



YEAR-END REPORT 2019

Q4

WESTPAY

WE ENABLE PAYMENTS - GLOBALLY

YEAR-END REPORT 2019

INNOVATION AND PEOPLE WILL STRENGTHEN WESTPAYS POSITION IN THE FINTECH INDUSTRY.

FOURTH QUARTER 2019

- Net sales totalled MSEK 14.8 (11.5), an increase of MSEK 3.3 / 28 %
- EBITDA was MSEK -9.4 (-7.5), a deterioration with MSEK 1.9
- Operating profit/loss was MSEK -11.2 (-9.3), a deterioration with MSEK 1.9
- Profit/loss after tax was MSEK -10.4 (-8.2), a deterioration with MSEK 2.2
- Earnings per share amounted to SEK -0.31 (-0.37)

JANUARY – DECEMBER 2019

- Net sales totalled MSEK 58.6 (67.5), a decrease with MSEK 8.8 / -13 %
- EBITDA was MSEK -20.8 (-9.6), a deterioration with MSEK 11.2
- Operating profit/loss was MSEK -27.3 (-15.4), a deterioration with MSEK 11.9
- Profit/loss after tax was MSEK -23.7 (-13.6), a deterioration with MSEK 10.1
- Earnings per share amounted to SEK -0.70 (-0.60)

	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Net sales, kSEK	14 821	11 496	58 639	67 461
EBITDA, kSEK	-9 437	-7 515	-20 823	-9 643
Operating profit/loss, kSEK	-11 240	-9 280	-27 336	-15 426
Profit/loss for the period, kSEK	-10 373	-8 220	-23 662	-13 557
Result per share, SEK	-0,31	-0,37	-0,70	-0,60

SIGNIFICANT EVENTS DURING THE QUARTER

- Rusta chooses Westpay for hardware upgrade.
- David Grenthe and Michael Carlqvist join Westpay and strengthen sales dep.
- Sampath Bank extends integrated QR-code based payments to POS Terminals, supported by Westpay.
- Westpay enter partnership with Paynova.
- Volume orders for next generation payment solution, based on Android, value 4 MSEK

SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

- Axfood choses Westpay as a provider of payment solutions.
- Peter Eklund strengthens Westpay Sales as Head of Retail
- Jessica Ponselius joins Westpay as Head of HR.
- Westpay enters partnership with Sverigekassan.
- Provision for doubtful receivables results in lower results for 2019.

Read full press releases at: www.westpay.se/investor-relations/press-releases/



FROM THE CEO

Once again, we are closing the chapter and are about to flip the page. 2019 was a year which financially was nothing but poor. I take this very seriously. As we are entering a new decade, we have the information necessary, from which we have made our analysis, reflected, and now are executing the proper adjustments. Is our outlook dark? Certainly not! We have several vital accomplishments in place, strengthening our position in the fintech industry, and enabling our growth journey towards profitability. But more on that later.

When I summarize 2019 from a financial point of view, I am not pleased with our performance. We aimed much higher. Our main objectives are growth and profitability, and my team and I will not rest before we are back on track. Until we reach more substantial revenue levels, I have implemented several tight cost control measures, and Westpay will be back on track as we leave 2020.

A minor but positive trend is that our revenue Q4 2019 was up 28 % compared to the same period previous year. Our recurring revenue as well as the gross margin again validate the strength of our business model. Leaving 2019 we have once more reached all time high levels regarding recurring revenue and gross margin.

Competitive product roadmap, tight customer collaboration, employee retention and a service centric business model are our main means moving forward towards our objectives. With the continued support from our shareholders, we have a state-of-the-art payment solution in place. It is highly adaptable to cater for specific demands, while still being scalable, which in combination is a major uniqueness. Our loyal and growing customer base proves this.

