

BASWARE INTERIM REPORT JANUARY 1 – MARCH 31, 2014 (IFRS)**SUMMARY****January–March 2014: Transactions processed by Network Services increased by 25.5 percent**

- Net sales EUR 31 013 thousand (EUR 29 828 thousand) – growth 4.0 percent
- Operating result EUR 310 thousand (EUR -1 569 thousand)
- Operating result 1.0 percent of net sales (-5.3%)
- Growth of Network Services net sales 23.0 percent
- Recurring revenue 66.9 percent (63.6%) of net sales
- Cash flow from operating activities EUR 13 422 thousand (EUR 9 718 thousand)
- Earnings per share (diluted) EUR -0.01 (-0.07)

Basware expects its net sales and operating result (EBIT) for 2014 to grow compared to 2013.

The figures are unaudited.

April 10, 2014

GROUP KEY FIGURES

EUR thousand	1-3/ 2014	1-3/ 2013	Change, %	1-12/ 2013
Net sales	31 013	29 828	4.0%	123 349
EBITDA	2 099	233	802.0%	10 383
Operating result before IFRS3 amortization	540	-1 337		4 256
Operating result	310	-1 569		3 331
% of net sales	1.0%	-5.3%		2.7%
Result before tax	11	-1 526		3 284
Result for the period	-76	-962	-92.1%	2 605
Return on equity, %	-0.3%	-3.9%		2.6%
Return on investment, %	1.7%	-4.9%		3.9%
Liquid assets	21 308	23 276	-8.5%	13 218
Gearing, %	-15.1%	-13.2%		-4.7%
Equity ratio, %	65.9%	63.7%		77.1%
Earnings per share				
Undiluted, EUR	-0.01	-0.07		0.20
Diluted, EUR	-0.01	-0.07		0.20
Equity per share, EUR	7.40	7.51	-1.4%	7.62

Business operations

Basware is the global leader in providing purchase-to-pay and e-invoicing solutions in the world of commerce. We empower companies to unlock value across their financial operations by simplifying and streamlining key financial processes. Our Basware Commerce Network, the largest open business network in the world, connects 1 million companies across 100 countries and enables easy collaboration between buyers and suppliers of all sizes. Through this network, leading companies around the world achieve new levels of spend control, efficiency and closer relations with their suppliers. With Basware, businesses can introduce completely new ways of buying and selling to achieve significant cost savings and boost their cash flow.

Reporting

Basware Corporation reports one operating segment: Purchase to Pay, P2P. The segment is divided into the Network Services and Solution Services businesses that support each other.

As of 2014, the company reports revenue from products and services as follows: Network Services (e-invoicing solutions and services) and Solution Services (software solutions and services). In addition to this, the company reports revenue from its products and services according to the breakdown of the previous reporting practice: License sales, Professional Services, Customer Support, and Automation Services.

In accordance with the previous practice, Customer Support and Automation Services together form the recurring revenue reported by the company.

April 10, 2014

Network Services revenue is comprised of e-invoicing, paper invoice scanning services, printing service, catalog exchange, purchase message exchange, activation services, and start-up fees of e-invoicing services and added value services related to financing. Solution Services revenue is comprised of software revenue (SaaS revenue and license sales), software maintenance and extended customer support services (customer support), Professional Services, and start-up fees of SaaS services.

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

CEO Esa Tihilä:

Net sales for the first quarter amounted to EUR 31 013 thousand, growth of 4.0 percent compared to the corresponding period in the previous year, and operating result was EUR 310 thousand. International net sales grew by 9.2 percent, and the international share of Basware's net sales was 64.1 percent (61.1%) in the first quarter.

The net sales of the Network Services business developed as strongly as expected during the first quarter and amounted to EUR 8 032 thousand, growth of 23.0 percent compared to the corresponding period in the previous year. The growth is entirely organic. The strong growth in the transaction volume continued during the first quarter, up 25.5 percent, and 17.2 million transactions were processed via Basware Commerce Network.

Solution Services net sales amounted to EUR 22 981, down 1.4 percent. The development of net sales was influenced by the utilization rate of consulting being lower than planned, non-chargeable work, and delays in the entry of new SaaS services into production compared to the plans. The Solution Services business is expected to develop more favorably during the rest of the year. The growth in the sales of Alusta is expected to have a positive effect on software net sales and professional services.

The development of costs was still moderate during the first quarter of 2014. The co-operation negotiations regarding the personnel were concluded in the first quarter, and the Group will also conduct other saving and rationalization measures with an estimated annual cost impact of EUR 2.5 million. The development of operations has also aimed at accelerating the deployment of our services and products, accelerating the production of SaaS and e-invoicing agreements through product and process improvements and to make operations more efficient and improve profit-making ability.

