

January 31, 2019

BASWARE FINANCIAL STATEMENT RELEASE JANUARY 1 – DECEMBER 31, 2018 (IFRS)**Highest ever quarterly cloud revenues****January-December 2018:**

- Net sales EUR 141 417 thousand (EUR 149 167 thousand): decrease of -5.2 percent, organic growth at constant currencies 5.4 percent
- Organic cloud revenue growth at constant currencies 15.6 percent, amounting to 63.3 percent (53.9 %) of net sales
- Adjusted EBITDA EUR -4 364 thousand (EUR 3 294 thousand)
- Adjusted operating profit/loss EUR -15 052 thousand (EUR -6 814 thousand)
- Adjusted earnings per share (diluted) EUR -1.44 (-0.61)
- Operating profit/loss EUR -1 471 thousand (EUR -9 509 thousand)
- Earnings per share (diluted) EUR -0.49 (-0.80)

October-December 2018:

- Net sales EUR 36 488 thousand (EUR 39 243 thousand): decrease of 7.0 percent, organic growth at constant currencies 4.1 percent
- Organic cloud revenue growth at constant currencies 13.6 percent, amounting to 65.5 percent (55.1 %) of net sales
- Adjusted EBITDA EUR -826 thousand (EUR 908 thousand)
- Adjusted operating profit/loss EUR -3 419 thousand (EUR -1 839 thousand)
- Adjusted earnings per share (diluted) EUR -0.28 (-0.17)
- Operating profit/loss EUR -3 850 thousand (EUR -2 862 thousand)
- Earnings per share (diluted) EUR -0.31 (-0.24)

Basware's key strategic priority for the strategy period 2018-2022 is cloud revenue growth. The company continues to strengthen its leading market position in order to grow scalable cloud revenue. For 2019, Basware expects the following on an organic basis at constant currencies:

- Cloud revenues to grow at approximately 15 percent
- Total revenues to grow at approximately 5 percent
- Adjusted EBITDA to be at breakeven or better

Basware has adopted IFRS 15 *Revenue from Contracts with Customers* as of January 1, 2018 (mandatory application), with full retrospective application. In connection with the IFRS 15 application, the Group has also made certain changes to revenue allocation between Cloud and Non-cloud. Comparatives for 2017 presented in the interim report have been updated to include IFRS 15 restatements and revenue reallocations.

From Q1 2018 onwards, Basware has made certain changes in the presentation of its financial information. The company has adopted a functional income statement showing the company's cost of sales, gross profit and operating expenses by function. In addition, the company has changed the presentation of its geographical information. From Q1 2018 onwards, the company reports the following geographical areas: Americas, Europe, Nordics and APAC.

In February 2018 Basware completed the divestment of two businesses. As a result, it is important to consider the organic growth rate when comparing 2018 financials with 2017 financials as the divestments decrease revenues and profitability. During the fourth quarter the impact of foreign exchange movements was minimal. However foreign exchange movements, particularly in US dollars, have negatively impacted Basware's headline revenues during full year 2018. This has a disproportionate effect on our cloud revenues where US dollars comprise a larger share than in total revenues.

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 30, 2019.

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GROUP KEY FIGURES

EUR thousand	10-12/ 2018	10-12/ 2017	Change, %	1-12/ 2018	1-12/ 2017	Change, %
Net sales	36 488	39 243	-7.0	141 417	149 167	-5.2
Cloud revenue	23 916	21 612	10.9	89 482	80 332	11.4
Cloud order intake*	5 942	4 948	20.1	21 474	17 943	19.7
EBITDA	-1 257	-115		9 217	599	
Adjusted EBITDA	-826	909		-4 364	3 294	
Operating profit/loss	-3 850	-2 862	34.5	-1 471	-9 509	-84.5
Adjusted operating profit/loss	-3 419	-1 838	86.0	-15 052	-6 814	120.9
Profit/loss before tax	-4 282	-3 264	31.2	-3 526	-12 276	-71.3
Profit/loss for the period	-4 518	-3 431	31.7	-7 077	-11 524	-38.6
Cash and cash equivalents	40 747	20 683	97.0	40 747	20 683	97.0
Earnings per share						
Diluted, EUR	-0.31	-0.24	-31.6	-0.49	-0.80	38.6
Adjusted earnings per share, diluted, EUR	-0.28	-0.17	-69.6	-1.44	-0.61	-133.8

*From Q2 2018 onwards cloud order intake is the key order intake figure reported

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 the last quarter of the year, Basware made good progress in its key strategic target of cloud revenue growth with all time high quarterly cloud revenues. Our organic cloud revenues in constant currencies increased 16% in 2018. By continuing the systematic strategy execution in accelerating cloud growth, I am confident in our ability to capture the market potential and make steady progress towards our long-term growth vision of EUR 1 billion revenues.

Long-term market demand and customer interest continues to be strong for Basware's solutions. In the last quarter of 2018, companies such as Trek Bicycle Corporation and Kurtz Holding GmbH chose our industry-leading networked Purchase to Pay solution. Transformations signed in the last quarter of the year include Engie Services Nederland, Terveystalo and Rexel Sverige AB. Our annual recurring cloud order intake amounted to EUR 22.8 million in 2018, increasing 20 percent. However, in the last quarter of the year, the uncertainty caused by market speculation on a possible tender offer had a negative impact on Basware's cloud order intake, which was somewhat below our expectations. We will continue investing in sales and marketing in order to increase cloud order intake moving forward, while exercising tight cost control as a whole.

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We continued to release new innovations and enhancements to our market-leading solutions: new functions introduced in Procurement Marketplace and Basware Analytics, in addition to new enablement services and Basware PDF eOrder solution for suppliers. As a recognition of our great products and strong customer focus, Basware was named a Value Leader in Spend Matters' Q4 2018 Procure-to-Pay SolutionMap™, with both good analyst and customer scores.

