

BASWARE INTERIM REPORT JANUARY 1 – MARCH 31, 2016 (IFRS)**SUMMARY****Basware invested for future growth and transition to the cloud accelerated****January-March 2016:**

- Net sales EUR 34 125 thousand (EUR 34 041 thousand)
- Organic revenue growth 3.5 percent at constant currencies
- Adjusted EBITDA EUR -517 thousand (EUR 18 thousand)
- Recurring revenue 72.9 percent (63.7%) of net sales
- Earnings per share (diluted) EUR -0.21 (0.04)

The Interim Report is unaudited.

According to Basware's refined strategy, the company is targeting accelerated revenue growth during its strategy period 2016-2018. In 2016, Basware will accelerate its growth-related investments primarily focused on its cloud business, sales and marketing and related supporting activities as well as in the rollout of Basware's Financing Services offering. For 2016, Basware expects organic revenue growth of 5 percent or more for the year at constant currencies, and temporary pressure on margins driven by accelerated growth investments resulting in adjusted EBITDA (excluding non-recurring items) around break-even. The growth related accelerated operating investments are planned to amount to approximately 20 million euros.

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GROUP KEY FIGURES

EUR thousand	01-03/ 2016	01-03/ 2015	Change, %	1-12/ 2015
Net sales	34 125	34 041	0.2	143 410
Organic revenue growth*	3.5 %			
EBITDA	-867	2 790		11 902
Adjusted EBITDA* *	-517	18		12 337
Operating result	-2 716	1 132		4 676
% of net sales	-8.0 %	3.3%		3.3 %
Result before tax	-3 773	856		3 563
Result for the period	-2 957	595		3 083
Return on equity, %	-8.5%	1.7%		2.2 %
Return on investment, %	-8.5 %	4.7%		3.6 %
Cash and cash equivalents	54 654	73 624***	-25.8	33 238
Gearing, %	-28.9 %	-50.2%		-22.4 %
Equity ratio, %	66.3 %	74.3%		79.1 %
Earnings per share				
Undiluted, EUR	-0.21	0.04		0.22
Diluted, EUR	-0.21	0.04		0.22
Equity per share, EUR	9.64	9.89	-3.6	9.97

*at constant currencies

**EBITDA excluding non-recurring items

*** Including short term deposits maturing within 3 months from the period end

BUSINESS OPERATIONS

Basware is the global leader in providing networked purchase-to-pay solutions, e-invoicing and innovative financing services. Basware's commerce and financing network connects businesses in over 100 countries and territories around the globe. As the largest open business network in the world, Basware provides scale and reach for organizations of all sizes, enabling them to grow their business and unlock value across their operations by simplifying and streamlining financial processes. Small and large companies around the world achieve significant cost savings, more flexible payment terms, greater efficiencies and closer relationships with their suppliers.

CEO Esa Tihilä:

Basware's transition to a cloud and SaaS-based company continued to accelerate, with strong momentum in SaaS deals during the first quarter, and we expect this positive trend to continue. In the first quarter, we won a number of important Network agreements and were especially pleased with the strengthening of our sender-related business. This will positively impact growth in coming quarters. The

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Financing Services business generated significant deal activity and the first customers have started using Financing Services solutions and services. Overall however, as expected, the transition to SaaS continued to drag on total net sales growth as net sales of licenses were down significantly in the first quarter.

Sales of services developed well in the first quarter. The orderbook grew more strongly than expected and 26 Alusta deals (compared to 11 in Q1/2015) were closed. Network transactions amounted to 24.8 million during the quarter, with March a record month (8.7 million transactions). 15 agreements were closed in Financing Services during the quarter. Financing Services has enhanced the quality of all customer discussions, adding another dimension to differentiate Basware's solutions and services.

Basware executed against the announced growth enablers in its refined strategy for 2016-2018, investing in demand generation and sales in particular. Sales and marketing headcount grew 16.3 percent in the first quarter, with the rate of additions expected to increase during the second quarter due to the lead time in hiring processes. These investments are expected to show returns in late 2016 and early 2017.

A key area of management attention during the quarter has been on the efficiency and speed of delivering our services to customers in order to improve the revenue growth rates. A number of initiatives have been implemented to drive this, including piloting in Sweden a rapid deployment methodology for Alusta deliveries, moving to a global allocation of resources in Professional Services and greater regional oversight to drive timely deliveries.

Developing the customer services function is also key to Basware's strategy. Customer satisfaction is now tied to incentives at all levels in the Basware organization. Feedback from customers has been positive and we have had especially good feedback on the quality of our products and services.

Actions related to improving the quality of our operations play an important part of ensuring good customer services, revenue growth and efficiency of delivery. Key first quarter product achievements included the development of a sending solution enabling suppliers to start sending PDF invoices to Basware without any installations, as well as adding Vendor Management and Business Directory to our Network services.

Basware's acquisition and partnership activity also supported progress towards the 2018 goals. On March 31, 2016, Basware announced the acquisition of Verian, a leading cloud based e-procurement solution provider in the US. The acquisition will further strengthen Basware's market position in the US, doubling company's operations locally, and will add new talent and additional e-procurement capabilities to Basware. The acquisition will also extend Basware's network by offering our market leading open commerce and financing network and Financing Services to Verian's customers. In March Basware also announced a partnership with WEX Inc. to offer Basware Financing Services to their broad customer base.

