

BASWARE INTERIM REPORT APRIL 1 – JUNE 30, 2015 (IFRS)**SUMMARY****January–June 2015: Revenue developed favourably**

- Net sales EUR 70 631 thousand (EUR 62 846 thousand) – growth 12.4 percent
- Operating result EUR -625 thousand (EUR 1 462 thousand) – -0.9 percent of net sales (2.3%)
- Growth of Network Services net sales 45.1 percent
- Recurring revenue 66.3 percent (66.7%) of net sales
- Earnings per share (diluted) EUR -0.08 (0.06)

April–June 2015:

- Net sales EUR 36 590 thousand (EUR 31 833 thousand) – growth of 14.9 percent
- Operating result EUR -1 757 thousand (EUR 1 152 thousand) – -4.8 percent of net sales (3.6%)
- Growth of Network Services net sales 51.9 percent
- Recurring revenue 68.8 percent (66.5%) of net sales
- Earnings per share (diluted) EUR -0.12 (0.06)

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

The Interim Report is unaudited.

July 10, 2015

GROUP KEY FIGURES

EUR thousand	4-6/ 2015	4-6/ 2014	Change, %	1-6/ 2015	1-6/ 2014	Change, %	1-12/ 2014
Net sales	36 590	31 833	14.9%	70 631	62 846	12.4%	127 674
EBITDA	64	2 896	-97.8%	2 855	4 995	-42.9%	11 354
Operating result	-1 757	1 152		-625	1 462		4 325
% of net sales	-4.8%	3.6%		-0.9	2.3%		3.4%
Result before tax	-2 602	1 149		-1 206	1 160		4 328
Result for the period	-1 715	804		-1 120	728		2 959
Equity ratio, %	-4.9%	3.4%		-1.9%	1.5%		2.5%
	-3.5%	5.8%		0.5%	3.8%		4.4%
Earnings per share	62 570	19 954	213.6%	62 570	19 954	213.6%	28 954
Undiluted, EUR	-33.7%	-13.7%		-33.7%	-13.7%		-38.6%
Diluted, EUR	67.9%	70.5%		67.9%	70.5%		82.7%
	-0.12	0.06		-0.08	0.06		0.22
	-0.12	0.06		-0.08	0.06		0.22
Equity per share, EUR	9.80	7.46	31.4%	9.80	7.46	31.4%	9.88

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.

CEO Esa Tihlä:

Revenue continued to develop favorably during the second quarter, growth of 14.9 percent year-on-year. Net sales for the second quarter amounted to EUR 36 590 thousand (EUR 31 833 thousand). The year-on-year growth in key markets was at a good level: net sales grew strongly in Germany, the UK, and the US. The number of transactions within the Basware Commerce Network grew according to the plan and the SaaS business grew well. Operating result was EUR -1 757 thousand (EUR 1 152 thousand). The result was impacted by selected one-off costs related to acquisitions activities and business improvement projects amounting to approximately EUR 2 100 thousand as well as continued investments in the selected key operations, such as Financing Services.

July 10, 2015

The Network Services sales grew strongly during the second quarter, which was driven both by organic growth as well as the acquisition of Procsolve. The net sales of Network Services amounted to EUR 12 296 thousand (EUR 8 096 thousand) during the second quarter, growth of 51.9 percent year-on-year. The growth in the transaction volume continued also during the second quarter, up 25.8 percent year-on-year. A total of 23.5 million transactions were processed via Basware Commerce Network during the quarter. An increasing amount of the transactions come from the e-invoicing target markets in which the e-invoicing penetration is relatively low while the growth is levelling off in some markets where the penetration is relatively high.

The Solution Services sales continued steadily also during the second quarter. The net sales of the Solution Services business amounted to EUR 24 294 thousand for the second quarter (EUR 23 737 thousand). The demand for SaaS services continued at a good level, represented by the SaaS revenue growth of 23.0 percent year-on-year. The productivity has improved due to improvements in billable utilization rate, faster go-lives and an increasing number of Alusta sales agreements.

The first customers have been signed for Basware Pay as well as Basware Discount which was introduced to the market during the first quarter within the Financing Services product suite. Negotiations with several new international financial institutions on collaboration with Basware Pay are underway. The development of the joint venture in the UK and a new e-invoicing based, supplier driven invoice financing service with Arrowgrass Capital Partners LLP are in progress. Building the Financing Services business and services has continued.

