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BASWARE INTERIM REPORT JANUARY 1 - JUNE 30, 2016 (IFRS)**SUMMARY****Basware grew SaaS revenues by 99% and continued to invest in enablers for the 2018 strategy****January-June 2016:**

- Net sales EUR 73 073 thousand (EUR 70 631 thousand): growth 3.5 percent
- Organic revenue growth 2.5 percent at constant currencies
- Adjusted EBITDA EUR -2 978 thousand (EUR 1 798 thousand)
- Cloud revenue 42.2 percent (33.8 %) of net sales
- Recurring revenue 71.7 percent (66.3 %) of net sales
- Operating result EUR -7 714 thousand (EUR -625 thousand)
- Earnings per share (diluted) EUR -0.52 (-0.08)

April-June 2016:

- Net sales EUR 38 948 thousand (EUR 36 590 thousand): growth 6.4 percent
- Organic revenue growth 1.5 percent at constant currencies
- Adjusted EBITDA EUR -2 461 thousand (EUR 1 779 thousand)
- Cloud revenue 42.4 percent (37.6 %) of net sales
- Recurring revenue 70.6 percent (68.7 %) of net sales
- Operating result EUR -4 999 thousand (EUR -1 757 thousand)
- Earnings per share (diluted) EUR -0.32 (-0.12)

Basware has applied the guidance from ESMA (the European Securities and Markets Authority) on Alternative Performance Measures which is applicable as of July 3, 2016 (see page 15).

The Interim Report is unaudited.

Basware 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 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	4-6/ 2016	4-6/ 2015	Change, %	1-6/ 2016	1-6/ 2015	Change, %	1-12/ 2015
Net sales	38 948	36 590	6.4 %	73 073	70 631	3.5 %	143 410
Organic revenue growth*	1.5 %			2.5 %			
EBITDA	-2 870	64		-3 737	2 855		11 902
Adjusted EBITDA	-2 461	1 779		-2 978	1 798		12 121
Operating result	-4 999	-1 757		-7 714	-625		4 676
% of net sales	-12.8 %	-4.8 %		-10.6 %	-0.9 %		3.3 %
Result before tax	-5 622	-2 062		-9 395	-1 206		3 563
Result for the period	-4 528	-1 715		-7 485	-1 120		3 083
Return on equity, %	-13.2 %	-4.9 %		-10.7 %	-1.9 %		2.2 %
Return on investment, %	-10.3 %	-3.5 %		-9.5 %	0.5 %		3.6 %
Cash and cash equivalents**	21 799	62 570		21 799	62 570		33 238
Gearing, %	-4.7 %	-33.7 %		-4.7 %	-33.7 %		-22.4 %
Equity ratio, %	66.1 %	67.9 %		66.1 %	67.9 %		79.1 %
Earnings per share							
Undiluted, EUR	-0.32	-0.12	162.3 %	-0.53	-0.08	564.0 %	0.22
Diluted, EUR	-0.32	-0.12	162.3 %	-0.52	-0.08	563.9 %	0.22
Equity per share, EUR	9.68	9.88	-1.2 %	9.68	9.88	-1.2 %	9.97

*at constant currencies

**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 Tihlä:

Basware's cloud revenues grew strongly in the second quarter with significant SaaS growth continuing and good progress in expanding Network transaction volumes. At the same time Basware continued to make investments to enable future growth in line with its 2018 strategy goals.

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Basware's SaaS revenues grew 99 percent in total compared to the second quarter of 2015. The outlook for SaaS growth is also very positive as our orderbook grew strongly with 27 new P2P SaaS deals signed versus 19 in the second quarter of 2015.

The transition to SaaS has proceeded well and will bring long-term stable recurring revenues. However, in the near term, Basware's net sales continue to be impacted by the business model transformation as license sales and maintenance have continued to decline. In addition, consulting revenues have been negatively impacted as we work to shorten delivery times in order to more quickly grow our recurring SaaS revenues. All of these effects are in line with our strategy and guidance given at our Capital Markets Day in February.

The growth in Network transactions accelerated, totaling 27.2 million in the quarter. This was 3.7 million higher than in the second quarter of 2015, an increase of 15.7 percent. June was also a record month with 9.2 million transactions. Basware's virtual operator partnership with ING Belgium on a joint service targeted at small and medium-sized businesses (SMB) went live in June and a significant number of new customers have already been signed up to the service.

Key wins in the second quarter across both P2P and Network business areas included deals signed with a Danish healthcare company and a luxury brand retailer in France.

We continue to see very strong demand for all of Basware's Financing Services solutions and services however focus in the second quarter has been on implementing signed Basware Pay and Basware Discount deals. This work will also continue in the third quarter. The joint venture with Arrowgrass Capital Partners LLP has been developing an easy and flexible invoice financing solution targeted at SMBs. This went live in the UK during the quarter and onboarding a selected amount of customers is ongoing.

