

WESTPAY

Q1

INTERIM REPORT

2019

Westpay AB

Interim financial report January–March 2019

Sales uptake from Q4 and new business partners

First Quarter 2019

- Net sales totalled MSEK 13.1 (21.2), a decrease of MSEK 8.1 / -38 %
- EBITDA was MSEK -3.5 (2.5), a decrease of MSEK 6.0
- Operating profit was MSEK -4.9 (1.2), a decrease of MSEK 6.1
- Profit after tax was MSEK -3.8 (0.9), a decrease of MSEK 4.7
- Net earnings per share amounted to SEK -0.17 (0.04)

	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Net sales, kSEK	13 139	21 216	67 716
EBITDA, kSEK	-3 486	2 537	-9 643
Operating profit/loss, kSEK	-4 895	1 208	-15 426
Profit/loss after tax, kSEK	-3 807	941	-13 557
Net earnings per share, kSEK	-0,17	0,04	-0,60

Significant events during the quarter

- Wirecard and Westpay start partnership to expand digital payments across the Nordics, further Europe and South Africa
- Order from Wirecard, value MSEK 2,5
- HRS, the largest Oracle partner in the hospitality sector worldwide, signs a long-term agreement with Westpay
- Order from MAX Burgers, value MSEK 2

Significant events after the end of the quarter

- New Partner agreement and first orders from Rusta
- Micros South Africa signs agreement with Westpay
- Payment solution from Westpay chosen by Operakällaren Arena Team

Westpay in brief

Focusing on smart transaction and payment solutions for merchant in-store as well as for the e-commerce and self-service markets, Westpay offers a complete solution for all types of payments working with a broad range of resellers within various industries, such as retail, hotels and restaurants, and the retail banking sector.

Westpay has unique capabilities for both fast time-to-market and customization, with full range payment competencies and proven scalable payment system solutions.

Our vision is to be a global payment enabler. Westpay acts as an independent supplier of products and services for merchant payment solutions demanded by the market.

Westpay was founded in 1988 and is listed on Nasdaq First North Stockholm since 2007. The company is active in five main market areas: The Nordic countries, Europe, Africa, South- and South East Asia, and Australia. The head office is located just outside of Stockholm, Sweden.

Business model

Westpay's business offering is based on close collaboration with contracted suppliers and users, e.g. OpenSolution, Elavon, Wirecard, ClearOn, Svenska Handelsbanken, Datorama, Interblocks, MAX Burgers and ABSA Bank.

With our Payment Gateway, Westpay handles most merchant payments without third party involvement. It increases our own as well as our customers' independence, which is a great advantage in this industry. At Westpay we don't compete with our customers. They are guaranteed a strong and neutral partnership, safe in the knowledge that their business is never challenged by us. Our payment solution is fully certified and approved by the payment industry (PCI), ensuring the highest possible level of security. It further handles all leading credit card brands and several acquiring bank networks around the world.

The Payment Gateway also shortens lead time and simplifies the launch process in new markets. Moreover, it is a vital part of Westpay's strategy, which aims at increasing the portion of transaction-based revenues.



In-Store

Westpay provides state of the art payment solutions for In-store and Card Present transactions. There are terminals for all markets and applications, ranging from countertop to mobile devices as well as unattended terminals.

The terminals are all supported by the same unique payment application prepared for fast time-to-market and customization. It allows for rapid software development and maintenance. Westpay has an unprecedented software architecture with only one payment application for all terminals, markets and applications.

Westpay's payment solution further minimizes the life time cost for the merchants. Terminals being deployed to the field will configure themselves and handle key loading automatically, immensely simplifying processes for new installations and swaps. In the same way, software updates have never been easier!

With a few clicks: parameters, applications, patches and even keys can be remotely pushed into the payment terminals. The scope can be defined to individual terminals, groups or even whole merchants instantly or at a time defined by our customer. Giving them the tool to plan any future deployment in a controlled manner.

Being designed for high transaction volume applications and covering all relevant transactions types with multi-acquirer support, all users within the Retail, Hospitality and Retail Banking segments can benefit from the Westpay In-store and Card Present payment solution.

