

**Challenger Technologies Limited**



**HALF YEAR FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED  
30 JUNE 2021**

Co Reg No: 198400182 K

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

	Note	<b>Group</b>		<b>Change</b>
		<b>6 months ended</b>		
		30.06.2021	30.06.2020	
		\$'000	\$'000	%
<b>Revenue</b>		135,770	118,492	15
<b><u>Other Items of Income</u></b>				
Interest Income		282	550	(49)
Other Gains	6	2,389	2,609	(8)
<b><u>Other Items of Expense</u></b>				
Changes in Inventories of Finished Goods		847	1,366	(38)
Purchase of Goods and Consumables		(105,089)	(90,650)	16
Other Consumables Used		(260)	(195)	33
Depreciation Expense of Property, Plant and Equipment		(885)	(945)	(6)
Depreciation Expense of Right-of-use Assets		(7,491)	(4,615)	62
Employee Benefits Expense		(10,834)	(10,479)	3
Other Expenses	6	(3,504)	(3,980)	(12)
Other Losses	6	(249)	(333)	(25)
<b>Profit Before Tax from Continuing Operations</b>		<b>10,976</b>	<b>11,820</b>	<b>(7)</b>
Income Tax Expense	7	(1,613)	(2,133)	(24)
<b>Profit from Continuing Operations, Net of Tax</b>		<b>9,363</b>	<b>9,687</b>	<b>(3)</b>
<b><u>Other Comprehensive Income:</u></b>				
<b>Items that May Be Reclassified Subsequently to Profit or Loss:</b>				
Exchange Differences on Translating Foreign Operations, Net of Tax		(21)	22	N.M.
<b>Other Comprehensive (Loss) / Income for the Period, Net of Tax</b>		<b>(21)</b>	<b>22</b>	<b>N.M.</b>
<b>Total Comprehensive Income</b>		<b>9,342</b>	<b>9,709</b>	<b>(4)</b>
<b>Profit Attributable to Owners of the Parent, Net of Tax</b>		<b>9,339</b>	<b>9,654</b>	<b>(3)</b>
<b>Profit Attributable to Non-Controlling Interests, Net of Tax</b>		<b>24</b>	<b>33</b>	<b>(27)</b>
<b>Profit Net of Tax</b>		<b>9,363</b>	<b>9,687</b>	<b>(3)</b>
<b>Total Comprehensive Income Attributable to Owners of the Parent</b>		<b>9,318</b>	<b>9,676</b>	<b>(4)</b>
<b>Total Comprehensive Income Attributable to Non-Controlling Interests</b>		<b>24</b>	<b>33</b>	<b>(27)</b>
<b>Total Comprehensive Income</b>		<b>9,342</b>	<b>9,709</b>	<b>(4)</b>

Earnings per share for profit for the period attributable to the owners of the Company during the year:

	30.06.2021	30.06.2020
Basic (SGD in cent)	2.71	2.80
Diluted (SGD in cent)	2.71	2.80

