



OxPay Financial Limited
(Incorporated in the Republic of Singapore)
(Company Registration No.200407031R)

**CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS FOR THE SIX MONTHS FINANCIAL PERIOD
ENDED 30 JUNE 2023
(UNAUDITED)**

This announcement has been prepared by OxPay Financial Limited (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 Catalyst.

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.

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A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	Group		Increase/ (Decrease) %
		6 months ended		
		30-Jun-23 (Unaudited) S\$'000	30-Jun-22 (Unaudited) S\$'000	
Revenue	4	6,812	5,956	14
Cost of sales		(5,444)	(4,275)	27
Gross profit		1,368	1,681	(19)
<i>Gross profit margin</i>		20%	28%	
Other income	5	45	408	(89)
Finance income	8	454	237	92
Administrative expenses	6	(2,502)	(2,815)	(11)
Impairment loss on trade and other receivables		-	(18)	N.M.
Reversal of impairment loss on trade and other receivables		-	2,287	N.M.
Other operating expenses	7	(110)	(121)	(9)
Finance costs	8	(23)	(16)	44
(Loss) / profit before tax		(768)	1,643	N.M.
Income tax expense		-	-	-
(Loss) / profit after tax		(768)	1,643	N.M.
(Loss) / profit attributable to:				
Equity holders of the Company		(758)	1,624	N.M.
Non-controlling interests		(10)	19	N.M.
(Loss) / profit for the period		(768)	1,643	N.M.
Other comprehensive (loss) / income				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences relating to financial statements of foreign subsidiaries		95	17	N.M.
Total comprehensive (loss) / income for the period		(673)	1,660	N.M.
Total comprehensive (loss) / income attributable to:				
Equity holders of the Company		(662)	1,654	N.M.
Non-controlling interests		(11)	6	N.M.
Total comprehensive (loss) / income for the period		(673)	1,660	N.M.
(Loss) / earnings per share				
Basic (cents)	10	(0.27)	0.59	N.M.
Fully diluted (cents)	10	(0.27)	0.59	N.M.

N.M.: Not meaningful

B. Condensed interim consolidated statement of financial position

	Notes	Group		Company	
		As at 30-Jun-23 (Unaudited) S\$'000	As at 31-Dec-22 (Audited) S\$'000	As at 30-Jun-23 (Unaudited) S\$'000	As at 31-Dec-22 (Audited) S\$'000
Assets					
Property, plant and equipment	11	119	170	-	-
Intangible assets and goodwill	12	276	330	-	-
Investment in subsidiaries		-	-	5,100	5,100
Investment in associate		-	-	-	-
Financial assets at fair value through other comprehensive income	13	-	-	-	-
Trade and other receivables		28	16	-	-
Non-current assets		423	516	5,100	5,100
Cash and cash equivalents (#)		38,600	22,105	71	45
Trade and other receivables		3,173	3,504	51	31
Current assets		41,773	25,609	122	76
Total assets		42,196	26,125	5,222	5,176
Equity					
Share capital	15	55,757	55,757	170,474	170,474
Currency translation reserve		197	101	-	-
Capital reserves		2,896	2,896	*	*
Other reserves		-	-	2,515	2,515
Accumulated losses		(53,682)	(52,924)	(168,964)	(168,607)
Equity attributable to equity holders of the Company		5,168	5,830	4,025	4,382
Non-controlling interests		(353)	(342)	-	-
Total equity		4,815	5,488	4,025	4,382
Liabilities					
Loans and borrowings	14	731	-	-	-
Non-current liabilities		731	-	-	-
Trade and other payables		36,469	20,604	1,197	794
Loans and borrowings	14	181	28	-	-
Income tax payable		-	5	-	-
Current liabilities		36,650	20,637	1,197	794
Total liabilities		37,381	20,637	1,197	794
Total equity and liabilities		42,196	26,125	5,222	5,176

As at 30 June 2023, included in the cash and cash equivalents is an amount of S\$31.8 million (31 December 2022: S\$17.9 million) which has been earmarked for settlement of merchant funding.

* Amount less than S\$1,000.

