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BASWARE FINANCIAL STATEMENT RELEASE JANUARY 1 - DECEMBER 31, 2016 (IFRS)**Basware Corporation's full year and fourth quarter 2016****SUMMARY****Strong growth in cloud revenues, approaching half of total net sales****January-December 2016:**

- Net sales EUR 148 580 thousand (EUR 143 410 thousand): growth 3.6 percent
- Organic revenue growth 0.3 percent at constant currencies
- Adjusted EBITDA EUR 2 063 thousand (EUR 12 121 thousand)
- Cloud revenue growth of 26.9 percent, amounting to 44.6 percent (36.4 %) of net sales
- Recurring revenue 73.6 percent (67.8 %) of net sales
- Operating result EUR -13 946 thousand* (EUR 4 676 thousand)
- Earnings per share (diluted) EUR -1.00* (0.22)

October-December 2016:

- Net sales EUR 40 211 thousand (EUR 39 210 thousand): growth 2.6 percent
- Organic revenue growth -3.0 percent at constant currencies
- Adjusted EBITDA EUR 3 660 thousand (EUR 6 783 thousand)
- Cloud revenue growth of 25.2 percent, amounting to 47.0 percent (38.5 %) of net sales
- Recurring revenue 73.6 percent (66.5 %) of net sales
- Operating result EUR -4 014 thousand* (EUR 4 305 thousand)
- Earnings per share (diluted) EUR -0.22* (0.21)

*Basware's unadjusted performance measures for the fourth quarter and full year of 2016 included approximately EUR 5 million costs related to personnel reductions as part of the productivity programme

Basware is targeting accelerated revenue growth during its strategy period 2017-2020. Basware's number one strategic priority is cloud revenue growth which it will achieve by extending its leadership in networked purchase to pay, growing its network and expanding value added services. For 2017, Basware expects its cloud revenues to grow by approximately 20 percent, and adjusted EBITDA at breakeven.

This financial statement release has been prepared in accordance with IAS 34, Interim Financial Reporting. The amounts presented in the summary of financial statements and notes to the financial statements are based on the company's audited financial statements. The Auditor's Report was issued on January 31, 2017.

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GROUP KEY FIGURES

EUR thousand	10-12/ 2016	10-12/ 2015	Change, %	1-12/ 2016	1-12/ 2015	Change, %
Net sales	40 211	39 210	2.6 %	148 580	143 410	3.6 %
Organic revenue growth*	-3.0 %			0.3 %		
EBITDA**	-1 623	6 224		-5 394	11 902	
Adjusted EBITDA	3 660	6 783	-46.0 %	2 063	12 121	-83.0 %
Operating result**	-4 014	4 305		-13 946	4 676	
% of net sales		11.0 %			3.3 %	
Result before tax**	-2 933	3 281		-16 256	3 563	
Result for the period**	-3 121	2 954		-14 318	3 083	
Return on equity, %**	-9.1 %	6.3 %		-10.5 %	2.2 %	
Return on investment, %**	-8.8 %	11.1 %		-6.8 %	3.6 %	
Cash and cash equivalents	35 755	33 238	7.6 %	35 755	33 238	7.6 %
Gearing, %	8.7 %	-22.4 %		8.7 %	-22.4 %	
Equity ratio, %	58.5 %	79.1 %		58.5 %	79.1 %	
Earnings per share						
Undiluted, EUR**	-0.22	0.21		-1.00	0.22	
Diluted, EUR**	-0.22	0.21		-1.00	0.22	
Equity per share, EUR	9.26	9.97	-7.1 %	9.26	9.97	-7.1 %

*at constant currencies

**Basware's unadjusted performance measures for the fourth quarter and full year of 2016 included approximately EUR 5 million costs related to personnel reductions as part of the productivity programme

BUSINESS OPERATIONS

Basware is the global leader in networked purchase-to-pay solutions, including e-invoicing and financing services. Basware's commerce 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 Vesa Tykkyläinen:

In 2016 Basware pursued its number one strategic priority of growing cloud revenues. Cloud revenues grew 26.9% and accounted for almost half of our total net sales at the end of 2016. Our SaaS growth was very strong in 2016, in both the fourth quarter and full year, up 123 percent and 95 percent respectively. Basware signed 29 P2P SaaS deals in the fourth quarter and 97 in total for the year,

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compared to 26 and 57 in 2015. 27 P2P SaaS deals went live in the fourth quarter, more than double the amount in the fourth quarter of 2015.

Basware's Network continued to hit new highs in 2016, with November having 10.4 million transactions, the highest monthly total yet. The full year volume was 108 million. Transaction volume growth for the fourth quarter was up 19 percent and for the full year was up 15 percent. We believe that we can grow our network even faster in the long run and we have taken a series of measures to achieve this, including implementing a dedicated Network only sales force.

With more than 100 million transactions going through our Network every year, Basware has a unique and valuable data asset. A core part of Basware's strategy is to expand new innovative value added services that utilise the data in our Network. In 2016 we were recognised by industry analysts as having market leading capabilities in providing innovative analytics for our customers based on this data. We also invested in maturing our Financing Services solutions, which use the e-invoice and other information in our network to provide working capital solutions for clients.

While our cloud businesses grew strongly in 2016, the growth was partially offset by our UK public sector cloud business which declined driven by Brexit and exchange rates. Basware's total net sales were impacted by our business model transition with license and maintenance revenues declining in every quarter and alliance fee income in the comparison period in 2015. As our fast growing cloud revenues continue to become a larger proportion of Basware's total net sales, the impact of non-cloud revenue types will be felt less strongly in future.