The global market growth in e-invoicing has been estimated to be approximately 20 percent. Basware is pursuing accelerated growth that exceeds the market growth in its Network Services. Stronger growth can be achieved by developing and automating the connection of buyers and suppliers to the e-invoicing services, by utilizing digital marketing and sales channels more extensively, and through acquisitions.

Basware's internationalization and transformation into the global leader in providing purchase-to-pay and e-invoicing solutions is illustrated by our refreshed brand promise, *Unlocking value in a connected business world*. It reflects how we empower our customers to unlock value across their financial operations by simplifying and streamlining key financial processes. Our Basware Commerce Network enables easy collaboration between 1 million buyers and suppliers in over 100 countries. The cooperation with MasterCard for creating value added services for financing and a new global e-payment solution for Purchase to Pay proceeds as planned.

April 10, 2014

NET SALES JANUARY 1 – MARCH 31, 2014

Net sales for the first quarter increased by 4.0 percent to EUR 31 013 thousand (EUR 29 828 thousand). The growth of net sales in comparable currencies was 6.6 percent.

Information on products and services

Net sales (EUR thousand)	1–3/ 2014	1–3/ 2013	Change, %	1–12/ 2013
Network Services	8 032	6 529	23.0	27 829
Solution Services	22 981	23 299	-1.4	95 520
Group total	31 013	29 828	4.0	123 349
<i>of which License Sales</i>	3 294	3 195	3.1	14 617
<i>Customer Support</i>	10 949	10 785	1.5	43 512
<i>Professional Services</i>	6 984	7 661	-8.8	30 069
<i>Automation Services</i>	9 784	8 187	19.5	35 151

The Network Services net sales for the period amounted to EUR 8 032 thousand, growth of 23.0 percent, including the alliance fees of financing-related added value services. The strong growth in the transaction volume of the e-invoicing business continued during the first quarter, up 25.5 percent, and 17.2 million transactions were processed via Basware Commerce Network.

Solution Services net sales amounted to EUR 22 981, down 1.4 percent. The result of operations was influenced by the utilization rate of consulting being lower than planned, non-chargeable work, and delays in the entry of new SaaS services into production compared to the plans.

The share of recurring revenue of net sales increased during the first quarter, accounting for 66.9 percent of net sales. The increasing share of recurring revenue of net sales improves predictability over the long term.

The international share of Basware's net sales was 64.1 percent (61.1%) in the first quarter. International net sales grew by 9.2 percent.

FINANCIAL PERFORMANCE

Basware's operating result for the first quarter was EUR 310 thousand (EUR -1 569 thousand). Operating result represented 1.0 percent (-5.3%) of net sales.

The company's fixed costs were EUR 26 112 thousand (EUR 27 111 thousand) in the first quarter, and have decreased by 3.7 percent from the corresponding period the previous year. Personnel costs made up 76.9 percent (75.7%) or EUR 20 078 thousand (EUR 20 518 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 1 717 thousand (EUR 1 186 thousand).

The company's finance income and finance expenses were EUR -299 thousand (EUR 43 thousand) for the first quarter. Result before tax was EUR 11 thousand (EUR -1 526 thousand) and result for the first quarter was EUR -76 thousand (EUR -962 thousand) or -1.0 percent (-3.2%) of net sales. Taxes for the period totaled EUR -87 thousand (EUR 563 thousand). Undiluted earnings per share were EUR -0.01 (EUR -0.07).

April 10, 2014

FINANCE AND INVESTMENTS

Basware Group's total assets on the balance sheet at the end of the period were EUR 144 508 thousand (EUR 151 489 thousand). The company's liquid assets were EUR 21 308 thousand (EUR 23 276 thousand), which is comprised of cash and cash equivalents in full. Net cash flows from operating activities were EUR 13 422 thousand (EUR 9 718 thousand). Net cash flows from investments were EUR -606 thousand (EUR -17 874 thousand) and the net cash flows from financing activities were EUR -4 694 thousand (EUR -3 018 thousand).

Equity ratio was 65.9 percent (63.7%) and gearing was -15.1 percent (-13.2%). The company's interest-bearing liabilities totaled EUR 6 893 thousand (EUR 10 492 thousand), of which current liabilities accounted for EUR 3 547 thousand (EUR 3 584 thousand). Return on investment was 1.7 percent (-4.9%) and return on equity -0.3 percent (-3.9%).

The company's capital expenditure, resulting from regular additional and replacement investments required for growth, was EUR 441 thousand (EUR 596 thousand) in the period. Gross investments which include – in addition to those mentioned above – the acquisition as well as capitalized research and development costs totaled EUR 1 300 thousand (EUR 19 219 thousand).

