

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

(Company registration number: 202112055C)

Directors' Statement and Financial Statements
for the financial year ended 31 December 2024

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

DIRECTORS’ STATEMENT

The Directors of Erajaya Digital Pte Ltd (the “Company”) present their statement to the member together with the audited financial statements of the Company and its subsidiaries (the “Group”) for the financial year ended 31 December 2024 and the statement of the financial position of the Company as at 31 December 2024.

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 2024, 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 Directors to acquire shares or 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
Penultimate 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	-	-

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT

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.

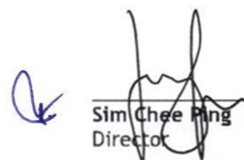
There were no unissued shares of the Company or its subsidiary corporations under option as at the end of the financial year.

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


Sim Chee Ping
Director

30 April 2025



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 Chartered Accountants
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 Singapore 188778

INDEPENDENT AUDITOR'S REPORT

To the Member 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 2024, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2024;
- 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 2024, 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 Valuation of inventories As at 31 December 2024, the inventories of the Group amounted to approximately \$137.8 million, which represents 54% of the total assets of the Group. Inventories of the Group, which comprise mobile phones, accessories and electronic products, are carried at the lower of cost and net realisable value. 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. We focused on this area because of the significant judgement and estimate applied by the management in the determination of the valuation of inventory. Refer to Notes 2.6, 3.2(ii) and 15 of the accompanying financial statements.	Our procedures included, amongst others, the following: ■ We understood the management's process and policies of determining the valuation of inventories; ■ We tested the net realisable values of inventories by comparing the cost of inventories, on a sample basis, to actual selling prices subsequent to the financial year end; ■ We evaluated the management's computation of inventory write-down by comparing to the inventory aging reports and relevant historical data; and ■ We reviewed the adequacy and appropriateness of the related disclosures in the financial statements.



KEY AUDIT MATTER	AUDIT RESPONSE
2 Impairment of the Company’s investment in subsidiaries As at 31 December 2024, the carrying amount of the Company’s investments in subsidiaries was \$19,557,390 representing 28% 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 the impairment test, the recoverable amounts were determined based on fair value less cost to disposal and value-in-use calculations, where appropriate. The use of these methods required management to make significant judgement and estimate on certain inputs. We focused on this area because the impairment assessment involved significant judgements and estimates.	Our procedures included, amongst others, the following: ■ We evaluated management’s impairment assessment, their basis for determination of recoverable amounts and key assumptions used in the fair value less costs of disposal and VIU calculations. ■ We compared underlying data used in the VIU calculations against historical actual performance for reasonableness of key assumptions used; ■ We, with the involvement of our internal valuation specialist, evaluated the appropriateness of the inputs to the VIU model and the discount rate; ■ 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.
Refer to Notes 2.5, 3.2(i) and 13 of the accompanying financial statements.	



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.
- Plan and perform the group audit to 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
30 April 2025

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

		Group	
	Note	2024	2023
		\$	\$
Revenue	4	1,038,516,466	967,605,267
Cost of sales		(942,138,797)	(886,444,040)
Gross profit		96,377,669	81,161,227
Other income	5	4,805,562	2,316,882
Other items of expense			
Selling and distribution expenses		(56,113,356)	(52,551,489)
General and administrative expenses		(27,599,321)	(33,329,861)
Finance costs	7	(9,948,730)	(8,754,705)
Profit/(loss) before income tax	8	7,521,824	(11,157,946)
Income tax expense	9	(3,594,604)	(2,058,102)
Profit/(loss) for the financial year		3,927,220	(13,216,048)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		3,673,694	(3,367,996)
Total comprehensive income		7,600,914	(16,584,044)
Profit/(loss) attributable to:			
Owners of the Company		2,335,311	(14,205,078)
Non-controlling interests		1,591,909	989,030
		3,927,220	(13,216,048)
Total comprehensive income attributable to:			
Owners of the Company		4,650,259	(16,392,331)
Non-controlling interests		2,950,655	(191,713)
		7,600,914	(16,584,044)

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 2024

		Group		Company	
	Note	2024	2023	2024	2023
		\$	\$	\$	\$
ASSETS					
Non-current assets					
Property, plant and equipment	10	25,774,562	31,225,153	-	-
Investment properties	11	826,924	801,337	-	-
Right-of-use assets	12	18,735,058	21,741,182	-	-
Investments in subsidiaries	13	-	-	19,557,390	27,055,497
Deferred tax assets	14	746,437	711,072	-	-
Total non-current assets		46,082,981	54,478,744	19,557,390	27,055,497
Current assets					
Inventories	15	137,839,974	124,697,829	-	-
Trade and other receivables	16	34,259,305	44,042,473	39,281,831	46,563,449
Income tax receivable		1,897,828	2,144,933	-	-
Cash and bank balances	17	37,085,002	24,299,925	11,186,256	3,902,880
Total current assets		211,082,109	195,185,160	50,468,087	50,466,329
Total assets		257,165,090	249,663,904	70,025,477	77,521,826
EQUITY AND LIABILITIES					
Equity					
Share capital	18	27,188,598	27,188,598	27,188,598	27,188,598
Exchange translation reserve	19	(902,863)	(3,217,811)	-	-
Other reserves	19	27,293,126	27,299,525	-	-
(Accumulated losses)/Retained earnings		(9,642,692)	(11,678,003)	(6,763,854)	1,609,047
Equity attributable to owners of the Company		43,936,169	39,592,309	20,424,744	28,797,645
Non-controlling interests		23,341,221	20,253,874	-	-
Total equity		67,277,390	59,846,183	20,424,744	28,797,645

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 2024

		Group		Company	
	Note	2024	2023	2024	2023
		\$	\$	\$	\$
Non-current liabilities					
Borrowings	20	1,602,400	1,561,306	-	-
Bond payable	21	48,354,282	47,353,072	48,354,282	47,353,072
Lease liabilities	12	6,976,084	9,281,253	-	-
Deferred tax liabilities	14	631,672	1,440,650	-	-
Total non-current liabilities		57,564,438	59,636,281	48,354,282	47,353,072
Current liabilities					
Borrowings	20	74,234,828	57,239,211	-	-
Lease liabilities	12	12,773,887	13,637,037	-	-
Income tax payables		349,559	295,012	211,744	-
Trade and other payables	22	44,964,988	59,010,180	1,034,707	1,371,109
Total current liabilities		132,323,262	130,181,440	1,246,451	1,371,109
Total liabilities		189,887,700	189,817,721	49,600,733	48,724,181
Total equity and liabilities		257,165,090	249,663,904	70,025,477	77,521,826

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 2024

<u>Group</u>	<u>Note</u>	Share capital \$	Other reserves \$	Exchange translation reserve \$	(Accumulated losses)/ Retained earnings \$	Equity attributable to owners of the Company \$	Non- controlling interest \$	Total equity \$
Balance at 1 January 2024		27,188,598	27,299,525	(3,217,811)	(11,678,003)	39,592,309	20,253,874	59,846,183
Total comprehensive income for the financial year:								
Profit for the financial year		-	-	-	2,335,311	2,335,311	1,591,909	3,927,220
Other comprehensive income		-	-	2,314,948	-	2,314,948	1,358,746	3,673,694
		-	-	2,314,948	2,335,311	4,650,259	2,950,655	7,600,914
Transactions with owners, recognised directly in equity								
Acquisition of additional interest from non-controlling interests	13	-	(6,399)	-	-	(6,399)	(12,017)	(18,416)
Issue of share capital to non-controlling interest	13	-	-	-	-	-	148,709	148,709
Dividends	23	-	-	-	(300,000)	(300,000)	-	(300,000)
		-	(6,399)	-	(300,000)	(306,399)	136,692	(169,707)
Balance at 31 December 2024		27,188,598	27,293,126	(902,863)	(9,642,692)	43,936,169	23,341,221	67,277,390