2016 was a year of investment for Basware, focused on expanding our sales and marketing capabilities. Headcount in sales and marketing grew by 24 percent in 2016 and we appointed new leaders to run these teams. We also continued to innovate and invest in our global market leading networked purchase-to-pay solutions and services. We introduced new capabilities for Basware PDF e-Invoice as well as extending other network capabilities to improve collaboration between trading partners and boost e-invoicing. We improved the procurement experience for our clients with the global roll-out of Marketplace, a global catalogue management tool on the Basware Network.

Basware has identified the key markets where it sees the greatest potential to grow its cloud based revenues as the US, UK and Germany. In 2016 Basware significantly expanded its US presence after acquiring Verian, a leading cloud-based e-procurement solution provider. The integration has proceeded well with the first cross-sell Network deals already made. The market potential in the UK and Germany remains strong, however sales from these markets in 2016 were impacted by Brexit in the UK and a competitive job market in Germany holding back the pace of recruitment.

I am very excited to have been given the opportunity to lead Basware, starting from September 2016 when I became CEO. We are very lucky as employees to work in a company that is operating in a fast moving market with significant growth potential. In November we launched a programme that will make Basware more competitive and agile. I would like to thank our shareholders for their support, our customers for their business and all of our employees for their hard work in 2016. In recognition of our superior offering, Basware continued to be cited as a market leader by key industry analysts in 2016. With this recognition and our clear cloud-focused strategy, I am confident that Basware is well positioned to capture the opportunities ahead of it.

NET SALES

Basware Group's net sales for 2016 amounted to EUR 148 580 thousand (EUR 143 410 thousand), a growth of 3.6 percent. This equated to 0.3 percent organic growth at constant currencies.

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Basware Group's net sales for the fourth quarter amounted to EUR 40 211 thousand (EUR 39 210 thousand), a growth of 2.6 percent. This equated to -3.0 percent organic growth at constant currencies. Adjustments for organic growth included deducting net sales from businesses acquired within the 12 months before the fourth quarter of 2016, and deducting alliance fees paid in the fourth quarter of 2015.

Cloud and recurring revenues grew strongly during both the fourth quarter and full year of 2016. Cloud revenues in 2016 amounted to EUR 66 242 thousand (EUR 52 217 thousand), growing 26.9 percent compared to 2015, and accounting for 44.6% of net sales. Cloud revenues in the fourth quarter were EUR 18 900 thousand (EUR 15 091 thousand), up 25.2 percent and accounted for 47.0 % of net sales.

SaaS revenues grew significantly compared to the fourth quarter of 2015 with total growth of 123.1 percent and organic growth of 60.5 percent. In the fourth quarter, transaction volumes grew by 18.9 percent whilst transaction services revenues grew 8.0 percent. The difference between transaction volume growth and transaction services revenue growth in the fourth quarter was driven by retroactive billing in the comparison period.

For the full year, total net sales growth was negatively impacted by the decline of non-cloud revenues, including license and maintenance revenues. Consulting services revenues were negatively impacted by a relatively high number of non-chargeable hours and the transition of delivery model from license to SaaS. The decline of UK public sector cloud revenues, recorded as part of Other revenue, resulted in a negative impact on cloud revenues.

Information on net sales by type

Net sales by business area EUR thousand	10-12/ 2016	10-12/ 2015	Change, %	1-12/ 2016	1-12/ 2015	Change, %
Cloud Revenue						
SaaS	7 173	3 216	123.1	22 975	11 811	94.5
Transaction services	10 152	9 399	8.0	35 996	33 256	8.2
Other cloud revenue	1 576	2 477	-36.4	7 270	7 150	1.7
Cloud Revenue total	18 900	15 091	25.2	66 242	52 217	26.9
Non-Cloud Revenue						
Maintenance	10 075	10 387	-3.0	40 761	41 664	-2.2
License sales	1 962	3 397	-42.2	7 188	10 921	-34.2
Consulting services	9 360	10 315	-9.3	34 389	35 616	-3.4
Other non-cloud revenue	-86	21		0	2 992	
Non-Cloud Revenue total	21 310	24 119	-11.6	82 338	91 193	-9.7
Group Total	40 211	39 210	2.6	148 580	143 410	3.6

Net sales of the P2P business area amounted to EUR 19 397 thousand (EUR 16 837 thousand) in the fourth quarter, up 15.2 percent. P2P business area net sales were driven by strong organic growth in SaaS being offset by the decline in license sales and maintenance. The addition of Verian contributed to the growth. Net sales of the Network business area amounted to EUR 12 226 thousand (EUR 13 500 thousand), down 9.4 percent. The Network business area revenues were negatively impacted by the weak performance of the UK business and alliance fees in 2015 affecting the comparison period.

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Information on net sales by business area

Net sales by business area EUR thousand	10-12/ 2016	10-12/ 2015	Change, %	1-12/ 2016	1-12/ 2015	Change, %
Network	12 226	13 500	-9.4	46 663	47 656	-2.1
P2P	19 397	16 837	15.2	70 379	62 304	13.0
Professional Services	8 587	8 873	-3.2	31 538	33 450	-5.7
Group total	40 211	39 210	2.6	148 580	143 410	3.6

The international share of Basware's net sales was 66.9 percent (65.7 %) in the quarter.

FINANCIAL PERFORMANCE

In 2016 Basware's adjusted EBITDA amounted to EUR 2 063 thousand (EUR 12 121 thousand), and EBITDA EUR -5 394 thousand* (EUR 11 902 thousand). The operating result for the year amounted to EUR -13 946 thousand* (EUR 4 676 thousand).