Shortening delivery times continues to be a key area of focus, in line with Basware's strategy. In the quarter, 34 Alusta deals went live versus 15 in the second quarter of 2015. Express Delivery for Alusta deals has been rolled out in Sweden, Norway and Finland with more countries set to follow. The move towards a global allocation of resources in Professional Services also progressed with the first group of consultants operating on a central delivery basis.

Good progress was made in investing in the 2018 strategy growth enablers and we have now made the bulk of our planned new sales and marketing hires. Sales and marketing headcount grew by 19.6 percent compared to the second quarter of 2015. This included the appointment of Paul Taylor to the key role of heading Basware's sales globally, effective from June. These investments will start to show returns from early 2017 onwards.

We acquired Verian, a leading cloud based e-procurement provider in the US, in an acquisition that closed on April 1, 2016. I am pleased with the integration progress so far and we have already seen evidence of the strength of the combination with the first Network deal cross-sold in June. We see a significant opportunity in the US market which was our fastest growing market for e-invoicing in the quarter. Through the Verian acquisition Basware is stronger and better positioned to accelerate and capture growth in one of its key markets.

In our other key markets, revenues in the UK have been impacted by the uncertainty caused by Brexit. In the long run however we believe that there will be strong demand for our services in the UK as the public sector continues to need to seek savings and efficiencies.

The global market for e-invoicing is a tremendous opportunity for Basware. 370 billion invoices are estimated to be sent every year across the world, with 95 percent of these still in paper or unstructured

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data format. Only 1 percent are currently estimated to be sent in true e-invoice format. That proportion will increase as companies and governments realize the savings and other benefits they can achieve with e-invoicing. Over 50 governments across the world are already supporting the adoption of e-invoicing.

With the largest e-invoicing network in the world, Basware is uniquely positioned to capture the growth of e-invoicing. In the second quarter I am pleased to report that Basware was again recognized as a global market leader in both e-invoicing and P2P by independent research firms.

NET SALES

Basware Group's net sales for the first half amounted to EUR 73 073 thousand (EUR 70 631 thousand), a growth of 3.5 percent. This equated to 2.5 percent organic growth at constant currencies.

Basware Group's net sales for the second quarter amounted to EUR 38 948 thousand (EUR 36 590 thousand), a growth of 6.4 percent. This equated to 1.5 percent organic growth at constant currencies. Adjustments for organic growth in the quarter included deducting alliance fees booked in the second quarter of 2015, and deducting net sales from businesses acquired within the 12 months before Q2 2016.

Net sales of the P2P business area amounted to EUR 18 873 thousand (EUR 15 818 thousand) in the second quarter, up 19.3 percent. P2P business area net sales were driven by strong organic growth in SaaS being offset by the decline in license sales, maintenance and consulting. The addition of Verian contributed to the growth. Net sales of the Network business area amounted to EUR 11 355 thousand (EUR 11 390 thousand), down 0.3 percent.

Information on net sales by business area

Net sales by business area EUR thousand	4-6/ 2016	4-6/ 2015	Change, %	1-6/ 2016	1-6/ 2015	Change, %	1-12/ 2015
Network	11 355	11 390	-0.3	23 205	22 784	1.9	47 656
P2P	18 873	15 818	19.3	33 792	30 914	9.3	62 304
Professional Services	8 720	9 382	-7.1	16 076	16 933	-5.1	33 450
Group total	38 948	36 590	6.4	73 073	70 631	3.5	143 410

Recurring revenues and cloud revenues grew strongly during the quarter as Basware's transformation to a cloud and SaaS based revenue company continued. Recurring revenues were EUR 27 499 thousand (70.6 % of net sales), up 9.3 percent from the second quarter of 2015. Cloud revenues were EUR 16 498 thousand (42.4 % of net sales), up 20.0 percent from the second quarter 2015.

27.2 million transactions were processed via Basware's network (23.5 million transactions), up 3.7 million, an increase of 15.7 percent compared to the second quarter of 2015. Transaction services revenues grew 3.3 percent. The difference between transaction volume growth and transaction services revenue growth was mainly driven by differences in the timing of customer billing compared to transaction usage. This included an unusually high amount of credit notes in the quarter. In addition there has been a shift to cover start up fees as part of ongoing payments in new Network contracts rather than as an upfront fee.

SaaS revenues grew significantly compared to the second quarter of 2015 with 34.5 percent coming from organic growth and 64.5 percent from the addition of the Verian acquisition. License sales declined

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less than in the first quarter due to a few deals where customers wanted the software on-premise for internal compliance reasons. Coupled with the decline in license sales, maintenance revenues continued to erode more gradually. In addition, the transition of the Professional Services delivery model from license to SaaS has negatively impacted consulting revenues.