In 2018 we took big steps forward in streamlining our operations with the disposal of two non-core business functions and outsourcing partnership with Xerox. The move to functional organization with a dedicated partnering function enables us to focus our resources on key strategic areas. During the quarter, we strengthened our partnering network with Aeonvis in Italy and Fitek Slovakia. Furthermore, in the beginning of 2019 we were pleased to announce that Basware's solutions were made available on Microsoft AppSource. With our streamlined business operations and industry-leading solutions, I am confident that we can take full advantage of the market opportunity ahead of us, worth EUR 15 billion annually."

NET SALES

Basware's net sales in 2018 amounted to EUR 141 417 thousand (EUR 149 167 thousand), a decrease of 5.2 percent. This equated to 5.4 percent organic growth at constant currencies. The difference is related to the sale of Banking and Financial Performance Solutions as well as foreign exchange movements, especially US dollar.

Basware's net sales for the fourth quarter amounted to EUR 36 488 thousand (EUR 39 243 thousand), a decrease of 7.0 percent. This equated to 4.1 percent organic growth at constant currencies. The impact of foreign exchange movements on the fourth quarter revenue growth was minimal, with the difference caused mainly from the sale of Banking and Financial Performance Solutions.

Cloud revenues continued to grow during the fourth quarter. Cloud revenues in the fourth quarter were EUR 23 916 thousand (EUR 21 612 thousand), up by 10.7 percent, and accounted for 65.5 percent (55.1 %) of net sales. This equated to 13.6 percent organic growth at constant currencies. Using 2017 exchange rates to calculate 2018 revenues, cloud revenues in the fourth quarter would have been EUR 23 876 thousand. Full year cloud revenue at constant currencies was EUR 91 071 thousand and this equated to 15.6 percent organic growth at constant currencies.

In the fourth quarter SaaS revenues grew 14.0 percent and transaction services revenues 9.2 percent compared to the fourth quarter of 2017. The SaaS growth rate equated to 21.0 percent and transaction growth rate to 9.3 percent organic growth at constant currencies.

In non-cloud revenues, maintenance and licence revenues declined in line with expectations as we transition customers to the cloud. Non-cloud revenues were significantly impacted by the divestments made in the first quarter. The maintenance revenues declined -12.6 percent and licences -20.6 percent on an organic basis at constant currencies. Consulting revenues declined -6.3 percent on an organic basis at constant currencies.

Basware has adopted IFRS 15 *Revenue from Contracts with Customers* as of January 1, 2018. In connection with the IFRS 15 application, the Group has also made certain changes in revenue allocation between cloud and non-cloud. The net impact of IFRS 15 restatements and the changes in revenue allocation between cloud and non-cloud for 2017 comparatives is EUR -74 thousand for the full year and EUR -464 thousand for Q4 2017 on Group level, with cloud revenue increasing by EUR 1 163 thousand for full year 2017 and EUR -114 thousand for Q4 2017 and non-cloud revenue decreasing by EUR -1 236 thousand for full year 2017 and EUR -350 thousand for Q4 2017.

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Net sales by revenue type EUR thousand	10-12/ 2018	10-12/ 2017	Change, %	1-12/ 2018	1-12/ 2017	Change, %
Cloud Revenue						
SaaS	10 866	9 532	14.0	40 282	34 808	15.7
Transaction services	11 758	10 770	9.2	44 163	39 689	11.3
Other cloud revenue	1 292	1 310	-1.4	5 036	5 835	-13.7
Cloud Revenue total	23 916	21 612	10.7	89 482	80 332	11.4
Non-Cloud Revenue						
Maintenance	5 899	8 856	-33.4	26 111	37 026	-29.5
License sales	661	1 383	-52.2	2 251	4 192	-46.3
Consulting services	6 063	7 447	-18.6	23 567	27 746	-15.1
Other non-cloud revenue	-52	-54	-3.0	6	-129	
Non-Cloud Revenue total	12 571	17 631	-28.7	51 935	68 836	-24.6
Group Total	36 488	39 243	-7.0	141 417	149 167	-5.2

CLOUD ORDER INTAKE

Basware's total cloud annual recurring revenue (ARR) gross order intake in the fourth quarter amounted to EUR 5.9 million, up from EUR 4.9 million in the fourth quarter of 2017, an increase of 20.1 percent. This equated to 19.9 percent growth on an organic constant currency basis. There will be a time lag before order intake is visible in net sales. Typically around one quarter of new ARR order intake converts into revenues in the year that it is won, with roughly fifty to sixty percent converting to revenues in the second year and the remainder thereafter. Further information on the definition of annual recurring revenue gross order intake is included in the section on Definition of Alternative Performance Measures.

Annual recurring revenue gross order intake EUR thousand	10-12/ 2018	10-12/ 2017	Change, %	1-12/ 2018	1-12/ 2017	Change, %
Cloud	5 942	4 948	20.1	21 474	17 943	19.7
Purchase-to-Pay subscriptions	3 254	2 943	10.5	12 575	11 246	11.8

FINANCIAL PERFORMANCE

Basware's adjusted EBITDA was EUR -826 thousand (EUR 908 thousand) in the fourth quarter. The adjustments to EBITDA totalled EUR 431 thousand (EUR 1 023 thousand) in the quarter. Basware's operating profit/loss for the quarter amounted to EUR -3 850 thousand (EUR -2 862 thousand).

Basware's adjusted EBITDA was EUR -4 364 thousand (EUR 3 294 thousand) in 2018. The operating profit/loss for the year amounted to EUR -1 471 thousand (EUR -9 509 thousand).

Basware's profitability in 2018 has been impacted by the disposals that closed in the first quarter and increased spending on sales and marketing, both of which are in line with Basware's strategy. The disposed businesses contributed roughly EUR 8 million of EBITDA in 2017. Basware spent an additional EUR 2.0 million on sales and marketing in the fourth quarter of 2018 compared to the fourth quarter of 2017, and EUR 6.6 million more on sales and marketing overall in 2018 compared to 2017.

