

February 02, 2018

BASWARE FINANCIAL STATEMENT RELEASE JANUARY 1 - DECEMBER 31, 2017 (IFRS)**Cloud revenue growth continued and productivity improved****January-December 2017:**

- Net sales EUR 149 241 thousand (EUR 148 580 thousand): growth 0.4 percent
- Cloud revenue growth of 19.5 percent, amounting to 53.0 percent (44.6 %) of net sales
- Adjusted EBITDA EUR 3 367 thousand (EUR 2 063 thousand)
- Adjusted operating result EUR -6 741 thousand (EUR -6 490 thousand)
- Adjusted earnings per share (diluted) EUR -0.61 (-0.48)
- Operating result EUR -9 436 thousand (EUR -13 946 thousand)
- Earnings per share (diluted) EUR -0.79 (-1.00)

October-December 2017:

- Net sales EUR 39 707 thousand (EUR 40 211 thousand): decrease 1.3 percent
- Cloud revenue growth of 15.0 percent, amounting to 54.7 percent (47.0 %) of net sales
- Adjusted EBITDA EUR 1 372 thousand (EUR 3 660 thousand)
- Adjusted operating result EUR -1 375 thousand (EUR 1 269 thousand)
- Adjusted earnings per share (diluted) EUR -0.13 (0.09)
- Operating result EUR -2 398 thousand (EUR -4 014 thousand)
- Earnings per share (diluted) EUR -0.21 (-0.28)

Basware is the global leader in providing networked source-to-pay, e-invoicing and value-added services. Basware's key strategic priority for the strategy period 2017-2020 is cloud revenue growth. The company continues to strengthen its leading market position in order to grow cloud revenue.

For 2018 Basware expects the following on an organic basis at constant currencies:

- Cloud revenues to be between EUR 90 and 95 million
- Total costs excluding amortization, depreciation and adjustments to EBITDA to be slightly above 2017 levels

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 February 1, 2018.

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GROUP KEY FIGURES

EUR thousand	10-12/ 2017	10-12/ 2016	Change, %	1-12/ 2017	1-12/ 2016	Change, %
Net sales	39 707	40 211	-1.3 %	149 241	148 580	0.4 %
Cloud revenue	21 726	18 900	15.0 %	79 169	66 242	19.5 %
ARR order intake	3 368	2 206	52.7 %	12 838	7 896	62.6 %
EBITDA	349	-1 623		672	-5 394	
Adjusted EBITDA	1 372	3 660	-62.5 %	3 367	2 063	63.2 %
Operating result	-2 398	-4 014	40.3 %	-9 436	-13 946	32.3 %
Adjusted operating result	-1 375	1 269	-208.3 %	-6 741	-6 490	3.9 %
Result before tax	-2 800	-4 091	31.6 %	-12 203	-16 256	24.9 %
Result for the period	-2 967	-4 048	26.7 %	-11 451	-14 318	20.0 %
Cash and cash equivalents	20 683	35 755	-42.2 %	20 683	35 755	-42.2 %
Earnings per share						
Diluted, EUR	-0.21	-0.28	27.0 %	-0.79	-1.00	20.5 %
Adjusted earnings per share diluted	-0.13	0.09		-0.61	-0.48	-26.8 %

BUSINESS OPERATIONS

Basware is the global leader in networked source-to-pay solutions, including e-invoicing and value added 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:

As both CEO and a shareholder of Basware, I am very proud of what we have achieved in the fourth quarter and in 2017 as a whole. We have continued to grow our cloud business rapidly, increased order intake, released exciting new innovations, and at the same time implemented significant productivity improvements. We have set the foundations for the future, and the effects of these changes are only just starting to become apparent.

Basware's mission to help our customers simplify operations and spend smarter is something that I feel very passionate about. Every single organisation in the world can benefit from using Basware's solutions and this means that there is a huge market opportunity for us, worth EUR 15 billion annually in Europe and North America alone. Basware's Network, the largest e-invoicing network in the world, is a major differentiator and helps our customers to make all of their purchasing processes 100 percent paperless. A commissioned study conducted by Forrester Consulting on behalf of Basware, titled [The Total Economic Impact™ Of Basware's Purchase-To-Pay Cloud Solution](#) published in November 2017 found

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that Basware's solutions have a return on investment of 307 percent and a payback time of 12 months for customers.

Basware's strategic priority is cloud revenue growth and with 20 percent growth in 2017, we met our guidance for 2017. Basware's cloud revenues now account for 53 percent of net sales, up from 45 percent in full year 2016. The ever increasing share of cloud revenues is a key driver for total growth. Subscription order intake, our main lead indicator for future cloud revenue growth, also continued to rise, up 53 percent in the fourth quarter and 63 percent compared to 2017.

Winning and retaining customers are key to our success and in the fourth quarter we acquired some great new customers as well as transforming existing customers to our cloud solutions. New customers won in the fourth quarter include, for example MAN Truck and Bus, Belden, Hudson Group and Anglican Community Services. Customers that recently transformed from on-premise to cloud solutions included Unicredit, Adecco, Metso, and Gate Gourmet.

Basware's vision is to offer the best global solution for purchasing, invoicing and paying. Basware leads innovation in our industry and we continued to announce more enhancements to our solutions that benefit our customers by utilising the huge data asset in our systems. In November, Basware announced the availability of smart coding, a capability that helps customers further automate their invoice processing of non-PO invoices through machine learning. In December, Basware released Supplier Quality Analytics, which provides actionable insights for customers on how suppliers are performing against targets, and enables them to develop better sourcing strategies and reduce supply chain risk.

At the same time as focusing on serving customers and growing cloud revenues, we have continued to work on streamlining our business and increasing productivity. Sales productivity has increased significantly compared to 2016. We successfully executed all aspects of the productivity programme announced in November 2016.

Basware's people are what makes our company, and employee satisfaction is very important to us. It was very rewarding to see that once again our US team was recognised in the fourth quarter as a great place to work, winning the 'Best and Brightest Companies to Work For In the Nation' Award.

