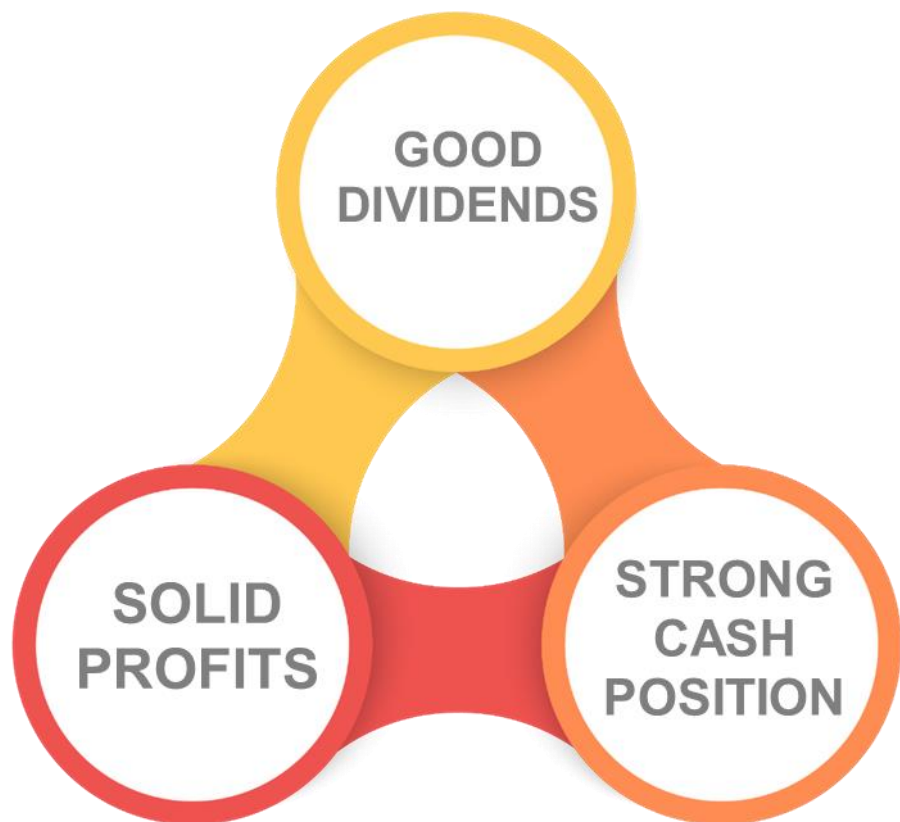


Disclaimer

This presentation is based on the information we obtained or on the certain assumptions that we understand to be reasonable. However, this is not for the Company to represent or imply and guarantee to the accuracy of completeness of the contents. Further, statement in this presentation may contain forward-looking information that could be impacted by various risks and uncertainties, and that may significantly affect expected results. Therefore, it is to be noted not to entirely rely on forward-looking information.

It should also be noted that this presentation or any statement herein is not allowed to make copy or transfer without our written consent in prior.

Record Year of Revenue & Flexible Staffing



REVENUE
S\$433.0m

Record high

PROFITS
S\$49.8m

Healthy profit margin
11.5%¹

DIVIDENDS
S\$25.1m

4.4% yield²

CASH³
S\$332.2m

No borrowings

**CONTRACTOR
EMPLOYEES**

42,998

**PERMANENT
PLACEMENTS**

7,022

¹ Based on NPAT divided by Revenue

² Based on S\$0.025 proposed dividends* divided by closing price of S\$0.57 on 25 Feb 2021

*Proposed dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting

³ Refers to cash and cash equivalents

Snapshot of FY20 Results



Top Lines

Revenue

S\$ 433.0m

↑ **2.4%**

(FY2019: S\$423.1m)

Gross Profit

S\$ 129.3m

↓ **11.1%**

(FY2019: S\$145.6m)



Profitability

NPAT

S\$ 49.8m

↓ **10.7%**

(FY2019: S\$55.8m)

Normalised NPAT¹

S\$ 50.9m

↓ **6.0%**

(FY2019: S\$54.2m)

PATMI

S\$ 46.9m

↓ **9.2%**

(FY2019: S\$51.6m)

Efficiency Ratio

(EBITDA/GP) ²

51.8%

↑ **3.0 points** ³

(FY2019: 48.8%)



Business Volume

Contractor Employees

14,347

↑ **1,731 (13.7%)**

(FY2019: 12,616)

Placements

7,022

↓ **1,508 (17.7%)**

(FY2019: 8,530)

1. Based on "Normalised NPAT" which excludes unrealised gain / (loss) on revaluation of financial assets.

Earnings Surpassed Analyst Forecasts

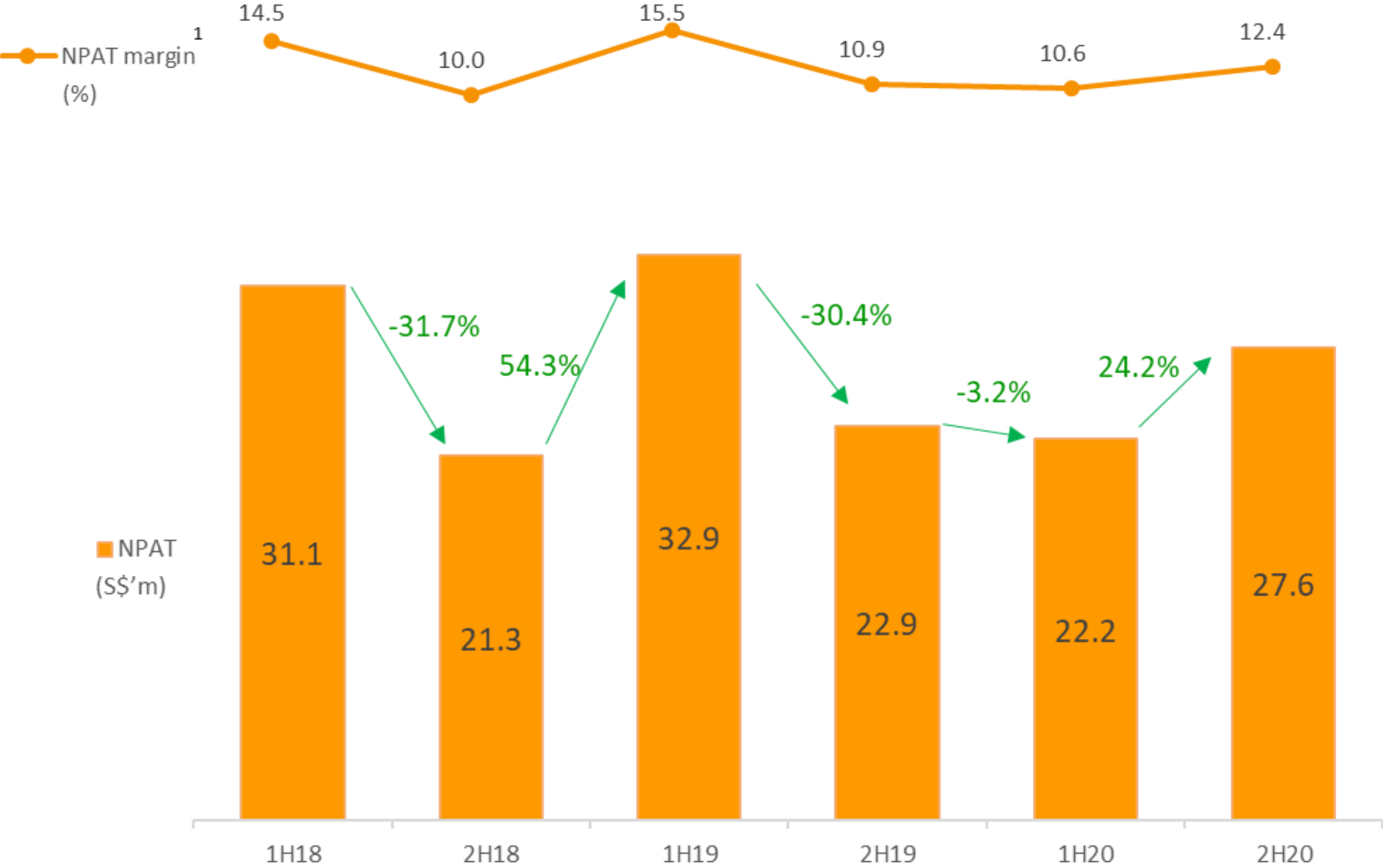
	CGS-CIMB ¹	RHB ²	DBS ³
Date of last report	18.1.2021	29.10.2020	13.08.2020
Analyst Recommendation	ADD	BUY	HOLD
Target Price	0.64	0.52	0.50