C. Condensed interim consolidated statement of changes in equity of the Group and statement of changes in equity of the Company

	Attributable to owners of the Company				Total S\$'000	Non- controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Currency translation reserve S\$'000	Capital reserve S\$'000	Accumulated losses S\$'000			
The Group							
At 1 January 2023 (audited)	55,757	101	2,896	(52,924)	5,830	(342)	5,488
Total comprehensive income / (loss) for the period							
Loss for the period	-	-	-	(758)	(758)	(10)	(768)
Other comprehensive income / (loss)							
Foreign currency translation differences	-	96	-	-	96	(1)	95
Total other comprehensive income / (loss)	-	96	-	-	96	(1)	95
Total comprehensive income / (loss) for the period	-	96	-	(758)	(662)	(11)	(673)
At 30 June 2023 (unaudited)	55,757	197	2,896	(53,682)	5,168	(353)	4,815

C. Condensed interim consolidated statement of changes in equity of the Group and statement of changes in equity of the Company

	Attributable to owners of the Company				Total S\$'000	Non- controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Currency translation reserve S\$'000	Capital reserve S\$'000	Accumulated losses S\$'000			
The Group							
At 1 January 2022 (audited)	55,218	143	2,896	(52,370)	5,887	(453)	5,434
Total comprehensive income for the period							
Profit for the period	-	-	-	1,624	1,624	19	1,643
Other comprehensive income / (loss)							
Foreign currency translation differences	-	31	-	-	31	(14)	17
Total other comprehensive income / (loss)	-	31	-	-	31	(14)	17
Total comprehensive income for the period	-	31	-	1,624	1,655	5	1,660
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Issue of ordinary shares for cash	512	-	-	-	512	-	512
Share issue expense	(18)	-	-	-	(18)	-	(18)
Contribution by non-controlling interest ("NCI")	-	-	-	-	-	21	21
Acquisition of NCI's ordinary shares of a subsidiary	-	-	-	(81)	(81)	61	(20)
Total transactions with owners	494	-	-	(81)	413	82	495
At 30 June 2022 (unaudited)	55,712	174	2,896	(50,827)	7,955	(366)	7,589

C. Condensed interim consolidated statement of changes in equity of the Group and statement of changes in equity of the Company

	Share capital S\$'000	Share-based compensation reserve S\$'000	Capital reserve S\$'000	Accumulated losses S\$'000	Total S\$'000
<u>The Company</u>					
At 1 January 2023 (audited)	170,474	2,515	*	(168,607)	4,382
Total comprehensive loss for the period	-	-	-	(357)	(357)
At 30 June 2023 (unaudited)	170,474	2,515	*	(168,964)	4,025
At 1 January 2022 (audited)	169,935	2,515	*	(162,557)	9,893
Issuance of new shares pursuant to:					
Placement shares on 4 May 2022	512	-	-	-	512
Share issue expenses for placement shares on 4 May 2022	(18)	-	-	-	(18)
Total comprehensive loss for the period	-	-	-	(254)	(254)
At 30 June 2022 (unaudited)	170,429	2,515	*	(162,811)	10,133

* Amount less than S\$1,000.

D. Condensed interim consolidated statement of cash flows

	Group	
	6 months ended	
	30-Jun-23 (Unaudited) S\$'000	30-Jun-22 (Unaudited) S\$'000
<u>Cash flows from operating activities</u>		
(Loss) / profit before tax for the period	(768)	1,643
Adjustments for:		
Amortisation of intangible assets	54	57
Depreciation of property, plant and equipment	47	57
Interest income	(417)	(20)
Interest expense	23	16
Impairment loss on trade and other receivables	-	18
Reversal of impairment loss on trade and other receivables	-	(2,287)
Loss on disposal of plant and equipment	4	-
Gain from debt settlement	-	(102)
Unrealised foreign exchange gain	(57)	-
	<u>(1,114)</u>	<u>(618)</u>
Changes in working capital:		
Trade and other receivables	384	189
Trade and other payables	15,865	(1,058)
Cash generated from / (used in) operations	<u>15,135</u>	<u>(1,487)</u>
Interest income received	395	2
Interest paid	(20)	-
Income tax paid	(7)	-
Net cash generated from / (used in) operating activities	<u>15,503</u>	<u>(1,485)</u>
<u>Cash flows from investing activities</u>		
Purchase of property, plant and equipment	(5)	(10)
Purchase of intangible assets	-	(23)
Proceeds from disposal of plant and equipment	3	-
Net cash used in investing activities	<u>(2)</u>	<u>(33)</u>
<u>Cash flows from financing activities</u>		
Proceeds from bank loan	1,000	-
Payment of lease liabilities	(28)	(45)
Payment of interest on lease liabilities	*	(2)
Repayment of loans and borrowings	(75)	(573)
Net proceeds from issuance of new shares	-	494
Capital contribution from non-controlling interest	-	21
Transaction with non-controlling interest	-	(20)
Net cash generated from / (used in) financing activities	<u>897</u>	<u>(125)</u>
Net increase / (decrease) in cash and cash equivalents	16,398	(1,643)
Effect of exchange rate fluctuations on cash held	97	18
Cash and cash equivalents at beginning of financial period	22,105	26,449
Cash and cash equivalents at end of financial period	<u>38,600</u>	<u>24,824</u>

* Amount less than S\$1,000.

