

CHALLENGER TECHNOLOGIES LIMITED



**FULL YEAR FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022**

Co Reg No: 198400182 K

CHALLENGER TECHNOLOGIES LIMITED
For the Financial Year Ended 31 December 2022

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CHALLENGER TECHNOLOGIES LIMITED
For the Financial Year Ended 31 December 2022

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

	Note	Group					
		6 months ended 31 December			12 months ended 31 December		
		2022	2021	Change	2022	2021	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Revenue	4	160,353	147,391	9%	291,401	283,161	3%
<u>Other items of income</u>							
Interest income		1,352	335	n.m.	1,857	617	n.m.
Other gains	6	193	1,875	(90%)	635	4,214	(85%)
<u>Other items of expense</u>							
Changes in inventories of finished goods		(7,950)	(312)	n.m.	(3,157)	535	n.m.
Purchase of goods and consumables		(122,248)	(114,961)	6%	(226,874)	(220,050)	3%
Other consumables used		(176)	(339)	(48%)	(428)	(599)	(29%)
Depreciation of property, plant and equipment		(882)	(917)	(4%)	(1,824)	(1,801)	1%
Depreciation of right-of-use assets		(7,803)	(7,634)	2%	(15,507)	(15,125)	3%
Employee benefits expense		(10,806)	(11,069)	(2%)	(21,085)	(21,902)	(4%)
Other expenses	6	(5,359)	(3,761)	42%	(9,338)	(7,001)	33%
Other losses	6	(567)	(467)	21%	(3,381)	(932)	n.m.
Profit before tax		6,107	10,141	(40%)	12,299	21,117	(42%)
Income tax expense	7	(1,505)	(1,708)	(12%)	(2,878)	(3,321)	(13%)
Profit for the period/year		4,602	8,433	(45%)	9,421	17,796	(47%)

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A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income (cont'd)

	Group					
	6 months ended 31 December			12 months ended 31 December		
	2022	2021	Change	2022	2021	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<u>Other comprehensive income/(loss):</u>						
Items that will not be reclassified to profit or loss:						
Fair value changes on equity investments at FVTOCI, net of tax	375	159	n.m.	375	159	n.m.
Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translating foreign operations, net of tax	58	(21)	n.m.	36	(44)	n.m.
Fair value changes on debt assets instruments at FVTOCI, net of tax	(694)	(171)	n.m.	(1,359)	(169)	n.m.
Other comprehensive loss for the period/year, net of tax	(261)	(33)	n.m.	(948)	(54)	n.m.
Total comprehensive income for the period/year	4,341	8,400	(48%)	8,473	17,742	(52%)
Profit attributable to owners of the parent	5,054	8,432	(40%)	9,874	17,771	(44%)
(Loss)/profit attributable to non-controlling interests	(452)	1	n.m.	(453)	25	n.m.
Profit net of tax	4,602	8,433	(45%)	9,421	17,796	(47%)
Total comprehensive income attributable to owners of the parent	4,793	8,399	(43%)	8,926	17,717	(50%)
Total comprehensive (loss)/income attributable to non-controlling interests	(452)	1	n.m.	(453)	25	n.m.
Total comprehensive income	4,341	8,400	(48%)	8,473	17,742	(52%)

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

Basic and diluted (cents)	1.26	2.38	2.46	5.01
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n.m. denotes not meaningful

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B. Condensed Interim Statements of Financial Position