Information on net sales by type

Net sales by revenue type EUR thousand	4-6/ 2016	4-6/ 2015	Change, %	1-6/ 2016	1-6/ 2015	Change, %	1-12/ 2015
Transaction services	8 919	8 634	3.3	17 321	16 040	8.0	33 256
SaaS	5 904	2 967	99.0	9 467	5 699	66.1	11 811
Consulting services	9 473	9 510	-0.4	17 590	17 405	1.1	35 616
Maintenance	10 385	10 499	-1.1	20 517	20 961	-2.1	41 664
License sales	2 588	2 927	-11.6	4 089	5 474	-25.3	10 921
Other revenue	1 680	2 054	-18.2	4 089	5 052	-19.1	10 143
Group total	38 948	36 590	6.4	73 073	70 631	3.5	143 410

The international share of Basware's net sales was 65.6 percent (66.3 %) in the quarter.

FINANCIAL PERFORMANCE

Basware's adjusted EBITDA amounted to EUR -2 978 thousand (EUR 1 798 thousand), and EBITDA EUR -3 737 thousand (EUR 2 855 thousand) year-to-date. The operating result for the first half amounted to EUR -7 714 thousand (EUR -625 thousand).

Adjusted EBITDA amounted to EUR -2 461 thousand (EUR 1 779 thousand), and reported EBITDA EUR -2 870 thousand (EUR 64 thousand) in the quarter. Adjusted EBITDA was negative in the second quarter as Basware continued to invest 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 in the quarter included expenses related to the Verian acquisition, certain employee costs and other efficiency related measures totaling EUR 409 thousand (EUR 1 715 thousand).

Basware's operating result for the quarter amounted to EUR -4 999 thousand (EUR -1 757 thousand).

The company's operating expenses including employee benefits, depreciations and amortizations as well as other operating expenses were EUR 39 988 thousand (EUR 33 913 thousand) in the quarter, and have increased by 17.9 percent from the corresponding period the previous year. Personnel expenses made up 72.7 percent (68.5 %) or EUR 29 068 thousand (EUR 23 221 thousand) of the operating expenses.

The company's net finance expenses were EUR 3 thousand (EUR 139 thousand) for the quarter. Basware's share of the results of the joint venture with Arrowgrass Capital Partners LLP totaled EUR -626 thousand (EUR -444 thousand).

Basware's result before tax was EUR -5 622 thousand (EUR -2 062 thousand) and result for the quarter was EUR -4 528 thousand (EUR -1 715 thousand). Taxes for the quarter totaled EUR 1 094 thousand (EUR 347 thousand).

Undiluted earnings per share were EUR -0.32 (EUR -0.12) for the second quarter.

FINANCING AND INVESTMENTS

Cashflows from operating activities were 9 270 EUR thousand (EUR 19 747 thousand) year-to-date.

Cashflows from operating activities were EUR -2 962 thousand in the second quarter (EUR -28 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 21 799 thousand (EUR 62 570 thousand) at the end of the quarter. These decreased mainly due to acquisitions and growth investments.

Basware Group's total assets on the balance sheet at the end of the quarter were EUR 210 072 thousand (EUR 204 289 thousand). Net cash flows from investments were EUR -29 848 thousand (EUR 6 166 thousand). These investments included EUR 24 205 thousand net cash consideration for the Verian acquisition and EUR 1 994 thousand to a joint venture.

The equity ratio was 66.1 percent (67.9 %) and gearing -4.7 percent (-33.7 %). The company's interest-bearing liabilities totaled EUR 15 300 thousand (EUR 15 833 thousand), of which current liabilities accounted for EUR 0 (EUR 15 833 thousand). The return on investment was in the quarter -10.3 percent (-3.5 %) and return on equity -13.2 percent (-4.9 %).

Gross investments including acquisitions and capitalized research and development costs totaled EUR 41 029 thousand (EUR 31 232 thousand) year to date.

RESEARCH AND DEVELOPMENT

Basware's research and development expenses totaled 11 363 thousand (EUR 9 947 thousand), or 15.6 percent (14.1%) of net sales year-to-date. The research and development costs included in the result totaled EUR 6 303 thousand (EUR 6 033 thousand), or 8.6 percent (8.5 %) of net sales year-to-date.

Basware's research and development expenses totaled EUR 5 782 thousand (EUR 5 137 thousand), or 14.8 percent (14.0 %) of net sales during the quarter. The expenses increased by 12.6 percent compared to the corresponding quarter in the previous year. Research and development expenses capitalized during the quarter amounted to EUR 2 794 thousand (EUR 2 222 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 as well as continued expansion of Basware's network. The research and development costs included in the result for the quarter totaled EUR 2 988 thousand (EUR 2 915 thousand), or 7.7 percent (8.0 %) of net sales. A total of 427 (358) people worked in R&D at the end of the quarter.