Together with the great team that we have globally at Basware I am excited and confident about Basware's future and our ability to capture the significant market opportunity ahead of us.

NET SALES

Basware's net sales for the fourth quarter amounted to EUR 39 707 thousand (EUR 40 211 thousand), a decrease of 1.3 percent. This equated to 0.7 percent growth at constant currencies.

Cloud revenues grew strongly during the fourth quarter. Cloud revenues in the fourth quarter were EUR 21 726 thousand (EUR 18 900 thousand), up by 15.0 percent, and accounted for 54.7 percent (47.0 %) of net sales.

SaaS revenues grew significantly compared to the fourth quarter of 2016 with total growth of 27.7 percent. In the fourth quarter transaction services revenues grew 10.9 percent.

In non-cloud revenues, maintenance and consulting revenues declined in line with expectations as we transition customers to the cloud.

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Basware's net sales in 2017 amounted to EUR 149 241 thousand (EUR 148 580 thousand), a growth of 0.4 percent. This equated to 1.5 percent organic growth at constant currencies.

Net sales by revenue type EUR thousand	10-12/ 2017	10-12/ 2016	Change, %	1-12/ 2017	1-12/ 2016	Change, %
Cloud Revenue						
SaaS	9 162	7 173	27.7	33 190	22 975	44.5
Transaction services	11 261	10 152	10.9	40 164	35 996	11.6
Other cloud revenue	1 303	1 576	-17.3	5 815	7 270	-20.0
Cloud Revenue total	21 726	18 900	15.0	79 169	66 242	19.5
Non-Cloud Revenue						
Maintenance	8 856	10 075	-12.1	37 026	40 761	-9.2
License sales	1 383	1 962	-29.5	4 192	7 188	-41.7
Consulting services	7 796	9 360	-16.7	28 982	34 389	-15.7
Other non-cloud revenue	-54	-86	-36.8	-129	0	
Non-Cloud Revenue total	17 981	21 310	-15.6	70 072	82 338	-14.9
Group Total	39 707	40 211	-1.3	149 241	148 580	0.4

The share of Basware's net sales outside Finland was 66.7 % percent (66.9 %) in the quarter.

SUBSCRIPTION ORDER INTAKE

In the fourth quarter of 2017, Basware's subscription annual recurring revenue gross order intake, including SaaS and other subscription types, amounted to EUR 3.4 million, up from EUR 2.2 million in the fourth quarter of 2016, an increase of 52.7 percent. For the year 2017 subscription annual recurring revenue gross order intake increased by 62.6 percent compared to 2016. There will be a time lag before order intake is visible in net sales. Further information on the definition of subscription annual recurring revenue gross order intake is included in the section on Definition of Alternative Performance Measures.

Subscription annual recurring revenue gross order intake EUR thousand	10-12/ 2017	10-12/ 2016	Change, %	1-12/ 2017	1-12/ 2016	Change, %
ARR order intake	3 368	2 206	52.7	12 838	7 896	62.6

FINANCIAL PERFORMANCE

Basware's adjusted EBITDA was EUR 1 372 thousand (EUR 3 660 thousand) in the fourth quarter. The adjustments to EBITDA totalled EUR 1 023 thousand (EUR 5 283 thousand) in the quarter. Basware's operating result for the quarter amounted to EUR -2 398 thousand (EUR -4 014 thousand).

Basware's adjusted EBITDA was EUR 3 367 thousand (EUR 2 063 thousand) in 2017. The operating result for the year amounted to EUR -9 436 thousand (EUR -13 946 thousand).

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.

The company's operating expenses including employee benefits, depreciation and amortization as well as other operating expenses were EUR 38 089 thousand (EUR 39 628 thousand) in the fourth quarter, and have decreased by 3.9 percent from the corresponding period the previous year. Personnel expenses made up 67.9 percent (69.7 %) or EUR 25 879 thousand (EUR 27 614 thousand) of the

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operating expenses.

Materials and services were EUR 3 939 thousand (EUR 4 600 thousand) in the fourth quarter, down 14.4 percent from the fourth quarter of 2016.

Basware announced a productivity programme to simplify its operations and increase scalability in the fourth quarter of 2016. The savings achieved as result of personnel reductions were approximately EUR 1.8 million in the fourth quarter of 2017 and EUR 5.1 million year-to-date. In addition to achieving expenses savings, Basware has achieved improvements in sales and marketing productivity over the same period. Taken together, these increase the scalability of Basware's business, meaning the ability to grow revenues faster than costs.

The company's finance expenses were EUR 426 thousand (EUR 84 thousand) for the quarter. Basware's share of the result of the joint venture with Arrowgrass Capital Partners LLP totalled EUR -53 thousand (EUR -373 thousand).

Basware's result before tax was EUR -2 800 thousand (EUR -4 091 thousand) and result for the quarter EUR -2 967 thousand (EUR -4 048 thousand). Taxes for the quarter impacted the result by EUR -168 thousand (EUR 43 thousand).

Diluted earnings per share were EUR -0.21 (EUR -0.28) for the fourth quarter.

FINANCING AND INVESTMENTS

Cashflows from operating activities were EUR -1 795 thousand (EUR -5 564 thousand) in the fourth quarter and EUR -4 001 thousand (EUR -1 774 thousand) in 2017. Basware's operating cash flows are seasonal as a relatively large part of payments for annual maintenance are made in the first quarter. Working capital changes included the cash impact of restructuring provisions related to the productivity programme announced in November 2016.

Basware's cash and cash equivalents including short-term deposits totalled EUR 20 683 thousand (EUR 35 755 thousand) at the end of the quarter. In addition to cash and cash equivalents, Basware has an undrawn revolving credit facility of EUR 10 million, bringing total available liquidity at the end of the fourth quarter of 2017 to EUR 30 683 thousand (EUR 38 755 thousand).