REPORTING

Basware reports one operating segment. In addition, net sales is reported by business area and by type.

Net sales by business area will be split by Network business area, P2P (Purchase to Pay) business area and Professional services. The Network business area is responsible for Basware's network business, aimed at accelerating growth of transactions in Basware's commerce and financing network, the largest open business commerce network in the world. Reported within the Network business area, Financing Services business area is responsible for selling and implementing Basware's innovative financing

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services, providing the customers with new, real-time alternatives to manage their working capital on Basware's network. The P2P business area is responsible for Basware's software business, extending the company's global leadership in purchase to pay solutions and alongside the Network business area, driving growth in cloud-based services. Professional Services is a global unit serving all Basware's customers, including project management, delivery, business consulting and related operations and development across the business areas.

Net sales by types will be split by Transaction Services (consisting of e-invoicing, scan and capture services, printing services and network start-up fees), SaaS, Consulting Services (consisting of professional services and customer service management), Maintenance, License sales, and Other.

Definitions of Key Performance Indicators, including organic revenue growth at constant currencies, adjusted EBITDA, cloud revenue and recurring revenue can be found on page 17.

NET SALES

Basware Group's net sales for the period amounted to EUR 34 125 thousand (EUR 34 041 thousand), a growth of 0.2 percent. This equated to 3.5 percent organic growth at constant currencies. Adjustments for organic growth included deducting non-recurring alliance fees booked in Q1 2015, and deducting net sales from businesses acquired in the last 12 months from Q1 2016.

Net sales of the P2P business area amounted to EUR 14 919 thousand, down 1.2 percent. P2P business area net sales were driven by the strong growth in SaaS being offset by the decline in license sales and maintenance. Net sales of the Network business area amounted to EUR 11 851 thousand, up 4.0 percent.

Information on net sales by business area

Net sales by business area EUR thousand	1-3/ 2016	1-3/ 2015	Change, %	1-12/ 2015
Network	11 851	11 394	4.0	47 656
P2P	14 919	15 096	-1.2	62 304
Professional Services	7 355	7 551	-2.6	33 450
Group total	34 125	34 041	0.2	143 410

Basware's transition from a license dominated to a SaaS and cloud based company accelerated in the first quarter of 2016. Recurring revenues and cloud revenues grew strongly during the quarter. Recurring revenues were EUR 24 879 thousand, up 14.7 percent from Q1 2015. Cloud revenues were EUR 14 358 thousand, up 41.6 percent from Q1 2015.

24.8 million transactions were processed via Basware's network (22.1 million transactions), up 12.3 percent. This translated into revenue growth in Transactions of 13.4 percent.

While the transition to SaaS is positive for the future of Basware and in line with our strategy, the decline of license sales dragged on our total net sales growth in Q1. Net sales from SaaS grew 30.4 percent, however this did not fully compensate for the decline in license sales which were down 41.1 percent versus Q1 2015. Basware is no longer offering P2P licenses to new direct sales customers. In addition net sales from maintenance were down 3.2 percent versus Q1 2015, and this created a further drag on growth.

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Information on net sales by type

Net sales by revenue type EUR thousand	1-3/ 2016	1-3/ 2015	Change, %	1-12/ 2015
Transaction services	8 403	7 407	13.4	33 256
SaaS	3 563	2 731	30.4	11 811
Consulting services	8 117	7 895	2.8	35 616
Maintenance	10 132	10 462	-3.2	41 664
License sales	1 501	2 548	-41.1	10 921
Other revenue	2 410	2 998	-19.6	10 143
Group total	34 125	34 041	0.2	143 410

The international share of Basware's net sales increased to 64.3 percent (63.8%) in the period.

FINANCIAL PERFORMANCE

Adjusted EBITDA amounted to EUR -517 thousand (EUR 18 thousand). Adjusted EBITDA was negative in Q1 as Basware has invested in the business according to its announced strategy. These investments will take time to have a positive impact on the company's net sales and EBITDA. The adjustments in EBITDA for non recurring items included expenses related to the Verian acquisition and certain non-recurring employee costs totalling approximately EUR 350 thousand.

Basware's operating result for the period amounted to EUR -2 716 thousand (EUR 1 132 thousand).

The company's operating expenses including employee benefits, depreciations and amortizations as well as other operating expenses were EUR 33 230 thousand (EUR 28 918 thousand) in the period, and have increased by 14.9 percent from the corresponding period the previous year. Personnel expenses made up 71.8 percent (72.0 %) or EUR 23 848 thousand (EUR 20 811 thousand) of the operating expenses.

The company's net finance expenses were EUR -431 thousand (EUR -276 thousand) for the period. Basware's share of the results of the joint venture totaled EUR -626 thousand.

Basware's result before tax was EUR -3 773 thousand (EUR 856 thousand) and result for the period was EUR -2 957 thousand (EUR 595 thousand). Taxes for the period totaled EUR 816 thousand (EUR -261 thousand).

Undiluted earnings per share were EUR -0.21 (EUR 0.04).

