

January 23, 2015

BASWARE FINANCIAL STATEMENT RELEASE JANUARY 1 – DECEMBER 31, 2014 (IFRS)**Basware Corporation's fourth quarter and full year 2014****Network Services business grew well and software sales developed favorably****Summary****Financial year 2014:**

- Net sales EUR 127 674 thousand (EUR 123 349 thousand) – growth 3.5 percent
- Operating profit EUR 4 325 thousand (EUR 3 331 thousand) – growth 29.8 percent
- Operating profit 3.4 percent of net sales (2.7%)
- Growth of Network Services net sales 19.4 percent
- Recurring revenue 67.0 percent (63.8%) of net sales
- Net cash flows from operating activities EUR 14 912 thousand (EUR 3 578 thousand)
- Earnings per share (diluted) EUR 0.22 (0.20)

October–December 2014:

- Net sales EUR 34 664 thousand (EUR 33 049 thousand) – growth 4.9 percent
- Operating profit EUR 1 701 thousand (EUR 2 131 thousand) – decrease of 20.2 percent
- Operating profit 4.9 percent of net sales (6.4%)
- Growth of Network Services net sales 23.9 percent
- Recurring revenue 64.9 percent (63.4%) of net sales
- Earnings per share (diluted) EUR 0.11 (0.18)

Basware expects its net sales and operating profit (EBIT) for 2015 to grow compared to 2014.

This financial statement release has been prepared in accordance with IAS 34, Interim Financial Reporting. The amounts presented in the summary of financial statements and notes to the financial statements are based on the company's audited financial statements. The Auditor's Report was issued on January 23, 2015.

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GROUP KEY FIGURES

EUR thousand	10-12/ 2014	10-12/ 2013	Change, %	1-12/ 2014	1-12/ 2013	Change, %
Net sales	34 664	33 049	4.9%	127 674	123 349	3.5%
EBITDA	3 436	3 879	-11.4%	11 354	10 383	9.4%
Operating profit	1 701	2 131	-20.2%	4 325	3 331	29.8%
% of net sales	4.9%	6.4%		3.4%	2.7%	
Profit before tax	2 204	2 153	2.4%	4 328	3 284	31.8%
Profit for the period	1 454	2 255	-35.5%	2 959	2 605	13.6%
Return on equity, %	4.2%	9.3%		2.5%	2.6%	
Return on investment, %	7.2%	9.1%		4.4%	3.9%	
Cash and cash equivalents	28 954	13 218	119.0%	28 954	13 218	119.0%
Gearing, %	-38,6%	-4.7%		-38,6%	-4.7%	
Equity ratio, %	82.7%	77.1%		82.7%	77.1%	
Earnings per share						
EUR	0.11	0.18	-39.2%	0.22	0.20	11.4%
(diluted), EUR	0.11	0.18	-39.2%	0.22	0.20	11.4%
Equity per share, EUR	9.88	7.62	29.6%	9.88	7.62	29.6%

BUSINESS OPERATIONS

Basware is the global leader in providing purchase-to-pay and e-invoicing solutions in the world of commerce. Basware empowers companies to unlock value across their financial operations by simplifying and streamlining key financial processes. Basware helps its customers to succeed and create added value to their business through better financial management. 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 improved 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 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 the beginning 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 in tabulated format according to the breakdown of the previous reporting practice: License sales, Professional

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Services, Customer Support, and Automation Services.

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 alliance fees of e-invoicing services and financing-related added value services. 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:

Network Services business grew well and software sales developed favorably in 2014. Net sales for the review period amounted to EUR 127 674 thousand, growth of 3.5 percent, and operating profit to EUR 4 325 thousand (EUR 3 331 thousand). The share of recurring revenue of net sales continued to grow, accounting for 67.0 percent. International operations accounted for 61.6% (60.0%) of net sales. Growth in sales outside Europe was particularly good, up 13.3 percent for the year as a whole and 27.1 percent for the fourth quarter.

The net sales of Network Services amounted to EUR 9 175 thousand (EUR 7 407 thousand) for the fourth quarter, growth of 23.9 percent year-on-year. A total of 21.8 million transactions, e-invoices and other electronic messages, were processed via Basware Commerce Network, up 25.6 percent year-on-year.

The growth in Network Services continued throughout 2014 and amounted to 19.4 percent. Over 78 million transactions were processed via Basware Commerce Network during 2014, up 30 percent compared to the previous year, between over a million buyers and suppliers in over a hundred countries. Organic growth in transactions was at a good level during every quarter of the year.

Decrease in software sales came to a halt during the latter half of the year. The net sales of the Solution Services business, which accounts for over 70 percent of the company's total net sales, amounted to EUR 25 489 thousand for the fourth quarter (EUR 25 642 thousand), a decrease of 0.6 percent year-on-year.

According to customer feedback, Basware's e-invoicing and purchase-to-pay software and services are highly competitive. During 2014, we have migrated a number of existing customers to Alusta and secured a significant number of new Alusta customers. The demand for SaaS services has been good.

