

A photograph of a smiling man with a beard, wearing a dark suit jacket over a checkered shirt. A large, semi-transparent blue diagonal shape overlays the image from the top-left to the bottom-right. The background is a blurred office setting.

basware

Simplify Operations, Spend Smarter.

HALF YEAR FINANCIAL REPORT

January-June 2020

Q2/2020

Basware Half Year Financial Report January-June 2020: Better than expected performance driven by consistent execution despite Covid-19

April-June 2020

- Cloud ARR order intake amounted to EUR 6.1 million (EUR 6.4 million)
- Net sales increased 4.0 percent to EUR 37,769 thousand (EUR 36,320 thousand), which amounted to 4.5 percent organic growth at constant currencies
- Cloud revenue increased 8.4 percent to EUR 26,841 thousand (EUR 24,752 thousand), which amounted to 8.8 percent organic growth at constant currencies
- EBIT amounted to EUR 1,285 thousand (EUR -6,181 thousand)
- Earnings per share (diluted) were EUR -0.07 (EUR -0.65)

January-June 2020

- Cloud ARR order intake amounted to EUR 9.7 million (EUR 11.4 million)
- Net sales increased 5.3 percent to EUR 76,014 thousand (EUR 72,215 thousand), which amounted to 5.6 percent organic growth at constant currencies
- Cloud revenue increased 11.4 percent to EUR 54,615 thousand (EUR 49,034 thousand), which amounted to 11.5 percent organic growth at constant currencies
- EBIT amounted to EUR 1,385 thousand (EUR -13,962 thousand)
- Earnings per share (diluted) were EUR -0.33 (EUR -1.22)

Key figures

EUR thousand	4-6/ 2020	4-6/ 2019	Change, %	1-6/ 2020	1-6/ 2019	Change, %	2019
Net sales	37,769	36,320	4.0	76,014	72,215	5.3	148,302
Cloud revenue	26,841	24,752	8.4	54,615	49,034	11.4	101,442
Cloud ARR order intake	6,130	6,429	-4.7	9,747	11,365	-14.2	23,694
EBIT	1,285	-6,181		1,385	-13,962		-14,537
EBITDA	5,156	-2,245		9,226	-5,905		1,403
Gearing, % ¹	53.4%	42.1%	26.7	53.4%	42.1%	26.7	48.9
Cash and cash equivalents ¹	34,850	63,373	-45.0	34,850	63,373	-45.0	31,672
Cash flows from operating activities	5,597	-3,665		12,093	-2,039		4,159
Free cash flow metric	-1,293	-9,794	86.8	-4,873	-17,610	72.3	-23,829
Earnings per share, diluted, EUR	-0.07	-0.65	89.0	-0.33	-1.22	73.3	-1.63
Personnel ¹	1,343	1,354	-0.8	1,343	1,354	-0.8	1,325

¹ At the end of the period.

The interim report is unaudited.

Guidance for 2020 unchanged

Basware reiterates full year guidance as announced on April 21, 2020.

Due to the Covid-19 pandemic, the current economic outlook in Basware's main markets involve significant uncertainties. Basware assumes that global business activity will be negatively impacted in the second and third quarters, and in the fourth quarter business activity will gradually head towards more

normal conditions. Net Sales guidance will be given when it is possible to estimate the Covid-19 pandemic effects more precisely.

Basware's cost base is scalable and has variable cost components that can be reduced to a certain extent to maintain profitability. EBIT for 2020 is expected to be positive.

CEO Klaus Andersen:

"I am very pleased with our achievements this quarter. It clearly shows the resilience of our business and our ability to adjust. We continued to serve our customers in extraordinary times and consistently execute our strategy. Considering the current business environment where there is significant uncertainty caused by Covid-19 pandemic, our sales performance in the second quarter was very strong and order intake amounted to EUR 6.1 million. Dr1v Automotive, Restalliance, Munters and Fieldale Farms Corporation, among others chose our market leading solutions this quarter. As countries slowly began to reopen, we also saw positive development in our sales pipeline in the latter part of the quarter.

Cloud revenues increased 8 percent in the quarter. Transaction volumes in the Basware Network declined during April and May but regained momentum, and in June they were almost at the same level as last year. Total revenues amounted to EUR 37.8 million, an increase of 4 percent compared to second quarter of 2019. Scalability of the business continues to progress, and we were able to improve EBIT sequentially from the first quarter of the year despite the challenges caused by the pandemic. Basware reiterates its positive EBIT guidance for full year 2020 and net sales guidance will be issued once there is clearer visibility on the effects of the Covid-19 pandemic on Basware's business in 2020.

The team at Basware has adjusted to the current circumstances, successfully operating with remote ways of working in all business functions in all countries. We have followed the cost actions announced in the first quarter and have not needed to take further measures. We solved the capacity issues in validation services with the third-party provider beginning of June and since then Basware has been fully operational at normal service levels.

We also continued to execute on our R&D initiatives as planned in the second quarter. Leveraging artificial intelligence and machine learning across the solution suite will further improve efficiency and scalability to our customers. In this quarter the next generation of our SmartPDF service, which uses machine learning to capture invoice data without any human intervention, was launched for selected pilot customers. A very important milestone reached this quarter.

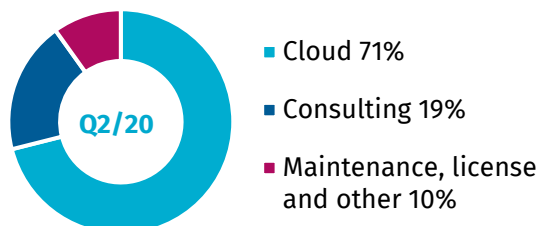
The Covid-19 pandemic has created unprecedented challenges to many organizations, especially those that still have manual and paper-based invoice and procurement processes. Digital and automated Purchase-to-Pay processes are crucial for cash flow management and optimizing spend, as well as for enabling remote work. The long-term outlook for cloud-based networked Purchase-to-Pay solutions remains highly attractive."

