



**INTERIM FINANCIAL REPORT
JANUARY-MARCH 2020**

Q1

WESTPAY

WE ENABLE PAYMENTS - GLOBALLY

INTERIM FINANCIAL REPORT JANUARY - MARCH 2020
FOCUS ON FINANCIAL ENDURANCE.**FIRST QUARTER 2020**

- Net sales totalled MSEK 14.4 (13.1), an increase of MSEK 1.3 / 10 %
- EBITDA was MSEK -4.3 (-3.5), a deterioration with MSEK 0.8
- Operating profit/loss was MSEK -6.2 (-4.9), a deterioration with MSEK 1.3
- Profit/loss after tax was MSEK -4.9 (-3.8), a deterioration with MSEK 1.1
- Earnings per share amounted to SEK -0.15 (-0.17)

	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Net sales, kSEK	14 434	13 139	58 639
EBITDA, kSEK	-4 280	-3 486	-20 823
Operating profit/loss, kSEK	-6 232	-4 895	-27 336
Profit/loss for the period, kSEK	-4 946	-3 807	-23 662
Result per share, SEK	-0,15	-0,17	-0,70

SIGNIFICANT EVENTS DURING THE QUARTER

- Axfood chooses Westpay as provider of payment solutions
- Order from Max Burgers, value MSEK 3
- Peter Eklund strengthens Westpay Sales as Head of Retail
- Westpay enters partnership with Sverigekassan

SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

- Short term work allowance implemented from 1 April
- Pontus Bohlin new COO at Westpay
- #tabetalt – Release of mobile payment solution to support restaurants suffering from Corona impact

For more information about significant events: www.westpay.se/investor-relations



FROM THE CEO

As you can imagine, this report will be in a context where Corona plays the leading role. We entered 2020 with a small but noticeable tailwind. Since our last interim report, the world has changed completely, and this basically overnight. We have had to adjust our playbook, and radically change our tactic to face this new, dramatic challenge on our society.

At Westpay, in addition to our employees' business partners' and stakeholders' safety and wellbeing, our top priority is financial endurance. This will continue to be our top priority for as long as Corona has a significant impact on our industry. We have a baseline of recurring revenue, providing some stability. But as you can imagine, a situation like this claim for more actions.

These actions basically boil down to two vital efforts: smart spending and measures that build endurance. We had already started this work by having implemented several tight cost control actions. In addition, starting on the 1st of April 2020, Westpay implemented a short-time work allowance for all employees. The reduced working time is 40 %. Also, other cost saving measures have been made and certain investments not being critical to the current operations are postponed.

Fortunately we responded quickly to this situation and as a result, we have boosted our endurance significantly. Since it is impossible to know how long this situation will last, we are basing every new decision on the assumption that Corona will have a significant negative impact for at least the remainder of 2020.

Summarizing the first quarter of 2020 from a financial point of view, we have managed to protect our business well. Our ambition was a lot higher, but given the circumstances, we delivered well.

Our revenue Q1 2020 was up 10 % compared to the same period previous year. Once more we have reached top levels regarding recurring revenue and gross margin. These accomplishments again validate the strength of our business model. I remain

confident that we are on the right path, even if the pre-Corona plan was to speed things up. In a crisis like this, we need to be at our best. Inspired by others, we thought of what we could do at Westpay to minimize the negative impact of Corona. One business that is struggling, more than other, is the restaurant segment. That's why we decided to offer restaurants, that have the pressing need to reinvent the way they serve their guests, a three months mobile payment solution free of charge. With our solution, they can take their business outside of the restaurant and still get paid safely and securely. Perfect for take-away and home delivery.

Even if our roadmap sees some minor changes due to Corona, we still have some amazing and innovative offerings that will see daylight during 2020. First up was Payment Application as Service (PAaS). With PaaS, our customers can create their own applications on top of our payment application. Now they can finally brand and boost the payment situation with almost anything. This is a game-changer for our customers and for us. And since our solution is based on Android, our customers will not have any problem finding people that can bring their imagination to life.

So, as you can see, we are adjusting our business to the current demands. We have a great roadmap ahead of us, but we need to accept that everything will take more time due to Corona. And that is why we have financial endurance as our top business priority. But in true Westpay pioneering spirit, we turn this challenge into an opportunity that will eventually speak to our favor.