Basware's total assets on the balance sheet at the end of the financial year were EUR 211 548 thousand (EUR 227 043 thousand). Net cash flows from investments were EUR -2 771 thousand (EUR -3 560 thousand) in the quarter and EUR -12 485 thousand (EUR -40 698 thousand) in 2017.

The equity ratio was 54.8 percent (58.5 %) and gearing 24.7 percent (8.7 %). The company's interest-bearing liabilities totalled EUR 49 282 thousand (EUR 47 280 thousand), of which current liabilities accounted for EUR 1 996 thousand (EUR 10 548 thousand). The return on investment was -10.1 percent (-9.7 %) and return on equity -5.7 percent (12.1 %) in the quarter.

Gross investments including acquisitions and capitalized research and development costs totalled EUR 12 498 thousand (EUR 51 882 thousand) in 2017.

RESEARCH AND DEVELOPMENT

Basware's research and development investments totalled EUR 5 393 thousand (EUR 6 589 thousand),

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or 13.6 percent (16.4 %) of net sales during the quarter. The expenses decreased by 18.2 percent compared to the corresponding quarter in the previous year. The decrease was due primarily to savings achieved as a result of the productivity programme announced in November 2016. The research and development costs excluding depreciation included in the result for the quarter totalled EUR 3 072 thousand (EUR 3 410 thousand), or 7.7 percent (8.5 %) of net sales. Research and development expenses capitalized during the quarter amounted to EUR 2 321 thousand (EUR 3 179 thousand). A total of 410 (419) people worked in research and development at the end of the quarter.

PERSONNEL

Basware employed 1 831 (1 891) people on average during the quarter and 1 829 (1 889) at the end of the quarter.

Geographical division of personnel:

Personnel Employed, on average	10-12/ 2017	10-12/ 2016	Change, %	1-12/ 2017	1-12/ 2016	Change, %
Finland	438	499	-12.2	447	500	-10.6
EMEIA	571	621	-8.0	587	599	-2.1
India	660	599	10.2	645	577	11.8
Americas & APAC	161	172	-6.6	159	135	17.8
Group total	1 831	1 891	-3.2	1 838	1 811	1.5

At the end of the quarter, the share of Basware's personnel outside Finland was 76.1 percent (74.0 %). 11.2 percent (12.2 %) of the personnel work in sales and marketing, 59.3 percent (58.6 %) in professional services, production and customer care, 22.4 percent (22.2 %) in research and development, and 7.1 percent (7.0 %) in administration.

The average age of employees is 35.3 (35.5) years. Women account for 27.7 percent (27.1 %) of employees, men for 72.2 percent (72.9 %).

ANNUAL GENERAL MEETING AND AUTHORIZATIONS OF THE BOARD OF DIRECTORS

The Annual General Meeting of Basware Corporation held on March 16, 2017 adopted the annual accounts for the financial period ended on December 31, 2016. The members of the Board of Directors as well as the CEOs were discharged from liability for the financial period ended on December 31, 2016. In accordance with the proposal of the Board of Directors, the Annual General Meeting resolved that no dividend will be paid for the year 2016.

The Annual General Meeting decided the number of members of the Board of Directors to be six. Mr. Hannu Vaajoensuu, Mr. Ilkka Sihvo, Mr. David Bateman, Mr. Michael Ingelög, Mrs. Tuija Soanjärvi and Mr. Anssi Vanjoki were elected as members of the Board of Directors.

The Annual General Meeting decided that the remuneration for the members of the Board of Directors will be paid as follows: to the members of the Board of Directors and committee members EUR 27 500, to the vice chairman of the Board of Directors and the Chairman of the Audit Committee EUR 32 000 and to the chairman of the Board of Directors EUR 55 000. In addition, the chairmen of the Board of Directors and its committees shall receive EUR 700 per attended meeting and members of the Board of Directors and its committees shall receive EUR 500 per attended meeting. Out of the annual remuneration to be paid to the Board members, 40 percent of total gross compensation amount will be

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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 Accounting Firm, 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.

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 June 30, 2018 and shall revoke the previous authorizations for repurchasing the company's own shares.

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

New shares may be issued and the company's own shares may be conveyed to the company's shareholders in proportion to their current shareholdings in the company or by waiving the shareholder's pre-emption right, through a directed share issue if the company has a weighty financial reason to do so, such as using the shares as consideration in possible acquisitions or other arrangements related to the company's business, as financing for investments or as part of the company's incentive program. The new shares may also be issued in a free share issue to the company itself.

New shares may be issued and the company's own shares held by the company may be conveyed either against payment or for free. A directed share issue may be free only if there is an especially weighty financial reason both for the company and with regard to the interests of all shareholders in the company.

Based on the authorization, the Board of Directors may decide to issue a maximum of 2 840 000 new shares and convey a maximum of 1 466 792 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

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subscription price (convertible bond). The maximum number of new shares that may be subscribed by virtue of the special rights granted by the company is in total 1 000 000 shares which number shall be included in the maximum number of new shares stated above.

The subscription price of the new shares and the consideration payable for the company's own shares shall be recorded under the invested non-restricted equity fund. The Board of Directors shall decide on all other terms and conditions related to the authorizations. The authorizations shall be valid until June 30, 2018 and shall revoke the previous authorizations for share issues and granting of stock options and other special rights entitling to shares.

The Annual General meeting decided to approve the proposal regarding the clarification of the Charter of the Nomination Board in accordance with the proposal of the Nomination Board, i.e. so that also the shareholdings of nominee registered shareholders may be taken into account when determining the composition of the Nomination Board.

In its first meeting held after the Annual General Meeting, the Board of Directors elected Hannu Vaajoensuu as the Chairman and Ilkka Sihvo as the Vice Chairman of the Board. Tuija Soanjärvi was elected as the Chairman of the Audit Committee, and Michael Ingelög and Ilkka Sihvo as its members.