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 2024

<u>Group</u>	<u>Note</u>	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 interests \$	Total equity \$
Balance 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 income 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
		8,240,000	(3,650,000)	-	-	-	4,590,000	140,000	4,730,000
Balance 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 CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

		Group	
	Note	2024	2023
		\$	\$
Operating activities			
Profit/(loss) before income tax		7,521,824	(11,157,946)
Adjustments for:			
Amortisation of right-of-use assets		16,437,668	15,119,147
Depreciation of property, plant and equipment		9,446,463	8,821,780
Depreciation of investment properties		21,271	21,427
Property, plant and equipment written off		323,393	-
Gain on disposal of property, plant and equipment		(556)	(6,575)
Gain on lease modification		(12,954)	(16,967)
Right-of-use assets written off		(203,381)	(17,987)
Inventories written (back)/down		(66,371)	7,987,487
Bad debts written off		147,452	5,934
Loss allowance on trade and other receivables		285,272	494,056
Interest income		(174,900)	(149,131)
Interest expenses		9,948,730	8,754,705
Unrealised foreign exchange loss/(gain)		(796,683)	(3,957,228)
Operating cash flows before working capital changes		42,877,228	25,898,702
Working capital changes:			
Inventories		(4,336,922)	(30,630,385)
Trade and other receivables		9,350,444	3,851,936
Trade and other payables		(6,090,523)	(5,066,012)
Cash generated from/(used in) operations		41,800,227	(5,945,759)
Income tax paid		(4,061,304)	(4,268,751)
Net cash from/(used in) operating activities		37,738,923	(10,214,510)
Investing activities			
Acquisition of additional interest from non-controlling interests	13	(18,416)	-
Issuance of share capital to non-controlling interest	13	148,709	140,000
Movement in fixed deposits		53,650	(1,739,354)
Proceeds from disposal of property, plant and equipment		2,237	9,959
Purchase of property, plant and equipment		(5,002,015)	(17,578,903)
Interest received		174,900	149,128
Net cash used in investing activities		(4,640,935)	(19,019,170)

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 2024**

		Group	
	Note	2024	2023
		\$	\$
Financing activities			
Proceeds from issuance of shares	18	-	4,590,000
Proceeds from borrowings		341,621,491	92,403,789
Proceeds received under supplier finance arrangements	20	66,732,483	142,989,905
Repayment of borrowings		(298,950,799)	(81,598,909)
Repayments to banks or a financial institution under a supplier finance arrangement		(94,315,307)	(106,464,133)
Interest paid on borrowings		(3,238,250)	(1,822,978)
Interest paid on supplier finance arrangement		(942,768)	(1,417,156)
Repayment of lease liabilities	12	(16,424,126)	(15,034,594)
Interest paid on lease liabilities	12	(1,429,488)	(1,703,373)
Proceeds from penultimate holding company		24,271,135	48,700,916
Repayment of advance from penultimate holding company		(32,140,817)	(81,743,608)
Interest paid on amount due to penultimate holding company		(1,310,010)	(8,559,208)
Bond issue costs		-	(2,998,159)
Proceeds from the issuance of bond		-	50,000,000
Interest paid on bond		(2,256,164)	-
Dividend paid to owners of the Company		(300,000)	-
Net cash (used in)/from financing activities		(18,682,620)	37,342,492
Net changes in cash and cash equivalents		14,415,368	8,108,812
Cash and equivalents at beginning of year		19,657,547	11,218,579
Effect of exchange rate changes on cash and cash equivalents		185,342	330,156
Cash and cash equivalents at end of year	17	34,258,257	19,657,547

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 2024

Note A: Reconciliation of liabilities arising from financing activities

	Cash flow				Non-cash		
	1 January 2024	Proceeds	Repayments	Interest paid	Interest accrued	Foreign exchange differences	31 December 2024
	\$	\$	\$	\$	\$	\$	\$
Borrowings	21,203,818	341,621,491	(298,950,799)	(3,157,546)	3,157,546	2,744,796	66,619,306
Liabilities under supplier finance arrangements	35,612,077	66,732,483	(94,315,307)	(942,768)	942,768	1,000,236	9,029,489
Amount due to penultimate holding company	8,994,359	24,271,135	(32,140,817)	(1,310,010)	1,076,348	146,599	1,037,614

	Cash flow				Non-cash		
	1 January 2024	Proceeds	Bond issue costs	Interest paid	Interest accrued	Amortisation of bond issue costs	31 December 2024
	\$	\$	\$	\$	\$	\$	\$
Bond	48,148,277	-	-	(2,256,164)	2,256,164	1,001,210	49,149,487

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 2024

Note A: Reconciliation of liabilities arising from financing activities (Continued)

	Cash flow				Non-cash		
	1 January 2023	Proceeds	Repayments	Interest paid	Interest accrued	Foreign exchange differences	31 December 2023
	\$	\$	\$	\$	\$	\$	\$
Borrowings	11,095,962	92,403,789	(81,598,909)	(946,558)	946,558	(697,024)	21,203,818
Liabilities under supplier finance arrangements	-	142,989,905	(106,464,133)	(1,417,156)	1,417,156	(913,695)	35,612,077
Amount due to penultimate 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	Interest paid	Interest accrued	Amortisation of bond issue costs	31 December 2023
	\$	\$	\$	\$	\$	\$	\$
Bond	-	50,000,000	(2,998,159)	-	795,205	351,231	48,148,277

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 2024**

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”) (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. The Company’s penultimate holding company and ultimate holding Company are PT Erajaya Swasembada Tbk which is listed in Indonesia Stock Exchange and PT Eralink International, both are incorporated in Indonesia. Related companies in these financial statements refer to members of PT Erajaya Swasembada Tbk and PT Eralink International.

The statement of financial position of the Company and the consolidated financial statements of the Company and its subsidiaries (the “Group”) for the financial year ended 31 December 2024 were authorised for issue in accordance with a Directors’ resolution dated 30 April 2025.

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. All accounting policies have been consistently applied to the current financial year and comparative period, unless otherwise stated.

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.

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.

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2. Material accounting policy information (Continued)

2.1 Basis of preparation (Continued)

Changes in accounting policies

New standards, amendments and interpretations effective from 1 January 2024

On 1 January 2024, the Group adopted the new or amended SFRS(I) and interpretations to SFRS(I) that are mandatory for application for the financial year. The adoption of these standards did not result in significant changes to the Group's accounting policies and had no material impact to the Group's financial statements, except as disclosed below:

Amendments to SFRS(I) 1-1 Presentation of Financial Statements: Classification of liabilities

The amendments clarify the following:

- An entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period.
- If an entity's right to defer settlement of a liability is subject to covenants, such covenants affect whether that right exists at the end of the reporting period only if the entity is required to comply with the covenant on or before the end of the reporting period.
- The classification of a liability as current or non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement.
- In case of a liability that can be settled, at the option of the counterparty, by the transfer of the entity's own equity instruments, such settlement terms do not affect the classification of the liability as current or non-current only if the option is classified as an equity instrument.

These amendments have no effect on the classification and measurement of any items in the financial statements of the Group.