N.M. = not meaningful

B. Condensed interim statements of financial position

	Note	Group		Company	
		30.06.2021 \$'000	31.12.2020 \$'000	30.06.2021 \$'000	31.12.2020 \$'000
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Investments in Subsidiaries		-	-	5,960	6,032
Other Financial Assets	10	23,949	6,296	23,640	5,987
Property, Plant and Equipment	12	6,429	6,687	6,379	6,620
Right-of-use Assets		25,868	27,460	25,774	27,289
<b>Total Non-Current Assets</b>		<b>56,246</b>	<b>40,443</b>	<b>61,753</b>	<b>45,928</b>
<b>Current Assets</b>					
Cash and Cash Equivalents		71,653	95,671	67,676	86,825
Trade and Other Receivables		4,826	5,927	4,030	5,257
Other Assets		4,612	4,504	4,375	4,430
Inventories	11	35,923	35,320	35,838	35,219
<b>Total Current Assets</b>		<b>117,014</b>	<b>141,422</b>	<b>111,919</b>	<b>131,731</b>
<b>Total Assets</b>		<b>173,260</b>	<b>181,865</b>	<b>173,672</b>	<b>177,659</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to Owners of the Parent</b>					
Share Capital	14	18,775	18,775	18,775	18,775
Retained Earnings		102,202	102,184	101,485	101,452
Other Reserves		(4)	17	201	201
<b>Equity, Attributable to Owners of the Parent</b>		<b>120,973</b>	<b>120,976</b>	<b>120,461</b>	<b>120,428</b>
Non-Controlling Interests		132	348	-	-
<b>Total Equity</b>		<b>121,105</b>	<b>121,324</b>	<b>120,461</b>	<b>120,428</b>
<b>Non-Current Liabilities</b>					
Deferred Tax Liabilities		17	17	-	-
Other Liabilities, Non-Current		2,926	2,241	639	744
Lease Liabilities		12,685	14,847	12,683	14,845
<b>Total Non-Current Liabilities</b>		<b>15,628</b>	<b>17,105</b>	<b>13,322</b>	<b>15,589</b>
<b>Current Liabilities</b>					
Trade and Other Payables		12,766	17,417	17,073	16,784
Provisions		2,225	2,124	2,225	2,124
Income Tax Payable		3,437	4,969	3,421	4,918
Other Liabilities, Current		4,400	5,851	3,567	4,917
Lease Liabilities		13,699	13,075	13,603	12,899
<b>Total Current Liabilities</b>		<b>36,527</b>	<b>43,436</b>	<b>39,889</b>	<b>41,642</b>
<b>Total Liabilities</b>		<b>52,155</b>	<b>60,541</b>	<b>53,211</b>	<b>57,231</b>
<b>Total Equity and Liabilities</b>		<b>173,260</b>	<b>181,865</b>	<b>173,672</b>	<b>177,659</b>

C. Condensed interim statements of changes in equity

	Attributable to Equity Holders of the Company					
	Total Equity \$'000	Attributable to Parent sub-total \$'000	Share Capital \$'000	Retained Earnings \$'000	Other Reserves \$'000	Non-controlling Interests \$'000
<b>Group</b>						
<b>Current Period:</b>						
<b>Opening Balance at 1 January 2021</b>	121,324	120,976	18,775	102,184	17	348
<b>Movements in Equity:</b>						
Total Comprehensive Income for the Period	9,342	9,318	-	9,339	(21)	24
Dividends paid	(9,561)	(9,321)	-	(9,321)	-	(240)
<b>Closing Balance at 30 June 2021</b>	<b>121,105</b>	<b>120,973</b>	<b>18,775</b>	<b>102,202</b>	<b>(4)</b>	<b>132</b>
<b>Previous Period:</b>						
<b>Opening Balance at 1 January 2020</b>	103,279	102,862	18,775	84,135	(48)	417
<b>Movements in Equity:</b>						
Total Comprehensive Income for the Period	9,709	9,676	-	9,654	22	33
<b>Closing Balance at 30 June 2020</b>	<b>112,988</b>	<b>112,538</b>	<b>18,775</b>	<b>93,789</b>	<b>(26)</b>	<b>450</b>
<b>Company</b>						
<b>Current Period:</b>						
<b>Opening Balance at 1 January 2021</b>	120,428	120,428	18,775	101,452	201	-
<b>Movements in Equity:</b>						
Total Comprehensive Income for the Period	9,354	9,354	-	9,354	-	-
Dividends paid	(9,321)	(9,321)	-	(9,321)	-	-
<b>Closing Balance at 30 June 2021</b>	<b>120,461</b>	<b>120,461</b>	<b>18,775</b>	<b>101,485</b>	<b>201</b>	<b>-</b>
<b>Previous Period:</b>						
<b>Opening Balance at 1 January 2020</b>	103,107	103,107	18,775	84,196	136	-
<b>Movements in Equity:</b>						
Total Comprehensive Income for the Period	9,596	9,596	-	9,596	-	-
<b>Closing Balance at 30 June 2020</b>	<b>112,703</b>	<b>112,703</b>	<b>18,775</b>	<b>93,792</b>	<b>136</b>	<b>-</b>