OTHER EVENTS OF THE PERIOD

Changes in Basware's Executive Team

Mr. Jussi Vasama was appointed as Senior Vice President, Customer Services and as a member of the Executive Team at Basware. He commenced in this position on May 2, 2017 and reports to Vesa Tykkyläinen, CEO, Basware Corporation.

Mr. Mikko Pilkama joined Basware on May 1, 2017 as Senior Vice President, Network and Financing Services and as a member of the Executive Team at Basware and reports to Vesa Tykkyläinen, CEO, Basware Corporation.

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 Consulting revenues more volatile. Until the transformation is complete, this will act as a drag on Group net sales growth.

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 efficient supplier onboarding process. Sales from Value Added Services, including 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

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depreciation of GBP, USD, NOK, SEK or AUD against the euro, reported net sales may be affected, despite good performance in local currencies. In addition, a proportion of Basware's costs are denominated in INR and RON. Should there be a significant appreciation in these currencies against the euro, this may affect the company's result.

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 entail risks, such as failure in integrating acquisitions or in ensuring that the planned financial benefits and synergies of the acquisitions materialize.

The cloud transformation process requires cash investment. The company's ability to secure financing for this transformation may affect its ability to deliver on the strategy.

Basware's biggest operational risks relate to service disruption as a result of for example data centre failures, various data security threats and non-compliance risks related to Basware's solutions and services, the company's activities or its employees' behaviour. 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

All organisations need to manage their purchasing processes from procurement through to handling invoices and paying them. Currently many organisations only have unsophisticated or partial tools to manage these processes and as a result many are faced with unmanaged spending, inefficient manual and paper-based processes and poor visibility of cashflows. Basware offers a uniquely complete solution for these challenges that is differentiated by the Basware Network, the largest e-invoicing network in the world, and enables customers to manage 100 percent of their spending and make their purchasing processes completely paperless.

Basware expects the demand for networked purchase to pay services to continue to grow. The total potential market for networked purchase to pay services is estimated to be worth EUR 15 billion in annual revenues in Europe and North America.

Outlook for 2018

Basware is the global leader in providing networked source-to-pay, e-invoicing and value-added services. Basware's key strategic priority for the strategy period 2017-2020 is cloud revenue growth. The company continues to strengthen its leading market position in order to grow cloud revenue.

For 2018 Basware expects the following on an organic basis at constant currencies:

- Cloud revenues to be between EUR 90 and 95 million

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- Total costs excluding amortization, depreciation and adjustments to EBITDA to be slightly above 2017 levels

Constant currencies means that the effects of any changes in currencies are eliminated by calculating the figures for the period using 2017 exchange rates. Organic means that the figures are adjusted to remove the effects of any acquisitions or disposals within the past 12 months.

EVENTS AFTER THE PERIOD

Refinements to Basware's strategy targets and strategic focus areas

Basware is the global leader in providing networked source-to-pay, e-invoicing and value-added services. Basware's key strategic priority for the strategy period 2017-2020 is cloud revenue growth. The company continues to strengthen its leading market position in order to grow cloud revenue. On February 2, 2018 Basware announced refinements to its strategy targets and strategic focus areas to improve execution and boost future growth.

Vision and mission

Basware's vision is to deliver the best global solution for purchasing, invoicing and paying. Our mission is to help customers simplify operations and spend smarter.

Cloud revenue growth is Basware's primary objective and where long term value in the business will be created. Cloud revenues are comprised of revenues from SaaS, other subscriptions, network transactions and financing services. The company's main focus is organic growth, supported by a disciplined acquisition strategy.

Strategic focus areas

Basware has defined four strategic focus areas that guide our strategy implementation:

- Customer value beyond expectations: Customer-centricity is key. We provide customers maximum value across the full customer journey
- Number 1 networked source-to-pay offering: We have the market-leading, cloud-based, innovative networked source-to-pay solution
- Largest and smartest commerce network: We have the largest open commerce network in the world and provide our customers with innovative value-added services
- Undisputed market leader: Position Basware as THE thought leader by promoting innovations, unleashing customer advocacy and growing market share

Refinements to strategy targets

During the current strategy period, the company focuses on scalable Cloud revenue growth. We have two targets:

- Cloud revenue growth: Cloud revenues to increase by more than 20% CAGR on an organic basis
- Scalability: Cost of goods sold and operating expenses to grow at a lower rate than cloud revenues on an organic basis.

These refined targets provide clarity of focus to Basware in those areas of the business where we believe most value will be created for the company and its shareholders.

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With these actions, Basware aims to further strengthen its global leadership position in networked source-to-pay business and to drive cloud revenue growth.

Changes in Basware's Executive Team

Mr. Eric Wilson was appointed as Senior Vice President, North America and as a member of the company's Executive Team as of January 4, 2018. Wilson reports to Vesa Tykkyläinen, CEO, Basware Corporation.

BOARD OF DIRECTOR'S PROPOSAL FOR DIVIDEND

On December 31, 2017, the Group's parent company's distributable funds were EUR 68 704 thousand. The Board of Directors proposes to the Annual General Meeting that no dividend be paid for 2017.

Basware Corporation's Annual General Meeting is planned to be held on Thursday, March 15, 2018 in Helsinki, Finland.