	Note	Group		Company	
		31.12.2022 S\$'000	31.12.2021 S\$'000	31.12.2022 S\$'000	31.12.2021 S\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	6,015	6,189	5,385	6,155
Right-of-use assets		27,108	24,024	26,814	24,011
Investments in subsidiaries		-	-	4,590	6,553
Other financial assets	10	27,802	27,429	26,959	26,961
Total non-current assets		60,925	57,642	63,748	63,680
Current assets					
Inventories		32,662	35,763	32,685	35,762
Trade and other receivables		5,318	3,885	5,652	2,461
Other assets		4,976	4,590	4,945	4,496
Cash and cash equivalents		115,663	116,784	109,256	110,567
Total current assets		158,619	161,022	152,538	153,286
Total assets		219,544	218,664	216,286	216,966
EQUITY AND LIABILITIES					
Share capital	12	51,575	51,575	51,575	51,575
Retained earnings		109,259	110,634	110,345	110,682
Other reserves		(985)	(37)	(1,327)	32
Equity, attributable to owners of the parent		159,849	162,172	160,593	162,289
Non-controlling interests		(320)	133	-	-
Total equity		159,529	162,305	160,593	162,289
Non-current liabilities					
Deferred tax liabilities		17	17	-	-
Lease liabilities		14,989	11,552	14,810	11,552
Other liabilities		4,463	3,087	1,209	724
Total non-current liabilities		19,469	14,656	16,019	12,276
Current liabilities					
Other liabilities		6,827	5,133	5,011	3,884
Provisions		2,415	2,388	2,415	2,388
Lease liabilities		12,819	13,165	12,660	13,149
Trade and other payables		15,358	17,725	16,461	19,695
Income tax payable		3,127	3,292	3,127	3,285
Total current liabilities		40,546	41,703	39,674	42,401
Total liabilities		60,015	56,359	55,693	54,677
Total equity and liabilities		219,544	218,664	216,286	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 for the year	8,473	8,926	-	9,874	(948)	(453)
Dividend paid	(11,249)	(11,249)	-	(11,249)	-	-
As at 31 December 2022	159,529	159,849	51,575	109,259	(985)	(320)
At 1 January 2021	121,324	120,976	18,775	102,184	17	348
Changes in equity:						
Total comprehensive income for the year	17,742	17,717	-	17,771	(54)	25
Dividend paid	(9,561)	(9,321)	-	(9,321)	-	(240)
Issuance of new ordinary shares	32,800	32,800	32,800	-	-	-
As at 31 December 2021	162,305	162,172	51,575	110,634	(37)	133

<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 for the year	9,553	-	10,912	(1,359)
Dividend paid	(11,249)	-	(11,249)	-
As at 31 December 2022	160,593	51,575	110,345	(1,327)
At 1 January 2021	120,428	18,775	101,452	201
Changes in equity:				
Total comprehensive income for the year	18,382	-	18,551	(169)
Dividend paid	(9,321)	-	(9,321)	-
Issuance of new ordinary shares	32,800	32,800	-	-
As at 31 December 2021	162,289	51,575	110,682	32

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D. Condensed Interim Consolidated Statement of Cash Flows

	Note	Group	
		FY2022	FY2021
		S\$'000	S\$'000
Cash flows from operating activities			
Profit before tax		12,299	21,117
Adjustments for:			
Depreciation of property, plant and equipment		1,824	1,801
Depreciation of right-of-use assets		15,507	15,125
Losses/(Gain) on disposal of plant and equipment	6	73	(87)
Fair value adjustment on other financial assets	6	2,402	(812)
Interest income		(1,857)	(617)
Interest expense		744	807
Net effect of exchange rate changes in consolidating foreign operations		36	(44)
Operating cash flows before working capital changes		31,028	37,290
Trade and other receivables		(1,433)	2,042
Other assets		(386)	(86)
Inventories		3,101	(443)
Trade and other payables		(2,367)	308
Other liabilities and provisions		3,097	128
Net cash flows from operations		33,040	39,239
Income taxes paid		(3,043)	(4,998)
Net cash generated from operating activities		29,997	34,241
Cash flows used in investing activities			
Interest income received		1,857	617
Additions to other financial assets		(4,759)	(20,331)
Proceeds from disposal of debt assets instruments at FVTOCI		1,000	-
Proceeds from disposal of plant and equipment		30	120
Purchase of plant and equipment	11	(1,753)	(1,072)
Net cash used in investing activities		(3,625)	(20,666)
Cash flows (used in)/from financing activities			
Interest expense paid		(744)	(807)
Lease liabilities – principal portion paid		(15,500)	(14,894)
Proceeds from issuance of shares		-	32,800
Dividends paid to equity owners		(11,249)	(9,321)
Dividends paid to non-controlling interests		-	(240)
Net cash (used in)/generated from financing activities		(27,493)	7,538
Net (decrease)/increase in cash and cash equivalents			
		(1,121)	21,113
Cash and cash equivalents at beginning of the year		116,784	95,671
Cash and cash equivalents at end of the year		115,663	116,784