Perseverance pays off. For a long time we have been targeting Axfood, Sweden's second-largest food retailer with brands such as Willys, Hemköp, Tempo, Axfood Snabbgross, Mat.se, and

Middagsfrid. As you can imagine, I am so proud that we managed to come out on the right side, in competition with companies which are both much bigger and more well-known. Axfood has, as a result of an in-depth assessment, chosen Westpay as their payment solution provider in the years to come. The order amounts to SEK 20 million initially and will be delivered during the coming three years. Again, we have proven that Westpay has what it takes to attract everything from small businesses to large enterprises.

On the people side we continue to attract superstars. Peter Eklund has strengthened our sales team. Peter is adding tons of retail know-how, and together with the rest of the team, we now have a great line up that will improve our performance. People are our most valuable asset, and a priority of ours to stay competitive is to attract and keep the talented people that come to us.

As you can see, standing still is not our strategy. We still need to gain some more height before we reach the wanted cruising altitude. But our business foundation and pipe are healthy, our roadmap well defined, and we have great people. With that said, I am taking on 2020 with the most serious dedication but also with much excitement and expectation.

Best regards/ Sten Karlsson, CEO at Westpay AB



BUSINESS INSIGHTS

Partnerships that expand the overall offering, customer experience, and convenience are just a few objectives we, as a solution provider, must consider when establishing a proactive roadmap 2020. Easy? Of course not. But if we play well, I think that 2020 will treat us well.

INNOVATION – TODAY AND TOMORROW

It's easy to be overwhelmed by all the new features we see in our business. We can all agree that the coming ten years will be exciting. But we need to remember that our customer has challenges that need to be solved today. In other words, we must address today's payment requirements but keep the doors open for future innovation, regulations and demands. Tricky, I know. But that's our job.

INDEPENDENCE

Another thing that becomes obvious to me is that the customer should always aim for an independent provider. Look for a provider that has lots of friends and a pragmatic approach. If, or I should say, when a new payment method or regulation sees daylight, you can quickly and safely add that feature to the overall offering, without any conflicts of interest. As you can imagine, this is something we welcome at Westpay. Now, we need to enable those partnerships in a way that benefit our customers as well as our owners.

PACE

It doesn't matter if you are highly innovative if you can't act and make your ideas come true. And in a world that craves for the next-gen at an increasing speed, we, as a provider, must find our way to meet those demands. At Westpay, we will constantly trim what we do and how we do it, so that we can speed up the projects without decreasing quality. By having a well defined roadmap, a truly modular technology platform, combined with knowledge about our customers' needs, we have the tools necessary to keep the pace in our favor.

ATTENTION & SUPPORT

We represent a part of our customer's business that requires 24/7 uptime. Anything else is a potential disaster. Does that mean that we, or our competitors, never fails? I take pride that it is very rare, but of course, it can happen. If that happens, we start all our engines to solve the problem.

The foundation of our partnership with our customers, need to be built on a strong foundation of a great solution, strong security, and trust, knowing that we walk the extra mile when needed. At Westpay, we will continue to develop our support during 2020. The objective is clear: as a customer of ours, you will have a good night sleep, knowing that we will not let any problem remain unsolved on our watch.