FINANCING AND INVESTMENTS

Cashflows from operating activities were EUR 12 232 thousand in Q1 (EUR 19 775 thousand). Basware's cashflows are seasonal as a relatively large part of payments for annual maintenance are made in the first quarter. Basware's cash and cash equivalents including short-term deposits totaled EUR 54 654 thousand (EUR 73 624 thousand). EUR 15.3 million of the cash position related to borrowing made to fund the Verian acquisition, which were drawn before the end of the quarter. The borrowing were structured as a 4 year term loan with initial repayments beginning in September 2017. In March 2016 Basware also put in place a EUR 10 million revolving credit facility with a 2 year maturity. The facility is available to fund future working capital requirements and was undrawn as of March 31, 2016. Both the term loan and the revolving credit facility contain market standard financial covenants that

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are not expected to restrict the activities of the company.

Basware Group's total assets on the balance sheet at the end of the period were EUR 205 838 thousand (EUR 188 378 thousand). Net cash flows from investments were EUR -4 057 thousand (EUR -2 345 thousand). These investments included EUR 1 044 thousand to a joint venture.

As reported in the third quarter of 2015, an agreement was reached between German and Finnish tax authorities in the mutual agreement procedure. The company has received a tax refund of EUR 1.3 million in the first quarter.

The equity ratio was 66.3 percent (74.3%) and gearing -28.9 percent (-50.2%). The company's interest-bearing liabilities totaled EUR 15 300 thousand (EUR 3 333 thousand), of which current liabilities accounted for EUR 0 (EUR 3 333 thousand). The return on investment was -8.5 percent (4.7%) and return on equity -8.5 percent (1.7%).

Gross investments including capitalized research and development costs totaled EUR 4 004 thousand (EUR 2 175 thousand).

RESEARCH AND DEVELOPMENT

Basware's research and development expenses totaled EUR 5 581 thousand (EUR 4 808 thousand), or 16.4 percent (14.1%) of net sales during the review period. The expenses increased by 16.1 percent compared to the corresponding period the previous year. Research and development expenses capitalized during the period amounted to EUR 2 265 thousand (EUR 1 692 thousand). Research and development expenses have increased to support Basware's growth strategy and have focused on Financing Services and further development of Basware's procurement capabilities. The research and development costs included in the profit for the review period totaled EUR 3 315 thousand (EUR 3 116 thousand), or 9.7 percent (9.2%) of net sales. A total of 400 (336) people worked in R&D at the end of the period.

PERSONNEL

Basware employed 1 712 (1 516) people on average during the period and 1 713 (1 508) at the end of the period.

Geographical division of personnel:

Personnel Employed, on average	01-03/ 2016	01-03/ 2015	Change, %	1-12/ 2015
Finland	494	474	4.1	479
EMEIA	575	465	23.6	514
India	562	503	11.7	522
Americas & APAC	82	75	11.3	76
Group total	1 712	1 516	13.0	1 591

At the end of the period, 71.0 percent (68.7%) of Basware personnel worked outside of Finland and 29.0 percent (31.3%) in Finland. 10.0 percent (9.7%) of the personnel work in sales and marketing, 59.0 percent (61.0%) in professional services, production and customer care, 23.4 percent (22.3%) in research and development, and 7.6 percent (7.0%) in administration. Amounts of personnel in sales and marketing and professional services from Q1 2015 were adjusted according to organizational changes.

The average age of employees is 35.5 (35.1) years. Women account for 26.6 percent (24.7%) of employees, men for 73.4 percent (75.3%).

OTHER EVENTS OF THE PERIOD

Basware Corporation's Annual General Meeting on March 15, 2016

The Annual General Meeting of Basware Corporation held on March, 15 2016 adopted the annual accounts for the financial period ended on December 31, 2015. The members of the Board of Directors as well as the CEO were discharged from liability for the financial period ended on December 31, 2015.

The Annual General Meeting resolved in accordance with the proposal of the Board of Directors that no dividend will be paid for the year 2015.

The Annual General Meeting decided the number of members of the Board of Directors to be six. Mr. Hannu Vaajoensuu, Mr. Michael Ingelög, Mr. Ilkka Sihvo, Ms. Tuija Soanjärvi, Mr. Anssi Vanjoki and Mr. David Bateman were elected as members of the Board of Directors. In its first meeting held after the Annual General Meeting, the Board of Directors elected Hannu Vaajoensuu as the Chairman and Ilkka Sihvo as the Vice Chairman of the Board.

The Annual General Meeting decided that the remuneration for the members of the Board of Directors will be paid as follows: members EUR 27,500 per annum, vice chairman EUR 32,000 per annum and chairman EUR 55,000 per annum. In addition, chairmen of the Board of Directors and its committees shall receive EUR 500 per attended meeting and members of the Board of Directors and its committees shall receive EUR 400 per attended meeting. Out of the annual remuneration to be paid to the Board members, 40 per cent of total gross compensation amount will be used to purchase Basware Corporation's shares at trading on regulated market organized by Nasdaq Helsinki Ltd. However, this only concerns Board members whose ownership of Basware Corporation is less than 5,000 shares. The purchase of shares will take place as soon as possible after the decision by the General Meeting. Shares received as remuneration may not be sold or otherwise transferred during a period of two years. This restriction does not concern persons who are no longer Board members. Travel expenses of the members of the Board of Directors are reimbursed in accordance with the company's travel policy.