The extensive reach and size of Basware Commerce Network offers excellent opportunities for providing Basware's new and innovative financing services to meet the needs of companies of all sizes under competitive terms. Basware's Financing Services deliver financing solutions and alternatives for both buyers and suppliers, combining invoice automation and e-invoicing with financing services on the Basware Commerce Network. Basware Pay, a new type of a global e-payment solution offered in collaboration with MasterCard, was launched in September 2014 as the first solution in the Financing Services portfolio. The first agreement on Basware Pay collaboration was signed with an international financial institution towards the end of 2014, and negotiations with other potential partners are underway.

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E-invoicing became more common and the volume of e-invoices increased significantly in Europe as well as globally during the year. The adoption of e-invoicing and other new solutions for automating financial operations are accelerated by companies' efforts to improve their cash flow. This is supported also by the regulatory standards aiming to establish a uniform infrastructure for e-commerce.

Basware is already the leader in the e-invoicing and purchase-to-pay solutions, and Financing Services provide new growth opportunities. In the light of market analyses, industry research and feedback, there is a high level of interest in online, real-time payment solutions that make B-to-B commerce more agile among existing and new customers.

Achieving strong growth in Basware Commerce Network continues to be our main objective. In accordance with our strategy, we are pursuing growth in the network both organically and through mergers and acquisitions. We will also invest in growth in the sales of Alusta software and services, as well as other sales. Development of the Financing Services business and financing services and solutions commenced in 2014 and will continue actively this year.

I would like to extend my gratitude to our employees for their committed work and development of high-quality and new solutions and processes for automated financial administration, helping Basware's customers to prosper, generate added value, and improve their cash flow. I would also like to thank all of Basware's customers and shareholders for their trust in the company.

FOURTH QUARTER

NET SALES OCTOBER 1 – DECEMBER 31, 2014

Net sales for the fourth quarter increased by 4.9 percent to EUR 34 664 thousand (EUR 33 049 thousand). The growth of net sales in comparable currencies was 4.9 percent.

The Network Services net sales for the quarter amounted to EUR 9 175 thousand (EUR 7 407 thousand), growth of 23.9 percent, including the alliance fees of financing-related added value services. The strong growth in the transaction volume of the business continued, up 25.6 percent, and 21.8 million transactions were processed via Basware Commerce Network.

Solution Services net sales amounted to EUR 25 489 thousand (EUR 25 642 thousand), down 0.6 percent.

The share of recurring revenue of net sales increased during the period to 64.9 percent (63.4%) of net sales.

The international share of Basware's net sales was 60.4 percent (59.4%) in the period. International operations grew by 6.6 percent.

FINANCIAL PERFORMANCE OCTOBER 1 – DECEMBER 31, 2014

Basware's operating profit for the fourth quarter decreased by 20.2 percent to EUR 1 701 thousand (EUR 2 131 thousand). Operating profit represented 4.9 percent (6.4%) of net sales.

The company's fixed costs were EUR 27 669 thousand (EUR 26 078 thousand) in the fourth quarter, and have increased by 6.1 percent from the corresponding period the previous year. Personnel costs made

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up 75.2 percent (74.1%) or EUR 20 803 thousand (EUR 19 327 thousand) of the fixed costs. The profit of the fourth quarter was influenced by a performance bonus provision that was substantially higher compared to the corresponding period the previous year. Bad debts and change in bad debt provision are included in fixed costs. Bad debt provision at the end of the fourth quarter amounted to EUR 1 171 thousand (EUR 1 714 thousand).

Basware's research and development expenses totaled EUR 4 850 thousand (EUR 5 577 thousand), or 14.0 percent (16.9%) of net sales during the fourth quarter. The expenses decreased by 13.0 percent compared to the corresponding period the previous year. Research and development expenses capitalized during the fourth quarter amount to EUR 1 421 thousand (EUR 765 thousand). The research and development costs included in the profit for the fourth quarter totaled EUR 3 429 thousand (EUR 4 812 thousand), corresponding to 9.9 percent (14.6%) of net sales.

The company's finance income and finance expenses were EUR 503 thousand (EUR 23 thousand) for the fourth quarter. Result before tax was EUR 2 204 thousand (EUR 2 153 thousand) and profit for the fourth quarter was EUR 1 454 thousand (EUR 2 255 thousand) or 4.2 percent (6.8%) of net sales. Taxes for the fourth quarter totaled EUR -749 thousand (EUR 102 thousand). Undiluted earnings per share were EUR 0.11 (EUR 0.18).

FINANCIAL PERIOD

NET SALES JANUARY 1 – DECEMBER 31, 2014

Basware Group's net sales for the review period amounted to EUR 127 674 thousand (EUR 123 349 thousand), growth of 3.5 percent. The growth of net sales in comparable currencies was 4.5 percent.

