

Westpay AB has resolved on a directed issue of shares amounting to approximately SEK 9 million

The board of directors of Westpay AB (the "Company" or "Westpay") has resolved, with the authorisation granted by the annual general meeting 2024, on a directed issue of a total of 18,050,860 shares at a price of SEK 0.50 per share to Dahlgren Capital AB (publ) ("Dahlgren Capital"), through a wholly-owned subsidiary. Through the directed issue, Westpay will receive approximately SEK 9 million before issue costs. In addition to the directed issue, Dahlgren Capital and Westpay have entered into a loan agreement on commercial terms, where Dahlgren Capital provides a loan of SEK 1 million to Westpay.

The board of directors of Westpay has resolved on a directed issue of new shares against cash payment. Through the directed issue, Westpay will receive approximately SEK 9 million before issue costs through three separate payment tranches. Hence, Westpay will receive approximately SEK 3 million no later than 19 June, 2024, approximately SEK 3 million no later than 15 July, 2024, and approximately SEK 3 million no later than 15 August, 2024. A total of 18,050,860 shares will be issued to Dahlgren Capital.

Westpay's result has improved significantly during the past three quarters. Full impact from the cost savings initiative and increased share of recurring revenues are attributable to this improvement. However, to bridge the period until Westpay is cash flow positive, the Company is in need of a capitalization in order to satisfy the Company's need for working capital. The directed issue will provide Westpay with additional resources to support its positive development and strengthen the financial position, enabling the Company to seize new opportunities and drive sustainable growth. The purpose of the directed issue is to secure the Company's working capital needs in this business context.

"I warmly welcome Dahlgren Capital as a new shareholder in Westpay. We share a common understanding of how to achieve solid value creation in a technology-based SaaS company. With Dahlgren Capital we have a long-term strategic investor onboard, and I remain confident that our performance will continue to improve on all levels", says Sten Karlsson, CEO Westpay AB.

Dahlgren Capital is a financial group with focus on fintech, cyber security, AI and automation, where active ownership and long-term value creation are cornerstones. With a high growth rate and a strong team with both financial and operational expertise, Dahlgren Capital is well positioned to continue delivering results and opportunities for both investors and portfolio companies.

Through the directed issue, the Company's share capital will increase by SEK 541,525.80 from SEK 2,166,103.20 to SEK 2,707,629.00 through issue of 18,050,860 new shares, entailing that the total number of outstanding shares will increase from 72,203,440 shares to 90,254,300 shares. The directed issue will entail a dilution of 20 percent for existing shareholders based on the total number of outstanding shares and votes in the Company following the directed issue.

The subscription price in the directed issue is SEK 0.50, which corresponds to a premium of approximately 4,3 percent, compared to the average volume weighted price on Nasdaq First North Growth Market during the last 10 trading days before the issue resolution. The board considers that the above in combination with the fact that the terms of the directed issue is a result of arms-length's negotiations with Dahlgren Capital, ensures that the directed issue is carried out on fair market terms.

The reasons for the deviation from the shareholders' preferential rights are as follows. After careful consideration, the Company has decided to carry out a directed issue of shares without preferential rights for existing shareholders. This decision is based on the board of directors' assessment that a rights issue would entail significant risks for the Company and potentially also for the shareholders. After comparing a rights issue with a directed issue without preferential rights, the board of directors has drawn the following conclusions regarding a rights issue: (i) A rights issue would extend the execution time and increase exposure to market risk compared to a directed issue of shares, (ii) the capital requirement is relatively limited and that the costs of a rights issue would be significantly higher in relation to the capital raised, (iii) a rights issue would require significant guarantees from one or more parties, which would be time-consuming given the current volatility in the market as well as entail significant costs and/or additional dilution, depending on the type of compensation provided for such guarantees, and (iv) a rights issue would most likely have to be carried out at a lower subscription price due to the discounts that have recently been offered on the market. Such a low subscription price could create distrust among both existing and new customers regarding the Company's ability and the value of services provided by the Company. Based on the above, the board of directors believe that the directed issue without preferential rights will quickly strengthen the Company's financial position at a low cost and thus enable continued growth and success, which benefits all shareholders. The board also recognizes that with Dahlgren Capital, the Company gains a long-term strategic investor, which is seen as highly beneficial for the Company. Considering this, the board of directors has determined that a directed issue of shares without preferential rights is the most advantageous alternative for the Company and best for all shareholders. The board of directors considers that the reasons for deviating from the shareholders' preferential rights, as mentioned above, outweigh the main rule that cash issues shall be offered with preferential rights for the shareholders.

In addition to the directed issue, Dahlgren Capital and Westpay have entered into a loan agreement on commercial terms, where Dahlgren Capital provides a loan of SEK 1 million to Westpay. The loan is due for re-payment no later than 15 August, 2025. Westpay has the right to repay the loan in full or in part at any time before the due date.

Advokatfirman Lindahl KB has acted as legal advisor to Westpay.

For additional information, please contact:

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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 2024-06-17 17:55 CEST.

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 a directed issue of shares amounting to approximately SEK 9 million](#)