Ernst & Young Oy, Authorized Public Accountants organisation, was elected as the company's auditor. Ernst & Young Oy has advised that it will appoint Ms. Terhi Mäkinen, Authorized Public Accountant, as the principally responsible auditor of the company. It was decided that the remuneration of the auditor is paid according to reasonable invoice and that travel expenses of the auditor are reimbursed in accordance with the company's travel policy.

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

The Annual General Meeting decided to authorize the Board of Directors to decide on repurchase of company's own shares in accordance with the proposal of the Board of Directors. By virtue of the authorization, the Board of Directors is entitled to decide on repurchasing a maximum of 1,420,000 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 trading on regulated market organized by Nasdaq 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 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

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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, 2017 and shall revoke the previous authorizations for repurchasing the company's own shares.

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

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

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 2,840,000 new shares and convey a maximum of 1,487,464 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 1,420,000 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 price of the new shares and the consideration payable for the company's own shares shall be recorded 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, 2017 and shall revoke the previous authorizations for share issues and granting of stock options and other special rights entitling to shares.

Establishing a permanent Shareholders' Nomination Board

The Annual General meeting decided to establish a permanent Shareholders' Nomination Board in accordance with the proposal of the Board of Directors. The Nomination Board shall be responsible for preparing and presenting proposals covering the remuneration and number of members of the company's Board of Directors as well as proposal on the members of the Board of Directors to Annual General Meeting and, where needed, to an Extraordinary General Meeting. The Nomination Board shall also be responsible for identifying successors for existing Board members.

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The Nomination Board shall consist of four (4) members, three of which shall be appointed by the company's three largest shareholders, who shall appoint one member each. The chairman of the company's Board of Directors shall serve as the fourth member.

The Annual General meeting further decided to adopt the Charter of the Shareholders' Nomination Board. More information on the Shareholders Nomination Board is available on the company's investor site at www.basware.com/investors.

Basware's refined strategy for 2016-2018

On February 2, 2016, Basware announced of its refined strategy for 2016-2018. More information on strategy is available on the company's investor site at www.basware.com/investors.

EVENTS AFTER THE PERIOD

The acquisition of Verian, a leading cloud-based e-procurement solution provider in the US

Basware signed an agreement on March 31, 2016 to acquire US based Verian Technologies LLC ("Verian"), a leading cloud-based e-procurement solution provider in the US. The acquisition will further strengthen Basware's market position in the US and is a strong fit with Basware's strategy to grow cloud business revenues in key markets. Verian will add new talent and additional e-procurement capabilities to Basware. The acquisition will extend Basware's network by offering our market leading commerce network and financing services to Verian's broad customer base. Verian employs 75 people in the US. In 2015, the net sales of the acquired business amounted to approximately USD 10.5 million.

Basware completed the acquisition of Verian on April 1, 2016. The acquisition price was approximately USD 36.0 million (EUR 31.8 million equivalent). Part of the acquisition price was paid in the form of shares of Basware, and Basware issued 180,707 new shares to the major owners of Verian at a subscription price of EUR 39.09 per share. The subscription price for the new shares of Basware was paid to Basware by contribution of membership interests of Verian. The share issue resolution was made based on the share issue authorization granted by the annual general meeting of shareholders of Basware on March 15, 2016. The new shares of Basware were registered with the Finnish Trade Register on April 4, 2016. The shares carry a right to dividend and other shareholder rights as from their registration with the Finnish Trade Register. Following the registration, the number of issued and outstanding shares of Basware is 14,401,936.

In 2016, Basware expects the non-recurring transaction and integration related costs of the acquisition to amount to approximately EUR 1 million. The transaction is expected to be earnings per share accretive from 2017 onwards.

RISKS AND UNCERTAINTY FACTORS

Basware has entered into an aggressive growth strategy with high net sales growth expectations especially for 2017-2018. Executing the refined strategy for 2016-2018 requires significant investments in sales and marketing and related resources as well as continued investments in product development. At the same time the industry transformation from an on-premise license-based business model to a SaaS model will accelerate the decline of certain Basware revenue streams, including license sales and maintenance. Until the transformation is complete, this will act as a drag on net sales growth.

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Basware's net sales growth might fall below expectations if the company is not able to add qualified sales and marketing resources in planned timetable. This applies especially to Basware's highest growth markets in the US, the UK and Germany. Additionally, even higher than expected pace in the license-SaaS transformation would have a negative impact on expected net sales in the short term. In addition to SaaS, Basware expects high growth rates in its network-based transaction services which will, besides successful sales effort, also require improved onboarding process and fast entry into the small and medium business segment. Sales from Basware's third growth business area, Financing Services, are dependent on Basware's ability to bring innovative and attractive products to the market in planned timetable and move customers quickly to a phase where they are using the services extensively enough to provide meaningful revenue to Basware.

The fact that close to 50 percent of the company's sales are expected to come from non-Euro countries exposes the Group's net sales growth to foreign exchange rate movements. In case there is a significant depreciation of GBP, USD, NOK, SEK or AUD against the Euro, consolidated net sales targets might not be reached, despite good performance in local currencies.

