

**ERAJAYA DIGITAL PTE LTD
AND ITS SUBSIDIARIES**

(Company registration number: 202112055C)

Director's Statement and Financial Statements
for the financial year ended 31 December 2023

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES**DIRECTORS' STATEMENT**

The Directors of Erajaya Digital Pte Ltd (the "Company") present their statement to the members together with the audited financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2023 and the statement of the financial position of the Company as at 31 December 2023.

1. Opinion of the Directors

In the opinion of the Board of Directors,

- (a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of the financial performance, changes in equity and cash flows of the Group for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

The Directors of the Company in office at the date of this statement are as follows:

Budiarto Halim
Sim Chee Ping
Sintawati Halim

3. Arrangements to enable the Directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures, of the Company or any other body corporate.

4. Directors' interests in shares or debentures

The Directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967 (the "Act"), except as follows:

Name of Directors and companies in which interests are held	Shareholdings registered in name of Director		Shareholdings in which Director is deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
Company:				
Erajaya Digital Pte Ltd				
(No. of ordinary shares)				
Budiarto Halim	-	-	6,250,000	6,250,000
Sintawati Halim	-	-	7,500,000	7,500,000
Sim Chee Ping	-	-	6,250,000	6,250,000

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT

4. Directors' interests in shares or debentures (Continued)

Name of Directors and companies in which interests are held	Shareholdings registered in name of Director		Shareholdings in which Director is deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
Ultimate Holding Company:				
PT Erajaya Swasembada Tbk				
(No. of ordinary shares)				
Budiarto Halim	6,250,000	6,250,000	-	-
Sintawati Halim	7,500,000	7,500,000	-	-
Sim Chee Ping	6,250,000	6,250,000	-	-

By virtue of Section 7 of the Act, Budiarto Halim, Sintawati Halim and Sim Chee Ping are deemed to have an interest in all related corporations of the Company at the end of the financial year.

5. Share options

There were no share options granted by the Company or its subsidiary corporations during the financial year.

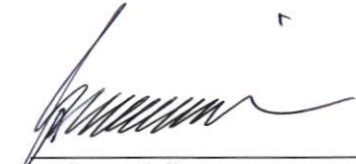
There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under option as at the end of the financial year.

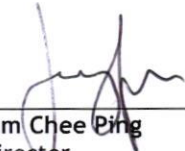
6. Independent auditor

The independent auditor, BDO LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors


Budiarto Halim
Director

3 May 2024


Sim Chee Ping
Director



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INDEPENDENT AUDITOR'S REPORT

To the Members of Erajaya Digital Pte Ltd

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Erajaya Digital Pte Ltd (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 December 2023, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2023;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group for the financial year then ended; and
- notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2023, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



KEY AUDIT MATTER	AUDIT RESPONSE
1 Impairment of the Company's investment in subsidiaries As at 31 December 2023, the carrying amount of the Company's investments in subsidiaries was \$27,055,497 representing 34% of the Company's total assets. Management determined that there were indicators for impairment of the investments in certain subsidiaries, due to losses incurred by these subsidiaries, and accordingly performed impairment tests on the Company's investment in these subsidiaries. For impairment test, the recoverable amount was determined based on VIU calculations. The use of this method required the estimation of future cash flows and the determination of discount rates in order to calculate the present value of the cash flows. We have determined the impairment assessment of the investment in subsidiaries to be a key audit matter as the impairment assessment involved significant judgements and estimates. Refer to Notes 2.5, 3.2(i) and 13 of the accompanying financial statements.	Our procedures included, amongst others, the following: ■ We evaluated management's impairment assessment, their basis for the determination of the recoverable amounts and key assumptions used in the VIU calculations; ■ We compared underlying data used in the VIU calculations against historical actual performance for reasonableness of key assumptions used; ■ We engaged our internal valuation specialist to evaluate the appropriateness of the VIU calculation model and reasonableness of the discount rate used by management; ■ We performed sensitivity analysis on the key assumptions used by management; and ■ We assessed the adequacy and appropriateness of the related disclosures in the financial statements.

Other matters

The financial statements of the Company for the financial year ended 31 December 2022, which comprise of the statement of financial position of the Company as at 31 December 2022, and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended were audited by another auditor who expressed an unmodified opinion on those financial statements on 28 March 2023.

As disclosed in Note 2.1, the Group did not prepare the consolidated financial statements for the financial year ended 31 December 2022 as the Group applied the consolidation exemption in accordance with SFRS(I) 10 Consolidated Financial Statements. As such, the Group's consolidated financial statements for the financial year ended 31 December 2022, which comprise of the statement of financial position of the Group as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group for the financial year then ended were not audited.



Other Information

Management is responsible for the other information. The other information comprises the directors' statement.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Liang Hongzhou.

DocuSigned by:

BDO LLP

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BDO LLP
Public Accountants and
Chartered Accountants

Singapore
3 May 2024

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

			Group
	Note	2023	2022
		\$	\$
			Unaudited
Revenue	4	967,605,267	494,465,014
Cost of sales		(886,444,040)	(456,498,483)
Gross profit		81,161,227	37,966,531
Other income	5	2,316,882	1,468,460
Other items of expense			
Selling and distribution expenses		(52,551,489)	(15,929,849)
General and administrative expenses		(33,329,861)	(12,429,249)
Finance costs	7	(8,754,705)	(3,627,967)
(Loss)/profit before income tax	8	(11,157,946)	7,447,926
Income tax expense	9	(2,058,102)	(4,303,732)
(Loss)/profit for the financial year		(13,216,048)	3,144,194
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		(3,367,996)	(2,243,530)
Total comprehensive income		(16,584,044)	900,664
(Loss)/profit attributable to:			
Owners of the parent		(14,205,078)	2,271,018
Non-controlling interest		989,030	873,176
		(13,216,048)	3,144,194
Total comprehensive income attributable to:			
Owners of the parent		(16,392,331)	1,235,353
Non-controlling interest		(191,713)	(334,689)
		(16,584,044)	900,664

The accompanying notes form an integral part of these financial statements.

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

		Group		Company	
	Note	2023	2022	2023	2022
		\$	\$	\$	\$
		Unaudited			
ASSETS					
Non-current assets					
Property, plant and equipment	10	31,225,153	25,251,622	-	-
Investment properties	11	801,337	872,335	-	-
Right-of-use assets	12	21,741,182	22,736,056	-	-
Investment in subsidiaries	13	-	-	27,055,497	22,629,455
Deferred tax assets	14	711,072	695,372	-	-
Total non-current assets		54,478,744	49,555,385	27,055,497	22,629,455
Current assets					
Inventories	15	124,697,829	100,734,695	-	-
Trade and other receivables	16	44,042,473	48,385,407	46,563,449	1,987,013
Income tax receivable		2,144,933	-	-	-
Fixed deposits	17	2,657,756	918,402	1,155,757	-
Cash and bank balances	17	21,642,169	12,537,745	2,747,123	137,492
Total current assets		195,185,160	162,576,249	50,466,329	2,124,505
Total assets		249,663,904	212,131,634	77,521,826	24,753,960
EQUITY AND LIABILITIES					
Equity					
Share capital	18	27,188,598	18,948,598	27,188,598	18,948,598
Advance received for share subscription	18	-	3,650,000	-	3,650,000
Exchange translation reserve	19	(3,217,811)	(1,030,558)	-	-
Other reserves	19	27,299,525	27,299,525	-	-
(Accumulated losses)/Retained earnings		(11,678,003)	2,527,075	1,609,047	2,141,620
Equity attributable to owners of the Company		39,592,309	51,394,640	28,797,645	24,740,218
Non-controlling interests		20,253,874	20,305,587	-	-
Total equity		59,846,183	71,700,227	28,797,645	24,740,218

The accompanying notes form an integral part of these financial statements.

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

		Group		Company	
	Note	2023	2022	2023	2022
		\$	\$	\$	\$
		Unaudited			
Non-current liabilities					
Borrowings	20	1,561,306	1,781,525	-	-
Bond payable	21	47,353,072	-	47,353,072	-
Lease liabilities	12	9,281,253	12,722,305	-	-
Deferred tax liabilities	14	1,440,650	1,399,464	-	-
Total non-current liabilities		59,636,281	15,903,294	47,353,072	-
Current liabilities					
Trade and other payables	22	59,010,180	102,314,434	1,371,109	7,500
Borrowings	20	57,239,211	10,633,603	-	-
Lease liabilities	12	13,637,037	11,166,917	-	-
Income tax payables		295,012	413,159	-	6,242
Total current liabilities		130,181,440	124,528,113	1,371,109	13,742
Total liabilities		189,817,721	140,431,407	48,724,181	13,742
Total equity and liabilities		249,663,904	212,131,634	77,521,826	24,753,960

The accompanying notes form an integral part of these financial statements.

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Share capital \$	Advance received for share subscription \$	Other reserves \$	Exchange translation reserve \$	Retained earnings/ (Accumulated losses) \$	Equity attributable to owners of the Company \$	Non- controlling interest \$	Total equity \$
Group									
Balance as at 1 January 2023		18,948,598	3,650,000	27,299,525	(1,030,558)	2,527,075	51,394,640	20,305,587	71,700,227
Total comprehensive loss for the financial year:									
Loss for the financial year		-	-	-	-	(14,205,078)	(14,205,078)	989,030	(13,216,048)
Other comprehensive income		-	-	-	(2,187,253)	-	(2,187,253)	(1,180,743)	(3,367,996)
		-	-	-	(2,187,253)	(14,205,078)	(16,392,331)	(191,713)	(16,584,044)
Transactions with owners, recognised directly in equity									
Issue of share capital to non-controlling interest	13	-	-	-	-	-	-	140,000	140,000
Issue of share capital	18	8,240,000	(3,650,000)	-	-	-	4,590,000	-	4,590,000
Balance as at 31 December 2023		<u>27,188,598</u>	<u>-</u>	<u>27,299,525</u>	<u>(3,217,811)</u>	<u>(11,678,003)</u>	<u>39,592,309</u>	<u>20,253,874</u>	<u>59,846,183</u>

The accompanying notes form an integral part of these financial statements.