D. Condensed interim consolidated statement of cash flows

	6 months ended	
	30.06.2021	30.06.2020
	\$'000	\$'000
<b>Cash Flows From Operating Activities</b>		
Profit Before Tax	10,976	11,820
Adjustments for:		
Depreciation of Rights-of-use Assets	7,491	4,615
Depreciation of Property, Plant and Equipment	885	945
Losses on Disposal of Plant and Equipment	1	33
Fair value gains on financial instruments at FVTPL	(326)	-
Interest Income	(282)	(550)
Interest Expense	395	306
Net Effect of Exchange Rate Changes in Consolidating Foreign Operations	(21)	22
Operating Cash Flows Before Working Capital Changes	19,119	17,191
Trade and Other Receivables	1,101	1,852
Other Assets	(108)	338
Inventories	(603)	(1,078)
Trade and Other Payables	(4,651)	(4,833)
Other Liabilities	(766)	(1,183)
Net Cash Flows From Operations	14,092	12,287
Income Taxes Paid	(3,145)	(21)
Net Cash Flows From Operating Activities	10,947	12,266
<b>Cash Flows From Investing Activities</b>		
Interest Received	282	550
Increase in Other Financial Assets	(17,327)	-
Purchase of Plant and Equipment	(527)	(140)
Net Cash Flows (Used in) / From Investing Activities	(17,572)	410
<b>Cash Flows From Financing Activities</b>		
Dividends Paid to Equity Owners	(9,321)	-
Dividends Paid to Non-Controlling Interests	(240)	-
Principal Element of Lease Payments	(7,437)	(4,536)
Interest Element of Lease Payments	(395)	(306)
Net Cash Flows Used in Financing Activities	(17,393)	(4,842)
<b>Net (Decrease) / Increase in Cash and Cash Equivalents</b>	(24,018)	7,834
Cash and Cash Equivalents, Consolidated Statement of Cash Flow, Beginning Balance	95,671	77,890
<b>Cash and Cash Equivalents, Consolidated Statement of Cash Flows, Ending Balance</b>	71,653	85,724

## **E. Notes to the condensed interim consolidated financial statements**

### **1. Corporate information**

Challenger Technologies Limited (the "Company") is incorporated in Singapore with limited liability. The financial statements are presented in Singapore Dollar and they cover the Company (referred to as "Parent") and the subsidiaries.

These condensed interim consolidated financial statements as at and for the six months ended 30 June 2021 comprise the Company and its subsidiaries (collectively, the "Group").

The registered office is: 1 Ubi Link, Challenger TechHub Singapore 408553. The Company is situated in Singapore.

The Board of Directors approved and authorised these condensed interim financial statements for issue on the date of this announcement. The directors have the power to amend and reissue the financial statements.

The Company is listed on the Mainboard of Singapore Exchange Securities Trading Limited ("SGX-ST").

The principal activities of the Group are to provide IT products and services through the sale of IT and related products, electronic signage business and telephonic call centre and data management.

The financial information contained in this announcement has neither been audited nor reviewed by the auditors.

### **2. Basis of preparation**

The condensed interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

#### **2.1. New and amended standards adopted by the Group**

The accounting policies and methods of computation applied in these condensed consolidated interim financial statements are consistent with those of the latest audited annual financial statements. However, the typical notes and information included in the latest audited annual financial statements are not included in these interim financial statements except for the selected explanatory notes included to explain events and transactions that are significant to an understanding of the changes in the performance and financial position the Group since the latest audited annual financial statements.

#### **2.2. Use of judgements and estimates**

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period is included in note 11 - Inventories.

### **3. Seasonal operations**

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

4.1. Reportable segments

	IT products and services \$'000	Electronic signage \$'000	Telephonic Call Centre and Data Management Services \$'000	Unallocated \$'000	Total \$'000
<b>1 January 2021 to 30 June 2021</b>					
<b>Revenue by Segment</b>					
Total revenue by segment	134,108	52	1,784	-	135,944
Inter-segment sales and services	(24)	-	(150)	-	(174)
Total revenue	<u>134,084</u>	<u>52</u>	<u>1,634</u>	<u>-</u>	<u>135,770</u>
<b>Recurring EBITDA</b>					
Interest income	19,317	(65)	213	-	19,465
Interest expense	276	-	6	-	282
Depreciation	(393)	-	(2)	-	(395)
Profit before tax from continuing operations	(8,251)	-	(125)	-	(8,376)
Income tax expense	10,949	(65)	92	-	10,976
Profit from continuing operations					<u>9,363</u>
<b>ASSETS</b>					
Total assets for reportable segments	93,546	557	4,073	-	98,176
Unallocated:					
Cash and cash equivalents				51,135	51,135
Other financial assets				23,949	23,949
Total Group assets					<u>173,260</u>
<b>LIABILITIES</b>					
Total liabilities for reportable segments	44,903	193	3,605	-	48,701
Unallocated:					
Deferred and current tax liabilities				3,454	3,454
Total Group liabilities					<u>52,155</u>
<b>OTHER MATERIAL ITEMS</b>					
Expenditures for non-current assets	<u>599</u>	<u>-</u>	<u>29</u>	<u>-</u>	<u>628</u>