Basware acquired Procsolve, the leading e-procurement solution provider for the public sector in the UK, in April and the integration has proceeded well. As of June 30, 2015, following the new Procurement Policy Note, Crown Commercial Service actioned the public sector organizations in the UK to be ready to accept e-invoices. Across Basware's markets, there is a continued push from governments and public sector to adopt e-invoicing. In May, Basware launched a white paper "Why are governments not paperless?" examining the impact and the benefits of e-invoicing adoption on governments worldwide.

In accordance with its strategy, Basware's geographic expansion and achieving strong growth in Basware Commerce Network continue to be the main objectives, pursued both organically and through mergers and acquisitions. Development of the Financing Services business and services and establishing and finding new significant partnerships in the business will continue actively during the second half of 2015. As part of the ongoing Customers for Life initiative, tasked with significantly improving the customer's experience in how they engage with Basware, the company has established a new centralized unit for customer support. The new Customer Care unit is responsible for the development and improvement of customer support at Basware globally.

NET SALES

Basware Group's net sales for the first half of the year amounted to EUR 70 631 thousand (EUR 62 846 thousand), growth of 12.4 percent. The net sales included higher alliance fees related to the financing-related value added services compared to the corresponding period.

Net sales for the second quarter increased by 14.9 percent to EUR 36 590 thousand (EUR 31 833 thousand).

July 10, 2015

Information on products and services*

Net sales EUR thousand	4-6/ 2015	4-6/ 2014	Change, %	1-6/ 2015	1-6/ 2014	Change, %	1-12/ 2014
Network Services	12 296	8 096	51.9	23 409	16 128	45.1	33 237
Solution Services	24 294	23 737	2.3	47 222	46 718	1.1	94 437
Group total	36 590	31 833	14.9	70 631	62 846	12.4	127 674

*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 23 409 thousand (EUR 16 128 thousand), growth of 45.1 percent, including an alliance fee of 3 million Euros related to the financing-related value added services. The growth in the transaction volume of the business continued, up 27.0 percent, and 45.6 million transactions were processed via Basware Commerce Network.

Solution Services net sales amounted to EUR 47 222 thousand (EUR 46 718 thousand), up 1.1 percent.

The share of recurring revenue of net sales decreased during the period to 66.3 percent (66.7%) of net sales, influenced by a non-recurring alliance fee of 3 million Euros related to the financing-related value added services.

The international share of Basware's net sales was 65.1 percent (62.2%) in the period.

FINANCIAL PERFORMANCE

Basware's operating result for the period amounted to EUR -625 thousand (EUR 1 462 thousand). Operating result represented -0.9 percent (2.3%) of net sales.

Basware's operating result for the second quarter was EUR -1 757 thousand (EUR 1 152 thousand) Operating result represented -4.8 percent (3.6%) of net sales.

The company's operating expenses including employee benefits, depreciations and amortizations as well as other operating expenses were EUR 62 830 thousand (EUR 55 551 thousand) in the period, and have increased by 13.1 percent from the corresponding period the previous year. Personnel expenses made up 70.1 percent (71.4 %) or EUR 44 032 thousand (EUR 39 639 thousand) of the operating expenses. Bad debt provision at the end of the period amounted to EUR 765 thousand (EUR 1 681 thousand). Other operating expenses include acquisition-related non-recurring costs of EUR 1 682 thousand.

The company's finance income and finance expenses were EUR -137 thousand (EUR -302 thousand) for the period. During the quarter, Basware and Arrowgrass Capital Partners LLP established a joint venture to develop a new e-invoicing based, supplier driven invoice financing service. Basware's share of the start-up costs of the new business totaled EUR -444 thousand. Basware's result before tax was EUR -1 206 thousand (EUR 1 160 thousand) and result for the period was EUR -1 120 thousand (EUR 728 thousand) or -1.6 percent (1.2%) of net sales. Taxes for the period totaled EUR 86 thousand (EUR -432 thousand). Undiluted earnings per share were EUR -0.08 (EUR 0.06).

July 10, 2015

FINANCING AND INVESTMENTS

Basware Group's total assets on the balance sheet at the end of the period were EUR 204 289 thousand (EUR 136 027 thousand). The company's cash and cash equivalents totaled EUR 62 570 thousand (EUR 19 954 thousand). The net cash flow from operations, EUR 19 747 thousand (EUR 13 558 thousand), was driven mainly by a decrease in working capital. Net cash flows from investments were EUR 3 821 thousand (EUR -2 093 thousand). Net cashflow for acquisitions totaled EUR 20 425 thousand. Net cash flows from financing activities were 9 418 EUR thousand (EUR -4 765 thousand).