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Unaudited	Note	Share capital \$	Advance received for share subscription \$	Other reserves \$	Exchange translation reserve \$	Retained earnings \$	Equity attributable to owners of the Company \$	Non-controlling interest \$	Total equity \$
Group									
Balance as at 1 January 2022		13,075,633	-	(3,587,560)	5,107	256,057	9,749,237	7,135,557	16,884,794
Total comprehensive income for the financial year:									
Profit for the financial year		-	-	-	-	2,271,018	2,271,018	873,176	3,144,194
Other comprehensive loss		-	-	-	(1,035,665)	-	(1,035,665)	(1,207,865)	(2,243,530)
		-	-	-	(1,035,665)	2,271,018	1,235,353	(334,689)	900,664
Transactions with owners, recognised directly in equity									
Acquisition of subsidiaries under common control	13	-	-	30,887,085	-	-	30,887,085	19,595,493	50,482,578
Acquisition of interest from non-controlling shareholder	13	-	-	-	-	-	-	(4,836,539)	(4,836,539)
Dividend paid to non-controlling interest		-	-	-	-	-	-	(1,254,235)	(1,254,235)
Advance received for share capital		-	3,650,000	-	-	-	3,650,000	-	3,650,000
Issue of share capital	18	5,872,965	-	-	-	-	5,872,965	-	5,872,965
Balance as at 31 December 2022		18,948,598	3,650,000	27,299,525	(1,030,558)	2,527,075	51,394,640	20,305,587	71,700,227

The accompanying notes form an integral part of these financial statements.

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

		Group	
	Note	2023	2022
		\$	\$
			Unaudited
Operating activities			
(Loss)/profit before income tax		(11,157,946)	7,447,926
Adjustments for:			
Interest income	5	(149,131)	(47,782)
Interest expenses	7	8,754,705	3,627,967
Gain on disposal of property, plant and equipment		(6,575)	(10,327)
Bad debts written off		5,934	-
Inventories written down	15	7,987,487	278,355
Depreciation of property, plant and equipment	10	8,821,780	1,848,195
Depreciation of investment properties	11	21,427	5,701
Amortisation of right-of-use assets	12	15,119,147	3,773,428
Impairment of right-of-use assets	12	-	543,072
Right-of-use assets written off	12	(17,987)	-
Gain on lease modification	12	(16,967)	-
Loss allowance on trade and other receivables	25.1	494,056	-
Exchange translation difference		(3,957,228)	(2,448,763)
Operating cash flows before working capital changes		25,898,702	15,017,772
Working capital changes:			
Inventories		(30,630,385)	(20,670,372)
Trade and other receivables		3,851,936	3,241,811
Trade and other payables		(5,066,012)	906,375
Cash (used in)/generated from operations		(5,945,759)	(1,504,414)
Income tax paid		(4,268,751)	(2,759,282)
Net cash used in operating activities		(10,214,510)	(4,263,696)
Investing activities			
Net cash inflow on acquisition of subsidiaries under common control	13	-	10,891,789
Acquisition of additional interest from non-controlling shareholder	13	-	(4,836,539)
Issuance of share capital to non-controlling interest	13	140,000	-
Interest received		149,128	47,782
Movement in fixed deposits		(1,739,354)	-
Proceeds from disposal of property, plant and equipment		9,959	14,421
Purchase of property, plant and equipment	10	(17,578,903)	(6,161,771)
Net cash used in investing activities		(19,019,170)	(44,318)

The accompanying notes form an integral part of these financial statements.

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

		Group	
	Note	2023	2022
		\$	\$
			Unaudited
Financing activities			
Interest paid on borrowings		(3,240,134)	(49,623)
Interest paid on amount due to ultimate holding company		(8,559,208)	(2,342,024)
Proceeds from issuance of shares	18	4,590,000	5,872,965
Advance received for share subscription	18	-	3,650,000
Repayment of lease liabilities	12	(15,034,594)	(4,254,566)
Interest paid on lease liabilities	12	(1,703,373)	(450,020)
Proceeds from ultimate holding company		48,700,916	-
Repayment of advance from ultimate holding company		(81,743,608)	(8,183,153)
Dividend paid to non-controlling interest		-	(1,254,235)
Proceeds from borrowings		235,393,694	9,250,731
Repayment of borrowings		(188,063,042)	(4,926,422)
Bond issue costs	21	(2,998,159)	-
Proceeds from the issuance of bond	21	50,000,000	-
Net cash from/(used in) financing activities		<u>37,342,492</u>	<u>(2,686,347)</u>
Net changes in cash and cash equivalents		8,108,812	(6,994,361)
Cash and equivalents at beginning of year		11,218,579	17,316,957
Effect of exchange rate changes on cash and cash equivalents		330,156	895,983
Cash and cash equivalents at end of year	17	<u>19,657,547</u>	<u>11,218,579</u>

The accompanying notes form an integral part of these financial statements.

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Reconciliation of liabilities arising from financing activities

	Cash flow				Non-cash		
	1 January 2023 \$	Proceeds \$	Repayments \$	Interest paid \$	Interest accrued \$	Foreign exchange differences \$	31 December 2023 \$
Borrowings	11,095,962	235,393,694	(188,063,042)	(3,240,134)	3,240,134	(1,610,720)	56,815,895
Amount due to ultimate holding company	48,024,848	48,700,916	(81,743,608)	(8,559,208)	2,664,595	(93,184)	8,994,359

	Cash flow			Non-cash	
	1 January 2023 \$	Proceeds \$	Bond issue costs \$	Amortisation of bond issue costs \$	31 December 2023 \$
Bond	-	50,000,000	(2,998,159)	351,231	47,353,072

		Cash flow					Non-cash		
	1 January 2022 \$	Proceeds \$	Repayments \$	Interest paid \$	Acquisition of subsidiaries \$	Interest accrued \$	Foreign exchange differences \$	31 December 2022 \$	
Borrowings	-	9,250,731	(4,926,422)	(49,623)	7,020,816	49,623	(249,163)	11,095,962	
Amount due to ultimate holding company	42,426,196	-	(8,183,153)	(2,342,024)	12,723,320	3,117,492	283,017	48,024,848	

The accompanying notes form an integral part of these financial statements.

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

Erajaya Digital Pte Ltd (the “Company” or “Erajaya Digital”) (Registration Number 202112055C), is a private company limited by shares incorporated and domiciled in Singapore with its principal place of business and registered office at 7 Temasek Boulevard, #17-01 Suntec Tower One, Singapore 038987. The Company’s Senior Unsecured Guaranteed Bonds are listed on the Singapore Exchange Securities Trading Limited on 24 August 2023.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are set out in Note 13 to the financial statements.

The Company’s immediate holding company is Erajaya Holding Pte. Ltd., incorporated in Singapore and the Company’s ultimate holding Company is PT Erajaya Swasembada Tbk., incorporated in Indonesia. Related companies in these financial statements refer to members of the PT Erajaya Swasembada Tbk group.

The statement of financial position of the Company and the consolidated financial statements of the Company and its subsidiaries for the financial year ended 31 December 2023 were authorised for issue in accordance with a Directors’ resolution dated 3 May 2024.

2. Material accounting policy information

2.1 Basis of preparation

The financial statements have been drawn up in accordance with the provisions of the Singapore Companies Act 1967 and Singapore Financial Reporting Standards (International) (“SFRS(I)s”) under the historical cost convention, except as disclosed in the relevant notes to the financial statements.

These financial statements are the Group and the Company’s first financial statements prepared in accordance with SFRS(I). The Group did not prepare the consolidated financial statements previously as it applied the consolidation exemption in accordance with SFRS(I) 10 Consolidated Financial Statements. The Company have previously prepared its financial statements in accordance with Financial Reporting Standards in Singapore (“FRS”). As required by SFRS(I) 1 *First-time adoption of Singapore Financial Reporting Standards (International)*, the Company have consistently applied the same accounting policies in its opening statement of financial position at 1 January 2023 and throughout all financial years presented, as if these policies had always been in effect. Due to the transition from FRS to SFRS(I), the financial statements are required to apply all the SFRS(I)s effective for annual periods beginning on 1 January 2023. The application of SFRS(I)s and interpretations do not have material effect on the financial statements.

The individual financial statements of each entity within the Group are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore Dollar (“\$”) which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

2. Material accounting policy information (Continued)**2.1 Basis of preparation (Continued)**

The preparation of financial statements in compliance with SFRS(I) requires management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The areas where such judgements or estimates have significant effect on the financial statements are disclosed in Note 3 to the financial statements.

New standards, amendments and interpretations issued but not yet effective

There are a number of standards, amendments to standards, and interpretations that are effective in future accounting periods and the Group has not decided to early adopt. The Group does not expect any of these standards upon adoption will have a material impact to the Group.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from its involvement with the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which control commences until the date on which control ceases. Control is reassessed whenever the facts and circumstances indicate that they may be a change in the elements of control.

All intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides an impairment indicator of the transferred asset.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests

Non-controlling interests represents the equity in subsidiaries which is not attributable directly or indirectly to the equity owners of the parent. They are shown separately in the consolidated statements of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners). The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

2. Material accounting policy information (Continued)**2.2 Basis of consolidation (Continued)**

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary and any non-controlling interest. The profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

In the separate financial statements of the Company, investment in subsidiaries is carried at cost, less any impairment loss that has been recognised in profit or loss.

2.3 Business combinations

The acquisition of businesses and subsidiaries is accounted for using the acquisition method. The consideration transferred for the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration transferred also includes any contingent consideration measured at the fair value at the acquisition date. Subsequent changes in fair value of contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities and contingent liabilities assumed.

Goodwill on subsidiary is recognised separately as intangible assets. Goodwill is initially recognised at cost and subsequently measured at cost less any accumulated impairment losses.