Adjusted EBITDA amounted to EUR 3 660 thousand (EUR 6 783 thousand) in the fourth quarter. The adjustments to EBITDA totaled EUR 5 283 thousand (EUR 559 thousand) in the quarter and were mainly related to expenses related to the productivity programme announced on November 2, 2016. Basware's operating result for the quarter amounted to EUR -4 014 thousand* (EUR 4 305 thousand).

The company's operating expenses including employee benefits, depreciations and amortizations as well as other operating expenses were EUR 39 628 thousand (EUR 30 892 thousand) in the fourth quarter, and have increased by 28.3 percent from the corresponding period the previous year. The growth in fourth quarter costs was driven by investments in sales and marketing personnel and R&D activities. In addition, in the fourth quarter there were approximately EUR 5 million of one-off employee related efficiency expenses. Personnel expenses made up 69.7 percent (72.7 %) or EUR 27 614 thousand (EUR 22 456 thousand) of the operating expenses.

The company's net finance expenses were EUR 1 453 thousand (EUR -49 thousand) for the quarter. Basware's share of the results of the joint venture with Arrowgrass Capital Partners LLP totaled EUR -373 thousand (EUR -975 thousand).

Basware's result before tax was EUR -2 933 thousand* (EUR 3 281 thousand) and result for the quarter was EUR -3 121 thousand* (EUR 2 954 thousand). Taxes for the quarter impacted the result by EUR -188 thousand (EUR -327 thousand).

Undiluted earnings per share were EUR -0.22* (EUR 0.22) for the fourth quarter.

*Basware's unadjusted performance measures for the fourth quarter and full year of 2016 included approximately EUR 5 million costs related to personnel reductions as part of the productivity programme

FINANCING AND INVESTMENTS

Cash flows from operating activities were -1 774 EUR thousand (EUR 13 648 thousand) year-to-date.

Cash flows from operating activities were EUR -5 564 thousand in the fourth quarter (EUR 1 241 thousand). Basware's operating cash flows are seasonal as a relatively large part of payments for annual

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maintenance are made in the first quarter. In the fourth quarter Basware signed new term loan financing totaling EUR 25 million. The financing consists of two facilities, one with a final maturity in 2021 and one with a final maturity in 2018. Basware's cash and cash equivalents including short-term deposits totaled EUR 35 755 thousand (EUR 33 238 thousand) at the end of the year. The cash position increased compared to 2015 due to financing, offset by the cost of acquisitions and growth investments.

Basware Group's total assets on the balance sheet at the end of the year were EUR 227 043 thousand (EUR 178 545 thousand). Net cash flows from investments were EUR -40 698 thousand (EUR -4 716 thousand) year-to-date. These investments included EUR 25 013 thousand net cash consideration for the Verian acquisition and EUR 3 037 thousand to a joint venture.

The equity ratio was 58.5 percent (79.1 %) and gearing 8.7 percent (-22.4 %). The company's interest-bearing liabilities totaled EUR 47 280 thousand (EUR 1 667 thousand), of which current liabilities accounted for EUR 10 548 (EUR 1 667 thousand). The return on investment was in the quarter -8.8 percent* (11.1 %) and return on equity -9.1 percent* (6.3 %).

Gross investments including acquisitions and capitalized research and development costs totaled EUR 51 882 thousand (EUR 39 971 thousand) year to date.

*Basware's unadjusted performance measures for the fourth quarter and full year of 2016 included approximately EUR 5 million costs related to personnel reductions as part of the productivity programme

RESEARCH AND DEVELOPMENT

Basware's research and development expenses totaled 24 274 thousand (EUR 20 748 thousand), or 16.3 percent (14.5 %) of net sales year-to-date. The research and development costs included in the result totaled EUR 13 396 thousand (EUR 11 994 thousand), or 9.0 percent (8.4 %) of net sales year-to-date. Research and development expenses capitalized amounted to EUR 10 878 thousand (EUR 8 754 thousand) for the full year. Research and development expenses have increased to support Basware's growth strategy.

Basware's research and development expenses totaled EUR 6 845 thousand (EUR 6 096 thousand), or 17.0 percent (15.6 %) of net sales during the quarter. The expenses increased by 12.3 percent compared to the corresponding quarter in the previous year. The research and development costs included in the result for the quarter totaled EUR 3 666 thousand (EUR 3 208 thousand), or 9.1 percent (8.1 %) of net sales. Included in these costs was approximately EUR 1.6 million related to employee related efficiency expenses. Research and development expenses capitalized during the quarter amounted to EUR 3 179 thousand (EUR 2 889 thousand). A total of 419 (373) people worked in R&D at the end of the quarter.

PERSONNEL

Basware employed 1 891 (1 652) people on average during the quarter and 1 899 (1 648) at the end of the quarter.

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Geographical division of personnel:

Personnel Employed, on average	10-12/ 2016	10-12/ 2015	Change, %	1-12/ 2016	1-12/ 2015	Change, %
Finland	499	481	3.7	500	479	4.5
EMEIA	621	566	9.7	599	514	16.5
India	599	527	13.7	577	522	10.5
Americas & APAC	172	78	120.5	135	76	78.0
Group total	1 891	1 652	14.4	1 811	1 591	13.8

At the end of the quarter, the international share of Basware's personnel was 74.0 percent (70.9 %). 12.2 percent (11.3 %) of the personnel work in sales and marketing, 58.6 percent (58.9 %) in professional services, production and customer care, 22.2 percent (22.6 %) in research and development, and 7.0 percent (7.1 %) in administration. The increase in personnel in Americas and APAC was partly due to the acquisition of Verian.