Equity ratio was 67.9 percent (70.5%) and gearing -33.7 percent (-13.7%). The company's interest-bearing liabilities totaled EUR 15 833 thousand (EUR 6 810 thousand), of which current liabilities accounted for EUR 15 833 thousand (EUR 3 477 thousand). Return on investment was 0.5 percent (3.8%) and return on equity -1.6 percent (1.5%).

Capital expenditure, resulting from regular additional and replacement investments required by the growth, was EUR 437 thousand (EUR 444 thousand) during the period. Gross investments including Procserve acquisition as well as the capitalized research and development costs totaled EUR 31 232 thousand (EUR 2 707 thousand).

RESEARCH AND DEVELOPMENT

Basware's research and development expenses totaled EUR 9 947 thousand (EUR 9 027 thousand), or 14.1 percent (14.4%) of net sales during the review period. The expenses increased by 10.1 percent compared to the corresponding period the previous year. Research and development expenses capitalized during the period amounted to EUR 3 914 thousand (EUR 1 784 thousand). The research and development costs included in the result for the review period totaled EUR 6 033 thousand (EUR 7 243 thousand), or 8.5 percent (11.5%) of net sales. A total of 358 (320) people worked in R&D at the end of the period.

PERSONNEL

Basware employed 1 601 (1 452) people on average during the period and 1 649 (1 459) at the end of the period.

Geographical division of personnel:

Personnel Employed, on average	4-6/ 2015	4-6/ 2014	Change, %	1-6/ 2015	1-6/ 2014	Change, %	1-12/ 2014
Finland	476	479	-0.6	475	486	-2.3	482
EMEIA & Russia	540	412	32.4	537	410	31.0	425
India	526	486	8.2	515	489	5.3	492
Americas & APAC	76	66	15.2	74	67	10.4	67
Group total	1 618	1 443	10.8	1 601	1 452	10.3	1 466

The share of personnel working in foreign units has increased compared with the previous year mainly due to the growth of personnel in India and through the acquisition of Procserve. At the end of the period, 71.0 percent (67.0%) of Basware personnel worked outside of Finland and 29.0 percent (33.0%) in Finland. 11.8 percent (11.9%) of the personnel work in sales and marketing, 58.6 percent (60.2%) in

July 10, 2015

professional services, 22.9 percent (21.9%) in research and development, and 6.7 percent (6.0%) in administration.

The average age of employees is 35.5 (34.7) years. Women account for 25.0 percent (24.1%) of employees, men for 75.0 percent (75.9%).

OTHER EVENTS OF THE PERIOD

Acquisition of Procsolve

Basware Corporation signed on April 8, 2015 an agreement to acquire Procsolve, the leading e-procurement solution provider for the public sector in the UK. The acquisition price was approximately EUR 25.8 million. In 2014, the net sales of the acquired business amounted to approximately EUR 9.6 million. Procsolve employed 60 people.

In 2015 the company expects the transaction and integration related costs to exceed the savings. In 2016 the company expects the cost synergies to be marginally net positive. The savings relate for example to the creation of joined IT infrastructure and facilities.

Changes in Basware's Executive Team

Jane Broberg was appointed as Senior Vice President, Human Resources and member of the Executive Team at Basware as of June 2, 2015. Senior Vice President Mari Heusala left the company and her position in the Executive Team as of April 16, 2015.

Basware established a new centralized unit for customer support in June. The Customer Care unit will be responsible for the development and improvement of customer support globally and the 1st and 2nd line support for all Basware solutions and services. Executive Team member Riku Roos has been appointed as head of the new unit with the title of Senior Vice President, Customer Care, as of July 1, 2015. Vice President Perttu Nihti assumed responsibility for the Network Services business for the time being. The company has begun the process of recruiting a new leader for the Network Services business.

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 risk 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.

July 10, 2015

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.

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

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 operating expenses 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, including Financing Services. 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.

In 2015, the company expects the acquisition of Procsolve and related integration costs to exceed the savings starting from the second quarter of the year and the cost synergies to be marginally net positive next year. The company also expects the joint venture which has been established with Arrowgrass Capital Partners LLP to add net costs in 2015.