E. Notes to the condensed interim consolidated financial statements

These notes form an integral part of the condensed interim consolidated financial statements.

1 Corporate information

OxPay Financial Limited (the “**Company**”) is a company incorporated in Singapore. The address of the Company’s registered office is 10 Ubi Crescent, #03-48 Ubi Techpark, Singapore 408564.

This condensed interim consolidated financial statements as at and for the six months ended 30 June 2023 comprise the Company and its subsidiaries (the “**Group**”).

The principal activities of the Group are to carry on payment technology solution licensing, development and related hardware sales and, or rental, and, electronic payment processing as aggregator and master merchant.

2 Basis of Preparation

The condensed interim consolidated financial statements for the six months ended 30 June 2023 (“**1H2023**”, and for the corresponding six months ended 30 June 2022, “**1H2022**”) have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last audited consolidated financial statements for the financial year ended 31 December 2022 (“**FY2022**”).

The accounting policies and methods of computations adopted are consistent with those adopted by the Company in the most recently audited consolidated financial statements of the Group for FY2022, which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1 of the condensed interim consolidated financial statements.

The condensed interim consolidated financial statements are presented in Singapore dollar which is the Company’s functional currency.

2.1 New and amended standards adopted by the Group

The Group and the Company have adopted all the new and revised SFRS(I)s and SFRS(I) Interpretations that are relevant to its operations and effective for the annual period beginning on 1 January 2023. The adoption of these new and revised SFRS(I)s and SFRS(I) Interpretations has no material effect on the performance and financial position of the Group and of the Company for the current financial period reported on. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

E. Notes to the condensed interim consolidated financial statements

2.2 Use of judgements and estimates

The preparation of the financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant judgements made in the preparation of these financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following note:

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group's Chief Financial Officer has overall responsibility for all significant fair value measurements, including Level 3 fair value.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

3 Seasonal operations

The Group's merchant payment services ("**MPS**") business segment is subject to seasonal fluctuations in line with those experienced by the merchants which it services. These customers of the Group in the MPS segment typically experience higher sales and transaction volumes during public holidays and festive seasons. Accordingly, more payments are processed before and during public holidays and festive seasons which translate to a higher amount of payment processing fees being collected by the Group. The Group's digital commerce enabling solutions ("**DCES**") business segment is not affected by any seasonal changes in demand.

E. Notes to the condensed interim consolidated financial statements

4 Segment and revenue information

The Group is principally engaged in the provision of merchant payment processing services and digital commerce enabling services, with focus on the retail, transportation, and food and beverage industries. The Group operates two (2) distinct business segments:

- 4.1 MPS business segment – The Group provides payment processing services through its unified platform and smart software, which can be (a) installed onto or integrated with any smart devices (including mobile phones, tablets, and smart point-of-sales (“POS”) terminals) for merchants with physical stores or (b) integrated into websites and applications of online merchants.
- 4.2 DCES business segment – The Group provides its ancillary services, such as the sale or lease of smart POS terminals, provision of proprietary and licensed software as a service, and white-labelling of its proprietary or licenced software, and development of bespoke software for its merchants.
- 4.3 Unallocated segment refers to the income, expenses, assets and liabilities that are not allocated to MPS or DCES. It primarily comprises income (if any), expenses, assets and liabilities that are associated with the Company and any other adjustments that may be made on the consolidated accounts to the Group.

These operating segments are reported in a manner consistent with internal management reporting provided to the Managing Director who is responsible for allocating resources and assessing performance of the operating segments.

4.1 Reportable segments

	Group			
	6 months ended 30 June 2023			
	MPS	DCES	Unallocated	Consolidated
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	S\$'000	S\$'000	S\$'000	S\$'000
Total segment revenue	6,364	448	-	6,812
Inter-segment revenue	-	-	-	-
Revenue from external parties	6,364	448	-	6,812
Depreciation	(39)	(8)	-	(47)
Amortisation	(54)	*	-	(54)
Finance income	572	6	(124)	454
Finance costs	(25)	*	2	(23)
Segment (loss) / profit	(354)	15	(429)	(768)
Other material non-cash items:				
Reportable segment assets	41,672	402	122	42,196
Reportable segment liabilities	(37,127)	(86)	(168)	(37,381)
Capital expenditure	4	1	-	5

* Amount less than S\$1,000.