Amendments to SFRS(I) 1-7 Statements of Cash Flows and SFRS(I) 7 Financial Instruments: Disclosures: Supplier Finance Arrangements

The amendments require entities to provide certain specific disclosures (qualitative and quantitative) related to supplier finance arrangements. The amendments also provide guidance on characteristics of supplier finance arrangements.

The Group has adopted these amendments on 1 January 2024 and has provided additional disclosures about its supplier finance arrangement for the financial year ended 31 December 2024 in Note 20 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.

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2. Material accounting policy information (Continued)

2.1 Basis of preparation (Continued)

Changes in accounting policies (Continued)

New standards, amendments and interpretations issued but not yet effective (Continued)

SFRS(I) 18 Presentation and Disclosure in Financial Statements

The SFRS(I) 18 replaces SFRS(I) 1-1 Presentation of Financial Statements and provides guidance on presentation and disclosure in financial statements, focus on the statement of profit or loss.

SFRS(I) 18 introduces:

- New structure on statement of profit or loss with defined subtotals;
- Disclosure related to management-defined performance measures (MPMs), which are measures of financial performance based on a total or sub-total required by accounting standards with adjustments made (e.g. “adjusted profit or loss”). A reconciliation of MPMs to the nearest total or subtotal calculated in accordance with accounting standards; and
- Enhanced principles on aggregation and disaggregation of financial information which apply to the primary financial statements and notes in general.

SFRS(I) 18 will take effect on 1 January 2027 and management anticipates that the new requirements will change the current presentation and disclosure in the financial statements. An impact assessment regarding the adoption of SFRS(I) 18 is still underway and has not yet been completed.

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 financial year 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.

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

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

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 Group 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.

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

2. Material accounting policy information (Continued)**2.3 Business combinations (Continued)**

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.

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 2024**

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.

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 less 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.

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

2. Material accounting policy information (Continued)**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 2024**

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)**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 2024 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

The consumer electronics industry is highly competitive and subject to rapid technological advancements, frequent product launches, and price fluctuations. 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 2024

4. Revenue

	Group	
	2024	2023
	\$	\$
Distribution sales	202,057,421	195,497,636
Retail sales	836,459,045	772,107,631
	<u>1,038,516,466</u>	<u>967,605,267</u>
<i>Geographical markets</i>		
Singapore	148,836,159	157,612,227
Malaysia	888,033,831	809,640,430
Others	1,646,476	352,610
	<u>1,038,516,466</u>	<u>967,605,267</u>

5. Other income

	Group	
	2024	2023
	\$	\$
Interest income		
Bank deposits	174,900	149,131
Other income		
Gain on lease modification	12,954	16,967
Rental income from investment properties (Note 11)	44,361	48,074
Rebate and incentive	3,792,354	1,666,465
Government grant	320,195	131,301
Others	460,798	304,944
	<u>4,805,562</u>	<u>2,316,882</u>

6. Employee benefits expense

	Group	
	2024	2023
	\$	\$
Wages, salaries and bonuses	20,702,163	21,323,618
Statutory contributions and defined contribution plans	3,219,228	3,679,841
Staff commission	4,544,519	4,285,394
Staff accommodation and welfare	315,019	452,854
Staff insurance and medical expenses	269,230	196,680
Others	333,566	253,688
	<u>29,383,725</u>	<u>30,192,075</u>

Employee benefit expenses relating to key management personnel are disclosed in Note 24 to the financial statements.

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

7. Finance costs

	Group	
	2024	2023
	\$	\$
Interest expense on:		
Lease liabilities (Note 12)	1,429,488	1,703,373
Borrowings	4,181,018	3,240,135
Amounts due to penultimate holding company	1,076,348	2,664,596
Bond	3,257,374	1,146,436
Others	4,502	165
	<u>9,948,730</u>	<u>8,754,705</u>

8. Profit/(loss) before income tax

In addition to the charges and credits as disclosed elsewhere in the notes to the statement of comprehensive income, the profit/(loss) before income tax includes the following charges/(credits):

	Group	
	2024	2023
	\$	\$
<u>Selling and distribution expenses:</u>		
Amortisation of right-of-use assets	16,088,993	14,875,867
Depreciation of property, plant and equipment	9,304,127	8,412,384
Employee benefit expenses	6,887,435	6,203,570
Nets and credit card charges	14,047,396	11,682,633
Variable lease payment	<u>2,453,838</u>	<u>2,590,764</u>
<u>General and administrative expenses:</u>		
Amortisation of right-of-use assets	348,675	243,280
Depreciation of property, plant and equipment	142,336	409,396
Depreciation of investment properties	21,271	21,427
Employee benefit expenses	22,496,290	23,988,505
Foreign exchange (gain)/loss, net	(1,082,785)	3,348,717
Lease expenses on:		
- short-term leases	130,920	152,188
- low value assets	69,620	4,542
Professional fees	1,582,661	778,239
Loss allowance on trade and other receivables	<u>285,272</u>	<u>494,056</u>

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

9. Income tax expense

	Group	
	2024	2023
	\$	\$
Current income tax		
- Current financial year	3,781,074	2,168,031
- Under/(over) provision in prior financial year	303,516	(200,682)
Withholding tax	383,833	-
	<u>4,468,423</u>	<u>1,967,349</u>
Deferred tax		
- Current financial year	(469,866)	44,307
- Under provision in prior financial year	(403,953)	46,446
	<u>(873,819)</u>	<u>90,753</u>
	<u>3,594,604</u>	<u>2,058,102</u>

The corporate income tax rate applicable to the Company and its subsidiaries in Singapore and Malaysia were 17% and 24% (2023: 17% and 24%) respectively.

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	
	2024	2023
	\$	\$
Profit/(loss) before income tax	<u>7,521,824</u>	<u>(11,157,946)</u>
Tax at the domestic rates applicable to profits in the countries concerned	792,150	(2,370,101)
Effect of expenses not deductible	2,566,550	2,643,628
Effect of income not taxable	(833,346)	(20,057)
Deferred tax assets not recognised	1,096,696	1,958,868
Utilisation of previously unrecognised deferred tax	-	-
Under/(over) provision of prior year income tax	303,516	(200,682)
(Over)/under provision of prior year deferred tax	(403,953)	46,446
Withholding tax	383,833	-
Foreign tax credit	(310,842)	-
Total income tax expense recognised in profit or loss	<u>3,594,604</u>	<u>2,058,102</u>

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

9. Income tax expense (Continued)

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

	Group	
	2024	2023
	\$	\$
Unutilised tax losses	9,400,935	8,938,970
Property, plant and equipment	273,275	328,278
Other temporary differences	165,496	291,652
	<u>9,839,706</u>	<u>9,558,900</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	
	2024	2023
	\$	\$
<u>Unutilised tax losses expiring/expired in financial year ended</u>		
31 December 2033	3,608,347	4,769,367
31 December 2034	356,491	-
No expiry date	5,802,868	4,789,533
	<u>9,767,706</u>	<u>9,558,900</u>