Best regards/ Sten Karlsson, CEO at Westpay AB



BUSINESS INSIGHTS

Predictions are hard to make. You consume as much information as possible, listen to smart people, and then you process and combine what you learned to come up with some conclusions. This is how we use to do it anyway. Before Corona that is. Now, nobody knows, and we get new information every day. It is difficult to know how, what and when we will face the new normal. So what do we do? I think there is only one thing you can do in times like this. Make the unknown your friend and stick to your core values. Because somewhere in all of this there is an opportunity...

THE NUMBER OF EARLY ADOPTERS JUST GOT HUGE

Fintech and payment business is the perfect example of a vertical where the customers have all the power. No users equal no value. The number of people using cash in Europe decrease every year. There are, of course, geographical variations, but the trend has been clear for many years. This is driven by increasing support from governments and industry players in promoting cashless payments.

So, in other words: the potential number of users is growing, and they are looking for a new way to make their payments. Because of Corona we now see a broader acceptance and stronger demand for contactless payments.

This will speed up the evolution big time. Because once these new habits are established, there will be no looking back. For providers, like Westpay, that have a relevant and proven technology, the priority right now is to stick to the plan and continue to offer solutions that make a difference.

So, in a situation when even the World Health Organization (WHO) recommends us to use contactless, we know that things will change faster than expected. One could think that this only has an impact on card usage, but this will also boost other alternative payment methods. Because on the other side you have companies trying to survive. They try anything at this point to save their business. Mobile payment and e-com are, therefore, areas where we will see the increasing interest and acceptance.

SO, WHAT DOES THIS MEAN FOR WESTPAY?

As a provider, we have several take-ups on this situation. First, it is a confirmation that our services and solutions are relevant, given the circumstances. Secondly, it tells us that our responsibility as thought leaders is more important than ever. This is the time for our customers to get the necessary know-how about what type of payment solution they should aim for. Our offering "Payment Solution Advisory Assessment" is the perfect match for this, and we also see several of our customers make the necessary steps to get future-safe.

It might seem far away, but before we know it, this Corona situation will hopefully be behind us, and business will be up and running again. But remember, there will be a new normal where e-com, contactless and mobile in a nice collaboration will be the new standard, because of end users' new habits.

Our focus right now, is to help our customer so they are where you expect them to be once the wheel start moving.