July 10, 2015

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.

Espoo, Finland, Friday, July 10, 2015

BASWARE CORPORATION
Board of Directors

For more information, please contact:

Esa Tihilä, CEO, Basware Corporation
Tel. +358 40 480 7098

Distribution:

NASDAQ OMX Helsinki Ltd
Key media
www.basware.com

July 10, 2015

SUMMARY OF FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS JANUARY 1 – JUNE 30, 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	1.4.- 30.6.2015	1.4.- 30.6.2014	Change, %	1.1.- 30.6.2015	1.1.- 30.6.2014	Change, %	1.1.- 31.12.2014
NET SALES	36 590	31 833	14.9	70 631	62 846	12.4	127 674
Other operating income	3	26	-89.0	22	203	-89.3	260
Materials and services	-4 437	-3 057	45.1	-8 446	-6 035	39.9	-12 796
Employee benefit expenses	-23 221	-19 561	18.7	-44 032	-39 639	11.1	-77 779
Depreciation and amortization	-1 822	-1 744	4.4	-3 479	-3 533	-1.5	-7 029
Other operating expenses	-8 870	-6 345	39.8	-15 319	-12 379	23.8	-26 004
Operating result	-1 757	1 152		-625	1 462		4 325
Finance income	458	325	40.9	1 023	464	120.5	1 154
Finance expenses	-319	-328	-2.7	-1 160	-766	51.5	-1 151
Share of results of a joint venture	-444	0	100.0	-444	0	100.0	0
Result before tax	-2 062	1 149		-1 206	1 160		0
Income taxes	347	-345		86	-432		-1 368
RESULT FOR THE PERIOD	-1 715	804		-1 120	728		2 959
Other comprehensive income							
Other comprehensive income to be reclassified to profit or loss in subsequent periods:							
Exchange differences on translating foreign operations	204	-149		1 595	109	1357.9	-684
Income tax relating to components of other comprehensive income	73	-45		-347	-69	401.0	-279
Other comprehensive income, net of tax	277	-194		1 248	40	3015.0	-963
TOTAL COMPREHENSIVE INCOME	-1 438	610		128	768	-83.4	1 996
EUR thousand	1.4.- 30.6.2015	1.4.- 30.6.2014	Change, %	1.1.- 30.6.2015	1.1.- 30.6.2014	Change, %	1.1.- 31.12.2014
Profit attributable to:							
Equity holders of the parent company	-1 715	804		-1 120	728		2 959
	-1 715	804		-1 120	728		2 959
Total comprehensive income attributable to:							
Equity holders of the parent company	-1 438	610		128	768	-83.4	1 996
	-1 438	610		128	768	-83.4	1 996
Earnings per share							
undiluted, EUR	-0.12	0.06		-0.08	0.06		0.22
diluted, EUR	-0.12	0.06		-0.08	0.06		0.22

July 10, 2015

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	30.6.2015	30.6.2014	Change, %	31.12.2014
ASSETS				
Non-current assets				
Intangible assets	33 718	25 201	33.8	25 231
Goodwill	70 555	50 930	38.5	50 317
Tangible assets	1 468	1 438	2.0	1 387
Available-for-sale investments	38	36	4.4	38
Trade and other receivables	965	844	14.3	724
Deferred tax assets	4 700	3 864	21.6	4 377
Non-current assets	111 444	82 314	35.4	82 074
Current assets				
Inventories	27	149	-81.9	42
Trade receivables	22 586	26 938	-16.2	22 902
Other receivables	5 455	3 112	75.3	33 204
Income tax receivables	2 206	3 560	-38.0	1 605
Cash and cash equivalents	62 570	19 954	213.6	28 954
Current assets	92 845	53 713	72.9	86 707
ASSETS	204 289	136 027	50.2	168 781