RESEARCH AND DEVELOPMENT

Basware's research and development expenses totaled EUR 4 474 thousand (EUR 4 622 thousand), or 14.4 percent (15.5%) of net sales during the first quarter. The expenses decreased by 3.2 percent compared to the corresponding period the previous year. Research and development expenses capitalized during the first quarter amounted to EUR 844 thousand (EUR 1 258 thousand). The research and development costs included in the result for the first quarter totaled EUR 3 630 thousand (EUR 3 364 thousand), or 11.7 percent (11.3%) of net sales. A total of 327 (356) people worked in R&D of whom 134 people in India at the end of the quarter.

The development project of Basware's value-added e-invoicing services is supported by Tekes – the Finnish Funding Agency for Innovation. The Tekes funding did not have any substantial impact on the result during the first quarter.

PERSONNEL

Basware employed 1 460 (1 485) people on average during the period and 1 441 (1 486) at the end of the period. The number of personnel decreased by 45 persons and by 3.0 percent compared with the same period the previous year.

Geographical division of personnel:

Personnel (employed, on average)	1–3/ 2014	1–3/ 2013	Change, %	1–12/ 2013
Finland	493	507	-2.8	510
Scandinavia	134	131	2.3	131
Rest of Europe	274	268	2.1	265
India	491	504	-2.5	506
Other	68	75	-9.3	73
Group total	1 460	1 485	-1.7	1 485

April 10, 2014

The share of personnel working in foreign units has increased compared with the previous year. At the end of the period, 66.6 percent (65.9%) of Basware personnel worked outside of Finland and 33.4 percent (34.1%) in Finland. 12.1 percent of the personnel work in sales and marketing, 59.3 percent in consulting and services, 22.7 percent in products, and 6.0 percent in administration.

The average age of employees is 34.8 (34.2) years. Of the employees, 27.6 percent have a Master's degree and 21.9 percent have a Bachelor's degree. Women account for 23.8 percent of employees, men for 76.2 percent.

OTHER EVENTS OF THE PERIOD

Basware Corporation's Annual General Meeting on February 14, 2014

The Annual General Meeting of Basware Corporation held on February 14, 2014, adopted the annual accounts for the financial period ended on December 31, 2013. The members of the Board of Directors as well as the CEO were discharged from liability for the financial period ended on December 31, 2013.

The Annual General Meeting resolved in accordance with the proposal of the Board of Directors to distribute a dividend of EUR 0.23 per share for the year 2013. The record date for the dividend was February 19, 2014, and the dividend was paid on February 26, 2014.

The Annual General Meeting decided the number of members of the Board of Directors to be five. Mr. Hannu Vaajoensuu, Mr. Pentti Heikkinen, Mr. Ilkka Sihvo, Ms. Tuija Soanjärvi and Mr. Anssi Vanjoki were elected as members of the Board of Directors.

The Annual General Meeting decided that the remuneration for the members of the Board of Directors will be paid as follows: members EUR 27,500 per annum, vice chairman EUR 32,000 per annum and chairman EUR 55,000 per annum. In addition each member shall receive EUR 340 per attended meeting. Out of the annual remuneration to be paid to the Board members, 40 percent of total gross compensation amount will be used to purchase Basware Corporation's shares at trading on regulated market organized by NASDAQ OMX Helsinki Ltd. However, this only concerns Board members whose ownership of Basware Corporation is less than 5,000 shares. The purchase of shares will take place as soon as possible after the decision by the General Meeting. Shares received as remuneration may not be sold or otherwise transferred during a period of two years. The restriction does not concern persons who are no longer Board members. Travel expenses of the members of the Board of Directors are reimbursed in accordance with the company's travel policy.

Ernst & Young Oy, Authorized Public Accountants, was elected as the company's auditor. Ernst & Young Oy has advised that it will appoint Mr. Heikki Ilkka, Authorized Public Accountant, as the principally responsible auditor of the company. It was decided that the remuneration of the auditor is paid according to reasonable invoice.

The Annual General Meeting decided to authorize the Board of Directors to decide on the repurchase of the 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 company's own shares will be repurchased otherwise than in proportion to the holdings of the shareholders by using the non-restricted equity through public trading on a regulated market organized NASDAQ OMX Helsinki Ltd at the market price prevailing at the time of acquisition. The shares will 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

April 10, 2014

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 June 30, 2015, and shall revoke the previous authorizations for repurchasing the company's own 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.

New shares may be issued and the company's own shares may be conveyed to the company's shareholders in proportion to their current shareholdings in the company or by waiving the shareholder's pre-emption right through a directed share issue if the company has a weighty financial reason to do so, such as using the shares 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. The new shares may also be issued in a free share issue to the company itself.