Espoo, Finland, Thursday, February 1, 2018

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, 2017**
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	10-12/ 2017	10-12/ 2016	Change, %	1-12/ 2017	1-12/ 2016	Change, %
NET SALES	39 707	40 211	-1.3	149 241	148 580	0.4
Other operating income	-76	4		134	4	3104.2
Materials and services	-3 939	-4 600	-14.4	-14 865	-15 746	-5.6
Employee benefit expenses	-25 879	-27 614	-6.3	-99 083	-104 600	-5.3
Depreciation and amortization	-2 747	-2 391	14.9	-10 108	-8 552	18.2
Other operating expenses	-9 464	-9 623	-1.7	-34 755	-33 631	3.3
Operating result	-2 398	-4 014	40.3	-9 436	-13 946	32.3
Finance income	77	379*	-79.7	672	746*	-9.9
Finance expenses	-426	-84**,**	403.8	-2 391	-887*	169.5
Share of results of a joint venture	-53	-373	-85.7	-1 048	-2 170	-61.7
Result before tax	-2 800	-4 091**	31.6	-12 203	-16 256	24.9
Income taxes	-168	43		752	1 939	-61.2
RESULT FOR THE PERIOD	-2 967	-4 048**	26.7	-11 451	-14 318	20.0
Other comprehensive income						
Other comprehensive income to be reclassified to profit or loss in subsequent periods:						
Remeasurement of employee benefits	241	-94		155	-94	
Exchange differences on translating foreign operations	-1 347	900	49.7	-6 588	-1 463	350.3
Income tax relating to components of other comprehensive income	35	57	-38.3	290	311	-7.0
Other comprehensive income, net of tax	-1 071	863		-6 144	-1 245	393.4
TOTAL COMPREHENSIVE INCOME	-4 038	-2 258	-78.8	-17 594	-15 563	-13.1
Result attributable to:						
Equity holders of the parent company	-2 967	-4 048**	26.7	-11 451	-14 318	20.0
	-2 967	-4 048**	26.7	-11 451	-14 318	20.0
Total comprehensive income attributable to:						
Equity holders of the parent company	-4 038	-2 258	-78.8	-17 594	-15 563	-13.1
	-4 038	-2 258	-78.8	-17 594	-15 563	-13.1
Earnings per share						
undiluted, EUR	-0.21	-0.28	27.0	-0.80	-1.00	20.4
diluted, EUR	-0.21	-0.28	27.2	-0.79	-1.00	20.5

*The automatic currency valuation booking policy of cashpool accounts has been clarified. Comparatives for 2016 have been changed accordingly. The change had no impact on net financial items or result for the period.

**Timing of unrealized exchange losses from intragroup financing arrangements has been adjusted between Q3 and Q4 2016. The adjustment had no impact on total equity or other balance sheet items at group level quarterly or annually in 2016.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	Dec. 31, 2017	Dec. 31, 2016	Change, %
ASSETS			
Non-current assets			
Intangible assets	49 039	47 325	3.6
Goodwill	91 961	96 811	-5.0
Tangible assets	1 291	1 585	-18.6
Share of investment in a joint venture	153	1 201	-87.3
Available-for-sale investments	38	38	
Trade and other receivables	3 985	2 789	42.9
Deferred tax assets	10 362	8 403	23.3
Non-current assets	156 828	158 152	-0.8
Current assets			
Trade receivables	24 534	24 638	-0.4
Other receivables	9 145	8 372	9.2
Income tax receivables	358	126	184.2
Cash and cash equivalents	20 683	35 755	-42.2
Current assets	54 720	68 891	-20.6
ASSETS	211 548	227 043	-6.8

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	Dec. 31, 2017	Dec. 31, 2016	Change, %
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	3 528	3 528	
Share premium account	1 187	1 187	
Treasury shares	-841	-1 043	-19.3
Invested unrestricted equity fund	111 132	111 333	-0.2
Other reserves	592	540	9.7
Translation differences	-11 160	-4 863	129.4
Retained earnings	11 488	22 182	-48.2
Shareholders' equity	115 925	132 864	-12.7
Non-current liabilities			
Deferred tax liability	4 569	4 904	-6.8
Interest-bearing liabilities	47 286	36 732	28.7
Other non-current financial liabilities	1 693	1 555	8.9
Liabilities from employee benefits	434	506	-14.2
Non-current liabilities	53 982	43 697	23.5
Current liabilities			
Interest-bearing liabilities	1 996	10 548	-81.1
Trade payables and other liabilities	38 539	34 225	12.6
Income tax liabilities	177	637	-72.3
Current provisions	928	5 072	-81.7
Current liabilities	41 640	50 482	-17.5
EQUITY AND LIABILITIES	211 548	227 043	-6.8

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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 Jan 1, 2017	3 528	1 187	-1 043	111 333	540	-4 863	22 182	132 864
Comprehensive income						-6 297	-11 451	-17 748
Share based payments			202	-202			602	602
Defined benefit plan							155	155
Other changes					52			52
SHAREHOLDERS' EQUITY Dec. 31, 2017	3 528	1 187	-841	111 131	592	-11 160	11 488	115 925

EUR thousand	Share capital	Share premium account	Treasury shares	Inv. un-restricted equity	Other reserves	Translation differences	Retained earnings	Total
SHAREHOLDERS' EQUITY Jan. 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
Share based payments			65	-65			535	535
Share issue				7 065				7 065
Adjustment to previous years							-320	-320
Defined benefit plan							-94	-94
SHAREHOLDERS' EQUITY Dec. 31, 2016	3 528	1 187	-1 043	111 333	540	-4 863	22 182	132 864

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CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	10-12/2017	10-12/2016	1-12/2017	1-12/2016
Cash flows from operating activities				
Result for the period	-2 967	-4 049	-11 451	-14 318
Adjustments	3 569	2 528	12 812	9 528
Changes in working capital	-1 738	-3 664	-2 572	3 268
Financial items in operating activities	-379	-140	-958	-487
Income taxes paid (-) / received (+)	-279	-239	-1 832	234
Cash flows from operating activities	-1 795	-5 564	-4 001	-1 774
Cash flows used in investing activities				
Purchase of tangible and intangible assets	-2 771	-1 456	-12 485	-12 660
Proceeds from sale of tangible and intangible assets	0	11	0	11
Acquisition of subsidiaries and businesses	0	-2 116	0	-25 013
Investment made to joint venture	0	0	0	-3 037
Cash flows used in investing activities	-2 771	-3 560	-12 485	-40 698
Cash flows from financing activities				
Proceeds from current borrowings	0	10 548	0	10 548
Repayment of current borrowings	0	0	-27 998	-1 667
Proceeds from non-current borrowings	0	21 432	30 000	36 732
Cash flows from financing activities	0	31 980	2 002	45 613
Net change in cash and cash equivalents	-4 566	22 856	-14 484	3 141
Cash and cash equivalents at the beginning of period	25 275	12 951	35 755	33 238
Net foreign exchange difference	-26	-51	-588	-624
Cash and cash equivalents at the end of period	20 683	35 755	20 683	35 755

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ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with IAS 34. The same accounting principles have been followed as in the annual financial statements.