Net sales

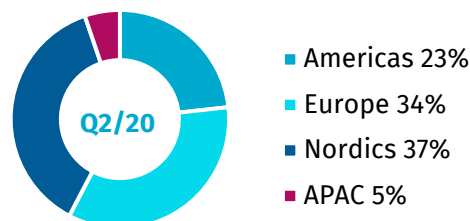
Net sales by revenue type, EUR thousand	4-6/ 2020	4-6/ 2019	Change, %	1-6/ 2020	1-6/ 2019	Change, %	2019
Cloud	26,841	24,752	8.4	54,615	49,034	11.4	101,442
Consulting	7,197	6,052	18.9	13,693	11,493	19.1	24,962
Maintenance, license and other	3,731	5,516	-32.4	7,706	11,688	-34.1	21,899
Total	37,769	36,320	4.0	76,014	72,215	5.3	148,302

Net sales by customer location, EUR thousand	4-6/2020	4-6/2019	Change, %	1-6/2020	1-6/2019	Change, %	2019
Americas	8,783	7,600	15.6	17,645	14,819	19.1	31,796
Europe	13,001	12,119	7.3	25,789	23,978	7.6	50,687
Nordics	14,015	14,414	-2.8	28,525	29,148	-2.1	57,441
APAC	1,971	2,187	-9.9	4,056	4,270	-5.0	8,379
Total	37,769	36,320	4.0	76,014	72,215	5.3	148,302

Net sales by revenue type



Net sales by customer location



Basware’s net sales for the second quarter amounted to EUR 37,769 thousand (EUR 36,320 thousand), an increase of 4.0 percent. This equated 4.5 percent organic growth at constant currencies.

In the first half of 2020, Basware’s net sales amounted to EUR 76,014 thousand (EUR 72,215 thousand), an increase of 5.3 percent. This equated to 5.6 percent organic growth at constant currencies.

Cloud revenues continued to grow during the second quarter. Cloud revenues in the second quarter were EUR 26,841 thousand (EUR 24,752 thousand), up by 8.4 percent, and accounted for 71.1 percent (68.1%) of net sales. This equated to 8.8 percent organic growth at constant currencies. The cloud revenue growth rate was negatively impacted by lower transaction volumes as a result of the Covid-19 situation. As part of the productivity programme, Basware has not continued non-strategic unprofitable contracts which also impacted the cloud growth rate.

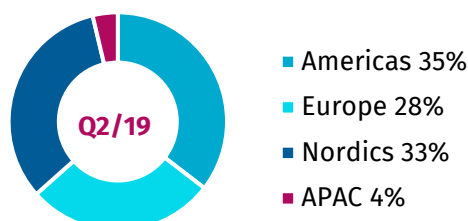
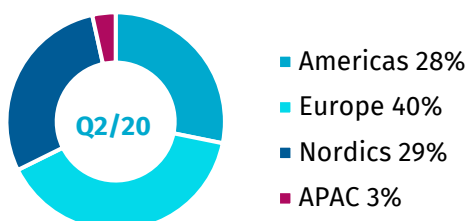
In the second quarter consulting revenues increased 18.9 percent, which equated to 20.0 percent organic increase at constant currencies.

Maintenance and license revenues declined in line with expectations as Basware transitions customers to the cloud. In the second quarter maintenance, license and other revenue decreased 32.4 percent, which equated to 31.6 percent organic decrease at constant currencies.

Cloud order intake

EUR thousand	4-6/2020	4-6/2019	Change, %	1-6/2020	1-6/2019	Change, %	2019
Cloud	6,130	6,429	-4.7	9,747	11,365	-14.2	23,694

Cloud order intake by customer location in Q2/2020 and Q2/2019



Basware's total cloud annual recurring revenue (ARR) gross order intake in the second quarter amounted to EUR 6,130 thousand (EUR 6,429 thousand), a decrease of 4.7 percent against a strong comparison period. This equated to 4.4 percent decline on an organic constant currency basis.

In the first half of the year, Basware's cloud order intake amounted to EUR 9,747 thousand (EUR 11,365 thousand), a decrease of 14.2 percent. This equated to 14.1 percent decline on an organic constant currency basis.

There will be a time lag before order intake is visible in net sales. Historically, 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 Definitions of Alternative Performance Measures and Key Indicators.

Financial performance

EUR thousand	4-6/ 2020	4-6/ 2019	Change, %	1-6/ 2020	1-6/ 2019	Change, %	2019
Net sales	37,769	36,320	4.0	76,014	72,215	5.3	148,302
Cost of sales	-16,589	-18,502	-10.3	-34,062	-36,649	-7.1	-71,493
Gross profit	21,180	17,819	18.9	41,952	35,566	18.0	76,810
Sales and marketing	-9,496	-12,207	-22.2	-20,262	-23,582	-14.1	-45,190
Research and development	-6,516	-6,908	-5.7	-12,692	-14,312	-11.3	-26,815
General and administration	-3,253	-2,673	21.7	-6,829	-7,280	-6.2	-14,572
Total operating expenses	-19,265	-21,788	-11.6	-39,783	-45,174	-11.9	-86,577
Other operating income and expenses	-631	-2,211	-71.5	-784	-4,354	-80.2	-4,770
EBIT	1,285	-6,181		1,385	-13,962		-14,537
Adjusted EBITDA	5,287	-213		9,298	-1,913		5,185

In the second quarter, cost of sales amounted to EUR 16,589 thousand (EUR 18,502 thousand), a decrease of 10.3 percent. The cloud gross margin was 68 percent in the second quarter, up 5 percent points in comparison to the second quarter of 2019.

Out of total operating expenses, sales and marketing expenses decreased 22.2 percent, research and development expenses decreased 5.7 percent and general and administration expenses increased 21.7 percent. Operating expenses were reduced as a result of actions taken as part of the 2019 productivity programme and actions taken in March 2020 due to Covid-19. The integration of the business development and alliances team to direct sales in 2019 affected the year-on-year growth rate of Sales and marketing costs. General and administration costs in the second quarter of 2019 were lowered by reversal of share-based compensation accruals due to changes in Executive Team, affecting the year-on-year growth rate.

Basware's research and development investments including capitalizations but excluding amortizations totalled EUR 6,441 thousand (EUR 7,072 thousand), or 17.1 percent (19.5%) of net sales during the quarter.

Basware's adjusted EBITDA was EUR 5,287 thousand (EUR -213 thousand) in the second quarter. The adjustments to EBITDA totalled EUR 131 thousand (EUR 2,032 thousand) in the quarter. Other operating income and expenses amounted to EUR -631 thousand (EUR -2,211 thousand).

Basware's EBIT for the quarter amounted to EUR 1,285 thousand (EUR -6,181 thousand).