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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 condensed interim consolidated financial statements as at and for the six-month period and full year ended 31 December 2022 are presented in Singapore Dollar (S\$) and they cover the Company and its subsidiaries (collectively, the "Group"). All financial information in these condensed interim consolidated financial statements are rounded to the nearest thousand (\$'000) except when otherwise indicated.

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 year ended 31 December 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 interim financial statements for the period ended 30 June 2022.

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 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 year.

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For the Financial Year Ended 31 December 2022

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 year ended 31 December 2022 and 31 December 2021 are primarily related to its operations in Singapore.

4.1 Reportable segments

	IT products and services	Electronic signage	Telephonic call centre and management services	Investment	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
6 months ended 31 December 2022					
Revenue by Segment					
Total revenue by segment	159,070	354	1,132	-	160,556
Inter-segment sales and services	(26)	(3)	(174)	-	(203)
Total revenue	159,044	351	958	-	160,353
Recurring EBITDA	15,159	84	(1,384)	(28)	13,831
Interest income	-	-	-	1,352	1,352
Interest expense	(391)	-	-	-	(391)
Depreciation	(8,561)	-	(124)	-	(8,685)
Profit before tax	6,207	84	(1,508)	1,324	6,107
Income tax expense					(1,505)
Profit for the period					4,602

	IT products and services	Electronic signage	Telephonic call centre and management services	Investment	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
6 months ended 31 December 2021					
Revenue by Segment					
Total revenue by segment	145,155	422	2,027	-	147,604
Inter-segment sales and services	(68)	-	(145)	-	(213)
Total revenue	145,087	422	1,882	-	147,391
Recurring EBITDA	18,114	42	123	491	18,770
Interest income	-	-	-	335	335
Interest expense	(411)	-	(2)	-	(413)
Depreciation	(8,440)	-	(111)	-	(8,551)
Profit before tax	9,263	42	10	826	10,141
Income tax expense					(1,708)
Profit for the period					8,433

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4.1 Reportable segments (cont'd)

	IT products and services	Electronic signage	Telephonic call centre and management services	Investment	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
12 months ended 31 December 2022					
Revenue by Segment					
Total revenue by segment	288,227	459	2,962	-	291,648
Inter-segment sales and services	(65)	(8)	(174)	-	(247)
Total revenue	288,162	451	2,788	-	291,401
Recurring EBITDA	32,171	12	(1,264)	(2,402)	28,517
Interest income	-	-	-	1,857	1,857
Interest expense	(744)	-	-	-	(744)
Depreciation	(17,084)	-	(247)	-	(17,331)
Profit before tax	14,343	12	(1,511)	(545)	12,299
Income tax expense					(2,878)
Profit for the year					9,421

	IT products and services	Electronic signage	Telephonic call centre and management services	Investment	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
12 months ended 31 December 2021					
Revenue by Segment					
Total revenue by segment	279,263	474	3,811	-	283,548
Inter-segment sales and services	(92)	-	(295)	-	(387)
Total revenue	279,171	474	3,516	-	283,161
Recurring EBITDA	37,105	(23)	336	817	38,235
Interest income	-	-	6	611	617
Interest expense	(804)	-	(4)	-	(808)
Depreciation	(16,691)	-	(236)	-	(16,927)
Profit before tax	19,610	(23)	102	1,428	21,117
Income tax expense					(3,321)
Profit for the year					17,796

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4.1 Reportable segments (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 31 December 2022						
Total group assets	84,778	649	4,514	129,603	-	219,544
Total liabilities	50,849	221	5,783	18	-	56,871
Unallocated:						
Deferred and current tax liabilities	-	-	-	-	3,144	3,144
Total group liabilities	50,850	221	5,783	18	3,144	60,015