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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 \$
2024								
Cost								
Balance at 1 January 2024	3,175,590	9,695,275	11,523,624	452,969	5,828,871	10,818,284	34,952	41,529,565
Additions	-	354,418	2,329,426	-	598,887	1,592,298	126,986	5,002,015
Transfer to inventories	-	(4,506,336)	-	-	-	-	-	(4,506,336)
Reclassification	-	9,272	143,284	-	(4)	10,022	(162,574)	-
Disposal	-	(2,361)	-	-	-	-	-	(2,361)
Written off	-	(1,703)	(204,512)	-	(91,105)	(296,561)	-	(593,881)
Exchange difference	189,112	387,654	725,040	23,246	347,611	495,363	636	2,168,662
Balance at 31 December 2024	<u>3,364,702</u>	<u>5,936,219</u>	<u>14,516,862</u>	<u>476,215</u>	<u>6,684,260</u>	<u>12,619,406</u>	<u>-</u>	<u>43,597,664</u>
Accumulated depreciation								
Balance at 1 January 2024	87,955	2,624,044	2,497,499	192,249	1,128,629	3,774,036	-	10,304,412
Depreciation for the year	71,644	2,814,679	2,709,937	87,044	1,239,947	2,523,212	-	9,446,463
Transfer to inventories	-	(2,367,640)	-	-	-	-	-	(2,367,640)
Disposal	-	(680)	-	-	-	-	-	(680)
Written off	-	(1,703)	(91,940)	-	(24,695)	(152,150)	-	(270,488)
Exchange difference	8,148	163,035	232,306	12,928	108,790	185,828	-	711,035
Balance at 31 December 2024	<u>167,747</u>	<u>3,231,735</u>	<u>5,347,802</u>	<u>292,221</u>	<u>2,452,671</u>	<u>6,330,926</u>	<u>-</u>	<u>17,823,102</u>
Net carrying amount								
Balance at 31 December 2024	<u>3,196,955</u>	<u>2,704,484</u>	<u>9,169,060</u>	<u>183,994</u>	<u>4,231,589</u>	<u>6,288,480</u>	<u>-</u>	<u>25,774,562</u>

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

10. Property, plant and equipment (Continued)

Group	Freehold buildings \$	Computer equipment and software \$	Furniture and fittings \$	Motor vehicles \$	Office and warehouse equipment \$	Renovation \$	Work in progress \$	Total \$
2023								
Cost								
Balance 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 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 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 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 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 2024****10. Property, plant and equipment (Continued)**

Property, plant and equipment is recognised at cost less accumulated depreciation and any accumulated impairment losses. 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

No depreciation is charged on work-in-progress as they are not yet ready for their intended use as at the end of the financial year.

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	
	2024	2023
	\$	\$
Freehold buildings	3,196,955	3,087,635

11. Investment properties

	Group	
	2024	2023
	\$	\$
Cost		
Balance at 1 January	827,451	877,876
Exchange differences	49,276	(50,425)
Balance at 31 December	876,727	827,451
Accumulated depreciation		
Balance at 1 January	26,114	5,541
Depreciation	21,271	21,427
Exchange differences	2,418	(854)
Balance at 31 December	49,803	26,114
Carrying amount		
Balance at 31 December	826,924	801,337
Fair value at 31 December	1,582,375	1,493,437

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

11. Investment properties (Continued)

The following amounts are recognised in profit or loss:

	Group	
	2024	2023
	\$	\$
Rental income from investment properties (Note 5)	44,361	48,074
Direct operating expenses (including repairs and maintenance) arising from rental-generating investment properties	4,304	4,285

The investment properties related to two buildings in Malaysia. The annual depreciation rate is at 2% (2023: 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 3 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.

12. Leases

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

Certain office equipment of the Group qualified for low value assets and the Group also leases certain premises on a short-term basis (i.e 12 months or less). The election of short-term leases is made by class of underlying assets with similar nature and use in the Group's operation whereas the low-value lease exemption is made on lease-by-lease basis.

(a) Right-of-use assets

Group	Commercial premises \$	Office equipment \$	Total \$
At 1 January 2024	21,737,532	3,650	21,741,182
Additions	13,310,116	-	13,310,116
Amortisation charge	(16,436,716)	(952)	(16,437,668)
Write-offs	(444,170)	-	(444,170)
Lease modification	(175,276)	-	(175,276)
Exchange difference	740,874	-	740,874
At 31 December 2024	18,732,360	2,698	18,735,058
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	21,737,532	3,650	21,741,182

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

12. Leases (Continued)

(a) Right-of-use assets (Continued)

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

(b) Lease liabilities

	Commercial premises \$	Office equipment \$	Total \$
Group			
At 1 January 2024	22,914,532	3,758	22,918,290
Additions	13,310,116	-	13,310,116
Interest expense (Note 7)	1,429,317	171	1,429,488
Write-offs	(647,551)	-	(647,551)
Lease modification	(188,230)	-	(188,230)
Lease payments			
- Principal portion	(16,423,217)	(909)	(16,424,126)
- Interest portion	(1,429,317)	(171)	(1,429,488)
Exchange differences	781,472	-	781,472
At 31 December 2024	<u>19,747,122</u>	<u>2,849</u>	<u>19,749,971</u>
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	<u>22,914,532</u>	<u>3,758</u>	<u>22,918,290</u>

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

12. Leases (Continued)

(b) Lease liabilities (Continued)

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

	Group	
	2024	2023
	\$	\$
Contractual undiscounted cash flows		
- Not later than a year	13,649,743	14,905,992
- Between one and five years	7,242,865	9,345,034
	20,892,608	24,251,026
Less: Future interest expense	(1,142,637)	(1,332,736)
Present value of lease liabilities	19,749,971	22,918,290
 Presented in consolidated statement of financial position		
- Non-current	6,976,084	9,281,253
- Current	12,773,887	13,637,037
	19,749,971	22,918,290

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

	Group	
	2024	2023
	\$	\$
Singapore Dollar	6,559,263	8,264,847
Malaysia Ringgit	13,190,708	14,653,443
	19,749,971	22,918,290

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.

	Within one year	More than one year	Total
	\$	\$	\$
Group			
2024			
Extension options expected not to be exercised	3,788,742	10,399,199	14,187,941
2023			
Extension options expected not to be exercised	9,560,351	20,372,309	29,932,660

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

12. Leases (Continued)

(c) Amount recognised in profit or loss

	Group	
	2024	2023
	\$	\$
Amortisation of right-of-use assets	16,437,668	15,119,147
Interest expense on lease liabilities	1,429,488	1,703,373
Lease expense not capitalised in lease liabilities:		
- Expense relating to short-term leases, low-value assets and variable lease payments (included in selling and distribution expenses and general and administrative expenses)	2,654,378	2,747,494
Total amount recognised in profit or loss	20,521,534	19,570,014

(d) Total cash outflow

Total cash outflows in respect of leases amounted to \$20,507,992 (2023: \$19,485,461) during the current financial year.

13. Investment in subsidiaries

	Company	
	2024	2023
	\$	\$
Unquoted equity shares, at cost	27,570,898	27,055,497
Allowance for impairment loss	(8,013,508)	-
	19,557,390	27,055,497

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

	Company	
	2024	2023
	\$	\$
At 1 January	27,055,497	22,629,455
Acquisition of additional interest from non-controlling interest	15,401	-
Additional capital contribution	500,000	4,426,042
At 31 December	27,570,898	27,055,497

Movement in allowance for impairment loss were as follows:

	Company	
	2024	2023
	\$	\$
At 1 January	-	-
Impairment loss recognised during the year	8,013,508	-
At 31 December	8,013,508	-

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

13. Investment in subsidiaries (Continued)

(a) During the current financial year ended 31 December 2024:

(i) Acquisition of additional interest in subsidiary - Era Tech Communication Pte. Ltd. ("Era Tech")

On 1 July 2024, the Company acquired the remaining 1% equity interest in Era Tech for a cash consideration of \$15,401. Following the acquisition, Era Tech became a wholly owned subsidiary of the Company. The carrying value of the net assets of Era Tech as at 30 June 2024 was \$1,278,629. The changes in the ownership interest of Era Tech had the following effect on the equity attributable to owners of the Company during the financial year:

	2024 \$
Carrying amount of non-controlling interest acquired	12,786
Consideration paid to non-controlling interests	(15,401)
Excess of consideration paid recognised in equity	<u>(2,615)</u>

(ii) Additional share capital in a subsidiary - Erajaya Swasembada Pte. Ltd. ("ES")

On 30 June 2024, the Company subscribed an additional 500,000 shares in Erajaya Swasembada Pte. Ltd. for a total consideration of \$500,000.