	2020	2020F		
Revenue	433.0	419.8	398	389
Gross Profit	129.3		127	109
NPAT	49.8	40.1		
PATMI	46.9	37.7	37	32.1
Core PATMI⁴	46.6	37.7		

1. <https://research.sginvestors.io/2021/01/hrnetgroup-cgs-cimb-research-2021-01-18.html>
2. <https://research.sginvestors.io/2020/11/hrnetgroup-rhb-securities-research-2020-10-29.html>
3. <https://research.sginvestors.io/2020/08/hrnetgroup-dbs-group-research-2020-08-13.html>
4. Core PATMI = PATMI (-) disposal and net fair value gain/(loss) on financial assets mandatorily measured at FVTPL (+) depreciation on plant and equipment (as defined by CGS-CIMB)



Respectable Profitability and NPAT Margin

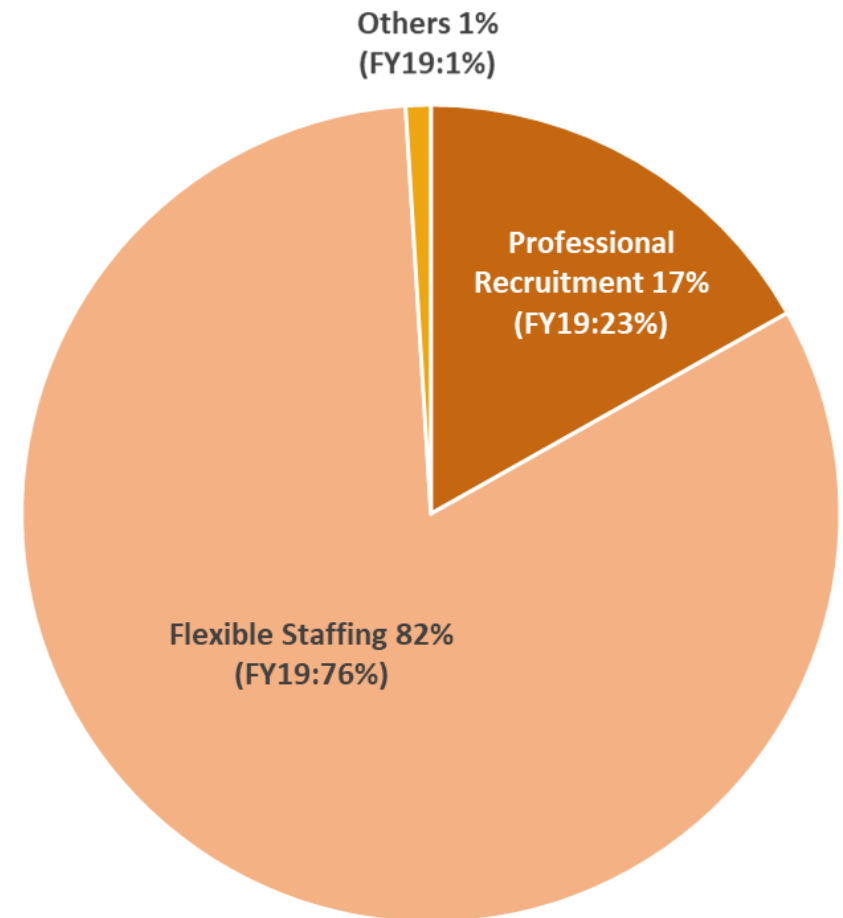
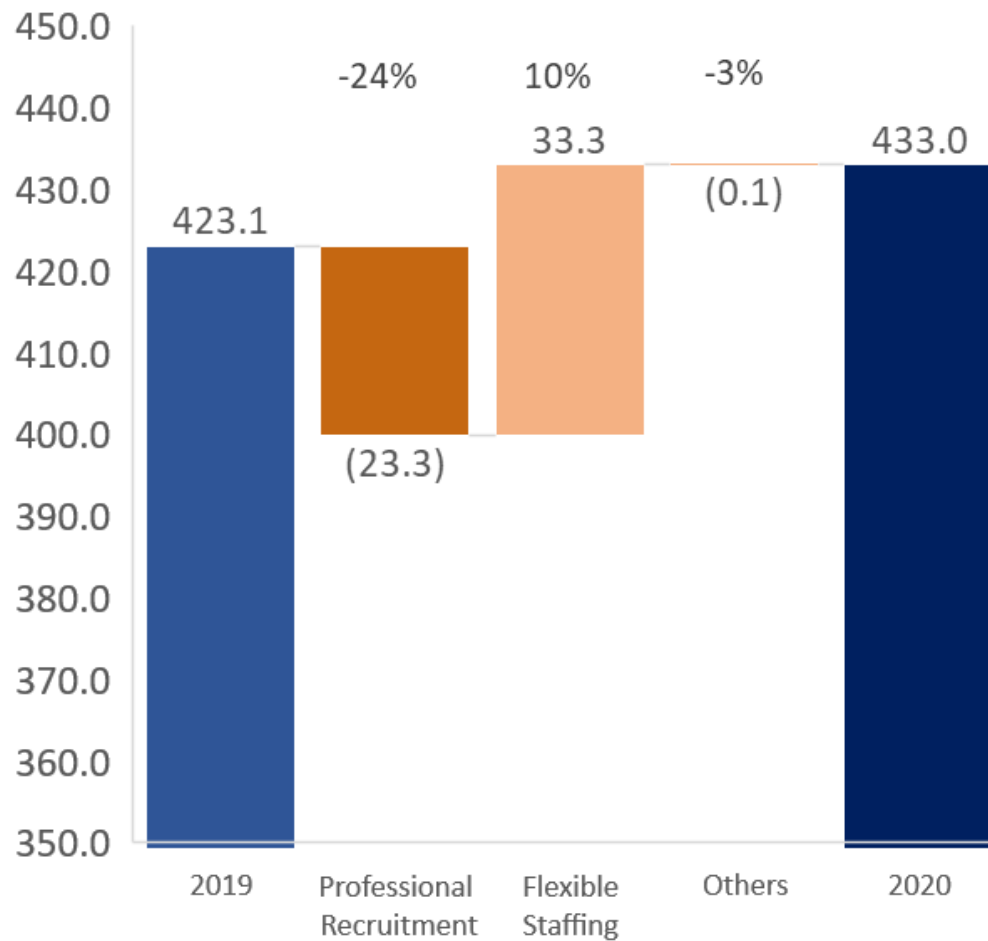