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**4.1. Reportable segments (cont'd)**

	IT products and services \$'000	Electronic signage \$'000	Telephonic Call Centre and Data Management Services \$'000	Unallocated \$'000	Total \$'000
<b>1 January 2020 to 30 June 2020</b>					
<b>Revenue by Segment</b>					
Total revenue by segment	116,957	289	1,475	-	118,721
Inter-segment sales and services	(42)	(61)	(126)	-	(229)
Total revenue	<u>116,915</u>	<u>228</u>	<u>1,349</u>	<u>-</u>	<u>118,492</u>
<b>Recurring EBITDA</b>					
Recurring EBITDA	17,133	(176)	179	-	17,136
Interest income	550	-	-	-	550
Interest expense	(301)	-	(5)	-	(306)
Depreciation	(5,507)	(3)	(50)	-	(5,560)
Profit before tax from continuing operations	<u>11,875</u>	<u>(179)</u>	<u>124</u>	<u>-</u>	<u>11,820</u>
Income tax expense					<u>(2,133)</u>
Profit from continuing operations					<u><u>9,687</u></u>
<b>ASSETS</b>					
Total assets for reportable segments	96,739	608	4,750	-	102,097
Unallocated:					
Cash and cash equivalents				52,772	52,772
Other financial assets				6,215	6,215
Total Group assets					<u><u>161,084</u></u>
<b>LIABILITIES</b>					
Total liabilities for reportable segments	38,544	73	3,183	-	41,800
Unallocated:					
Deferred and current tax liabilities				6,296	6,296
Total Group liabilities					<u><u>48,096</u></u>
<b>OTHER MATERIAL ITEMS</b>					
Expenditures for non-current assets	<u>108</u>	<u>-</u>	<u>45</u>	<u>-</u>	<u>153</u>

4.2. Disaggregation of Revenue

	IT products and services \$'000	Electronic signage \$'000	Telephonic Call Centre and Data Management Services \$'000	Unallocated \$'000	Total \$'000
<b>1 January 2021 to 30 June 2021</b>					
Types of goods or service:					
Sale of goods	132,706	-	-	-	132,706
Rendering of services	-	52	1,634	-	1,686
Marketing support income	1,378	-	-	-	1,378
<b>Total revenue</b>	<b>134,084</b>	<b>52</b>	<b>1,634</b>	<b>-</b>	<b>135,770</b>
Timing of revenue recognition:					
At a point in time	131,082	52	1,187	-	132,321
Over time	3,002	-	447	-	3,449
<b>Total revenue</b>	<b>134,084</b>	<b>52</b>	<b>1,634</b>	<b>-</b>	<b>135,770</b>
Geographical information:					
Singapore	134,084	52	1,634	-	135,770
<b>Total revenue</b>	<b>134,084</b>	<b>52</b>	<b>1,634</b>	<b>-</b>	<b>135,770</b>

	IT products and services \$'000	Electronic signage \$'000	Telephonic Call Centre and Data Management Services \$'000	Unallocated \$'000	Total \$'000
<b>1 January 2020 to 30 June 2020</b>					
Types of goods or service:					
Sale of goods	115,967	-	-	-	115,967
Rendering of services	-	228	1,349	-	1,577
Marketing support income	948	-	-	-	948
<b>Total revenue</b>	<b>116,915</b>	<b>228</b>	<b>1,349</b>	<b>-</b>	<b>118,492</b>
Timing of revenue recognition:					
At a point in time	113,186	228	866	-	114,280
Over time	3,729	-	483	-	4,212
<b>Total revenue</b>	<b>116,915</b>	<b>228</b>	<b>1,349</b>	<b>-</b>	<b>118,492</b>
Geographical information:					
Singapore	116,915	228	1,349	-	118,492
<b>Total revenue</b>	<b>116,915</b>	<b>228</b>	<b>1,349</b>	<b>-</b>	<b>118,492</b>