The company's cost of sales were EUR 17 026 thousand (EUR 19 087 thousand) and total operating expenses including depreciation and amortization EUR 22 878 thousand (EUR 22 014 thousand) in the fourth quarter. Out of

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total operating expenses, sales and marketing expenses were EUR 11 969 thousand (EUR 9 947 thousand), research and development expenses EUR 6 848 thousand (EUR 7 603 thousand) and general and administration expenses EUR 4 061 thousand (EUR 4 465 thousand). Other operating income and expenses were EUR -433 thousand (EUR -1 004 thousand).

Research and development expenses in the income statement totalled EUR 6 848 thousand (EUR 7 603 thousand). Of this, EUR 1 499 thousand related to depreciation (EUR 1 517 thousand). Research and development expenses capitalized during the quarter amounted to EUR 2 219 thousand (EUR 2 321 thousand). Basware's research and development investments totalled EUR 7 568 thousand (EUR 8 407 thousand), or 20.7 percent (21.4 %) of net sales during the quarter.

The company's net finance expenses were EUR -432 thousand (EUR -349 thousand) for the quarter.

Basware's profit/loss before tax was EUR -4 282 thousand (EUR -3 264 thousand) and profit/loss for the quarter EUR -4 518 thousand (EUR -3 431 thousand). Taxes for the quarter impacted the profit/loss by EUR -236 thousand (EUR -168 thousand).

Diluted earnings per share were EUR -0.31 (EUR -0.49) for the quarter.

FINANCING AND INVESTMENTS

Cash flows from operating activities were EUR -2 840 thousand in the fourth quarter (EUR -1 795 thousand) and EUR -6 261 thousand (EUR -4 001 thousand) in 2018. Basware's operating cash flows are seasonal as a relatively large part of payments for annual maintenance are made in the first quarter.

Basware's cash and cash equivalents including short-term deposits totalled EUR 40 747 thousand (EUR 20 683 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 quarter to EUR 50 747 thousand (EUR 30 683 thousand).

Basware's total assets on the balance sheet at the end of the quarter were EUR 215 688 thousand (EUR 214 811 thousand). Net cash flows from investments were EUR -2 483 thousand (EUR -2 771 thousand) in the quarter.

The equity ratio was 51.3 percent (52.7 %) and gearing 14.9 percent (25.2 %). The company's interest-bearing liabilities totalled EUR 57 206 thousand (EUR 49 282 thousand), of which current liabilities accounted for EUR 17 089 thousand (EUR 1 996 thousand). The return on investment was -8.7 percent (-6.9 %) and return on equity -16.0 percent (-11.9 %) in the quarter.

PERSONNEL

Basware's personnel expenses were EUR 21 584 thousand (EUR -25 879 thousand) in the quarter.

Basware employed 1 402 (1 831) people on average during the quarter and 1 412 (1 829) at the end of the quarter. Following the partnership with Xerox announced in the third quarter, 387 employees have transferred from Basware to Xerox in the fourth quarter.

Geographical division of personnel:

Personnel Employed, on average	10-12/ 2018	10-12/ 2017	Change, %	1-12/ 2018	1-12/ 2017	Change, %
Americas	145	131	11.2	139	131	6.4
Europe	385	463	-16.8	442	475	-6.9
Nordics	468	547	-14.3	490	558	-12.3
APAC	403	690	-41.6	605	673	-10.1
Group total	1 402	1 831	-23.4	1 676	1 838	-8.8

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In accordance with the new organisational structure as of June 1, 2018, at the end of the quarter 15.4 percent of the personnel worked in sales and marketing, 35.6 percent in R&D and production and products, 38.9 percent in customer services and 10.1 percent in administration.

The average age of employees is 37.3 (35.3) years. Women account for 29 percent (28 %) of employees, men for 71 percent (72 %).

RISKS AND UNCERTAINTY FACTORS

Basware has a growth strategy with high net sales growth expectations for the cloud business. Executing the strategy 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, 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 more than 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 movement of GBP, USD, NOK, SEK or AUD against the euro, reported net sales may be affected. In addition, a proportion of Basware's costs are denominated in INR and RON. The uncertainty around the status of the UK in relation to the European Union may have a negative impact on Basware's ability to do business in the UK.

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. In order to execute the growth strategy, Basware needs access to financing.

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.

In the fourth quarter of 2018, Basware was subject to market speculation around a potential tender offer. This negatively impacted order intake in the fourth quarter of 2018 which will feed through to a negative impact on future cloud revenues. If market speculation about Basware as the subject of a potential takeover approach continues, this may have a negative impact on order intake and customer retention, and may also have a negative impact on employee retention.

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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.

Outlook for 2019

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 2018-2022 is cloud revenue growth. The company continues to strengthen its leading market position in order to grow scalable cloud revenue.

Themes affecting revenues in 2019:

- Cloud revenues are expected to continue to grow strongly.
- Consulting revenues are affected by the cloud transition and more standardised implementations.
- Legacy revenues from maintenance and licence will continue to decline as Basware transitions existing customers to cloud services.
- Revenues, particularly for non-cloud are affected by the divestments completed in February 2018.

For 2019, Basware expects the following on an organic basis at constant currencies:

- Cloud revenues to grow at approximately 15 percent
- Total revenues to grow at approximately 5 percent
- Adjusted EBITDA to be at breakeven or better

Constant currencies means that the effects of any changes in currencies are eliminated by calculating the figures for the period using 2018 exchange rates. Organic means that the figures are adjusted to remove the effects of any acquisitions or disposals within the past 12 months.

ANNUAL GENERAL MEETING AND AUTHORIZATIONS OF THE BOARD OF DIRECTORS

Basware Corporation's Annual General Meeting 2018 was held on March 15, 2018. The Annual General Meeting adopted the financial statements and discharged the responsible parties from liability for the financial period January 1-December 31, 2017. The Annual General Meeting decided that no dividend will be paid for the year 2017.