New shares may be issued and the company's own shares held by the company may be conveyed either against payment or for free. A directed share issue may be free only if there is an especially weighty financial reason both for the company and with regard to the interests of all shareholders in the company.

Based on the authorization, the Board of Directors may decide to issue a maximum of 2 580 000 new shares and convey a maximum of 1 365 815 of the company's own shares held by the company. The number of shares to be issued to the company itself together with the shares repurchased by the company on basis of the repurchase authorization shall be at the maximum of 1 290 000 shares.

The Board of Directors may grant special rights referred to in Chapter 10, Section 1 of the Finnish Companies Act, which carry the right to receive, against payment, new shares of the company or the company's own shares held by the company. The right may also be granted to the company's creditor in such a manner that the right is granted on a condition that the creditor's receivable is used to set off the subscription price (convertible bond). The maximum number of new shares that may be subscribed by virtue of the special rights granted by the company is in total 1 000 000 shares which number shall be included in the maximum number of new shares stated above.

The subscription prices of the new shares and the consideration payable for the company's own shares shall be recorded in full under the invested non-restricted equity fund. The Board of Directors shall decide on all other terms and conditions related to the authorizations. The authorizations shall be valid until June 30, 2015 and shall revoke the previous authorizations for share issues and granting of stock options and other special rights entitling to shares.

In its first meeting held after the Annual General Meeting, the Board of Directors elected Hannu Vaajoensuu as the Chairman and Ilkka Sihvo as Vice Chairman of the Board.

Saving and rationalization measures

Basware conducted co-operation negotiations with its personnel during the first quarter. The aim of the co-operation negotiations was to adjust the company's cost structure in declining business sectors, and to better support company's business model as well as to improve company's competitiveness and profitability. As an outcome of the negotiations, permanent reductions were issued to 28 employees in total within Basware Corporation or its subsidiaries by the end of March 2014. Of this, 22 employees were affected within Finland. Possibilities for internal transfers were also discussed with all affected

April 10, 2014

employees. Additionally, other saving and rationalization measures will be conducted within the company. The streamlining of the functions is estimated to result in annual savings of approximately EUR 2.5 million, starting from the second quarter.

SHORT-TERM RISKS AND UNCERTAINTY FACTORS

Short-term risks are considered to be risks in the current reporting year. Additional information on risks and risk management is available on the company's investor site: www.basware.com/investors.

The world economy and markets are unstable, which has resulted in a decrease in the demand for license sales and services. The negotiation times of large international deals in particular are long because of the nature of service level agreements in the deals.

The bad debt provision related to sales receivables on the company's balance sheet has increased compared to the corresponding period the previous year, due to an increase in the amount of overdue customer payments. However, there are no significant credit loss concentrations associated with the sales receivables; they are primarily comprised of a large number of relatively small receivables.

Work that cannot be invoiced related to the production entry times for Alusta software and SaaS delivery model being longer than planned have effects on the profitability of Professional Services. The production entry times of SaaS deliveries also affect the growth of Automation Services.

As part of HR processes, the company continuously assesses the competence and well-being of the personnel. The company aims to avoid recruitment errors and excessive turnover of personnel, which may lead to a decrease in customer satisfaction, growth, and profitability.

STRATEGY

Basware updated its strategy in accordance with its strategy process at the end of 2013. The key strategic objectives remain unchanged: an annual volume of 150 million transactions processed by the end of 2015, annual growth of 15–30 percent in net sales, share of recurring revenue 70 percent of net sales and operating profit margin of 15–20 percent at the end of the strategy period.

Basware's organizational structure supports the implementation of the strategy. The key aim of the Network Services business is strong growth in net sales, while the Solution Services business aims at strong profitability and moderate growth. Strengthening Basware's position in the key markets and customer loyalty are objectives shared throughout the company.

The strategy focuses on accelerated global growth both organically and through acquisitions. The strategic focus areas for 2014 include strengthening Basware's position in the international key markets, maximizing the transaction volume, global market leadership in Purchase-to-Pay (P2P) solutions, and customer loyalty.

Basware will continue to revise its sales and marketing model with the aim of strengthening its position in the key markets. Direct sales and marketing measures will be increasingly segmented according to carefully selected segments and companies. Investments in obtaining channel partners and business support will continue.

April 10, 2014

The Network Services Business focuses on measures to maximize transaction volumes, which include acquiring new virtual operator partners, intensifying and automating supplier activation, developing product and transaction services, and offering added value services related to financing, among others.