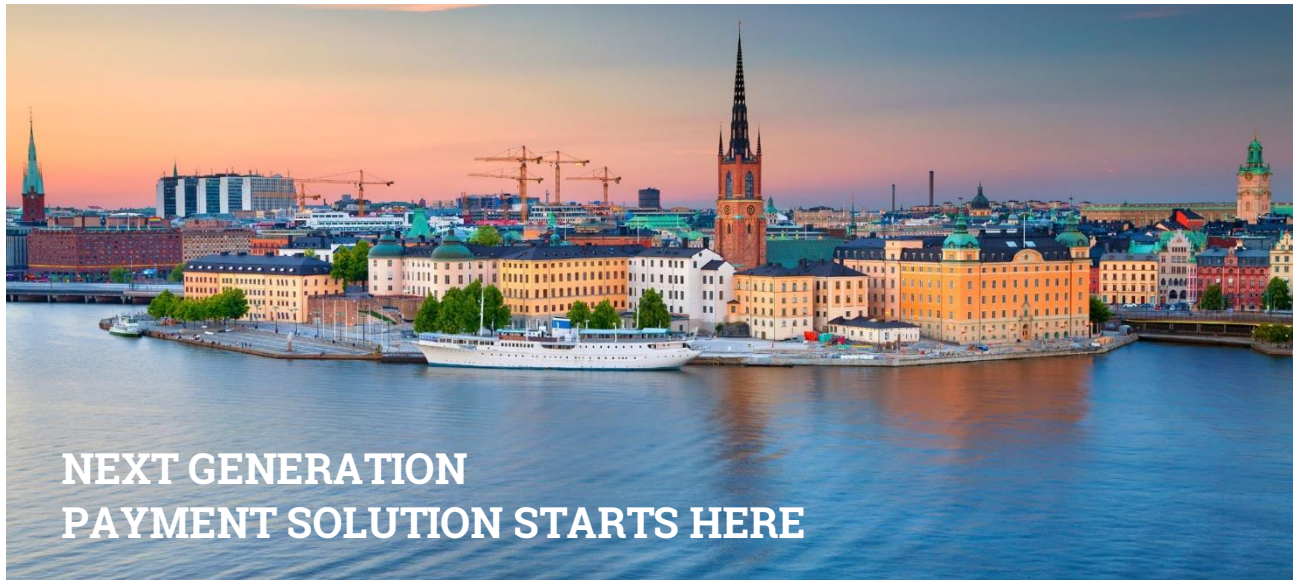
SUMMARY

It is easy to think that innovation slows down in crises, but it is the opposite. At Westpay we are using all our fintech expertise to advise our customers. By being their payment architect we proactively support them in identifying and taking their next steps.

Best regards/ Hans Edin, CCO 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.

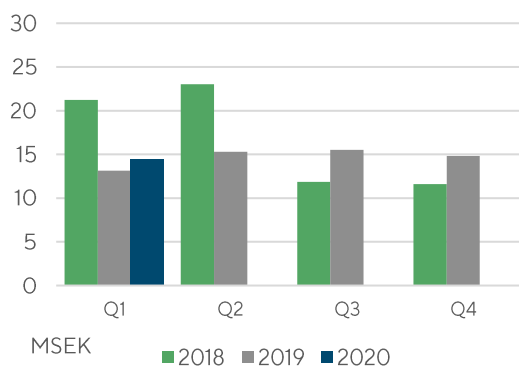
SELF-SERVICE

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.



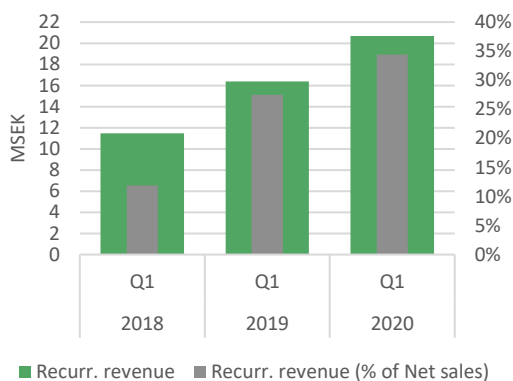
NET SALES

Net sales during the first quarter 2020 totalled MSEK 14.4 (13.1), an increase with 10 % compared to the same period last year.



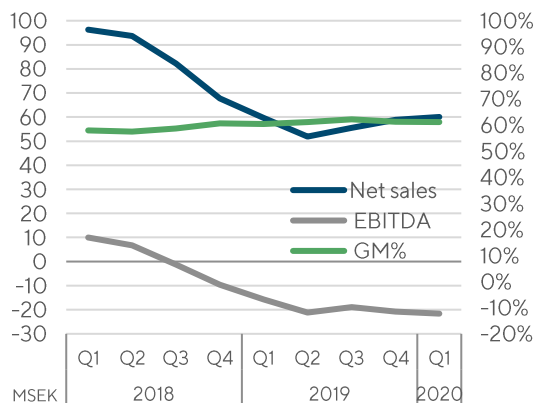
Net sales per quarter 2018 – 2020

The recurring revenue for rolling 12 months as of March 31, 2020 reached MSEK 20.7 (16.4), an increase with 26 % compared to the previous year.



Recurring Revenue Rolling 12 months Q1 2018 – Q1 2020

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

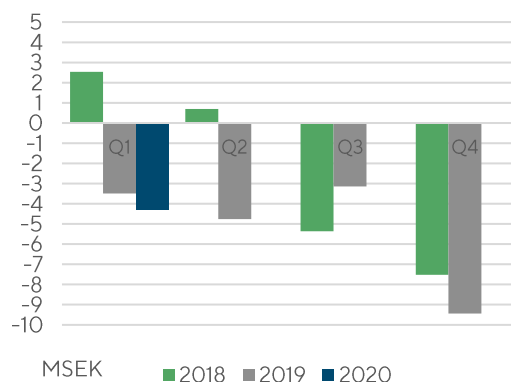


Rolling 12 months Q1 2018 – Q1 2020

RESULT

EBITDA in the first quarter of 2020 was MSEK -4.3 (-3.5), a deterioration with MSEK 0.8.