Information on products and services

Net sales EUR thousand	10-12/ 2014	10-12/ 2013	Change, %	1-12/ 2014	1-12/ 2013	Change, %
Network Services	9 175	7 407	23.9	33 237	27 829	19.4
Solution Services	25 489	25 642	-0.6	94 437	95 520	-1.1
Group total	34 664	33 049	4.9	127 674	123 349	3.5
<i>of which License Sales</i>	4 544	4 237	7.3	14 173	14 617	-3.0
<i>Customer Support</i>	11 389	11 009	3.5	44 493	43 512	2.3
<i>Professional Services</i>	7 619	7 869	-3.2	27 930	30 069	-7.1
<i>Automation Services</i>	11 112	9 934	11.9	41 078	35 151	16.9

*The breakdown of the net sales of the businesses has been adjusted with regard to previously reported comparison periods due to changes in the organization structure

The Network Services net sales for the period amounted to EUR 33 237 thousand (EUR 27 829 thousand), growth of 19.4 percent, including the alliance fees of financing-related added value services. The strong growth in the transaction volume of the business continued, up 30.0 percent, and 78.0 million transactions were processed via Basware Commerce Network.

Solution Services net sales amounted to EUR 94 437 (EUR 95 520 thousand), down 1.1 percent. The development of net sales was influenced by the utilization rate of consulting being lower than planned.

The share of recurring revenue of net sales increased during the period to 67.0 percent (63.8%) of net sales.

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The international share of Basware's net sales was 61.6 percent (60.0%) in the period. International operations grew by 6.3 percent.

FINANCIAL PERFORMANCE JANUARY 1 – DECEMBER 31, 2014

Basware's operating profit for the period amounted to EUR 4 325 thousand (EUR 3 331 thousand). Operating profit represented 3.4 percent (2.7%) of net sales. The operating profit for the review period of the previous year included a non-recurring capital gain of EUR 1 540 thousand recorded as a result of the divestment of the Cashier Desk business and expenses totaling EUR 1 659 thousand due to the efficiency drive and termination of employment relationships.

The company's fixed costs were EUR 103 784 thousand (EUR 103 119 thousand) in the period, and have increased by 0.6 percent from the corresponding period the previous year. Personnel costs made up 74.9 percent (74.6%) or EUR 77 779 thousand (EUR 76 919 thousand) of the fixed costs. Bad debts and change in bad debt provision are included in fixed costs. Bad debt provision at the end of the period amounted to EUR 1 171 thousand (EUR 1 714 thousand).

The company's finance income and finance expenses were EUR 3 thousand (EUR -47 thousand) for the period. Result before tax was EUR 4 328 thousand (EUR 3 284 thousand) and result for the period was EUR 2 959 thousand (EUR 2 605 thousand) or 2.3 percent (2.1%) of net sales. Taxes for the period totaled EUR -1 368 thousand (EUR -678 thousand). Undiluted earnings per share were EUR 0.22 (EUR 0.20).

FINANCE AND INVESTMENTS

Basware Group's total assets on the balance sheet at the end of the period were EUR 168 898 thousand (EUR 127 043 thousand). The company's cash and cash equivalents were EUR 28 954 thousand (EUR 13 218 thousand). The improvement of the net cash flow from operations, EUR 14 912 thousand (EUR 3 578 thousand), resulted to a significant extent from a decrease in working capital. Net cash flows from investments were EUR -35 917 thousand (EUR -19 538 thousand) including a EUR 30 000 thousand short-term deposit. Net cash flows from financing activities were EUR 36 640 thousand (EUR -4 861 thousand) which was influenced in particular by the directed share issue that was carried out during the period.

Equity ratio was 82.7 percent (77.1%) and gearing was -38,6 percent (-4.7%). The company's interest-bearing liabilities totaled EUR 5 000 thousand (EUR 8 632 thousand), of which current liabilities accounted for EUR 3 333 thousand (EUR 3 618 thousand). Return on investment was 4.4 percent (3.9%) and return on equity 2.5 percent (2.6%).

Capital expenditure, resulting from regular additional and replacement investments required by the growth, was EUR 816 thousand (EUR 1 470 thousand) during the period. Gross investments including the capitalized research and development costs totaled EUR 5 821 thousand (EUR 20 733 thousand). The investments during the corresponding period the previous year included one acquisition.

RESEARCH AND DEVELOPMENT

Basware's research and development expenses totaled EUR 17 680 thousand (EUR 18 148 thousand), or 13.8 percent (14.7%) of net sales during the review period. The expenses decreased by 2.6 percent

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compared to the corresponding period the previous year. Research and development expenses capitalized during the period amounted to EUR 4 274 thousand (EUR 3 607 thousand). The research and development costs included in the profit for the review period totaled EUR 13 406 thousand (EUR 14 541 thousand), or 10.5 percent (11.8%) of net sales. A total of 332 (370) people worked in R&D at the end of the period.

PERSONNEL

Basware employed 1 466 (1 485) people on average during the period and 1 498 (1 478) during the fourth quarter.

Geographical division of personnel:

Personnel (employed, on average)	10-12/ 2014	10-12/ 2013	Change, %	1-12/ 2014	1-12/ 2013	Change, %
Finland	479	510	-6.1	482	510	-5.5
Scandinavia	131	131	0.0	134	131	2.3
Rest of Europe	320	272	17.6	291	265	9.8
India	499	498	0.2	492	506	-2.8
Other	69	67	3.0	67	73	-8.2
Group total	1 498	1 478	1.4	1 466	1 485	-1.3

The share of personnel working in foreign units has increased compared with the previous year. At the end of the period, 68.1 percent (65.5%) of Basware personnel worked outside of Finland and 31.9 percent (34.5%) in Finland. 11.7 percent (12.0%) of the personnel work in sales and marketing, 59.7 percent (58.4%) in consulting and services, 22.2 percent (23.7%) in products, and 6.4 percent (5.8%) in administration.