E. Notes to the condensed interim consolidated financial statements

4.1 Reportable segments (cont'd)

	Group			
	6 months ended 30 June 2022			
	MPS (Unaudited) S\$'000	DCES (Unaudited) S\$'000	Unallocated (Unaudited) S\$'000	Consolidated (Unaudited) S\$'000
Total segment revenue	3,376	2,580	-	5,956
Inter-segment revenue	-	-	-	-
Revenue from external parties	3,376	2,580	-	5,956
Depreciation	(45)	(12)	-	(57)
Amortisation	(56)	(1)	-	(57)
Finance income	238	10	(11)	237
Finance costs	(2)	*	(14)	(16)
Segment profit / (loss)	1,812	74	(243)	1,643
Other material non-cash items:				
Impairment loss on trade and other receivables	(18)	*	-	(18)
Reversal of impairment loss on trade and other receivables	2,258	29	-	2,287
Reportable segment assets	27,740	482	395	28,617
Reportable segment liabilities	(20,353)	(226)	(449)	(21,028)
Capital expenditure	33	19	-	52

* Amount less than S\$1,000.

E. Notes to the condensed interim consolidated financial statements

4.2 Disaggregation of revenue

	Group 6 months ended 30 June 2023			
	MPS (Unaudited) S\$'000	DCES (Unaudited) S\$'000	Others (Unaudited) S\$'000	Consolidated (Unaudited) S\$'000
Types of goods or services				
Transaction revenue	6,023	-	-	6,023
Sales of services	-	448	-	448
Other revenue	341	-	-	341
	6,364	448	-	6,812
Timing of revenue recognition where performance obligations are:				
Satisfied at a point in time	6,351	2	-	6,353
Satisfied over time	13	446	-	459
	6,364	448	-	6,812
Geographical information				
Singapore	5,902	8	-	5,910
Malaysia	137	440	-	577
Thailand	325	-	-	325
	6,364	448	-	6,812

	Group 6 months ended 30 June 2022			
	MPS (Unaudited) S\$'000	DCES (Unaudited) S\$'000	Others (Unaudited) S\$'000	Consolidated (Unaudited) S\$'000
Types of goods or services				
Transaction revenue	2,634	-	-	2,634
Sales of services	-	2,580	-	2,580
Other revenue	742	-	-	742
	3,376	2,580	-	5,956
Timing of revenue recognition where performance obligations are:				
Satisfied at a point in time	3,363	2	-	3,365
Satisfied over time	13	2,578	-	2,591
	3,376	2,580	-	5,956
Geographical information				
Singapore	2,527	67	-	2,594
Malaysia	132	2,513	-	2,645
Thailand	717	*	-	717
	3,376	2,580	-	5,956

* Amount less than S\$1,000.

E. Notes to the condensed interim consolidated financial statements

	6 months ended		Increase/ (Decrease) (%)
	30-Jun-23 (Unaudited) S\$'000	30-Jun-22 (Unaudited) S\$'000	
5 Other income			
Government grants	40	306	(87)
Gain from debt settlement	-	102	N.M.
Sundry income	5	-	N.M.
	<u>45</u>	<u>408</u>	<u>(89)</u>

	6 months ended		Increase/ (Decrease) (%)
	30-Jun-23 (Unaudited) S\$'000	30-Jun-22 (Unaudited) S\$'000	
6 Administrative expenses			
Employee compensation	1,400	1,526	(8)
Professional services fees	281	438	(36)
Occupancy costs	26	8	N.M.
Directors' fees	120	120	-
SGX Listing and related expenses	16	11	45
Other administrative expenses	659	712	(7)
	<u>2,502</u>	<u>2,815</u>	<u>(11)</u>

	6 months ended		Increase/ (Decrease) (%)
	30-Jun-23 (Unaudited) S\$'000	30-Jun-22 (Unaudited) S\$'000	
7 Other operating expenses			
Amortisation of intangible assets	54	57	(5)
Depreciation of property, plant and equipment	47	57	(18)
Loss on disposal of plant and equipment	4	-	N.M.
Travelling and accommodation expenses	5	7	(29)
	<u>110</u>	<u>121</u>	<u>(9)</u>

E. Notes to the condensed interim consolidated financial statements

	6 months ended		Increase/ (Decrease) (%)
	30-Jun-23 (Unaudited) S\$'000	30-Jun-22 (Unaudited) S\$'000	
8 Finance income and costs			
Interest income arising from financial assets measured at amortised cost	417	20	N.M.
Foreign exchange gain, net	37	217	(83)
Total Finance Income	454	237	92
Interest expense on loans	23	14	64
Interest expense on leases	*	2	N.M.
Total Finance Cost	23	16	44

* Amount less than S\$1,000.