The average age of employees is 35.5 (35.7) years. Women account for 27.1 percent (26.0 %) of employees, men for 72.9 percent (74.0 %).

OTHER EVENTS OF THE PERIOD

Changes in Basware's Executive Team

Tehseen Dahya was appointed as Senior Vice President, North America and as a member of the Executive Team at Basware on November 2, 2016. Before the appointment, he was Basware's General Manager for North America. Prior to Basware, Dahya was the co-founder and CEO of Verian, a leading cloud-based e-procurement solution provider that Basware acquired in April 2016.

On November 2, 2016, Riku Roos stepped down from his position on the Basware Executive Team as the head of Customer Care, and Executive Team member, and Senior Vice President, Professional Services Matti Rusi took the responsibility of the Customer Care function. The company also announced its plan to introduce a new single delivery function, Customer Services, that will manage post-sales customer facing activities, combining Basware's professional services, customer support and activation services globally.

Esa Tihilä stepped down as CEO and was succeeded by Vesa Tykkyläinen, who commenced in his position as the CEO of Basware Corporation on September 26, 2016. Vesa Tykkyläinen joined Basware on January 25, 2016 as Senior Vice President, Network business area and member of the Executive Team.

Paul Taylor was appointed as Senior Vice President, Global Sales and as a member of the Executive Team at Basware on May 27, 2016 and he joined the company on June 1, 2016.

Lars Madsen was appointed as Chief Marketing Officer and member of the Executive Team at Basware on January 12, 2016 and he joined the company on February 1, 2016.

All Basware Executive Team members report to Vesa Tykkyläinen, CEO, Basware Corporation.

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Productivity programme to simplify operations aimed at boosting cloud growth

Basware launched on November 2, 2016 a productivity programme to simplify its operations and increase scalability, aimed at accelerating the growth of its cloud-based business and increasing productivity. The company is targeting annual savings related to personnel of approximately EUR 7 to 8 million starting from 2018, in addition to other potential savings through the programme.

Refinements to Basware's strategy targets and focus on execution

Basware announced on October 19, 2016 refinements to its strategy targets and additional actions to improve execution and boost future growth. For the strategy period from 2017 to 2020, Basware will focus on three key metrics aimed at boosting cloud revenues:

- Cloud revenues to increase by more than 20% CAGR on an organic basis
- Annual net sales greater than EUR 220 million
- Recurring revenue approximately 80% of net sales

More information on strategy is available on the company's investor site at www.basware.com/investors.

Composition of the Nomination Board of Basware Corporation

The Annual General meeting of Basware Corporation, held on March 15, 2016, decided to establish a permanent Shareholders' Nomination Board in accordance with the proposal of the Board of Directors. On September 23, 2016, Mr. Mikko Mursula (Chief Investment Officer, Ilmarinen Mutual Pension Insurance Company), Mr. Ilkka Sihvo (Vice Chairman of the Board of Directors and CEO of Solaforce and Softaforce), Mrs. Kirsi Eräkangas (several board chairman or vice chairmanships or memberships and a major shareholder) and Mr. Hannu Vaaajoensuu (Chairman of Basware's Board of Directors and several other board chairman or vice chairmanships or memberships), were nominated as members of the Nomination Board of the company. Mr. Mursula was elected as Chairman of the Nomination Board.

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.

Basware completed the acquisition of Verian on April 1, 2016. The acquisition price was approximately USD 36.0 million (EUR 31.6 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.

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

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accounts for the financial period ended on 31 December 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 Vaaioensuu, Mr. Michael Ingelög, Mr. Ilkka Sihvo, Mrs. 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 Vaaioensuu 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 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 30 June 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

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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 30 June 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.

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 company's largest shareholders entitled to appoint members to the Nomination Board shall be determined annually on the basis of the registered holdings in the company's shareholders' register held by Euroclear Finland Ltd as of the first weekday in September in the year concerned. As regards individual persons as shareholders, their direct ownership and ownership of corporations over which he/she exercises control as well as ownership of his/her spouse and children, will be taken into account

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in the determination. If a shareholder who has distributed his/her holdings e.g. into several funds and has an obligation under the Finnish Securities Markets Act to take these holdings into account when disclosing changes in share of ownership makes a written request to such effect to the chairman of the Board of Directors no later than on the weekday prior to the first weekday in September such shareholder's holdings in several funds or registers will be combined when calculating the shares which determine the nomination right.

The chairman of the company's Board of Directors shall request each of the three largest shareholders established on this basis to appoint one member to the Nomination Board. In the event that a shareholder does not wish to exercise his/her or its right to appoint a member, it shall pass to the next-largest shareholder that would not otherwise be entitled to appoint a member. In case two shareholders have an equal number of shares and votes and the representatives of both such shareholders cannot be appointed to the Nomination Board, the decision between them shall be made by drawing lots.

The chairman of the Board of Directors shall convene the first meeting of the Nomination Board, which will be responsible for electing a chairman from among its members; the Nomination Board's chairman shall be responsible for convening subsequent meetings. When the Nomination Board has been elected, the Company will issue a release to this effect.

The Nomination Board shall serve until further notice, unless the General Meeting decides otherwise. Its members shall be elected annually and their term of office shall end when new members are elected to replace them.

The Nomination Board shall submit its proposals to the company's Board of Directors annually in time for them to be included in the notice of the meeting and in any case, at the latest, by February 10, 2016 preceding the Annual General Meeting. Proposals intended for a possible Extraordinary General Meeting shall be submitted to the company's Board of Directors in time for them to be included in the notice of the meeting.

