

CHALLENGER TECHNOLOGIES LIMITED



**HALF YEAR FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED
30 JUNE 2022**

Co Reg No: 198400182 K

CHALLENGER TECHNOLOGIES LIMITED
For The Half Year Ended 30 June 2022

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CHALLENGER TECHNOLOGIES LIMITED

For The Half Year Ended 30 June 2022

A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Group		
		6 months ended 30 June		
		2022	2021	Change
		S\$'000	S\$'000	%
Revenue	4	131,048	135,770	(3%)
<u>Other items of income</u>				
Interest income		505	282	79%
Other gains	6.1	444	2,389	(81%)
<u>Other items of expense</u>				
Changes in inventories of finished goods		4,793	847	n.m.
Purchase of goods and consumables		(104,626)	(105,089)	n.m.
Other consumables used		(252)	(260)	(3%)
Depreciation of property, plant and equipment		(942)	(885)	6%
Depreciation of right-of-use assets		(7,704)	(7,491)	3%
Employee benefits expense		(10,279)	(10,834)	(5%)
Other expenses	6.2	(4,421)	(3,504)	26%
Other losses	6.1	(2,374)	(249)	n.m.
Profit before tax		6,192	10,976	(44%)
Income tax expense	7	(1,373)	(1,613)	(15%)
Profit for the period		4,819	9,363	(49%)
<u>Other comprehensive income:</u>				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations, net of tax		(22)	(21)	5%
Fair value changes on debt instruments at FVTOCI, net of tax		(665)	-	n.m.
Other comprehensive loss for the period, net of tax		(687)	(21)	n.m.
Total comprehensive income for the period		4,132	9,342	(56%)
Profit attributable to owners of the parent		4,820	9,339	(48%)
(Loss) / Profit attributable to non-controlling interests		(1)	24	n.m.
Profit net of tax		4,819	9,363	(49%)
Total comprehensive income attributable to owners of the parent		4,133	9,318	(56%)
Total comprehensive (loss) / income attributable to non-controlling interests		(1)	24	n.m.
Total comprehensive income		4,132	9,342	(56%)

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

Basic and diluted (cents)	1.20	2.71
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n.m. denotes not meaningful

CHALLENGER TECHNOLOGIES LIMITED

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B. Condensed Interim Statements of Financial Position

	Note	Group		Company	
		30.6.2022 S\$'000	31.12.2021 S\$'000	30.6.2022 S\$'000	31.12.2021 S\$'000
ASSETS					
Non-current assets					
Investments in subsidiaries		-	-	5,272	6,553
Other financial assets	10	26,895	27,429	26,427	26,961
Property, plant and equipment	11	6,110	6,189	5,725	6,155
Right-of-use assets		21,776	24,024	21,351	24,011
Total non-current assets		54,781	57,642	58,775	63,680
Current assets					
Cash and cash equivalents		100,778	116,784	94,769	110,567
Trade and other receivables		3,001	3,885	1,873	2,461
Other assets		4,855	4,590	4,718	4,496
Inventories		40,637	35,763	40,180	35,762
Total current assets		149,271	161,022	141,540	153,286
Total assets		204,052	218,664	200,315	216,966
EQUITY AND LIABILITIES					
Share capital	12	51,575	51,575	51,575	51,575
Retained earnings		104,205	110,634	104,108	110,682
Other reserves		(724)	(37)	(633)	32
Equity, attributable to owners of the parent		155,056	162,172	155,050	162,289
Non-controlling interests		90	133	-	-
Total equity		155,146	162,305	155,050	162,289
Non-current liabilities					
Deferred tax liabilities		17	17	-	-
Other liabilities, non-current		3,600	3,087	900	724
Lease liabilities		11,033	11,552	10,770	11,552
Total non-current liabilities		14,650	14,656	11,670	12,276
Current liabilities					
Trade and other payables		10,327	17,725	11,305	19,695
Provisions		2,400	2,388	2,400	2,388
Income tax payable		4,379	3,292	4,376	3,285
Other liabilities, current		5,789	5,133	4,365	3,884
Lease liabilities		11,361	13,165	11,149	13,149
Total current liabilities		34,256	41,703	33,595	42,401
Total liabilities		48,906	56,359	45,265	54,677
Total equity and liabilities		204,052	218,664	200,315	216,966