In the first half of the year, Basware's adjusted EBITDA was EUR 9,298 thousand (EUR -1,913 thousand) and operating profit EUR 1,385 thousand (EUR -13,962 thousand).

Basware's loss before tax was EUR -1,372 thousand (EUR -8,981 thousand) and loss for the quarter EUR -1,038 thousand (EUR -9,413 thousand). Taxes for the quarter impacted the result by EUR 334 thousand (EUR -432 thousand).

Diluted earnings per share were EUR -0.07 (EUR -0.65) for the quarter.

Cash flows, financing and investments

Cash flows from operating activities were EUR 5,597 thousand (EUR -3,665 thousand) in the second quarter. The improvement in cash flows compared to 2019 was mainly due to higher profitability and the taking into use of a number of payment deferral opportunities offered by different entities as a result of the Covid-19 situation. The net impact of this was approximately EUR 4.5 million positive on the first half 2020 cash balance, mostly impacting to the second quarter. These payment deferrals are mostly repayable in the second half of 2020 so the net impact on full year 2020 is not expected to be significant and do not impact the income statement.

During the second quarter Basware did not see material changes in customer payment behaviour, however due to the uncertainty related to the market environment the company has reviewed the bad debt provision.

Basware's cash and cash equivalents including short-term deposits totalled EUR 34,850 thousand (EUR 63,373 thousand) at the end of the quarter. The comparison period cash position was higher because of financing entered into in the second quarter of 2019 prior to repaying the EUR 30 million club loan in September 2019.

Basware's total assets on the balance sheet at the end of the quarter were EUR 227,631 thousand (EUR 256,661 thousand). Net cash flows from investments were EUR -2,582 thousand (EUR -2,925 thousand) in the quarter.

The equity ratio was 38.4 percent (38.1%) and gearing 53.4 percent (42.1%). The company's interest-bearing liabilities excluding leasing liabilities totalled EUR 64,830 thousand (EUR 87,307 thousand), of which current liabilities accounted for EUR 2,172 thousand (EUR 11,996 thousand). The return on investment was 3.5 percent (-13.1%) and return on equity -4.7 percent (-37.0%) in the quarter.

Free cash flow metric

The purpose of the free cash flow metric is to provide a clear view of all costs related to Basware's operations. From the second quarter of 2019 Basware publishes free cash flow metric on a quarterly basis to enable investors to track the progress towards the expectation that Basware reaches positive free cash flow on a run-rate basis by the end of 2020. The definition for free cashflow metric is disclosed in Definitions of Alternative Performance Measures and Key Indicators.

EUR thousand	4-6/ 2020	4-6/ 2019	Change, %	1-6/ 2020	1-6/ 2019	Change, %	2019
EBITDA	5,156	-2,245		9,226	-5,905		1,403
Capitalizations	-2,605	-2,964	-12.1	-5,716	-5,957	-4.0	-10,617
Finance expenses	-2,865	-2,786	2.9	-5,886	-3,436	71.3	-9,091
Taxes, excl. deferred taxes	-107	-269	-60.1	-735	-364		-1,341
Payment of lease liabilities	-1,030	-1,080	-4.6	-2,204	-2,032	8.5	-4,372
Share based compensation, share part	158	-450		443	84		188
Free cash flow metric	-1,293	-9,794	86.8	-4,873	-17,610	72.3	-23,829

The free cash flow metric amounted to EUR -1,293 thousand (EUR -9,794 thousand) in the second quarter. The free cash flow metric improved in comparison to the second quarter of 2019 mainly due to improved profitability.

Personnel

Personnel on average by area	4-6/ 2020	4-6/ 2019	Change, %	1-6/ 2020	1-6/ 2019	Change, %	2019
Americas	107	126	-15.3	107	134	-19.9	121
Europe	375	379	-1.1	371	381	-2.8	374
Nordics	429	450	-4.7	428	450	-5.0	437
APAC	432	418	3.3	431	419	2.9	417
Total	1,342	1,373	-2.3	1,337	1,384	-3.4	1,349

Basware employed 1,342 (1,373) people on average during the quarter and 1,343 (1,354) at the end of the quarter.

On June 30, 2020, 13.8 percent (15.3%) of the personnel worked in sales and marketing, 33.0 percent (33.9%) in R&D and production and products, 42.7 percent (40.5%) in customer services and 10.5 percent (10.3%) in administration.

Basware's personnel expenses were EUR 22,307 thousand (EUR 23,685 thousand) in the quarter.