SUMMARY

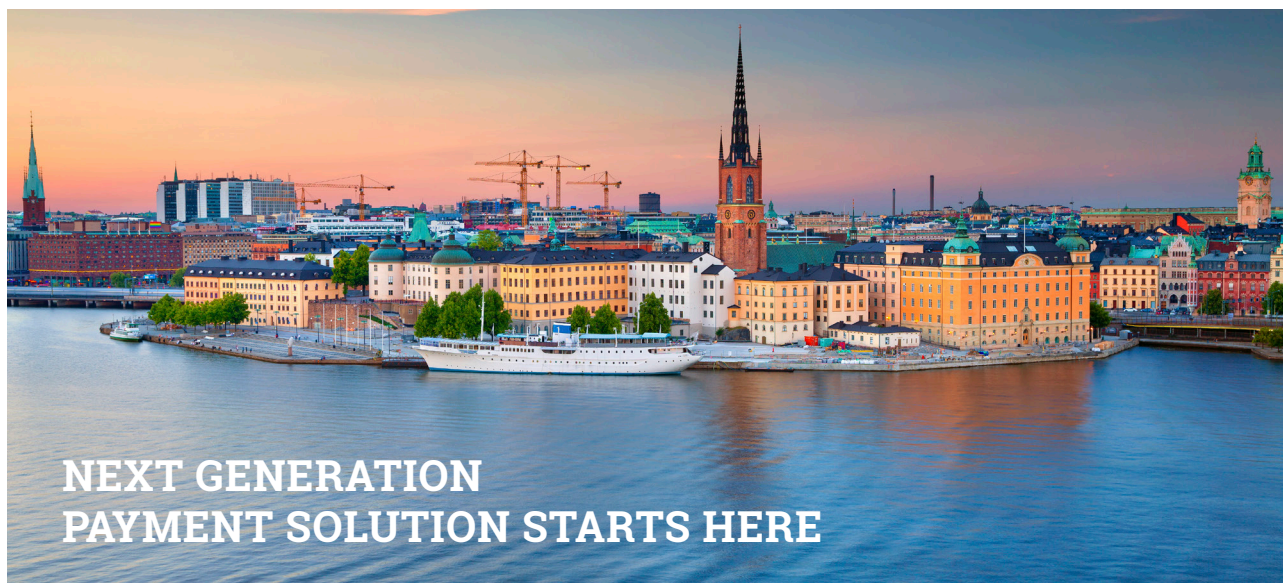
These were a few examples of why Westpay has an excellent line up facing 2020. 2019 is behind us. Lesson learned.

On the good side: we have identified our strategy, tactics, and roadmap. And with a lot of work, we have a good opportunity to make Westpay a relevant and robust competitor in the fintech business. Globally.

Best regards/ Hans Edin, CMO at Westpay AB

WESTPAY IN BRIEF

Short version: Westpay is a full-service fintech and payment solution provider that offers solutions that simplify payments and amplifies the overall customer experience. If you represent a restaurant, hotel, retail, in-store, or e-commerce, and looking for a payment solution that adds value, we can help you all the way.



Extended version: 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. Open, 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.

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.

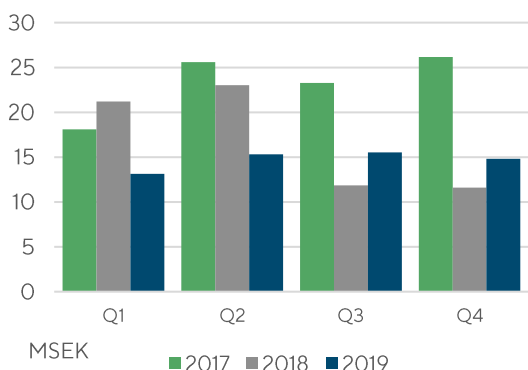
SELF-SERVICE

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.

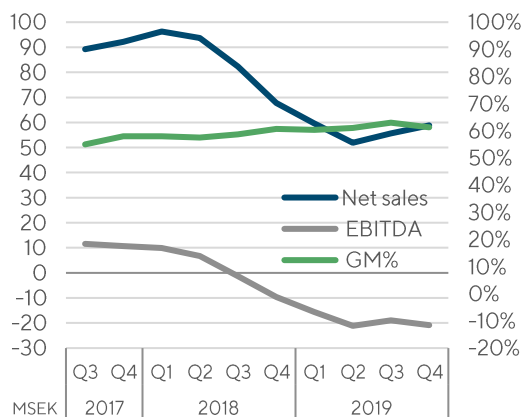


NET SALES

Net sales during the fourth quarter 2019 totalled MSEK 14.8 (11.5), an increase with 28 % compared to the same period last year.