The Annual General Meeting decided the number of members of the Board of Directors to be six. Mr. Ilkka Sihvo, Mr. David Bateman, Mr. Michael Ingelög and Mrs. Tuija Soanjärvi were re-elected as members of the Board of Directors. Mr. Daryl Rolley and Mr. Asko Schrey were elected as new members of the Board of Directors. In its organizing meeting, the Board of Directors elected Ilkka Sihvo as the Chairman and Michael Ingelög as the Vice Chairman of the Board. Tuija Soanjärvi was elected as the Chairperson of the Audit Committee and Daryl Rolley and Asko Schrey as its members. The Board of Directors also decided to establish a Remuneration Committee. Michael Ingelög was elected as the Chairman of the Remuneration Committee and David Bateman and Ilkka Sihvo as its members.

Ernst & Young Oy, Authorized Public Accounting Firm, was elected as the company's auditor.

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The Board of Directors was authorized 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 nonrestricted equity through trading on regulated market organized by Nasdaq Helsinki Ltd at the market price prevailing at the time of acquisition.

The Board of Directors was also authorized to issue a maximum of 2,840,000 new shares and convey a maximum of 1,457,085 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, which carry the right to receive, against payment, new shares of the company or the company's own shares held by the company. 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, 2019 and shall revoke the previous authorizations for share issues and granting of stock options and other special rights entitling to shares.

Basware announced via stock exchange release on March 15, 2018 the resolutions of the Annual General Meeting. The resolutions are available at Basware's investor website at <https://investors.basware.com/en/annual-general-meeting>

OTHER EVENTS OF THE PERIOD

Strategy announcement

On October 17, 2018, Basware announced a long-term EUR 1 billion revenue growth vision and an update to company's mid-term strategy. Driven by digitalization, automation, and artificial intelligence megatrends, the market opportunity is estimated to be worth EUR 15 billion annually.

The cloud business model that Basware is transforming to is very scalable. This means that as revenues grow, the cost of sales does not grow as quickly, improving Basware's gross margin over time. As a general cost philosophy, Basware will continuously reallocate spending from less productive to more productive areas.

Basware's mid-term target is to accelerate annual organic cloud growth to more than 20% by 2022. Basware will increase its investments significantly into sales and marketing during the strategy period 2019 to 2022 in order to grow cloud order intake. Basware has four sources of cloud revenue growth: new customer acquisitions, customer expansions, customer transformations, and partnering:

- Basware's key growth markets are the US, UK, Germany and France, where we see the greatest opportunity to win new customers.
- Our top 200 key customers bring on average approximately EUR 200 thousand annual recurring cloud revenue. With our investments in account management, customer service and customer satisfaction, we believe that we can significantly increase the average revenue from our key customers.
- Basware is focused on actively transforming the largest on-premise customers to cloud. When our customers transform to the cloud they benefit from a modern, more useable, constantly updated solution and as a result typically the revenues from each of these customers more than double.
- Previously Basware was mainly focused on direct sales, but with the launch of the new partnering function, Basware aims to increase the percentage of cloud revenues from partners to 20% in the long run.

Non-binding and highly conditional indicative proposal for a possible tender offer

Basware disclosed on November 16, 2018 and November 20, 2018 that it had been approached by Tradeshift Holdings Inc with a non-binding and highly conditional indicative proposal for a possible tender offer for the entire

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share capital of Basware. On December 7, 2018, Basware further confirmed that pursuant to the Indicative Proposal, Tradeshift Holdings Inc.'s intention is to launch a recommended public tender offer of EUR 48 per share in cash for the entire issued share capital of Basware on a fully diluted basis. Basware shareholders were reminded that there is no assurance that the Indicative Proposal will result in a tender offer or any transaction.

BOARD OF DIRECTOR'S PROPOSAL FOR DIVIDEND

On December 31, 2018, the Group's parent company's distributable funds were EUR 70 066 thousand. The Board of Directors proposes to the Annual General Meeting that no dividend be paid for 2018.

Basware Corporation's Annual General Meeting is planned to be held on Thursday, March 14, 2019 in Helsinki, Finland.

Espoo, Finland, Wednesday, January 30, 2019

BASWARE CORPORATION
Board of Directors

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**SUMMARY OF FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS
 JANUARY 1 – DECEMBER 31, 2018**
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	10-12/ 2018	10-12/ 2017	Change, %	1-12/ 2018	1-12/ 2017	Change, %
NET SALES	36 488	39 243	-7.0	141 417	149 167	-5.2
Cost of sales	-17 026	-19 087	-10.8	-69 620	-75 891	-8.3
GROSS PROFIT	19 462	20 156	-3.4	71 797	73 276	-2.0
Sales and marketing	-11 969	-9 947	20.3	-43 041	-36 455	18.1
Research and development	-6 848	-7 603	-9.9	-27 222	-29 629	-8.1
General and administration	-4 061	-4 465	-9.0	-16 247	-14 110	15.1
Total operating expenses	-22 878	-22 014	3.9	-86 510	-80 194	7.9
Other operating income and expenses	-433	-1 004	-56.9	13 242	-2 593	
OPERATING PROFIT/LOSS	-3 850	-2 862	34.5	-1 471	-9 509	-84.5
Finance income and expenses	-432	-349	24.0	-1 902	-1 719	10.7
Share of profit/loss of a joint venture	0	-53	-100.0	-153	-1 048	-85.4
PROFIT/LOSS BEFORE TAX	-4 282	-3 264	31.2	-3 526	-12 276	-71.3
Income tax	-236	-168	41.1	-3 551	752	
PROFIT/LOSS FOR THE PERIOD	-4 518	-3 431	31.7	-7 077	-11 524	-38.6
Other comprehensive income						
Other comprehensive income that will not be reclassified to profit or loss						
Remeasurement of employee benefits	39	241	-83.9	57	155	-63.1
Other comprehensive income that may be reclassified subsequently to profit or loss						
Exchange differences on translating foreign operations	-333	-1 348	-75.3	1 169	-6 743	
Income tax relating to components of other comprehensive income	-13	35		-73	290	
Cash flow hedges	316	0		240	0	
Other comprehensive income for the year net of tax	9	-1 071		1 393	-6 299	
TOTAL COMPREHENSIVE INCOME	-4 509	-4 503	0.1	-5 684	-17 823	-68.1
Profit/loss attributable to:						
Equity holders of the parent company	-4 518	-3 431	31.7	-7 077	-11 524	-38.6
Total comprehensive income attributable to:						
Equity holders of the parent company	-4 509	-4 503	0.1	-5 684	-17 823	-68.1
Earnings per share						
undiluted, EUR	-0.31	-0.24	-31.6	-0.49	-0.80	38.6
diluted, EUR	-0.31	-0.24	-31.6	-0.49	-0.80	38.6