PERSONNEL

Basware employed 1 818 (1 618) people on average during the quarter and 1 828 (1 649) at the end of the quarter.

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Geographical division of personnel:

Personnel Employed, on average	4-6/ 2016	4-6/ 2015	Change, %	1-6/ 2016	1-6/ 2015	Change, %	1-12/ 2015
Finland	504	476	5.9	499	475	5.0	479
EMEA & Russia	589	540	9.1	582	537	8.4	514
India	562	526	6.8	562	515	9.1	522
Americas & APAC	163	76	114.9	123	74	66.0	76
Group total	1 818	1 618	12.4	1 765	1 601	10.3	1 591

At the end of the quarter, the international share of Basware's personnel was 72.3 percent (71.0 %). 12.7 percent (11.8 %) of the personnel work in sales and marketing, 56.3 percent (58.6 %) in professional services, production and customer care, 23.4 percent (22.9 %) in research and development, and 7.6 percent (6.7 %) in administration.

The average age of employees is 35.5 (35.5) years. Women account for 27.1 percent (25.0 %) of employees, men for 72.9 percent (75.0 %).

OTHER EVENTS OF THE QUARTER

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 adds 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. 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.

Changes in Basware's Executive Team

Mr. Paul Taylor was appointed as Senior Vice President, Global Sales and a member of the Executive Team at Basware as of June 1, 2016. He reports to Esa Tihilä, CEO, Basware Corporation.

RISKS AND UNCERTAINTY FACTORS

Basware has entered into an aggressive growth strategy with high net sales growth expectations especially for 2017-2018. Executing the strategy for 2016-2018 requires significant investments in sales

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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.

Basware's net sales growth might fall below expectations if the company is not able to add qualified sales and marketing resources according to its 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 to 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 an 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 according to its 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, reported net sales may be affected, despite good performance in local currencies. The result of the referendum held in June 2016 to determine if the UK will remain in the EU has had an impact on the GBP to EUR exchange rate. In addition, there is a risk that the uncertainty caused by this event leads to UK public sector bodies and UK private companies delaying decisions to implement P2P and Network services.

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 this to continue and the demand for services to remain at a favorable level among its customers.

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Consolidation is expected to continue within the industry, also 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.

Outlook 2016

As part of its strategy for 2016-2018, Basware is accelerating 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 is investing 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 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, July 19, 2016

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SUMMARY OF FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS JANUARY 1 – JUNE 30, 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	1.4.- 30.6.2016	1.4.- 30.6.2015	Change, %	1.1.- 30.6.2016	1.1.- 30.6.2015	Change, %	1.1.- 31.12.2015
NET SALES	38 948	36 590	6.4	73 073	70 631	3.5	143 410
Other operating income	0	3		0	22		104
Materials and services	-3 959	-4 437	-10.8	-7 570	-8 446	-10.4	-16 396
Employee benefit expenses	-29 068	-23 221	25.2	-52 916	-44 032	20.2	-85 726
Depreciation and amortization	-2 129	-1 822	16.9	-3 977	-3 479	14.3	-7 226
Other operating expenses	-8 792	-8 870	-0.9	-16 325	-15 319	6.6	-29 490
Operating result	-4 999	-1 757	184.5	-7 714	-625	1 135.0	4 676
Finance income	1 670	458	264.9	1 902	1 023	85.9	2 187
Finance expenses	-1 668	-319	423.4	-2 330	-1 160	100.9	-1 677
Share of results of a joint venture	-626	-444	41.1	-1 252	-444	182.2	-1 623
Result before tax	-5 622	-2 062	172.7	-9 395	-1 206	679.2	3 563
Income taxes	1 094	347	215.1	1 910	86	2 124.4	-481
RESULT FOR THE PERIOD	-4 528	-1 715	164.1	-7 485	-1 120	568.4	3 083
Other comprehensive income							
Other comprehensive income to be reclassified to profit or loss in subsequent periods:							
Exchange differences on translating foreign operations	-322	204		-2 550	1 595		-513
Income tax relating to components of other comprehensive income	-1	73		214	-347		-278
Other comprehensive income, net of tax	-324	277		-2 336	1 248		-791
TOTAL COMPREHENSIVE INCOME	-4 852	-1 438		-9 821	128		2 292
Profit attributable to:							
Equity holders of the parent company	-4 528	-1 715	164.1	-7 485	-1 120	568.4	3 083
	-4 528	-1 715	164.1	-7 485	-1 120	568.4	3 083
Total comprehensive income attributable to:							
Equity holders of the parent company	-4 852	-1 438	237.4	-9 821	128		2 292
	-4 852	-1 438	237.4	-9 821	128		2 292
Earnings per share							
undiluted, EUR	-0.32	-0.12	162.3 %	-0.53	-0.08	564.0 %	0.22
diluted, EUR	-0.32	-0.12	162.3 %	-0.52	-0.08	563.9 %	0.22