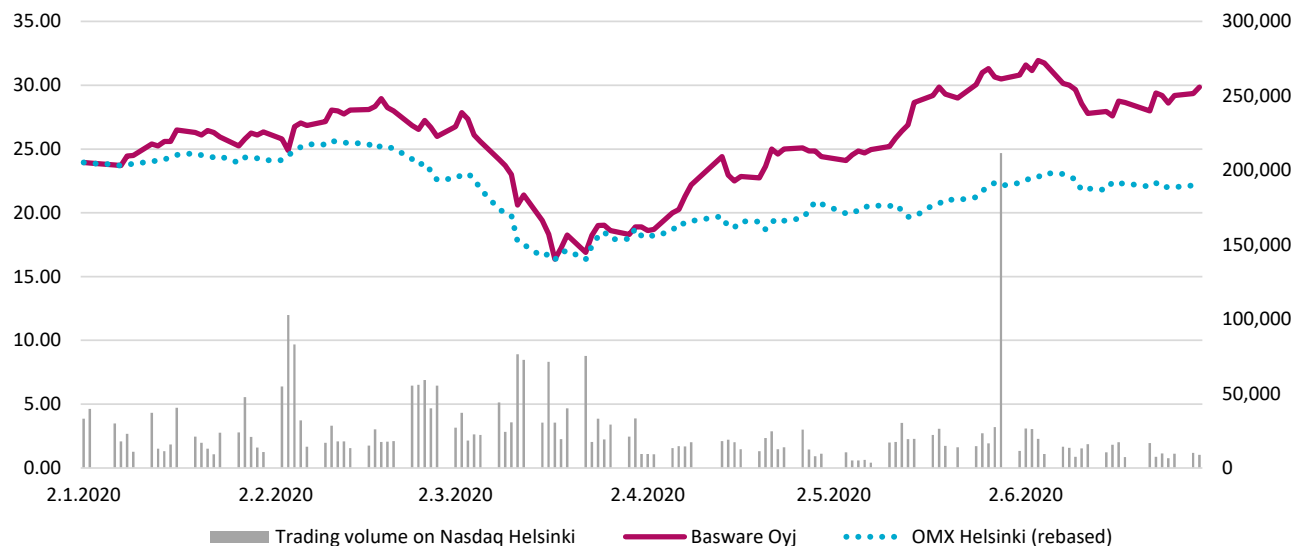
Share and shareholders

Share Indicators	1-6/2020	1-6/2019	2019
Share price performance, EUR			
- lowest price	15.66	17.82	16.76
- highest price	32.25	41.10	41.10
- average price	25.33	26.08	23.61
- closing price	29.85	18.16	23.75
Market capitalization at end of period ¹ , EUR	430,271,631	261,461,124	341,943,926
Number of shares ¹			
- at end of the period	14,414,460	14,397,639	14,397,639
- average during the period	14,400,274	14,379,393	14,388,469
- average during the period, diluted	14,639,055	14,379,393	14,473,519
Number of traded shares (share issue adjusted) in Nasdaq Helsinki	3,079,929	1,691,083	4,204,444
% of average number of shares	21.4%	11.8%	29.2%
Treasury shares held by the Company	6,476	4,297	4,297
% of total shares	0.0%	0.0%	0.0%
Share capital, EUR	3,528,368	3,528,368	3,528,368
Earnings per share, undiluted, EUR	-0.33	-1.22	-1.63
Earnings per share, diluted, EUR	-0.33	-1.22	-1.63
Adjusted earnings per share, undiluted, EUR	-0.33	-0.94	-1.37
Adjusted earnings per share, diluted, EUR	-0.33	-0.94	-1.37
Equity per share, EUR	6.07	6.79	6.53
Price per earnings (P/E)	-91.77	-14.86	-14.58

¹ Excluding treasury shares

Basware had 13,239 (12,902) shareholders at the end of the quarter, including nominee-registers. Nominee-registered holdings accounted for 52.4 percent (54.3%) of the total number of shares.

Share price development and trading January 1 – June 30, 2020



(Source: Investis Digital)

Flagging notifications

During 2020, Basware Corporation received the following notifications from major shareholders:

Announcement date	Shareholder	Threshold	Total holding, %
February 11	Briarwood Chase Management LLC	Above 5%	5.00%

Annual General Meeting and authorizations of the Board of Directors

Basware Corporation's Annual General Meeting 2020 was held on June 4, 2020. The Annual General Meeting adopted the financial statements and discharged the responsible parties from liability for the financial period January 1-December 31, 2019. The remuneration policy was adopted, and the Annual General Meeting decided that no dividend will be paid for the year 2019.

The Annual General Meeting decided the number of members of the Board of Directors to be five. Mr. Ilkka Sihvo, Mr. Michael Ingelög, Mr. Daryl Rolley and Mr. Asko Schrey were re-elected as members of the Board of Directors and Ms. Minna Smedsten was elected as a new member. In its organizing meeting, the Board of Directors elected Michael Ingelög as the Chair and Ilkka Sihvo as the Vice Chair of the Board. Minna Smedsten was elected as the Chair of the Audit Committee and Asko Schrey and Michael Ingelög as its members. Ilkka Sihvo was elected as the Chair of the Remuneration Committee and Daryl Rolley and Michael Ingelög as its members.

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

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 non-restricted equity through trading on regulated market organized by Nasdaq Helsinki Ltd at the market price prevailing at the time of acquisition. The repurchase

authorization shall be valid for 18 months and it shall revoke the previous authorizations for repurchasing the company's own shares.

The Board of Directors was authorized to decide on issuing new shares or conveying the company's own shares held by the company or granting special rights entitling to 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. A total maximum of 260,000 new shares may be issued or company's own shares held by the company may be conveyed for the purposes of company's incentive program, and in addition, a total maximum of 720,000 new shares may be issued or company's own shares held by the company may be conveyed for other purposes than company's incentive program. 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 for 18 months.

On June 4, 2020 Basware announced via stock exchange release the resolutions of the Annual General Meeting. The resolutions from Annual General Meetings are available on Basware's investor website at <https://investors.basware.com/en/annual-general-meeting>

Strategy

Basware is a global market leader in networked Purchase-to-Pay with the largest e-invoicing network in the world. The market opportunity is estimated to be worth EUR 15 billion annually and its driven by global megatrends such as digitalization and automation, increased regulation, rapid technological development and sustainability. Basware is focused on scalable growth and profitability, increasing operational efficiency in the strategic business and simplifying operations.

Basware's key growth markets are the US, UK, Germany and France, where the company sees the greatest opportunity to win new customers. Each of Basware's top 200 key customers brought on average approximately EUR 250 thousand annual recurring cloud revenue in 2019. Through add-on sales and geographical expansions, there is potential to increase the average revenue from customers.

Once Basware wins a new customer they typically stay with the company for many years. In 2019 Basware's gross renewal rate was 95 percent and net renewal rate was 104 percent. The gross margin for cloud revenues at the end of 2019 was 65 percent. Together these make the lifetime value of customer contracts high. In 2019 Basware had a customer lifetime value to customer acquisition cost ratio of 7 times.

Basware's long-term goal is to become the networked Source-to-Pay vendor of choice. Basware moves forward to its vision through five Must-Wins, which define strategic priorities for the period 2020-2022. The Must-Wins relate to customer satisfaction, project delivery capabilities, procurement solution, selling with advisory partners and cloud transformations. First Must-Win relates to customer satisfaction, which is a priority across all functions, from first contact to project delivery, products and support. Second Must-Win is enhancing delivery capabilities: each project should have the optimal resources for a timely customer delivery. Basware also needs to support the continuous improvement and change programs of customers. Thirdly, Basware's aim is to further strengthen its procurement solution and entire Source-to-Pay solution through partnerships and open API architecture. Fourthly, Basware aims to accelerate cloud growth through "sell with" advisory partners. Finally, the last Must-Win battle is to complete the last phase in customer cloud transformations and reallocate resources to long-term strategic areas.

Risks and uncertainty factors

Basware operates in a market where technological innovation plays 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. Basware invests in product development to ensure the

competitiveness of its product portfolio and good end-to-end quality, which impacts customer satisfaction, customer retention and expansion.

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 in addition to optimized pricing model and efficient customer delivery. 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. The churn rate may increase as Basware consolidates its product portfolio to focus on strategic high gross margin business.