(iii) Acquisition of additional interest in subsidiary - Pomelo Tech Sdn. Bhd. ("PTSB") (formerly known as JKK Software Sdn. Bhd.)

On 22 October 2024, the Group through its subsidiary, CG Computers Sdn. Bhd., acquired the remaining 20% equity interest in Pomelo Tech Sdn. Bhd. ("PTSB") (formerly known as JKK Software Sdn. Bhd.), which is now wholly-owned by the Group. The changes in the ownership interest in PTSB had the following effect on the equity attributable to owners of the Company during the financial year:

	2024 \$
Carrying amount of non-controlling interest acquired	(769)
Consideration paid to non-controlling interests	(3,015)
Excess of consideration paid recognised in equity	<u>(3,784)</u>

(iv) Additional share capital in a subsidiary - ENB Mobile Malaysia Sdn. Bhd. ("ENB")

On 9 January 2024, the Group through its subsidiary, CG Computers Sdn. Bhd., and the non-controlling shareholder subscribed additional 779,940 shares and 519,960 shares in ENB for a consideration of RM779,940 (equivalent to \$223,063) and RM519,960 (equivalent to \$148,709), respectively. The Group's equity interest in ENB remained unchanged.

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

13. Investment in subsidiaries (Continued)

(b) In the previous financial year ended 31 December 2023:

(i) Additional share capital in a subsidiary - Venturistic Mobile Network Sdn. Bhd. ("VMN")

On 13 December 2023, the Company subscribed an additional 15,500,000 shares in VMN for a total consideration of \$4,426,042.

(ii) Additional share capital in a subsidiary - Era International Network Pte. Ltd. ("EIN")

On 28 February 2023, the Company and the non-controlling shareholder subscribed additional 2,660,000 shares and 140,000 shares in 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.

The details of the subsidiaries are as follows:

Name of subsidiaries (Country of incorporation and principal place of business)	Principal activities	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interests	
		2024 %	2023 %	2024 %	2023 %
<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	98.87	1.13	1.13
Era Tech Communication Pte. Ltd. ⁽¹⁾ (Singapore)	Distributor of handphones, handphone equipment and other telecommunications equipment	100	99	-	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 2024

13. Investment in subsidiaries (Continued)

The details of the subsidiaries are as follows: (Continued)

Name of subsidiaries (Country of incorporation and principal place of business)	Principal activities	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interests	
		2024 %	2023 %	2024 %	2023 %
<u>Held by CG Computers Sdn. Bhd.</u> 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 Retails 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	-	-
<u>Held by CG Computers Sdn. Bhd.</u> 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	-	-
Pomelo Tech Sdn. Bhd. (formerly known as JKK Software Sdn. Bhd.) ⁽³⁾ (Malaysia)	Service providers in software and IT related products solution, general trading and investment holding company	100	80	-	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	-	-

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

13. Investment in subsidiaries (Continued)

The details of the subsidiaries are as follows: (Continued)

Name of subsidiaries (Country of incorporation and principal place of business)	Principal activities	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interests	
		2024	2023	2024	2023
		%	%	%	%
ENB Mobile Malaysia Sdn. Bhd. ⁽³⁾ (Malaysia)	Trade-in any kind of products electronics and smartphone, research and development on information communication technology, retail sale of any kind of product over the internet, and retail sale of computers, computer equipment and supplies	60	60	40	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 2024

13. Investment in subsidiaries (Continued)

Impairment assessment

As at the end of the reporting period, 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 two subsidiaries in Singapore segment and one subsidiary in Malaysia segment, the management recognised impairment amounting to \$8,013,508 as it assessed that those investments were unable to be recovered due to poor financial performance of the related subsidiaries. The recoverable amount was determined via fair value less cost to disposal. This is a level 3 fair value hierarchy.

In addition, the management identified impairment indicator for investments in another two subsidiaries, each from Singapore and Malaysia segment respectively. The management performed impairment tests on these two investments and determined their recoverable amounts based on value-in-use (“VIU”) calculations 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	
	2024	2023
	%	%
Pre-Tax Discount rate	12.3 to 16.4	16.8
Annualised sales growth rate	1.6 to 5.4	6.4
Gross profit margin	6.1 to 9.5	7.4 to 8.5

For these two investments, the maximum movement made to the key assumptions before an impairment charge is recognised are as follows:

	Group	
	2024	2023
	%	%
Discount rate increased by	0.1 to 0.3	1.7
Annualised sales growth rate decreased by	1.3 to 2.9	29.4
Gross profit margin decreased by	0.1	0.5 to 0.6

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

13. Investment in subsidiaries (Continued)

Non-controlling interests

CG Computers Sdn. Bhd. and its subsidiaries, 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. and its subsidiaries, before intra-group eliminations, is presented below together with amounts attributed to NCI:

	2024	2023
	\$	\$
For the financial year ended 31 December		
Revenue	742,722,815	697,263,715
Profit before tax	13,187,043	5,107,755
Income tax expense	(3,102,822)	(1,807,137)
Profit after tax	10,084,221	3,300,618
Non-controlling interest	81,135	3,871
Profit after tax attributable to parent	10,165,356	3,304,489
Other comprehensive income	3,351,543	(2,887,190)
Total comprehensive income	13,435,764	413,428
Profit allocated to NCI	3,985,008	1,317,925
Total comprehensive income allocated to NCI	5,325,625	163,049
Net cash flows used in operating activities	(18,170)	(15,358,271)
Net cash flows used in investing activities	(2,168,263)	(16,077,343)
Net cash flows from financing activities	1,823,403	33,870,273
Net cash inflow	(363,030)	2,434,659
At 31 December		
Assets:		
Non-current assets	37,133,149	43,595,358
Current asset	143,320,610	116,934,783
Liabilities:		
Non-current liabilities	(6,947,406)	(8,951,879)
Current liabilities	(110,680,349)	(102,337,505)
Non-controlling interest	(65,894)	2,448
	62,760,110	49,243,205
Accumulated non-controlling interests	25,169,938	19,694,834

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

14. Deferred tax

	Group	
	2024	2023
	\$	\$
Deferred tax assets	746,437	711,072
Deferred tax liabilities	(631,672)	(1,440,650)
	<u>114,765</u>	<u>(729,578)</u>

The movements in deferred tax position are as follows:

	Group	
	2024	2023
	\$	\$
At 1 January	(729,578)	(704,092)
Credit/(charge) to profit or loss	873,819	(90,753)
Exchange translation differences	(29,476)	65,267
At 31 December	<u>114,765</u>	<u>(729,578)</u>

Deferred tax assets recognised resulted from the following:

	Group	
	2024	2023
	\$	\$
Unutilised tax losses and capital allowance carried forward	736,362	614,936
Other temporary differences	10,075	96,136
	<u>746,437</u>	<u>711,072</u>

Deferred tax liabilities recognised resulted from the following:

	Group	
	2024	2023
	\$	\$
Accelerated depreciation	<u>(631,672)</u>	<u>(1,440,650)</u>

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

15. Inventories

	Group	
	2024	2023
	\$	\$
Cellular phones, tablets, computers and accessories	138,791,724	126,153,595
Less: allowance for obsolescence	(951,750)	(1,455,766)
	<u>137,839,974</u>	<u>124,697,829</u>

The cost of inventories recognised as expense and included in cost of sales amounted to \$942,138,797 (2023: \$886,444,040).