	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>2022</u>	1,436	-	317	-	-	1,753
<u>2021</u>	1,027	-	45	-	-	1,072

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For the Financial Year Ended 31 December 2022

4.2 Disaggregation of revenue

	Group			
	6 months ended 31 December 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 services:				
Sale of goods	157,640	-	-	157,640
Rendering of services	-	351	958	1,309
Marketing support income	1,404	-	-	1,404
Total revenue	159,044	351	958	160,353
Timing of revenue recognition:				
At a point in time	155,825	351	271	156,447
Over time	3,219	-	687	3,906
Total revenue	159,044	351	958	160,353

	Group			
	6 months ended 31 December 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 services:				
Sale of goods	143,753	-	-	143,753
Rendering of services	-	422	1,882	2,304
Marketing support income	1,334	-	-	1,334
Total revenue	145,087	422	1,882	147,391
Timing of revenue recognition:				
At a point in time	141,809	130	1,213	143,152
Over time	3,278	292	669	4,239
Total revenue	145,087	422	1,882	147,391

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4.2 Disaggregation of revenue (cont'd)

	Group			
	12 months ended 31 December 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 services:				
Sale of goods	285,459	-	-	285,459
Rendering of services	-	450	2,788	3,238
Marketing support income	2,704	-	-	2,704
Total revenue	288,163	450	2,788	291,401
Timing of revenue recognition:				
At a point in time	282,017	450	1,539	284,006
Over time	6,146	-	1,249	7,395
Total revenue	288,163	450	2,788	291,401

	Group			
	12 months ended 31 December 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 services:				
Sale of goods	276,459	-	-	276,459
Rendering of services	-	474	3,516	3,990
Marketing support income	2,712	-	-	2,712
Total revenue	279,171	474	3,516	283,161
Timing of revenue recognition:				
At a point in time	272,891	182	2,400	275,473
Over time	6,280	292	1,116	7,688
Total revenue	279,171	474	3,516	283,161

4.3 A breakdown of sales:

	Group		
	12 months ended 31 December		
	2022	2021	Change
	S\$'000	S\$'000	%
Sales reported for the first half year	131,048	135,770	(3%)
Operating profit after tax before deducting non-controlling interests reported for the first half year	4,819	9,363	(49%)
Sales reported for the second half year	160,353	147,391	9%
Operating profit after tax before deducting non-controlling interests reported for the second half year	4,602	8,433	(45%)

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5. Financial assets and financial liabilities

	Group		Company	
	2022	2021	2022	2021
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Financial assets:</u>				
Financial assets at amortised cost	121,434	121,007	115,361	113,366
Debt assets instruments at FVTOCI	18,549	16,149	18,549	16,149
Equity investments at FVTOCI	843	468	-	-
Equity investments at FVTPL	7,957	10,474	7,957	10,474
At end of the year	<u>148,783</u>	<u>148,098</u>	<u>141,867</u>	<u>139,989</u>
<u>Financial liabilities:</u>				
Financial liabilities at amortised cost	<u>42,758</u>	<u>42,081</u>	<u>43,847</u>	<u>44,232</u>

6. Profit before tax

6.1 Other gains and (other losses)

	Group			
	6 months ended		12 months ended	
	31 December		31 December	
	2022	2021	2022	2021
	S\$'000	S\$'000	S\$'000	S\$'000
Foreign exchange adjustment losses, net	(14)	(67)	(15)	(42)
Sundry income	164	1,277	598	3,315
(Loss)/Gains on disposal of plant and equipment	(72)	88	(73)	87
Fair value (loss)/gains on equity investments at FVTPL	(28)	486	(2,402)	812
Inventories written off	(120)	-	(120)	-
Allowance for inventories obsolescence reversed/(charged)	29	24	37	(220)
Variable lease payments	(333)	(400)	(771)	(670)
	<u>(374)</u>	<u>1,408</u>	<u>(2,746)</u>	<u>3,282</u>
Presented in profit or loss as:				
Other gains	193	1,875	635	4,214
Other losses	(567)	(467)	(3,381)	(932)
	<u>(374)</u>	<u>1,408</u>	<u>(2,746)</u>	<u>3,282</u>