Market disruptions such as consolidation of significant competitors, aggressive entries of new competitors or emergence of disruptive technologies may be a risk to Basware's position as a market leader and to Basware's market share.

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 USD, GBP, 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.

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.

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, external assessments as well as internal training of Basware's personnel.

The Covid-19 pandemic may have an impact on the timing of organisations' IT project decisions and implementations and on the global volume of invoices sent and received. This may impact Basware's order intake, revenues, operating profit and cash flow. Basware has a business continuity plan in place including extensive remote working capabilities across all functions, however should the Covid-19 situation materially affect employees' ability to work, this may disturb Basware's ability to serve its customers.

Other events of the quarter

On June 4, 2020, The Board of Directors decided on an issue of 19,000 new shares in the company to the company itself without consideration. The new shares to be issued to the company will be used for reward payments under the company's incentive programs. The new shares to be issued are of the same class as the existing shares in the company. The total number of the company's shares after the share issue is 14,420,936 shares

As a result of the share issue, the Board of Directors also decided upon the adjustment of the number of shares that can be subscribed on the basis of the 1,000 freely transferable warrants issued by the company to Bregal Milestone in March 2019. Following such adjustment, the warrants entitle their holder to subscribe for a total of 1,001,000 shares in the company (before the adjustment, 1,000,000 shares) at an adjusted subscription price of EUR 29.8764 per share (before the adjustment, the subscription price per share was EUR 29.9158). To increase the number of shares that may be subscribed for with the warrants, the Board of Directors decided to issue special rights that entitle their holder to subscribe for

1,000 new shares in the company. These adjustments to the terms and conditions of the warrants became effective upon registration with the Finnish Trade Register on June 17, 2020.

On June 23, 2020, Basware conveyed its own shares in a directed share issue for the reward payment of Performance Share Plan 2017-2019, Matching Share Plan 2017 and Restricted Share Plan 2017. In the share issue, 16,821 Basware shares were issued and conveyed without consideration to the key persons participating in the plans according to the terms and conditions of the incentive schemes. After the directed share issue, the company holds 6,476 own shares.

Future outlook

Themes affecting revenues and EBIT

Basware aims for consistent cloud revenue growth. Cloud revenues are impacted by cloud order intake, churn and network transaction volume driven revenues. Approximately thirty percent of Basware's network transaction services revenues are subscription based. Cloud churn continues to be affected by non-strategic contracts which are not renewed.

Overall improvements in scalability and operational efficiency are expected to continue. However due to the Covid-19 situation there may be some impact to the timing of these improvements.

Consulting business productivity is expected to improve as a result of actions taken as part of the productivity programme launched in April 2019. Demand for consulting services is driven primarily by new customer wins and expansion sales to existing customers.

Revenues from maintenance and license will continue to decline as Basware transitions existing licence customers to cloud services. The rate of decline has been increased by end-of-life actions taken during 2019.

Guidance for 2020 unchanged

Basware reiterates full year guidance as announced on April 21, 2020.

Due to the COVID-19 pandemic, the current economic outlook in Basware's main markets involve significant uncertainties. Basware assumes that global business activity will be negatively impacted in the second and third quarters, and in the fourth quarter business activity will gradually head towards more normal conditions. Net Sales guidance will be given when it is possible to estimate the COVID-19 pandemic effects more precisely.

Basware's cost base is scalable and has variable cost components that can be reduced to a certain extent to maintain profitability. EBIT for 2020 is expected to be positive.

Espoo, Finland, on Wednesday, July 15, 2020

BASWARE CORPORATION

Board of Directors

Klaus Andersen, CEO

SUMMARY OF FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS JANUARY 1 – JUNE 30, 2020
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	4-6/ 2020	4-6/ 2019	Change, %	1-6/ 2020	1-6/ 2019	Change, %	2019
NET SALES	37,769	36,320	4.0	76,014	72,215	5.3	148,302
Cost of sales	-16,589	-18,502	-10.3	-34,062	-36,649	-7.1	-71,493
GROSS PROFIT	21,180	17,819	18.9	41,952	35,566	18.0	76,810
Sales and marketing	-9,496	-12,207	-22.2	-20,262	-23,582	-14.1	-45,190
Research and development	-6,516	-6,908	-5.7	-12,692	-14,312	-11.3	-26,815
General and administration	-3,253	-2,673	21.7	-6,829	-7,280	-6.2	-14,572
Total operating expenses	-19,265	-21,788	-11.6	-39,783	-45,174	-11.9	-86,577
Other operating income and expenses	-631	-2,211	-71.5	-784	-4,354	-82.0	-4,770
OPERATING PROFIT/LOSS	1,285	-6,181		1,385	-13,962		-14,537
Finance income and expenses	-2,656	-2,799	-5.1	-5,422	-3,419	58.6	-9,125
PROFIT/LOSS BEFORE TAX	-1,372	-8,981	84.7	-4,037	-17,381	76.8	-23,663
Income tax	334	-432		-647	-196		223
PROFIT/LOSS FOR THE PERIOD	-1,038	-9,413	89.0	-4,684	-17,577	73.4	-23,440
Other comprehensive income							
Other comprehensive income that will not be reclassified to profit or loss							
Remeasurement of employee benefits	5	-18		-3	-16		-2
Other comprehensive income that may be reclassified subsequently to profit or loss							
Exchange differences on translating foreign operations	-583	-1,716	-66.0	-2,686	354		1,974
Cash flow hedges	-44	-137	-67.9	-199	28		-162
Income tax relating to components of other comprehensive income	30	71	-58.3	76	-74		-86
Other comprehensive income for the year net of tax	-593	-1,799	67.1	-2,812	293		1,723
TOTAL COMPREHENSIVE INCOME	-1,630	-11,212	85.5	-7,496	-17,284	56.6	-21,716
Profit/loss attributable to:							
Equity holders of the parent company	-1,038	-9,413	89.0	-4,684	-17,577	73.4	-23,440
Total comprehensive income attributable to:							
Equity holders of the parent company	-1,630	-11,212	85.5	-7,496	-17,284	56.6	-21,716
Earnings per share							
undiluted, EUR	-0.07	-0.65	89.0	-0.33	-1.22	73.3	-1.63
diluted, EUR	-0.07	-0.65	89.0	-0.33	-1.22	73.3	-1.63