1. NPAT margin = NPAT/Revenue

Revenue for the Year

By Business Segments

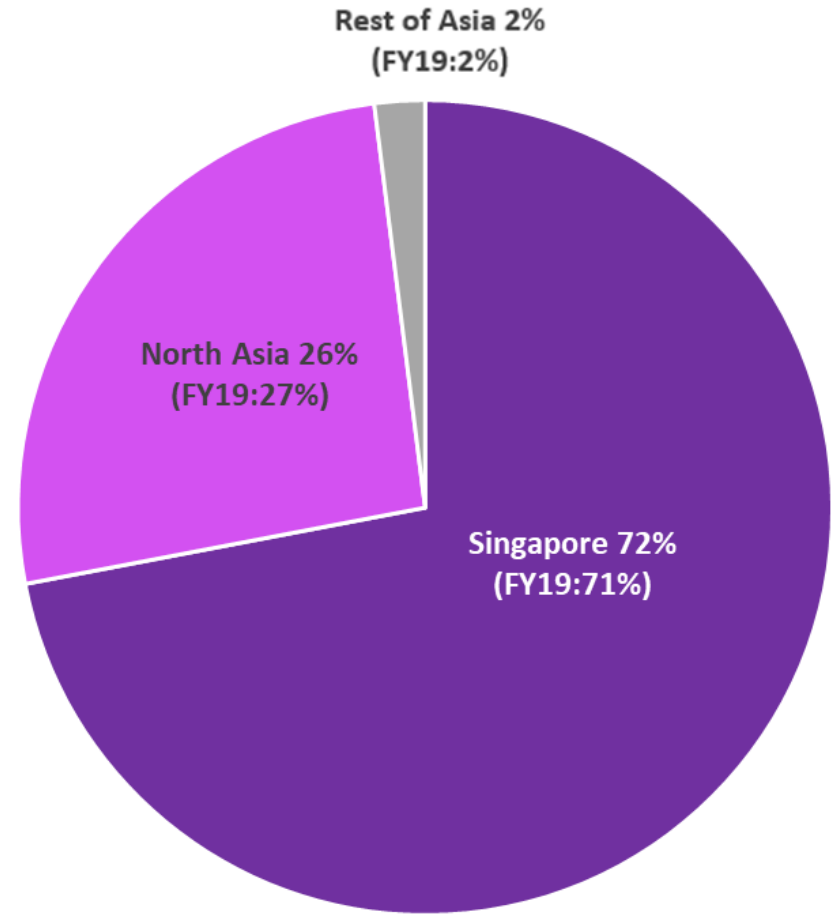
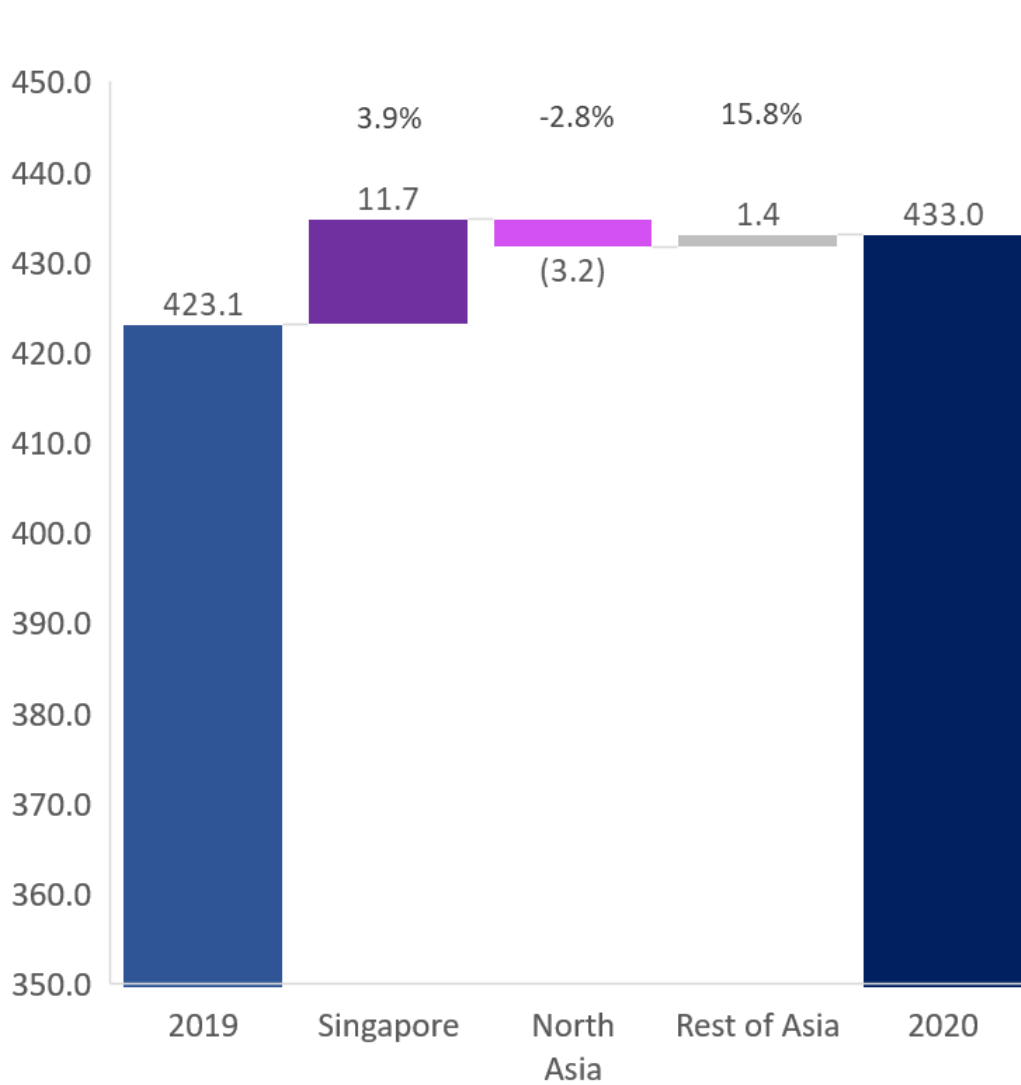
(\$'m)