Personnel costs in the first quarter of 2020 totalled 70 % (74) of Net sales.



EBITDA per quarter 2018 – 2020

FINANCIAL POSITION AND CASH

As of March 31, 2020, the company's cash equivalents amounted to MSEK 1.9 (2.8). Bank overdraft facility not utilized was MSEK 9.3. The company has no long-term loans. The equity ratio was 56 % (36).

The equity amounted to MSEK 28.5 (23.1) and shareholder's equity amounted to SEK 0.85 (1.03) per share.

Cash flow from operating activities for the first quarter amounted to MSEK -4.5 (-4.5) and is attributable to operating related changes in inventories, accounts receivable and accounts payable. Cash flow from investing activities amounted to MSEK -2.7 (-1.9) mainly attributable to continued capitalization of development expenses. Cash flow from financing activities amounted to MSEK 2.7 (7.6) due to utilizing a part of the bank overdraft facility.

Total cash flow after investment and financing activities reached MSEK -4.5 (1.1).

INVENTORY

Inventory at reporting date totalled MSEK 14.5 (19.0), where MSEK 0.0 are goods in transit.

INVESTMENTS

The company's investments during the first quarter amounted to MSEK 2.7 (1.9). These investments consisted of acquisitions of intangible assets in the form of capitalized development costs MSEK 1.2 (1.4) and acquisitions of tangible assets mainly in the form of investments in new modern CRM and ERP systems amounting to MSEK 1.0 (0.0).

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 first quarter amounted to MSEK 0.88 (0.39). For 2019 it amounted to MSEK 0.51 (0.85).

PERSONNEL AND ORGANIZATION

The average number of employees during the first quarter amounted to 39 (40), of which 26 % women and 74 % men. At year-end 2019, the number of employees amounted to 40 (40).

RELATED PARTY TRANSACTIONS

No related party transactions during the quarter.

THE SHARE

As of March 31, 2020, 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 1,603 (1,732) and as the largest shareholder is Nordnet Pensionsförsäkring AB with 16.16 % of holdings and votes. No other individual shareholder owns more than 10% of holdings and votes. The ten largest owners together accounted for 53.84% of holdings and votes. The share price was SEK 2.26 (4.14), corresponding to a market capitalization of approximately SEK 76.3 (93) 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 2019.

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/>

14 AUGUST 2020

Interim report Q2 2020

23 OCTOBER 2020

Interim report Q3 2020

19 FEBRUARY 2021

Year-end report 2020

UPPLANDS VÄSBY 5 MAY 2020

Westpay AB

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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 5 May 2020 at 08:40 CEST.

Westpay AB

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INCOME STATEMENT

kSEK	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Net sales	14,434	13,139	58,639
Capitalised work for own account	1,229	1,427	4,595
Other operating income	0,9	0,0	0,150
Operating expenses			
Cost of goods sold	-5,353	-4,808	-22,774
Other external expenses	-4,471	-3,459	-22,750
Personnel expenses	-10,128	-9,785	-38,682
Depreciation and amortization	-1,951	-1,409	-6,514
Operating profit/loss	-6,232	-4,895	-27,336
Profit/loss from financial items			
Interest income and other financial items	0,0	0,0	0,0
Interest expenses and other financial items	-0,5	-0,219	-0,738
Profit/loss after financial items	-6,237	-5,114	-28,075
Tax	1,291	1,308	4,412
Profit/loss for the period	-4,946	-3,807	-23,662
Result per share			
Result per share, before dilution, SEK	-0,15	-0,17	-0,70
Result per share, after dilution, SEK	-0,15	-0,17	-0,70