The Annual General meeting further decided to adopt the Charter of the Shareholders' Nomination Board.

RISKS AND UNCERTAINTY FACTORS

Basware has a growth strategy with high net sales growth expectations for the cloud business. Executing the strategy for 2017-2020 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. The transformation will also make Professional Services revenues more volatile. Until the transformation is complete, this will act as a drag on group 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. 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

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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.

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 2017

Basware's number one strategic priority is cloud revenue growth during its strategy period 2017-2020 which it will achieve by extending its leadership in networked purchase to pay, growing its network and expanding value added services. For 2017, Basware expects its cloud revenues to grow by approximately 20 percent, and adjusted EBITDA at breakeven.

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BOARD'S DIVIDEND PROPOSAL

At the end of 2016, the Group parent company's distributable funds are EUR 88 758 thousand. The Board of Directors proposes to the Annual General Meeting that no dividend be paid for 2016.

Basware Corporation's Annual General Meeting will be held on Thursday, March 16, 2017 in Helsinki, Finland.

Espoo, Finland, Wednesday, February 1, 2017

BASWARE CORPORATION
Board of Directors

Vesa Tykkyläinen, CEO, Basware Corporation

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	1.10.- 31.12.2016	1.10.- 31.12.2015	Change, %	1.1.- 31.12.2016	1.1.- 31.12.2015	Change, %
NET SALES	40 211	39 210	2.6	148 580	143 410	3.6
Other operating income	4	85	-95.8	4	104	-96.0
Materials and services	-4 600	-4 098	12.2	-15 746	-16 396	-4.0
Employee benefit expenses	-27 614	-22 456	23.0	-104 600	-85 726	22.0
Depreciation and amortization	-2 391	-1 919	24.6	-8 552	-7 226	18.4
Other operating expenses	-9 623	-6 517	47.7	-33 631	-29 490	14.0
Operating result	-4 014	4 305		-13 946	4 676	
Finance income	744	556	34.0	5 200	2 187	137.7
Finance expenses	709	-605		-5 341	-1 677	218.4
Share of results of a joint venture	-373	-975	-61.7	-2 170	-1 623	33.7
Result before tax	-2 933	3 281		-16 256	3 563	
Income taxes	-188	-327	-42.5	1 939	-481	
RESULT FOR THE PERIOD	-3 121	2 954		-14 318	3 083	
Other comprehensive income						
Other comprehensive income to be reclassified to profit or loss in subsequent periods:						
Remeasurement of defined benefit plan	-94	0		-94	0	
Exchange differences on translating foreign operations	900	498	80.7	-1 463	-513	185.4
Income tax relating to components of other comprehensive income	57	-76		311	-278	
Other comprehensive income, net of tax	863	422	104.5	-1 245	-791	57.4
TOTAL COMPREHENSIVE INCOME	-2 258	3 376		-15 563	2 292	
Result attributable to:						
Equity holders of the parent company	-3 121	2 954		-14 318	3 083	
	-3 121	2 954		-14 318	3 083	
Total comprehensive income attributable to:						
Equity holders of the parent company	-2 258	3 376		-15 563	2 292	
	-2 258	3 376		-15 563	2 292	
Earnings per share						
undiluted, EUR	-0.22	0.21		-1.00	0.22	
diluted, EUR	-0.22	0.21		-1.00	0.22	

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	31.12.2016	31.12.2015	Change, %
ASSETS			
Non-current assets			
Intangible assets	47 325	36 309	30.3
Goodwill	96 811	69 262	39.8
Tangible assets	1 585	1 445	9.7
Share of investment in a joint venture	1 201	334	259.8
Available-for-sale investments	38	38	-0.6
Trade and other receivables	2 789	2 080	34.1
Deferred tax assets	8 403	4 832	73.9
Non-current assets	158 152	114 300	38.4
Current assets			
Inventories	0	30	
Trade receivables	24 638	23 692	4.0
Other receivables	8 372	5 789	44.6
Income tax receivables	126	1 498	-91.6
Cash and cash equivalents	35 755	33 238	7.6
Current assets	68 891	64 246	7.2
ASSETS	227 043	178 545	27.2

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	31.12.2016	31.12.2015	Change, %
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	3 528	3 528	
Share premium account	1 187	1 187	
Treasury shares	-1 043	-1 108	-5.9
Invested unrestricted equity fund	111 333	104 334	6.7
Other reserves	540	540	
Translation differences	-4 863	-3 712	31.0
Retained earnings	22 182	36 378	-39.0
Shareholders' equity	132 864	141 147	-5.9
Non-current liabilities			
Deferred tax liability	4 904	4 545	7.9
Interest-bearing liabilities	36 732	0	
Other non-current financial liabilities	1 555	730	112.9
Liabilities from defined benefit plan	506	0	
Non-current liabilities	43 697	5 276	728.3
Current liabilities			
Interest-bearing liabilities	10 548	1 667	532.9
Trade payables and other liabilities	34 225	29 470	16.1
Income tax liabilities	637	986	-35.4
Current provisions	5 072	0	
Current liabilities	50 482	32 123	57.2
EQUITY AND LIABILITIES	227 043	178 545	27.2

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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						-1 151	-14 317	-15 468
Dividend distribution								0
Share based payments			65	-65			535	535
Share issue				7 065				7 065
Adjustment to previous years							-320	-320
Defined benefit plans							-94	-94
SHAREHOLDERS' EQUITY 31.12.2016	3 528	1 187	-1 043	111 333	540	-4 863	22 182	132 864