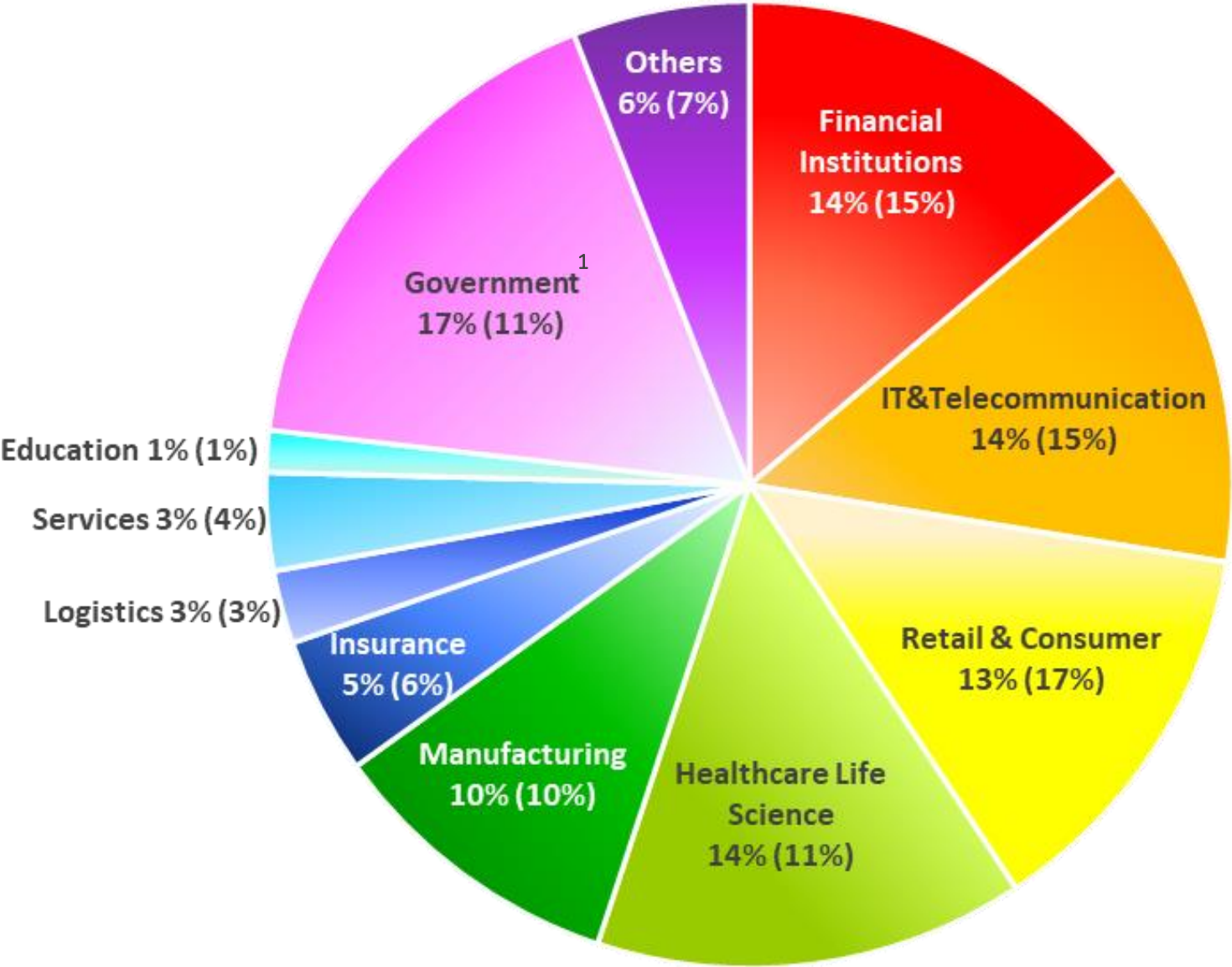
Revenue for the Year

By Geography

(S\$'m)



Revenue by Sector for FY20



(% in brackets denotes FY19 figures)

1. Government departments, statutory boards and government-linked companies

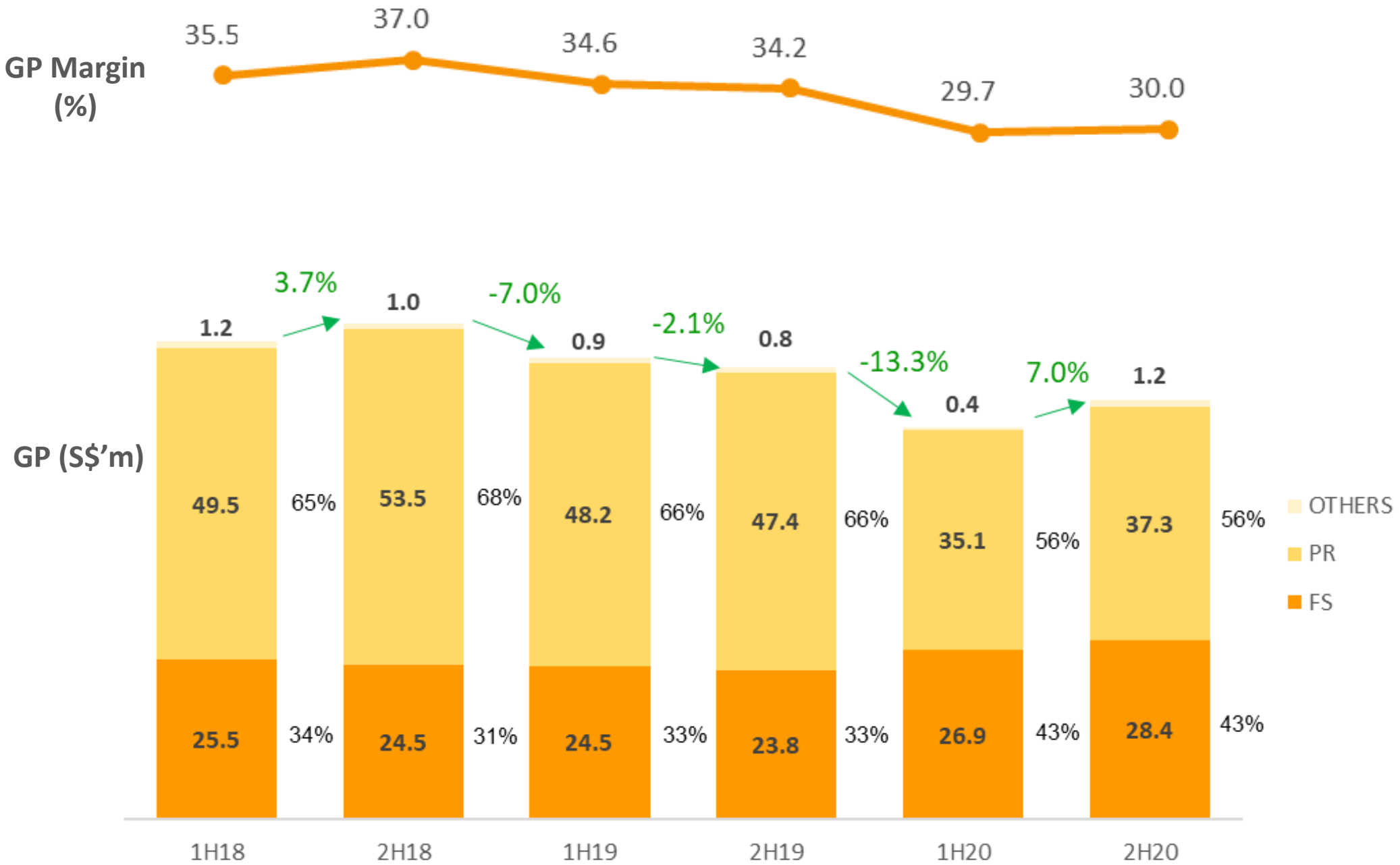
Highly Diversified Base of Customers

Our **Top 5** customers have been with us for an average of **17** years

	Customer since	FY20 Revenue Contribution
Supermarket Chain The largest supermarket in Singapore	2010	4.0%
Singapore Bank One of the top 3 largest banks in ASEAN by assets	2000	3.9%
Asian Conglomerate One of the top 3 largest technology companies globally by revenue, Fortune 100	1999	2.9%
European Bank One of the top 10 largest bank globally by total assets, Fortune 500	2000	2.1%
Health Hub Leading primary healthcare provider in Singapore	2005	1.9%
Contribution from Top 5 clients		14.8%
Contribution from Top 10 clients		22.0%