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

2. Material accounting policy information (Continued)**2.3 Business combinations (continued)**Business combinations involving entities under common control

The predecessor values method of accounting is used to account for the transfer of business from entities under common control.

In the application of the predecessor values method of accounting, the transaction can either be accounted for as if it had taken place at the beginning of the earliest period presented (or the date that the entities were first under common control, if later), or prospectively from the date of transfer of the business. The Group had elected to account for such transactions from the date of business combination under common control.

Assets and liabilities of the business transferred are measured initially at their book values on the date of business combination under common control.

Differences between the consideration given and the aggregate book value of the assets and liabilities (as of the date of the business combination under common control) of the business transferred are recorded as an adjustment to equity within the capital reserve. No additional goodwill is created by the transaction.

2.4 Revenue recognition

Revenue is recognised when a performance obligation is satisfied. Revenue is measured based on the consideration of which the Group expects to be entitled in exchange for transferring promised good or services to a customer, excluding amounts collected on behalf of third parties (i.e., sales-related taxes).

The Group recognises revenue when performance obligation is satisfied by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Revenue from distribution sales

Distribution sales refer to sales made to other retailers. Revenue from the distribution sale of mobile phones, accessories and electronic products is recognised at the point in time when the goods are delivered to the customer, where control of the goods has been passed to customer. There is limited judgement needed to identify when the point of control passes to customers. There is no element of significant financing component in the Group's revenue transactions as customers are required to pay within a credit term of 30 to 60 days for the distribution sales stream.

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

2. Material accounting policy information (Continued)**2.4 Revenue recognition (continued)**Revenue from retail sales

Retail sales denote sales made directly to end customers. Revenue from the operation of outlets is recognised at a point in time when the sales of goods are delivered to the customer, where control of the goods has been passed to customer. There is limited judgement needed to identify when the point of control passes to customers. There is no element of significant financing component in the Group's revenue transactions as customers are required to make payments over the counter at the time of purchase.

Any cash received in advance for the sale of cash vouchers and product vouchers are deferred until actual delivery and acceptance. These are included in "advance received from customers" within trade and other payables in the statements of financial position.

2.5 Impairment of non-financial assets

At the end of each financial period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset or cash-generating unit ("CGU") is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

2. Material accounting policy information (Continued)**2.6 Inventories**

Inventories, which comprise mobile phones, accessories and electronic products are stated at the lower of cost and net realisable value. Cost is calculated using the “weighted average” and “First-in first out” method, depending on the nature of inventories. Net realisable value represents the estimated selling price and costs to be incurred in marketing, selling and distribution. Where necessary, allowance is made for obsolete, slow-moving and defective inventories to adjust the carrying values of those inventories to the lower of cost and net realisable value.

2.7 Cash and bank balances

Cash and bank balances in the statement of financial position comprise of cash on hand, cash at bank and demand deposits which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purposes of the consolidated statement of cash flows, cash and cash equivalents includes bank overdrafts. In the consolidated statement of financial position, bank overdrafts are presented within borrowings under current liabilities.

2.8 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the geographical segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group’s accounting policies, which are described in Note 2 to the financial statements, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements made in applying the entity’s accounting policies

In the process of applying the Group’s accounting policies, the management is in the opinion, that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements.

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

3. Critical accounting judgements and key sources of estimation uncertainty**3.2 Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the financial period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

i) Impairment assessment of the Company's investment in subsidiaries

The Company follows the guidance of SFRS(I) 1-36 Impairment of Assets in determining whether the investment in subsidiaries is impaired. The Company carries out impairment assessment for the investment in subsidiaries where there is indication of an impairment. In carrying out the impairment assessment, management has determined the recoverable amounts of the investment in subsidiaries by discounting the estimated future cash flows for the next 5 years plus a terminal value. Estimating the recoverable amounts requires management to use judgement to determine a suitable revenue growth rate, gross profit margin and discount rate and to make an estimate of the expected future cash flows from the investment in order to calculate the present value of those cash flows.

The carrying amounts of investment in subsidiaries as at 31 December 2023 and the details of the impairment assessment, including key assumptions used are as disclosed in Note 13 to the financial statements.

ii) Inventories write-down

Obsolescence and decline in value of inventories is estimated based on the best available facts and circumstances, including but not limited to, the inventories' own physical conditions, their market selling prices, and estimated costs to sell. The provisions are re-evaluated and adjusted as additional information received affects the amount estimated. The carrying amount of the Group's inventories and the amount of inventory write-down are disclosed in Note 15 to the financial statements.

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4. Revenue

	Group	
	2023	2022
	\$	\$
	Unaudited	
Distribution sales	195,497,636	230,481,194
Retail sales	772,107,631	263,983,820
	<u>967,605,267</u>	<u>494,465,014</u>

Geographical markets

Singapore	157,612,227	69,288,887
Malaysia	809,640,430	424,956,768
Others	352,610	219,359
	<u>967,605,267</u>	<u>494,465,014</u>

5. Other income

	Group	
	2023	2022
	\$	\$
	Unaudited	
Interest income		
Bank deposits	149,131	47,782
Other income		
Gain on lease modification	16,967	-
Rental income from investment properties (Note 11)	48,074	12,791
Rebate and incentive	1,666,465	1,018,033
Government grant	131,301	95,886
Others	304,944	293,968
	<u>2,316,882</u>	<u>1,468,460</u>

6. Employee benefits expense

	Group	
	2023	2022
	\$	\$
	Unaudited	
Wages, salaries and bonuses	21,323,618	6,649,749
Statutory contributions and defined contribution plans	3,679,841	1,111,030
Staff commission	4,285,394	1,692,631
Staff accommodation and welfare	452,854	259,489
Staff insurance and medical expenses	196,680	112,597
Others	253,688	67,194
	<u>30,192,075</u>	<u>9,892,690</u>

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

7. Finance costs

	Group	
	2023	2022
	\$	\$
		Unaudited
Interest expense on:		
Lease liabilities (Note 12)	1,703,373	450,020
Borrowings	3,240,135	59,650
Amounts due to ultimate holding company	2,664,596	3,117,491
Bond (Note 21)	1,146,436	-
Others	165	806
	<u>8,754,705</u>	<u>3,627,967</u>

8. (Loss)/profit before income tax

In addition to the charges disclosed elsewhere in the financial statements, the (loss)/profit before income tax includes the following charges:

	Group	
	2023	2022
	\$	\$
		Unaudited
<u>Selling and distribution expenses:</u>		
Amortisation of right-of-use assets	14,875,867	3,722,692
Impairment of right-of-use assets	-	543,072
Depreciation of property, plant and equipment	8,412,384	1,749,347
Nets and credit card charge	11,682,633	3,668,526
Lease expense relating to short-term leases	156,730	327,394
Variable lease payment	2,590,764	1,146,457
Employee benefit expenses	<u>6,203,570</u>	<u>2,681,827</u>
<u>General and administrative expenses:</u>		
Employee benefit expenses	23,988,505	7,210,863
Foreign exchange loss, net	3,348,717	1,908,724
Depreciation of property, plant and equipment	409,396	98,848
Depreciation of investment properties	21,427	5,701
Professional fee	778,239	656,479
Bank charges	302,631	433,831
Loss allowance on trade and other receivables	494,056	-
Amortisation of right-of-use assets	<u>243,280</u>	<u>50,736</u>

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

9. Income tax expense

	Group	
	2023	2022
	\$	\$
		Unaudited
Current income tax		
- Current financial year	2,168,031	3,509,687
- (Over)/under provision in previous financial year	(200,682)	8,988
	<u>1,967,349</u>	<u>3,518,675</u>
Deferred tax		
- Current financial year	44,307	155,008
- Under provision in previous financial year	46,446	630,049
	<u>2,058,102</u>	<u>4,303,732</u>

The corporate income tax rate applicable to the Company and its subsidiaries in Singapore is at 17% (2022: 17%).

The Group has significant operations in Malaysia, for which the corporate income tax rate applicable is 24% (2022: 24%).

The reconciliation between income tax expense and the product of accounting losses multiplied by the applicable corporate tax rates of the respective countries where the Group operates, are as follows:

	Group	
	2023	2022
	\$	\$
		Unaudited
(Loss)/Profit before income tax	<u>(11,157,946)</u>	<u>7,447,926</u>
Tax at the domestic rates applicable to profits in the country concerned	(2,370,101)	2,235,515
Effect of expenses not deductible	2,643,628	1,607,833
Effect of income not taxable	(20,057)	(28,347)
Deferred tax assets not recognised	1,958,868	17,532
Utilisation of previously unrecognised deferred tax	-	(167,838)
(Over)/under provision of prior year income tax	(200,682)	8,988
Under provision of prior year deferred tax	46,446	630,049
Total income tax expense recognised in profit or loss	<u>2,058,102</u>	<u>4,303,732</u>

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023****9. Income tax expense (Continued)**

Deferred tax benefits have not been recognised in respect of the following items:

	Group	
	2023	2022
	\$	\$
Unutilised tax losses	8,938,970	262,284
Property, plant and equipment	328,278	-
Other temporary differences	291,652	-
	<u>9,558,900</u>	<u>262,284</u>

The above deferred tax benefits have not been recognised due to uncertainty of profits to which such assets may be utilised. Accordingly, these deferred tax benefits have not been recognised in the financial statements and the expiry dates of the unutilised tax losses, unutilised capital allowances and other temporary differences under the current tax legislation are disclosed below:

	Group	
	2023	2022
	\$	\$
<u>Unutilised tax losses expiring/expired in financial year ended</u>		
31 December 2032	-	159,158
31 December 2033	4,769,367	-
No expiry date	4,789,533	103,125
	<u>9,558,900</u>	<u>262,283</u>