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	30.06.2016	30.06.2015	Change, %	31.12.2015
ASSETS				
Non-current assets				
Intangible assets	44 389	33 718	31.6	36 309
Goodwill	95 389	70 555	35.2	69 262
Tangible assets	1 763	1 468	20.1	1 445
Share of investment in a joint venture	2 119	0		334
Available-for-sale investments	41	38	8.8	38
Trade and other receivables	2 557	965	164.8	2 080
Deferred tax assets	7 646	4 700	62.7	4 832
Non-current assets	153 903	111 444	38.1	114 300
Current assets				
Inventories	22	27	-18.4	30
Trade receivables	27 208	22 586	20.5	23 692
Other receivables	6 935	5 455	27.1	5 789
Income tax receivables	204	2 206	-90.7	1 498
Cash and cash equivalents	21 799	62 570	-65.2	33 238
Current assets	56 168	92 845	-39.5	64 246
ASSETS	210 072	204 289	2.8	178 545

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	30.06.2016	30.06.2015	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	-1 043	-1 123	-7.1	-1 108
Invested unrestricted equity fund	111 333	104 349	6.7	104 334
Other reserves	540	540		540
Translation differences	-6 048	-1 673	261.5	-3 712
Retained earnings	29 360	31 906	-8.0	36 378
Shareholders' equity	138 858	138 714	0.1	141 147
Non-current liabilities				
Deferred tax liability	4 367	3 898	12.0	4 545
Interest-bearing liabilities	15 300	0		0
Other non-current financial liabilities	1 933	449	330.1	730
Non-current liabilities	21 600	4 347	396.8	5 276
Current liabilities				
Interest-bearing liabilities	0	15 833		1667
Trade payables and other liabilities	48 659	44 969	8.2	29 470
Income tax liabilities	954	425	124.7	986
Current liabilities	49 613	61 227	-19.0	32 123
EQUITY AND LIABILITIES	210 072	204 289	2.8	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						-2 336	-7 485	-9 821
Dividend distribution								0
Share based payments			65	-65			468	468
Share issue				7 065				7 065
SHAREHOLDERS' EQUITY								
30.06.2016	3 528	1 187	-1 043	111 333	540	-6 048	29 360	138 858

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			33	-33			257	257
SHAREHOLDERS' EQUITY								
30.6.2015	3 528	1 187	-1 123	104 349	540	-1 673	31 906	138 714

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CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	1.4.- 30.6.2016	1.4.- 30.6.2015	1.1.- 30.6.2016	1.1.- 30.6.2015	1.1.- 31.12.2015
Cash flows from operating activities					
Result for the period	-4 528	-1 715	-7 485	-1 120	3 083
Adjustments	1 897	1 760	4 220	4 000	9 103
Working capital changes	-2	274	12 229	17 646	952
Financial items in operating activities	-1	31	-270	43	-34
Income taxes paid/received	-329	-423	575	-823	543
Cash flows from operating activities	-2 962	-28	9 270	19 747	13 648
Cash flows used in investing activities					
Purchase of tangible and intangible assets	-3 649	-3 290	-6 662	-5 635	-12 391
Acquisition of subsidiaries and businesses	-24 205	-20 425	-24 205	-20 425	-20 248
Investment made to a joint venture	-1 994	0	-3 037	0	-1 957
Repayment of loan receivables	0	29 881	0	29 881	29 881
Cash flows used in investing activities	-29 848	6 166	-33 904	3 821	-4 716
Cash flows from financing activities					
Proceeds from current borrowings	0	12 500	0	12 500	12 500
Repayment of current borrowings	0	0	-1 667	0	-14 167
Share issue	0	0	0	0	0
Repayments of non-current borrowings	0	0	0	-1 667	-1 667
Proceeds from non-current borrowings	0	0	15 300	0	0
Dividends paid	0	0	0	-1 415	-1 415
Cash flows from financing activities	0	12 500	13 633	9 418	-4 748
Net change in cash and cash equivalents	-32 812	18 638	-11 001	32 987	4 184
Cash and cash equivalents at the beginning of period	54 654	43 743	33 238	28 954	28 954
Net foreign exchange difference	-43	-189	-437	629	100
Cash and cash equivalents at the end of period	21 799	62 570	21 799	62 570	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.

ALTERNATIVE PERFORMANCE MEASURES

Basware presents the following financial measures to supplement its Consolidated Financial Statements which are prepared in accordance with IFRS. These measures are designed to measure growth and provide insight into the company's underlying operational performance. The Group has applied the recent guidance from ESMA (the European Securities and Markets Authority) on Alternative Performance Measures which is applicable as of July 3, 2016 and defined alternative performance measures as follows.