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	Jun 30, 2020	Jun 30, 2019	Change, %	Dec 31, 2019
ASSETS				
Non-current assets				
Intangible assets	43,958	44,919	-2.1	44,402
Goodwill	78,590	79,231	-0.8	80,345
Tangible assets	1,076	1,111	-3.2	1,075
Right-of-use assets	15,712	16,522	-4.9	15,842
Non-current financial assets	38	38	0.0	38
Other receivables	3,581	3,840	-6.7	4,193
Contract assets	37	482	-92.3	168
Deferred tax assets	9,912	8,166	21.4	9,654
Non-current assets	152,904	154,309	-0.9	155,716
Current assets				
Trade receivables	29,731	27,199	9.3	27,424
Other receivables	8,752	8,391	4.3	7,842
Contract assets	1,028	2,702	-61.9	1,561
Income tax receivables	367	688	-46.7	366
Cash and cash equivalents	34,850	63,373	-45.0	31,672
Current assets	74,727	102,352	-27.0	68,865
ASSETS	227,631	256,661	-11.3	224,581

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	Jun 30, 2020	Jun 30, 2019	Change, %	Dec 31, 2019
EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital	3,528	3,528	0.0	3,528
Share premium account	1,187	1,187	0.0	1,187
Treasury shares	0	-98	100.0	-98
Invested unrestricted equity fund	110,290	110,388	-0.1	110,388
Other reserves	477	806	-40.8	653
Translation differences	-10,854	-9,797	10.8	-8,226
Retained earnings	-17,182	-8,228		-13,347
Shareholders' equity	87,447	97,786	-10.6	94,086
Non-current liabilities				
Deferred tax liability	5,117	4,907	4.3	5,003
Interest-bearing liabilities	62,657	75,311	-16.8	58,889
Leasing liabilities, interest-bearing	13,057	13,651	-4.4	13,412
Other non-current financial liabilities	0	9	-100.0	0
Contract liabilities	2,327	2,696	-13.7	3,184
Liabilities from employee benefits	380	372	2.4	377
Non-current liabilities	83,539	96,947	-13.0	80,864
Current liabilities				
Interest-bearing liabilities	2,172	11,996	-81.9	1,996
Leasing liabilities, interest-bearing	3,647	3,606	1.1	3,392
Trade payables and other liabilities	27,453	24,593	11.6	28,468
Contract liabilities	22,718	20,118	12.9	15,260
Income tax liabilities	616	97		249
Current provisions	38	1,518	-97.5	266
Current liabilities	56,645	61,928	-8.5	49,631
EQUITY AND LIABILITIES	227,631	256,661	-11.3	224,581

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, 2020	3,528	1,187	-98	110,388	653	-8,226	-13,347	94,086
Comprehensive income						-2,629	-4,690	-7,319
Share based payments			98	-98			857	857
Defined benefit plan							-3	-3
Cash flow hedges					-175			-175
SHAREHOLDERS' EQUITY Jun 30, 2020	3,528	1,187	0	110,290	477	-10,854	-17,182	87,447

EUR thousand	Share capital	Share premium account	Treasury shares	Inv. Un-restricted equity	Other reserves	Translation differences	Retained earnings	Total
SHAREHOLDERS' EQUITY Jan 1, 2019	3,528	1,187	-638	110,928	832	-10,131	5,042	110,749
Comprehensive income						335	-17,577	-17,241
Share based payments			540	-540			-370	-370
Defined benefit plan							-16	-16
Cash flow hedges					-26			-26
Warrants							4,691	4,691
SHAREHOLDERS' EQUITY Jun 30, 2019	3,528	1,187	-98	110,388	806	-9,797	-8,228	97,786

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	4-6/ 2020	4-6/ 2019	1-6/ 2020	1-6/ 2019	2019
Cash flows from operating activities					
Profit/loss for the period	-1,038	-9,413	-4,684	-17,577	-23,440
Adjustments for profit:					
Depreciation and amortisation	3,871	3,936	7,841	8,057	15,941
Unrealised foreign exchange gains and losses	-106	83	33	-42	-12
Financial income and expenses	2,749	2,802	5,457	3,474	9,088
Tax on income from operations	-334	432	647	196	-223
Other adjustments	315	-1,595	804	-54	635
Total adjustments	6,496	5,659	14,783	11,632	25,428
Changes in working capital:					
Increase (-) / decrease (+) in trade and other receivables	2,316	3,029	-2,292	-934	557
Increase (+) / decrease (-) in trade payables	-1,892	-3,920	5,491	5,109	4,794
Increase / decrease in provisions	-32	1,544	-203	1,369	123
Total changes in working capital	392	653	2,997	5,544	5,474
Financial items in operating activities	-320	-219	-630	-1,157	-2,472
Income taxes paid (-) / received (+)	70	-344	-372	-481	-832
Cash flows from operating activities	5,597	-3,665	12,093	-2,039	4,159
Cash flows used in investing activities					
Purchase of tangible and intangible assets	-2,582	-2,947	-5,656	-5,956	-10,587
Net proceeds from sale of tangible and intangible assets	0	22	0	22	46
Cash flows from investing activities	-2,582	-2,925	-5,656	-5,934	-10,541
Cash flows from financing activities					
Proceeds from current borrowings	176	0	176	0	0
Repayment of current borrowings	0	-7,754	-998	-11,298	-22,296
Proceeds from non-current borrowings	0	43,880	0	43,880	43,880
Repayment of non-current borrowings	0	0	0	0	-20,000
Payment of lease liabilities	-1,030	-1,080	-2,204	-2,032	-4,372
Cash flows from financing activities	-854	35,046	-3,026	30,549	-2,788
Net change in cash and cash equivalents	2,161	28,456	3,411	22,577	-9,170
Cash and cash equivalents at the beginning of period	32,558	35,117	31,672	40,747	40,747
Net foreign exchange difference	130	-201	-233	49	94
Cash and cash equivalents at the end of period	34,850	63,373	34,850	63,373	31,672

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, 2020.

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 judgement 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.