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C. Condensed Interim Statements of Changes in Equity

<u>Group</u>	Total Equity	Attributable to Parent sub-total	Share capital	Retained Earnings	Other Reserves	Non-controlling Interests
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2022	162,305	162,172	51,575	110,634	(37)	133
Changes in equity:						
Total comprehensive income / (loss) for the period	4,132	4,133	-	4,820	(687)	(1)
Dividend paid	(11,291)	(11,249)	-	(11,249)	-	(42)
As at 30 June 2022	155,146	155,056	51,575	104,205	(724)	90
At 1 January 2021	121,324	120,976	18,775	102,184	17	348
Changes in equity:						
Total comprehensive income / (loss) for the period	9,342	9,318	-	9,339	(21)	24
Dividend paid	(9,561)	(9,321)	-	(9,321)	-	(240)
As at 30 June 2021	121,105	120,973	18,775	102,202	(4)	132

<u>Company</u>	Total Equity	Share capital	Retained Earnings	Other Reserves
	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2022	162,289	51,575	110,682	32
Changes in equity:				
Total comprehensive income / (loss) for the period	4,010	-	4,675	(665)
Dividend paid	(11,249)	-	(11,249)	-
As at 30 June 2022	155,050	51,575	104,108	(633)
At 1 January 2021	120,428	18,775	101,452	201
Changes in equity:				
Total comprehensive income for the period	9,354	-	9,354	-
Dividend paid	(9,321)	-	(9,321)	-
As at 30 June 2021	120,461	18,775	101,485	201

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For The Half Year Ended 30 June 2022

D. Condensed Interim Consolidated Statement of Cash Flows

	Note	Group	
		6 months ended	
		30.6.2022	30.6.2021
		S\$'000	S\$'000
Cash flows from operating activities			
Profit before tax		6,192	10,976
Adjustments for:			
Depreciation expense of property, plant and equipment		942	885
Depreciation expense of right-of-use assets		7,704	7,491
(Gain)/Loss on disposal of plant and equipment	6	(1)	1
Fair value adjustment on derivative instruments	6	2,374	(326)
Interest income		(505)	(282)
Interest expense		353	395
Net effect of exchange rate changes in consolidating foreign operations		(22)	(21)
Operating cash flows before working capital changes		17,037	19,119
Trade and other receivables		884	1,101
Other assets		(265)	(108)
Inventories		(4,874)	(603)
Trade and other payables		(7,398)	(4,651)
Other liabilities and provisions		1,135	(766)
Net cash flows from operations		6,519	14,092
Income taxes paid		(286)	(3,145)
Net cash generated from operating activities		6,233	10,947
Cash flows from investing activities			
Interest income received		505	282
Addition to other financial assets		(2,755)	(17,327)
Proceeds from disposal of debt asset instruments at FVTOCI		250	-
Proceeds from disposal of plant and equipment		4	-
Purchase of plant and equipment	11	(819)	(527)
Net cash used in investing activities		(2,815)	(17,572)
Cash flows from financing activities			
Interest expense paid		(353)	(395)
Lease liabilities – principal portion paid		(7,780)	(7,437)
Dividends paid to equity owners		(11,249)	(9,321)
Dividends paid to non-controlling interests		(42)	(240)
Net cash used in financing activities		(19,424)	(17,393)
Net decrease in cash and cash equivalents		(16,006)	(24,018)
Cash and cash equivalents at beginning of the period		116,784	95,671
Cash and cash equivalents at end of the period		100,778	71,653

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For The Half Year Ended 30 June 2022

E. Notes to the Condensed Interim Consolidated Financial Statements

1. Corporate information

Challenger Technologies Limited (the "Company" or the "Parent") is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. The financial statements are presented in Singapore Dollar and they cover the Company and its subsidiaries.