Note: Data as of FY20

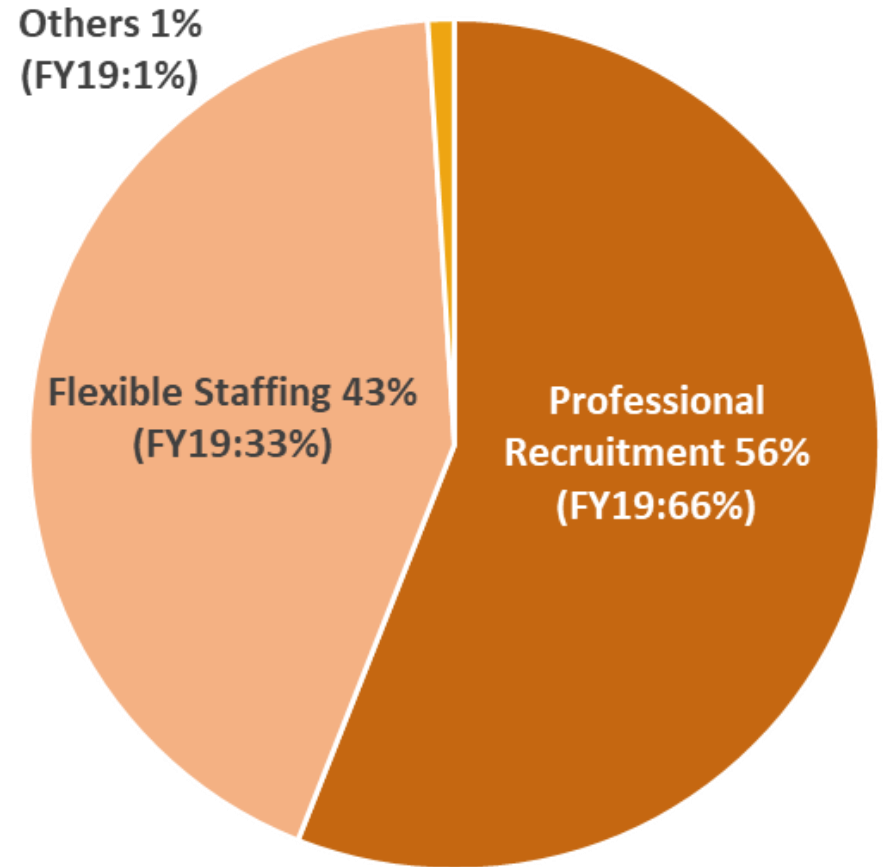
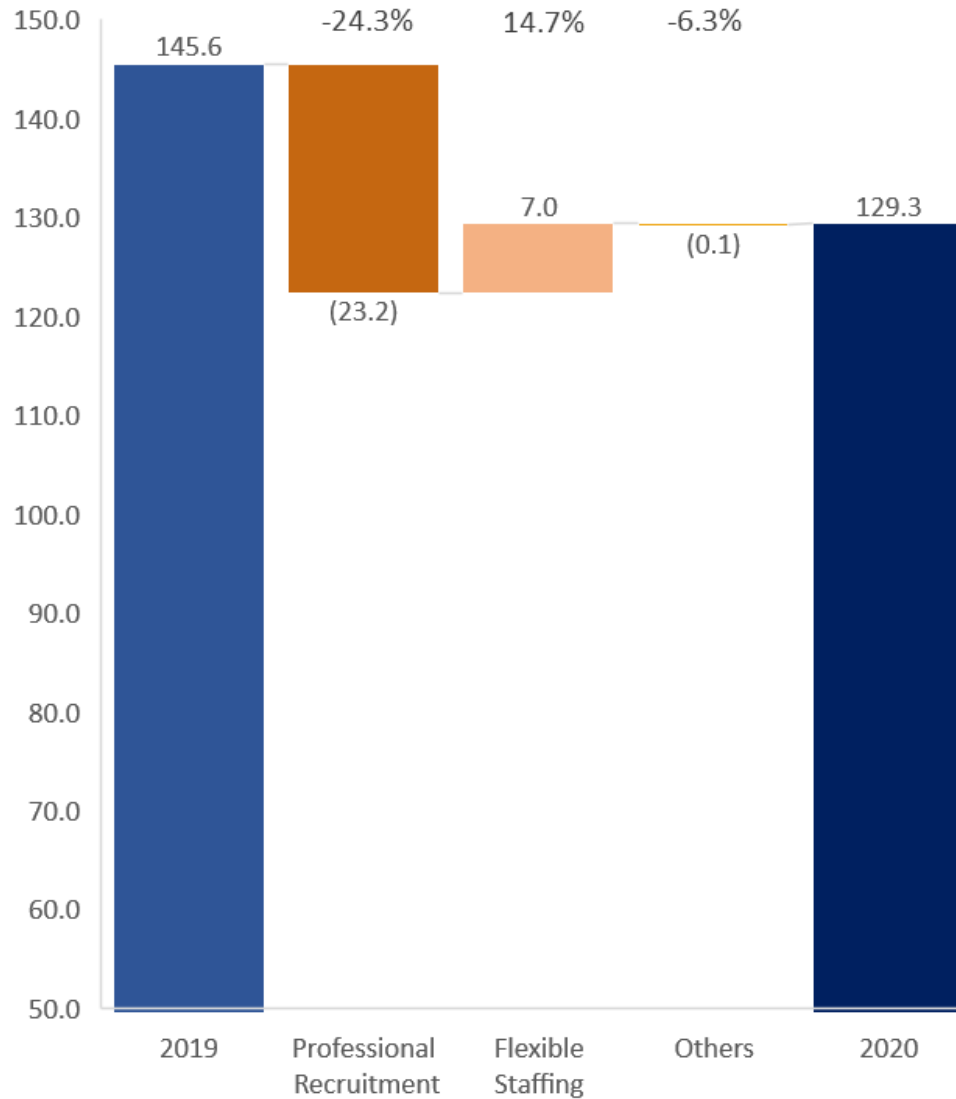
Shifts in GP Margins with Changes in Business Mix HRnetGroup



Gross Profit for the Year

By Business Segments

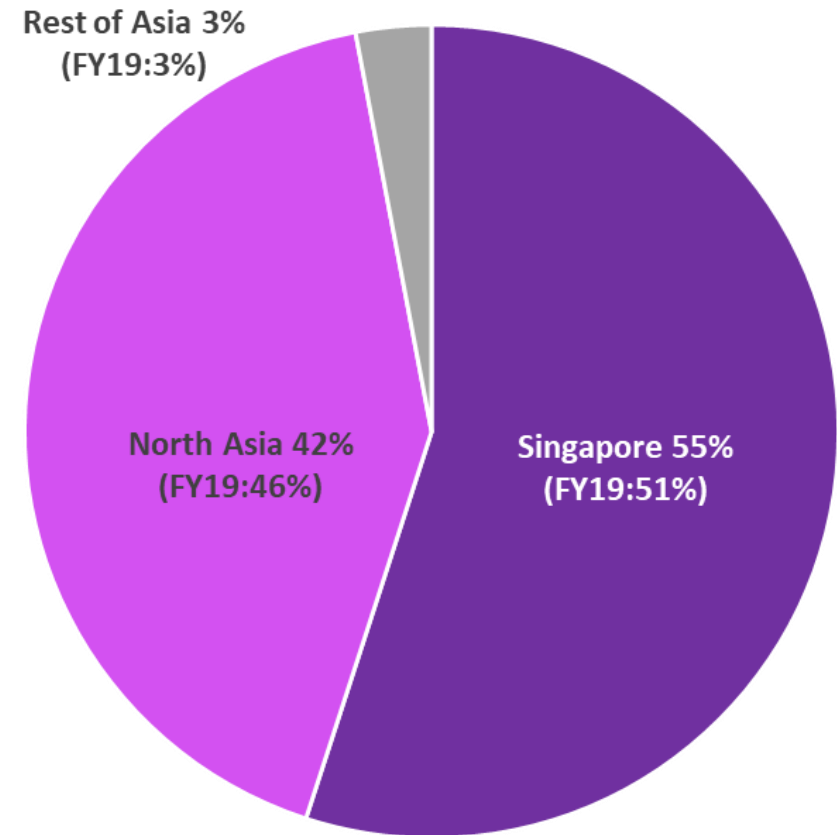
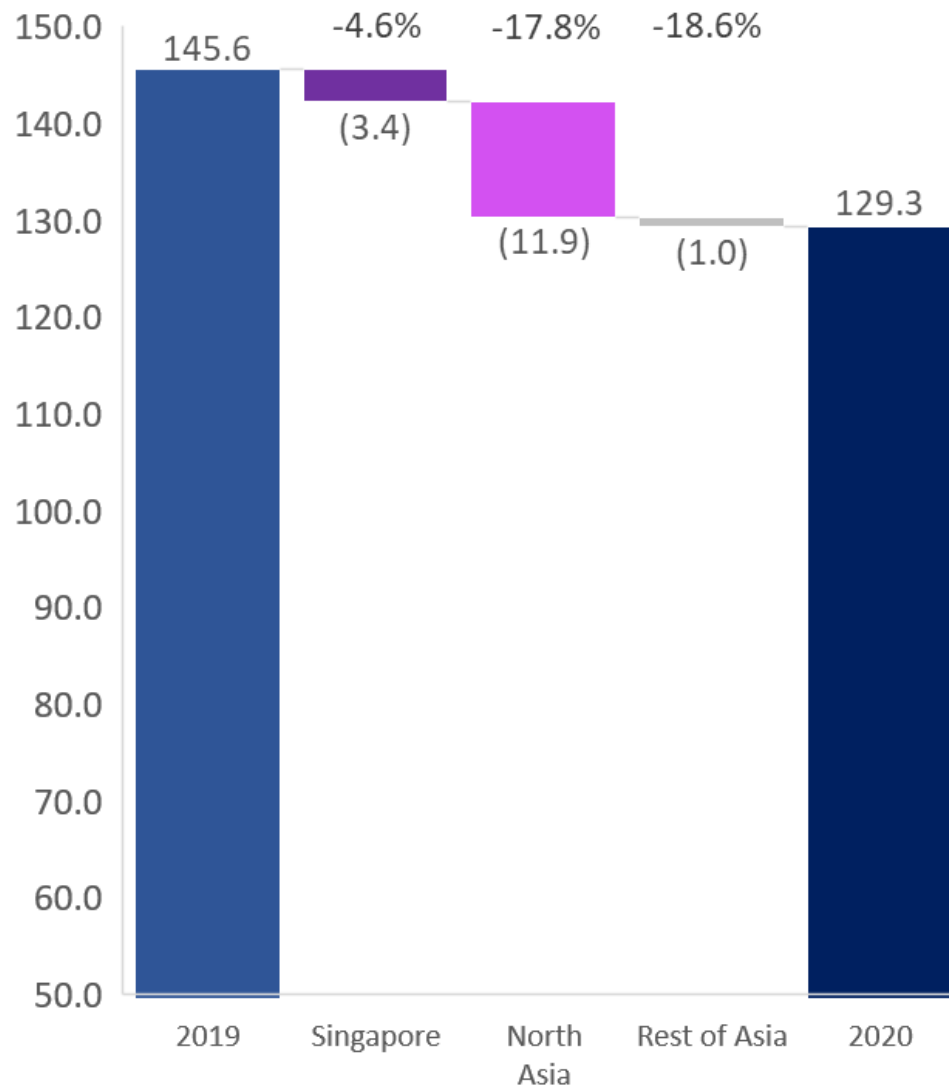
(\$'m)



