Westpay AB has resolved on directed issues of shares and convenes an extraordinary general meeting to resolve on a reduction of share capital

The board of directors of Westpay AB (the "Company" or "Westpay") has resolved on two directed issues of shares (together, the "Directed Share Issues"). The Directed Share Issues amounts to a total of 15,047,202 shares at a price of SEK 0.75 per share, to a selected group of investors consisting of existing shareholders and external investors. Through the Directed Share Issues, Westpay may receive approximately SEK 11.2 million in total before issue costs. In order to achieve a share capital more expedient to the Company's financial position, the board of directors has also proposed an extraordinary general meeting, which is expected to be held on January 15, 2024, to resolve on a reduction of the share capital (the "Meeting"). Additionally, the board of directors of the Company has proposed the Meeting to approve one of the directed share issues and to resolve on adjustments to limits for the number of shares and share capital in the Company's articles of association, to enable the reduction of the share capital and the Directed Share Issues. The notice of the Meeting will be published in the official Swedish gazette (Sw. Post- och Inrikes Tidningar) and on the Company's website in the near future.

The Directed Share Issues

The Directed Share Issues are comprised of two directed issues of new shares against cash payment, the first one amounting to 9,713,868 shares, based on the authorization granted by the extraordinary general meeting held on July 31, 2023, the second one amounting to 5,333,334 shares, conditional upon approval from the Meeting. The investors participating in the Directed Share Issues consist of the existing shareholders Torbernt Hjelmvik, Quarterback Capital AB and Mistroms Ltd, as well as the external investors Joachim Höök and Diligenza Group Limited (the "**Investors**"). The reason for the division of the Directed Share Issues into two separate share issues is due to the investor Mistroms Ltd being controlled by the board member Jörgen Nordlund. As a consequence, the board of directors had to resolve upon a so-called LEO issue of 5,333,334 shares, conditional upon approval from the Meeting, separately. In total, the Directed Share Issues amounts to 15,047,202 shares, through which Westpay may receive approximately SEK 11.2 million in total before issue costs.

The subscription price in the Directed Share Issues is SEK 0.75, which has been determined by the board of directors of the Company following arms-length negotiations with the Investors based on the current share price of the Company's shares and is therefore, taking into account the feedback from investors that the Company has received during the market sounding, deemed to correspond to the shares' market value. The subscription price corresponds to a premium of approximately 10 percent to the closing price of SEK 0.68 per share on December 12, 2023 for Westpay's shares on Nasdaq First North Growth Market.

The reasons for the deviation from the shareholders' preferential rights are as follows. After careful consideration, the company has decided to carry out the Directed Share Issues without preferential rights for existing shareholders. This decision is based on a careful analysis of the company's current market situation and the board of directors' assessment that a rights issue would entail significant risks for the company and potentially also for the shareholders. The board of directors' assessment is based, among other things, on the current price of the company's shares and the market's demand for significant discounts, which in the case of rights issues make it challenging to ensure sufficient capital raising. A rights issue would most likely need to be carried out at a lower subscription price due to the discounts that have recently been offered in the market. Such a low subscription price could create distrust among both existing and new customers regarding the company's capabilities and the value of the services provided by the company.

The board of directors' assessment is further based on the fact that a rights issue would entail high costs and an administrative burden for the company, which, in light of the company's current financial situation, would entail a disproportionate strain on the company's resources. More specifically, a rights issue would extend the execution time and increase exposure to market risks compared to the Directed Share Issues, while the capital requirement is relatively limited and the costs of a rights issue would be significantly higher in relation to the capital raised. Furthermore, a rights issue would require significant guarantee commitments from one or more parties, which would be time-consuming given the current market volatility and would entail significant costs and/or additional dilution, depending on the type of remuneration provided for such guarantee commitments. Overall, a likely low subscription price, due to the current market situation, and a high cost and workload to raise the capital means that a rights issue is deemed not beneficial for the company or its shareholders.

Based on the above, the company's board of directors believes that the Directed Share Issues, without preferential rights for existing shareholders, will quickly strengthen the company's financial position at a low cost and thus enable continued growth and success, which benefits all shareholders. By carrying out Directed Share Issues, the company can adapt to market expectations and at the same time direct the capital injection to specific investors, some of whom being existing shareholders, who are prepared to support the company's long-term vision and growth plans. Further, the Investors have been selected on objective grounds to ensure that the Directed Share Issues can be carried out on favorable terms for the company. This strategy allows for a more flexible and efficient fundraising while preserving the company's room for maneuver and ability to focus on its strategic goals. The completion of the Directed Share Issues also enables a more sustainable and realistic path for raising capital considering the company's current financial conditions. Against this background, the board of directors has assessed that the Directed Share Issues without preferential rights is the most beneficial alternative for the company and best for all shareholders.

All participants in the Directed Share Issues have entered into subscription undertakings in regard to their subscribing of shares in Directed Share Issues. The subscription undertakings do not entitle any compensation for the subscribers. The subscription undertakings are not secured by bank guarantee, blocking funds, pledging or similar arrangements.

As the LEO issue falls under the provisions in Chapter 16 of the Swedish Companies Act (S*w. aktiebolagslagen (2005:551)*), a valid resolution requires that it is approved by at least nine-tenths of the votes cast as well as of all shares represented at a general meeting of the Company. A notice of the Meeting will be announced through a separate press release and will also contain proposals on the amendment of the articles of association and a reduction of the share capital (as described below).

Reduction of the share capital

Due to large investments in the Company in recent years, conducted at low valuations, the Company's share capital has grown to a needlessly high level. This high level of share capital puts an unnecessary strain on the Company. In light of this, the board of directors of the Company has proposed the Meeting to resolve on the reduction of the share capital by SEK 12,274,584.8. The purpose of the reduction is allocation to the unrestricted shareholder's equity, which shall be effected without the retirement of shares. After the reduction of the share capital, the share's quota value will be SEK 0.03 per share. The implementation of the reduction of the share capital also requires the approval of the Swedish Companies Registration Office or a court of general jurisdiction. The resolution also requires that the articles of association are amended, as proposed by the board of directors and presented in the notice of the Meeting.

"*During the year we have taken several decisive measures, all with the purpose of ensuring profitable growth. These measures include the implemented cost-saving initiative, strong sales execution creating both a positive outlook for the fourth quarter of 2023, and exceptionally high order bookings with the highest ever remaining contracted recurring revenue (RCRR).*" said Sten Karlsson, CEO at Westpay AB. Sten Karlsson further added that "*At the end of the year we are now strengthening our financial endurance, with two directed share issues, and a reduction of the share capital. With all these elements in place, I am confident and optimistic about the remainder of 2023 and believe we are well-prepared for a prosperous 2024.*"

Changes in the share capital and the number of shares in the Company

Through the Directed Share Issues, the Company's share capital will increase by SEK 3,009,440.4 in total, from SEK 11,431,247.6 to SEK 14,440,688. However, after the Meetings resolution on the reduction of the share capital (as described above), the share capital of the Company will amount to SEK 2,166,103.2. Through the 15,047,202 new shares issued through the Directed Share Issues, the total number of outstanding shares will increase from 57,156,238 shares to 72,203,440 shares. The Directed Share Issues will entail a dilution of approximately 20.8 percent for existing shareholders based on the total number of outstanding shares and votes in the Company following the directed issues.

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Redeye AB is the company's Certified Adviser.

This information is information that Westpay AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2023-12-12 20:10 CET.

About Westpay

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.

Learn more at: westpay.se

Attachments

Westpay AB has resolved on directed issues of shares and convenes an extraordinary general meeting to resolve on a reduction of share capital