E-commerce

Westpay handles card payments in all channels. By adding online payment solutions to the existing customer offerings within payment infrastructure for physical environments, Westpay creates a complete and unique omnichannel payment solution.



As a result, those clients with needs for payment solutions in physical environments, as well as in e-commerce and mobile apps, can have the complete solution delivered from one single supplier. This enables e.g. restaurant or store chains to identify their customers, regardless of whether these are shopping onsite or online.

Something which is virtually impossible when you have payment systems from different suppliers. Westpay's e-commerce product handles online card payments from web or mobile apps. Beyond that the solution is highly customizable.

The e-commerce function can be white-labelled and be used in a separate window or form (redirect), or tightly integrated into the web shop of the merchant. Reporting and end of day handling can be tailored to suit the individual needs from each and every customer.

Self-Service

Westpay has a long history within the self-service sector, where payment terminals are used in unattended payment environments. Users can be found throughout the Hospitality segment. In fast food restaurants, the self-service concept is constantly gaining importance.

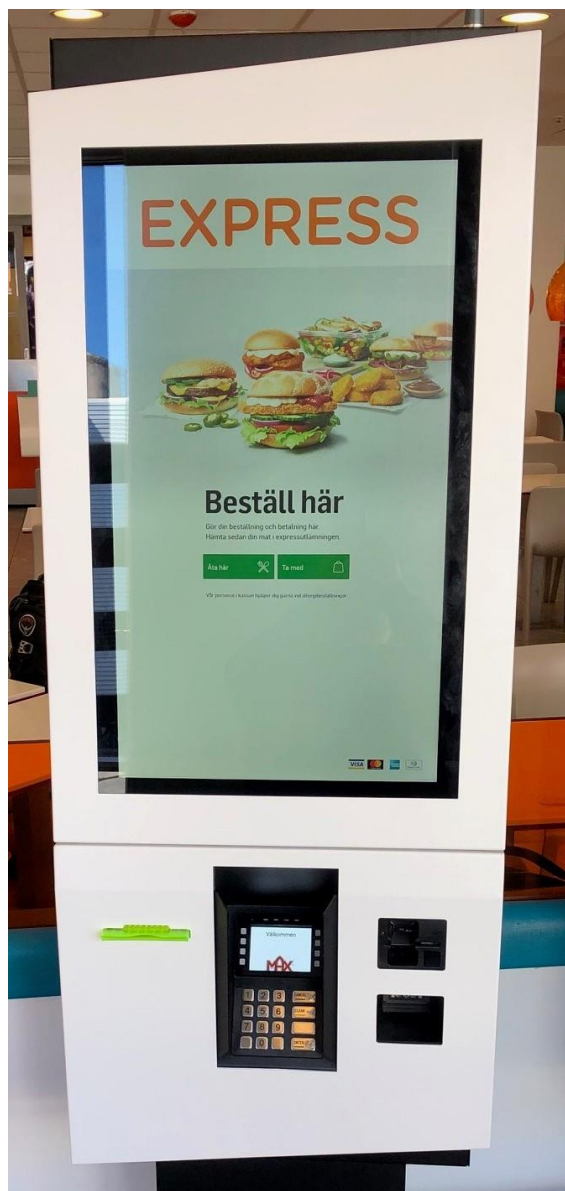
This concept saves time and money for the customer as well as the restaurant. With self-service, two out of three steps are transferred to the consumer (ordering and paying) and the merchant can focus on customer service (delivery). Staff reduction and less manual involvement are some positive effects, but perhaps the greatest is increased sales. Experience shows that the average restaurant bill from a self-service purchase is higher compared to paying to a cashier.

Self-service in general is making rapid headway and Westpay is unique, in that we have a complete self-service and payment solution. Westpay offers self-service solutions compliant with the highest possible security class, something very important in unattended environments.