Execution of the growth strategy and going through constant change puts new demands on the organization as well as its management and leadership capabilities. The company's ability to attract, retain and develop the right type of talent to deliver on its strategy is critical as well as management focus and ability to drive change.

Basware considers acquisitions as part of its strategy. Acquisitions entails risks, such as failure in integrating acquisitions or in ensuring that the planned financial benefits and synergies of the acquisitions materialize.

Basware's biggest operational risks relate to service disruption as a result of for example data center failures, various data security threats and non-compliance risks related to Basware's solutions and services, the company's activities or its employees' behavior. Operational risks are actively managed by continuous improvement in risk monitoring and protection practices as well as internal training of Basware's personnel.

Basware operates in a market where technological and business model innovation play a key role. While Basware is recognized as a leader within its segments by independent analysts, it is critical that Basware continues to innovate and develop its offering.

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 2016 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 as an industry standard 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. Public sector e-commerce initiatives, launched particularly across the EU and the US, are expected to drive further adoption of e-invoicing. The growing e-invoicing market and companies' interest in other payment and financing added value solutions will offer excellent growth opportunities in future years.

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Outlook 2016

As part of its refined strategy for 2016-2018, Basware will accelerate operating investments in 2016 to drive higher organic growth. In particular go-to-market and related activities will be expanded, with a focus on the UK, the US, and Germany, and the development of the Financing Services offering will be accelerated. In addition, Basware will invest in R&D activities aimed at shortening the implementation times of Basware's solutions and services with new and existing customers. The growth related accelerated operating investments are planned to amount to approximately 20 million euros.

While EBITDA margin will be temporarily impacted in 2016 due to the investments, the underlying profitability will continue to improve as a result of efficiency and simplification initiatives. These initiatives include continuous cost of sales reduction of Basware's cloud-based business, increasing use of online tools and services to selectively automate demand generation and sales activities, as well as various supporting process simplification and scalability related actions.

For 2016, Basware expects organic revenue growth of 5 percent or more for the year at constant currencies, and temporary pressure on margins driven by accelerated growth investments resulting in adjusted EBITDA (excluding non-recurring items) around break-even. The company also expects its SaaS net sales to grow as well as to sustain strong growth of Basware's network. The continued increase in the company's recurring revenue is expected to outpace the progressive slowdown in license net sales. Seasonality affects Basware's business throughout the year, and typically the last quarter of the year has been the strongest quarter.

Organic growth will continue to be supported by a disciplined acquisition strategy, aimed at strengthening the company's position in key markets, especially in the e-invoicing market in Europe and in the US.

Espoo, Finland, Tuesday, April 19, 2016

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SUMMARY OF FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS JANUARY 1 – MARCH 31, 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	1.1.- 31.03.2016	1.1.- 31.03.2015	Change, %	1.1.- 31.12.2015
NET SALES	34 125	34 041	0.2	143 410
Other operating income	0	19		104
Materials and services	-3 611	-4 009	-9.9	-16 396
Employee benefit expenses	-23 848	-20 811	14.6	-85 726
Depreciation and amortization	-1 848	-1 658	11.5	-7 226
Other operating expenses	-7 533	-6 449	16.8	-29 490
Operating result	-2 716	1 132		4 676
Finance income	231	565	-59.1	2 187
Finance expenses	-662	-841	-21.3	-1 677
Share of results of a joint venture	-626	0		-1 623
Result before tax	-3 773	856		3 563
Income taxes	816	-261		-481
RESULT FOR THE PERIOD	-2 957	595		3 083
Other comprehensive income				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Exchange differences on translating foreign operations	-2 228	1 392		-513
Income tax relating to components of other comprehensive income	215	-420		-278
Other comprehensive income, net of tax	-2 012	971		-791
TOTAL COMPREHENSIVE INCOME	-4 969	1 567		2 292
EUR thousand	1.1.- 31.03.2016	1.1.- 31.03.2015	Change, %	1.1.- 31.12.2015
Profit attributable to:				
Equity holders of the parent company	-2 957	595		3 083
	-2 957	595		3 083
Total comprehensive income attributable to:				
Equity holders of the parent company	-4 969	1 567		2 292
	-4 969	1 567		2 292
Earnings per share				
undiluted, EUR	-0.21	0.04		0.22
diluted, EUR	-0.21	0.04		0.22

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	31.03.2016	31.03.2015	Change, %	31.12.2015
ASSETS				
Non-current assets				
Intangible assets	37 038	25 779	43.7	36 309
Goodwill	67 971	50 647	34.2	69 262
Tangible assets	1 394	1 395	-0.1	1 445
Share of investment in a joint venture	751	0		334
Available-for-sale investments	38	38		38
Trade and other receivables	2 196	904	142.9	2 080
Deferred tax assets	6 189	4 421	40.0	4 832
Non-current assets	115 578	83 184	38.9	114 300
Current assets				
Inventories	23	30	-22.8	30
Trade receivables	26 650	25 834	3.2	23 692
Other receivables	8 705	34 423	-74.7	5 789
Income tax receivables	228	1 165	-80.5	1 498
Cash and cash equivalents	54 654	43 743	24.9	33 238
Current assets	90 259	105 195	-14.2	64 246
ASSETS	205 838	188 378	9,3	178 545