Statutory co-operation negotiations took place 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 aim 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.

The average age of employees is 34.9 (34.6) years. Of the employees, 21.6 percent (22.8%) have a Master's degree and 26.5 percent (28.1%) have a Bachelor's degree. Women account for 24.8 percent (23.3%) of employees, men for 75.2 percent (76.7%).

OTHER EVENTS OF THE PERIOD

Changes in the Executive Team and organization

Member of the Basware Executive Team, Chief Financial Officer Mika Harjuaho resigned from Basware and worked for Basware until November 10, 2014.

Niclas Rosenlew joined Basware as the new CFO and member of the Executive Team on December 8, 2014.

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Ad van der Poel joined Basware as Senior Vice President, Financing Services and member of the Executive Team on November 24, 2014.

As of December 8, 2014, members of the Basware Executive Team are Esa Tihilä, CEO; Niclas Rosenlew, CFO; Kari Aarvala, Senior Vice President, Global Sales; Mari Heusala, Senior Vice President, HR & Development; Steve Muddiman, CMO; Ilari Nurmi, Senior Vice President, Product Management; Riku Roos, Senior Vice President, Network Services; Matti Rusi, Senior Vice President, Solution Services; and Ad van der Poel, Senior Vice President, Financing Services.

Directed share issue to international institutional investors

Basware announced on September 4, 2014, that it will offer up to 1 290 000 new Basware shares to a limited number of international institutional investors in an accelerated book-built offering deviating from shareholders' pre-emptive subscription rights. The offered shares corresponded with approximately 9.98% of all Basware shares and votes before the share issue. The subscription price was set at EUR 33.50 per share, amounting to total proceeds of approximately EUR 43.2 million before commissions and expenses. The proceeds from the offering will increase Basware's financial flexibility and preparedness to carry out potential acquisitions.

Basware's Financing Services

Basware announced about launching a new business in financing services on September 3, 2014. Basware's Financing Services will deliver new and innovative financing services for companies of all sizes, combining invoice automation with financing services. Basware Pay, a new type of a global e-payment solution offered in collaboration with MasterCard and the first solution within Basware's Financing Services portfolio, was launched in September.

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

The Annual General Meeting adopted the financial statements for 2013, discharged those accountable from liability, decided on the remuneration of the Board of Directors, decided that there will be five (5) members on the Board of Directors, and elected the members of the Board of Directors for a new term.

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 authorized the Board of Directors 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 a regulated market organized 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 June 30, 2015, and shall revoke the previous authorizations for repurchasing the company's own shares.

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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.

RISKS AND UNCERTAINTY FACTORS

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

Business management regularly monitors the payment of sales receivables as part of the management of customer accounts. There are no significant credit loss concentrations associated with the sales receivables; they are primarily comprised of a large number of relatively small receivables.

The development of Solution Services net sales is influenced by the utilization rate of consulting and delays in the entry of new SaaS services into production compared to the plans. The Alusta software and services are continuously developed in the Solution Services business area. The development work is associated with technical implementation risks that may influence the usability and quality of existing or new products.

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Information security is an important and central part of Basware's operations. The market is developing all the time, and the requirement level related to information security changes rapidly, resulting in potential risks.

Basware invests in launching financing services business. This is a new business area for the company, and the associated possible risks include risks related to the functionality of new products, collaboration with business partners, and demand for the products.

The company aims to avoid wrong recruitments and excessive personnel turnover, which can lead to a decrease in customer satisfaction, growth and profitability, and continuously assesses the competence and well-being of the personnel as part of the HR processes.

Goodwill was tested for impairment during the last quarter. According to the testing for asset impairment, goodwill had not been impaired.

Additional information on risks and risk management is available on the company's investor site www.basware.com/investors.

STRATEGY 2015–2018

Basware updated its strategy according to its strategy process at the beginning of 2015. The key strategic objectives are: 250 million processed transactions and increasing the share of recurring revenue to over 80% of net sales during the fiscal year 2018. During the strategy period, the company will also pursue organic annual net sales growth of over 10 percent and an operating profit of over 10 percent from 2016 onwards.

Basware has a leading portfolio of global networked purchase-to-pay solutions spanning e-invoicing to innovative new financing services for organizations of all sizes.

The Network Services business is expected to grow strongly during the strategy period. Solution Services is expected to grow moderately and be strongly profitable, thus creating a strong foundation for the company's growth. Financing Services, launched in 2014, will further expand Basware's service offering. The business is expected to commence during the latter half of 2015.

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 strategy focuses on accelerating the growth of Basware Commerce Network and maximizing the number of transactions, creating new financing-related added value services and making them available through digital channels, as well as maintaining global market leadership in purchase-to-pay (P2P) solutions.

Network Services will focus on measures to maximize the number of transactions, which include new virtual operator partnerships and increasing the efficiency of supplier activation, as well as improving the availability of e-invoicing services through automation and more extensive utilization of digital marketing and sales channels. Basware will also continue to expand its network through acquisitions in line with its strategy.