The Solution Services business will continue the development of Alusta software products and streamlining the associated delivery, production, and support processes. The ease of use and operating logic of Alusta products have met a favorable market reception.

FUTURE OUTLOOK

Operating environment and market outlook

Companies of all sizes globally are under pressure to improve their cash flows, find new innovative payment strategies and automate their financial processes and functions. The company expects the same to continue also in 2014 and the continuous need for services to remain at a favorable level among its customers.

Consolidation is expected to continue in the business environment, with the role of services growing in companies' portfolios. Basware continues active analysis of acquisition targets especially in the e-invoicing market in Europe and in the U.S. according to its strategy.

By the end of 2015, Basware aims to become the largest business commerce network for buyers and suppliers. The penetration rate of e-invoicing is still low. It varies between 5-30 percent depending on the country, and it has been estimated to grow strongly. The growing and evolving e-invoicing market will offer Basware excellent growth opportunities, as will the provision of added value services related to financing.

Outlook 2014

The global market growth in e-invoicing has been estimated to be approximately 20 percent. Basware is pursuing accelerated growth that exceeds the market growth in its Network Services. Stronger growth can be achieved by developing and automating the connection of buyers and suppliers to the e-invoicing services, by utilizing digital marketing and sales channels more extensively, and through acquisitions.

The Solution Services business is expected to develop more favorably during the rest of the year. The growth in the sales of Alusta is expected to have a positive effect on software net sales and professional services.

The development of costs was still moderate during the first quarter of 2014. Decisions about investments required by the growth will be made during the year if the market situation and business development so requires.

Basware expects its net sales and operating profit (EBIT) for 2014 to grow compared to 2013.

Espoo, Finland, April 10, 2014

BASWARE CORPORATION
Board of Directors

April 10, 2014

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April 10, 2014

SUMMARY OF FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS JANUARY 1 – MARCH 31, 2014

Accounting principles:

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. The same accounting policies have been followed as in the previous Financial Statements. Key indicator calculations remain unchanged and have been presented in the 2013 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.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	1.1.- 31.3.2014	1.1.- 31.3.2013	Change, %	1.1.- 31.12.2013
NET SALES	31 013	29 828	4.0	123 349
Other operating income	177	58	204.1	1 915
Materials and services	-2 978	-2 542	17.1	-11 761
Employee benefit expense	-20 078	-20 518	-2.1	-76 919
Depreciation and amortization	-1 789	-1 801	-0.7	-7 052
Other operating expenses	-6 034	-6 594	-8.5	-26 200
Operating result	310	-1 569		3 331
Finance income	139	227	-38.9	928
Finance expenses	-438	-184	138.1	-975
Result before tax	11	-1 526		3 284
Tax on income from operations	-87	563		-678
RESULT FOR THE PERIOD	-76	-962	-92.1	2 605
Other comprehensive income				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Exchange differences on translating foreign operations	258	-285		-2 638
Income tax relating to components of other comprehensive income	-24	-26	-7.7	281
Other comprehensive income, net of tax	234	-312		-2 358
TOTAL COMPREHENSIVE INCOME	158	-1 274		247

April 10, 2014

EUR thousand	1.1.- 31.3.2014	1.1.- 31.3.2013	Change, %	1.1.- 31.12.2013
Profit attributable to: Equity holders of the parent company	-76	-962		2 605
	-76	-962		2 605
Total comprehensive income attributable to: Equity holders of the parent company	158	-1 274		247
	158	-1 274		247
Earnings per share undiluted, EUR	-0.01	-0.07		0.20
diluted, EUR	-0.01	-0.07		0.20

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	31.03.2014	31.03.2013	Change, %	31.12.2013
ASSETS				
Non-current assets				
Intangible assets	25 887	27 694	-6.5	26 428
Goodwill	51 098	54 012	-5.4	50 996
Tangible assets	1 491	1 998	-25.3	1 431
Available-for-sale investments	38	38		38
Trade and other receivables	841	1 068	-21.2	947
Deferred tax assets	3 780	3 369	12.2	3 680
Non-current assets	83 136	88 179	-5.7	83 520
Current assets				
Inventories	53	202	-73.7	240
Trade and other receivables	36 807	38 175	-3.6	27 536
Income tax receivables	3 204	1 656	93.5	2 529
Cash and short-term deposits	21 308	23 276	-8.5	13 218
Current assets	61 372	63 309	-3.1	43 522
ASSETS	144 508	151 489	-4.6	127 043