9 Net Asset Value

	Group		Company	
	As at 30 June 2023	As at 31 December 2022	As at 30 June 2023	As at 31 December 2022
Net asset value per ordinary share (S\$ cents)	1.87	2.11	1.46	1.59
No. of ordinary shares	275,843,137	275,843,137	275,843,137	275,843,137

10 (Loss) / earnings per share

	Group	
	6 months ended 30-Jun-23 (Unaudited)	30-Jun-22 (Unaudited)
Net (loss) / profit attributable to equity holders of the Company (S\$'000)	(758)	1,624
Weighted average number of ordinary shares outstanding for basic (loss) / earnings per share	275,843,137	273,272,714
Weighted average number of ordinary shares outstanding for diluted (loss) / earnings per share	275,843,137	273,272,714
(a) Basic (loss) / earnings per share (S\$ cents)	(0.27)	0.59
(b) Diluted (loss) / earnings per share (S\$ cents)	(0.27)	0.59

Diluted (loss) / earnings per share

For the purpose of calculating diluted (loss) / earnings per share, the weighted average number of ordinary shares in issue are adjusted for the dilutive effects of potential ordinary share issues for the respective period.

There are no potential dilutive ordinary share issues as at 30 June 2023 and 2022.

E. Notes to the condensed interim consolidated financial statements

11 Property, plant and equipment

Group	Computer Software and equipment	Office equipment, Furniture & Fittings and Renovation	Payment terminals	Motor vehicles	Leased office space	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Cost						
Balance as at 1 January 2023	784	107	979	34	152	2,056
Additions	5	-	-	-	-	5
Disposal	(1)	-	(10)	-	(152)	(163)
Effect of movements in exchange rate	(2)	*	(2)	(2)	*	(6)
Balance as at 30 June 2023	786	107	967	32	-	1,892
Accumulated depreciation						
Balance as at 1 January 2023	737	104	885	34	126	1,886
Depreciation charge	10	1	10	-	26	47
Disposal	(1)	-	(3)	-	(152)	(156)
Effect of movements in exchange rate	*	*	(2)	(2)	*	(4)
Balance as at 30 June 2023	746	105	890	32	-	1,773
Carrying amounts						
Balance as at 1 January 2023	47	3	94	-	26	170
Balance as at 30 June 2023	40	2	77	-	-	119

Company

The Company does not have any property, plant and equipment as at 30 June 2023 and 31 December 2022.

* Amount less than S\$1,000.

E. Notes to the condensed interim consolidated financial statements

12 Intangible Assets

Group	Goodwill S\$'000	Patent and Trademark S\$'000	Software Development S\$'000	Total S\$'000
Cost				
Balance as at 1 January 2023	541	104	4,362	5,007
Additions	-	-	-	-
Balance as at 30 June 2023	541	104	4,362	5,007
Accumulated amortisation and impairment losses				
Balance as at 1 January 2023	541	92	4,044	4,677
Amortisation charge	-	4	50	54
Balance as at 30 June 2023	541	96	4,094	4,731
Net Book Value				
Balance as at 1 January 2023	-	12	318	330
Balance as at 30 June 2023	-	8	268	276

Impairment test

Software development

The Group has 20 internally developed software solutions and 1 software solution under development as at 30 June 2023 (31 December 2022: 20 internally developed software solutions and 1 software solution under development) that can be used by small businesses and merchants to facilitate payments using their own mobile devices. 18 of these software solutions were impaired in prior years.

As at the reporting date, the management of the Company had carried out a review of the recoverable amount of the intangible assets. As at 30 June 2023, there is no indication of impairment on the remaining 2 software solutions (31 December 2022: S\$19,000).

Company

The Company does not have any intangibles assets as at 30 June 2023 and 31 December 2022.

13 Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise the following:

	The Group	
	30-Jun-23 (Unaudited) S\$'000	31-Dec-22 (Audited) S\$'000
Indonesia unquoted equity security		
- PT MCP Indo Utama ("PT MCP")	-	-

On 27 June 2023, PT MCP completed the placement of 3,825,000 new Series C shares at the issue price of Rp.15,700 per new Series C share to two subscribers, raising net proceeds of Rp.60,052,500,000. As a result, the Group's shareholding in PT MCP decreased from 24.0% to 6.9% and PT MCP ceased to be an associate of the Group. The investment in PT MCP was reclassified from investment in associate to financial assets at fair value through other comprehensive income.

The investment in PT MCP was measured at level 3 of the fair value hierarchy.

E. Notes to the condensed interim consolidated financial statements

14 Borrowings

Group	As at 30-Jun-23 (Unaudited)		As at 31-Dec-2022 (Audited)	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one (1) year or less, or on demand				
Bank loan	-	181	-	-
Lease payable	-	-	-	28
Amount repayable after one (1) year				
Bank loan	-	731	-	-

Notes on Group's Borrowings

Bank loan is unsecured, carries an interest of 4.5% per annum for a period of 5 years.