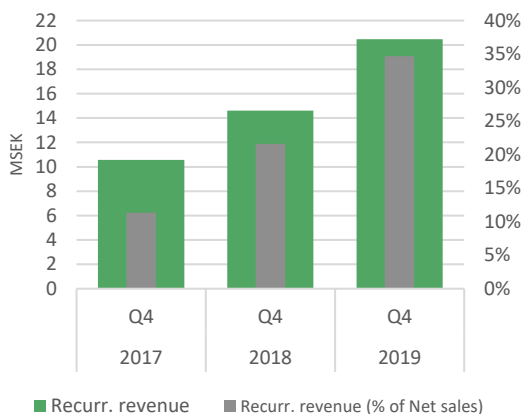


Net sales per quarter 2017 – 2019



Rolling 12 months Q4 2017 – Q4 2019

The recurring revenue for 2019 reached MSEK 20.4 (14.6), an increase with 40 % compared to the previous year.



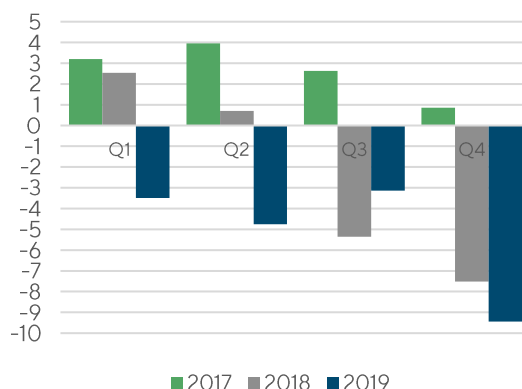
Recurring Revenue Rolling 12 months Q4 2017 – Q4 2019

The revenue mix with a higher proportion of recurring revenue continues to contribute positively to the gross margin, which was 63 % (68) for the quarter and 61 % (61) for the full year.

RESULT

EBITDA in the fourth quarter of 2019 was MSEK -9.4 (-7.5), a deterioration with MSEK 1.9. EBITDA and operating profit/loss was affected during the quarter by a provision for doubtful receivables. At the preparation of the annual accounts, information has emerged that causes uncertainty regarding the company's accounts receivables. Further provision for doubtful receivables has therefore been made. The amount reserved is MSEK 4.9. The management's current assessment is that payment will be received for most of the reserved doubtful receivables in 2020.

Personnel costs in the fourth quarter of 2019 totalled 68 % (80) of Net sales.



EBITDA per quarter 2017 – 2019

FINANCIAL POSITION AND CASH

As of December 31, 2019, the company's cash equivalents amounted to MSEK 6.4 (1.7). Bank overdraft facility not utilized was MSEK 12.0. The company has no long-term loans. The equity ratio was 61 % (46). The Equity amounted to MSEK 33.5 (26.9) and shareholder's equity amounted to SEK 0.99 (1.20) per share.

Cash flow from operating activities for the fourth quarter amounted to MSEK -6.0 (-3.3) and is attributable to operating related changes in inventories, accounts receivable and accounts payable. Cash flow from investing activities amounted to MSEK -2.6 (-1.7) mainly attributable to continued capitalization of development expenses. Cash flow from financing activities amounted to MSEK 14.9 (6.3) due to a share rights issue in October 2019 amounting to MSEK 33.75, part of which was used to repay outstanding loans and the utilized bank overdraft facility.

Total cash flow after investment and financing activities reached MSEK 6.3 (1.3).

INVENTORY

Inventory at reporting date totalled MSEK 16.2 (20.0), where MSEK 0.0 are goods in transit.

INVESTMENTS

The company's investments during the period January - December amounted to MSEK 5.6 (6.2). These investments mainly consisted of acquisitions of intangible assets in the form of capitalized development costs MSEK 4.6 (6.2). The company has also made an investment in a modern CRM- and ERP-system that will be implemented in early 2020.

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 fourth quarter amounted to MSEK -0.23 (0.37). For 2019 it amounted to MSEK 0.5 (0.85).

PERSONNEL AND ORGANIZATION

The average number of employees during the period January - December amounted to 40 (37), of which 30 % women and 70 % men. At year-end the number of employees amounted to 40 (40).

RELATED PARTY TRANSACTIONS

During the quarter Board member Päivö Eerola continued to maintain his position as interim Head of Sales. Remuneration is paid on market terms. Otherwise, no related party transactions.