April 10, 2014

EUR thousand	31.03.2014	31.03.2013	Change, %	31.12.2013
EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital	3 528	3 528		3 528
Share premium account	1 187	1 187		1 187
Own shares	-1 156	-1 215	4.8	-1 164
Fair value reserve and other reserves	62 280	62 339	-0.1	62 288
Translation differences	-2 074	-973	-113.2	-1 958
Retained earnings	31 427	31 645	-0.7	34 074
Shareholders' equity	95 192	96 512	-1.4	97 956
Non-current liabilities				
Deferred tax liability	2 002	1 410	42.0	1 863
Interest-bearing liabilities	3 346	6 908	-51.6	5 014
Other non-current financial liabilities	208	245	-15.1	127
Non-current liabilities	5 555	8 563	-35.1	7 004
Current liabilities				
Interest-bearing liabilities	3 547	3 584	-1.0	3 618
Trade payables and other liabilities	39 850	41 287	-3.5	17 966
Income tax liabilities	364	597	-39.1	499
Provisions	0	947	-100.0	0
Current liabilities	43 761	46 414	-5.7	22 082
EQUITY AND LIABILITIES	144 508	151 489	-4.7	127 043

April 10, 2014

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR thousand	Share- holder capital	Share premium account	Own shares	Inv. non- restricted equity	Other reserves	Translation differences	Retained earnings	Total
SHAREHOLDERS' EQUITY 1.1.2014	3 528	1 187	-1 164	61 748	540	-1 958	34 074	97 956
Comprehensive income						234	-76	158
Dividend distribution							-2 957	-2 957
Management incentive plan							35	35
Changes in rep. period			8	-8		-350	350	0
SHAREHOLDERS' EQUITY 31.3.2014	3 528	1 187	-1 156	61 740	540	-2 074	31 426	95 192

EUR thousand	Share- holder capital	Share premium account	Own shares	Inv. non- restricted equity	Other reserves	Translation differences	Retained earnings	Total
SHAREHOLDERS' EQUITY 1.1.2013	3 528	1 187	-1 215	61 799	540	-708	35 594	100 725
Comprehensive income						-312	-962	-1 274
Dividend distribution							-2 955	-2 955
Management incentive plan							16	16
Changes in rep. period						47	-47	0
SHAREHOLDERS' EQUITY 31.3.2013	3 528	1 187	-1 215	61 799	540	-973	31 645	96 512

April 10, 2014

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	1.1.– 31.03.2014	1.1.– 31.03.2013	1.1.– 31.12.2013
Cash flows from operating activities			
Result for the period	-76	-962	2 605
Adjustments	2 210	1 211	6 177
Working capital changes	12 252	10 833	-1 641
Interest paid	-42	-32	-200
Interest received	8	24	109
Other financial items in operating activities	-111	-62	-425
Income taxes paid	-820	-1 294	-3 047
Net cash flows from operating activities	13 422	9 718	3 578
Cash flows used in investing activities			
Purchase of tangible and intangible assets	-1 206	-1 841	-5 418
Acquisition of subsidiaries and businesses	0	-16 033	-15 061
Proceeds from divestment of business	0	0	1 540
Loans granted	0	0	-600
Repayment of loan receivables	600	0	0
Cash flows used in investing activities	-606	-17 874	-19 538
Cash flows from financing activities			
Repayments of borrowings	-1 667	0	-1 667
Payments of finance lease liabilities	-70	-63	-239
Dividends paid	-2 957	-2 955	-2 955
Cash flows from financing activities	-4 694	-3 018	-4 861
Change in cash and cash equivalents	8 122	-11 174	-20 821
Cash and cash equivalents at the beginning of period	13 218	34 519	34 519
Net foreign exchange difference	-31	-68	-479
Cash and cash equivalents at the end of period	21 308	23 276	13 218

April 10, 2014

GROUP QUARTERLY INCOME STATEMENT

EUR thousand	1-3/ 2014	1-3/ 2013	4-6/ 2013	7-9/ 2013	10-12/ 2013
NET SALES	31 013	29 828	31 789	28 682	33 049
Other operating income	177	58	1 623	61	173
Materials and services	-2 978	-2 542	-2 987	-2 967	-3 265
Employee benefit expenses	-20 078	-20 518	-20 611	-16 464	-19 327
Depreciation and amortization	-1 789	-1 801	-1 755	-1 748	-1 748
Other operating expenses	-6 034	-6 594	-7 152	-5 703	-6 751
Operating result	310	-1 569	908	1 861	2 131
%	1.0%	-5.3%	2.9%	6.5%	6.4%
Finance income	139	227	252	178	271
Finance expenses	-438	-184	-324	-220	-248
Result before tax	11	-1 526	836	1 819	2 153
%	0.0%	-5.1%	2.6%	6.3%	6.5%
Income tax expense	-87	563	-485	-859	102
RESULT FOR THE PERIOD	-76	-962	352	960	2 255
%	-0.2%	-3.2%	1.1%	3.3%	6.8%