Free cash flow metric

EUR thousand	4-6/ 2020	1-3/ 2020	10-12/ 2019	7-9/ 2019	4-6/ 2019
EBITDA	5,156	4,070	2,395	4,913	-2,245
Capitalizations	-2,605	-3,111	-2,588	-2,072	-2,964
Finance expenses	-2,865	-3,021	-2,722	-2,933	-2,786
Taxes, excl. deferred taxes	-107	-628	-825	-152	-269
Payment of lease liabilities	-1,030	-1,174	-1,246	-1,093	-1,080
Share based compensation, share part	158	285	212	-108	-450
Free cash flow metric	-1,293	-3,579	-4,774	-1,445	-9,794

Adjusted operating profit/loss and adjusted EBITDA

EUR thousand	4-6/ 2020	4-6/ 2019	Change, %	1-6/ 2020	1-6/ 2019	Change, %	2019
Operating profit/loss	1,285	-6,181		1,385	-13,962		-14,537
Adjustments:							
Acquisition, disposal and restructuring income (-) and expenses (+)	77	-68		-31	1,089		1,009
Efficiency related expenses	54	2,100	-97.4	102	2,903	-96.5	2,772
Total adjustments	131	2,032	-93.6	71	3,992	-98.2	3,781
Adjusted operating profit/loss	1,416	-4,149		1,457	-9,970		-10,756
Depreciation and amortization	-3,871	-3,936	-1.6	-7,841	-8,057	-2.7	15,941
Adjusted EBITDA	5,287	-213		9,298	-1,913		5,185
% of net sales	14.0			12.2			3.5

Information on products and services

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

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.

EUR thousand	4-6/ 2020	4-6/ 2019	Change, %	Change, % ¹	1-6/ 2020	1-6/ 2019	Change, %	Change, % ¹	2019
Cloud Revenue									
SaaS	14,534	11,838	22.8	23.0	28,724	23,225	23.7	23.6	49,133
Transaction services	11,103	11,777	-5.7	-5.3	23,491	23,494	0.0	0.2	47,876
Other cloud revenue	1,204	1,137	5.9	7.3	2,400	2,315	3.7	3.7	4,434
Cloud Revenue total	26,841	24,752	8.4	8.8	54,615	49,034	11.4	11.5	101,442
Non-Cloud Revenue									
Maintenance	3,657	5,401	-32.3	-31.5	7,746	11,113	-30.3	-29.7	20,720
License sales	102	215	-52.4	-52.6	182	597	-69.6	-70.3	1,202
Consulting services	7,197	6,052	18.9	20.0	13,693	11,493	19.1	20.1	24,962
Other non-cloud revenue	-28	-100	71.9	70.7	-221	-22			-23
Non-Cloud Revenue total	10,928	11,569	-5.5	-4.6	21,399	23,181	-7.7	-6.9	46,861
Total	37,769	36,320	4.0	4.5	76,014	72,215	5.3	5.6	148,302

¹Organic at constant currencies.

Fair values of financial assets and liabilities

EUR thousand	Jun 30, 2020		Jun 30, 2019		Dec 31, 2019	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Financial assets						
Non-current:						
Non-current financial assets	38	38	38	38	38	38
Non-current trade and other receivables	919	919	781	781	857	857
Current:						
Current trade receivables	29,731	29,731	27,199	27,199	27,424	27,424
Current other receivables	210	210	261	261	305	305
Cash and cash equivalents	34,850	34,850	63,373	63,373	31,672	31,672
Financial liabilities						
Non-current:						
Financial liabilities valued at amortized acquisition cost:						
Loans from financial institutions, interest-bearing ¹	62,657	73,583	75,311	86,202	58,889	70,059
Leasing liabilities, interest-bearing	13,057	13,057	13,651	13,651	13,412	13,412
Current:						
Loans from financial institutions, interest-bearing	2,172	2,172	11,996	11,996	1,996	1,996
Leasing liabilities, interest-bearing	3,647	3,647	3,606	3,606	3,392	3,392
Trade payables and other liabilities	11,292	11,292	9,915	9,915	10,998	10,998

¹Fair value of loan from Bregal Milestone LLP is measured to reflect the amount Basware would need to pay if it would repay the loan in full at the end of reporting period. The loan has an exit fee which accrues evenly over the loan period. The value of the exit fee at maturity equals 40 percent of the loan amount.

Financial liabilities arising from derivative financial instruments of EUR 122 thousand are classified as level 2 and unquoted equity shares of EUR 38 thousand as level 3 in the fair value measurement hierarchy.

In March 2019, Basware entered into a loan totalling EUR 50 million with Bregal Milestone LLP due September 2024. The loan is senior unsecured with a 5.5-year maturity that significantly extends Basware's average debt maturity. The facility was drawn on April 2, 2019 and the proceeds were EUR 45 million. The loan has an exit fee which accrues over the loan period. The value of the exit fee at maturity equals to 40 percent of the loan amount. The cash interest margin on the loan is 8.75 percent annually. The company has the option to utilise PIK interest as an alternative to cash pay interest at the rate of 11.25 percent annually.

In connection with the Loan, Bregal Milestone received without consideration 1,000 freely transferable warrants convertible into 1,001,000 shares in the Company (before the share issue adjustment, 1,000,000 shares), representing approximately 6.5 percent of the fully diluted shares of the Company. As a result of the share issue in June 2020 the warrants were adjusted to entitle their holder to subscribe for a total of 1,001,000 shares in the company (before the adjustment, 1,000,000 shares) at an adjusted subscription price of EUR 29.8764 per share (before the adjustment, the subscription price per share was EUR 29.9158). These adjustments to the terms and conditions of the warrants became effective upon registration with the Finnish Trade Register on June 17, 2020.

The warrants were issued to Bregal Milestone at the drawdown of the Loan, on April 2, 2019. The subscription period of the Warrant Shares commenced immediately upon the issue of the warrants and will expire on August 22, 2024. The cash subscription price will be subject to adjustments for any dividends as well as customary anti-dilution adjustments resulting from, among other things, any share issues, pursuant to the terms and conditions of the warrants.

Commitments and contingent liabilities

EUR thousand	Jun 30, 2020	Jun 30, 2019	Dec 31, 2019
Own guarantees			
Guarantees	1,108	1,124	1,149
Commitments on behalf of subsidiaries			
Guarantees	287	130	298
Other commitments			
Maturing in less than 1 year	2,988	1,799	3,173
Maturing in 1-5 years	3,735	2,615	4,899
Total	6,723	4,415	8,072
Total commitments and contingent liabilities	8,118	5,669	9,518

Other commitments include leases and other rental not in scope of IFRS 16, as well as commitments arising from license agreements. Obligations from long term service agreements are not included.