The cost of sales included reversal of inventories written down of \$66,371 (2023: inventories written down of \$7,987,487) pursuant to a review of the net realisable value of the inventories during the financial year.

16. Trade and other receivables

	Group		Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
<u>Trade receivables</u>				
Third parties	6,691,203	18,501,826	-	-
Less: Loss allowances	(561,219)	(253,435)	-	-
	<u>6,129,984</u>	<u>18,248,391</u>	<u>-</u>	<u>-</u>
Unbilled receivables	2,008,577	2,548,580	-	-
	<u>8,138,561</u>	<u>20,796,971</u>	<u>-</u>	<u>-</u>
<u>Other receivables</u>				
Third parties	13,905,251	11,853,521	-	-
Less: Loss allowances	-	(240,362)	-	-
	<u>13,905,251</u>	<u>11,613,159</u>	<u>-</u>	<u>-</u>
Subsidiaries	-	-	39,145,474	46,271,979
Penultimate holding company	661	40	-	-
Related company	74,000	-	-	-
Deposits	7,851,102	7,223,626	-	-
Advance payments to suppliers	2,849,586	1,371,498	-	-
GST receivables	50,224	548,513	38,386	193,358
Prepayments	1,389,920	2,488,666	97,971	98,112
	<u>26,120,744</u>	<u>23,245,502</u>	<u>39,281,831</u>	<u>46,563,449</u>
Total trade and other receivables	34,259,305	44,042,473	39,281,831	46,563,449
Less:				
Advance payments to suppliers	(2,849,586)	(1,371,498)	-	-
GST receivables	(50,224)	(548,513)	(38,386)	(193,358)
Prepayments	(1,389,920)	(2,488,666)	(97,971)	(98,112)
Add:				
Cash and bank balances (Note 17)	37,085,002	24,299,925	11,186,256	3,902,880
Financial assets at amortised cost	<u>67,054,577</u>	<u>63,933,721</u>	<u>50,331,730</u>	<u>50,174,859</u>

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024****16. Trade and other receivables (Continued)**

Trade receivables are unsecured, non-interest bearing and are generally on 30 to 60 (2023: 30 to 60) days credit term. They are measured at their original invoice amounts which represent their fair value on initial recognition.

Amounts due from subsidiaries are loan in nature, unsecured, bears interest ranging from 7.65% to 8.48% (2023: 7.65% to 8.48%) per annum and repayable on demand.

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

Amount due from a related company is non-trade in nature, unsecured, non-interest bearing and repayable on demand.

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

	Group		Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
Singapore Dollar	9,299,976	11,789,555	38,548,667	46,006,877
Malaysia Ringgit	19,927,312	27,122,215	-	-
United States Dollar	741,664	722,026	596,807	265,102
Indonesian Rupiah	623	-	-	-
	29,969,575	39,633,796	39,145,474	46,271,979

17. Cash and bank balances

	Group		Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
Cash at bank	33,035,517	20,671,150	9,997,090	2,747,123
Cash on hand	1,411,173	971,019	-	-
Fixed deposits	2,638,312	2,657,756	1,189,166	1,155,757
	37,085,002	24,299,925	11,186,256	3,902,880

Fixed deposits earn interest at an effective interest rate of 1.4% to 3.2% (2023: 2.2% to 3.2%) per annum and have a tenure of approximately 1 to 12 months (2023: 1 to 12 months). As at the reporting date, fixed deposit of the Group amounting to \$314,000 (2023: \$314,000) were pledged to banks as security for credit facility and merchant service granted to certain subsidiaries.

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

17. Cash and bank balances (Continued)

The currency profiles of the Group's and Company's cash and bank balances at each reporting date are as follows:

	Group		Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
Singapore Dollar	18,017,975	9,185,910	10,631,974	3,889,873
Malaysia Ringgit	16,577,541	10,891,841	-	-
United States Dollar	2,488,351	4,220,864	554,282	13,007
Indonesian Rupiah	1,135	1,310	-	-
	<u>37,085,002</u>	<u>24,299,925</u>	<u>11,186,256</u>	<u>3,902,880</u>

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2024	2023
	\$	\$
Cash at bank	33,035,517	20,671,150
Cash on hand	<u>1,411,173</u>	<u>971,019</u>
	34,446,690	21,642,169
Bank overdrafts (Note 20)	<u>(188,433)</u>	<u>(1,984,622)</u>
Cash and cash equivalents per consolidated statement of cash flows	<u>34,258,257</u>	<u>19,657,547</u>

18. Share capital

	Group and Company			
	2024	2023	2024	2023
	Number of ordinary shares		\$	\$
Issued and fully paid:				
At 1 January	34,841,000	26,601,000	27,188,598	18,948,598
Shares issued during the financial year	-	8,240,000	-	8,240,000
At 31 December	<u>34,841,000</u>	<u>34,841,000</u>	<u>27,188,598</u>	<u>27,188,598</u>

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.

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

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024****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 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.

20. Borrowings

	Group	
	2024	2023
	\$	\$
Non-current		
Term loans	1,602,400	1,561,306
Current		
Bank overdrafts	188,433	1,984,622
Bankers' acceptances	57,966,057	14,373,589
Revolving credit	1,000,000	2,100,000
Term loans	51,597	46,569
Supply chain financing	9,029,489	35,612,077
Trust receipts	5,999,252	3,122,354
	<u>74,234,828</u>	<u>57,239,211</u>
	<u>75,837,228</u>	<u>58,800,517</u>

(a) The interest rate of the borrowings of the Group are as follows:

	Group	
	2024	2023
	%	%
Bank overdrafts	7.65	6.40 - 7.85
Bankers' acceptances	3.33 - 5.35	3.32 - 5.08
Revolving credit	5.68	5.70
Term loans	4.45	4.20 - 4.45
Supply chain financing	7.11	7.14 - 7.17
Trust receipts	<u>5.35 - 7.26</u>	<u>5.30</u>

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024****20. Borrowings (Continued)**

(b) The Group's secured borrowings are secured as follows:

- (i) legal charge over the freehold buildings and investment properties of certain subsidiary (Note 10, 11);
- (ii) joint and several guarantee by certain Directors of the certain subsidiaries;
- (iii) corporate guarantee by penultimate holding company; and
- (iv) letter of undertaking by Directors of certain subsidiary not to dilute their shareholding in the certain subsidiary.

(c) Supplier financing arrangements

The Group's liabilities under supplier finance arrangements are as follows:

	Group	
	2024	2023
	\$	\$
Supply chain financing	<u>9,029,489</u>	<u>35,612,077</u>

Supplier finance arrangements ("SFAs") are characterised by one or more finance providers offering to pay amounts that an entity owes its suppliers, and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, when suppliers are paid. These arrangements provide the entity with extended payment terms, or the entity's suppliers with early payment terms, compared to the related invoice payment due date.