April 10, 2014

COMMITMENTS AND CONTINGENT LIABILITIES

EUR thousand	31.03.2014	31.03.2013	31.12.2013
Own guarantees			
Business mortgages of own debts	1 200	1 200	1 200
Commitments on behalf of subsidiaries and group companies			
Guarantees	31	244	31
Other own guarantees			
Lease liabilities			
Current lease liabilities	1 007	1 261	1 012
Lease liabilities maturing in 1–5 years	909	1 054	820
Total	1 916	2 315	1 831
Other rental liabilities			
Current rental liabilities	3 825	4 180	4 001
Rental liabilities maturing in 1–5 years	7 327	2 923	3 738
Rental liabilities maturing later	2 259	0	0
Total	13 411	7 103	7 739
Other own contingent liabilities, total	15 327	9 417	9 570
Total commitments and contingent liabilities	16 558	10 861	10 801

RELATED PARTY TRANSACTIONS

EUR thousand	31.03.2014	31.03.2013
Purchases of services	38	0

Basware Corporation and Softaforce Oy have an agreement related to outsourcing of procurement. The agreement is market-based.

April 10, 2014

FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

EUR thousand	31.3.2014 Book value	31.3.2014 Fair value	31.3.2013 Book value	31.3.2013 Fair value
Financial assets				
Available-for-sale financial assets	38	38	38	38
Non-current trade and other receivables	841	841	1 068	1 068
Current trade and other receivables	36 807	36 807	38 175	38 175
Cash and cash equivalents	21 308	21 308	23 276	23 276
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Interest rate derivatives -				
not in hedge accounting (level 2)	12	12	27	27
Financial liabilities – financial liabilities valued at amortized acquisition cost				
Non-current				
Loans from financial institutions, interest-bearing				
	3 333	3 333	6 667	6 667
Finance lease liabilities, interest-bearing	0	0	214	214
Current				
Loans from financial institutions, interest-bearing				
	3 333	3 333	3 333	3 333
Finance lease liabilities, interest-bearing	214	214	251	251
Trade payables and other liabilities	39 850	39 850	41 287	41 287

SEGMENT REPORTING

Basware Corporation reports one operating segment: Purchase to Pay, P2P. The reported operating segment is comprised of the entire Group, and the segment figures are consistent with the Group figures.

GEOGRAPHICAL INFORMATION

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

Net sales by the location of customer:

Net sales (EUR thousand)	1–3/ 2014	1–3/ 2013	Change, %	1–12/ 2013
Finland	11 124	11 614	-4.2	49 324
Scandinavia	6 540	6 320	3.5	25 928
Rest of Europe	9 401	8 634	8.9	34 453
Other	3 948	3 260	21.1	13 643
Group total	31 013	29 828	4.0	123 349

April 10, 2014

Geographical information by the location of assets

Net sales (EUR thousand)	1-3/ 2014	1-3/ 2013	Change, %	1-12/ 2013
Finland	17 993	14 333	25.5	64 570
Scandinavia	6 502	6 250	4.0	25 351
Rest of Europe	8 467	9 011	-6.0	36 768
Other	3 356	2 850	17.8	11 899
Sales between areas	-5 305	-2 615	-102.9	-15 239
Group total	31 013	29 828	4.0	123 349

Operating result (EUR thousand)	1-3/ 2014	1-3/ 2013	Change, %	1-12/ 2013
Finland	-520	-576	9.8	887
Scandinavia	312	447	-30.2	2 348
Rest of Europe	495	-1 196		326
Other	164	-79		362
Operating result between areas	-142	-164	13.3	-592
Group total	310	-1 569	119.7	3 331

Personnel (employed, on average)	1-3/ 2014	1-3/ 2013	Change, %	1-12/ 2013
Finland	493	507	-2.8	510
Scandinavia	134	131	2.3	131
Rest of Europe	274	268	2.1	265
India	491	504	-2.5	506
Other	68	75	-9.3	73
Group total	1 460	1 485	-1.7	1 485

Net sales by business

As of 2014, the company reports revenue from products and services as follows: Network Services (e-invoicing solutions and services) and Solution Services (software solutions and services). In addition to this, the company reports revenue from products and services according to the breakdown of the previous reporting practice: License sales, Professional Services, Customer Support, and Automation Services.

In accordance with the previous practice, Customer Support and Automation Services together form the recurring revenue reported by the company.

Network Services revenue is comprised of e-invoicing, paper invoice scanning services, printing service, catalog exchange, purchase message exchange, activation services, and start-up fees of e-invoicing services and added value services related to financing. Solution Services revenue is comprised of software revenue (SaaS revenue and license sales), software maintenance and extended customer support services (customer support), Professional Services, and start-up fees of SaaS services.