The Company has its registered office at 1 Ubi Link, Challenger TechHub Singapore 408553.

The condensed interim consolidated financial statements as at and for the six months ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the "Group").

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.

2. Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2022 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 the 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 2021.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, and the adoption of new and amended standards as set out below.

2.1. New and amended standards adopted by the Group

A number of amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards

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 2021.

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

3. Seasonal operations

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

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4. Segmental and revenue information

Segment information in respect of the Group's geographical segments is not presented, as the Group's activities for the period ended 30 June 2022 and 30 June 2021 are primarily related to its operations in Singapore.

4.1 Segment information

	IT products and services	Electronic signage	Telephonic call centre and management services	Investment	Unallocated	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
6 months ended 30 June 2022						
Revenue by Segment						
Total revenue by segment	130,652	105	1,830	-	-	132,587
Inter-segment sales and services	(1,534)	(5)	-	-	-	(1,539)
Total revenue	129,118	100	1,830	-	-	131,048
Recurring EBITDA	17,012	(72)	120	(2,374)	-	14,686
Interest income	-	-	-	505	-	505
Interest expense	(353)	-	-	-	-	(353)
Depreciation	(8,523)	-	(123)	-	-	(8,646)
Profit before tax	8,136	(72)	(3)	(1,869)	-	6,192
Income tax expense						(1,373)
Profit for the period						4,819

	IT products and services	Electronic signage	Telephonic call centre and management services	Investment	Unallocated	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
6 months ended 30 June 2021						
Revenue by Segment						
Total revenue by segment	134,108	52	1,784	-	-	135,944
Inter-segment sales and services	(24)	-	(150)	-	-	(174)
Total revenue	134,084	52	1,634	-	-	135,770
Recurring EBITDA	18,991	(65)	213	326	-	19,465
Interest income	-	-	6	276	-	282
Interest expense	(393)	-	(2)	-	-	(395)
Depreciation	(8,251)	-	(125)	-	-	(8,376)
Profit before tax	10,347	(65)	92	602	-	10,976
Income tax expense						(1,613)
Profit for the period						9,363

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4.1 Segment information (cont'd)

	IT products and services	Electronic signage	Telephonic call centre and management services	Investment	Unallocated	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
As at 30 June 2022						
Total group assets	84,848	557	5,214	113,433	-	204,052
Total liabilities	39,368	213	4,896	34	-	44,511
Unallocated:						-
Deferred and current tax liabilities	-	-	-	-	4,396	4,396
Total group liabilities	39,368	213	4,896	34	4,395	48,907

	IT products and services	Electronic signage	Telephonic call centre and management services	Investment	Unallocated	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
As at 31 December 2021						
Total group assets	112,270	495	4,592	101,307	-	218,664
Total liabilities	48,806	48	3,216	980	-	53,050
Unallocated:						
Deferred and current tax liabilities	-	-	-	-	3,309	3,309
Total group liabilities	48,806	48	3,216	980	3,309	56,359

	IT products and services	Electronic signage	Telephonic call centre and management services	Investment	Unallocated	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Other Material Items						
Expenditures for non-current assets						
<u>6 months ended 30 June 2022</u>	817	-	2	-	-	819
<u>6 months ended 30 June 2021</u>	482	-	45	-	-	527

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For The Half Year Ended 30 June 2022