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	Dec. 31, 2018	Dec. 31, 2017	Change, %
ASSETS			
Non-current assets			
Intangible assets	45 097	49 039	-8.0
Goodwill	78 939	91 961	-14.2
Tangible assets	792	1 291	-38.6
Share of investment in a joint venture	0	153	
Non-current financial assets	38	38	
Trade and other receivables	4 055	3 617	12.1
Contract assets	1 052	2 450	-57.1
Deferred tax assets	7 810	10 362	-24.6
Non-current assets	137 784	158 910	-13.3
Current assets			
Trade receivables	24 992	24 534	1.9
Other receivables	9 289	6 880	35.0
Contract assets	2 298	3 446	-33.3
Income tax receivables	579	358	61.9
Cash and cash equivalents	40 747	20 683	97.0
Current assets	77 905	55 900	39.4
ASSETS	215 688	214 811	0.4

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	Dec. 31, 2018	Dec. 31, 2017	Change, %
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	3 528	3 528	
Share premium account	1 187	1 187	
Treasury shares	-638	-841	-24.2
Invested unrestricted equity fund	110 928	111 132	-0.2
Other reserves	832	592	40.5
Translation differences	-10 131	-11 229	-9.8
Retained earnings	5 042	8 920	-43.5
Shareholders' equity	110 749	113 289	-2.2
Non-current liabilities			
Deferred tax liability	4 660	4 569	2.0
Interest-bearing liabilities	40 117	47 286	-15.2
Other non-current financial liabilities	100	1 693	-94.1
Contract liabilities	2 458	2 374	3.6
Liabilities from employee benefits	327	434	-24.6
Non-current liabilities	47 662	56 357	-15.4
Current liabilities			
Interest-bearing liabilities	17 089	1 996	
Trade payables and other liabilities	28 040	31 409	-10.7
Contract liabilities	11 852	10 656	11.2
Income tax liabilities	98	177	-44.7
Current provisions	198	928	-78.7
Current liabilities	57 277	45 165	26.8
EQUITY AND LIABILITIES	215 688	214 811	0.4

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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, 2018	3 528	1 187	-841	111 131	592	-11 229	8 920	113 289
Effect of IFRS 9 restatement – bad debt provision							-128	-128
Effect of IFRS 2 amendment							1 043	1 043
SHAREHOLDERS' EQUITY Jan. 1, 2018 (restated)	3 528	1 187	-841	111 131	592	-11 229	9 835	114 204
Comprehensive income						1 096	-7 079	-5 983
Share based payments			204	-204			2 229	2 229
Defined benefit plan						2	57	59
Cash flow hedges					240			240
SHAREHOLDERS' EQUITY Dec. 31, 2018	3 528	1 187	-638	110 928	832	-10 131	5 042	110 749

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
Effect of IFRS 15 restatement to revenue						86	-2 495	-2 409
SHAREHOLDERS' EQUITY Jan. 1, 2017 (restated)	3 528	1 187	-1 043	111 333	540	-4 776	19 687	130 455
Effect of IFRS 15 restatement to revenue							7	7
Comprehensive income						-6 451	-11 531	-17 982
Share based payments			202	-202			602	602
Defined benefit plan							155	155
Other changes					52			52
SHAREHOLDERS' EQUITY Dec. 31, 2017 (restated)	3 528	1 187	-841	111 131	592	-11 228	8 920	113 289

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CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	10-12/2018	10-12/2017	1-12/2018	1-12/2017
Cash flows from operating activities				
Profit/loss for the period	-4 518	-3 431	-7 077	-11 524
Adjustments for profit:				
Depreciation and amortisation	2 593	2 747	10 688	10 108
Share of profit/loss of a joint venture	0	53	153	1 048
Gain (-) / loss (+) on disposals of assets	0	0	-16 276	0
Unrealised foreign exchange gains and losses	63	-9	204	764
Financial income and expenses	418	380	1 694	1 002
Tax on income from operations	236	168	3 551	-752
Other adjustments	1 280	230	2 551	642
Total adjustments	4 590	3 569	2 564	12 812
Changes in working capital:				
Increase (-) / decrease (+) in trade and other receivables	-2 701	-772	-841	-3 123
Increase (+) / decrease (-) in trade and other payables	190	-192	2 122	4 766
Increase (+) / decrease (-) in provisions	-80	-310	-763	-4 141
Total changes in working capital	-2 591	-1 274	518	-2 499
Financial items in operating activities	-41	-379	-1 419	-958
Income taxes paid (-) / received (+)	-281	-279	-848	-1 832
Cash flows from operating activities	-2 840	-1 795	-6 261	-4 001
Cash flows used in investing activities				
Purchase of tangible and intangible assets	-2 488	-2 771	-11 178	-12 485
Net proceeds from sale of tangible and intangible assets*	6	0	29 647	0
Cash flows from investing activities	-2 483	-2 771	18 469	-12 485
Cash flows from financing activities				
Repayment of current borrowings	0	0	-1 996	-27 998
Proceeds from non-current borrowings	0	0	9 923	30 000
Cash flows from financing activities	0	0	7 927	2 002
Net change in cash and cash equivalents	-5 323	-4 566	20 135	-14 484
Cash and cash equivalents at the beginning of period	46 235	25 275	20 683	35 755
Net foreign exchange difference	-166	-26	-71	-588
Cash and cash equivalents at the end of period	40 747	20 683	40 747	20 683

*Includes proceeds and disbursements directly attributable to the divestments made in Q1 2018

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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 except for the adoption of new standards and amendments effective as of January 1, 2018.