From the CEO

We have improved our performance during the first quarter, but it is still far from satisfactory. Compared to the previous quarter, sales started to pick up (+13 %). The operating result is still negative but was improved by MSEK 4.4 during the same period. Our gross margin continued to increase, exceeding 63 % for the first quarter (+2 p.p. compared to the full 2018). As we are getting back on the growth path, this strength in our business model will be a key driver for profitability.

Our focus remains on growth and sales while also maintaining a strong gross margin. We have recently taken measures to adjust our organization which will have a positive impact on our operating cost by MSEK 3 on a yearly basis.



I am very pleased that we continue to be selected by premiere business partners for our new world class products. During the first quarter we completed the development of the next generation self-service kiosk. The first kiosks are now in operation at Max' flagship restaurant in Luleå. In parallel, we are working with Max further helping them to improve the customer experience and increase sales. This work includes new innovative self-service concepts for both outdoor and mobile use ("que busting"). The latter application is something Westpay can deliver due to our unique Oracle partnership.

Our status as a Gold Level member and strategic partner for payment solutions within the Oracle Partner Network (OPN) carries on. Recent direct results includes the new partnerships with HRS and Micros South Africa. In both these partnerships, Westpay will deliver integrated payment solutions for customers in the hotel and restaurant sectors.

HRS is an international market leader in IT for the hospitality and retail industries, and the largest Oracle Hospitality Platinum Partner worldwide. HRS' impressive client list is made up of more than 3000 hotels, restaurant enterprises and trading companies located across the globe.

In South Africa we have signed a contract with Micros (part of Adapt IT), the largest Oracle hospitality partner in the south African region. With a client list made up of more than 700 hotels, 3 500 restaurants, Micros is a truly international and leading provider of Hospitality Solutions in the region.

As a final note on the Oracle partnership, I am very proud to see that the leading Swedish restaurant operator, Nobis Group/Operakällaren has chosen payment solution from Westpay AB for all their restaurant operations at Friends Arena. The payment solution builds on Westpay's Classic and Carbon product ranges with integration to Oracle Point-Of-Sales (POS) systems.

Cards and mobile payments are gradually pushing the use of cash downward across the globe. According to McKinsey, cash as a share of total payments was declining from 92 percent in 2006 to 84 percent in 2016. Generally, consumers in wealthier economies tend to favor

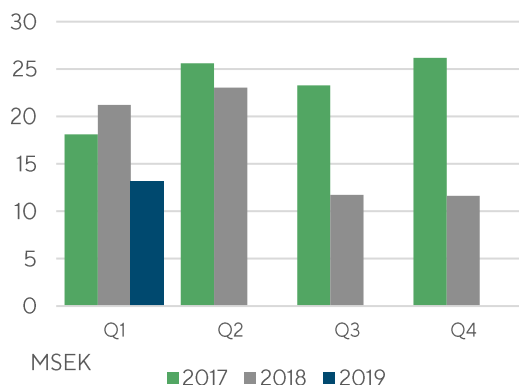
noncash alternatives. Cash usage in Sweden, Finland, the UK, the Netherlands, Canada, France, and the United States has fallen well below 50 percent of total transaction volume. In Northern Europe, as few as one in every five payments is made in cash and using cash is increasingly becoming difficult in stores and restaurants. I strongly believe our product offering support this market change.

We are making progress; however, a lot of hard work remain to be done. We will continue with actions in order to improve Westpay's future performance. Because of this I remain confident that we are well positioned with the right business focus, team size and technology offerings to extend our five-year historic growth journey well into the future. My ambition during 2019 is to continue the intensive work with technology investments and keep our sales activity at the highest level.

Sten Karlsson, CEO Westpay AB

Net sales

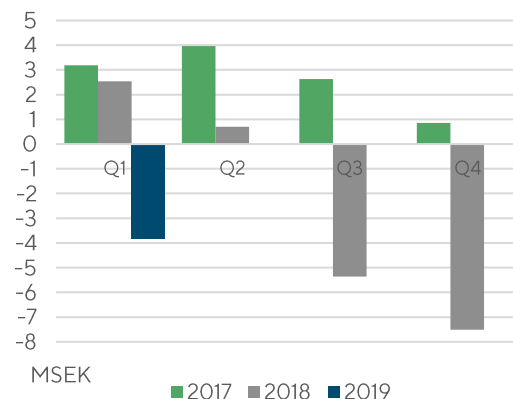
Net sales during the first quarter 2019 totalled MSEK 13.1 (21.2), a decrease of 38 % compared to the same period last year.