EQUITY

During the quarter, Westpay completed a share rights issue through a new issue of 11,250,000 shares, which increased the number of shares to a total of 33,750,000. The share capital increased with SEK 2,250,000 to SEK 6,750,000. Quota value per share amounts to SEK 1.

THE SHARE

As of December 31, 2019, the registered share capital comprised 33,750,000 (22,500,000) shares. The company's share has been listed on Nasdaq First North since October 26, 2007 under the short name "WPAY". The number of shareholders was 1,649 (1,787) and as the largest shareholder is Nordnet Pensionsförsäkring AB with 16.00% of holdings and votes. No other individual shareholder owns more than 10% of holdings and votes. The ten largest owners together accounted for 53.96% of holdings and votes.

The share price was SEK 3.10 (4.73), corresponding to a market capitalization of approximately SEK 105 (106) million.

LONG-TERM FINANCIAL GOAL

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

ACCOUNTING PRINCIPLES

This interim report is prepared in accordance with generally accepted accounting principles. The same accounting principles and calculation methods have been used in the interim report as in the latest annual report.

MATERIAL RISKS AND FACTORS OF UNCERTAINTY

Material financial risks and uncertainties of the company include market risks related to agreements with customers and suppliers, liquidity and financing risks and credit and counterparty risks. A detailed presentation of the company's material financial risks is found in the directors' report in the annual report for 2018.

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:

<https://westpay.se/investor-relations/financial-reports/>

The following report publication dates and general meetings are scheduled:

5 May 2020	Interim report Q1 2020
5 May 2020	Annual General Meeting
14 August 2020	Interim report Q2 2020
12 October 2020	Interim report Q3 2020
19 February 2021	Year-end report 2020

Upplands Väsby 14 February 2020

Westpay AB

Further information about this Interim report:

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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 14 February 2020 at 08:40 CET.

Westpay AB

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Westpay is a full-service fintech- and payment solution provider that offers solutions that simplify payments and amplifies the overall customer experience. If you represent a restaurant, hotel, store, in-store, or e-commerce, and looking for a payment solution that adds value, we can help you all the way. The company is represented globally, headquartered in Stockholm, Sweden and is listed on Nasdaq First North Growth Market.

INCOME STATEMENT

kSEK	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Net sales	14,821	11,496	58,639	67,461
Capitalised work for own account	1,341	1,563	4,595	6,213
Other operating income	0,0	0,116	0,150	0,255
Operating expenses				
Cost of goods sold	-5,428	-3,666	-22,774	-26,606
Other external expenses	-10,087	-7,722	-22,750	-22,032
Personnel expenses	-10,084	-9,302	-38,682	-34,934
Depreciation and amortization	-1,803	-1,765	-6,514	-5,783
Operating profit/loss	-11,240	-9,280	-27,336	-15,426
Profit/loss from financial items				
Interest income and other financial items	0,0	0,0	0,0	0,12
Interest expenses and other financial items	0,74	-0,221	-0,738	-0,463
Profit/loss after financial items	-11,166	-9,502	-28,075	-15,877
Tax	0,794	1,282	4,412	2,320
Profit/loss for the period	-10,373	-8,220	-23,662	-13,557
Result per share				
Result per share, before dilution, SEK	-0,31	-0,37	-0,70	-0,60
Result per share, after dilution, SEK	-0,31	-0,37	-0,70	-0,60