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

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

Organic revenue growth is calculated by comparing net sales between comparison periods in constant currencies excluding 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.

Other capital expenditure consists of investments in property, plant & equipment and intangible assets excluding acquisitions and capitalized R&D costs.

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EBITDA is defined as operating profit + depreciation and amortization.

Adjusted EBITDA is reported excluding any adjustments related to alliance fees, acquisitions and disposals, restructuring and efficiency measures, impairment losses and litigation fees and settlements.

Adjusted EBITDA	4-6/	4-6/	Change,	1-6/	1-6/	Change,	1-12/
EUR thousand	2016	2015	%	2016	2015	%	2015
EBITDA	-2 870	64		-3 737	2 855		11 902
Adjustments:							
Alliance fees	0	-54		0	-3 108		-3 216
Acquisition, disposal and restructuring expenses	355	1 370	-74.1	646	1 566	-58.7	2 049
Efficiency related expenses	54	398	-86.4	113	485	-76.7	1 386
Total adjustments	409	1 715	-76.1	759	-1 057		219
Adjusted EBITDA	-2 461	1 779		-2 978	1 798		12 121

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BUSINESS COMBINATIONS

Basware signed an agreement on March 31, 2016 to acquire all membership interest of US based Verian Technologies LLC ("Verian"). The acquisition of Verian, a leading cloud-based e-procurement solution provider in the US, closed on April 1, 2016. The acquired business has been consolidated into Basware's result from the acquisition date. The acquisition price was EUR 31 557 thousand. Part of the acquisition price was paid in cash EUR 24 493 thousand and part EUR 7065 thousand 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 acquired net assets amount to approximately EUR 6 098 thousand, including the cash reserves of EUR 281 thousand. Approximately EUR 4 240 thousand associated with customer relationships have been allocated to intangible assets and EUR 315 thousand to order backlog. The value associated with customer relationships will be amortized in 10 years, starting from the second quarter of 2016 and the value associated with order backlog in three years. The goodwill of EUR 27 377 thousand is recognized primarily to be attributing to the expected revenue synergies between Verian's and Basware's cloud businesses. The final purchase consideration will be confirmed during the third quarter based on the agreed adjustment mechanism. The calculation concerning the allocation of the purchase price is preliminary.

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

EUR thousand	Fair value
Intangible assets	4 558
Tangible assets	1 680
Trade and other receivables	3 759
Cash and cash equivalents	281
Total assets	10 278
Trade and other payables	6 098
Total liabilities	6 098
Net assets	4 180
Goodwill	27 377
Consideration	31 577

Analysis of cash flows on acquisition:

EUR thousand	Fair value
Consideration	-31 577
Cash and cash equivalents in Verian	281
Transaction costs	-415
Net cash flow on acquisition	-31 691

The net sales of the acquired business included in the Group income statement since acquisition date were EUR 2 651 thousand and result for the period was EUR -11 thousand. The Group net sales would have totaled EUR 75 617 thousand and result for the period EUR -7 941 thousand, if the business combination had taken place at the beginning of the year.

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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 reports revenues by type. The revenue types are 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 by revenue type EUR thousand	4-6/ 2016	4-6/ 2015	Change, %	1-6/ 2016	1-6/ 2015	Change, %	1-12/ 2015
Transaction services	8 919	8 634	3.3	17 321	16 040	8.0	33 256
SaaS	5 904	2 967	99.0	9 467	5 699	66.1	11 811
Consulting services	9 473	9 510	-0.4	17 590	17 405	1.1	35 616
Maintenance	10 385	10 499	-1.1	20 517	20 961	-2.1	41 664
License sales	2 588	2 927	-11.6	4 089	5 474	-25.3	10 921
Other revenue	1 680	2 054	-18.2	4 089	5 052	-19.1	10 143
Group total	38 948	36 590	6.4	73 073	70 631	3.5	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 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 (P2P) 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 by business area EUR thousand	4-6/ 2016	4-6/ 2015	Change, %	1-6/ 2016	1-6/ 2015	Change, %	1-12/ 2015
Network	11 355	11 390	-0.3	23 205	22 784	1.9	47 656
P2P	18 873	15 818	19.3	33 792	30 914	9.3	62 304
Professional Services	8 720	9 382	-7.1	16 076	16 933	-5.1	33 450
Group total	38 948	36 590	6.4	73 073	70 631	3.5	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 EUR thousand	4-6/ 2016	4-6/ 2015	Change, %	1-6/ 2016	1-6/ 2015	Change, %	1-12/ 2015
Finland	13 386	12 321	8.7	25 564	24 655	3.7	49 238
EMEIA & Russia	17 962	19 399	-7.4	35 468	37 504	-5.4	75 810
Americas & APAC	7 600	4 871	56.0	12 041	8 472	42.1	18 363
Group total	38 948	36 590	6.4	73 073	70 631	3.5	143 410