July 10, 2015

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	30.6.2015	30.6.2014	Change, %	31.12.2014
EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital	3 528	3 528	0.0	3 528
Share premium account	1 187	1 187	0.0	1 187
Treasury shares	-1 123	-1 156	-2.8	-1 156
Invested unrestricted equity fund	104 349	61 740	69.0	104 381
Other reserves	540	540	0.0	540
Translation differences	-1 673	-1 918	-12.8	-2 921
Retained earnings	31 906	31 925	-0.1	34 184
Shareholders' equity	138 714	95 847	44.7	139 745
Non-current liabilities				
Deferred tax liability	3 898	2 130	83.0	2 433
Interest-bearing liabilities	0	3 333	-100.0	1 667
Other non-current financial liabilities	449	289	55.4	315
Non-current liabilities	4 347	5 753	-24.4	4 415
Current liabilities				
Interest-bearing liabilities	15 833	3 477	355.4	3 333
Trade payables and other liabilities	44 969	30 584	47.0	20 886
Income tax liabilities	425	366	16.1	403
Current liabilities	61 227	34 427	77.8	24 622
EQUITY AND LIABILITIES	204 289	136 027	50.2	168 781

July 10, 2015

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR thousand	Share capital	Share premium account	Treasury shares	Inv. un-restricted equity	Other reserves	Translation differences	Retained earnings	Total
SHAREHOLDERS' EQUITY								
1.1.2015	3 528	1 187	-1 156	104 381	540	-2 921	34 184	139 745
Comprehensive income						1 248	-1 120	128
Dividend distribution							-1 415	-1 415
Share based payments							257	257
Treasury shares issued*			33	-33				0
SHAREHOLDERS' EQUITY								
30.6.2015	3 528	1 187	-1 123	104 349	540	-1 673	31 906	138 714

EUR thousand	Share capital	Share premium account	Treasury shares	Inv. un-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						40	728	768
Dividend distribution							-2 957	-2 957
Share based payments							80	80
Treasury shares issued*			8	-8				0
SHAREHOLDERS' EQUITY								
30.6.2014	3 528	1 187	-1 156	61 740	540	-1 918	31 925	95 847

*Reward of the share-based incentive plan for Basware's key personnel

July 10, 2015

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	1.1.-30.6.2015	1.1.-30.6.2014	1.1.-31.12.2014
Cash flows from operating activities			
Result for the period	-1 120	728	2 959
Adjustments	4 000	4 308	8 460
Working capital changes	17 646	10 303	5 191
Financial items in operating activities	43	-235	-938
Income taxes paid	-823	-1 546	-762
Cash flows from operating activities	19 747	13 558	14 912
Cash flows used in investing activities			
Purchase of tangible and intangible assets	-5 635	-2 693	-6 517
Acquisition of subsidiaries and businesses	-20 425	0	0
Short-term deposits	29 881	0	-30 000
Repayment of loan receivables	0	600	600
Cash flows used in investing activities	3 821	-2 093	-35 917
Cash flows from financing activities			
Share issue	0	0	43 215
Proceeds from borrowings	12 500	0	0
Repayments of borrowings	-1 667	-1 667	-3 333
Payments of finance lease liabilities	0	-141	-284
Dividends paid	-1 415	-2 957	-2 957
Cash flows from financing activities	9 418	-4 765	36 640
Net change in cash and cash equivalents	32 987	6 700	15 635
Cash and cash equivalents at the beginning of period	28 954	13 218	13 218
Net foreign exchange difference	629	36	101
Cash and cash equivalents at the end of period	62 570	19 954	28 954

July 10, 2015

ACCOUNTING PRINCIPLES

The Interim Report has been prepared in accordance with IAS 34, Interim Financial Reporting. The same accounting principles have been followed as in the previous annual financial statements.

Basware has a 50 percent interest in a joint venture which was established with Arrowgrass Capital Partners LLP in the UK to develop a new e-invoicing based, supplier driven invoice financing service. Basware has determined its interest in the joint venture to be accounted for using the equity method. Basware's share of results of the joint venture is presented as a separate line item in the consolidated statement of comprehensive income and consolidated statement of financial position.

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. Revenue from products and services is reported as follows: Network Services (e-invoicing solutions and services) and Solution Services (software solutions and services).

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

Recurring revenue reported by the company consists of the net sales excluding license sales and professional services revenue. Alliance fees from financing-related value added services of non-recurring nature are not included in the recurring revenue. The definition of the recurring revenue has been revisited in 2015 to reflect the current business structure.

As of January 1, 2015, Basware has reported geographical areas Finland, EMEIA & Russia, and Americas & APAC. The reported areas have been adjusted to reflect the growth in the share of the Group's international business. The Finland area includes the Finnish operations and corporate services. EMEIA & Russia combines Scandinavia and the rest of Europe, previously reported separately, and it also includes operations in Russia and Africa. Americas & APAC includes business operations in North and South America and the Pacific region. The comparison figures have been adjusted correspondingly.