BALANCE SHEET

kSEK	31-mar-20	31-mar-19	31-dec-19
ASSETS			
Intangible assets	9,719	11,838	10,231
Tangible assets	3,126	1,020	1,897
Financial assets	10,184	5,788	8,893
Total fixed assets	23,030	18,646	21,021
Inventories including work in progress	14,497	19,011	16,246
Accounts receivables	9,282	17,161	9,179
Other receivables	2,595	6,859	2,030
Cash and cash equivalents	1,886	2,813	6,390
Total current assets	28,260	45,843	33,846
TOTAL ASSETS	51,290	64,490	54,867
EQUITY AND LIABILITIES			
Non-restricted equity	12,649	7,480	17,109
Restricted equity	15,897	15,641	16,383
Total equity	28,546	23,121	33,492
Borrowings	0,0	0,0	0,0
Other provisions	3,477	3,434	3,593
Non-current liabilities	3,477	3,434	3,593
Advance payments from customers	0,90	0,22	0,59
Accounts payable	2,811	11,753	8,367
Other current liabilities	16,367	26,159	9,357
Current liabilities	19,267	37,935	17,782
TOTAL EQUITY AND LIABILITIES	51,290	64,490	54,867

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 2019-01-01	4,500	10,932	25,053	-13,557	11,496
Disposition of last years profit/loss as decided by annual general meeting			-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
Total equity at 2020-01-01	6,750	9,633	40,771	-23,662	17,109
Disposition of last years profit/loss			-23,662	23,662	
Profit/loss for the period				-4,946	
Reserve for development cost		-0,485	0,485		
Total equity at 2020-03-31	6,750	9,147	17,595	-4,946	12,649

CASH FLOW STATEMENT

kSEK	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
OPERATING ACTIVITIES			
Operating profit	-6,232	-4,895	-27,336
Adjustments for non-cash items	1,835	1,432	6,696
Interest received	0,0	0,0	0,0
Interest paid	-0,5	-0,219	-0,738
Income tax paid	0,0	0,0	0,0
Cash flow from operating activities before working capital changes	-4,402	-3,682	-21,379
Change in working capital			
Increase (-) / decrease (+) in inventory	1,749	1,044	3,809
Increase (-) / decrease (+) in accounts receivables	-0,103	-3,530	4,451
Increase (-) / decrease (+) of other receivables	-0,565	-0,947	3,882
Increase (+) / decrease (-) of current liabilities	-1,225	2,579	-1,452
Cash flow from changes in working capital	-0,144	-0,855	10,690
Cash flow from operating activities	-4,546	-4,537	-10,689
INVESTING ACTIVITIES			
Investments in intangible assets	-1,202	-1,427	-4,595
Investments in tangible assets	-1,466	-0,494	-1,702
Cash flow from investing activities	-2,668	-1,921	-6,296
Cash flow after investing activities	-7,214	-6,458	-16,985
FINANCING ACTIVITIES			
Raise of short-term debt	0,0	11,000	0,0
Raise of long-term debt	0,0	0,0	0,0
Utilized bank overdraft facility	2,709	-3,395	-8,517
Share issue	0,0	0,0	30,226
Cash flow from financing activities	2,709	7,605	21,709
Cash flow for the period	-4,505	1,146	4,724
Cash and cash equivalents at the beginning of the period	6,390	1,666	1,666
Cash and cash equivalents at the end of the period	1,886	2,813	6,390

FINANCIAL RATIOS

	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019	Jan-Dec 2018
Net sales, kSEK	14 442	13 139	58 789	67 716
Net sales growth,%	10 %	-49 %	-13 %	55 %
Gross margin,%	63 %	63 %	61 %	61 %
EBITDA margin, %	-30 %	-27 %	-35 %	-14 %
Operating margin,%	-43 %	-37 %	-46 %	-23 %
Profit/loss after financial items, kSEK	-6 237	-5 114	-28 075	-15 877
Equity ratio, %	56 %	36 %	61 %	46 %
Debt ratio, times	0,0	0,0	0,0	0,0
Investments in tangible assets, kSEK	1 466	494	1 702	546
Investments in intangible assets, kSEK	1 202	1 427	4 595	5 238
Shareholders' equity per share, SEK	0,85	1,03	0,99	1,20
Cash and cash equivalents per share, SEK	0,06	0,13	0,19	0,07
Quick ratio,%	71 %	71 %	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	-0,15	-0,17	-0,70	-0,60
Profit per employee, kSEK	-127	-95	-592	-339
Number of employees at end of period	39	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.