4.2 Disaggregation of revenue

	Group 6 months ended 30 June 2022			
	IT products and services	Electronic signage	Telephonic call centre and data management services	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Types of goods or service:				
Sale of goods	127,818	-	-	127,818
Rendering of services	-	100	1,830	1,930
Marketing support income	1,300	-	-	1,300
Total revenue	129,118	100	1,830	131,048
Timing of revenue recognition:				
At a point in time	126,191	100	1,268	127,559
Over time	2,927	-	562	3,489
Total revenue	129,118	100	1,830	131,048

	Group 6 months ended 30 June 2021			
	IT products and services	Electronic signage	Telephonic call centre and data management services	Total
	S\$'000	S\$'000	S\$'000	S\$'000
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
Total revenue	134,084	52	1,634	135,770
Timing of revenue recognition:				
At a point in time	131,082	52	1,187	132,321
Over time	3,002	-	447	3,449
Total revenue	134,084	52	1,634	135,770

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5. Financial assets and financial liabilities

	Group		Company	
	30 Jun 22	31 Dec 21	30 Jun 22	31 Dec 21
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Financial assets:</u>				
Financial assets at amortised cost	104,758	121,007	97,621	113,366
Financial assets that are debt assets instruments at FVTOCI	17,989	16,149	17,989	16,149
Financial assets that are investments at FVTOCI	468	468	-	-
Financial assets that are investments at FVTPL	7,459	10,474	7,459	10,474
At end of the period	<u>130,674</u>	<u>148,098</u>	<u>123,069</u>	<u>139,989</u>
<u>Financial liabilities:</u>				
Financial liabilities at amortised cost	<u>32,595</u>	<u>42,081</u>	<u>33,131</u>	<u>44,232</u>

6. Profit before taxation

6.1 Other gains and (other losses)

	Group	
	6 months ended 30 June 2022	2021
	S\$'000	S\$'000
Foreign exchange adjustment gain	1	25
Sundry income	434	2,038
Gains/(loss) on disposal of plant and equipment	1	(1)
Fair value (loss)/gains on financial instruments at FVTPL	(2,374)	326
Inventories written off	-	(4)
Allowance/(Reversal) for inventories	8	(244)
	<u>(1,930)</u>	<u>2,140</u>
Presented in profit or loss as:		
Other gains	444	2,389
Other losses	(2,374)	(249)
	<u>(1,930)</u>	<u>2,140</u>

6.2 Significant items

Premises expenses	(1,186)	(932)
Other operating expenses	(1,314)	(1,168)
Selling and distribution costs	(1,921)	(1,404)
	<u>(4,421)</u>	<u>(3,504)</u>

6.3 Related party transactions

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

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7. Taxation

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

	Group	
	6 months ended 30 June	
	2022	2021
	S\$'000	S\$'000
Current income tax expense	1,373	1,613

8. Dividends

	Group and Company	
	6 months ended 30 June	
	2022	2021
	S\$'000	S\$'000
Ordinary shares:		
Dividends paid during the half-year	11,249	9,321

9. Net asset value

	Group		Company	
	30 Jun 22	31 Dec 21	30 Jun 22	31 Dec 21
Net asset value per ordinary share (S\$)	0.39	0.40	0.39	0.40
Number of shares as at end of period ('000)	401,760	401,760	401,760	401,760

10. Other financial assets

	Group		Company	
	30 Jun 22	31 Dec 21	30 Jun 22	31 Dec 21
	S\$'000	S\$'000	S\$'000	S\$'000
Balance is made up of: -				
Cash and cash equivalents	979	338	979	338
Debt assets instruments at FVTOCI	17,989	16,149	17,989	16,149
Investments at FVTPL	7,459	10,474	7,459	10,474
Equity shares at FVTOCI	468	468	-	-
	26,895	27,429	26,427	26,961

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10.1 Movements in balances

	Group and Company	
	30 Jun 22	31 Dec 21
	S\$'000	S\$'000
<u>Investments in debt asset instruments at FVTOCI:-</u>		
Movements during the period:		
Fair value at beginning of the period	16,149	5,987
Additions	2,755	10,331
Disposals	(250)	-
Decrease in fair value	(665)	(169)
Fair value at end of the period	17,989	16,149