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 addition, the geographical information of non-current assets is reported by the location of the assets in the annual 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 Interim Report is unaudited.

July 10, 2015

BUSINESS COMBINATIONS

On April 8, 2015 Basware acquired the shares of Procserve, the UK's leading e-procurement solution provider. As part of its strategy, Basware continuously supports organic growth with acquisitions in its key markets and this acquisition made Basware the market leader for the public sector in the UK. The acquired business has been consolidated into Basware's result from the acquisition date. The consideration of EUR 25 753 thousand was paid in cash. The acquired net assets amount to approximately EUR 6 238 thousand, including the cash reserves of EUR 5 526 thousand. Approximately EUR 6 333 thousand associated with customer relationships have been allocated to intangible assets. The value associated with customer relationships will be amortized in 10 years, starting from the second quarter of 2015. The goodwill of EUR 19 645 thousand is recognized primarily to be attributing to the expected synergies with Procserve's and Basware's cloud-based e-procurement solutions as well as Procserve Commerce Network and the open Basware Commerce Network. The goodwill is non-deductible for income tax purposes. The calculation concerning the allocation of the purchase price is preliminary. Transaction costs of EUR 1 324 thousand are included in other operating expenses in the consolidated statement of comprehensive income and are part of the operating cash flows in the consolidated statement of cash flows.

The values of acquired assets and liabilities as at the date of acquisition were:

EUR thousand	Fair value
Intangible assets	6 455
Tangible assets	55
Trade and other receivables	1 263
Cash and cash equivalents	5 526
Total assets	13 299
Trade and other payables	7 061
Total liabilities	7 061
Net assets	6 238
Goodwill	19 645
Consideration	25 753

Analysis of cash flows on acquisition:

EUR thousand	Fair value
Consideration	-25 753
Cash and cash equivalents in Procserve	5 526
Transaction costs	-1 324
Net cash flow on acquisition	-21 551

The net sales of the acquired business included in the Group income statement since acquisition date were EUR 2 833 thousand and result for the period was EUR -663 thousand. The Group net sales would have totaled EUR 72 698 thousand and result for the period EUR - 1 072 thousand, if the business combination had taken place at the beginning of the year.

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. The company reports revenue from products and services by businesses: Network Services (e-invoicing solutions and services) and Solution Services (software solutions and services).

July 10, 2015

INFORMATION ON PRODUCTS AND SERVICES*

Net sales EUR thousand	4-6/ 2015	4-6/ 2014	Change, %	1-6/ 2015	1-6/ 2014	Change, %	1-12/ 2014
Network Services	12 296	8 096	51.9	23 409	16 128	45.1	33 237
Solution Services	24 294	23 737	2.3	47 222	46 718	1.1	94 437
Group total	36 590	31 833	14.9	70 631	62 846	12.4	127 674

*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

GEOGRAPHICAL INFORMATION**
Net sales by the location of customer

Net sales EUR thousand	4-6/ 2015	4-6/ 2014	Change, %	1-6/ 2015	1-6/ 2014	Change, %	1-12/ 2014
Finland	12 321	12 605	-2.3	24 655	23 729	3.9	48 978
EMEIA & Russia	19 399	15 716	23.4	37 504	31 657	18.5	63 628
Americas & APAC	4 871	3 511	38.7	8 472	7 459	13.6	15 068
Group total	36 590	31 833	14.9	70 631	62 846	12.4	127 674

Geographical information by the location of assets

Net sales EUR thousand	4-6/ 2015	4-6/ 2014	Change, %	1-6/ 2015	1-6/ 2014	Change, %	1-12/ 2014
Finland	18 728	18 121	3.3	39 648	36 114	9.8	73 353
EMEIA & Russia	17 305	15 812	9.4	33 478	30 780	8.8	62 674
Americas & APAC	4 651	3 492	33.2	7 946	6 848	16.0	14 425
Between areas	-4 093	-5 591	-26.8	-10 441	-10 896	-4.2	-22 778
Group total	36 590	31 833	14.9	70 631	62 846	12.4	127 674