Lease payable as at 30 June 2023 relates to the leases for two offices for the period of one year ending 31 March 2024 and 30 April 2024 respectively.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Lease payable as at 31 December 2022 relates to the leases for two offices for periods of one to two years ended 31 March 2023 and 30 April 2023 respectively.

Details of any collateral and contingent liability

As at 30 June 2023, the Group has no banker's guarantees or other collateral and contingent liability. S\$0.2 million was pledged to Monetary Authority of Singapore ("MAS") on 1 February 2023 as banker's guarantee, in place of the collateral of security deposit required by MAS, was terminated on 21 February 2023.

As at 31 December 2022, the Group was granted banker's guarantees of S\$660,000 and S\$200,000 for security deposit required by a payment acquirer and MAS, respectively. The security deposits are required by a certain payment acquirer and MAS in the event the Group is unable to settle any outstanding amount due to the payment acquirer and MAS (pursuant to the requirement under section 22 of the Payment Services Act 2019), respectively. The Group does not expect any situation that would result in its inability to settle any payable due to the payment acquirer or MAS.

E. Notes to the condensed interim consolidated financial statements

15 Share Capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regards to the Company's residual assets. The following tables set out the share capital movements during the financial period and comparative period.

	Note	Company 2023	
		No. of shares	S\$'000
Issued and fully paid ordinary shares, with no par value:			
At 1 January 2023 and 30 June 2023		275,843,137	170,474

	Note	Company 2022	
		No. of shares	S\$'000
Issued and fully paid ordinary shares, with no par value:			
At 1 January 2022		272,248,881	169,935
Issue of ordinary shares for cash on 4 May 2022	15.1	3,251,119	494
At 30 June 2022		275,500,000	170,429
Issue of ordinary shares pursuant to vesting of share awards on 23 September 2022	15.2	343,137	45
At 31 December 2022		275,843,137	170,474

	Note	Group S\$'000
Issued and fully paid ordinary shares, with no par value:		
At 1 January 2023 and 30 June 2023		55,757

	Note	Group S\$'000
Issued and fully paid ordinary shares, with no par value:		
At 1 January 2022		55,218
Issue of ordinary shares for cash	15.1	512
Share issue expense	15.1	(18)
Subtotal		494
At 30 June 2022		55,712
Share-based payments – employees incentive scheme	15.2	46
Share issue expense	15.2	(1)
Subtotal		45
At 31 December 2022		55,757

E. Notes to the condensed interim consolidated financial statements

15.1 Placement shares issued on 4 May 2022

On 4 May 2022, the Company completed the placement of 3,251,119 new ordinary shares at the issue price of S\$0.1575 per new share to a subscriber, raising gross proceeds of S\$512,051. Net proceeds received after deducting direct expenses of S\$18,190 relating to the placement was S\$493,861.

15.2 Shares issued on 23 September 2022 pursuant to vesting of share award

On 23 September 2022, the Company granted and issued 343,137 new ordinary shares to the then managing director of the Company pursuant to the vesting of share awards granted under the OxPay Performance Share Plan adopted by the Company at the extraordinary general meeting held on 22 January 2021. The new shares were valued at S\$0.134 each on the vesting date, 23 September 2022. The direct expenses relating to the issuance of new shares pursuant to the vesting of share awards was S\$1,150.

16 Subsequent Events

There are no known subsequent events which have led to adjustments to this set of condensed interim consolidated financial statements.

F. Other Supplementary Information Pursuant to Appendix 7C of the Catalyst Rules

- 1 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The condensed interim consolidated statement of financial position of the Company and its subsidiaries as at 30 June 2023 and the related condensed interim consolidated profit or loss and other comprehensive income, condensed interim consolidated statement of changes in equity, statement of changes in equity of the Company and condensed interim consolidated statement of cash flows for the six months ended 30 June 2023 and explanatory notes have not been audited or reviewed by the Company's auditors.

- 2 Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).**

Not applicable.

- 3 Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-**

- (a) Updates on the efforts taken to resolve each outstanding audit issue**
(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable. The Group's latest audited consolidated financial statements for the financial year ended 31 December 2022 are not subject to an adverse opinion, qualified opinion or disclaimer of opinion issued by the Company's auditors.

- 4 Additional disclosures on securities issued by the issuer**

- 4.1 Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Please refer to Note 15 in Section E - Notes to the condensed interim consolidated financial statements of this report for the details of the changes in share capital of the Company for 1H2023.

Save as disclosed above, the Company did not have any treasury shares, subsidiary holdings or other convertibles as at 30 June 2023 and 30 June 2022.

F. Other Supplementary Information Pursuant to Appendix 7C of the Catalyst Rules

- 4.2 To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 30 June 2023	As at 31 December 2022
Number of issued shares excluding treasury shares	275,843,137	275,843,137

The Company did not have any treasury shares as at 30 June 2023 and 31 December 2022.