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	31.03.2016	31.03.2015	Change, %	31.12.2015
EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital	3 528	3 528		3 528
Share premium account	1 187	1 187		1 187
Treasury shares	-1 101	-1 128	-2.4	-1 108
Invested unrestricted equity fund	104 326	104 353		104 334
Other reserves	540	540		540
Translation differences	-5 724	-1 949	193.7	-3 712
Retained earnings	33 637	33 412	0.6	36 378
Shareholders' equity	136 394	139 944	-2.5	141 147
Non-current liabilities				
Deferred tax liability	4 119	2 507	64.3	4 545
Interest-bearing liabilities	15 300	0		0
Other non-current financial liabilities	876	207	323.9	730
Non-current liabilities	20 295	2 714	647.8	5 276
Current liabilities				
Interest-bearing liabilities	0	3 333		1 667
Trade payables and other liabilities	47 886	42 162	13.6	29 470
Income tax liabilities	1 263	225	461.4	986
Current liabilities	49 149	45 721	7.5	32 123
EQUITY AND LIABILITIES	205 838	188 390	9.3	178 545

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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 1.1.2016	3 528	1 187	-1 108	104 334	540	-3 712	36 378	141 147
Comprehensive income						-2 012	-2 957	-4 969
Dividend distribution								0
Share based payments			7	-7			216	216
SHAREHOLDERS' EQUITY 31.03.2016	3 528	1 187	-1 101	104 326	540	-5 724	33 637	136 394

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						971	595	1 567
Dividend distribution							-1 415	-1 415
Share based payments			28	-28			48	48
SHAREHOLDERS' EQUITY 31.03.2015	3 528	1 187	-1 128	104 353	540	-1 949	33 412	139 944

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CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	1.1.-31.03.2016	1.1.-31.03.2015	1.1.-31.12.2015
Cash flows from operating activities			
Result for the period	-2 883	595	3 083
Adjustments	2 249	2 240	9 103
Working capital changes	12 231	17 372	952
Financial items in operating activities	-269	-31	-34
Income taxes paid/received	904	-400	543
Cash flows from operating activities	12 232	19 775	13 648
Cash flows used in investing activities			
Purchase of tangible and intangible assets	-3 013	-2 345	-12 391
Acquisition of subsidiaries and businesses	0	0	-20 248
Investment made to a joint venture	-1 044	0	-1 957
Repayment of loan receivables	0	0	29 881
Cash flows used in investing activities	-4 057	-2 345	-4 716
Cash flows from financing activities			
Proceeds from current borrowings	0		12 500
Repayment of current borrowings	-1 667		-14 167
Repayments of non-current borrowings	0	-1 667	-1 667
Proceeds from non-current borrowings	15 300	0	0
Dividends paid	0	-1 415	-1 415
Cash flows from financing activities	13 633	-3 082	-4 748
Net change in cash and cash equivalents	21 809	14 349	4 184
Cash and cash equivalents at the beginning of period	33 238	28 945	28 954
Net foreign exchange difference	-394	440	100
Cash and cash equivalents at the end of period	54 653	43 743	33 238

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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 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.

DEFINITIONS OF KEY PERFORMANCE INDICATORS

The same principles have been followed as in the annual financial statements with the following amendments.

Recurring revenue reported by the company consists of net sales excluding license sales and non-recurring consulting revenue. Alliance fees from financing-related value added services of non-recurring nature are not included in the recurring revenue.

Cloud revenue includes net sales from transactions services, SaaS, financing services excluding alliance fees, and other subscription revenues.

Adjusted EBITDA is calculated by deducting non-recurring alliance fees from net sales, and deducting exceptional costs including acquisition related expenses and certain employee and other efficiency related expenses from costs

Organic revenue growth is calculated by comparing net sales between comparison periods in constant currencies excluding non-recurring items including alliance fees as well as net sales from acquisitions that have taken place in the past 12 months. Net sales in constant currencies is calculated by eliminating the impact of changes in currencies by calculating the net sales for the period by using the comparable period's exchange rates.

Gross investments are total investments made to non-current assets including acquisitions and capitalized R&D costs.

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SEGMENT REPORTING

Basware reports one operating segment. The reported segment is comprised of the entire Group, and the segment figures are consistent with the Group figures.

INFORMATION ON PRODUCTS AND SERVICES

From Q1 2016 onwards, Basware will report revenues by type. The revenue types will be split by Transaction services (consisting of e-invoicing, scan and capture services, printing services and network start-up fees), SaaS, Consulting services (consisting of professional services and customer services management), Maintenance, License sales, and Other.

Net sales by revenue type

Net sales EUR thousand	1-3/ 2016	1-3/ 2015	Change, %	1-12/ 2015
Transaction services	8 403	7 407	13.4	33 256
SaaS	3 563	2 731	30.4	11 811
Consulting services	8 117	7 895	2.8	35 616
Maintenance	10 132	10 462	-3.2	41 664
License sales	1 501	2 548	-41.1	10 921
Other revenue	2 410	2 998	-19.6	10 143
Group total	34 125	34 041	0.2	143 410

Basware also reports revenues by business area.