Operating result EUR thousand	4-6/ 2015	4-6/ 2014	Change, %	1-6/ 2015	1-6/ 2014	Change, %	1-12/ 2014
Finland	-1 805	-76	2275.0	-1 377	-596	131.0	514
EMEIA & Russia	324	1 288	-74.8	1 073	2 095	-48.8	4 473
Americas & APAC	230	207	11.1	395	371	6.5	723
Between areas	-507	-267	89.9	-716	-409	75.1	-1 385
Group total	-1 757	1 152		-625	1462		4 325

Personnel Employed, on average	4-6/ 2015	4-6/ 2014	Change, %	1-6/ 2015	1-6/ 2014	Change, %	1-12/ 2014
Finland	476	479	-0.6	475	486	-2.3	482
EMEIA & Russia	540	412	32.4	537	410	31.0	425
India	526	486	8.2	515	489	5.3	492
Americas & APAC	76	66	15.2	74	67	10.4	67
Group total	1 618	1 443	10.8	1 601	1 452	10.3	1 466

** As of 2015, the company reports geographical areas as follows: Finland, EMEIA & Russia, and Americas & APAC. Comparative figures have been adjusted accordingly

July 10, 2015

FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

EUR thousand	30.06.2015 Book value	30.06.2015 Fair value	30.06.2014 Book value	30.06.2014 Fair value	31.12.2014 Book Value	31.12.2014 Fair value
Financial assets						
Non-current:						
Available-for-sale financial assets	38	38	36	36	38	38
Non-current trade and other receivables	965	965	844	844	724	724
Current:						
Financial assets at fair value through profit or loss						
Currency swaps *	0	0	0	0	20	20
Current trade receivables	22 586	22 586	26 938	26 938	22 902	22 902
Current other receivables	5 455	5 455	3 115	3 115	33 204	33 204
Cash and cash equivalents	62 570	62 570	19 954	19 954	28 954	28 954
Financial liabilities						
Non-current:						
Financial liabilities valued at amortized acquisition cost:						
Loans from financial institutions, interest-bearing	0	0	3 333	3 333	1 667	1 667
Current:						
Financial liabilities at fair value through profit or loss						
Interest rate derivatives*	5	5	16	16	12	12
Loans from financial institutions, interest-bearing	15 833	15 833	3 333	3 333	3 333	3 333
Finance lease liabilities, interest-bearing	0	0	143	143	0	0
Trade payables and other liabilities	44 525	44 525	30 584	30 584	20 886	20 886

*not in hedge accounting, level 2

July 10, 2015

COMMITMENTS AND CONTINGENT LIABILITIES

EUR thousand	30.06.2015	30.06.2014	31.12.2014
Own guarantees			
Business mortgages of own debts	1 200	1 200	1 200
Guarantees	205	0	205
Commitments on behalf of subsidiaries and group companies			
Guarantees	37	31	37
Other own guarantees			
Lease liabilities			
Current lease liabilities	973	935	992
Lease liabilities maturing in 1–5 years	1 091	825	1 014
Total	2 064	1 759	2 006
Other rental liabilities			
Current rental liabilities	5 203	3 765	5 365
Rental liabilities maturing in 1–5 years	8 202	7 204	7 584
Rental liabilities maturing later	2 737	2 053	2 037
Total	16 142	13 022	14 985
Other own contingent liabilities, total			
	18 206	14 782	16 991
Total commitments and contingent liabilities			
	19 648	16 012	18 433

RELATED PARTY TRANSACTIONS

EUR thousand	30.06.2015	30.06.2014	31.12.2014
Joint venture:			
Sales	118	0	0
Softaforce:			
Purchases of services	117	84	132

July 10, 2015

GROUP QUARTERLY INCOME STATEMENT

EUR thousand	4-6/2015	1-3/2015	10-12/2014	7-9/2014	4-6/2014	1-3/2014
NET SALES	36 590	34 041	34 664	30 164	31 833	31 013
Other operating income	3	19	0	57	26	177
Materials and services	-4 437	-4 009	-3 559	-3 200	-3 057	-2 978
Employee benefit expenses	-23 221	-20 811	-20 803	-17 337	-19 561	-20 078
Depreciation and amortization	-1 822	-1 658	-1 735	-1 760	-1 744	-1 789
Other operating expenses	-8 870	-6 449	-6 865	-6 761	-6 345	-6 034
Operating result	-1 757	1 132	1 701	1 162	1 152	310
%	-4.8%	3.3%	4.9%	3.9%	3.6%	1.0%
Finance income	458	565	923	-233	325	139
Finance expenses	-319	-841	-420	34	-328	-438
Share of results of a joint venture	-444	0	0	0	0	0
Result before tax	-2 062	856	2 204	964	1 149	11
%	-5.6%	2.5%	6.4%	3.2%	3.6%	0.0%
Income taxes	347	-261	-749	-187	-345	-87
RESULT FOR THE PERIOD	-1 715	595	1 454	777	804	-76
%	-4.7%	1.7%	4.2%	2.6%	2.5%	-0.2%