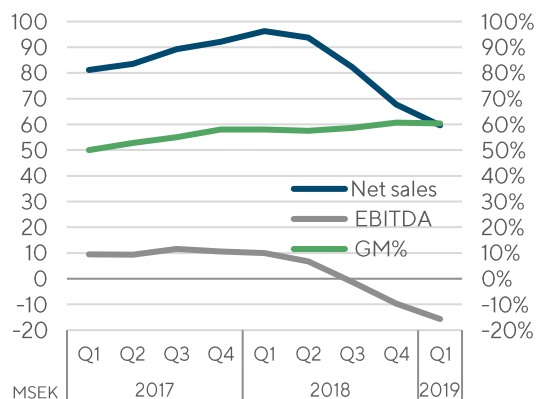
Net sales per quarter 2017 – 2019

Profit/Loss and costs

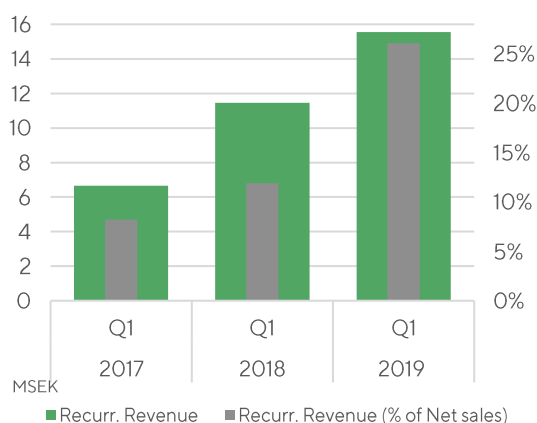
EBITDA in the first quarter of 2019 was MSEK -3.5 (2.5), a reduction of MSEK 6.0. The Q1 gross margin was 63 % (63).



EBITDA per quarter 2017 – 2019



Rolling 12 months Q1 2017 – Q1 2019



Recurring Revenue Rolling 12 months Q1 2017 – Q1 2019

Personnel costs in the first quarter of 2019 totalled 74 % (39) of operating income.

Financial position and cash

On 31 March 2019 the company's cash equivalents amounted to MSEK 2.8 (1.6). Total overdraft facility not utilized was MSEK 0.9. The company has no long-term loans. The equity ratio was 36 % (69). Equity amounted to MSEK 23.1 (41.4).

Cash flow from ongoing business operations amounted to MSEK -4.5 (-8.9) in the first quarter of 2019. Total cash flow after investment and financing operations reached MSEK 1.1 (-10.7).

Inventory

Inventory at reporting date totalled MSEK 19.0 (20.1), where MSEK 0.1 are goods in transit.

Investments

During the quarter, investments have been made reaching a total of MSEK 1.9 (1.8). These investments primarily consist of capitalised development costs.

Currency risk

In order to reduce exchange rate risk, Westpay hedges major contracted net cash flows in foreign currency. The total exchange rate difference influencing the financial result during the third quarter amounted to MSEK 0.4 (0.5).

Personnel

The number of employees at the end of the period totalled 40 (34).

Related party transactions

No related party transactions during the quarter.

The Share

At reporting date, the number of shareholders totalled 1732 (2053). The share price was SEK 4.14 (12.15), which corresponded to a market capitalisation of approximately MSEK 93 (273).