The P2P offering and its delivery and sales organizations, which are the focus of the Solution Services business, have developed good readiness with Alusta technology. Basware will continue to deliver its

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P2P offering both as hosted SaaS and as an on-site license, the majority of the new business is expected to come from the SaaS model.

Basware's Financing Services deliver new and innovative services for companies of all sizes, combining invoice automation with financing services on the Basware Commerce Network for buyers and suppliers. Financing services will be provided in collaboration with selected partners. High volume and fast growth of transactions in Basware Commerce Network provide a strong foundation for offering real-time services that are more accessible, easy to use, and cost effective than the currently available alternatives.

Basware will continue to revise its sales and marketing model. Direct sales and marketing measures will be increasingly segmented according to carefully selected segments and companies. Basware will continue to expand the usage of multi-channeled digital services for marketing, selling and servicing its customers. Investments in obtaining channel partners and business support will continue.

The development of the solution and services portfolio is aiming to accelerate the go-live of cloud based solutions and e-invoicing and e-procurement services through product and process improvements, and to make them available online to improve efficiency and profitability.

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 2015 and the continuous demand 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. According to industry research, e-invoicing has become more common and the number of e-invoices has grown substantially in Europe and the rest of the world. The global market penetration of e-invoices is estimated to be some 10 percent. The growing e-invoicing market and companies' interest in other payment and financing added value solutions as well will offer excellent growth opportunities in future years.

Outlook 2015

The global market growth in e-invoicing has been estimated to be approximately 20 percent. Basware is pursuing strong growth in Network Services by developing and automating the connection of buyers and suppliers to the e-invoicing service, by utilizing digital marketing and sales channels more extensively, and through acquisitions. In the Solution Services business, sales of Alusta are expected to have a positive effect on software net sales and professional services.

Basware's fixed costs are expected to develop moderately. Basware will invest more extensively in sales and marketing as well as research and development of new solutions and services in particular. The company will continue to improve its profit-making ability in its software business also this year by ensuring the efficient use of resources in Professional Services and improving the billing rate in relation to demand. The company will continue investments in the Network Services business to achieve accelerated growth by primarily developing automated solutions for sending and receiving e-invoices and new ways to achieve accelerated growth in sales.

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Basware continues active analysis of acquisition targets especially in the e-invoicing market in Europe and in the U.S. according to its strategy. Decisions on additional investments required for growth will be made during the year as required by the market situation and development of business operations.

Basware expects its net sales and operating profit (EBIT) for 2015 to grow compared to 2014.

BOARD'S DIVIDEND PROPOSAL

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

At the end of 2014, the Group parent company's distributable funds are EUR 127 600 thousand.

Basware's Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.10 per share (2013: EUR 0.23) be paid for 2014.

Basware Corporation's Annual General Meeting will take place on Friday, February 13, 2015, at 10 a.m. at Korjaamo in Helsinki, Finland.

Espoo, Finland, Friday, January 23, 2015

BASWARE CORPORATION
Board of Directors

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

Accounting principles:

This financial statement release 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 latest 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 Financial Statements, 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 amounts presented in this release are based on the company's audited financial statements. The Auditor's Report was issued on January 23, 2015.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	1.10.- 31.12.2014	1.10.- 31.12.2013	Change, %	1.1.- 31.12.2014	1.1.- 31.12.2013	Change, %
NET SALES	34 664	33 049	4.9	127 674	123 349	3.5
Other operating income	0	173	-100.0	260	1 915	-86.4
Materials and services	-3 559	-3 265	9.0	-12 796	-11 761	8.8
Employee benefit expenses	-20 803	-19 327	7.6	-77 779	-76 919	1.1
Depreciation and amortization	-1 735	-1 748	-0.7	-7 029	-7 052	-0.3
Other operating expenses	-6 865	-6 751	1.7	-26 004	-26 200	-0.7
Operating profit	1 701	2 131	-20.2	4 325	3 331	29.8
Finance income	923	271	240.5	1 154	928	24.3
Finance expenses	-420	-248	69.2	-1 151	-975	18.0
Result before tax	2 204	2 153	2.4	4 328	3 284	31.8
Income taxes	-749	102		-1 368	-678	101.8
RESULT FOR THE PERIOD	1 454	2 255	-35.5	2 959	2 605	13.6
Other comprehensive income						
Other comprehensive income to be reclassified to profit or loss in subsequent periods:						
Exchange differences on translating foreign operations	-1 642	-699	134.8	-684	-2 638	-74.1
Income tax relating to components of other comprehensive income	-41	33		-279	281	
Other comprehensive income, net of tax	-1 682	-666	152.6	-963	-2 358	-59.2
TOTAL COMPREHENSIVE INCOME	-228	1 589		1 996	247	708.2

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EUR thousand	1.10.- 31.12.2014	1.10.- 31.12.2013	Change, %	1.1.- 31.12.2014	1.1.- 31.12.2013	Change, %
Profit attributable to:						
Equity holders of the parent company	1 454	2 255	-35.5	2 959	2 605	13.6
	1 454	2 255	-35.5	2 959	2 605	13.6
Total comprehensive income attributable to:						
Equity holders of the parent company	-228	1 589	-114.3	1 996	247	708.2
	-228	1 589	-114.3	1 996	247	708.2
Earnings per share						
undiluted, EUR	0.11	0.18	-39.2	0.22	0.20	11.4
diluted, EUR	0.11	0.18	-39.2	0.22	0.20	11.4