Gross Profit for the Year

By Geography

(S\$m)



Snapshot of Financial Performance

	2020	2019	Change	
	S\$m	S\$m	S\$m	%
Revenue	433.0	423.1	9.9	2.4
Gross profit ("GP")	129.3	145.6	(16.3)	(11.1)
Expenses				
Employee benefit expenses	(69.1)	(73.6)	4.5	(6.1)
Facilities and depreciation expenses	(11.9)	(12.1)	0.2	(1.5)
Selling expenses	(3.5)	(4.7)	1.2	(25.4)
Other expenses	(3.2)	(4.2)	1.0	(23.3)
Finance costs	(0.4)	(0.3)	(0.1)	23.7
Total Expenses	(88.1)	(94.9)	6.8	(7.1)
Other income				
Net fair value gain/(loss) on FVTPL ¹	(1.1)	1.6	(2.7)	(169.5)
Gain on disposal on investments	2.6	6.1	(3.5)	(58.2)
Government subsidies	11.7	4.6	7.1	153.0
Others	4.6	5.4	(0.8)	(14.2)
Total Other income	17.8	17.7	0.1	0.8
Profit before tax	59.0	68.4	(9.4)	(13.7)
Income tax	(9.2)	(12.6)	3.4	(26.6)
Profit for the year ("NPAT")	49.8	55.8	(6.0)	(10.7)
PATMI	46.9	51.6	(4.7)	(9.2)
EBITDA	67.0	71.0	(4.0)	(5.6)

KEY FINANCIAL RATIOS

Earning per share (EPS) (cents)

Basic 4.67 5.13

Diluted 4.67 5.11

Conversion Ratio (%) (EBIT / GP) 44.3 44.2

1. FVTPL refers to financial assets mandatorily measured at FVTPL

Solid Cashflow Surplus

The Group's cash and cash equivalents stood at **S\$332.2m** as of 31 Dec 2020, strengthened by **S\$66.0m**:

+ **S\$104.5m** cash generated from operating activities

- S\$67.3m operating cashflow
- S\$37.2m working capital changes

+ **S\$0.3m** cash generated from investing activities

- **S\$40.9m** used in financing activities

- S\$28.0m dividends paid to shareholders
- S\$2.1m dividends paid to NCI
- S\$8.0m repayment of lease liabilities
- S\$3.1m purchase of treasury shares
- S\$(0.3m) capital contribution by NCI in subsidiaries

+ **S\$2.1m** arising from the effect of foreign exchange rate changes on its cash & cash equivalents.

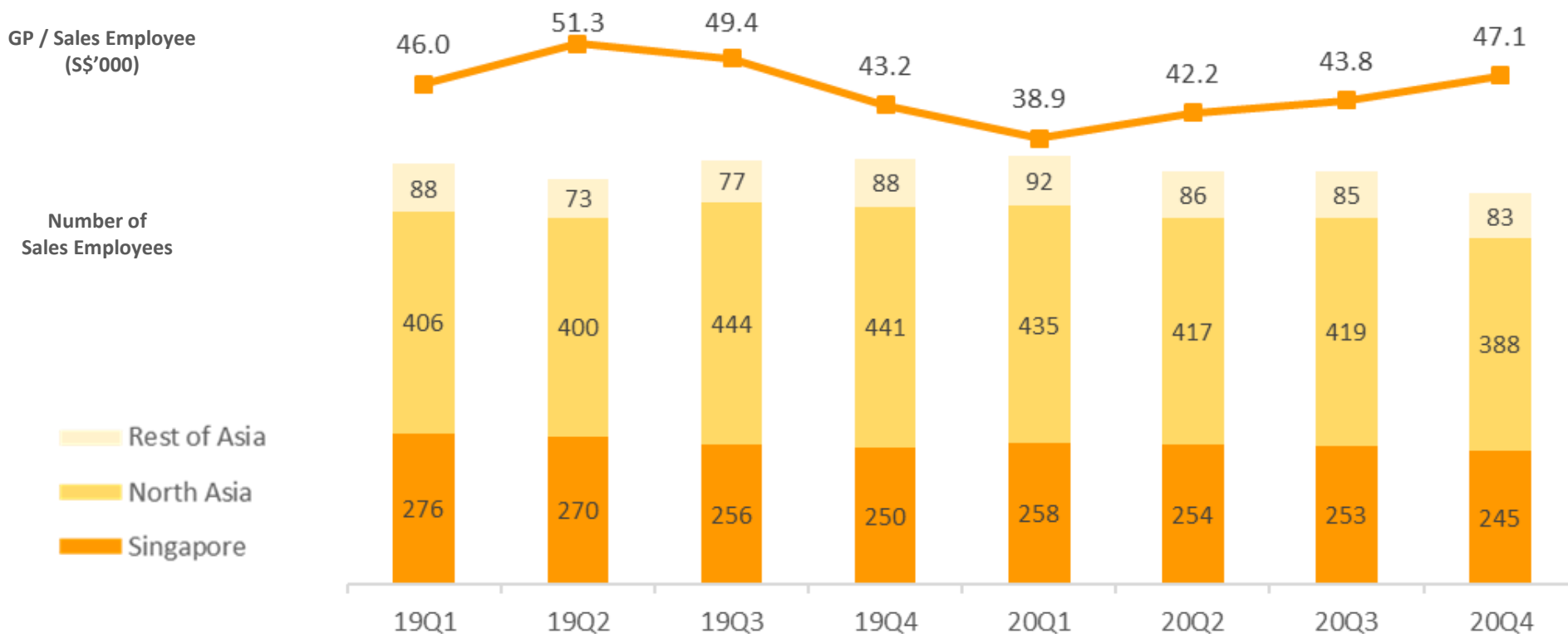


Strong Balance Sheet for Expansion

	31st Dec 2020 S\$m	31st Dec 2019 S\$m	Change S\$m
Cash	332.2	266.2	66.1
Trade Receivables	66.3	74.7	(8.4)
Other Financial Assets	28.7	47.3	(18.6)
Right-of-use Assets	8.2	14.1	(5.9)
Goodwill & Other Intangible Assets	6.5	6.7	(0.1)
Other Assets	10.4	10.3	0.1
Total Assets	452.4	419.3	33.1
Borrowings	-	-	-
Trade and Other Payables	82.1	45.1	37.0
Deferred Considerations	3.9	3.0	1.0
Lease Liabilities ¹	8.5	14.3	(5.7)
Tax Payable and Deferred Tax Liabilities	10.7	10.3	0.4
Total Equity	347.1	346.6	0.5
Total Liabilities & Equity	452.4	419.3	33.1
NAV	331.7	332.0	(0.3)
NAV per share(cents)	33.1	33.0	
NTA	325.1	325.3	(0.2)
NTA per share(cents)	32.4	32.3	
Receivables Turnonver (Days)	56	64	