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

Basware has adopted IFRS 15 *Revenue from Contracts with Customers* as of January 1, 2018 (mandatory application), with full retrospective application. Revenue for different revenue types are recognized over time except for licenses which is recognized at a point in time. As the new standard affects only a minority of the Group's customer contracts, the impact of the standard on the Group's 2017 restated total revenue is not material, being EUR -74 thousand in total. However, as a result of the application of the standard, part of cloud revenue will be recognized later and part of non-cloud revenue earlier compared to the previous revenue recognition standard. Due to this, 2017 restated IFRS 15 cloud revenue is EUR 1 667 thousand lower and non-cloud revenue EUR 1 596 thousand higher compared to the reported revenue.

In connection with the IFRS 15 application, the Group has made 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 reallocation does not impact total Group revenue. However, for 2017 a total of EUR 2 830 thousand of revenues reported as part of non-cloud is now recorded as cloud revenue.

The total net impact of IFRS 15 restatements and the changes in revenue allocation between cloud and non-cloud for full year 2017 is EUR -74 thousand on Group level, with cloud revenue increasing EUR 1 163 thousand and non-cloud revenue decreasing EUR 1 236 thousand. As a result, the share of cloud revenue of the Group's total 2017 revenue has increased slightly.

Net sales by revenue type after IFRS 15 restatements and changes in revenue allocation

Net sales by revenue type	1-3/ 2017	4-6/ 2017	7-9/ 2017	10-12/ 2017
EUR thousand				
Cloud Revenue				
SaaS	8 002	8 372	8 903	9 532
Transaction services	9 471	9 573	9 875	10 770
Other cloud revenue	1 444	1 807	1 274	1 310
Cloud Revenue total	18 917	19 752	20 052	21 612
Non-Cloud Revenue				
Maintenance	9 849	9 357	8 965	8 856
License sales	900	1 120	790	1 383
Consulting services	7 071	7 165	6 063	7 447
Other non-cloud revenue	73	-105	-42	-54
Non-Cloud Revenue total	17 893	17 536	15 776	17 631

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Group Total	36 810	37 287	35 827	39 243
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IFRS 15 restatements increased the Group's non-current assets on December 31, 2017 by EUR 2 082 thousand, current assets by EUR 1 181 thousand, non-current liabilities by EUR 2 374 thousand, current liabilities by EUR 3 525 thousand, and decreased equity by EUR 2 636 thousand. IFRS 15 restatements had no material impact on basic or diluted EPS, and no impact on cash flows.

IFRS 15 restatements and the changes in revenue allocation between cloud and non-cloud also affect the subscription annual recurring revenue gross order intake reported in 2017. The restated numbers are outlined below also adjusting for the effect of the divested businesses. The annual recurring revenue gross order intake related to the divested businesses was EUR 1.3 million in 2017.

Purchase-to-pay subscription annual recurring revenue gross order intake after IFRS 15 restatements and changes in revenue allocation, and adjusting for divestments:

Annual recurring revenue gross order intake	10-12/	7-9/	4-6/	1-3/	10-12/	7-9/	4-6/	1-3/
EUR thousand	2018	2018	2018	2018	2017	2017	2017	2017
Purchase-to-Pay subscriptions	3 254	3 130	3 449	2 742	2 943	1 988	3 809	2 506

Basware has adopted IFRS 9 *Financial Instruments* (effective date January 1, 2018), which replaces the previous IAS 39 *Financial Instruments: Recognition and Measurement*. The main impact of IFRS 9 concerns the timing of recording expected credit losses. IFRS 9 has not been applied retrospectively.

The Group has adopted the amendment to IFRS 2 *Share-based Payment* (effective date January 1, 2018). The amendment concerns incentive schemes with "net settlement" features to cover withholding tax obligations and where the employer has an obligation to withhold tax from the received benefit of the share-based payment in the country in question. From 2018 onwards, a compensation cost pursuant to IFRS 2 will be recognized for such payments, based on the entire scheme being an equity-settled payment.

New IFRS standards not yet adopted

Basware has adopted IFRS 16 *the new Leases standard* (effective January 1, 2019), which replaces the IAS 17. IFRS 16 is implemented with limited retrospective restatement to reflect the standard requirements. IFRS 16 specifies the requirements for recognition, measurement, presentation and disclosure of leases. The standard provides a single lessee accounting model. As a general rule, all leases with a term of over 12 months are recognized in the balance sheet unless the underlying asset has a low value. According to the Group's current estimate, the amendments will have EUR 4-6 million impact on EBITDA and EUR 17.5-19.5 million impact on assets and liabilities on the Group's 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 types, transaction services and financing services excluding alliance fees.

Non-cloud revenue includes net sales from licences, maintenance and consulting, as well as alliance fees.

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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 or disposals 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 current period by using the comparable period's exchange rates.

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

Annual recurring revenue gross order intake is calculated by summing the total order intake in the period expressed as an annual contract value. For cloud order intake this includes all SaaS and Network recurring revenues including transaction revenues. For the subscription order intake this includes SaaS and other purchase-to-pay subscription types and excludes transaction revenue. Gross 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.