Geographical information by the location of assets

Net sales EUR thousand	4-6/ 2016	4-6/ 2015	Change, %	1-6/ 2016	1-6/ 2015	Change, %	1-12/ 2015
Finland	20 366	18 728	8.8	38 930	39 648	-1.8	78 116
EMEIA & Russia	19 679	17 305	13.7	37 254	33 478	11.3	67 541
Americas & APAC	7 475	4 651	60.7	11 740	7 946	47.7	17 586
Between areas	-8 572	-4 093	109.4	-14 850	-10 441	42.2	-19 833
Group total	38 948	36 590	6.4	73 073	70 631	3.5	143 410

Operating result EUR thousand	4-6/ 2016	4-6/ 2015	Change, %	1-6/ 2016	1-6/ 2015	Change, %	1-12/ 2015
Finland	-4 603	-1 805	155.0	-9 540	-1 377	596.2	-1 432
EMEIA & Russia	-251	324		2 082	1 073	94.1	6 099
Americas & APAC	198	230	-14.2	369	395	-3.7	1 327
Between areas	-342	-507	-32.6	-626	-716	-17.4	-1 316
Group total	-4 999	-1 757	184.5	-7 714	-625	1135.0	4 676

Personnel Employed, on average	4-6/ 2016	4-6/ 2015	Change, %	1-6/ 2016	1-6/ 2015	Change, %	1-12/ 2015
Finland	504	476	5.9	499	475	5.0	479
EMEIA & Russia	589	540	9.1	582	537	8.4	514
India	562	526	6.8	562	515	9.1	522
Americas & APAC	163	76	114.9	123	74	66.0	76
Group total	1 818	1 618	12.4	1 765	1 601	10.3	1 591

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FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

EUR thousand	30.06.2016 Book value	30.06.2016 Fair value	30.06.2015 Book value	30.06.2015 Fair value	31.12.2015 Book Value	31.12.2015 Fair value
Financial assets						
Non-current:						
Available-for-sale financial assets	41	41	38	38	38	38
Non-current trade and other receivables	2 557	2 557	965	965	1 130	1 130
Current:						
Current trade receivables	27 208	27 208	22 586	22 586	23 692	23 692
Current other receivables	6 935	6 935	5 455	5 455	224	224
Cash and cash equivalents	21 799	21 799	62 570	62 570	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*	0	0	5	5	1	1
Loans from financial institutions, interest-bearing	0	0	15 833	15 833	1 667	1 667
Trade payables and other liabilities	48 659	48 659	44 525	44 525	8 740	8 740

*not in hedge accounting, level 2

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COMMITMENTS AND CONTINGENT LIABILITIES

EUR thousand	30.06.2016	30.06.2015	31.12.2015
Own guarantees			
Business mortgages of own debts	1 200	1 200	1 200
Guarantees	304	205	336
Commitments on behalf of subsidiaries and group companies			
Guarantees	37	37	37
Other own guarantees			
Lease liabilities			
Current lease liabilities	1 101	973	1 116
Lease liabilities maturing in 1–5 years	1 310	1 091	1 398
Total	2 411	2 064	2 514
Other rental liabilities			
Current rental liabilities	5 043	5 203	5 767
Rental liabilities maturing in 1–5 years	7 704	8 202	7 155
Rental liabilities maturing later	509	2 737	1 019
Total	13 256	16 142	13 941
Other own contingent liabilities, total			
	15 667	18 206	16 455
Total commitments and contingent liabilities			
	17 208	19 648	18 027

RELATED PARTY TRANSACTIONS

EUR thousand	30.06.2016	30.06.2015	31.12.2015
Joint venture:			
Sales	526	118	824
Trade receivables	99	118	417
Softaforce:			
Purchases of services	0	117	117
Trade payables	0	6	0

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GROUP QUARTERLY INCOME STATEMENT

EUR thousand	4-6/2016	1-3/2016	10-12/2015	7-9/2015	4-6/2015	1-3/2015
NET SALES	38 948	34 125	39 210	33 569	36 590	34 041
Other operating income	0	0	85	-3	3	19
Materials and services	-3 959	-3 611	-4 098	-3 852	-4 437	-4 009
Employee benefit expenses	-29 068	-23 848	-22 456	-19 238	-23 221	-20 811
Depreciation and amortization	-2 129	-1 848	-1 919	-1 827	-1 822	-1 658
Other operating expenses	-8 792	-7 533	-6 517	-7 654	-8 870	-6 449
Operating result	-4 999	-2 716	4 305	996	-1 757	1 132
%	-12.8 %	-8.0 %	11.0 %	3.0 %	-4.8 %	3.3 %
Finance income	1 670	231	556	609	458	565
Finance expenses	-1 668	-662	-605	87	-319	-841
Share of results of a joint venture	-626	-626	-975	-205	-444	0
Result before tax	-5 622	-3 773	3 281	1 488	-2 062	856
%	-14.4 %	-11.1 %	8.4 %	4.4 %	-5.6 %	2.5 %
Income taxes	1 094	816	-327	-240	347	-261
RESULT FOR THE PERIOD	-4 528	-2 957	2 954	1 249	-1 715	595
%	11.6 %	-8.7 %	7.5 %	3.7 %	-4.7 %	1.7 %