The Network business area is responsible for Basware's network business, aimed at accelerating growth of transactions in Basware's commerce and financing network, the largest open business commerce network in the world. Reported within the Network business area, Financing Services business area is responsible for selling and implementing Basware's innovative financing services, providing the customers with new, real-time alternatives to manage their working capital on Basware's network.

The Purchase to Pay business area is responsible for Basware's software business, extending the company's global leadership in purchase to pay solutions and driving the growth in cloud-based services.

Professional Services is a global unit serving all Basware's customers, including project management, delivery, business consulting and related operations and development across the business areas.

Net sales by business area

Net sales EUR thousand	1-3/ 2016	1-3/ 2015	Change, %	1-12/ 2015
Network	11 851	11 394	4.0	47 656
P2P	14 919	15 096	-1.2	62 304
Professional Services	7 355	7 551	-2.6	33 450
Group total	34 125	34 041	0.2	143 410

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GEOGRAPHICAL INFORMATION

Basware reports geographical areas Finland, EMEIA, and Americas & APAC. The Finland area includes the Finnish operations and corporate services. EMEIA combines Scandinavia and the rest of Europe, as well as operations in Russia and Africa. Americas & APAC includes business operations in North and South America and the Pacific region.

Net sales by the location of customer

Net sales	1-3/	1-3/	Change,	1-12/
EUR thousand	2016	2015	%	2015
Finland	12 178	12 334	-1.3	49 238
EMEIA	17 507	18 105	-3.3	75 810
Americas & APAC	4 441	3 601	23.3	18 363
Group total	34 125	34 041	0.2	143 410

Geographical information by the location of assets

Net sales	1-3/	1-3/	Change,	1-12/
EUR thousand	2016	2015	%	2015
Finland	18 564	20 921	-11.3	78 116
EMEIA	17 575	16 173	8.7	67 541
Americas & APAC	4 264	3 296	29.4	17 586
Between areas	-6 278	-6 349	-1.1	-19 833
Group total	34 125	34 041	0.2	143 410

Operating result	1-3/	1-3/	Change,	1-12/
EUR thousand	2016	2015	%	2015
Finland	-4 937	428		-1 432
EMEIA	2 334	749	211.7	6 099
Americas & APAC	172	165	3.9	1 327
Between areas	-289	-210	37.9	-1 316
Group total	-2 721	1 132		4 676

Personnel	1-3/	1-3/	Change,	1-12/
Employed, on average	2016	2015	%	2015
Finland	494	474	4.1	479
EMEIA (excluding India)	575	465	23.6	514
India	562	503	11.7	522
Americas & APAC	82	75	11.3	76
Group total	1 712	1 516	13.0	1 591

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FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

EUR thousand	31.03.2016 Book value	31.03.2016 Fair value	31.03.2015 Book value	31.03.2015 Fair value	31.12.2015 Book value	31.12.2015 Fair value
Financial assets						
Non-current:						
Available-for-sale financial assets	38	38	38	38	38	38
Non-current trade and other receivables	1 166	1 166	904	904	1 130	1 130
Current:						
Financial assets at fair value through profit or loss						
Currency swaps *	0	0	75	75	0	0
Current trade receivables	26 650	26 650	25 834	25 834	23 692	23 692
Current other receivables	491	491	34 423	34 423	224	224
Cash and cash equivalents	54 654	54 654	43 743	43 743	33 238	33 238
Financial liabilities						
Non-current:						
Financial liabilities valued at amortized acquisition cost:						
Loans from financial institutions, interest-bearing	15 300	15 300	0	0	0	0
Current:						
Financial liabilities at fair value through profit or loss						
Interest rate derivatives*	1	1	9	9	1	1
Loans from financial institutions, interest-bearing	0	0	3 333	3 333	1 667	1 667
Trade payables and other liabilities	10 844	10 844	42 162	42 162	8 740	8 740

*not in hedge accounting, level 2

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COMMITMENTS AND CONTINGENT LIABILITIES

EUR thousand	31.03.2016	31.03.2015	31.12.2015
Own guarantees			
Business mortgages of own debts	1 200	1 200	1 200
Guarantees	320	205	336
Commitments on behalf of subsidiaries and group companies			
Guarantees	37	37	37
Other own guarantees			
Lease liabilities			
Current lease liabilities	1 145	943	1 116
Lease liabilities maturing in 1–5 years	1 484	976	1 398
Total	2 629	1 919	2 514
Other rental liabilities			
Current rental liabilities	5 267	5 056	5 767
Rental liabilities maturing in 1–5 years	7 067	6 966	7 155
Rental liabilities maturing later	1 495	1 782	1 019
Total	13 828	13 804	13 941
Other own contingent liabilities, total			
	16 457	15 723	16 455
Total commitments and contingent liabilities			
	18 014	17 165	18 027

RELATED PARTY TRANSACTIONS

EUR thousand	31.03.2016	31.03.2015	31.12.2015
Joint venture:			
Sales	423	0	824
Trade receivables	184	0	417
Softaforce:			
Purchases of services	0	50	117
Trade payables	0	0	0

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GROUP QUARTERLY INCOME STATEMENT