Significant events during the quarter

- Westpay, a leading provider of payment solutions, and Wirecard, the global innovation leader for digital financial technology, have signed an agreement, forming a long-term partnership to bring world-class digital payment services and solutions to merchant customers across the Nordics, further Europe and South Africa. Within the terms of the agreement, complete digital POS and mPOS solutions will be brought to market, aimed at progressing the digitalization of payments on the way to a cashless society. Currently, 80-85% of transactions worldwide are in cash, representing a huge market potential. In particular, Wirecard benefits from Westpay's strong network and presence in the Nordics, a key growth market. Together, the two companies will provide merchants with state-of-the-art payment solutions for cashless, so-called card present, on-site transactions. In particular, Wirecard and Westpay are focusing on delivering digital payment solutions for customers in the hospitality and retail sectors as well as supporting automated self-service applications in retail, hospitality and travel. Westpay is a Gold Level member and strategic partner for payment solutions within the Oracle Partner Network (OPN) and validated and approved for its payment solutions designed for hotels and restaurants.
- As part of the previously announced long-term partnership with Wirecard AG, Westpay has received an initial order for card payment terminals and related services. The order amounts to MSEK 2,5.
- Westpay, a leading provider of payment solutions, and HRS have signed an agreement to form a long-term partnership

that will bring world-class digital payment services and solutions to hospitality customers throughout Europe. HRS is a global company and market leader in IT for the Hospitality Industry and is Oracle's largest Platinum Partner worldwide.

- As part of the ongoing cooperation with MAX Burgers, Westpay has received an additional order for the next generation self-service solution for restaurants. The order amounts to MSEK 2 initially and will be delivered during the first quarter of 2019. Self service, also known as Express Kiosks, is an integral part of MAX digital strategy for creating a superior experience for the restaurant guest. The use of self service kiosks has been a success and a very large share of the guests are using these for orders and payment.

Significant events after the end of the quarter

- As part of an ongoing strategic partnership, Rusta AB has chosen Westpay AB to be their continued Point of Sale (POS) hardware and services supplier for their European expansion and POS system upgrade. Initial orders have been received. They amount to MSEK 2 and will be delivered during the second quarter of 2019.
- Westpay, a leading provider of payment solutions, and Micros South Africa (Pty) Ltd have signed an agreement, forming a long-term partnership to bring world-class digital payment services and solutions to hospitality customers across South Africa and surrounding countries. Micros is the leading provider of Hospitality Solutions in the south African region. Within the terms of the agreement, Micros will provide merchants in the hospitality industry with Westpay's state-of-the-art payment solutions for cashless, so-called card present, on-site transactions. In particular, Micros and Westpay are focusing on delivering integrated payment solutions for customers in the hotel and restaurant sectors as well as supporting automated self-service applications, across South Africa and surrounding countries. Micros and Westpay, both being Gold Level members of the Oracle Partner Network (OPN), will cater for a strong partnership. Micros will benefit from Westpay having its payment solutions for hotels and

restaurants, validated and approved through OPN.

- The leading Swedish restaurant operator, Nobis Hospitality Group via its subsidiary Operakällaren Arena Team has chosen a payment solution from Westpay for their restaurant and event operations. The payment solution builds on Westpay's Classic and Carbon product ranges with integration to Oracle Point-Of-Sales (POS) systems, and has been in operation since March 2019. Westpay is a Gold Level member and strategic partner for payment solutions within the Oracle Partner Network (OPN), and validated and approved for its payment solutions designed for hotels and restaurants.

Financial target

The company's long-term financial target is to achieve an average annual increase in sales of 20 % and have an overall EBITDA margin of at least 10 %.

Upplands Väsby 2 May 2019

Westpay AB

Further information about this Year-end report:

Sten Karlsson, CEO
telephone: +46 (0)70-555 6065
email: sten.karlsson@westpay.se

Christina Detlefsen, Chairman of the Board
telephone: +46 (0)70-875 9435

The company's Certified Adviser is Erik Penser Bank, telephone: +46 8 463 80 00, email: certifiedadviser@penser.se.

The content herein is information which Westpay AB is required to disclose under the EU Market Abuse Regulation. The information was submitted, through the above contact, for disclosure on 2 May 2019 at 08:40 CET.

