

Under ASX Listing Rule 4.2A.3 for the six months ended 31 December 2020

Current period

1 July 2020 to 31 December 2020

Prior corresponding period (PCP)

1 July 2019 to 31 December 2019

| | 31 Dec 2020 \$m | 31 Dec 2019 \$m | Change \$m | Change % |
|--|-----------------------|-----------------------|---------------|-------------|
| Results for announcement to the market | | | | |
| Revenue from ordinary activities | 1,289.5 | 1,222.2 | 67.3 | 5.5 |
| Profit from ordinary activities after tax attributable to equity holders | 222.8 | 220.4 | 2.4 | 1.1 |
| Net profit for the period attributable to equity holders ¹ | 222.8 | 220.4 | 2.4 | 1.1 |

¹ Share of profits of associates is \$16.1 million (PCP: \$12.8 million).

Statutory net profit after tax, which includes investment experience, being the valuation movements on assets and liabilities supporting the Life business, was \$222.8 million (31 December 2019: \$220.4 million), up \$2.4 million primarily as a result of higher investment experience profit offsetting the decline in normalised earnings.

Normalised net profit after tax, management's preferred measure of profit, for the six months period to 31 December 2020 decreased by 28.5% to \$136.8 million (PCP: \$191.4 million). Refer to Note 3 Segment information in the 2021 Interim Financial Report for a definition of normalised net profit after tax and the reconciliation to the statutory profit for the period.

| | 31 Dec 2020 Cents | 31 Dec 2019 Cents | Change % |
|--|-------------------------|-------------------------|-------------|
| Dividend information | | | |
| Interim per ordinary share – 100% franked (2019 interim: 100% franked) | 9.5 | 17.5 | (45.7) |

| | 31 Dec 2020 \$m | 31 Dec 2019 \$m | Change % |
|--|-----------------------|-----------------------|-------------|
| Dividends proposed (not recognised as a liability at 31 December) | 64.0 | 106.7 | (40.0) |

The Challenger Limited Board will continue the Dividend Reinvestment Plan (DRP). The dividend will be paid on 23 March 2021. For any reinvestment of this dividend, the Board has determined that new shares will be issued to fulfil DRP requirements. The new shares will not be issued at a discount to the prevailing Challenger share price. There is no conduit foreign income for this dividend.

2021 Interim dividend dates

| | |
|--|------------------|
| Ex-dividend date | 23 February 2021 |
| Record date | 24 February 2021 |
| Final Dividend Reinvestment Plan election date | 25 February 2021 |
| Payment date | 23 March 2021 |

| | Ownership interest | |
|---|---------------------------|----------------|
| | 31 Dec 2020 | 31 Dec 2019 |
| Details of associates and joint ventures | | |
| Alphinity Investment Management Pty Ltd | 30% | 30% |
| Ardea Investment Management Pty Ltd | 30% | 30% |
| Ares Australia Management Pty Ltd | 35% | 35% |
| Avenir Capital Pty Ltd | 40% | 40% |
| Bentham Asset Management Pty Ltd | 49% | 49% |
| Eiger Capital Pty Ltd | 40% | 40% |
| Greencape Capital Pty Ltd | 47% | 48% |
| Lennox Capital Partners Pty Ltd | 40% | 40% |
| Merlon Capital Partners Pty Ltd | 30% | 30% |
| Novaport Capital Pty Ltd | 49% | 49% |
| Resonance Asset Management Ltd ¹ | - | - |
| Wavestone Capital Pty Ltd | 33% | 33% |
| Whitehelm Capital Pty Ltd | 30% | 30% |
| WyeTree Asset Management Ltd | 49% | 49% |

¹ Challenger holds a board position and is deemed to have significant influence.

| | 31 Dec 2020 \$m | 31 Dec 2019 \$m |
|--|-----------------------|-----------------------|
| Net tangible assets per security | | |
| Net assets | 3,512.8 | 3,743.8 |
| Less: | | |
| - Intangible assets | 17.6 | 21.7 |
| - Goodwill | 579.9 | 580.3 |
| - Right-of-use lease asset | 37.9 | 34.4 |
| Non-controlling interests | - | 28.0 |
| Net tangible assets | 2,877.4 | 3,079.4 |
| Ordinary shares (number – million) | 672.2 | 607.6 |
| Net tangible assets per security (\$) | 4.28 | 5.07 |

Other disclosure requirements

Additional ASX Appendix 4D (Listing Rule 4.2A.3) disclosures can be found in the 2021 Interim Financial Report lodged separately from this document. This document should be read in conjunction with the 2021 Interim Financial Report and any public announcements made in the period by the Group in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and ASX Listing Rules.

This preliminary financial report under ASX Listing Rule 4.2A.3 covers Challenger Limited and its controlled entities, and is based on the separately lodged consolidated financial statements and financial report which have been reviewed by Ernst & Young.

Cross reference index for other disclosures included in 2021 Interim Financial Report

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Authorisation

Linda Matthews
Company Secretary

8 February 2021