**5. Financial assets and financial liabilities**

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2021 and 31 December 2020:

	Group		Company	
	30-Jun-21 \$'000	31-Dec-20 \$'000	30-Jun-21 \$'000	31-Dec-20 \$'000
<b>Financial assets:</b>				
Financial assets at amortised cost	77,197	99,046	72,334	89,645
Financial assets that are debt asset instruments at FVTOCI	13,314	5,987	13,314	5,987
Financial assets that are investments at FVTOCI	309	309	-	-
Financial assets that are investments at FVTPL	6,872	-	6,872	-
At end of the year	<u>97,692</u>	<u>105,342</u>	<u>92,520</u>	<u>95,632</u>
<b>Financial liabilities:</b>				
Financial liabilities at amortised cost	<u>38,131</u>	<u>44,906</u>	<u>37,787</u>	<u>44,308</u>

**6. Profit before taxation**

**6.1. Other gains and (other losses)**

	6 months ended	
	30.06.2021 \$'000	30.06.2020 \$'000
Foreign exchange adjustment gains	25	79
Sundry income	2,038	2,530
Losses on disposal of plant and equipment	(1)	(33)
Fair value gains on financial instruments at FVTPL	326	-
Inventories written off	(4)	(11)
Allowance for inventories	(244)	(289)
	<u>2,140</u>	<u>2,276</u>
Presented in profit or loss as:		
Other gains	2,389	2,609
Other losses	(249)	(333)
	<u>2,140</u>	<u>2,276</u>

**6.2. Significant items**

	6 months ended	
	30.06.2021 \$'000	30.06.2020 \$'000
Premises expenses	(932)	(1,287)
Other operating expenses	(1,168)	(1,211)
Selling and distribution costs	(1,404)	(1,482)
	<u>(3,504)</u>	<u>(3,980)</u>

**6.3. Related party transactions**

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

**7. Taxation**

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss.

	6 months ended	
	30.06.2021 \$'000	30.06.2020 \$'000
Current income tax expense	<u>1,613</u>	<u>2,133</u>

**8. Dividends**

The Company has paid dividend of 2.70 cents per share with a total of \$9,320,000 to shareholders during the first half of 2021.

There is no dividend declared for this period. The Company does not have a formal dividend policy and in view of the uncertainty in the market outlook and business environment, the Board deems it prudent to defer any decision on dividends till the end of the financial year.

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### 9. Net Asset Value

	Group		Company	
	30.06.2021 cents	31.12.2020 cents	30.06.2021 cents	31.12.2020 cents
Net asset value per share based on existing issued share capital as at the end of the respective period	35.04	35.04	34.89	34.89

The net asset value per ordinary share of the Group and the Company as at 30 June 2021 and 31 December 2020 is computed based on the total number of issued shares of 345,207,961.

### 10. Other Financial Assets

	Group		Company	
	30-Jun-21 \$'000	31-Dec-20 \$'000	30-Jun-21 \$'000	31-Dec-20 \$'000
Balance is made up of:-				
Investments in debt asset instruments at FVTOCI	13,314	5,987	13,314	5,987
Investments in equity asset instruments at FVTPL	6,872	-	6,872	-
Cash at amortised cost	3,454	-	3,454	-
Unquoted equity shares at cost through OCI	309	309	-	-
	<u>23,949</u>	<u>6,296</u>	<u>23,640</u>	<u>5,987</u>

	Group and Company	
	30-Jun-21 \$'000	31-Dec-20 \$'000
<u>Investments in debt asset instruments at FVTOCI:-</u>		
Movements during the year:		
Fair value at beginning of the year	5,987	5,905
Additions	7,327	2,017
Disposals	-	(2,000)
Reclassification adjustments for (gains)/losses included in profit or loss	-	(9)
Increase in fair value through other comprehensive income	-	74
Fair value at end of the period	<u>13,314</u>	<u>5,987</u>

	Group and Company	
	30-Jun-21 \$'000	31-Dec-20 \$'000
<u>Investments in equity asset instruments at FVTPL:-</u>		
Movements during the year:		
Fair value at beginning of the year	-	-
Additions	6,546	-
Increase in fair value through profit or loss	326	-
Fair value at end of the period	<u>6,872</u>	<u>-</u>