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

10. Property, plant and equipment

Group	Freehold buildings \$	Computer equipment and software \$	Furniture and fittings \$	Motor vehicles \$	Office and warehouse equipment \$	Renovation \$	Work in progress \$	Total \$
2023								
Cost								
Balance as at 1 January 2023	3,369,111	6,322,928	6,295,316	519,226	3,934,014	7,584,248	-	28,024,843
Additions	-	6,118,587	5,665,896	-	2,164,111	3,594,460	35,849	17,578,903
Transfer to inventories	-	(2,298,897)	-	-	-	-	-	(2,298,897)
Disposals	-	(3,760)	-	(41,056)	-	-	-	(44,816)
Exchange difference	(193,521)	(443,583)	(437,588)	(25,201)	(269,254)	(360,424)	(897)	(1,730,468)
Balance as at 31 December 2023	3,175,590	9,695,275	11,523,624	452,969	5,828,871	10,818,284	34,952	41,529,565
Accumulated depreciation								
Balance as at 1 January 2023	18,663	632,587	434,271	150,437	259,911	1,277,352	-	2,773,221
Depreciation for the year	72,169	3,094,059	2,113,332	91,229	903,296	2,547,695	-	8,821,780
Transfer to inventories	-	(1,019,984)	-	-	-	-	-	(1,019,984)
Disposals	-	(376)	-	(41,056)	-	-	-	(41,432)
Exchange difference	(2,877)	(82,242)	(50,104)	(8,361)	(34,578)	(51,011)	-	(229,173)
Balance as at 31 December 2023	87,955	2,624,044	2,497,499	192,249	1,128,629	3,774,036	-	10,304,412
Net carrying amount								
Balance as at 31 December 2023	3,087,635	7,071,231	9,026,125	260,720	4,700,242	7,044,248	34,952	31,225,153

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

10. Property, plant and equipment (Continued)

Group	Freehold buildings	Computer equipment and software	Furniture and fittings	Motor vehicles	Office and warehouse equipment	Renovation	Total
Unaudited	\$	\$	\$	\$	\$	\$	\$
2022							
Cost							
Balance as at 1 January 2022	-	96,902	71,412	217,348	41,918	1,058,672	1,486,252
Additions*	3,466,388	6,416,430	6,383,569	340,409	4,003,544	6,682,092	27,292,432
Transfer to inventories	-	(13,187)	-	-	-	-	(13,187)
Disposals	-	-	-	(20,472)	-	-	(20,472)
Exchange difference	(97,277)	(177,217)	(159,665)	(18,059)	(111,448)	(156,516)	(720,182)
Balance as at 31 December 2022	3,369,111	6,322,928	6,295,316	519,226	3,934,014	7,584,248	28,024,843
Accumulated depreciation							
Balance as at 1 January 2022	-	79,690	31,769	133,181	30,670	725,635	1,000,945
Depreciation for the year	19,202	573,587	412,987	40,921	236,518	564,980	1,848,195
Transfer to inventories	-	(4,058)	-	-	-	-	(4,058)
Disposals	-	-	-	(16,378)	-	-	(16,378)
Exchange difference	(539)	(16,632)	(10,485)	(7,287)	(7,277)	(13,263)	(55,483)
Balance as at 31 December 2022	18,663	632,587	434,271	150,437	259,911	1,277,352	2,773,221
Net carrying amount							
Balance as at 31 December 2022	3,350,448	5,690,341	5,861,045	368,789	3,674,103	6,306,896	25,251,622

* Included in additions to property, plant and equipment amounting to \$21,130,661 (Note 13) is the effect of acquisition of subsidiaries during the financial year ended 31 December 2022.

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

10. Property, plant and equipment (Continued)

The carrying amounts of property, plant and equipment of the Group which have been pledged as security for banking facilities (Note 20) are as follows:

	Group	
	2023	2022
	\$	\$
		Unaudited
Freehold buildings	<u>3,087,635</u>	<u>3,350,448</u>

Depreciation is calculated using the straight-line method to allocate the depreciable amounts over their estimated useful lives on the following basis:

Freehold buildings	50 years
Computers equipment and software	1 - 5 years
Furniture and fittings	3 - 5 years
Motor vehicles	5 - 10 years
Office and warehouse equipment	2 - 5 years
Renovation	3 - 5 years

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

11. Investment properties

	Group	
	2023	2022
	\$	\$
	Unaudited	
At cost		
Balance as at 1 January	877,876	-
Acquisition of subsidiaries (Note 13)	-	903,223
Exchange difference	(50,425)	(25,347)
Balance as at 31 December	827,451	877,876
Accumulated depreciation		
Balance as at 1 January	5,541	-
Charge for the financial year	21,427	5,701
Exchange difference	(854)	(160)
Balance as at 31 December	26,114	5,541
Carrying amount		
Balance as at 31 December	801,337	872,335
Fair value as at 31 December	1,493,437	1,584,448

The following amounts are recognised in profit or loss:

	Group	
	2023	2022
	\$	\$
	Unaudited	
Rental income from investment properties (Note 5)	48,074	12,791
Direct operating expenses (including repairs and maintenance) arising from rental-generating investment properties	4,285	-

The investment properties related to two buildings in Malaysia. The annual depreciation rate is at 2% (2022: 2%). The carrying amounts of investment properties of the Group have been pledged as security for banking facilities (Note 20).

Fair values of the Group's investment properties disclosed were derived using the sales comparison approach and classified as a level 2 fair value hierarchy. Sales prices of comparable properties on the basis of highest and best use in close proximity were adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is the selling price per square metre. There were no changes in valuation techniques during the year.

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

12. Leases

The Group leases number of premises (i.e. office buildings, outlets and warehouses) in Singapore and Malaysia. The Group also leases certain items of equipment with only fixed payments over the lease terms.

(a) Right-of-use assets

	Lease of premises \$	Office equipment \$	Total \$
Group			
At 1 January 2023	22,730,566	5,490	22,736,056
Additions	15,461,097	-	15,461,097
Amortisation charge	(15,117,307)	(1,840)	(15,119,147)
Write-offs	(110,332)	-	(110,332)
Lease modification	(481,891)	-	(481,891)
Exchange difference	(744,601)	-	(744,601)
At 31 December 2023	<u>21,737,532</u>	<u>3,650</u>	<u>21,741,182</u>
Unaudited			
At 1 January 2022	2,490,896	3,184	2,494,080
Additions*	24,886,435	4,761	24,891,196
Amortisation charge	(3,770,973)	(2,455)	(3,773,428)
Impairment loss	(543,072)	-	(543,072)
Exchange difference	(332,720)	-	(332,720)
At 31 December 2022	<u>22,730,566</u>	<u>5,490</u>	<u>22,736,056</u>

* Included in additions to right-of-use assets amounting to \$15,535,106 is the effect of acquisition of subsidiaries during the financial year ended 31 December 2022.

Right-of-use assets are subsequently measured at cost less any accumulated amortisation, any accumulated impairment loss and, if applicable, adjusted for any remeasurement of the lease liabilities. The right-of-use assets under cost model are amortised on a straight-line basis over the shorter of either the remaining lease term or the remaining useful life of the right-of-use assets using the straight-line method, on the following bases:

	Years
Lease of premises	2 - 4
Office equipment	2 - 4

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
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12. Leases (Continued)

(b) Lease liabilities

Group	Lease of premises \$	Office equipment \$	Total \$
At 1 January 2023	23,879,978	9,244	23,889,222
Additions	15,461,097	-	15,461,097
Interest expense (Note 7)	1,702,888	485	1,703,373
Write-offs	(128,319)	-	(128,319)
Lease modification	(498,858)	-	(498,858)
Lease payments			
- Principal portion	(15,029,108)	(5,486)	(15,034,594)
- Interest portion	(1,702,888)	(485)	(1,703,373)
Exchange differences	(770,258)	-	(770,258)
At 31 December 2023	22,914,532	3,758	22,918,290
Unaudited			
At 1 January 2022	2,533,789	13,572	2,547,361
Additions*	25,934,624	4,761	25,939,385
Interest expense (Note 7)	449,412	608	450,020
Lease payments			
- Principal portion	(4,245,477)	(9,089)	(4,254,566)
- Interest portion	(449,412)	(608)	(450,020)
Exchange differences	(342,958)	-	(342,958)
At 31 December 2022	23,879,978	9,244	23,889,222

* Included in additions to lease liabilities amounting to \$16,586,295 is the effect of acquisition of subsidiaries during the financial year ended 31 December 2022.

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023****12. Leases (Continued)****(b) Lease liabilities (Continued)**

The maturity analysis of lease liabilities of the Group at each reporting date are as follows:

	2023	2022
	\$	\$
		Unaudited
Group		
Contractual undiscounted cash flows		
Not later than a year	14,905,992	11,997,492
Between one and five years	9,127,404	10,459,106
More than five years	217,630	2,734,878
	24,251,026	25,191,476
Less: Future interest expense	(1,332,736)	(1,302,254)
Present value of lease liabilities	22,918,290	23,889,222
 Presented in consolidated statement of financial position		
- Current	13,637,037	11,166,917
- Non-current	9,281,253	12,722,305
	22,918,290	23,889,222

The currency profile of lease liabilities of the Group at each reporting date are as follows:

	2023	2022
	\$	\$
		Unaudited
Group		
Singapore Dollar	8,264,847	12,033,198
Malaysia Ringgit	14,653,443	11,856,024
	22,918,290	23,889,222

The Company leases commercial premises in Singapore and Malaysia. Certain leases contain extension options between 1 to 3 years held and exercisable by the Group and the current lease terms are exclusive of extension options. In determining the lease term, management considers the likelihood to exercise the extension option. The Group reassesses whether it is reasonably certain to exercise the extension options if there is a significant event or significant changes in circumstances within its control.

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023****12. Leases (Continued)**

(c) Amount recognised in profit or loss

	2023	2022
	\$	\$
		Unaudited
Group		
Amortisation of right-of-use assets	15,119,147	3,773,428
Interest expense on lease liabilities	1,703,373	450,020
Lease expense relating to short-term leases	156,730	327,394
Variable lease payment	2,590,764	1,146,457
Total amount recognised in profit or loss	<u>19,570,014</u>	<u>5,697,299</u>

Total cash outflows in respect of leases amounted to \$19,485,461 (2022: \$6,178,437) during the current financial year.