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	31.12.2014	31.12.2013	Change, %
ASSETS			
Non-current assets			
Intangible assets	25 231	26 428	-4.5
Goodwill	50 317	50 996	-1.3
Tangible assets	1 387	1 431	-3.0
Available-for-sale investments	38	38	0.0
Trade and other receivables	724	947	-23.6
Deferred tax assets	4 377	3 680	18.9
Non-current assets	82 074	83 520	-1.7
Current assets			
Inventories	42	240	-82.4
Trade receivables	22 902	24 415	-6.2
Other receivables	33 204	3 121	964.0
Income tax receivables	1 605	2 529	-36.5
Cash and short-term deposits	28 954	13 218	119.0
Current assets	86 707	43 522	99.2
ASSETS	168 781	127 043	32.9

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EUR thousand	31.12.2014	31.12.2013	Change, %
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	3 528	3 528	0.0
Share premium account	1 187	1 187	0.0
Own shares	-1 156	-1 164	-0.7
Invested unrestricted equity fund and other reserves	104 921	62 288	68.4
Translation differences	-2 921	-1 958	49.2
Retained earnings	34 184	34 074	0.3
Shareholders' equity	139 745	97 956	42.7
Non-current liabilities			
Deferred tax liability	2 433	1 863	30.6
Interest-bearing liabilities	1 667	5 014	-66.8
Other non-current financial liabilities	315	127	148.1
Non-current liabilities	4 415	7 004	-37.0
Current liabilities			
Interest-bearing liabilities	3 333	3 618	-7.9
Trade payables and other liabilities	20 886	17 966	16.3
Income tax liabilities	403	499	-19.2
Current liabilities	24 622	22 082	11.5
EQUITY AND LIABILITIES	168 781	127 043	32.9

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR thousand	Shareholder 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						-963	2 959	1 996
Dividend distribution							-2 957	-2 957
Management incentive plan							108	108
Share issue				42 641				42 641
Changes in rep. period			8	-8				0
SHAREHOLDERS' EQUITY 31.12.2014	3 528	1 187	-1 156	104 381	540	-2 921	34 184	139 745

EUR thousand	Shareholder 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						-2 358	2 605	247
Dividend distribution							-2 955	-2 955
Management incentive plan							-61	-61
Changes in rep. period			51	-51		1 108	-1 108	0
SHAREHOLDERS' EQUITY 31.12.2013	3 528	1 187	-1 164	61 748	540	-1 958	34 074	97 956

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CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	1.1.-31.12.2014	1.1.-31.12.2013
Cash flows from operating activities		
Result for the period	2 959	2 605
Adjustments	8 460	6 177
Working capital changes	5 191	-1 641
Interest paid	-147	-200
Interest received	51	109
Other financial items in operating activities	-842	-425
Income taxes paid	-762	-3 047
Cash flows from operating activities	14 912	3 578
Cash flows used in investing activities		
Purchase of tangible and intangible assets	-6 517	-5 418
Acquisition of subsidiaries and businesses	0	-15 061
Proceeds from divestment of business	0	1 540
Short-term deposits	-30 000	-600
Repayment of loan receivables	600	0
Cash flows used in investing activities	-35 917	-19 538
Cash flows from financing activities		
Share issue	43 215	0
Repayments of borrowings	-3 333	-1 667
Payments of finance lease liabilities	-284	-239
Dividends paid	-2 957	-2 955
Cash flows from financing activities	36 640	-4 861
Net change in cash and cash equivalents	15 635	-20 821
Cash and cash equivalents at the beginning of period	13 218	34 519
Net foreign exchange difference	101	-479
Cash and cash equivalents at the end of period	28 954	13 218

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GROUP QUARTERLY INCOME STATEMENT

EUR thousand	10-12/2014	7-9/2014	4-6/2014	1-3/2014	10-12/2013	7-9/2013	4-6/2013	1-3/2013
NET SALES	34 664	30 164	31 833	31 013	33 049	28 682	31 789	29 828
Other operating income	0	57	27	177	173	61	1 623	58
Materials and services	-3 559	-3 200	-3 058	-2 978	-3 265	-2 967	-2 987	-2 542
Employee benefit expenses	-20 803	-17 337	-19 561	-20 078	-19 327	-16 464	-20 611	-20 518
Depreciation and amortization	-1 735	-1 760	-1 744	-1 789	-1 748	-1 748	-1 755	-1 801
Other operating expenses	-6 865	-6 761	-6 345	-6 034	-6 751	-5 703	-7 152	-6 594
Operating result	1 701	1 162	1 152	310	2 131	1 861	908	-1 569
%	4.9%	3.9%	3.6%	1.0%	6.4%	6.5%	2.9%	-5.3%
Finance income	923	-233	325	139	271	178	252	227
Finance expenses	-420	34	-328	-438	-248	-220	-324	-184
Result before tax	2 204	964	1 149	11	2 153	1 819	836	-1 526
%	6.4%	3.2%	3.6%	0.0%	6.5%	6.3%	2.6%	-5.1%
Income taxes	-749	-187	-345	-87	102	-859	-485	563
RESULT FOR THE PERIOD	1 454	777	804	-76	2 255	960	352	-962
%	4.2%	2.6%	2.5%	-0.2%	6.8%	3.3%	1.1%	-3.2%