- 4.3 A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company does not have any treasury shares during and as at the end of the current financial period reported on.

- 4.4 A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company does not have any subsidiary holdings during and as at the end of the current financial period reported on.

5 Review of performance of the Group

- a. **Condensed interim consolidated statement of profit or loss and other comprehensive income of the Group**

The Group recorded a net loss of S\$0.8 million in 1H2023, as compared to a net profit of S\$1.6 million in 1H2022.

The following are the key factors contributing to the Group's results for 1H2023, as compared to the same period in 1H2022:

- a. Revenue increased by 14% or S\$0.8 million for 1H2023, from S\$6.0 million in 1H2022 to S\$6.8 million in 1H2023. The increase in revenue was mainly due to the increase in sales from the MPS business segment for Singapore and was partially offset by the decrease in sales from the DCES business segment for Malaysia.
- b. Gross profit margin decreased from 28% in 1H2022 to 20% in 1H2023. Overall gross profit had decreased by 19% or S\$0.3 million. This was mainly attributable to the revenue for 1H2023 being from merchants with lower profit margins.
- c. Other income decreased by 89% or S\$0.4 million in 1H2023. The decrease was mainly due to the decrease in government grants of S\$0.3 million and the absence of a gain from debt settlement of S\$0.1 million.
- d. Finance income increased by 92% or S\$0.2 million in 1H2023. This was mainly due to the higher interest income from the short-term fixed deposits and partially offset by the decrease in foreign exchange gain due to the higher appreciation of US dollar against Singapore dollar in 1H2022 as compared to 1H2023.
- e. Administrative expenses decreased by 11% or S\$0.3 million, from S\$2.8 million in 1H2022 to S\$2.5 million in 1H2023. The decrease in administrative expenses was mainly due to the decrease in employee compensation and professional services fees of S\$0.1 million and S\$0.2 million respectively.

F. Other Supplementary Information Pursuant to Appendix 7C of the Catalyst Rules

- f. There was no impairment loss on trade and other receivables for 1H2023. The reversal of impairment loss on trade and other receivables of S\$2.3 million in 1H2022 was mainly due to a reversal of a one-time impairment loss of S\$2.3 million as an agreement was reached with a debtor to assign its debt against an amount payable to a related party of the debtor, of which the outstanding amount had been fully impaired in FY2021.
- g. Other operating expenses were comparable for 1H2023 and 1H2022.
- h. Finance costs increased marginally in 1H2023 as compared to 1H2022. This was mainly due to the drawdown of a bank loan of S\$1.0 million in February 2023.

b. Condensed interim consolidated statement of financial position

As at 30 June 2023, the Group's net asset value stood at S\$5.2 million, a decrease of S\$0.7 million as compared to 31 December 2022. This decrease was due to the losses incurred in 1H2023 and partially offset by an increase in currency translation reserve of S\$0.1 million.

The Group reported a positive working capital position of S\$5.1 million as at 30 June 2023, as compared to S\$5.0 million as at 31 December 2022.

Non-current assets

There was a S\$0.1 million decrease in non-current assets as at 30 June 2023 as compared to 31 December 2022. The decrease was mainly due to the amortisation of intangible assets and depreciation of plant and equipment charged in 1H2023.

Current Assets

Current assets comprised cash and cash equivalents, and trade and other receivables. Current assets increased by S\$16.2 million from S\$25.6 million as at 31 December 2022 to S\$41.8 million as at 30 June 2023, due to the increase in cash and cash equivalents of S\$16.5 million and was partially offset by the decrease in trade and other receivables of S\$0.3 million. The increase in cash and cash equivalents was mainly attributable to the cash generated from operating activities.

Please refer to the section on "Condensed interim consolidated statement of cash flows" below for the reasons in the movement of cash and cash equivalents.

Liabilities

Current liabilities comprised mainly trade and other payables, and loans and borrowings. Current liabilities increased by S\$16.0 million from S\$20.6 million as at 31 December 2022 to S\$36.7 million as at 30 June 2023.

Trade and other payables increased by S\$15.9 million from S\$20.6 million as at 31 December 2022 to S\$36.5 million as at 30 June 2023. This was mainly due to the increase in merchant payables as a result of higher processing volume.