13. Investment in subsidiaries

	Company	
	2023	2022
	\$	\$
Unquoted equity shares, at cost	<u>27,055,497</u>	<u>22,629,455</u>

Movement in unquoted equity shares, at cost are as follows:

	Company	
	2023	2022
	\$	\$
At 1 January	22,629,455	10,899,436
Additions	4,426,042	11,730,019
At 31 December	<u>27,055,497</u>	<u>22,629,455</u>

During the year, on 13 December 2023, the Company subscribed an additional 15,500,000 shares in Venturistic Mobile Network Sdn Bhd for a total consideration of \$4,426,042.

On 28 February 2023, the Company and the non-controlling shareholder subscribed additional 2,660,000 shares and 140,000 shares in Era International Network Pte. Ltd ("EIN") for a consideration of \$2,660,000 and \$140,000 respectively. The Company's consideration was prepaid into EIN on 29 December 2022 and recognised as investment in subsidiaries. The Company's equity interest in EIN remained unchanged.

On 28 February 2022, the Company subscribed 4,275,000 shares in Venturistic Mobile Network Sdn Bhd for consideration of \$1,378,874 (MYR 4,275,000).

On 8 March 2023, the Company subscribed additional 999,000 shares in Erajaya Swasembada Pte. Ltd. ("ES") for a consideration of \$999,000. The Company's consideration was prepaid into ES on 29 December 2022 and recognised as investment in subsidiaries.

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

13. Investment in subsidiaries (Continued)

On 14 April 2022, the Company subscribed 6,600,000 shares in CG Computers Sdn Bhd for consideration of \$2,063,145 (MYR 6,600,000).

On 26 May 2022, the Company subscribed 594,000 shares in Erajaya Digital Retail Pte. Ltd. for consideration of \$594,000.

On 7 September 2022, the non-controlling shareholder of the Company's subsidiary Era International Network Sdn. Bhd ("EINSB") transferred 2,205,000 shares for a consideration of \$4,836,539. As a result, the Company's equity interest in EINSB increased to 95%.

On 14 December 2022, the Company subscribed 2,475,000 shares in Era Tech Communication Pte Ltd for consideration of \$2,475,000.

On 29 December 2022, the Company subscribed 950,000 shares in Era International Network Pte. Ltd. for consideration of \$1,560,000.

The following are all the subsidiaries of the Group that have been included in the consolidated financial statements. Their particulars are as follows:

Name of Company (Country of incorporation and principal place of business)	Principal activities	Effective interest held by Company		Proportion of ownership held by non-controlling interests	
		2023	2022	2023	2022
		%	%	%	%
<i>Held by the Company</i>					
Erajaya Swasembada Pte. Ltd. ⁽¹⁾ (Singapore)	Distributor and retailer of handphones and accessories	100	100	-	-
Era International Network Sdn. Bhd. ⁽²⁾ (Malaysia)	Distributor of handphones and accessories	95	95	5	5
Erajaya Digital Retail Pte. Ltd. ⁽¹⁾ (Singapore)	Retailer of handphones and computer hardware	60	60	40	40
Venturistic Mobile Network Sdn. Bhd. ⁽²⁾ (Malaysia)	Distributor of handphones and accessories	98.87	95	1.13	5
Era Tech Communication Pte. Ltd. ⁽¹⁾ (Singapore)	Distributor of handphones, handphone equipment and other telecommunications equipment	99	99	1	1
Era International Network Pte. Ltd. ⁽¹⁾ (Singapore)	Distributor and retailer of handphones, smart devices and internet-of-things products	95	95	5	5
CG Computers Sdn. Bhd. ⁽³⁾ (Malaysia)	Retailer, service, repair and e- commercial activities for all type of mobile phones, tablets, computers and all type of gadget accessories and home appliances	60	60	40	40

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

13. Investment in subsidiaries (Continued)

The following are all the subsidiaries of the group that have been included in the consolidated financial statements. Their particulars are as follows: (Continued)

Name of Company (Country of incorporation and principal place of business)	Principal activities	Effective interest held by Group		Proportion of ownership held by non-controlling interests	
		2023 %	2022 %	2023 %	2022 %
<i>Held through CG Computers</i>					
Switch Concept Sdn. Bhd. ⁽³⁾ (Malaysia)	Retailer, service, repair and e-commercial activities for all type of mobile phones, tablets, computers and all type of gadget accessories and home appliances	100	100	-	-
Erafone Retail Malaysia Sdn. Bhd. ⁽³⁾ (Malaysia)	Retailer, service, repair and e-commercial activities for all type of mobile phones, tablets, computers and all type of gadget accessories and home appliances	100	100	-	-
Urban Republic Sdn. Bhd. ⁽³⁾ (Malaysia)	Retailer, service, repair and e-commercial activities for all types of mobile phones, tablets, computers and all types of gadget accessories and home appliances	100	100	-	-
JKK Software Sdn. Bhd. ⁽³⁾ (Malaysia)	Service providers in software and IT related products solution, general trading and investment holding company	80	80	20	20
Techero Sdn. Bhd. ⁽³⁾ (Malaysia)	Retailer, service, repair and e-commercial activities for all types of mobile phones, tablets, computers and all types of gadget accessories and home appliances	100	100	-	-
Switch Malaysia Sdn. Bhd. ⁽³⁾ (Malaysia)	Provision of warranty services, extended warranties and service contracts; retailer, service and repair for all types of mobile phones, tablets, computers and home appliances	100	100	-	-
ENB Mobile Malaysia Sdn. Bhd. ⁽³⁾ (Malaysia)	Dormant	60	-	40	-

⁽¹⁾ Audited by BDO LLP, Singapore.

⁽²⁾ Audited by Baker Tilly Monteiro Heng PLT, Malaysia.

⁽³⁾ Audited by BDO PLT, Malaysia.

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

13. Investment in subsidiaries (Continued)

Impairment assessment

During the financial year ended 31 December 2023, certain subsidiaries of the Company incurred losses, which indicated that the investment in these subsidiaries may be impaired. Management performed impairment tests on the investment in these subsidiaries and determined their recoverable amounts based on value-in-use (“VIU”) calculations.

In carrying out the impairment assessment, management has determined the recoverable amounts of the investment in subsidiaries by discounting the estimated future cash flows for the next 5 years plus a terminal value. Key assumptions used in the VIU calculation are as follows:

	Group 2023 %
Discount rate	14 to 16
Annualised sales growth rate	2 to 14
Gross profit margin	<u>4 to 16</u>

Sensitivity analysis

The maximum movement made to the key assumptions before an impairment charge is recognised are as follows:

	Group 2023 %
Discount rate increased by	1.9 to 2.2
Annualised sales growth rate decreased by	15 to 23
Gross profit margin decreased by	<u>0.5 to 13</u>

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
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13. Investment in subsidiaries (Continued)

Non-controlling interests

CG Computers Sdn. Bhd, a 60% owned subsidiary of the Company, has material non-controlling interests ("NCI"). The NCI of all other subsidiaries that are not 100% owned by the Group are considered to be immaterial.

Summarised financial information in relation to CG Computers Sdn. Bhd, before intra-group eliminations, is presented below together with amounts attributed to NCI:

	2023 \$	2022 \$ Unaudited
For the financial year ended 31 December		
Revenue	697,263,715	233,893,262
Profit before tax	5,107,755	8,226,499
Income tax expense	(1,812,943)	(3,770,892)
Profit after tax	3,294,812	4,455,607
Profit allocated to NCI	1,317,925	1,781,418
Other comprehensive income	(2,892,997)	(1,411,359)
Total comprehensive income	407,622	3,044,248
Total comprehensive income allocated to NCI	163,049	1,217,698
Dividend paid to NCI	-	(1,254,235)
Net cash flows (used in)/from operating activities	(15,358,271)	2,603,453
Net cash flows used in investing activities	(16,077,343)	(5,074,653)
Net cash flows from financing activities	33,870,273	3,931,548
Net cash inflow	2,434,659	1,460,348

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023****13. Investment in subsidiaries (Continued)**

At 31 December	2023	2022
	\$	\$
		Unaudited
Assets:		
Non-current assets	43,595,358	35,255,852
Current asset	<u>116,934,783</u>	<u>89,699,942</u>
Liabilities:		
Non-current liabilities	(8,951,879)	(8,833,122)
Current liabilities	<u>(102,341,177)</u>	<u>(67,293,207)</u>
	<u>49,237,085</u>	<u>48,829,465</u>
 Accumulated non-controlling interests	 <u>19,694,834</u>	 <u>19,531,786</u>

Acquisition of subsidiaries under common control

The Group carried out a restructuring in 2022, where the ultimate holding company PT Erajaya Swasembada Tbk, a company incorporated in Indonesia, transferred its subsidiary Era International Network Pte. Ltd. ("EIN") and CG Computers Sdn. Bhd. ("CGCSB") (collectively "the acquired entities") to the Company for a consideration of \$1,560,000 and \$2,063,145 in December 2022 and September 2022 respectively. Management assessed the transfer of the acquired entities to the Company as a business combination under common control by applying the pooling of interest method. The assets and liabilities of the acquired entities were reflected at their carrying amounts. Any difference between the consideration and the carrying value of the carrying amounts of the net assets of the acquired entities is recognised within other reserves.