1. Relates to office leases commitments.

Productive Workforce



	19Q1	19Q2	19Q3	19Q4	20Q1	20Q2	20Q3	20Q4
PHC (#)	475	511	513	454	408	445	435	451
% PHC	62	69	66	58	52	59	57	63
Singapore	74	77	79	74	65	64	63	73
North Asia	57	65	61	53	49	59	59	61
Rest of Asia	48	60	56	39	28	43	35	43
% of Sales Employees	85	84	85	84	85	84	84	83

Treasury Shares

- Treasury shares are used for shares incentive plans, 88GLOW share swaps and/or M&A considerations
- One of the capital management tools to enhance shareholder value



Number of Treasury Shares	FY2020
As at 1 January 2020	4.3m
Treasury shares purchased	7.1m S\$3.1m
Reissued pursuant to bonus shares vested under 123GROW plans – Opp 1 Plan and Opp 2 Plan	(1.6m) (S\$0.9m)
Reissued pursuant to bonus shares vested under 123GROW Plan - HRnet GROW Plan	(1.1m) (S\$0.7m)
As at 31 December 2020	8.7m

IPO PROCEEDS of S\$174.1m

Utilisation	Amount (S\$m)	IPO Proceeds
Investments in Staffline (FVTOCI)	55.5	31.9%
Investments in Strategic Entities	34.9	20.0%
Professional Fees & Misc Expenses (incl IPO)	9.2	5.3%
Investments in Bamboos (FVTOCI)	8.5	4.9%
Investments in Organic Subsidiaries	7.6	4.4%
Paid Consideration for Acquisitions	4.1	2.4%
Deferred Consideration for Acquisitions	3.9	2.2%
Total Utilised & Earmarked	123.7	71.1%

	Amount (S\$m)
As at 1 January 2020	117.9
Investments in Organic Subsidiaries	1.1
Investments in Bamboos (FVTOCI)	0.6
Professional Fees Expenses	0.1
Paid Consideration for Acquisitions	0.1
As at 31 December 2020	119.8

V-shaped economic outlook

Geography	2019	2020	2021e ¹¹
Mainland China ⁽¹⁾	6.0	2.3	8.1
Malaysia ⁽²⁾	4.3	-5.6	7.0
Singapore ⁽³⁾	1.3	-5.4	4.0 - 6.0
Taiwan ⁽⁴⁾	3.0	3.1	4.6
United Kingdom ⁽⁵⁾	1.4	-9.9	4.5
Hong Kong ⁽⁶⁾	-1.2	-6.1	3.5 - 5.5
Indonesia ⁽⁷⁾	5.0	-2.1	4.8
S. Korea ⁽⁸⁾	2.0	-1.4	3.1
Japan ⁽⁹⁾	0.3	-4.8	3.1
Thailand ⁽¹⁰⁾	2.4	-6.1	2.5 - 3.5



- (1) http://www.stats.gov.cn/tjsj/zxfb/202101/t20210119_1812514.html
- (2) https://www.dosm.gov.my/v1/index.php?r=column/cthemByCat&cat=100&bul_id=Y1MyV2tPOGNsVUtnRy9SZGdRQS84QT09&menu_id=TE5CRUZCbLh4ZTZMODZlBmk2aWRRTQ09
- (3) <https://www.singstat.gov.sg/-/media/files/news/gdp4q2020.pdf>
- (4) https://eng.stat.gov.tw/public/data/dgbas03/bs4/ninews_e/11002/enebstotal11002.pdf
- (5) <https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpfirstquarterlyestimateuk/octobertodecember2020>
- (6) <https://www.censtatd.gov.hk/hkstat/sub/sp250.jsp?tableID=211&ID=0&productType=8>, https://www.hkeconomy.gov.hk/en/pdf/20q4_outlook.pdf
- (7) <https://tradingeconomics.com/indonesia/gdp-growth-annual>
- (8) http://ecos.bok.or.kr/EIndex_en.jsp
- (9) https://www.esri.cao.go.jp/en/sna/data/sokuhou/files/2020/qe204/pdf/gaiyou2041_e
- (10) https://www.nesdc.go.th/ewt_dl_link.php?nid=5175, <https://tradingeconomics.com/thailand/gdp-growth-annual>
- (11) <https://www.imf.org/en/Publications/WEO/Issues/2021/01/26/2021-world-economic-outlook-update> (For China, Malaysia, UK, Indonesia, S. Korea and Japan)

Building Our Digital Future - Leaders' Digital Club



Leaders' Digital Club is the digital version of our live Leaders' Breakfast Club event. Conducted over Zoom on 16th Oct, our business units from Singapore, Kuala Lumpur, Bangkok and Jakarta came together to create an event platform that focuses on innovating and planning for success in an ever-changing climate.

With over 120 attendees, we did a deep dive on 4 key topics

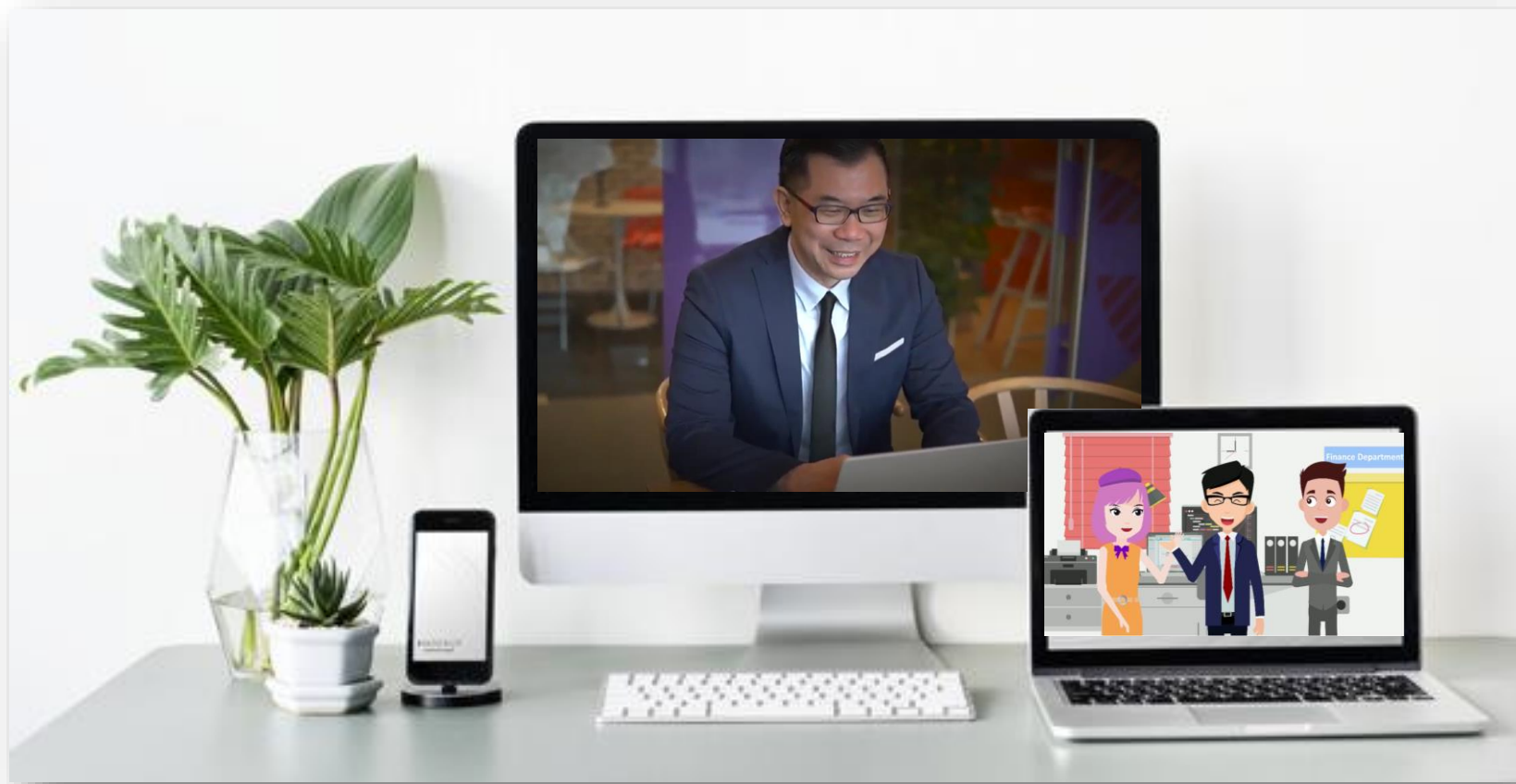
- Hiring Trends for 2021
- Bringing Onboard New Hires
- Managing Teams Virtually
- Digital Retention Strategies