Westpay AB

Kanalvägen 14 telephone: +46 (0) 8 506 684 00
194 61 Upplands Väsby email: investor@westpay.se

About Westpay:

Westpay delivers smart transaction- and payment solutions to market-leading operators in retail, hotels and restaurants, as well as to the retail banking sector. The company's customer offerings aim at creating a more efficient payment flow for our customers and their consumers within physical retail. Westpay is active in five main market areas: The Nordic countries, Europe, Africa, South- and South East Asia and Australia. Customers include, among others, OpenSolution, Elavon, Wirecard, ClearOn, Svenska Handelsbanken, Datorama, Interblocks, MAX Burgers and ABSA Bank. The company's registered office is in Upplands Väsby, Sweden, and it is listed on Nasdaq First North Stockholm. The company's Certified Adviser is Erik Penser Bank, telephone: +46 8 463 80 00 See also www.westpay.se

Accounting principles

Development costs for major development projects will be capitalised. These amounts to MSEK 1.4 (1.7) for the first quarter 2019. This interim financial report was prepared using the same accounting principles and calculation methods as in the annual report.

Review

This report has not been reviewed by the auditors of the company.

Upcoming reports

Westpay issues financial results on a quarterly basis. All reports available at the company's website: www.westpay.se

The following report publication dates and general meetings are scheduled:

2 May 2019	Annual general meeting
16 August 2019	Interim financial report Jan-Jun 2019
25 October 2019	Interim financial report Jan-Sep 2019
14 February 2020	Year-end report 2019

INCOME STATEMENT

kSEK	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Net sales	12,750	20,763	66,609
Capitalised work for own account	1,427	1,862	6,213
Other operating income	0,388	0,453	1,107
Operating expenses			
Cost of goods sold	-4,808	-7,819	-26,606
Other external expenses	-3,459	-4,533	-22,032
Personnel expenses	-9,785	-8,189	-34,934
Depreciation and amortization	-1,409	-1,328	-5,783
Operating profit/loss	-4,895	1,208	-15,426
Profit/loss from financial items			
Interest income and other financial items	0,0	0,0	0,12
Interest expenses and other financial items	-0,219	-0,95	-0,463
Profit/loss after financial items	-5,114	1,113	-15,877
Tax	1,308	-0,172	2,320
Profit/loss for the period	-3,807	0,941	-13,557
Result per share			
Result per share, before dilution, SEK	-0,17	0,04	-0,60
Result per share, after dilution, SEK	-0,17	0,04	-0,60

BALANCE SHEET

kSEK	31-mar-19	31-mar-18	31-dec-18
ASSETS			
Intangible assets	11,838	11,226	11,671
Tangible assets	1,020	1,091	0,675
Financial assets	5,788	1,989	4,481
Total fixed assets	18,646	14,306	16,827
Inventories including work in progress	19,011	20,083	20,055
Accounts receivable	17,161	22,050	13,631
Other receivables	6,859	1,591	5,912
Cash and cash equivalents	2,813	1,618	1,666
Total current assets	45,843	45,341	41,264
TOTAL ASSETS	64,490	59,647	58,090
EQUITY AND LIABILITIES			
Non-restricted equity	7,480	26,556	11,496
Restricted equity	15,641	14,870	15,432
Total equity	23,121	41,426	26,928
Borrowings	0,0	0,0	0,0
Other provisions	3,434	1,932	3,411
Non-current liabilities	3,434	1,932	3,411
Advance payments from customers	0,22	0,326	0,18
Accounts payable	11,811	5,735	13,423
Other current liabilities	26,102	10,228	14,311
Current liabilities	37,935	16,289	27,752
TOTAL EQUITY AND LIABILITIES	64,490	59,647	58,090

CONSOLIDATED CHANGES IN TOTAL EQUITY

kSEK	Share capital	Other restricted equity	Other non-restricted equity	Profit/loss for the year	Total non-restricted equity
Total equity at 2018-01-01	4,500	9,800	21,764	4,421	26,184
Disposition of last year's profit/loss as decided by annual general meeting			4,421	-4,421	
Profit/loss for the period				0,941	
Reserve for development cost		0,569	-0,569		
Total equity at 2018-03-31	4,500	10,370	25,615	0,941	26,556
Profit/loss for the period				-14,498	
Reserve for development cost		0,562	-0,562		
Total equity at 2018-12-31	4,500	10,932	25,053	-13,557	11,496
Total equity at 2019-01-01	4,500	10,932	25,053	-13,557	11,496
Disposition of last year's profit/loss			-13,557	13,557	
Profit/loss for the period				-3,807	
Reserve for development cost		0,209	-0,209		
Total equity at 2019-03-31	4,500	11,141	11,287	-3,807	7,480