The carrying value of the identifiable assets and liabilities of the acquired entities as at the date of acquisition were as follows:

	\$
	Unaudited
Non-current assets	
Property, plant and equipment	21,130,661
Investment properties	903,223
Deferred tax assets	55,220
Right-of-use assets	<u>15,535,106</u>
	<u>37,624,210</u>
 Current assets	
Inventories	63,089,422
Trade and other receivables	20,075,046
Fixed deposit	935,999
Cash and cash equivalents	<u>15,950,526</u>
	<u>100,050,993</u>

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023****13. Investment in subsidiaries (Continued)****Acquisition of subsidiaries under common control (Continued)**

The carrying value of the identifiable assets and liabilities of the acquired entities as at the date of acquisition were as follows: (Continued)

	\$ Unaudited
Non-current liabilities	
Borrowings	(1,809,063)
Lease liabilities	(2,474,412)
	<u>(4,283,475)</u>
Non-current liabilities	
Trade and other payables	(58,389,966)
Lease liabilities	(14,111,883)
Deferred tax liabilities	(136,811)
Bank overdrafts	(1,435,592)
Borrowings	(5,211,753)
	<u>(79,286,005)</u>
Net identifiable assets	54,105,723
Non-controlling interest	(19,595,493)
Net assets of the acquired entities	34,510,230
Consideration	(3,623,145)
Other reserves recognised	<u>30,887,085</u>

The effects of the acquisition of the subsidiaries on cash flows are as follows:

	\$ Unaudited
Total consideration	<u>(3,623,145)</u>
Cash acquired	
- Cash and bank balances	15,950,526
- Bank overdrafts	(1,435,592)
	<u>14,514,934</u>
Net cash inflow on acquisition of subsidiaries under common control	<u>10,891,789</u>

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
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14. Deferred tax

	Group	
	2023	2022
	\$	\$
	Unaudited	
Deferred tax assets	711,072	695,372
Deferred tax liabilities	(1,440,650)	(1,399,464)
	<u>(729,578)</u>	<u>(704,092)</u>

The movements in deferred tax position are as follows:

	Group	
	2023	2022
	\$	\$
	Unaudited	
At 1 January	(704,092)	134,431
Acquisition of subsidiaries (Note 13)	-	(81,591)
Charge to profit or loss	(90,753)	(785,057)
Exchange translation differences	65,267	28,125
At 31 December	<u>(729,578)</u>	<u>(704,092)</u>

Deferred tax assets recognised resulted from the following:

	Group	
	2023	2022
	S\$	S\$
	Unaudited	
Unutilised tax losses and capital allowance carried forward	614,936	581,866
Other temporary differences	96,136	113,506
	<u>711,072</u>	<u>695,372</u>

Deferred tax liabilities recognised resulted from the following:

	Group	
	2023	2022
	S\$	S\$
	Unaudited	
Accelerated depreciation	<u>(1,440,650)</u>	<u>(1,399,464)</u>

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

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15. Inventories

	Group	
	2023	2022
	\$	\$
	Unaudited	
Cellular phones, tablets, computers and accessories	126,153,595	101,144,988
Less: allowance for obsolescence	(1,455,766)	(410,293)
	<u>124,697,829</u>	<u>100,734,695</u>

The cost of inventories recognised as expense and included in cost of sales amounted to \$886,444,040 (2022: \$456,498,483).

During the financial year, the Group has written down approximately \$7,987,487 (2022: \$278,355) of its inventories. The written down has been included in "cost of sales".

16. Trade and other receivables

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
	Unaudited			
<u>Trade receivables</u>				
Third parties	18,501,826	10,728,466	-	-
Less: Loss allowances	(253,435)	(97,656)	-	-
	<u>18,248,391</u>	<u>10,630,810</u>	-	-
Unbilled receivables	2,548,580	2,116,784	-	-
Total trade receivables	<u>20,796,971</u>	<u>12,747,594</u>	-	-
<u>Other receivables</u>				
Third parties	11,853,521	15,503,780	-	-
Less: Loss allowances	(240,362)	-	-	-
	<u>11,613,159</u>	<u>15,503,780</u>	-	-
Subsidiaries (Note 16(a))	-	-	46,271,979	1,985,833
Ultimate holding company	40	496,043	-	-
Deposits	7,223,626	7,212,970	-	-
Advance payments to suppliers	1,371,498	10,151,777	-	-
GST receivables	548,513	239,838	193,358	1,180
Prepayments	2,488,666	2,033,405	98,112	-
Total other receivables	<u>23,245,502</u>	<u>35,637,813</u>	<u>46,563,449</u>	<u>1,987,013</u>
Total trade and other receivables	44,042,473	48,385,407	46,563,449	1,987,013
Less: Advance payments to suppliers	(1,371,498)	(3,059,174)	-	-
Less: GST receivables	(548,513)	(239,838)	(193,358)	(1,180)
Less: Prepayments	(2,488,666)	(9,126,008)	(98,112)	-
Financial assets carried at amortised cost	<u>39,633,796</u>	<u>35,960,387</u>	<u>46,271,979</u>	<u>1,985,833</u>

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023****16. Trade and other receivables (Continued)**Trade and other receivables

Trade receivables are non-interest bearing and are generally on 30 to 60 (2022: 30 to 60) days credit term. They are measured at their original invoice amounts which represent their fair value on initial recognition.

Amount due from ultimate holding company is non-trade in nature, unsecured, interest-free and repayable on demand.

a) Amounts due from subsidiaries

	Company	
	2023	2022
	\$	\$
Dividend receivables	-	1,881,352
Loan to subsidiaries	46,271,979	104,481
	<u>46,271,979</u>	<u>1,985,833</u>

The loan to subsidiaries is unsecured, bears interest ranging from 7.65% to 8.48% (2022: 8.50%) per annum and repayable on demand.

The currency profiles of Group's and Company's trade and other receivables (excluding advance to suppliers, goods and services tax and prepayments) at each reporting date are as follows:

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
	Unaudited			
Singapore Dollar	11,789,555	10,693,239	46,006,877	-
Malaysia Ringgit	27,122,215	24,380,145	-	1,881,352
United States Dollar	722,026	887,003	265,102	104,481
	<u>39,633,796</u>	<u>35,960,387</u>	<u>46,271,979</u>	<u>1,985,833</u>

17. Cash and bank balances

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
	Unaudited			
Cash at bank	20,671,150	12,041,682	2,747,123	137,492
Cash on hand	971,019	496,063	-	-
	<u>21,642,169</u>	<u>12,537,745</u>	<u>2,747,123</u>	<u>137,492</u>
Fixed deposits	2,657,756	918,402	1,155,757	-
	<u>24,299,925</u>	<u>13,456,147</u>	<u>3,902,880</u>	<u>137,492</u>

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023****17. Cash and bank balances**

Fixed deposits earn interests at an effective interest rate of 2.2% to 3.2% (2022: 3.1%) per annum and have tenure of approximately 1 to 12 months (2022: 1 to 12 months). As at the reporting date, fixed deposit amounting to \$ 309,000 (2022: \$309,000) was pledged to a bank as a security for credit facility granted to a subsidiary.

Cash and bank balances are denominated in the following currencies:

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
	Unaudited			
United States Dollar	4,220,864	1,358,988	13,007	121,371
Singapore Dollar	9,185,910	4,849,995	3,889,873	16,121
Malaysia Ringgit	10,891,841	7,247,164	-	-
Indonesian Rupiah	1,310	-	-	-
	<u>24,299,925</u>	<u>13,456,147</u>	<u>3,902,880</u>	<u>137,492</u>

For purposes of the statement of cash flows cash and cash equivalents comprise the following.

	Group	
	2023	2022
	\$	\$
	Unaudited	
Cash at bank	20,671,150	12,041,682
Cash on hand	<u>971,019</u>	<u>496,063</u>
	21,642,169	12,537,745
Bank overdrafts	<u>(1,984,622)</u>	<u>(1,319,166)</u>
Cash and cash equivalents	<u>19,657,547</u>	<u>11,218,579</u>

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023****18. Share capital**

	Group and Company			
	2023	2022	2023	2022
	Number of			
	ordinary shares		\$	\$
Issued and fully paid ordinary shares:				
At 1 January	26,601,000	21,691,000	18,948,598	13,075,633
Shares issued during the financial year	8,240,000	4,910,000	8,240,000	5,872,965
At 31 December	34,841,000	26,601,000	27,188,598	18,948,598

The ordinary shares have no par value, carry one vote per share without restrictions and holders are entitled to receive dividends when declared by the Company.

On 8 March 2023, the Company issued 3,650,000 new ordinary shares for a total consideration of \$3,650,000. By 31 December 2022, the Company had received the consideration of \$3,650,000 and accordingly recognised the amount as “advance received for share subscription” within equity.

On 22 December 2023, the Company issued another 4,590,000 shares for a total consideration of \$4,590,000.

In 2022, the Company issued 4,910,000 new ordinary shares in total for a total consideration of \$5,872,965.

19. Exchange translation reserve and other reserves**(a) Exchange translation reserve**

The exchange translation reserve of the Group represents foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. This is non-distributable and the movements in this reserve are set out in the statement of changes in equity.

(b) Other reserves

The difference between the consideration paid and the carrying value of the net assets of the acquired entities under common control (Note 13) is recognised as other reserves within equity. This is non-distributable and the movements in this reserve are set out in the statement of changes in equity.

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023****20. Borrowings**

	Group	
	2023	2022
	\$	\$
	Unaudited	
Non-current		
Bank loans	1,561,306	1,781,525
Current		
Bank loans	2,146,569	368,108
Bank overdrafts	1,984,622	1,319,166
Bankers' acceptances	14,373,589	6,779,880
Short term borrowings	35,612,077	-
Trust receipts	3,122,354	2,166,449
	<u>57,239,211</u>	<u>10,633,603</u>
	<u>58,800,517</u>	<u>12,415,128</u>

- (a) The bank loans and bank overdrafts bear interest ranging from 4.20% to 7.85% (2022: 3.2% to 7.4%) and are secured by the following:
- (i) legal charge over the freehold buildings and investment properties of certain subsidiaries (Note 10, 11)
 - (ii) joint and several guarantee by certain Directors of the Subsidiaries
 - (iii) corporate guarantee by ultimate holding company
 - (iv) pledge over short-term deposits
 - (v) letter of undertaking by Li Chau Ging and Tan Phaik Chee not to dilute their shareholding of 30% and 10% respectively in CG Computers Sdn Bhd.
- (b) Bankers' acceptance is a financial instrument issued by the bank that guarantees payment to a supplier for goods or services and the interest rates are from 3.32% to 5.08% (2022: 1.96% to 4.30%).
- (c) Short term borrowings issued by a financial institution that finance purchases of goods or services and the interest rates are from 7.14% to 7.17%.
- (d) Trust receipts is a 90 or 120 days trade facilities (bill receivable purchase) with a bank. The bank facilities are guaranteed by personal guarantee from a director of subsidiary. The weighted average effective interest rate is 3.18% per annum or 1% per annum above bank's cost of funds, whichever is higher.