EUR thousand	1-3/2016	10-12/2015	7-9/2015	4-6/2015	1-3/2015
NET SALES	34 125	39 210	33 569	36 590	34 041
Other operating income	0	85	-3	3	19
Materials and services	-3 611	-4 098	-3 852	-4 437	-4 009
Employee benefit expenses	-23 848	-22 456	-19 238	-23 221	-20 811
Depreciation and amortization	-1 848	-1 919	-1 827	-1 822	-1 658
Other operating expenses	-7 533	-6 517	-7 654	-8 870	-6 449
Operating result	-2 716	4 305	996	-1 757	1 132
%	-8.0%	11.0%	3.0%	-4.8%	3.3%
Finance income	231	556	609	458	565
Finance expenses	-662	-605	87	-319	-841
Share of results of a joint venture	-626	-975	-205	-444	0
Result before tax	-3 773	3 281	1 488	-2 062	856
%	-11.1%	8.4%	4.4%	-5.6%	2.5%
Income taxes	816	-327	-240	347	-261
RESULT FOR THE PERIOD	-2 957	2 954	1 249	-1 715	595
%	-8.7%	7.5%	3.7 %	-4.7%	1.7%

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GROUP KEY INDICATORS

EUR thousand	1-3/2016	1-3/2015	1-3/2014	1-12/2015
Net sales	34 125	34 041	31 013	143 410
Growth of net sales, %	0.2 %	9.8 %	4.0%	12.3
Organic revenue growth *	3.5 %			
EBITDA	-867	2 790	2 099	11 902
% of net sales	-2.5%	8.2 %	6.8%	8.3%
Non-recurring items (net amount)	350	-2 718		435
Adjusted EBITDA**	-517	18	2 099	12 337
% of net sales	-1.5%	0.0 %	6.8%	8.6%
Operating result	-2 716	1 132	310	4 676
% of net sales	-8.0%	3.3 %	1.0%	3.3%
Growth of operating profit, %		265.3 %		8.1%
Result before tax	-3 773	856	11	3 563
% of net sales	-11.1%	2.5 %	0.0%	2.5%
Result for the period	-2 957	595	-76	3 083
% of net sales	-8.7%	1.7 %	-0.2%	2.1%
Return on equity, %	-8.5%	1.7 %	-0.3%	2.2%
Return on investment, %	-8.5%	4.7 %	1.7%	3.6%
Interest-bearing liabilities	15 300	3 333	6 893	1 667
Cash and cash equivalents	54 654	73 624***	21 308	33 238
Gearing, %	-28.9 %	-50.2 %	-15.1%	-22.4%
Equity ratio, %	66.3 %	74.3 %	65.9%	79.1%
Total assets	205 838	188 378	144 508	178 545
Gross investments	4 004	2 175	1 300	39 971
% of net sales	11.7 %	6.4 %	4.2%	27.9 %
Research and development expenses	5 581	4 808	4 474	20 748
% of net sales	16.4 %	14.1 %	14.4%	14.5 %
R&D personnel at end of period	400	336	327	373
Personnel expenses	23 848	20 811	20 078	85 726
Personnel on average during the period	1 712	1 516	1 460	1 591
Personnel at end of period	1 713	1 508	1 441	1 648
Change in personnel, %	13.0 %	4.7%	-3.1%	10.4 %

* Organic revenue growth from revenue with constant currencies and excluding non-recurring items

* EBITDA - excluding non-recurring items

** Including short term deposits maturing within 3 months from the period end

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Group Share Indicators	1-3/2016	1-3/2015	1-3/2014	1-12/2015
Earnings per share, undiluted	-0.21	0.04	-0.01	0.22
Earnings per share, diluted	-0.21	0.04	-0.01	0.22
Equity per share	9.64	9.89	7.40	9.97
Price per earnings (P/E)	-183.34	951.43	-6 632.45	171.31
Share price performance				
lowest price	30.48	35.98	23.50	31.80
highest price	39.91	41.22	41.00	47.80
average price	34.40	38.95	33.66	39.20
closing price	38.30	40.00	39.35	37.32
Market capitalization at end of period*	544 673 071	566 006 760	505 900 363	530 736 266
Share issue adjusted number of traded shares	581 805	845 281	2 451 217	3 156 826
% of average number of shares	4.1%	6.0%	19.1%	22.3%
Number of shares*				
- at end of the period	14 153 765	14 150 169	12 856 030	14 152 770
- average during the period	14 153 441	14 148 935	12 931 229	14 150 954
- average during the period, diluted	14 171 718	14 158 655	12 856 030	14 173 167

*Excluding treasury shares

SHARE AND SHAREHOLDERS

Basware Corporation's share capital totaled EUR 3 528 368.70 (3 528 368.70) at the end of the period and the number of shares was 14 221 229 (14 221 229). Basware Corporation holds 67 464 (71 060) of its own shares, corresponding to approximately 0.5 percent (0.5%) of the total number of shares.

Basware had 12 949 (13 441) shareholders at the end of the period, including 12 nominee-registered holdings (12). Nominee-registered holdings accounted for 32.0 percent (26.9%) of the total number of shares.

The company's Annual General Meeting of March 15, 2016, 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.