OXPAY FINANCIAL LIMITED
(Company Registration Number: 200407031R)
(Incorporated in the Republic of Singapore)

RESPONSE TO QUESTIONS FROM A SHAREHOLDER IN RELATION TO THE ANNUAL GENERAL MEETING TO BE HELD ON 29 APRIL 2024

The board of directors (the "**Board**" or "**Directors**") of OxPay Financial Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the questions received from a shareholder of the Company ahead of the Company's Annual General Meeting to be held on 29 April 2024 at 2.00 p.m.. The Company wishes to provide its response to the questions as set out below:

Q1. On pages 2 and 3 of the Company's Annual Report 2023, the Management shared that the payment facilitator agreement (the "Agreement") was terminated by Worldpay since end May 2023.

(i) Can the Management share how long the Company was without a payment facilitator and what is the estimated impact to the Company's revenue and profit in the financial year ended 31 December 2023 ("FY2023")?

Company's response

Following the termination of the Agreement by Worldpay, the Group was without a payment facilitator from end May 2023 till March 2024. On 28 March 2024, the Company announced that OxPay SG Pte. Ltd. ("**OxPay SG**") had entered into a payment facilitator master agreement with DCS Card Centre Pte. Ltd. ("**DCS**") pursuant to which the Group will be able to process credit cards and charge card issued by DCS as well as resume international payments through Visa, Mastercard, Diners Club International and China UnionPay.

Revenue and profit from Worldpay increased in FY2023, as compared to FY2022 despite the termination of the Agreement in end May 2023, due mainly to the higher accumulated processing volume by OxPay SG's merchants in FY2023 for the period from January 2023 till May 2023, as compared to the entire year for FY2022. However, as Worldpay was the only payment facilitator of OxPay SG, there will be an immediate disruption of the Company's future revenue and profit.

(ii) Can the Management share what was the reason behind Worldpay's sudden termination and why the Company was unable to negotiate a smoother transition to an alternative payment facilitator?

Company's response

On 30 May 2023, the Company announced that the Agreement was terminated by Worldpay. The Company believes that the termination was due to issues arising from its merchants. OxPay SG has lodged an appeal on Worldpay's decision to terminate the Agreement and no response from Worldpay has been received to-date.

A smoother transition to an alternative payment facilitator was not possible because Worldpay was the Group's only payment facilitator then and no lead time was provided by Worldpay to the Company prior to the termination of the Agreement.

(iii) Just for clarity, has the above issue been resolved and an alternative payment facilitator found?

Company's response

As disclosed under the response to Q1(i) above, OxPay SG had, in March 2023, entered into a payment facilitator master agreement with DCS pursuant to which the Group will be able to process credit cards and charge card issued by DCS as well as resume international payments through Visa, Mastercard, Diners Club International and China UnionPay.

Q2. On page 2 of the Company's Annual Report 2023, the Management shared that OxPay SG has secured approval from the Monetary Authority of Singapore ("MAS") to offer e-money and account issuance services under its major payment institution license in Singapore. Can the Management shed some light how OxPay SG can stand out among its rivals such as Grab, Singtel Dash, Ezlink, DBS Paylah and Shopee?

Company's response

The Company wishes to clarify that the e-money and account issuance services under OxPay SG's major payment license mainly allow OxPay SG to offer prepaid credit card and virtual account to OxPay SG's merchants. As such, the Company believes that the abovementioned companies are not OxPay SG's direct competitors.

Q3. On page 11 of the Company's Annual Report 2023, revenue from the Group's DCES segment drop drastically from $5.0 million in FY2022 to $0.6 million in FY2023. Can the Management shed some light on the root cause of this decline and share how it intends to revive the DCES business in FY2024?

Company's response

In FY2023, the decrease in revenue from the Group's DCES segment was mainly due to the decrease in sales for this segment as a result of the lower sales in prepaid cards in Malaysia. The Group's key supplier for prepaid cards in Malaysia had failed to obtain its re-certification of EMV chips, which are required for prepaid cards, from its payment partner.

The significant decrease in revenue from the Group's DCES segment in Malaysia does not have a significant impact on the overall gross margin for the Group's Malaysian operations, as sales in prepaid cards business typically will generate high revenue but low gross profit margin.

Q4. On page 11 of the Company's Annual Report 2023, it was shown that the revenue from the Group's Thai and Malaysian operations dropped drastically in FY2023 as compared to FY2022. Can the management shed some light on the root cause of this decline and how it intends to revive the business in these countries in FY2024?

Company's response

In FY2023, the decrease in revenue from the Group's Malaysian operations was mainly due to lower sales in prepaid cards as the Group's key supplier for prepaid cards in Malaysia had failed to obtain its re-certification of EMV chips, which are required for prepaid cards, from its payment partner.

The significant decrease in revenue from the Group's Malaysian operations does not have a significant impact on the overall gross margin for the Group's Malaysian operations as sales in prepaid cards business typically will generate high revenue but low gross profit margin.

The decrease in revenue from the Group's Thailand operations was mainly due to the termination of an acquirer bank, for which no specific reason was given for the termination. Various options are being explored by the Executive Director and Chief Executive Officer of the Company through his networking connections in Thailand to find a replacement for the acquirer bank(s). The Group

is also currently working with Razer Merchant Services Co., Ltd. ("**Razer**") in Thailand as an independent sales organisation that allows the Group to refer merchants to Razer and earn recurring fees.

The Group is fortifying its existing footprint in Singapore, Malaysia, Indonesia, and Thailand while diversifying its service offerings through strategic alliances and acquisitions. This dual approach is expected to solidify the Group's market presence and extend its reach to a broader customer base.

By Order of the Board

Yick Li Tsin
Executive Director and Chief Executive Officer
23 April 2024

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "**Sponsor**"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms. Goh Mei Xian, Director, ZICO Capital Pte. Ltd. at 77 Robinson Road, #06-03, Robinson 77, Singapore 068896, telephone (65) 6636 4201.