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						-791	3 083	2 292
Dividend distribution							-1 415	-1 415
Share based payments							526	526
Treasury shares issued*			48	-48				0
SHAREHOLDERS' EQUITY 31.12.2015	3 528	1 187	-1 108	104 334	540	-3 712	36 378	141 147

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

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CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	1.10.- 31.12.2016	1.10.- 31.12.2015	1.1.- 31.12.2016	1.1.- 31.12.2015
Cash flows from operating activities				
Result for the period	-3 121	2 954	-14 318	3 083
Adjustments	1 601	3 375	9 528	9 103
Working capital changes	-3 664	-6 520	3 268	952
Financial items in operating activities	-140	-24	-487	-34
Income taxes paid/received	-239	1 455	234	543
Cash flows from operating activities	-5 564	1 241	-1 774	13 648
Cash flows used in investing activities				
Purchase of tangible and intangible assets	-1 456	-4 332	-12 660	-12 391
Proceeds from sale of tangible and intangible assets	11	0	11	0
Acquisition of subsidiaries and businesses	-2 116	141	-25 013	-20 248
Investment made to a joint venture	0	-731	-3 037	-1 957
Repayment of loan receivables	0	0	0	29 881
Cash flows used in investing activities	-3 560	-4 923	-40 698	-4 716
Cash flows from financing activities				
Proceeds from current borrowings	10 548	0	10 548	12 500
Repayment of current borrowings	0	0	-1 667	-14 167
Repayments of non-current borrowings	0	0	0	-1 667
Proceeds from non-current borrowings	21 432	0	36 732	0
Dividends paid	0	0	0	-1 415
Cash flows from financing activities	31 980	0	45 613	-4 748
Net change in cash and cash equivalents	22 856	-3 682	3141	4 184
Cash and cash equivalents at the beginning of period	12 951	36 824	33 238	28 954
Net foreign exchange difference	-51	97	-624	100
Cash and cash equivalents at the end of period	35 755	33 238	35 755	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.

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.

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Adjusted EBITDA

Adjusted EBITDA EUR thousand	10-12/ 2016	10-12/ 2015	Change, %	1-12/ 2016	1-12/ 2015	Change, %
EBITDA	-1 623	6 224		-5 394	11 902	
Adjustments:						
Alliance fees	0	-54		0	-3 216	
Acquisition, disposal and restructuring expenses	122	5	2 402.8	894	2 049	-56.4
Efficiency related expenses	5 161	608	748.6	5 888	1 386	324.9
Settlements	0	0		675	0	
Total adjustments	5 283	559	845.1	7 456	219	3 311.3
Adjusted EBITDA	3 660	6 783	-46.0	2 063	12 121	-83.0

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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 acquisition further strengthens Basware's market position in the US and supports Basware's strategy to grow its cloud-based business revenues in key markets. Verian brings additional cloud-based customers and added e-procurement capabilities to Basware's portfolio. The acquisition will also enable Verian customers to leverage the power of the Basware Network. 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 7 065 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 3 844 thousand, including the cash reserves of EUR 281 thousand. Approximately EUR 4 240 thousand associated with customer relationships have been allocated to intangible assets, EUR 315 thousand to order backlog and EUR 1 308 thousand to technology. 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 value associated with technology will be amortized in 5 years. The goodwill of EUR 27 713 thousand is recognized primarily to be attributing to the expected revenue synergies between Verian's and Basware's cloud businesses. The calculation concerning the allocation of the purchase price is expected to be confirmed during first quarter in 2017, the final working capital adjustment has not been concluded. The group has booked acquisition related transaction costs for EUR 415 thousand, that mainly comes from advisory services. Transaction costs are included in other operating expenses in the group income statement. The fair value of accounts receivables are EUR 3 012 thousand that is EUR 30 thousand less than the gross amount on the acquisition date. The EUR 30 thousand is expected to be realized as a bad debt.

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

EUR thousand	Fair value
Intangible assets	4 558
Tangible assets	1 598
Trade and other receivables	3 893
Cash and cash equivalents	281
Total assets	10 331
Short-term liabilities	5 491
Long-term liabilities	996
Total liabilities	6 487
Net assets	3 844
Goodwill	27 713
Consideration	31 557

Analysis of cash flows on acquisition:

EUR thousand	Fair value
Consideration	-31 577
Share issue	7 065
Cash and cash equivalents in Verian	281
Transaction costs	-415
Net cash flow on acquisition	-24 627

The net sales of the acquired business included in the Group income statement since acquisition date were EUR 8 078 thousand and result for the period was EUR 370 thousand. The Group net sales would have totaled EUR 150 724 thousand and result for the period EUR -15 198 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 business area EUR thousand	10-12/ 2016	10-12/ 2015	Change, %	1-12/ 2016	1-12/ 2015	Change, %
Cloud Revenue						
SaaS	7 173	3 216	123.1	22 975	11 811	94.5
Transaction services	10 152	9 399	8.0	35 996	33 256	8.2
Other cloud revenue	1 576	2 477	-36.4	7 270	7 150	1.7
Cloud Revenue total	18 900	15 091	25.2	66 242	52 217	26.9
Non-Cloud Revenue						
Maintenance	10 075	10 387	-3.0	40 761	41 664	-2.2
License sales	1 962	3 397	-42.2	7 188	10 921	-34.2
Consulting services	9 360	10 315	-9.3	34 389	35 616	-3.4
Other non-cloud revenue	-86	21		0	2 992	
Non-Cloud Revenue total	21 310	24 119	-11.6	82 338	91 193	-9.7
Group Total	40 211	39 210	2.6	148 580	143 410	3.6

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	10-12/ 2016	10-12/ 2015	Change, %	1-12/ 2016	1-12/ 2015	Change, %
Network	12 226	13 500	-9.4	46 663	47 656	-2.1
P2P	19 397	16 837	15.2	70 379	62 304	13.0
Professional Services	8 587	8 873	-3.2	31 538	33 450	-5.7
Group total	40 211	39 210	2.6	148 580	143 410	3.6

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Net sales by currency

Basware reports a breakdown of net sales by currency due to its multi-currency operations.