The content was discussed via Zoom with an open forum followed by breakout sessions. As a further value add, the information shared was then developed into articles, videos and infographics.

Scan the QR codes for the content and to follow us on LinkedIn.



Building Our Digital Future - Brand Story Videos



To illustrate our brand story and values in a informative and easy to consume format, we created short videos to showcase how we work with our clients and candidates and the value that we bring to them. Scan the QR codes to watch the videos in our Brand Videos playlist on Youtube.

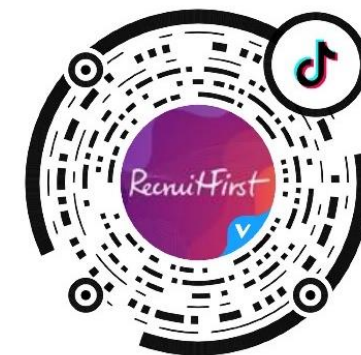


Building Our Digital Future – Connecting on Social Media



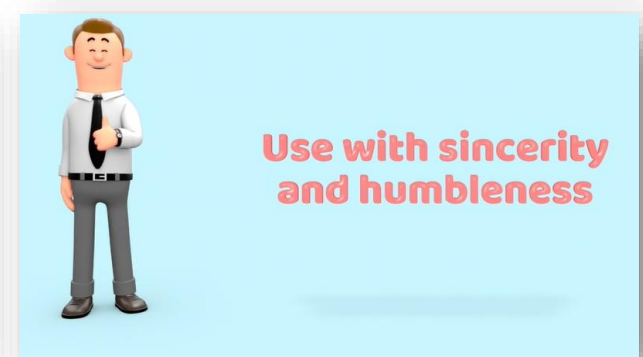
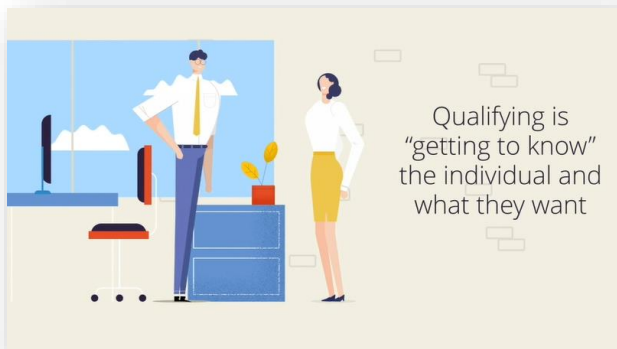
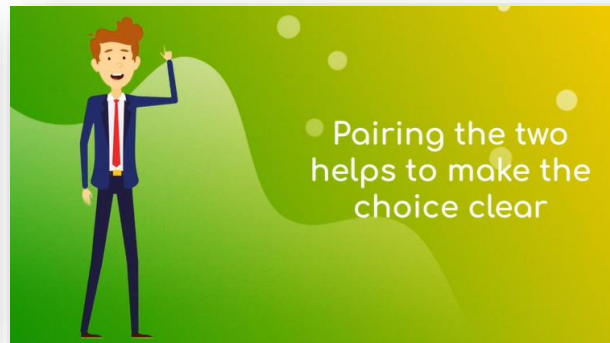
To better connect with our candidates, we leverage on social media platforms that are current and relevant to that demographic.

We create content with career advice via videos on Tik Tok. On Instagram, our followers have access not only to career tips and insights but a constant stream of the latest job posts. Follow our accounts below.



Scan using Tik Tok app.
Only for users in China

Building Our Digital Future - A New Training Format



Our in-house sales training modules have evolved from hard copy books to PDF files and now, into bite-sized videos and content. Based on the concept of micro-learning, each module has been condensed into short but comprehensive videos. The objective is to create a fun and engaging learning experience for our consultants so that they are equipped with the necessary tools to succeed from the get go.

A New Training Format – For Clients & Candidates too

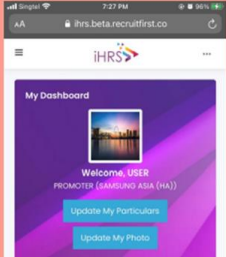


KNOCK KNOCK

user guide

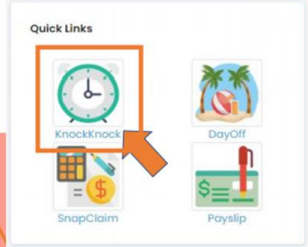
a quick and paperless way to track timesheet submissions

TAKING DAILY ATTENDANCE



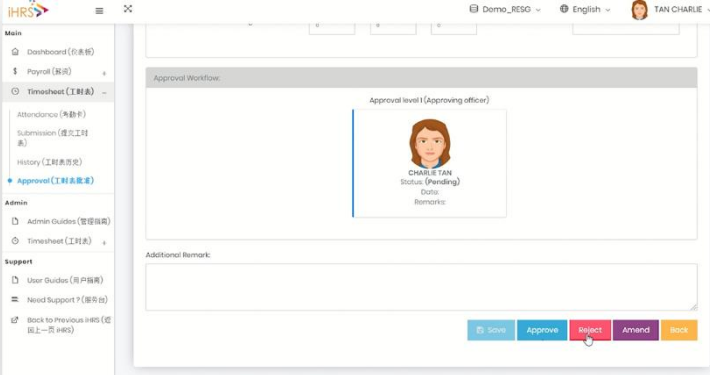
This is your homepage.

Under “Quick Links”, click on “Knock Knock” to go to the page where you will log in your attendance.



Quick Links

- Knockknock
- DayOff
- SnapClaim
- Poyslip



Approval Workflow

Approval level (Approving officer)

CHARLIE TAN
Status: (Pending)
Date:
Remarks:

Additional Remark:

Save Approve Reject Amend Back

The digital training experience extends to our clients and candidates too. Our product guides go beyond the standard PDF file by delivering clear and comprehensive video references. These tutorials provide step-by-step instructions with demos and voiceovers for a quick understanding of our product and features.

HRnetGroup

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EMAIL ir@hrnetgroup.com