Historical quarterly order intake for cloud and purchase-to-pay subscriptions is shown below:

Annual recurring revenue gross order intake	10-12/	7-9/	4-6/	1-3/	10-12/	7-9/	4-6/	1-3/
EUR thousand	2018	2018	2018	2018	2017	2017	2017	2017
Cloud	5 942	4 483	6 392	4 657	4 948	3 475	5 496	4 024
Purchase-to-Pay subscriptions	3 254	3 130	3 449	2 742	2 943	1 988	3 809	2 506

Adjusted operating profit/loss and adjusted EBITDA

EUR thousand	10-12/	10-12/	Change,	1-12/	1-12/	Change,
	2018	2017	%	2018	2017	%
Operating profit/loss	-3 850	-2 862	34.5	-1 471	-9 509	84.5
Adjustments:						
Acquisition, disposal and restructuring income (-)	-94			-17 852	-133	
Acquisition, disposal and restructuring expenses (+)	289	170	70.4	2 996	416	620.2
Efficiency related expenses	236	578	-59.2	1 275	2 023	-37.0
Settlements		276			389	
Total adjustments	431	1 023	-57.9	-13 581	2 695	

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Adjusted operating profit/loss	-3 419	-1 839	-86.0	-15 052	-6 814	-120.9
Depreciation and amortization	2 593	2 747	-5.6	10 688	10 108	5.7
Adjusted EBITDA	-826	908		-4 364	3 294	

DIVESTMENTS

Basware signed an agreement on February 2, 2018 to sell its Financial Performance Solutions and Banking businesses to Verdane Capital. The divestments were completed on February 28, 2018 and starting from March 1, 2018 Basware Group has not consolidated these businesses in its consolidated financial statements.

In 2017, the combined net sales of Financial Performance Solutions and Banking businesses were approximately EUR 15 million and combined direct costs approximately EUR 7 million.

The combined sale price of the two businesses was EUR 35.0 million, and after purchase price adjustments related mainly to net working capital, the net cash proceeds from the divestments are estimated to be EUR 30.1 million. In addition EUR 14.0 million of consolidated goodwill has been allocated to the divested businesses, and EUR 4.8 million of fixed assets, mainly capitalized research and development expenses, was written down. In total, the Group recognized a gain on sale of assets amounting to EUR 16.3 million in the first quarter as a result of the divestments. Tax impact of the divestments will be covered by deferred tax assets recognized for accumulated tax losses.

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

Basware reports revenues by type. Cloud revenue includes SaaS, Transaction services (consisting of e-invoicing, scan and capture services, printing services and network start-up fees) and Other cloud revenue. Non-cloud revenue includes Maintenance, License sales, Consulting services (consisting of professional services and customer services management) and Other non-cloud revenue.

Net sales by revenue type	10-12/	10-12/	Change,	1-12/	1-12/	Change,
EUR thousand	2018	2017	%	2018	2017	%
Cloud Revenue						
SaaS	10 866	9 532	14.0	40 282	34 808	15.7
Transaction services	11 758	10 770	9.2	44 163	39 689	11.3
Other cloud revenue	1 292	1 310	-1.4	5 036	5 835	-13.7
Cloud Revenue total	23 916	21 612	10.7	89 482	80 332	11.4
Non-Cloud Revenue						
Maintenance	5 899	8 856	-33.4	26 111	37 026	-29.5
License sales	661	1 383	-52.2	2 251	4 192	-46.3
Consulting services	6 063	7 447	-18.6	23 567	27 746	-15.1
Other non-cloud revenue	-52	-54	-3.0	6	-129	
Non-Cloud Revenue total	12 571	17 631	-28.7	51 935	68 836	-24.6
Group Total	36 488	39 243	-7.0	141 417	149 167	-5.2

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GEOGRAPHICAL INFORMATION

From Q1 2018, the company has changed the presentation of its geographical information. Basware reports geographical areas Americas, Europe, Nordics and APAC. Americas includes business operations in North and South America. Europe includes operations in Europe and Russia, excluding the Nordic countries (Denmark, Finland, Norway and Sweden), which are reported separately. APAC includes operations in Asia and the Pacific region.

Net sales by the location of customer	10-12/	10-12/	Change,	1-12/	1-12/	Change,
EUR thousand	2018	2017	%	2018	2017	%
Americas	7 080	6 096	16.1%	26 741	24 403	9.6%
Europe	12 440	12 040	3.3%	47 709	45 401	5.1%
Nordics	14 982	19 210	-22.0%	59 754	71 818	-16.8%
APAC	1 985	1 897	4.7%	7 214	7 545	-4.4%
Group total	36 488	39 243	-7.0%	141 417	149 167	-5.2%

Personnel Employed, on average	10-12/	10-12/	Change,	1-12/	1-12/	Change,
	2018	2017	%	2018	2017	%
Americas	145	131	11.2	139	131	6.4
Europe	385	463	-16.8	442	475	-6.9
Nordics	468	547	-14.3	490	558	-12.3
APAC	403	690	-41.6	605	673	-10.1
Group total	1 402	1 831	-23.4	1 676	1 838	-8.8

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/	1-12/
%	2018	2017
EUR	52.7	54.9
USD	18.4	16.3
GBP	8.6	8.4
Other	20.3	20.4
Group total	100.0	100.0

FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

EUR thousand	Dec. 31, 2018		Dec. 31, 2017	
	Book value	Fair value	Book value	Fair value
Financial assets				
Non-current:				
Non-current financial assets	38	38	38	38
Non-current trade and other receivables	790	790	1 400	1 400
Current:				
Current trade receivables	24 992	24 992	24 534	24 534

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Current other receivables	260	260	182	182
Cash and cash equivalents	40 747	40 747	20 683	20 683

Financial liabilities

Non-current:

 Financial liabilities valued at
 amortized acquisition cost:

Loans from financial institutions, interest-bearing	40 117	40 117	47 286	47 286
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Current:

Loans from financial institutions, interest-bearing	17 096	17 096	1 996	1 996
Trade payables and other liabilities	12 478	12 478	12 532	12 532

Financial assets arising from derivative financial instruments of EUR 240 thousand are classified as level 2 and unquoted equity shares of EUR 38 thousand as level 3 in the fair value measurement hierarchy.