Net sales (EUR thousand)	1-3/ 2014	1-3/ 2013	Change, %	1-12/ 2013
Network Services	8 032	6 529	23.0	27 829
Solution Services	22 981	23 299	-1.4	95 520
Group total	31 013	29 828	4.0	123 349
<i>of which License Sales</i>	3 294	3 195	3.1	14 617
<i>Customer Support</i>	10 949	10 785	1.5	43 512
<i>Professional Services</i>	6 984	7 661	-8.8	30 069
<i>License Sales</i>	9 784	8 187	19.5	35 151

April 10, 2014

GROUP KEY INDICATORS

EUR thousand	1-3/2014	1-3/2013	1-3/2012	1-12/2013
Net sales	31 013	29 828	27 435	123 349
Growth of net sales, %	4.0%	8.7%	5.3%	8.5%
EBITDA	2 099	233	3 188	10 383
% of net sales	6.8%	0.8%	11.6%	8.4%
Operating result before IFRS3 amortization	540	-1 337	2 455	4 256
% of net sales	1.7%	-4.5%	8.9%	3.5%
Operating result	310	-1 569	1 822	3 331
Growth of operating result, %			-38.4%	-59.9%
% of net sales	1.0%	-5.3%	6.6%	2.7%
Result before tax	11	-1 526	1 918	3 284
% of net sales	0.0%	-5.1%	7.0%	2.7%
Result for the period	-76	-962	1 476	2 605
% of net sales	-0.2%	-3.2%	5.4%	2.1%
Return on equity, %	-0.3%	-3.9%	6.0%	2.6%
Return on investment, %	1.7%	-4.9%	8.0%	3.9%
Interest-bearing liabilities	6 893	10 492	643	8 632
Liquid assets*	21 308	23 276	34 450	13 218
Gearing, %	-15.1%	-13.2%	-35.2%	-4.7%
Equity ratio, %	65.9%	63.7%	70.5%	77.1%
Total assets	144 508	151 489	136 033	127 043
Gross investments **	1 300	19 219	13 682	20 733
% of net sales	4.2%	64.4%	49.9%	16.8%
Capital expenditure	441	596	312	1 470
% of net sales	1.4%	2.0%	1.1%	1.2%
Research and development costs	4 474	4 622	4 251	18 184
% of net sales	14.4%	15.5%	15.5%	14.7%
R&D personnel at end of period	327	356	325	370
Personnel on average during the period	1 460	1 485	1 241	1 485
Personnel at end of period	1 441	1 486	1 245	1 472
Increase in personnel, %	-3.1%	19.4%	26.9%	3.4%

*) Includes cash and cash equivalents

**) Includes acquisitions and capitalized R&D costs

April 10, 2014

Group Share Indicators

	1-3/2014	1-3/2013	1-3/2012	1-12/2013
Earnings per share, basic	-0.01	-0.07	0.11	0.20
Earnings per share, diluted	-0.01	-0.07	0.11	0.20
Equity per share	7.40	7.51	7.47	7.62
Price per earnings (P/E)	-6 632.45	-269.72	167.94	123.45
Share price performance, share issue adjusted				
lowest price	23.50	19.30	16.70	16.75
highest price	41.00	21.69	19.95	25.60
average price	33.66	20.43	19.04	20.35
closing price	39.35	20.20	19.26	25.03
Share issue adjusted number of shares March 31	12 931 229	12 931 229	12 931 229	12 931 229
Market capitalization at end of period	505 900 363	259 540 124	247 418 756	321 771 012
Share issue adjusted number of traded shares	2 451 217	312 873	444 503	1 723 866
% of average number of shares	19.1%	2.4%	3.5%	13.4%
Number of shares				
- average during the period*	12 856 030	12 848 521	12 868 721	12 848 540
- at end of the period	12 931 229	12 931 229	12 931 229	12 931 229
- average during the period, diluted	12 856 030	12 848 521	12 868 721	12 848 540

*Excluding treasury shares

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 Annual General Meeting held on February 14, 2014, authorized the Board of Directors to decide on repurchase of the 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 is valid until June 30, 2015.

Shareholders

Basware had 13 793 (14 200) shareholders on March 31 including nominee-registered holdings (9). Nominee-registered holdings accounted for 19.0 percent (11.7 %) of the total number of shares.

Basware holds 74 803 shares, corresponding to approximately 0.6 percent of all shares in the company.

Additional information on shareholdings of the Executive Team and Board of Directors and major shareholders is available on the company's investor site at <http://www.basware.com/investors>.