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GROUP KEY INDICATORS

EUR thousand	1-6/2016	1-6/2015	1-6/2014	1-12/2015
Net sales	73 073	70 631	62 846	143 410
Growth of net sales, %	3.5 %	12.4 %	2.0 %	12.3 %
Organic revenue growth*	2.5 %			
EBITDA	-3 737	2 855	4 995	11 902
% of net sales	-5.1 %	4.0 %	7.9 %	8.3 %
Adjusted EBITDA	-2 978	1 798	4 995	12 121
% of net sales	-9.7 %	2.5 %	7.9 %	8.6 %
Operating result	-7 714	-625	1 462	4 676
% of net sales	-10.6 %	-0.9 %	2.3 %	3.3 %
Growth of operating result, %				8.1 %
Result before tax	-9 395	-1 206	1 160	3 563
% of net sales	-12.9 %	-1.7 %	1.8 %	2.5 %
Result for the period	-7 485	-1 120	782	3 083
% of net sales	-10.2 %	-1.6 %	1.2 %	2.1 %
Return on equity, %	-10.7 %	-1.6 %	1.5 %	2.2 %
Return on investment, %	-9.5 %	0.5 %	3.8 %	3.6 %
Interest-bearing liabilities	15 300	15 833	6 810	1 667
Cash and cash equivalents	21 799	62 570*	19 954	33 238
Gearing, %	-4.7 %	-33.7 %	-13.7 %	-22.4 %
Equity ratio, %	66.1 %	67.9 %	70.5 %	79.1 %
Total assets	210 072	204 289	136 027	178 545
Gross investments	41 029	31 232	2 707	39 971
% of net sales	56.1 %	44.2 %	4.3 %	27.9 %
Acquisitions	34 118	26 415	0	25 601
Investments in Joint Ventures	3 037	0	0	1 957
Research and development costs, expensed	6 303	6 033	7 684	11 994
Research and development costs, capitalised	5 060	3 914	1 784	8 754
Research and development costs, total	11 363	9 947	9 027	20 748
% of net sales	15.6 %	14.1 %	14.4 %	14.5 %
R&D personnel at end of period	427	358	320	373
Other capitalised expenditure	1 815	904	923	3 658
Personnel expenses	52 916	44 032	39 639	85 726
Personnel on average during the period	1 742	1 601	1 452	1 591
Personnel at end of period	1 828	1 649	1 459	1 648
Change in personnel, %	10.9 %	13.0 %	-2.6 %	10.4 %

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

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Group Share Indicators	1-6/2016	1-6/2015	1-6/2014	1-12/2015
Earnings per share, undiluted	-0.53	-0.08	0.06	0.22
Earnings per share, diluted	-0.52	-0.08	0.06	0.22
Equity per share	9.68	9.80	7.46	9.97
Price per earnings (P/E)	-66.41	-505.44	695.14	171.31
Share price performance				
lowest price	30.48	35.98	23.50	31.80
highest price	39.91	44.89	41.00	47.80
average price	35.60	39.93	34.31	39.20
closing price	34.57	40.00	38.55	37.32
Market capitalization at end of period*	495 848 365	566 030 800	495 615 222	530 736 266
Share issue adjusted number of traded shares	948 598	1 809 791	3 111 870	3 156 826
% of average number of shares	6.6 %	12.8 %	24.2 %	22.3 %
Number of shares*				
- at end of the period	14 343 314	14 150 770	12 856 227	14 152 770
- average during the period	14 244 170	14 149 810	12 931 229	14 150 954
- average during the period, diluted	14 261 081	14 164 540	12 856 227	14 173 167

*Excluding treasury shares

SHARE AND SHAREHOLDERS

Basware Corporation's share capital totaled EUR 3 528 369 (3 528 367) at the end of the quarter and the number of shares was 14 401 936 (14 221 229). Basware Corporation holds 58 622 (70 459) of its own shares, corresponding to approximately 0.4 percent (0.5 %) of the total number of shares.

Basware had 13 099 (13 282) shareholders at the end of the quarter, including 10 nominee-registered holdings (12). Nominee-registered holdings accounted for 33.9 percent (28.6 %) 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 major shareholders is available on the company's investor site at www.basware.com/investors.