The Group classifies financial assets measured at fair value using a fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

	Level	Group and Company	
		30-Jun-21 \$'000	31-Dec-20 \$'000
<u>Quoted corporate bonds in Singapore</u>			
Quasi-sovereign	1	265	265
<u>Unquoted corporate bonds in Singapore</u>			
Real estate industry	2	7,084	1,007
Transport and logistics industry	2	776	776
Banking industry	2	3,436	3,436
Management consulting industry	2	1,000	-
Heavy construction industry	2	250	-
Travel and lodging industry	2	503	503
Subtotal		<u>13,049</u>	<u>5,722</u>
Total		<u>13,314</u>	<u>5,987</u>

Financial assets at fair value through profit or loss comprise the following:

	Level	Group and Company	
		30-Jun-21 \$'000	31-Dec-20 \$'000
<u>Quoted equity investment at fair value through PL:-</u>			
<u>Quoted equity securities</u>			
North America	1	4,486	-
Europe	1	1,095	-
East Asia	1	1,024	-
Others	1	267	-
Total		<u>6,872</u>	<u>-</u>

**10. Other Financial Assets (cont'd)**

Financial instruments (level 2) traded in over-the-counter market include corporate bonds that are valued based on broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency.

**11. Inventories**

The inventories are made up of goods for resale of \$35,923,000 (31 December 2020: \$35,320,000). The write off inventories and allowance for inventories charged to profit or loss included in the other losses for the six months ended 30 June 2021 is \$4,000 and \$244,000 respectively (30 June 2020: \$11,000 and \$289,000 respectively).

**12. Property, plant and equipment**

During the six months ended 30 June 2021, the Group acquired cost of assets amounting to \$628,000 (30 June 2020: \$119,000) and disposed of assets cost amounting to \$2,000 (30 June 2020: \$63,000). The net book value of the disposal was \$1,000 (30 June 2020: \$33,000) and the loss of disposal of \$1,000 (30 June 2020: \$33,000) was recognised in other losses.

**13. Borrowings**

**Amount repayable in one year or less, or on demand**

Nil.

**Amount repayable after one year**

Nil.

**Whether the amounts are secured or unsecured**

Nil.

**14. Share capital**

	Number of shares issued	Share capital
	'000	\$'000
<u>Ordinary shares of no par value:</u>		
Beginning and end of interim period	<u>345,208</u>	<u>18,775</u>

There were no changes in the share capital of the Company in the first half year of 2021. During the six-month period ended 30 June 2021, there were no sales, transfers, disposals and cancellation and/or use of treasury shares. As at 30 June 2021, the Company's issued and paid up capital comprises 345,207,961 (31 December 2020: 345,207,961) ordinary shares, excluding treasury shares and \$18,775,054 (31 December 2020: \$18,775,054) respectively. The Company did not hold any treasury shares as at 30 June 2021.

The Company's subsidiaries do not hold any shares in the Company or other convertibles as at 30 June 2021. There were no outstanding convertibles issued or treasury shares held by the Company or subsidiary as at 30 June 2021.

**15. Subsequent events**

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

## OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

### 1. Review

The condensed consolidated statement of financial position of Challenger Technologies Limited and its subsidiaries as at 30 June 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

### 2. Review of performance of the Group

#### Revenue

For the half year ended 30 June 2021 ("1H2021"), the Group achieved a revenue of \$135.8 M, an increase of 14.7% or \$17.4 M compared to revenue of \$118.5 M registered for the half year ended 30 June 2020 ("1H2020").

Higher revenue has been primarily due to a 14.7% rebound in IT products and services business segment from \$116.9 M in 1H2020 to \$134.1 M in 1H2021. This was mainly attributable to strong growth of retail operations in 1H2021 compared with the lower base in 1H2020 which saw circuit breaker measures implemented in Singapore. The recovery in retail performance has been partially offset by weaker contribution from online sales in 1H2021 as physical retail stores remained open to consumers.

Revenue from the electronic signage services business segment decreased to \$0.1 M from \$0.2 M in 1H2020, mainly due to the absence of a project completed in the first quarter of year 2020.

Revenue from the telephonic call centre and data management services improved by \$0.3 M or 23.1% to \$1.6 M in 1H2021 as compared to 1H2020 mainly driven by recovery in data management and marketing projects.