The Group entered into trade facilities with tenors ranging from 75 to 90 days with finance provider, under which the finance provider acquire the rights to selected trade receivables from the Group's suppliers. The terms and conditions of these arrangements are unchanged from the original trade payables, except that the finance provider settles the payables with the suppliers on behalf of the Group, and the Group repays the finance provider in accordance with the extended payment terms. The borrowings are denominated in Malaysian ringgit.

	Group
	2024
<u>Range of payment due dates</u>	
Liabilities under SFA	75 to 90 days after invoice date
Comparable trade payables that are not part of the SFA (same line of business)	30 days after invoice date
<u>Carrying amount of liabilities under SFA</u>	\$
Liabilities under SFA	9,029,489
Of which the supplier has received payment from the finance provider	9,029,489

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024****20. Borrowings (Continued)****(d) Loan covenants**

As at 31 December 2024, one of the subsidiary of the Group was not in compliance with the covenant required by the lender in relation to a trust receipt amounting to \$5,421,900 which is recognised as a current liability. Subsequent to the financial year end, the subsidiary of the Group has fully settled the entire amount of this trust receipt.

The currency profiles of borrowings of the Group at each reporting date are as follows:

	Group	
	2024	2023
	\$	\$
Singapore Dollar	6,421,190	3,079,758
Malaysia Ringgit	68,837,976	53,578,165
United States Dollar	578,062	2,142,594
	<u>75,837,228</u>	<u>58,800,517</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 2024 is approximately 6.45% (2023: 6.63%).

The bond is initially recognised at fair value, net of transaction costs incurred. The bond is 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.

Under the terms of the Bond, which has a carrying amount of \$48,354,282 (2023: \$47,353,072), the Group is required to comply with the following financial covenants at the end of each half yearly period:

The Company and the penultimate holding company shall ensure that the penultimate holding company maintains on a consolidated basis at all times:

- (i) the current ratio must be more than 1;
- (ii) the debt service coverage ratio must be more than 1.5:1;
- (iii) the gearing ratio must be not more than 2.0:1; and
- (iv) the gross debt to EBITDA ratio must be not more than 3.5:1.

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024****21. Bond payable (Continued)**

The Company shall maintain on a consolidated basis at all times a minimum interest coverage of 1.5:1.

The Company's penultimate holding company and the Company have complied with these covenants throughout the reporting period.

Bond payable is denominated in Singapore dollar.

22. Trade and other payables

	Group		Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
<u>Trade payables</u>				
Third parties	33,303,124	39,448,308	-	-
<u>Other payables</u>				
Third parties	2,086,018	2,377,383	72,104	45,274
Subsidiaries	-	-	146,248	51,252
Immediate holding company	9,900	9,900	-	-
Penultimate holding company	1,037,614	8,994,359	-	437,728
Accrued expenses	3,478,681	4,225,421	21,150	41,650
Advance received from customer	1,354,362	737,726	-	-
Bond interest payable (Note 21)	795,205	795,205	795,205	795,205
Refundable deposits from customers	1,032,825	682,010	-	-
Goods and services tax payables	1,867,259	1,739,868	-	-
	<u>11,661,864</u>	<u>19,561,872</u>	<u>1,034,707</u>	<u>1,371,109</u>
Total trade and other payables	44,964,988	59,010,180	1,034,707	1,371,109
Add:				
Borrowings (Note 20)	75,837,228	58,800,517	-	-
Bond payable (Note 21)	48,354,282	47,353,072	48,354,282	47,353,072
Lease liabilities (Note 12)	19,749,971	22,918,290	-	-
Less:				
GST payables	(1,867,259)	(1,739,868)	-	-
Advance received from customer	(1,354,362)	(737,726)	-	-
Financial liabilities at amortised cost	<u>185,684,848</u>	<u>185,604,465</u>	<u>49,388,989</u>	<u>48,724,181</u>

Trade amounts due to third parties are unsecured, non-interest bearing and repayable within the credit terms of 15 to 60 (2023: 15 to 60) days.

The non-trade amounts due to immediate holding company, penultimate holding company and subsidiaries are unsecured, interest-free and repayable on demand, except for an amount due to penultimate holding company of \$1,035,190 (2023: \$8,994,359) which bears interest at 7.65% (2023: 7.65% to 8.25%) per annum.

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024****22. Trade and other payables (Continued)**

The currency profiles of the Group's and Company's trade and other payables at each reporting date are as follows:

	Group		Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
Singapore Dollar	5,948,021	6,628,221	990,458	912,129
Malaysia Ringgit	35,776,347	43,754,692	44,249	21,252
United States Dollar	16,575	5,687,558	-	-
Indonesian Rupiah	2,424	462,115	-	437,728
	<u>41,743,367</u>	<u>56,532,586</u>	<u>1,034,707</u>	<u>1,371,109</u>

23. Dividends

During the financial year, the Company declared and paid a final one-tier exempt dividend of 0.86 cents (2023: nil) per ordinary share of the Company totaling \$300,000 (2023: nil) in respect of the financial year ended 31 December 2023 (2023: financial year ended 31 December 2022).

24. Significant related party transactions

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

	Group		Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
Penultimate holding company:				
Loan from	24,271,135	48,700,916	-	26,625,000
Repayment of loan and interest	(33,450,827)	(90,302,816)	-	(26,736,934)
Interest expense	1,076,348	2,664,596	-	124,372
Payment on behalf by	-	437,728	-	437,728
	<u>39,600</u>	<u>39,600</u>	<u>-</u>	<u>-</u>
Immediate holding company:				
Management fee charged by	39,600	39,600	-	-
	<u>39,600</u>	<u>39,600</u>	<u>-</u>	<u>-</u>
Subsidiaries:				
Loans to	-	-	3,089,400	44,986,420
Interest income	-	-	3,588,595	1,285,559
Management fee charged by	-	-	93,730	51,171
	<u>-</u>	<u>-</u>	<u>3,687,725</u>	<u>46,323,150</u>

As at 31 December, the outstanding balances in respect of the above transactions are disclosed in Notes 16 and 22 to the financial statements and are unsecured, interest-free and repayable on demand, unless otherwise stated.

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

24. Significant related party transactions (Continued)

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	
	2024	2023
	\$	\$
Salaries and bonuses	978,920	1,345,461
Director fees	376,120	272,267
Employer’s contribution to defined contribution plan	139,133	206,617
Other benefits	712	683
	<u>1,494,885</u>	<u>1,825,028</u>

25. Segment information

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker (Note 2.9).

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. Sales between segments are carried out at market terms.