Net sales by currency %	1-12/ 2016	1-12/ 2015
EUR	55.4	59.3
USD	13.8	8.5
GBP	10.5	11.3
Other	20.3	20.9
Group total	100.0	100.0

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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	10-12/ 2016	10-12/ 2015	Change, %	1-12/ 2016	1-12/ 2015	Change, %
Finland	13 326	13 591	-1.9	50 093	49 238	1.7
EMEIA	18 990	20 681	-8.2	71 163	75 810	-6.1
Americas & APAC	7 894	4 938	59.9	27 324	18 363	48.8
Group total	40 211	39 210	2.6	148 580	143 410	3.6

Geographical information by the location of assets

Net sales EUR thousand	10-12/ 2016	10-12/ 2015	Change, %	1-12/ 2016	1-12/ 2015	Change, %
Finland	24 167	20 950	15.4	80 623	78 116	3.2
EMEIA	22 216	18 352	21.1	78 698	67 541	16.5
Americas & APAC	7 874	4 752	65.7	26 870	17 586	52.8
Between areas	-14 046	-4 843	190.0	-37 612	-19 833	89.6
Group total	40 211	39 210	2.6	148 580	143 410	3.6

Operating result* EUR thousand	10-12/ 2016	10-12/ 2015	Change, %	1-12/ 2016	1-12/ 2015	Change, %
Finland	-2 687	253		-15 425	-1 432	977.0
EMEIA	-2 644	3 638		436	6 099	-92.9
Americas & APAC	1 291	684	88.9	2 006	1 327	51.2
Between areas	26	-269		-962	-1 316	-26.9
Group total	-4 014	4 305		-13 946	4 676	

Non-current assets EUR total	10-12/ 2016	10-12/ 2015	Muutos, %	1-12/ 2016	1-12/ 2015	Muutos, %
Finland	57 464	47 320	21.4	57 464	47 320	21.4
EMEIA	55 589	60 315	-7.8	55 589	60 315	-7.8
Americas & APAC	36 500	1 832	1 892.4	36 500	1 832	1 892.4
Group total	149 554	109 467	36.6	149 554	109 467	36.6

Personnel Employed, on average	10-12/ 2016	10-12/ 2015	Change, %	1-12/ 2016	1-12/ 2015	Change, %
Finland	499	481	3.7	500	479	4.5
EMEIA	621	566	9.7	599	514	16.5
India	599	527	13.7	577	522	10.5
Americas & APAC	172	78	120.5	135	76	78.0
Group total	1 891	1 652	14.4	1 811	1 591	13.8

*Basware's unadjusted performance measures for the fourth quarter and full year of 2016 included approximately EUR 5 million costs related to personnel reductions as part of the productivity programme

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FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

EUR thousand	31.12.2016 Book value	31.12.2016 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
Non-current trade and other receivables	1 212	1 212	1 130	1 130
Current:				
Current trade receivables	24 838	24 838	23 692	23 692
Current other receivables	208	208	224	224
Cash and cash equivalents	35 755	35 755	33 238	33 238
Financial liabilities				
Non-current:				
Financial liabilities valued at amortized acquisition cost:				
Loans from financial institutions, interest-bearing	36 732	36 732	0	0
Current:				
Financial liabilities at fair value through profit or loss				
Interest rate derivatives*	0	0	1	1
Loans from financial institutions, interest-bearing	10 548	10 548	1 667	1 667
Trade payables and other liabilities	11 350	11 350	8 740	8 740

*not in hedge accounting, level 2

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COMMITMENTS AND CONTINGENT LIABILITIES

EUR thousand	31.12.2016	31.12.2015
Own guarantees		
Business mortgages of own debts	1 200	1 200
Guarantees	273	336
Commitments on behalf of subsidiaries and group companies		
Guarantees	100	37
Other own guarantees		
Lease liabilities		
Current lease liabilities	1 169	1 116
Lease liabilities maturing in 1–5 years	1 362	1 398
Total	2 530	2 514
Other rental liabilities		
Current rental liabilities	4 989	5 767
Rental liabilities maturing in 1–5 years	9 421	7 155
Rental liabilities maturing later	41	1 019
Total	14 452	13 941
Other own contingent liabilities, total	16 983	16 455
Total commitments and contingent liabilities	18 555	18 027

RELATED PARTY TRANSACTIONS

EUR thousand	31.12.2016	31.12.2015
Joint venture:		
Sales	784	824
Trade receivables	200	417
Softaforce:		
Purchases of services	0	117
Trade payables	0	0

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GROUP QUARTERLY INCOME STATEMENT