Preparation of financial statements in accordance with IFRS 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. Percentage changes for net figures are shown on an absolute basis.

New and amended IFRS standards not yet adopted

Basware has adopted IFRS 15 *Revenue from Contracts with Customers* as of January 1, 2018 (mandatory application), with full retrospective application. The Group made a preliminary analysis of the impacts of IFRS 15 in 2016 and further analysis were conducted during 2017. The impacts were assessed by reviewing customer contracts in relation to the IFRS 15 revenue recognition model. Based on the assessment, the Group has identified those revenue types that will be affected by the new standard. The Group is currently in the process of finalizing the impact calculations on the Group's revenue and revising the Group's revenue recognition policy to conform to the new standard. As the new standard affects only a minority of the Group's customer contracts, the estimated impact of the standard on the Group's total revenue is not material, being within the range EUR +/-0.5 million. However, as a result of IFRS 15 standard implementation, part of Cloud revenue will be recognized later and part of Non-cloud revenue will be recognized earlier compared to the current revenue recognition standard. The estimate is that 2017 Cloud revenue will be approximately EUR 1.5 - 2.5 million lower, and Non-cloud revenue approximately EUR 1.5 - 2.5 million higher based on IFRS 15 compared to the current standard.

In connection with the IFRS 15 implementation, the Group will also make certain changes in the revenue allocation between Cloud and Non-cloud. Revenues related to dedicated customer services as part of SaaS subscriptions will now be allocated as cloud revenues. This will not impact Group revenue but it is estimated that EUR 2.0 - 3.0 million of revenues recorded as part of Non-cloud will be recorded as Cloud revenue.

The net impact of IFRS 15 and the changes in revenue allocation between Cloud and Non-cloud is estimated to be EUR +/- 0.5 million on Group level, Cloud revenue will increase EUR 0.5 - 1.5 million and non-Cloud revenue will decrease EUR 0.5 - 1.5 million, thus increasing slightly the Cloud revenue share of the Group's total revenue.

The Group has analysed impacts related to IFRS 9 *Financial Instruments* (effective date January 1, 2018), which completely replaces the existing IAS 39 *Financial Instruments: Recognition and Measurement* standard. The main impact is expected to the timing of recording the expected credit losses. Based on the preliminary calculations the Group is not expecting changes to have material impact on the Group's future Financial Statements.

DEFINITION OF 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 guidance from the European Securities and Markets Authority (ESMA) on Alternative Performance Measures which is applicable as of July 3, 2016, and defined alternative performance measures as follows:

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

Non-cloud revenue includes net sales from licences, maintenance and consulting, as well as 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 exchange rate fluctuations by calculating the net sales for the comparable period by using the current period's exchange rates.

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Gross investments are total investments made to non-current assets including acquisitions and capitalized research and development costs.

Other capitalized expenditure consists of investments in property, plant & equipment and intangible assets excluding acquisitions and capitalized research and development costs.

EBITDA is calculated as operating result plus depreciation and amortization.

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

Adjusted operating result (Adjusted EBIT) is calculated from operating result excluding any adjustments related to alliance fees, acquisitions and disposals, restructuring and efficiency measures, impairment losses and litigation fees and settlements.

Adjusted earnings per share (Adjusted EPS) is calculated by excluding from the result any adjustments related to alliance fees, acquisitions and disposals, restructuring and efficiency measures, impairment losses and litigation fees and settlements.

Subscription annual recurring revenue gross order intake is calculated by summing the total order intake in the period expressed as an annual contract value. This includes SaaS and other subscription types. Transaction revenue is not included. Gross new order intake covers new cloud customers, add-ons and renewal uplifts but excludes churn. There will be a time lag before this order intake is visible in net sales.

Adjusted EBITDA

EUR thousand	10-12/ 2017	10-12/ 2016	Change, %	1-12/ 2017	1-12/ 2016	Change, %
EBITDA	349	-1 623		672	-5 394	
Adjustments:						
Acquisition, disposal and restructuring expenses	170	122	38.5	283	894	-68.4
Efficiency related expenses	578	5 161	-88.8	2 023	5 888	-65.6
Settlements	276	0		389	675	-42.3
Total adjustments	1 023	5 283	-80.6	2 695	7 456	-63.9
Adjusted EBITDA	1 372	3 660	-62.5	3 367	2 063	63.2

Adjusted Operating Result

EUR thousand	10-12/ 2017	10-12/ 2016	Change, %	1-12/ 2017	1-12/ 2016	Change, %
Operating Result	-2 398	-4 014	40.3	-9 436	-13 946	32.3
Adjustments:						
Acquisition, disposal and restructuring expenses	170	122	38.5	283	894	-68.4
Efficiency related expenses	578	5 161	-88.8	2 023	5 888	-65.6
Settlements	276	0		389	675	-42.3
Total adjustments	1 023	5 283	-80.6	2 695	7 456	-63.9
Adjusted Operating Result	-1 375	1 269		-6 741	-6 490	-3.9

Subscription Annual Recurring Revenue Gross Order Intake

EUR thousand	10-12/ 2017	7-9/ 2017	4-6/ 2017	1-3/ 2017	10-12/ 2016	7-9/ 2016	4-6/ 2016	1-3/ 2016
ARR order intake	3 368	2 207	4 420	2 843	2 206	1 886	2 748	1 056

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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 measurement period ended in March 2017. The values of assets, liabilities and goodwill have not changed from the values reported in the annual financial statements for 2016.