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

25. Segment information (Continued)

Geographical segments (Continued)

	Singapore \$	Malaysia \$	Others \$	Total \$
2024				
<i>Revenue</i>				
Total revenue	149,758,022	899,753,738	1,646,476	1,051,158,236
Inter-segmental revenue	(921,863)	(11,719,907)	-	(12,641,770)
Revenue from external customers	148,836,159	888,033,831	1,646,476	1,038,516,466
 Purchase of inventories	(131,774,966)	(810,363,831)	-	(942,138,797)
Employee expenses	(8,577,784)	(20,805,941)	-	(29,383,725)
Interest income	58,364	116,536	-	174,900
Interest expenses	(4,178,323)	(5,770,407)	-	(9,948,730)
Depreciation and amortisation	(6,419,474)	(19,485,928)	-	(25,905,402)
Gain on disposal of property, plant and equipment	(556)	-	-	(556)
 Segment (loss)/profit	(4,802,256)	12,324,080	-	7,521,824
 Additions to non-current assets:				
- Property, plant and equipment	402,971	4,599,044	-	5,002,015
- Right-of-use assets	4,384,280	8,925,836	-	13,310,116
 Segment assets	66,657,484	190,507,606	-	257,165,090
Segment liabilities	71,355,914	118,531,786	-	189,887,700

Non-current assets consist of property, plant and equipment, investment properties and right-of-use assets 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 2024

25. Segment information (Continued)

Geographical segments (Continued)

	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
Purchase of inventories	(146,796,489)	(739,647,551)		(886,444,040)
Employee expenses	(8,875,488)	(21,316,587)		(30,192,075)
Interest income	18,272	130,859	-	149,131
Interest expenses	(3,063,063)	(5,691,642)	-	(8,754,705)
Depreciation and amortisation	(6,539,565)	(17,422,789)	-	(23,962,354)
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

Locations of non-current assets

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

	Group	
	2024 \$	2023 \$
Singapore	8,164,087	10,103,182
Malaysia	37,172,457	43,664,490
	<u>45,336,544</u>	<u>53,767,672</u>

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

26. Financial instruments and financial risks

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 authority level, oversight responsibilities, 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.

26.1 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 is mainly exposed to credit risk from credit sales. It is Group's policy, implemented locally, to assess the credit risk of new customers before entering into contracts.

Trade and other receivables

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 monitoring the creditworthiness rating of existing customers and through a monthly review of the trade receivables' ageing analysis.

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.

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.

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.

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

26. Financial instruments and financial risks (Continued)

26.1 Credit risks (Continued)

Trade and other receivables (Continued)

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables at each reporting date are as follows:

	Gross carrying amount \$	Group Loss allowance \$	Net carrying amount \$
2024			
Current	5,562,138	-	5,562,138
Past due 1 to 30 days	1,368,330	-	1,368,330
Past due 31 to 60 days	97,455	-	97,455
Past due over 60 days	1,671,857	561,219	1,110,638
	<u>8,699,780</u>	<u>561,219</u>	<u>8,138,561</u>
2023			
Current	14,758,586	-	14,758,586
Past due 1 to 30 days	4,864,649	-	4,864,649
Past due 31 to 60 days	821,361	12,424	808,937
Past due over 60 days	605,810	241,011	364,799
	<u>21,050,406</u>	<u>253,435</u>	<u>20,796,971</u>

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 for any indicator of significant increase in credit risk on these other receivables. As at 31 December 2024, there is no indication that credit risk on these receivables have increased significantly hence, these receivables are measured at 12-month expected credit loss model and subject to immaterial credit loss (2023: \$240,362).

Movement in the loss allowance for trade and other receivables are as follows:

	Group	
	2024 \$	2023 \$
At 1 January	493,797	97,656
Loss allowance recognised during the year	285,272	494,056
Receivable written off as uncollectible	(244,733)	(89,228)
Exchange difference	26,883	(8,687)
At 31 December	<u>561,219</u>	<u>493,797</u>

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

26. Financial instruments and financial risks (Continued)**26.1 Credit risks (Continued)***Amounts due from subsidiaries*

For amounts due from subsidiaries, 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 and the Company did not expect any credit losses from non-performance by the counterparties.

26.2 Market risks*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 Group policy is, where possible, to allow individual entities within the Group to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where individual entities within the Group have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group. The Group and the Company is primarily exposed to United States Dollar ("USD") and Singapore Dollar ("SGD").

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

26. Financial instruments and financial risks (Continued)

26.2 Market risks (Continued)

Foreign currency risks (Continued)

The Group's and the Company'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 \$
Group			
2024			
Financial assets	27,317,951	3,230,015	36,504,853
Intra-group balances	(38,548,667)	-	-
Financial liabilities	(67,282,756)	(594,637)	(117,805,031)
Net financial liabilities	(78,513,472)	2,635,378	(81,300,178)
Less: Net financial liabilities denominated in the respective entities' functional currencies	39,964,806	-	81,300,178
Net financial position, adjusted for financial assets/(liabilities) denominated in the respective entities' functional currencies	(38,548,666)	2,635,378	-
2023			
Financial assets	20,975,466	4,942,890	38,014,054
Intra-group balances	(46,006,877)	-	-
Financial liabilities	(65,325,898)	(7,830,152)	(111,986,298)
Net financial liabilities	(90,357,309)	(2,887,262)	(73,972,244)
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	(43,359,946)	(2,887,262)	-

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

26. Financial instruments and financial risks (Continued)

26.2 Market risks (Continued)

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

The following table details the Group's sensitivity to 10% (2023: 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	
	2024	2023
	\$	\$
<u>Singapore Dollar</u>		
Strengthen against Malaysian Ringgit	(3,854,867)	(4,335,995)
Weaken against Malaysian Ringgit	<u>3,854,867</u>	<u>4,335,995</u>
<u>United States Dollar</u>		
Strengthen against Singapore Dollar/Malaysian Ringgit	263,538	(288,726)
Weaken against Singapore Dollar/Malaysian Ringgit	<u>(263,538)</u>	<u>288,726</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 2024****26. Financial instrument and financial risks (Continued)****26.3 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 Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements.

As disclosed in Note 20(c), the Group has entered into a supplier finance arrangement with several banks and a finance provider. This has improved the Group's working capital. The banks and the finance provider are in good financial condition and the Group has no significant concentration of liquidity risk with any particular finance provider.

The following table details the Group's and the Company'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 and the Company are 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				
2024				
Trade and other payables (excluding goods and services tax payables and advance from customers)	41,743,367	-	-	41,743,367
Bond payable	2,250,000	51,454,795	-	53,704,795
Borrowings	65,258,218	230,910	1,371,490	66,860,618
Supplier finance arrangement	9,029,489	-	-	9,029,489
Lease liabilities	13,649,743	7,242,865	-	20,892,608
	<u>131,930,817</u>	<u>58,928,570</u>	<u>1,371,490</u>	<u>192,230,877</u>
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	21,743,890	208,410	1,352,896	23,305,196
Supplier finance arrangement	35,818,534	-	-	35,818,534
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>

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024****26. Financial instruments and financial risks (Continued)****26.3 Liquidity risks (Continued)**

	Less than 1 year \$	Between 1 and 5 years \$	Total \$
Company			
2024			
Trade and other payables	1,034,707	-	1,034,707
Bond payable	2,250,000	51,454,795	53,704,795
	<u>3,284,707</u>	<u>51,454,795</u>	<u>54,739,502</u>
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>

Financial instruments and measurementsFinancial 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.

27. Capital risk management policies and objectives

The Group manages its capital to ensure that the Group is able 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 adjust the amount of dividend paid to shareholders, return capital to shareholders, 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, other reserves net of accumulated losses.

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 during the financial years ended 31 December 2024 and 31 December 2023.

ERAJAYA DIGITAL PTE LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

27. Capital risk management policies and objectives (Continued)

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 plus trade and other payables less cash and bank balances. Total capital is calculated as equity plus net debt.

	Group		Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
Net debt	109,306,358	105,445,090	38,357,192	44,605,949
Total equity	67,277,390	59,846,183	20,424,744	28,797,645
Total capital	176,583,748	165,291,273	58,781,936	73,403,594
Gearing ratio	62%	64%	65%	61%

28. Events subsequent to the reporting date

On 27 March 2025, the Group through its subsidiary, Era international Network Pte Ltd, incorporated a wholly owned subsidiary, Era International Network Retail Pte. Ltd. with an issued share capital of \$500,000.