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023****20. Borrowings (Continued)**

Borrowings are denominated in the following currencies:

	Group	
	2023	2022
	\$	\$
	Unaudited	
United States Dollar	2,142,594	1,586,283
Singapore Dollar	3,079,758	880,166
Malaysia Ringgit	53,578,165	9,948,679
	<u>58,800,517</u>	<u>12,415,128</u>

21. Bond payable

On 24 August 2023, the Company issued a Senior Unsecured Guaranteed Bonds through a private placement on Singapore Exchange with a maturity period of 3 years and a fixed coupon rate of 4.5% per annum, payable on a half yearly basis. The principal will be payable at the end of the maturity period. The Company may, on giving no less than 30 nor more than 60 days' notice to the bondholders, redeem the principal and accrued interests in whole but not in part before the maturity. Management recognised the redemption option as an embedded derivative, but did not separately measure it as the impact to the financial statements was not significant.

The bond is guaranteed by a Trust Fund of The Asian Development Bank, Credit Guarantee and Investment Facility ("CGIF"). The effective interest rate as at 31 December 2023 is approximately 6.63%.

The bond are initially recognised at fair value, net of transaction costs incurred. The bond are subsequently stated at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to profit or loss over the period of the bond using the effective interest method.

Bond payable is denominated in Singapore dollar.

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

22. Trade and other payables

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
	Unaudited			
<u>Trade payables</u>				
Third parties	39,448,308	42,516,235	-	-
<u>Other payables</u>				
Third parties	2,377,383	5,730,683	45,274	-
Related party	9,900	158,186	-	-
Subsidiaries	-	-	51,252	-
Ultimate holding company	8,994,359	48,024,848	437,728	-
Accruals expenses	4,225,421	3,689,005	41,650	7,500
Advance received from customer	737,726	666,292	-	-
Bond interest payable (Note 21)	795,205	-	795,205	-
Refundable deposits from customers	682,010	448,187	-	-
Goods and services tax payables	1,739,868	1,080,998	-	-
Total other payables	19,561,872	59,798,199	1,371,109	7,500
Total trade and other payables	59,010,180	102,314,434	1,371,109	7,500
Less: GST payables	(1,739,868)	(1,080,998)	-	-
Less: Advance received from customer	(737,726)	(666,292)	-	-
Financial liabilities carried at amortised cost	56,532,586	100,567,144	1,371,109	7,500

Trade amounts due to third parties are unsecured, non-interest bearing and on 15 to 60 (2022: 15 to 60) days credit term.

The non-trade amounts due to third parties, related party and subsidiaries are unsecured, interest-free and repayable on demand.

The non-trade amounts due to ultimate holding company are unsecured, bears interest from 7.65% to 8.25% (2022: 6.35% to 8.25%) per annum and repayable on demand.

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
	Unaudited			
United States Dollar	5,687,558	26,244,844	-	-
Singapore Dollar	6,628,221	23,233,474	912,129	7,500
Malaysia Ringgit	43,754,692	47,587,590	21,252	-
Indonesia Rupiah	462,115	3,501,236	437,728	-
	56,532,586	100,567,144	1,371,109	7,500

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**23. Significant related parties transactions**

During the financial year, in addition to the information disclosed elsewhere in these financial statements, the Group entered into the following significant transactions with related parties at rates and terms agreed between the parties:

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
	Unaudited			
Ultimate holding company:				
Loan from	48,700,916	-	26,625,000	-
Repayment of loan	(81,743,608)	(8,183,153)	(26,736,934)	-
Interest expense	2,664,596	3,117,491	124,372	-
Payment on behalf by	437,728	-	437,728	-
Management fee from	-	347,488	-	-
Immediate holding company:				
Management fee from	39,600	364,605	-	-
Subsidiaries:				
Dividend income	-	-	-	1,881,352
Loans to/(Repayment of loans to)	-	-	44,986,420	(2,074,050)
Interest income	-	-	1,285,559	98,460

As at 31 December, the outstanding balances in respect of the above transactions are disclosed in Notes 16 and 22 to the financial statements.

Key management personnel remuneration

Key management personnel are those individuals having the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The Group's key management personnel are the Directors of the Group.

The details of their remuneration are as follows:

	Group	
	2023	2022
	\$	\$
	Unaudited	
Salaries and bonuses	1,345,461	336,417
Director fees	272,267	55,123
Employer's contribution to defined contribution plan	207,300	53,180
Other benefits	-	182
Total	1,825,028	444,902

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023****24. Segment information**

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker (Note 2.8).

Management monitors the Group's operations from both a geographic and sector perspective.

Geographically, management manages and monitors the business in these primary geographic areas: Singapore and Malaysia.

For management purposes, the Group is organised into business units where each entity within the Group is considered and managed as a business unit and the whole Group is considered as one Digital segment.

Geographical segments

The Group operates in two main geographical areas. Revenue is based on the country in which the customers are located. Segmental non-current assets consist primarily of non-current assets other than financial instruments and deferred tax assets. Segment non-current assets are shown by geographical area in which the assets are located.

	Singapore	Malaysia	Others	Total
	\$	\$	\$	\$
2023				
<i>Revenue</i>				
Total revenue	159,287,846	818,599,811	352,610	978,240,267
Inter-segmental revenue	(1,675,620)	(8,959,380)	-	(10,635,000)
Revenue from external customers	157,612,226	809,640,431	352,610	967,605,267
Interest income	18,272	130,859	-	149,131
Interest expenses	(3,063,063)	(5,691,642)	-	(8,754,705)
Amortisation of right-of-use assets	(5,270,645)	(9,848,502)	-	(15,119,147)
Depreciation of investment properties	-	(21,427)	-	(21,427)
Depreciation of property, plant and equipment	(1,268,920)	(7,552,860)	-	(8,821,780)
Gain on disposal of property, plant and equipment	684	5,891	-	6,575
Segment profit	(4,663,425)	(6,494,521)	-	(11,157,946)
Additions to non-current assets:				
- Property, plant and equipment	1,455,471	16,123,432	-	17,578,903
- Right-of-use assets	2,259,204	13,201,893	-	15,461,097
- Bond issue costs	1,648,454	-	-	1,648,454
Segment assets	58,380,217	191,283,687	-	249,663,904
Segment liabilities	70,802,536	119,015,185	-	189,817,721

Non-current assets consist of property, plant and equipment, investment properties, right-of-use assets and bond issue costs in the consolidated statements of financial position of the Group.

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

24. Segment information (Continued)

Geographical segments (Continued)

	Singapore \$	Malaysia \$	Others \$	Total \$
Unaudited 2022				
<i>Revenue</i>				
Total revenue	69,329,507	426,281,749	219,359	495,830,615
Inter-segmental revenue	(40,620)	(1,324,981)	-	(1,365,601)
Revenue from external customers	69,288,887	424,956,768	219,359	494,465,014
Interest income	-	47,782	-	47,782
Interest expenses	(727,180)	(2,900,787)	-	(3,627,967)
Amortisation of right-of-use assets	(1,653,256)	(2,120,172)	-	(3,773,428)
Depreciation of investment properties	-	(5,701)	-	(5,701)
Depreciation of property, plant and equipment	(284,673)	(1,563,522)	-	(1,848,195)
Gain on disposal of property, plant and equipment	-	10,327	-	10,327
Impairment of right-of-use assets	(543,072)	-	-	(543,072)
Segment profit	(1,960,204)	9,408,130	-	7,447,926
Included in the segment assets:				
Additions:				
- Property, plant and equipment	2,144,581	25,147,851	-	27,292,432
- Right-of-use assets	10,954,652	13,936,544	-	24,891,196
Segment assets	48,647,900	163,483,734	-	212,131,634
Segment liabilities	39,907,624	100,523,783	-	140,431,407

Locations of non-current assets

Non-current assets consist of properties, plant and equipment, investment properties, right-of-use assets.

	Group	
	2023	2022
	\$	\$
	Unaudited	
Singapore	10,103,182	13,523,679
Malaysia	43,664,490	35,336,334
	<u>53,767,672</u>	<u>48,860,013</u>

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

25. Financial instruments and financial risks

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
	Unaudited			
Financial assets				
Trade and other receivables	39,633,796	35,960,387	46,271,979	1,985,833
Cash and bank balances	24,299,925	13,456,147	3,902,880	137,492
Financial assets at amortised costs	63,933,721	49,416,534	50,174,859	2,123,325
Financial liabilities				
Trade and other payables	56,532,586	100,567,144	1,371,109	7,500
Bond payable	47,353,072	-	47,353,072	-
Borrowings	58,800,517	12,415,128	-	-
Lease liabilities	22,918,290	23,889,222	-	-
Financial liabilities at amortised costs	185,604,465	136,871,494	48,724,181	7,500

The Group's activities have exposure to credit risks, market risks (including foreign currency risks and interest rates risks) and liquidity risks arising in the ordinary course of business. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors are responsible for setting the objectives and underlying principles of financial risk management for the Group. The Group's management then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no change to the Group's exposure to these financial risks or the manner in which the risks are managed and measured.

The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange rates.

25.1 Credit risks

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults or requiring partial or full advance payments from customers. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally do not require collaterals.