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COMMITMENTS AND CONTINGENT LIABILITIES

EUR thousand	Dec. 31, 2018	Dec. 31, 2017
Own guarantees		
Business mortgages of own debts	0	1 200
Guarantees	1 106	202
Commitments on behalf of subsidiaries and group companies		
Guarantees	327	100
Other own guarantees		
Lease liabilities		
Current lease liabilities	943	850
Lease liabilities maturing in 1–5 years	981	847
Total	1 924	1 697
Other rental liabilities		
Current rental liabilities	6 913	6 424
Rental liabilities maturing in 1–5 years	10 298	11 368
Rental liabilities maturing later	2 800	180
Total	20 010	17 973
Other own contingent liabilities, total	21 934	19 670
Total commitments and contingent liabilities	23 367	21 172

RELATED PARTY TRANSACTIONS
Loans from related parties

EUR thousand	Dec. 31, 2018	Dec. 31, 2017
Arrowgrass Master Fund LTD	10 000	10 000

Loans from related parties includes the share of Arrowgrass Master Fund LTD of the Group's 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/ 2018	7-9/ 2018	4-6/ 2018	1-3/ 2018	10-12/ 2017	7-9/ 2017	4-6/ 2017	1-3/ 2017
NET SALES	36 488	33 991	34 969	35 969	39 243	35 827	37 287	36 810
Cost of sales	-17 026	-16 101	-18 580	-17 913	-19 087	-16 966	-19 363	-20 476
GROSS PROFIT/LOSS	19 462	17 890	16 389	18 056	20 156	18 862	17 924	16 334
Sales and Marketing	-11 969	-10 759	-10 434	-9 879	-9 947	-7 809	-9 304	-9 395
Research and Development	-6 848	-6 599	-6 964	-6 811	-7 603	-6 539	-7 657	-7 830
General and Administration	-4 061	-4 003	-4 315	-3 868	-4 465	-3 052	-3 335	-3 257
Total operating expenses	-22 878	-21 361	-21 712	-20 558	-22 015	-17 400	-20 296	-20 483
Other operating income and expenses	-433	-316	-1 006	14 997	-1 003	-257	-397	-934
OPERATING PROFIT/LOSS	-3 850	-3 787	-6 329	12 495	-2 862	1 205	-2 769	-5 084
% of net sales				34.7 %		3.4 %		
Finance income and expenses	-432	-487	-382	-600	-349	-401	-457	-512
Share of results of a joint venture	0	0	0	-153	-53	-117	-396	-482
Profit/loss before tax	-4 282	-4 274	-6 712	11 741	-3 264	688	-3 623	-6 077
% of net sales				32.6 %		1.9 %		
Income taxes	-236	1 045	966	-5 325	-168	7	207	706
PROFIT/LOSS FOR THE PERIOD	-4 518	-3 229	-5 746	6 416	-3 431	694	-3 416	-5 371
% of net sales				17.8 %		1.9 %		

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GROUP KEY INDICATORS

EUR thousand	1-12/2018	1-12/2017
Net sales	141 417	149 167
Growth of net sales, %	-5.2 %	0.4 %*
Organic revenue growth	5.4 %	1.5 %*
EBITDA	9 217	599
% of net sales	6.5 %	0.4 %
Adjusted EBITDA	-4 364	3 294
% of net sales		2.2 %
Operating profit/loss	-1 471	-9 509
% of net sales		
Adjusted operating profit/loss	-15 052	-6 814
% of net sales		
Profit/loss before tax	-3 526	-12 276
% of net sales		
Profit/loss for the period	-7 077	-11 524
% of net sales		
Return on equity, %	-6.3 %	-9.4 %
Return on investment, %	-0.9 %	-5.8 %
Interest-bearing liabilities	57 206	49 282
Cash and cash equivalents	40 747	20 683
Gearing, %	14.9 %	25.2 %
Equity ratio, %	51.3 %	52.7 %
Total assets	215 688	214 811
Gross investments	10 933	12 498
% of net sales	7.7 %	8.4 %
R&D investments, expensed**	21 231	24 372
R&D costs, capitalised	8 862	9 879
R&D investments, total	30 093	34 251
% of net sales	21.3 %	23.0 %
Depreciation and amortization	10 688	10 108
Other capitalised expenditure	2 071	2 620
Personnel expenses	93 637	99 083
Personnel on average during the period	1 676	1 838
Personnel at end of period	1 412	1 829
Change in personnel from comparison period, %	-22.8 %	-3.2 %

* Based on IFRS15 restated revenue including reallocations for 2017 and reported revenue for 2016

** R&D expenses excluding depreciation

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Group Share Indicators	1-12/2018	1-12/2017
Earnings per share, undiluted (EUR)	-0.49	-0.80
Earnings per share, diluted (EUR)	-0.49	-0.80
Adjusted earnings per share, undiluted (EUR)	-1.44	-0.61
Adjusted earnings per share, diluted (EUR)	-1.44	-0.61
Equity per share (EUR)	7.71	7.89
Price per earnings (P/E)	-80.20	-59.18
Share price performance (EUR)		
- lowest price	19.75	31.96
- highest price	47.60	47.50
- average price	34.00	38.84
- closing price	39.50	47.50
Market capitalization at end of period* (EUR)	567 633 802	682 085 892
Share issue adjusted number of traded shares	3 005 479	1 681 791
% of average number of shares	20.9 %	11.7 %
Number of shares*		
- at end of the period	14 370 476	14 359 703
- average during the period	14 367 829	14 357 343
- average during the period, diluted	14 461 175	14 406 674

* 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 31 460 (42 233) of its own shares, corresponding to approximately 0.2 percent (0.3%) of the total number of shares.

Basware had 11 508 (11 682) shareholders on December 31, 2018, of which 10 are nominee registers. Nominee-registered holdings accounted for 52.2 percent (46.7%) of the total number of shares.

Additional information on shareholdings of major shareholders is available on the company's investor website at investors.basware.com/en.