#### Profit after taxation ("PAT")

The Group registered a lower PAT of \$9.4 M in 1H2021 as compared to \$9.7 M in 1H2020.

The decrease in PAT was mainly due to the following:

- a) premises expenses increased by \$2.5 M mainly due to lower rental waiver and rebates;
- b) employee benefits expenses increased by \$0.4 M;
- c) sundry income decreased by \$0.4 M mainly on lower receipts of Government grants; and
- d) interest income decreased by \$0.3 M mainly on lower interest rates from SGD fixed deposits.

The above items have been partially offset by:

- e) overall gross profit grew by \$2.3 M, in line with improved revenue. Overall gross profit margin decreased slightly in 1H2021;
- f) depreciation expenses decreased by \$0.1 M;
- g) selling and distribution expenses decreased by \$0.1 M mainly on lower advertising expenses;
- h) fair value gains of \$0.3 M on investment measured at fair value through profit or loss; and
- i) income tax provision decreased by \$0.5 M.

The inventories written off and provision for inventories of \$0.2 M are for retail inventory. Foreign exchange gains mainly arising from Renminbi transactions.

#### Working capital, assets and liabilities

For the first half year ended 30 June 2021, the Group has cash of approximately \$71.7 M.

The Group recorded an operating cash inflow of about \$10.9 M in 1H2021. This was mainly attributable to the following:

- a) Operating cash flows before working capital changes derived for 1H2021 of \$19.1 M;
- b) decrease of trade, other receivables and other assets of \$1.0 M;
- c) increase in inventory of \$0.6 M;
- d) decrease of trade, other payables and accrued liabilities of \$4.7 M;
- e) decrease of provisions and other liabilities of \$0.8 M; and
- f) income tax paid of \$3.1 M.

**2. Review of performance of the Group (cont'd)**

**Working capital, assets and liabilities (cont'd)**

The net cash outflow for investing activities was mainly used for the acquisition of equipment and renovations of \$0.5 M and increased investment in bonds and equities of \$17.3 M. These were partially offset by interests received from fixed deposits and bonds of \$0.3 M during the period.

Meanwhile, \$7.8 M used in financing activities was incurred as principal and interest element for lease payments. In addition, a net cash outflow of \$9.6 M was used to pay as dividend to shareholders and non-controlling interest. Hence, cash and cash equivalents decreased by about \$24.0 M for the period ended 30 June 2021.

Other than the above, no significant difference was noted for other working capital, assets and liabilities except for the decreased trade payables as a result of heightened Phase 2 (Heightened Alert) safe management measures and restrictions in the second quarter of 2021.

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

No specific forecast was previously provided.

**4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months**

**a. IT products and services**

The retail sector continues to remain challenging amidst the constantly-evolving and uncertain Covid-19 situation both locally and globally. To mitigate these challenges, the Group will continue to focus on driving greater productivity, ramping up e-commerce engagement and enhancing its overall product range.

**b. Electronic signage services**

We will continue to explore business opportunity with strategic partners to continue to grow our business in architectural and commercial lighting projects.

**5. Dividend information**

**5a. Current Financial Period Reported on**

Any dividend declared for the current financial period reported on?  
No.

**5b. Corresponding Period of the Immediate Preceding Financial Year**  
No.

There is no dividend declared for this period. The Company does not have a formal dividend policy and in view of the uncertainty in the market outlook and business environment, the Board deems it prudent to defer any decision on dividends till the end of the financial year.

**6. Interested person transactions**

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

**7. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)**

The Company confirms that it has received undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the SGX Listing Manual.

**8. Disclosure of Changes in Composition of the Group Pursuant to Rule 706A of the SGX Listing Manual**

The following changes in the composition of the Group took place during the first half year of FY2021:

- a) Hachi MY Sdn. Bhd. has been dissolved in accordance with the Companies Act 2016 (Act 777), of Malaysia.

**Confirmation by the Board**

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six-month period ended 30 June 2021 to be false or misleading in any material aspect.

On behalf of the Board of Directors

LOO LEONG THYE  
EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

TAN WEE KO  
EXECUTIVE DIRECTOR AND CHIEF FINANCIAL OFFICER

Singapore  
Date: 5 August 2021