EUR thousand	10-12/ 2016	7-9/ 2016	4-6/ 2016	1-3/ 2016	10-12/ 2015	7-9/ 2015	4-6/ 2015	1-3/ 2015
NET SALES	40 211	35 295	38 948	34 125	39 210	33 569	36 590	34 041
Other operating income	4	0	0	0	85	-3	3	19
Materials and services	-4 600	-3 576	-3 959	-3 611	-4 098	-3 852	-4 437	-4 009
Employee benefit expenses	-27 614	-24 070	-29 068	-23 848	-22 456	-19 238	-23 221	-20 811
Depreciation and amortization	-2 391	-2 185	-2 129	-1 848	-1 919	-1 827	-1 822	-1 658
Other operating expenses	-9 623	-7 682	-8 792	-7 533	-6 517	-7 654	-8 870	-6 449
Operating result	-4 014	-2 218	-4 999	-2 716	4 305	996	-1 757	1 132
%					11.0 %	3.0 %		3.3 %
Finance income	744	2 554	1 670	231	556	609	458	565
Finance expenses	709	-3 720	-1 668	-662	-605	87	-319	-841
Share of results of a joint venture	-373	-544	-626	-626	-975	-205	-444	0
Result before tax	-2 933	-3 928	-5 622	-3 773	3 281	1 488	-2 062	856
%					8.4 %	4.4 %		2.5 %
Income taxes	-188	217	1 094	816	-327	-240	347	-261
RESULT FOR THE PERIOD	-3 121	-3 711	-4 528	-2 957	2 954	1 249	-1 715	595
%					7.5%	3.7 %		1.7 %

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GROUP KEY INDICATORS

EUR thousand	1-12/2016	1-12/2015	1-12/2014
Net sales	148 580	143 410	127 674
Growth of net sales, %	3.6 %	12.3 %	3.5 %
Organic revenue growth*	0.3 %		
EBITDA***	-5 394	11 902	11 354
% of net sales		8.3 %	8.9%
Adjusted EBITDA	2 063	12 121	11 354
% of net sales	1.4 %	8.6 %	8.9 %
Operating result***	-13 946	4 676	4 325
% of net sales		3.3 %	3.4%
Growth of operating result, %		8.1 %	29.8%
Result before tax***	-16 256	3 563	4 328
% of net sales		2.5 %	3.4%
Result for the period***	-14 318	3 083	2 959
% of net sales		2.1 %	2.3%
Return on equity, %***	-10.5 %	2.2 %	2.5%
Return on investment, %***	-6.8 %	3.6 %	4.4%
Interest-bearing liabilities	47 280	1 667	5 000
Cash and cash equivalents**	35 755	33 238	28 954
Gearing, %	8.7 %	-22.4 %	-38.6%
Equity ratio, %	58.5 %	79.1 %	82.7%
Total assets	227 043	178 545	168 781
Gross investments	51 882	39 971	5 821
% of net sales	34.9 %	27.9 %	4.6%
Acquisitions	36 341	25 601	0
Investments in Joint Ventures	3 037	1 957	0
Research and development costs, expensed****	13 396	11 994	13 406
Research and development costs, capitalised	10 878	8 754	4 274
Research and development costs, total****	24 274	20 748	17 680
% of net sales	16.3 %	14.5 %	13.8 %
R&D personnel at end of period	419	373	332
Other capitalised expenditure	1 625	3 658	1 547
Personnel expenses	104 600	85 726	77 779
Personnel on average during the period	1 811	1 591	1 466
Personnel at end of period	1 889	1 648	1 493
Change in personnel, %	14.6 %	10.4 %	1.4 %

*at constant currencies

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

***Basware's unadjusted performance measures for the fourth quarter and full year of 2016 included approximately EUR 5 million costs related to personnel reductions as part of the productivity programme

****Included in Basware's R&D expenses in the fourth quarter and full year of 2016 were approximately EUR 1.6 million related to employee related efficiency measures

February 1, 2017

Group Share Indicators	1-12/2016	1-12/2015	1-12/2014
Earnings per share, undiluted***	-1.00	0.22	0.22
Earnings per share, diluted***	-1.00	0.22	0.22
Equity per share	9.26	9.97	9.88
Dividend per share	0.00*	0.00	0.10
Dividend per profit, %	0.0 %	0.0 %	45.1 %
Effective dividend yield, %	0.0 %	0.0 %	0.2 %
Price per earnings (P/E)	-36.24	171.31	184.31
Share price performance			
lowest price	30.48	31.80	23.50
highest price	40.90	47.80	42.21
average price	36.22	39.20	35.65
closing price	36.30	37.32	41.05
Market capitalization at end of period**	520 662 298	530 736 266	577 640 124
Share issue adjusted number of			
traded shares	1 931 525	3 156 826	4 792 273
% of average number of shares	13.5 %	22.3 %	36.1 %
Number of shares*			
- at end of the period	14 343 314	14 152 770	14 146 426
- average during the period	14 293 754	14 150 954	13 286 327
- average during the period, diluted	14 313 442	14 173 167	13 297 962

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

**Excluding treasury shares

***Basware's unadjusted performance measures for the fourth quarter and full year of 2016 included approximately EUR 5 million costs related to personnel reductions as part of the productivity programme

SHARE AND SHAREHOLDERS

Basware Corporation's share capital totaled EUR 3 528 369 (3 528 369) at the end of the quarter and the number of shares was 14 401 936 (14 221 229). Basware Corporation holds 58 622 (68 459) of its own shares, corresponding to approximately 0.4 percent (0.5 %) of the total number of shares.

Basware had 12 620 (13 164) shareholders at the end of the quarter, including 10 nominee-registered holdings (12). Nominee-registered holdings accounted for 37.0 percent (30.3 %) of the total number of shares.

The company's Annual General Meeting of March 16, 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.