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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 into SaaS, Transaction services (consisting of e-invoicing, scan and capture services, printing services and network start-up fees), Consulting services (consisting of professional services and customer services management), Maintenance, License sales, Other cloud and Other non-cloud.

Net sales by revenue type EUR thousand	10-12/ 2017	10-12/ 2016	Change, %	1-12/ 2017	1-12/ 2016	Change, %
Cloud Revenue						
SaaS	9 162	7 173	27.7	33 190	22 975	44.5
Transaction services	11 261	10 152	10.9	40 164	35 996	11.6
Other cloud revenue	1 303	1 576	-17.3	5 815	7 270	-20.0
Cloud Revenue total	21 726	18 900	15.0	79 169	66 242	19.5
Non-Cloud Revenue						
Maintenance	8 856	10 075	-12.1	37 026	40 761	-9.2
License sales	1 383	1 962	-29.5	4 192	7 188	-41.7
Consulting services	7 796	9 360	-16.7	28 982	34 389	-15.7
Other non-cloud revenue	-54	-86	-36.8	-129	0	
Non-Cloud Revenue total	17 981	21 310	-15.6	70 072	82 338	-14.9
Group Total	39 707	40 211	-1.3	149 241	148 580	0.4

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GEOGRAPHICAL INFORMATION

Basware reports geographical areas Finland, EMEIA, and Americas & APAC. The Finland area includes the Finnish operations and corporate functions. EMEIA includes Europe as well as operations in India, 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/ 2017	10-12/ 2016	Change, %	1-12/ 2017	1-12/ 2016	Change, %
Finland	13 232	13 326	-0.7	47 891	50 093	-4.4
EMEIA	18 357	18 990	-3.3	69 467	71 163	-2.4
Americas & APAC	8 118	7 894	2.8	31 883	27 324	16.7
Group total	39 707	40 211	-1.3	149 241	148 580	0.4

Geographical information by the location of assets

Net sales EUR thousand	10-12/ 2017	10-12/ 2016	Change, %	1-12/ 2017	1-12/ 2016	Change, %
Finland	21 829	24 167	-9.7	82 909	80 623	2.8
EMEIA	22 327	22 216	0.5	84 231	78 698	7.0
Americas & APAC	8 117	7 874	3.1	31 758	26 870	18.2
Between areas	-12 566	-14 046	-10.5	-49 657	-37 612	32.0
Group total	39 707	40 211	-1.3	149 241	148 580	0.4

Operating result EUR thousand	10-12/ 2017	10-12/ 2016	Change, %	1-12/ 2017	1-12/ 2016	Change, %
Finland	-3 447	-2 687	28.3	-14 991	-15 425	-2.8
EMEIA	-7 646	-2 644	189.2	-4 828	436	
Americas & APAC	763	1 291	-40.9	3 010	2 006	50.0
Between areas	7 933	26		7 373	-962	
Group total	-2 398	-4 014	40.3	-9 436	-13 946	32.3

Personnel Employed, on average	10-12/ 2017	10-12/ 2016	Change, %	1-12/ 2017	1-12/ 2016	Change, %
Finland	438	499	-12.2	447	500	-10.6
EMEIA	571	621	-8.0	587	599	-2.1
India	660	599	10.2	645	577	11.8
Americas & APAC	161	172	-6.6	159	135	17.8
Group total	1 831	1 891	-3.2	1 838	1 811	1.5

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/ 2017	1-12/ 2016
EUR	54.9	55.4
USD	16.8	13.8
GBP	8.2	10.5
Other	20.1	20.3
Group total	100.0	100.0

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FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

EUR thousand	Dec. 31, 2017		Dec. 31, 2016	
	Book value	Fair value	Book value	Fair value
Financial assets				
Non-current:				
Available-for-sale financial assets	38	38	38	38
Non-current trade and other receivables	1 400	1 400	1 212	1 212
Current:				
Current trade receivables	24 534	24 534	24 838	24 838
Current other receivables	182	182	208	208
Cash and cash equivalents	20 683	20 683	35 755	35 755
Financial liabilities				
Non-current:				
Financial liabilities valued at amortized acquisition cost:				
Loans from financial institutions, interest-bearing	47 286	47 286	36 732	36 732
Current:				
Loans from financial institutions, interest-bearing	1 996	1 996	10 548	10 548
Trade payables and other liabilities	12 532	12 532	11 350	11 350

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COMMITMENTS AND CONTINGENT LIABILITIES

EUR thousand	Dec. 31, 2017	Dec. 31, 2016
Own guarantees		
Business mortgages of own debts	1 200	1 200
Guarantees	202	273
Commitments on behalf of subsidiaries and group companies		
Guarantees	100	100
Other own guarantees		
Lease liabilities		
Current lease liabilities	850	1 169
Lease liabilities maturing in 1–5 years	847	1 362
Total	1 697	2 530
Other rental liabilities		
Current rental liabilities	6 424	4 989
Rental liabilities maturing in 1–5 years	11 368	9 421
Rental liabilities maturing later	180	41
Total	17 973	14 452
Other own contingent liabilities, total	19 670	16 983
Total commitments and contingent liabilities	21 172	18 555

RELATED PARTY TRANSACTIONS
Trading transactions with related parties

EUR thousand	Dec. 31, 2017	Dec. 31, 2016
Joint venture: Clearfunding LTD		
Net sales	0	784
Trade receivables	0	200

Loans from related parties

EUR thousand	Dec. 31, 2017	Dec. 31, 2016
Arrowgrass Master Fund LTD	10 000	0

Loans from related parties includes the share of Arrowgrass Master Fund LTD of the Group's new term loan financing signed in September 2017 and totaling EUR 30 million. The other lenders are Nordea Bank AB, OP Corporate Bank Plc and Ilmarinen Mutual Pension Insurance Company. Loans from related parties have been provided at commercial interest rates.