	Group and Company	
	30 Jun 22	31 Dec 21
	S\$'000	S\$'000
<u>Investments in equity asset instruments at FVTPL:-</u>		
Movements during the period:		
Fair value at beginning of the period	10,474	-
Additions	-	9,662
Transfer to cash and cash equivalents	(641)	-
(Decrease)/Increase in fair value through profit and loss	(2,374)	812
Fair value at end of the period	7,459	10,474

	Group	
	30 Jun 22	31 Dec 21
	S\$'000	S\$'000
<u>Unquoted equity shares at FVTOCI:-</u>		
Movements during the period:		
Carrying value at beginning of the period	468	309
Increase in fair value through other comprehensive income	-	159
Carrying value at end of the period	468	468

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10.2 Disclosures relating to investments

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:

10.2a Investments in debt asset instruments at FVTOCI

	<u>Level</u>	<u>Group and Company</u>	
		<u>30 Jun 22</u>	<u>31 Dec 21</u>
		<u>S\$'000</u>	<u>S\$'000</u>
<u>Corporate bonds in Singapore</u>			
Quasi-sovereign	1	253	258
Banking industry	2	4,529	3,392
Food and beverage	2	496	-
Heavy construction industry	2	1,162	1,228
Management consultancy industry	2	948	998
Real estate industry	2	9,118	9,003
Transport and logistics industry	2	996	760
Travel and lodging industry	2	487	510
Total		<u>17,989</u>	<u>16,149</u>

Financial instruments traded in active markets include corporate bonds that are valued based on the quoted prices.

Financial instruments 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.

10.2b Investments in equity instruments at FVTPL

	<u>Level</u>	<u>Group and Company</u>	
		<u>30 Jun 22</u>	<u>31 Dec 21</u>
		<u>S\$'000</u>	<u>S\$'000</u>
<u>Equity securities</u>			
North America	1	4,823	7,205
Asia	1	231	403
Europe	1	1,580	2,196
East Asia	1	455	468
South East Asia	1	370	202
Total		<u>7,459</u>	<u>10,474</u>

10.2c Equity shares at FVTOCI

	<u>Level</u>	<u>Group</u>	
		<u>30 Jun 22</u>	<u>31 Dec 21</u>
		<u>S\$'000</u>	<u>S\$'000</u>
Logistics: Singapore	3	24	24
Information technology: Singapore	3	444	444
Total		<u>468</u>	<u>468</u>

The Level 3 financial instruments were valued using the net asset value valuation technique.

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11. Property, plant and equipment

During the half year ended 30 June 2022, the Group acquired assets amounting to \$819,000 (30 June 2021: \$527,000) and disposed of assets amounting to \$227,000 (30 June 2021: \$2,000)

12. Share capital

	Group and Company	
	Number of shares	Amount
	'000	S\$'000
<u>Ordinary shares of no par value:</u>		
At beginning and end of the financial period	401,760	51,575

The Company did not hold any treasury shares as at 30 June 2022.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2022.

13. Subsequent events

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

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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 2022 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 period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Consolidated Statement of Profit or Loss

Revenue

The Group registered a revenue of \$131.0 million for the half year ended 30 June 2022, a 3% decline compared to \$135.8 million in the same period last year, mainly due to the lower retail and online sales of \$3.3 million and \$1.1 million respectively.

Both retail and online sales of IT products slowed down in first half of 2022, as it rebounded 15% in 1H2021 after a 27% slump in 1H2020.

No significant fluctuation noted for revenue from the telephonic call center and data management services and electronic signage segments.

Other gains

Other gains for the half year ended 30 June 2022 amounted to \$0.4 million, a decrease of \$1.9 million as compared to the same period last year. The decrease in other gains was mainly due to reduced government wage support, and the fair value gain on financial instruments of \$0.3 million recorded last year.