6.2 Significant items

	Group			
	6 months ended 31		12 months ended	
	December		31 December	
	2022	2021	2022	2021
	S\$'000	S\$'000	S\$'000	S\$'000
Premises expenses	(777)	(532)	(1,521)	(1,398)
Other operating expenses	(1,674)	(1,347)	(2,988)	(2,317)
Selling and distribution costs	(2,908)	(1,882)	(4,829)	(3,286)
	<u>(5,359)</u>	<u>(3,761)</u>	<u>(9,338)</u>	<u>(7,001)</u>

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6.3 Related party transactions

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

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 31 December		12 months ended 31 December	
	2022	2021	2022	2021
	S\$'000	S\$'000	S\$'000	S\$'000
Current year	1,505	1,708	2,878	3,321

8. Dividends

	Group and Company	
	2022	2021
	S\$'000	S\$'000
Ordinary shares:		
Dividends paid during the year	11,249	9,321

9. Net asset value

	Group		Company	
	2022	2021	2022	2021
Net asset value per ordinary share (S\$)	0.40	0.40	0.40	0.40
Number of shares as at end of year ('000)	401,760	401,760	401,760	401,760

10. Other financial assets

	Group		Company	
	2022	2021	2022	2021
	S\$'000	S\$'000	S\$'000	S\$'000
Balance is made up of:-				
Cash and cash equivalents	453	338	453	338
Debt assets instruments at FVTOCI	18,549	16,149	18,549	16,149
Equity investments at FVTPL	7,957	10,474	7,957	10,474
Equity investments at FVTOCI	843	468	-	-
	27,802	27,429	26,959	26,961

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10.1 Movements in balances

	Group and Company	
	2022	2021
	S\$'000	S\$'000
<u>Debt assets instruments at FVTOCI: -</u>		
Movements during the year:		
Fair value at beginning of the year	16,149	5,987
Additions	4,759	10,331
Disposals	(1,000)	-
Decrease in fair value	(1,359)	(169)
Fair value at end of the year	<u>18,549</u>	<u>16,149</u>

	Group and Company	
	2022	2021
	S\$'000	S\$'000
<u>Equity investments at FVTPL: -</u>		
Movements during the year:		
Fair value at beginning of the year	10,474	-
Additions	-	9,662
Transfer to cash and cash equivalents	(115)	-
(Decrease)/Increase in fair value through profit and loss	(2,402)	812
Fair value at end of the year	<u>7,957</u>	<u>10,474</u>

	Group	
	2022	2021
	S\$'000	S\$'000
<u>Equity investments at FVTOCI: -</u>		
Movements during the year:		
Carrying value at beginning of the year	468	309
Increase in fair value through other comprehensive income	375	159
Carrying value at end of the year	<u>843</u>	<u>468</u>

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 Debt assets instruments at FVTOCI

	<u>Level</u>	Group and Company	
		2022	2021
		S\$'000	S\$'000
<u>Corporate bonds in Singapore</u>			
Quasi-sovereign	1	248	258
Banking industry	2	6,543	3,392
Food and Beverage	2	482	-
Heavy construction industry	2	1,099	1,228
Management consultancy industry	2	846	998
Real estate industry	2	8,619	9,003
Transport and logistics industry	2	236	760
Travel and lodging industry	2	476	510
Total		<u>18,549</u>	<u>16,149</u>

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10.2b Equity investments at FVTPL

	<u>Level</u>	<u>Group and Company</u>	
		<u>2022</u>	<u>2021</u>
		<u>S\$'000</u>	<u>S\$'000</u>
<u>Equity securities</u>			
North America	1	4,821	7,205
Asia	1	727	403
Europe	1	1,547	2,196
East Asia	1	452	468
Southeast Asia	1	410	202
Total		<u>7,957</u>	<u>10,474</u>

10.2c Equity investments at FVTOCI

	<u>Level</u>	<u>Group</u>	
		<u>2022</u>	<u>2021</u>
		<u>S\$'000</u>	<u>S\$'000</u>
Logistic: Singapore	3	24	24
Information technology: Singapore	3	819	444
		<u>843</u>	<u>468</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.