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COMMITMENTS AND CONTINGENT LIABILITIES

EUR thousand	31.12.2014	31.12.2013
Own guarantees		
Business mortgages of own debts	1 200	1 200
Guarantees	205	0
Commitments on behalf of subsidiaries and group companies		
Guarantees	37	31
Other own guarantees		
Lease liabilities		
Current lease liabilities	992	1 012
Lease liabilities maturing in 1–5 years	1 014	820
Total	2 006	1 831
Other rental liabilities		
Current rental liabilities	5 365	4 001
Rental liabilities maturing in 1–5 years	7 584	3 738
Rental liabilities maturing later	2 037	0
Total	14 985	7 739
Other own contingent liabilities, total		
	16 991	9 570
Total commitments and contingent liabilities		
	18 433	10 801

RELATED PARTY TRANSACTIONS

EUR thousand	31.12.2014	31.12.2013
Purchases of services	132	82

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

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FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

EUR thousand	31.12.2014 Book value	31.12.2014 Fair value	31.12.2013 Book value	31.12.2013 Fair value
Financial assets				
Financial liabilities at fair value through profit or loss				
Currency swaps – not in hedge accounting (level 2)	20	20	0	0
Available-for-sale financial assets	38	38	38	38
Non-current trade and other receivables	724	724	947	947
Current trade receivables	22 902	22 902	24 415	24 415
Current other receivables	33 204	33 204	3 121	3 121
Cash and cash equivalents	28 954	28 954	13 218	13 218
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Interest rate derivatives - not in hedge accounting (level 2)	12	12	14	14
Financial liabilities – financial liabilities valued at amortized acquisition cost				
Non-current				
Loans from financial institutions, interest-bearing	1 667	1 667	5 000	5 000
Current				
Loans from financial institutions, interest-bearing	3 333	3 333	3 333	3 333
Finance lease liabilities, interest- bearing	0	0	284	284
Trade payables and other liabilities	20 886	20 886	17 966	17 966

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SEGMENT REPORTING

Basware reports one operating segment: Purchase to Pay, P2P. The reported 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 result 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	10-12/ 2014	10-12/ 2013	Change, %	1-12/ 2014	1-12/ 2013	Change, %
Finland	13 724	13 413	2.3	48 978	49 324	-0.7
Scandinavia	6 919	7 147	-3.2	26 216	25 928	1.1
Rest of Europe	9 697	9 087	6.7	37 020	34 453	7.5
Other	4 324	3 402	27.1	15 459	13 643	13.3
Group total	34 664	33 049	4.9	127 674	123 349	3.5

Geographical information by the location of assets

Net sales EUR thousand	10-12/ 2014	10-12/ 2013	Change, %	1-12/ 2014	1-12/ 2013	Change, %
Finland	20 129	18 319	9.9	73 353	64 570	13.6
Scandinavia	6 894	7 037	-2.0	26 175	25 351	3.2
Rest of Europe	9 932	9 802	1.3	36 499	36 768	-0.7
Other	4 104	2 958	38.8	14 425	11 899	21.2
Sales between areas	-6 394	-5 066	26.2	-22 778	-15 239	49.5
Group total	34 664	33 049	4.9	127 674	123 349	3.5

Operating result EUR thousand	10-12/ 2014	10-12/ 2013	Change, %	1-12/ 2014	1-12/ 2013	Change, %
Finland	4	-105		514	887	-42.1
Scandinavia	528	961	-45.1	1 583	2 348	-32.6
Rest of Europe	712	647	10.1	2 890	326	786.6
Other	204	770	-73.5	723	362	99.6
Operating result between areas	253	-142		-1 385	-592	134.0
Group total	1 701	2 131	-20.2	4 325	3 331	29.8

Non-current assets EUR thousand	10-12/ 2014	10-12/ 2013	Change, %	1-12/ 2014	1-12/ 2013	Change, %
Finland	39 534	39 680	-0.4	39 534	39 680	-0.4
Scandinavia	7 761	8 607	-9.8	7 761	8 607	-9.8
Rest of Europe	28 574	29 463	-3.0	28 574	29 463	-3.0
Other	1 829	2 091	-12.5	1 829	2 091	-12.5
Group total	77 697	79 840	-2.7	77 697	79 840	-2.7

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Personnel (employed, on average)	10-12/ 2014	10-12/ 2013	Change, %	1-12/ 2014	1-12/ 2013	Change, %
Finland	479	510	-6.1	482	510	-5.5
Scandinavia	131	131	0.0	134	131	2.3
Rest of Europe	320	272	17.6	291	265	9.8
India	499	498	0.2	492	506	-2.8
Other	69	67	3.0	67	73	-8.2
Group total	1 498	1 478	1.4	1 466	1 485	-1.3

INFORMATION ON PRODUCTS AND SERVICES*

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 in tabulated format according to the breakdown of the previous reporting practice: License sales, Professional Services, Customer Support, and Automation Services.