July 10, 2015

GROUP KEY INDICATORS

EUR thousand	1-6/2015	1-6/2014	1-6/2013	1-12/2014
Net sales	70 631	62 846	61 617	127 674
Growth of net sales, %	12.4%	2.0%	9.7%	3.5%
EBITDA	2 855	4 995	2 895	11 354
% of net sales	4.0%	7.9%	4.7%	8.9%
Operating result	-625	1 462	- 661	4 325
% of net sales	-0.9%	2.3%	-1.1%	3.4%
Growth of operating result, %				29.8%
Result before tax	-1 206	1 160	-689	4 328
% of net sales	-1.7%	1.8%	-1.1%	3.4%
Result for the period	-1 120	782	-611	2 959
% of net sales	-1.6%	1.2%	-1.0%	2.3%
Return on equity, %	-1.6%	1.5%	-1.2%	2.5%
Return on investment, %	0.5%	3.8%	-0.3%	4.4%
Interest-bearing liabilities	15 833	6 810	10 415	5 000
Cash and cash equivalents	62 570	19 954	22 917	28 954
Gearing, %	-33.7%	-13.7%	-13.0%	-38.6%
Equity ratio, %	67.9%	70.5%	66.9%	82.7%
Total assets	204 289	136 027	143 158	168 781
Gross investments*	31 232	2 707	18 507	5 821
% of net sales	44.2%	4.3%	30.0%	4.6%
Capital expenditure	437	444	709	816
% of net sales	0.6%	0.7%	1.2%	0.6%
Research and development expenses	9 947	9 027	9 468	17 680
% of net sales	14.1%	14.4%	15.4%	13.8%
R&D personnel at end of period	358	320	350	332
Personnel expenses	23 221	19 561	20 611	77 779
Personnel on average during the period	1 601	1 452	1 490	1 466
Personnel at end of period	1 649	1 459	1 498	1 493
Change in personnel, %	13.0%	-2.6%	13.2%	1.4%

*Including acquisitions and capitalized R&D costs

July 10, 2015

Group Share Indicators	1-6/2015	1-6/2014	1-6/2013	1-12/2014
Earnings per share, undiluted	-0.08	0.06	-0.05	0.22
Earnings per share, diluted	-0.08	0.06	-0.05	0.22
Equity per share	9.80	7.46	7.46	9.88
Price per earnings (P/E)	-505.44	695.14	-370.36	184.31
Share price performance				
lowest price	35.98	23.50	16.75	23.50
highest price	44.89	41.00	21.69	41.21
average price	39.93	34.31	19.88	35.65
closing price	40.00	38.55	17.60	41.05
Market capitalization at end of period*	566 030 800	495 615 222	226 133 970	577 640 124
Share issue adjusted number of traded shares	1 809 791	3 111 870	490 244	4 792 273
% of average number of shares	12.8%	24.2%	3.8%	36.1%
Number of shares*				
- at end of the period	14 150 770	12 856 227	12 848 521	14 146 426
- average during the period	14 149 810	12 931 229	12 931 229	13 286 327
- average during the period, diluted	14 164 540	12 856 227	12 848 521	13 297 962

*Excluding treasury shares

SHARE AND SHAREHOLDERS

Basware Corporation's share capital totaled EUR 3 528 367 (3 528 368) at the end of the period and the number of shares was 14 221 229 (12 931 229). Basware Corporation holds 70 459 (74 803) of its own shares, corresponding to approximately 0.5 percent (0.6%) of the total number of shares.

Basware had 13 282 (13 840) shareholders at the end of the period, including 12 nominee-registered holdings (9). Nominee-registered holdings accounted for 28.6 percent (19.1%) of the total number of shares.

The company's Annual General Meeting of February 13, 2015, authorized the Board of Directors to decide on the repurchase of the company's own shares and on share issue as well as on the issuance of options and other special rights entitling to shares.

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.