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

11. Property, plant and equipment

During the financial year ended 31 December 2022, the Group acquired assets amounting to S\$1,753,000 (2021: S\$1,072,000) and disposed of assets amounting to S\$705,000 (2021: S\$320,000)

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12. Share capital

	Group and Company			
	Number of shares	Amount	Number of shares	Amount
	2022		2021	
	'000	S\$'000	'000	S\$'000
<u>Ordinary shares in issue</u>				
At beginning of financial year	401,760	51,575	345,208	18,775
Issuance of new ordinary shares	-	-	56,552	32,800
At end of financial year	401,760	51,575	401,760	51,575

On 1 November 2021, the Company completed the issuance of 56,551,724 ordinary shares at the issue price of \$0.58 per share.

The Company did not hold any treasury shares as at 31 December 2022.

The Company's subsidiaries do not hold any shares in the Company as at 31 December 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 31 December 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 year 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 \$291.4 million in FY2022, a 3% increase compared to \$283.2 million in FY2021. Both retail and corporate sales rose by \$9.0M and \$2.9M respectively. This increase came in line with the reopening of borders leading to tourism spending, as well as local consumers and small businesses enjoying better spending sentiment. As Covid curbs relaxed, local consumers resumed physical retail shopping, resulting in a drop in online sales by \$3.1 million.

Revenue from the telephonic call centre and data management services declined by \$0.7 million to \$2.8 million in FY2022 as compared to the previous year mainly due to lesser marketing projects undertaken.

Other gains

Other gains for FY2022 amounted to \$0.6 million, a decrease of \$3.6 million or 85% as compared to the previous year. The decrease in other gains was mainly due to reduced government wage support, and the fair value gain on financial instruments of \$0.8 million recorded in FY2021.

Operating expenses

Operating expenses comprised staff cost, selling and distribution expenses, depreciation and other expenses. The operating expenses for the current year increased by \$1.9 million or 4.4% from last year to \$47.8 million. The increase was largely due to higher marketing and selling expenses as a result of higher retail sales activities.

Other losses

Other losses for FY2022 amounted to \$3.4 million, an increase of \$2.4 million as compared to the previous year. The increase in other losses was mainly due to the fair value loss on financial instruments of \$2.4 million recorded this year.

Profit after tax

The Group recorded a profit after tax of \$9.4 million in FY2022, down by \$8.4 million or 47% as compared to last year. The lower profit achieved was largely due to the fair value loss on investment, reduced Covid-19 related government wage supports and higher operating expenses incurred. If the fair value changes and government wage support are excluded, the Group's profit before tax in FY2022 would have been lower than FY2021 by \$2.7 million.

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Consolidated Statement of Financial Position

The Group's non-current assets increased by \$3.3 million mainly due to increase in the right-of-use asset of \$3.1 million from addition of new leases.

Current assets of the Group decreased by \$2.4 million largely due to lower inventories balance of \$3.1 million and lower cash and bank balances of \$1.1 million, offset by higher trade and other receivables of \$1.4 million from higher corporate sales.

The Group maintained a healthy balance sheet, with total equity of \$159.5 million as compared with \$162.3 million as at the last year-end. Total equity decreased by \$2.8 million attributable to dividend payment of \$11.2 million and fair value loss on investments to other comprehensive income of \$1.0 million, offset by profit generated for the year.

Consolidated Statement of Cash Flows

The Group's net cash generated from operating activities was \$30.0 million for the year, down by \$4.2 million as compared to 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 \$3.6 million was mainly due to additional investment in bonds of \$4.8 million, and acquisition of plant and equipment of \$1.8 million, offset by interest income of \$1.9 million and proceeds from bonds redemption of \$1.0 million.