Operating expenses

Operating expenses comprised staff cost, selling and distribution expenses, depreciation and other expenses. The operating expenses for the half year ended 30 June 2022 increased by \$0.6 million or 3% from the same period last year to \$23.3 million. The increase was driven by the higher marketing cost and premises and utilities expenses due to higher utilities usage and increased tariffs.

Other losses

Other losses for the half year ended 30 June 2022 amounted to \$2.4 million which was related to the fair value loss on investment.

Profit after tax

The Group recorded a profit after tax of \$4.8 million for the half year ended 30 June 2022, down by \$4.5 million or 49% as compared to the same period last year. The lower profit achieved was largely due to the fair value loss on investment of \$2.4 million versus fair value gain of \$0.3 million last year, reduced Covid-19 related government supports of \$1.4 million and higher operating expenses of \$0.6 million. Excluding the impact from fair value loss on investment and government wage support, the Group's profit after tax for the half year ended 30 June 2022 would have been lower than the same period last year by \$0.4 million or 4%.

CHALLENGER TECHNOLOGIES LIMITED

For The Half Year Ended 30 June 2022

Consolidated Statement of Financial Position

The Group's non-current assets decreased by \$2.9 million mainly due to the fair value loss on investment to profit and loss and to other comprehensive income of \$2.4 million and \$0.7 million respectively, and a decrease in the right-of-use asset of \$2.2 million due to amortization, offset by the addition to other financial assets of \$2.8 million.

Current assets of the Group decreased by \$11.8 million as at 30 June 2022 when compared to 31 December 2021. Cash and bank balances decreased by \$16.0 million as a result of dividend payment and higher trade payment. Inventories balance increased by \$4.9 million due to stock up of sellable items.

The Group maintained a healthy balance sheet, with total equity of \$155.1 million as compared with \$162.3 million as at 31 December 2021. Total equity decreased by \$7.2 million attributable to dividend payment of \$11.3 million and fair value loss on investment to other comprehensive income of \$0.7 million, offset by profit generated for the period.

Consolidated Statement of Cash Flows

The Group's net cash generated from operating activities was \$6.2 million for the half year ended 30 June 2022, down by \$4.7 million as compared to the same period last year, which was mainly due to the lower operating profit generated and higher payment to trade creditors.

The net cash outflow for investing activities of \$2.8 million was mainly due to additional investment in bonds of \$2.8 million, and acquisition of plant and equipment of \$0.8 million, offset by interest income of \$0.5 million.

The cash used in financing activities of \$19.4 million was arrived at after taking into account dividend payment of \$11.3 million and lease payment of \$7.8 million.

As at 30 June 2022, the Group's cash and cash equivalents amounted to \$100.8 million.

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

No forecast or prospect statement has been disclosed to shareholders.

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

The retail sector continues to remain challenging amidst the constantly evolving and uncertain Covid-19 situation, and with supply chain disruptions remain an issue for some brands of product.

To mitigate these challenges, the Group will continue to focus on its core retail business, in the meantime ramping up e-commerce engagement by collaborating with e-commerce platforms, and enhancing its overall product range. We will also continue to monitor the performance of existing and new stores closely by working on our core competencies thereby improving the gross margin arising from changes in products mix.

On the electronic signage services segment, we will continue to explore the business opportunity with strategic partners to continue to grow our business in LED board and other commercial building projects.

The Group will continue to stay relevant by innovating and keeping up with the latest trends and changing consumer behaviors, enhancing our storefront experiences. The Group will also continue to look for business opportunities, drive operational efficiencies and further strengthen our balance sheet.

CHALLENGER TECHNOLOGIES LIMITED

For The Half Year Ended 30 June 2022

5. Dividend information

- 5a. Current Financial Period Reported On
No.
- 5b. Corresponding Period of the Immediately 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 has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

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 these interim financial results 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

4 August 2022