BALANCE SHEET

kSEK	31-dec-19	31-dec-18
ASSETS		
Intangible assets	10,231	11,671
Tangible assets	1,897	0,675
Financial assets	8,893	4,481
Total fixed assets	21,021	16,827
Inventories including work in progress	16,246	20,055
Accounts receivables	9,179	13,631
Other receivables	2,030	5,912
Cash and cash equivalents	6,390	1,666
Total current assets	33,846	41,264
TOTAL ASSETS	54,867	58,090
EQUITY AND LIABILITIES		
Non-restricted equity	17,109	11,496
Restricted equity	16,383	15,432
Total equity	33,492	26,928
Borrowings	0,0	0,0
Other provisions	3,593	3,411
Non-current liabilities	3,593	3,411
Advance payments from customers	0,59	0,18
Accounts payable	8,367	13,243
Other current liabilities	9,357	14,491
Current liabilities	17,782	27,752
TOTAL EQUITY AND LIABILITIES	54,867	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				-13,557	
Reserve for development cost		1,131	-1,131		
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				-23,662	
Reserve for development cost		-1,299	1,299		
Share issue	2,250		31,500		
Share issue expenses			-3 524		
Total equity at 2019-12-31	6,750	9,633	40,771	-23,662	17,109

CASH FLOW STATEMENT

kSEK	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
OPERATING ACTIVITIES				
Operating profit	-11,240	-9,280	-27,336	-15,426
Adjustments for non-cash items	1,879	2,392	6,696	6,973
Interest received	0,0	0,0	0,0	0,12
Interest paid	0,74	-0,221	-0,738	-0,463
Income tax paid	0,0	0,0	0,0	0,0
Cash flow from operating activities before working capital changes	-9,287	-7,110	-21,379	-8,903
Change in working capital				
Increase (-) / decrease (+) in inventory	-0,847	-2,515	3,809	3,647
Increase (-) / decrease (+) in accounts receivables	6,692	4,116	4,451	0,996
Increase (-) / decrease (+) of other receivables	5,001	-0,23	3,882	-4,419
Increase (+) / decrease (-) of current liabilities	-7,513	2,208	-1,452	-4,192
Cash flow from changes in working capital	3,332	3,786	10,690	-3,967
Cash flow from operating activities	-5,955	-3,324	-10,689	-12,870
INVESTING ACTIVITIES				
Investments in intangible assets	-1,341	-1,695	-4,595	-6,213
Investments in tangible assets	-1,256	0,0	-1,702	-0,108
Cash flow from investing activities	-2,596	-1,695	-6,296	-6,322
Cash flow after investing activities	-8,552	-5,019	-16,985	-19,192
FINANCING ACTIVITIES				
Raise of short-term debt	-10,000	0,0	0,0	0,0
Raise of long-term debt	0,0	0,675	0,0	0,0
Utilized bank overdraft facility	-8,832	5,657	-8,517	8,517
Share issue	33,750	0,0	30,226	0,0
Cash flow from financing activities	14,918	6,332	21,709	8,517
Cash flow for the period	6,366	1,313	4,724	-10,675
Cash and cash equivalents at the beginning of the period	0,24	0,354	1,666	12,341
Cash and cash equivalents at the end of the period	6,390	1,666	6,390	1,666

FINANCIAL RATIOS

	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Net sales, kSEK	14 821	11 613	58 789	67 716
Net sales growth,%	28 %	-55 %	-13 %	55 %
Gross margin,%	63 %	68 %	61 %	61 %
EBITDA margin, %	-64 %	-65 %	-35 %	-14 %
Operating margin,%	-76 %	-80 %	-46 %	-23 %
Profit/loss after financial items, kSEK	-11 166	-9 502	-28 075	-15 877
Equity ratio, %	61 %	46 %	61 %	46 %
Debt ratio, times	0,0	0,0	0,0	0,0
Investments in tangible assets, kSEK	1 256	0	1 702	108
Investments in intangible assets, kSEK	1 341	1 695	4 595	6 213
Shareholders ' equity per share, SEK	0,99	1,20	0,99	1,20
Cash and cash equivalents per share, SEK	0,19	0,07	0,19	0,07
Quick ratio,%	99 %	76 %	99 %	76 %
Average number of shares	33 750 000	22 500 000	33 750 000	22 500 000
Number of shares at end of period	33 750 000	22 500 000	33 750 000	22 500 000
Earnings per share, SEK	-0,31	-0,37	-0,70	-0,60
Profit per employee, kSEK	-259	-205	-592	-339
Number of employees at end of period	40	40	40	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

Long-term 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.