The cash used in financing activities of \$27.5 million was arrived at after taking into account dividend payment of \$11.2 million and lease payment of \$15.5 million.

As at 31 December 2022, the Group's cash and cash equivalents amounted to \$115.7 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

As the world emerges from the Covid-19 crisis, both local consumer and tourist spending in Singapore are expected to continue rising. The Group is cautiously optimistic on the outlook for 2023, as inflationary pressure and the possible emergence of new Covid variants, as well as the GST tax hike in 2023 can potentially dampen consumer retail expenditure.

To mitigate these challenges, the Group will continue to focus on its core retail business, as well as 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 to maximise gross margins and store efficiencies.

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 boards and other commercial building projects.

The Group will continue to focus on its core competencies in retail while dynamically reacting to changing consumer trends. We will also continue to look for business opportunities, drive operational efficiencies and further strengthen our balance sheet.

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For the Financial Year Ended 31 December 2022

5. Dividend information

5a. Current Financial Period Reported On

Name of Dividend	Final
Dividend Type	Cash
Dividend Rate	\$0.0125 per share
Tax rate	Tax exempt (one-tier)

5b. Corresponding Period of the Immediately Preceding Financial Year

Name of Dividend	Final
Dividend Type	Cash
Dividend Rate	\$0.028 per share
Tax rate	Tax exempt (one-tier)

5c. The date the dividend is payable

18 May 2023

5d. Record date

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed at 5.00 p.m. on 10 May 2023 for the purpose of determining the entitlements to the proposed final tax exempt dividend of \$0.0125 per ordinary share for the year ended 31 December 2022 (the "Proposed Final Dividend"). Duly completed transfers in respect of ordinary shares in the capital of the Company ("Shares") received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte Ltd at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632 up to 5.00 p.m. on 10 May 2023 will be registered to determine shareholders' entitlement to the Proposed Final Dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited ("CDP") are credited with Shares at 5.00 pm on 10 May 2023 will be entitled to the Proposed Final Dividend. The Proposed Final Dividend, if approved at the Annual General Meeting to be held at 10.00 am on 26 April 2023, will be paid on 18 May 2023.

6. Interested person transactions

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

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7. Disclosure of persons occupying managerial positions who are related to a director, CEO or substantial shareholder

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Ms Loo Pei Fen	41	Daughter of Mr Loo Leong Thye (Chief Executive Officer and Substantial Shareholder of the Company) and Mdm Ong Sock Hwee (Substantial Shareholder of the Company)	Deputy Chief Executive Officer since 1 November 2020. She is responsible for group marketing, loyalty program, merchandising, logistics, retail operations, corporate sales, online activities and public relations.	Managing Director since 1 November 2022 She is responsible for group marketing, loyalty program, merchandising, logistics, retail operations, corporate sales, online activities and public relations.
Mr Ng Kian Teck	55	Brother of Mr Ng Leong Hai, Substantial Shareholder of the Company	Chief Logistic Officer since 1 November 2020. He is responsible for the logistics operations of the Group.	NA

8. Use of proceeds

The Company had previously raised S\$32.75 million in net proceeds (after the deduction of related expenses of S\$50,000) (the "Net Proceeds") from the share subscription of 56,551,724 new ordinary shares at an issue price of \$0.58 per share in the Company, which was completed on 1 November 2021.

As at the date of this report, the Net Proceeds have been utilized as follows:

Use of Net Proceeds	Allocation of Net Proceeds Received S\$	Amount Utilised S\$	Balance S\$
Strategic investments and mergers & acquisitions	16,375,000	NIL	16,375,000
Product and business development, and expansion of business	16,375,000	3,300,000	14,075,000
Total	32,750,000	3,300,000	30,450,000

The above utilization is in accordance with the intended use of Net Proceeds, as stated in the Company's announcement dated 13 October 2021.

CHALLENGER TECHNOLOGIES LIMITED

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9. 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

17 February 2023