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GROUP QUARTERLY INCOME STATEMENT

EUR thousand	10-12/ 2017	7-9/ 2017	4-6/ 2017	1-3/ 2017	10-12/ 2016	7-9/ 2016	4-6/ 2016	1-3/ 2016
NET SALES	39 707	35 444	37 289	36 801	40 211	35 295	38 948	34 125
Other operating income	-76	55	156	0	4	0	0	0
Materials and services	-3 939	-3 562	-3 630	-3 734	-4 600	-3 576	-3 959	-3 611
Employee benefit expenses	-25 879	-21 370	-25 375	-26 459	-27 614	-24 070	-29 068	-23 848
Depreciation and amortization	-2 747	-2 300	-2 469	-2 592	-2 391	-2 185	-2 129	-1 848
Other operating expenses	-9 464	-7 446	-8 738	-9 108	-9 623	-7 682	-8 792	-7 533
Operating result	-2 398	821	-2 767	-5 092	-4 014	-2 218	-4 999	-2 716
% of net sales		2.3 %						
Finance income	77	25	111	459	379*	80*	122*	164*
Finance expenses	-426	-426	-568	-971	-84**	-88**	-120*	-595*
Share of results of a joint venture	-53	-117	-396	-482	-373	-544	-626	-626
Result before tax	-2 800	304	-3 621	-6 086	-4 091**	-2 770**	-5 622	-3 773
% of net sales		0.9 %						
Income taxes	-168	7	207	706	43	-15	1 094	816
RESULT FOR THE PERIOD	-2 967	310	-3 414	-5 380	-4 048**	-2 785**	-4 528	-2 957
% of net sales		0.9 %						

* The automatic currency valuation booking policy of cashpool accounts has been clarified. Comparatives for 2016 have been changed accordingly. The change had no impact on net financial items or result for the period.

** Timing of unrealized exchange losses from intragroup financing arrangements has been adjusted between Q3 and Q4 2016. The adjustment had no impact on total equity or other balance sheet items at group level quarterly or annually in 2016.

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GROUP KEY INDICATORS

EUR thousand	1-12/2017	1-12/2016	1-12/2015
Net sales	149 241	148 580	143 410
Growth of net sales, %	0.4 %	3.6 %	12.3 %
Organic revenue growth*	1.5 %	0.3 %	
EBITDA	672	-5 394	11 902
% of net sales	0.5 %		8.3 %
Adjusted EBITDA	3 367	2 063	12 121
% of net sales	2.3 %	1.4 %	8.6 %
Operating result	-9 436	-13 946	4 676
% of net sales			3.3 %
Adjusted operating result	-6 741	-6 490	4 894
Result before tax	-12 203	-16 256	3 563
% of net sales			2.5 %
Result for the period	-11 451	-14 318	3 083
% of net sales			2.1 %
Return on equity, %	-9.2 %	-10.5 %	2.2 %
Return on investment, %	-5.7 %	-9.5 %	3.6 %
Interest-bearing liabilities	49 282	47 280	1 667
Cash and cash equivalents**	20 683	35 755	33 238
Gearing, %	24.7 %	8.7 %	-22.4 %
Equity ratio, %	54.8 %	58.5 %	79.1 %
Total assets	211 548	227 043	178 545
Gross investments	12 498	51 882	39 971
% of net sales	8.4 %	34.9 %	27.9 %
Acquisitions	0	36 341	25 601
Investments in joint ventures	0	3 037	1 957
R&D investments, expensed***	12 439	12 214	9 275
R&D costs, capitalised	9 879	10 878	8 754
R&D investments, total	22 319	23 092	18 029
% of net sales	14.9 %	15.5 %	12.6 %
R&D personnel at end of period	410	419	373
Other capitalised expenditure	2 620	1 625	3 658
Personnel expenses	99 083	104 600	85 726
Personnel on average during the period	1 838	1 811	1 591
Personnel at end of period	1 829	1 889	1 648
Change in personnel from comparison period, %	-3.2 %	14.6 %	10.4 %

* At constant currencies

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

*** R&D expenses excluding depreciation

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Group Share Indicators	1-12/2017	1-12/2016	1-12/2015
Earnings per share, undiluted (EUR)	-0.80	-1.00	0.22
Earnings per share, diluted (EUR)	-0.79	-1.00	0.22
Adjusted earnings per share, undiluted (EUR)	-0.61	-0.48	0.23
Adjusted earnings per share, diluted (EUR)	-0.61	-0.48	0.23
Equity per share (EUR)	8.07	9.26	9.97
Price per earnings (P/E)	-59.56	-36.24	171.31
Share price performance (EUR)			
- lowest price	31.96	30.48	31.80
- highest price	47.50	40.90	47.80
- average price	38.84	36.22	39.20
- closing price	47.50	36.30	37.32
Market capitalization at end of period* (EUR)	682 085 892	520 662 298	530 736 266
Share issue adjusted number of traded shares	1 681 791	1 931 525	3 156 826
% of average number of shares	11.7 %	13.5 %	22.3 %
Number of shares*			
- at end of the period	14 359 703	14 343 314	14 152 770
- average during the period	14 357 343	14 293 754	14 150 954
- average during the period, diluted	14 406 674	14 313 442	14 173 167

* Excluding treasury shares

SHARE AND SHAREHOLDERS

Basware Corporation's share capital totalled EUR 3 528 369 (3 528 369) at the end of the quarter and the number of shares was 14 401 936 (14 401 936). Basware Corporation holds 42 233 (58 622) of its own shares, corresponding to approximately 0.3 percent (0.4 %) of the total number of shares.

Basware had 11 682 (12 620) shareholders at the end of the quarter, including 10 nominee-registers (10). Nominee-registered holdings accounted for 46.7 percent (37.0 %) of the total number of shares.

The company's Annual General Meeting of March 16, 2017 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 website at www.basware.com/investors.