Loans and borrowings (current and non-current) increased to S\$0.9 million as at 30 June 2023. This was mainly due to the drawdown of the bank loan of S\$1.0 million in February 2023 and was partially offset by the repayment of loan and lease liabilities of S\$0.1 million.

c. Condensed interim consolidated statement of cash flows

The Group's cash and cash equivalents increased by S\$16.5 million from S\$22.1 million as at 31 December 2022 to S\$38.6 million as at 30 June 2023. The increase in cash and cash equivalents in 1H2023 was mainly due to:

F. Other Supplementary Information Pursuant to Appendix 7C of the Catalyst Rules

- i. Net cash generated from operating activities of S\$15.5 million, mainly due to the increase in trade and other payables of S\$15.9 million, decrease in trade and other receivables of S\$0.4 million and interest income received of S\$0.4 million, and was partially offset by the operating cash outflows before working capital changes of S\$1.1 million;
- ii. There was no major movement in net cash used in investing activities; and
- iii. Net cash generated from financing activities of S\$0.9 million, mainly due to the proceeds from a bank loan of S\$1.0 million (which was drawn down in February 2023) and was partially offset by the repayment of loan and lease liabilities of S\$0.1 million.

6 Where a forecast, or a prospect statement has been previously disclosed to shareholders, any variance between it and the actual results.

The unaudited consolidated financial results of the Group for 1H2023 as set out in this announcement, are in line with the profit guidance announcement for 1H2023 released by the Company on 1 August 2023.

7 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 6 months.

The ASEAN digital payments industry is on a steady growth trajectory, with an expected compound annual growth rate of 13% from 2022 to 2030¹. This growth is primarily fueled by the declining reliance on cash and the increasing adoption of e-wallets among consumers. As merchants embrace omnichannel payments to enhance convenience for their consumers, the selection of the right payment partner becomes a critical factor in securing a competitive advantage within the industry.

OxPay is strategically positioned to capitalise on this industry growth through its establishment of international payment alliances with key players in the ASEAN region. Through these strategic partnerships, OxPay aims to rapidly and cost-efficiently expand its business. Notably, OxPay has successfully partnered with NomuPay, offering integrated payments solutions in four Southeast Asia markets and Hong Kong.

In line with its growth strategy, the Group prioritises stabilising its existing business operations in Singapore, Malaysia and Thailand, while simultaneously enhancing its service offerings to attract a larger customer base. It is expected that these goals will be achieved through strategic partnerships and potential acquisitions.

However, the recent termination of the PayFac Agreement by Worldpay, as announced on 30 May 2023, is expected to be a temporary setback and have a material impact on the Group's financial performance and position for the financial year ending 31 December 2023. Meanwhile, OxPay remains committed to its growth plans and is working vigorously to negate any potential impact through its expansion initiatives and through growing its business with other acquirers.

Furthermore, the Group has received in-principle approval from the Monetary Authority of Singapore to offer E-money and Account Issuance Services under its Major Payment Institution License in Singapore. With this approval in hand, the Group aims to launch its card issuance services in early 2024, barring unforeseen circumstances.

¹https://services.google.com/fh/files/misc/economy_sea_2022_report.pdf?utm_source=bain&utm_medium=website&utm_campaign=202

F. Other Supplementary Information Pursuant to Appendix 7C of the Catalyst Rules

By capitalising on the thriving digital payments landscape in the ASEAN region and leveraging strategic partnerships, OxPay remains optimistic about its positioning in the fast-growing digital payments ecosystem. Going forward, OxPay will continue to drive towards its vision in the competitive and dynamic industry.

8 Dividends

Not applicable.

9 If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for 1H2023 as the Company is in an accumulated losses position.

10 If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company does not have a general mandate from shareholders for interested person transactions.

There were no interested person transactions entered into by the Group with a value of S\$100,000 or more during 1H2023.

11 Disclosure of acquisition (including incorporations) and sale of shares since the end of the previous reporting period pursuant to Rule 706A of the Catalyst Rules.

The Group has not carried out any acquisitions (including incorporations) and realisations of shares in subsidiaries and/or associated companies since the end of the previous reporting period, up to 30 June 2023, except as disclosed in Note 13 in Section E – Notes to the condensed interim consolidated financial statements, for the details of the changes in the investment in associate to financial assets at fair value through other comprehensive income for 1H2023.

12 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalyst Rules.

The Company confirms that all the required undertakings under Rule 720(1) of the Catalyst Rules have been obtained from its Directors and Executive Officers in the format set out in Appendix 7H of the Catalyst Rules.

F. Other Supplementary Information Pursuant to Appendix 7C of the Catalist Rules

13 Confirmation by the Board pursuant to Rule 705(5) of the Catalist Rules.

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited condensed interim consolidated financial statements of the Group for the six months financial period ended 30 June 2023 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Ching Chiat Kwong
Non-Executive Non-Independent
Chairman

Koh Jin Kit
Managing Director

**BY ORDER OF THE BOARD
OXPAY FINANCIAL LIMITED**

Koh Jin Kit
Managing Director
Singapore

10 August 2023