insurance Company	429 064	3.7
9. Ahonen, Asko	318 822	2.8
10. Royal Skandia Life Assurance Eib 17527-6	270 000	2.4
11. Kaleva Mutual Insurance Company	242 690	2.1
12. Pension Insurance Company Veritas	226 000	2.0
13. Perttunen, Meimi	215 400	1.9
14. Fondita Nordic Micro Cap Placeringsfond	200 000	1.7
15. Investment Fund Aktia Capital	170 863	1.5
16. Fondita Nordic Small Cap Placfond	118 500	1.0
17. Basware Corporation	90 300	0.8
18. Vaajoensuu, Sara	83 700	0.7
19. Tietoklusteri Oy	77 000	0.7
20. Pavor Oy	75 052	0.7
Total of 20 largest shareholders	8 177 131	71.3
Total of nominee-registered	1 031 110	9.0
Others	2 259 883	19.7
Total	11 468 124	100.0