Network services revenue is comprised of e-invoicing, paper invoice scanning services, printing service, catalog exchange, purchase message exchange, activation services, and alliance fees of e-invoicing services and collaboration fees of financing-related added value services.

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	10-12/ 2014	10-12/ 2013	Change, %	1-12/ 2014	1-12/ 2013	Change, %
Network Services	9 175	7 407	23.9	33 237	27 829	19.4
Solution Services	25 489	25 642	-0.6	94 437	95 520	-1.1
Group total	34 664	33 049	4.9	127 674	123 349	3.5
<i>of which License Sales</i>	4 544	4 237	7.3	14 173	14 617	-3.0
<i>Customer Support</i>	11 389	11 009	3.5	44 493	43 512	2.3
<i>Professional Services</i>	7 619	7 869	-3.2	27 930	30 069	-7.1
<i>Automation Services</i>	11 112	9 934	11.9	41 078	35 151	16.9

*The breakdown of the net sales of the businesses has been adjusted with regard to previously reported comparison periods due to changes in the organization structure

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GROUP KEY INDICATORS

EUR thousand	1-12/2014	1-12/2013	1-12/2012
Net sales	127 674	123 349	113 699
Growth of net sales, %	3.5%	8.5%	5.5%
EBITDA	11 354	10 383	14 801
% of net sales	8.9%	8.4%	13.0%
Operating profit before IFRS3 amortization	5 682	4 256	10 555
% of net sales	4.5%	3.5%	9.3%
Operating profit	4 325	3 331	8 308
Growth of operating profit, %	29.8%	-59.9%	-32.3%
% of net sales	3.4%	2.7%	7.3%
Result before tax	4 328	3 284	8 357
% of net sales	3.4%	2.7%	7.4%
Result for the period	2 959	2 605	5 863
% of net sales	2.3%	2.1%	5.2%
Return on equity, %	2.5%	2.6%	5.8%
Return on investment, %	4.4%	3.9%	8.2%
Interest-bearing liabilities	5 000	8 632	10 524
Cash and cash equivalents	28 954	13 218	34 519
Gearing, %	-38,6%	-4.7%	-23.8%
Equity ratio, %	82.7%	77.1%	77.6%
Total assets	168 781	127 043	129 758
Gross investments*	5 821	20 733	19 606
% of net sales	4.6%	16.8%	17.2%
Capital expenditure	816	1 470	1 431
% of net sales	0.6%	1.2%	1.3%
Research and development costs	17 680	18 184	17 884
% of net sales	13.8%	14.7%	15.7%
R&D personnel at end of period	332	370	351
Personnel on average during the period	1 466	1 485	1 330
Personnel at end of period	1 493	1 472	1 423
Increase in personnel, %	1.4%	3.4%	20.4%

*Includes acquisitions and capitalized R&D costs

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Group Share Indicators

	1-12/2014	1-12/2013	1-12/2012
Earnings per share, basic	0.22	0.20	0.46
Earnings per share, diluted	0.22	0.20	0.46
Equity per share	9.88	7.62	7.84
Dividend per share	0.10*	0.23	0.23
Dividend per profit, %	45.1%	113.4%	50.4%
Effective dividend yield, %	0.2%	0.9%	1.1%
Price per earnings (P/E)	184.31	123.45	44.34
Share price performance			
lowest price	23.50	16.75	16.70
highest price	42.21	25.60	24.00
average price	35.65	20.35	20.84
closing price	41.05	25.03	20.25
Market capitalization at end of period**	577 640 124	321 771 012	260 182 550
Share issue adjusted number of traded shares	4 792 273	1 723 866	1 514 703
% of average number of shares	36.1%	13.4%	11.8%
Number of shares**			
- at end of the period	14 146 426	12 931 229	12 931 229
- average during the period	13 286 327	12 848 540	12 836 966
- average during the period, diluted	13 297 962	12 848 540	12 836 966

*Proposal of the Board of Directors to the Annual General Meeting

**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 14 221 2290 (12 931 229). Basware Corporation holds 74 803 (75 815) of its own shares, corresponding to approximately 0.5 percent (0.6%) of the total number of shares.

Basware had 13 675 (14 349) shareholders at the end of the period, including 12 nominee-registered holdings (11). Nominee-registered holdings accounted for 25.4 percent (11.7%) of the total number of shares.

The company's Annual General Meeting of February 14, 2014, authorized the Board of Directors of Basware to decide on the issue of new shares deviating from the shareholders' pre-emptive subscription rights. The company carried out a share issue of up to 1 290 000 new Basware shares to a limited number of international institutional investors in an accelerated book-built offering deviating from shareholders' pre-emptive subscription rights on September 4, 2014. The offered shares corresponded with approximately 9.98% of all Basware shares and votes before the share issue. The subscription price was set at EUR 33.50 per share, amounting to total proceeds of approximately EUR 43.2 million before commissions and expenses. The 1 290 000 shares issued were registered with the Finnish Trade Register on September 11, 2014.

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