CASH FLOW STATEMENT

kSEK	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
OPERATING ACTIVITIES			
Operating profit	-4,895	1,208	-15,426
Adjustments for non-cash items	1,432	1,040	6,973
Interest received	0,0	0,0	0,12
Interest paid	-0,219	-0,95	-0,463
Income tax paid	0,0	0,0	0,0
Cash flow from operating activities before working capital changes	-3,682	2,153	-8,903
Change in working capital			
Increase (-) / decrease (+) in inventory	1,044	3,618	3,647
Increase (-) / decrease (+) in accounts receivables	-3,530	-7,423	0,996
Increase (-) / decrease (+) of other receivables	-0,947	-0,97	-4,419
Increase (+) / decrease (-) of current liabilities	2,579	-7,138	-4,192
Cash flow from changes in working capital	-0,855	-11,039	-3,967
Cash flow from operating activities	-4,537	-8,886	-12,870
INVESTING ACTIVITIES			
Investments in intangible assets	-1,427	-1,729	-6,213
Investments in tangible assets	-0,494	-0,108	-0,108
Cash flow from investing activities	-1,921	-1,837	-6,322
Cash flow after investing activities	-6,458	-10,724	-19,192
FINANCING ACTIVITIES			
Raise of short-term debt	11,000	0,0	0,0
Raise of long-term debt	0,0	0,0	0,0
Utilized bank overdraft facility	-3,395	0,0	8,517
New issue	0,0	0,0	0,0
Cash flow from financing activities	7,605	0,0	8,517
Cash flow for the period	1,146	-10,724	-10,675
Cash and cash equivalents at the beginning of the period	1,666	12,341	12,341
Cash and cash equivalents at the end of the period	2,813	1,618	1,666

FINANCIAL RATIOS

	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Net sales, kSEK	13 139	21 216	67 716
Net sales growth, %	-38 %	17 %	-27 %
Gross margin, %	63 %	63 %	61 %
EBITDA margin, %	-27 %	12 %	-14 %
Operating margin, %	-37 %	6 %	-23 %
Profit/loss after financial items, kSEK	-5 114	1 113	-15 877
Equity ratio, %	36 %	69 %	46 %
Debt ratio, times	0,0	0,0	0,0
Investments in tangible assets, kSEK	494	108	108
Investments in intangible assets, kSEK	1 427	1 729	6 213
Shareholders' equity per share, SEK	1,03	1,84	1,20
Cash and cash equivalents per share, SEK	0,13	0,07	0,07
Quick ratio, %	71 %	155 %	76 %
Average number of shares	22 500 000	22 500 000	22 500 000
Number of shares at end of period	22 500 000	22 500 000	22 500 000
Earnings per share, SEK	-0,17	0,04	-0,60
Profit per employee, kSEK	-95	28	-339
Number of employees at end of period	40	34	40

Definitions

Gross margin

Net sales minus cost of goods sold, in relation to turnover.

Operating margin

Operating profit in relation to turnover.

EBITDA

Operating income before interest, taxes, depreciation and amortization.

EBITDA margin

EBITDA divided by net sales.

Equity ratio

Adjusted equity in relation to total assets.

Debt ratio

Interest-bearing liabilities divided by adjusted equity.

Earnings per share

Profit after tax in relation to the average number of shares.

Shareholders' equity per share

Equity in relation to the number of shares outstanding.

Cash and cash equivalents per share

Cash and cash equivalents in relation to the number of shares outstanding.

Quick ratio

Current assets less inventories divided by current liabilities.

Profit per employee

Net income in relation to the number of employees at the end of the period.