The Board of Directors has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered.

The Board of Directors determines concentrations of credit risk by quarterly monitoring the creditworthiness rating of existing customers and through a monthly review of the trade receivables' ageing analysis.

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

25. Financial instruments and financial risks (Continued)

25.1 Credit risks (Continued)

For trade receivables, the Group adopts the policy of dealing only with customers/parties of appropriate credit history to mitigate credit risk. The Group's trade receivables comprise mainly distribution sales, which have been rendered to third parties.

Trade and other receivables are monitored on an ongoing basis and whether the trade and other receivables are recoverable are estimated by the Group's management based on prior experience and the current economic environment. As at balance sheet date, there was no significant concentration of credit risk from trade and other receivables of the Group.

As the Group do not hold any collateral, the maximum exposure to credit risk to each class of financial instruments is the carrying amount of that financial instruments presented in the consolidated statement of financial position.

Trade receivables due from third parties

The Group applies the simplified approach to measure the expected credit losses for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing.

The expected loss rates are based on the Group's historical credit losses experienced. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers.

The following table provides information about the exposure to credit risk and expected credit loss for the Group's trade receivables from third parties as at 31 December 2023.

	Group	
	2023	2022
	\$	\$
		Unaudited
Current	14,758,586	8,843,697
Past due 1 to 30 days	4,864,649	3,130,809
Past due 31 to 60 days	808,932	148,476
Past due over 60 days	364,804	624,612
	<u>20,796,971</u>	<u>12,747,594</u>

The Group assessed that the trade receivables due from third parties other than the expected credit losses as disclosed in Note 16 to the financial statements, are subject to immaterial expected credit losses.

Other receivables due from third parties

For other receivables, the Board of Directors adopt a policy of dealing with high credit quality counterparties. Board of Directors monitor and assess at each reporting date on any indicator of significant increase in credit risk on these other receivables. Other than those impaired as detailed in Note 16 to the financial statements, other receivables are measured at 12-month expected credit loss and subject to immaterial credit loss.

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

25. Financial instruments and financial risks (Continued)

25.1 Credit risks (Continued)

Movement in the loss allowance for trade and other receivables

	Group	
	2023	2022
	\$	\$
		Unaudited
At 1 January	97,656	8,428
Acquisition of subsidiaries	-	89,228
Loss allowance	494,056	-
Write off	(89,228)	-
Exchange difference	(8,687)	-
At 31 December	<u>493,797</u>	<u>97,656</u>

The loss allowance for trade receivables was measured at an amount equal to lifetime expected credit losses while the loss allowances for other receivables was measured at 12 months expected credit losses.

Amounts due from subsidiaries

For amounts due from subsidiaries (Note 16(a)), the Board of Directors have taken into account information that it has available internally about these subsidiaries' past, current and expected operating performance and cash flow position. Board of Directors monitor and assess at each reporting date for any indicator of significant increase in credit risk on the amounts due from the respective subsidiaries, by considering their performance and any default in external debts. For those where the credit risk has not increased significantly since initial recognition, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised. Based on the assessment, the amounts due from subsidiaries are subject to immaterial credit losses.

Cash and bank balances

Cash and bank balances are mainly deposits with reputable banks with high credit ratings assigned by international credit rating agencies.

The cash and bank balances are held with banks which are rated Bbb to Aaa, based on Moody's rating. The Board of Directors monitors the credit ratings of counterparties regularly. Impairment on cash and bank balances have been measured on the 12-month expected loss. At the reporting date, the Group did not expect any credit losses from non-performance by the counterparties.

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

25. Financial instruments and financial risks (Continued)

25.2 Market risks

Market risk arises from the Group's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates (currency risk) or interest rates (interest rate risk).

Foreign currency risks

Foreign exchange risk arises when individual entities within the Group enters into transactions denominated in a currency other than their functional currency.

The currencies that give rise to this risk of the Group and Company are primarily United States Dollar ("USD"), Singapore Dollar ("SGD") and Indonesia Rupiah ("IDR").

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

25. Financial instruments and financial risks (Continued)

25.2 Market risks (Continued)

Foreign currency risks (Continued)

The Group's material exposure from foreign currency denominated financial assets and financial liabilities as at the end of the reporting period is as follows:

	SGD \$	USD \$	RM \$	IDR \$
Group				
2023				
Financial assets	20,975,466	4,942,890	38,014,054	1,310
Intra-group balances	(46,006,877)	-	-	-
Financial liabilities	(67,972,829)	(7,830,152)	(111,986,298)	(462,115)
Net financial liabilities	(93,004,240)	(2,887,262)	(73,972,244)	(460,805)
Less: Net financial liabilities denominated in the respective entities' functional currencies	(46,997,363)	-	(73,972,244)	-
Net financial position, adjusted for financial assets/(liabilities) denominated in the respective entities' functional currencies	(46,006,877)	(2,887,262)	-	(460,805)
2022				
Unaudited				
Financial assets	15,543,231	2,245,994	31,627,308	-
Financial liabilities	(36,146,838)	(27,831,127)	(69,392,288)	(3,501,236)
Net financial liabilities	(20,603,607)	(25,585,133)	(37,764,980)	(3,501,236)
Less: Net financial liabilities denominated in the respective entities' functional currencies	(20,603,607)	-	(37,764,980)	-
Net financial position, adjusted for financial liabilities denominated in the respective entities' functional currencies	-	(25,585,133)	-	(3,501,236)

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
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25. Financial instruments and financial risks (Continued)

25.2 Market risks (Continued)

Foreign currency risks (Continued)*Foreign currency sensitivity analysis*

The following table details the Group's sensitivity to 10% (2022: 10%) change in United States Dollar, Singapore Dollar and Indonesian Rupiah against Singapore Dollar/Malaysian Ringgit. The sensitivity analysis assumes an instantaneous change in the foreign currency exchange rates from the end of the reporting dated, with all variables held constant.

	Gain/(loss) in profit or loss Group	
	2023	2022
	\$	\$
		Unaudited
<u>Singapore Dollar</u>		
Strengthen against Malaysian Ringgit	(4,600,688)	-
Weaken against Malaysian Ringgit	<u>4,600,688</u>	<u>-</u>
<u>United States Dollar</u>		
Strengthen against Singapore Dollar/Malaysian Ringgit	(288,726)	(2,558,513)
Weaken against Singapore Dollar/Malaysian Ringgit	<u>288,726</u>	<u>2,558,513</u>
<u>Indonesian Rupiah</u>		
Strengthen against Singapore Dollar	(46,081)	(350,124)
Weaken against Singapore Dollar	<u>46,081</u>	<u>350,124</u>

As at reporting date, the Company does not have significant financial assets and liabilities denominated in currencies other than its functional currency. Accordingly, the currency sensitivity analysis disclosure for the Company is deemed not necessary.

Interest rate risk

The Group and Company are not exposed to any significant cash flow interest rate risk as at reporting date as it does not have significant variable interest bearing financial assets and liabilities. The Group and Company are primarily exposed to fixed rate interest bearing loans from bank, financial institution and bondholders. Accordingly, interest rate risk sensitivity analysis disclosure is deemed not necessary.

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

25. Financial instrument and financial risks (Continued)

25.3 Liquidity risks

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on undiscounted cash flows of financial liabilities based on the earlier of the contractual date or when the Group is expected to pay. The table includes both expected interest and principal cash flows.

	Less than 1 year \$	Between 1 and 5 years \$	Over 5 years \$	Total \$
Group				
2023				
Trade and other payables (excluding goods and services tax payables and advance from customers)	56,532,586	-	-	56,532,586
Bond payable	2,256,164	53,704,795	-	55,960,959
Borrowings	57,562,424	208,410	1,352,896	59,123,730
Lease liabilities	14,905,992	9,127,404	217,630	24,251,026
	<u>131,257,166</u>	<u>63,040,609</u>	<u>1,570,526</u>	<u>195,868,301</u>
2022				
Unaudited				
Trade and other payables (excluding goods and services tax payables and advance from customers)	100,567,144	-	-	100,567,144
Borrowings	10,752,067	1,781,525	-	12,533,592
Lease liabilities	11,997,492	10,459,106	2,734,878	25,191,476
	<u>123,316,703</u>	<u>12,240,631</u>	<u>2,734,878</u>	<u>138,292,212</u>
		Less than 1 year \$	Between 1 and 5 years \$	Total \$
Company				
2023				
Trade and other payables		1,371,109	-	1,371,109
Bond payable		2,256,164	53,704,795	55,960,959
		<u>3,627,273</u>	<u>53,704,795</u>	<u>57,332,068</u>
2022				
Trade and other payables		7,500	-	7,500

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

25. Financial instruments and financial risks (Continued)

Financial instruments and measurements

Financial instruments not measured at fair value

Due to their short-term nature, the carrying amount of the current financial assets and financial liabilities measured at amortised costs approximate their fair value.

The carrying amounts of the borrowings and bond approximate their fair value as their interest rates approximate market interest rates for such liabilities.

26. Capital risk management policies and objectives

The Group manages its capital to continue as a going concern, maintains an optimal capital structure so as to maximise shareholder value. The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may issue new shares and enter into new debt arrangements.

The capital structure of the Group consists of equity attributable to the equity holders of the Company comprising issued capital and other reserves.

The Group's management reviews the capital structure on an annual basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. The Group's overall strategy remains unchanged from 31 December 2023.

The Group is in compliance with the imposed capital requirements for the financial years ended 31 December 2023 and 2022.

Management monitors capital based on a gearing ratio.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings, bond payable, lease liabilities less cash and bank balances. Total capital is calculated as equity plus net debt.

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
	Unaudited			
Net debt	105,445,090	22,447,438	44,605,949	(137,492)
Total equity	59,846,183	71,700,227	28,797,645	24,740,218
Total capital	165,291,273	94,147,666	73,403,594	24,602,726
Gearing ratio	64%	24%	61%	N.M.

N.M. - Not meaningful