RELATED PARTY TRANSACTIONS

Loans from related parties

EUR thousand	Jun 30, 2020	Jun 30, 2019	Dec 31, 2019
Arrowgrass Master Fund LTD	0	10,000	0

Loans from related parties included the share of Arrowgrass Master Fund LTD of the Group's EUR 30 million term loan financing, which was repaid in September 2019. The other lenders were Nordea Bank AB,

OP Corporate Bank Plc and Ilmarinen Mutual Pension Insurance Company. Loans from related parties were provided at commercial interest rates.

Definitions of Alternative Performance Measures and Key Indicators

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.

Operating profit (EBIT) is the net sum of operating income added to net sales, less cost of sales consisting of materials and services, less the costs resulting from employee benefits, depreciation and amortization as well as other operating expenses and any impairment. Exchange rate differences and gains or losses arising from changes in the fair value of derivatives are included in operating profit, provided that they result from items related to business operations; otherwise they are recognized under financing items. All other items of the consolidated statement of comprehensive income are presented after operating profit.

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.

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.

Cloud gross churn rate is defined as the total amount of cloud revenues lost during the period, divided by the total cloud revenues at the beginning of the period.

Cloud net churn rate is defined as the total amount of cloud revenues lost during the period minus the new cloud ARR won from add-on sales to existing customers during the period, divided by the total cloud revenues at the beginning of the period.

Cloud gross renewal rate is defined as 100 percent minus the cloud gross churn rate.

Cloud net renewal rate is defined as 100 percent minus the cloud net churn rate.

Customer lifetime is defined as 1 divided by the cloud gross churn rate.

Lifetime value of the order intake won during the period is calculated by multiplying Cloud ARR order intake during the period by the cloud gross margin and dividing by the cloud gross churn rate.

The customer acquisition cost is defined as the total expenditure on sales and marketing for the 12 months prior to the period (to account for the lead time between new sales and marketing expenditure converting to order intake).

Free cash flow metric is calculated as follows: EBITDA minus capitalizations, total debt service costs, tax and payment of lease liabilities, and excluding the share part of share-based compensation and any impact from acquisitions or disposals.

Return on equity (ROE), %

$$\frac{(\text{Profit or loss before taxes} - \text{taxes}) \times 100}{\text{Shareholders' equity (average)}}$$

Return on investment (ROI), %

$$\frac{(\text{Profit before taxes} + \text{interest and other financial expenses}) \times 100}{\text{Balance sheet total} - \text{non-interest-bearing liabilities (average)}}$$

Gearing, %

$$\frac{(\text{Interest-bearing liabilities} - \text{interest-bearing assets}) \times 100}{\text{Shareholders' equity}}$$

Equity ratio, %

$$\frac{\text{Shareholders' equity} \times 100}{\text{Balance sheet total} - \text{advance payments received}}$$

Earnings per share (EPS)

$$\frac{\text{Profit for the period}}{\text{Adjusted average number of shares during the period}}$$

Adjusted earnings per share (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.

Equity per share

$$\frac{\text{Shareholders' equity}}{\text{Adjusted number of shares at the end of the financial period} - \text{own shares}}$$

Price-earnings ratio (P/E)

$$\frac{\text{Adjusted share price at the end of the financial period}}{\text{Earnings per share}}$$

QUARTERLY INCOME STATEMENT

EUR thousand	4-6/2020	1-3/2020	10-12/2019	7-9/2019	4-6/2019
NET SALES	37,769	38,245	39,264	36,823	36,320
Cost of sales	-16,589	-17,473	-18,294	-16,550	-18,502
GROSS PROFIT/LOSS	21,180	20,772	20,970	20,273	17,819
Sales and Marketing	-9,496	-10,767	-11,798	-9,809	-12,207
Research and Development	-6,516	-6,176	-6,597	-5,906	-6,908
General and Administration	-3,253	-3,575	-3,716	-3,576	-2,673
Total operating expenses	-19,265	-20,518	-22,111	-19,292	-21,788
Other operating income and expenses	-631	-153	-374	-42	-2,211
OPERATING PROFIT/LOSS	1,285	100	-1,516	940	-6,181
% of net sales	3.4	0.3		2.6	
Finance income and expenses	-2,656	-2,766	-2,759	-2,947	-2,799
Profit/loss before tax	-1,372	-2,665	-4,275	-2,008	-8,981
Income taxes	334	-981	251	169	-432
PROFIT/LOSS FOR THE PERIOD	-1,038	-3,647	-4,023	-1,839	-9,413

KEY INDICATORS

EUR thousand	4-6/ 2020	4-6/ 2019	1-6/ 2020	1-6/ 2019	2019
Cloud ARR order intake	6,130	6,429	9,747	11,365	23,694
Net sales	37,769	36,320	76,014	72,215	148,302
Net sales growth, %	4.0%	3.9%	5.3%	1.8%	4.9%
Organic net sales growth, %	4.5%	3.0%	5.6%	4.3%	5.9%
EBIT	1,285	-6,181	1,385	-13,962	-14,537
% of net sales	3.4%		1.8%		
EBITDA	5,156	-2,245	9,226	-5,905	1,403
% of net sales	13.7%		12.1%		0.9%
Adjusted EBITDA	5,287	-213	9,298	-1,913	5,185
Return on equity, %	-4.7%	-37.0%	-10.3%	-33.7%	-22.9%
Return on investment, %	3.5%	-13.1%	2.2%	-15.1%	-8.6%
Interest-bearing liabilities excl. leasing liabilities	64,830	87,307	64,830	87,307	60,885
Cash and cash equivalents	34,850	63,373	34,850	63,373	31,672
Cash flows from operating activities	5,597	-3,665	12,093	-2,039	4,159
Free cash flow metric	-1,293	-9,794	-4,873	-17,610	-23,829
Gearing, %	53.4%	42.1%	53.4%	42.1%	48.9%
Gross investments	2,605	2,964	5,716	5,957	10,617
% of net sales	6.9%	8.2%	7.5%	8.2%	7.2%
R&D expenses excluding amortizations	4,148	4,826	7,941	10,132	19,138
R&D costs, capitalised	2,293	2,246	4,758	4,695	8,829
R&D investments, total	6,441	7,072	12,699	14,828	27,967
% of net sales	17.1%	19.5%	16.7%	20.5%	18.9%
Depreciation and amortization	3,871	3,936	7,841	8,057	15,941
Other capitalised expenditure	312	718	958	1,262	1,788
Personnel at end of period	1,343	1,354	1,343	1,354	1,325