

# **HRnetGroup Limited**

Condensed Financial Statements  
For the six months ended 30 June 2024

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## A. Performance Summary and Outlook

### Review of the Group's performance

#### 1H2024 Financial Results

##### Steady Dividends for Resilient Performance

The Board of Directors at HRnetGroup Limited (**The Group**) is pleased to declare an interim dividend of 1.87 cents per share, a record high dividend payout of 80.0% to be made in September 2024. Taken together with the payout of 2.13 cents per share in May 2024, this translates to a LTM dividend yield of 5.7%<sup>1</sup>.

Resilient revenues of S\$285.9m (2023: S\$294.8m) were a slight dip of 2.1% in cc<sup>2</sup> in the face of an extremely tough market.

NPAT of S\$22.8m (2023: S\$29.6m) declined 22.5% in cc, but the PATMI/GP conversion of 34.7% remains one of the highest in the embattled global recruitment industry.

The balance sheet remains strong with S\$302.2m cash, CLN and Tbills<sup>3</sup>, zero bank borrowings.

### P&L Summary

	1H2024	1H2023	Variance		
	(S\$m)	(S\$m)	(S\$m)		Cc
Revenue	285.9	294.8	(8.9)	-3.0%	-2.1%
GP	63.0	71.5	(8.5)	-11.9%	-10.5%
Other Income	6.5	9.7	(3.2)	-32.6%	-32.5%
SG&A	(41.5)	(45.8)	4.3	9.4%	7.8%
NPBT	28.0	35.3	(7.3)	-20.8%	-20.1%
<b>NPAT</b>	<b>22.8</b>	<b>29.6</b>	<b>(6.8)</b>	<b>-23.1%</b>	<b>-22.5%</b>

### Business Mix

The GP of S\$63.0m (2023: S\$71.5m) dropped 10.5% in cc. The primary business engines namely, Flexible Staffing (**FS**) and Professional Recruitment (**PR**) saw the continued shift in business mix resulting in the blended GP Margin (**GPM**) of 22.0% (2023: 24.3%).

	Revenue Proportion	GPM	GP Proportion
FS	89.3%	12.8%	52.0%
PR	10.0%	99.9%	45.5%
		22.0%	

<sup>1</sup> LTM Dividend yield is computed based on HRnetGroup's closing share price of S\$0.70 on 30 June 2024

<sup>2</sup> Constant currency refers to the conversion of foreign-currency denominated amounts using the same foreign exchange rates as the comparative financial period

<sup>3</sup> Credit Linked Notes (CLN) are DBS issued notes with Monetary Authority of Singapore (MAS) bill as credit underlying, while Treasury Bills (Tbills) are short-term Singapore Government Securities (SGS) issued by MAS

1. **FS** is the relatively counter-cyclical business of providing corporate clients with contract or temporary manpower solutions from talent sourcing, selection, onboarding to payroll funding and employer responsibilities.

After accounting for the direct cost of contractors' salaries and social insurance benefits, FS generated a GPM of 12.8% (2023: 13.8%).

The economic headwinds continued to steer shifts towards FS; its revenue proportion rose to 89.3% (2023: 87.7%), while its GP proportion rose to 52.0% (2023: 49.8%). In pursuit of a strong and long term recurring revenue stream, the Group continues to build FS volume based on the encouraging industry trend by capitalising on its strong cash position.

2. **PR** is the high margin cash generating service of placing permanent talents for employment by corporate clients.

Our service fees are typically a percentage of the successfully placed candidate's first year remuneration, the GPM being 99.9% (2023: 99.8%).

The revenue and GP proportions moved to 10.0% (2023: 11.6%) and 45.5% (2023: 47.9%) respectively. Whilst hiring freezes have eased compared to last year, cautious sentiments on the part of hiring managers and candidates persist across the Asian cities that we operated in.

## Business Dynamics

GP declined by 10.5% in cc mainly due to shifts in dynamics in FS and PR. In line with the experience of global recruitment peers, the impact of market challenges was less on FS than that on PR:

	Volume	Unit GP	GP
FS	↓ 3.8%	↓ 4.4%	↓ 8.0%
PR	↓ 19.9%	↑ 4.5%	↓ 16.3%

1. FS. Volume dipped as average number of contractors stood at 15,563 (2023: 16,171) and likewise the average GP per contractor (FS Unit GP). 2023 FS volume included non-recurring Covid-related FS volume in the first quarter.
2. PR. GP per placement (PR Unit GP) increased but was offset by the decline in placement volume which stood at 2,318 (2023: 2,895). In the face of volatile PR volume, the Group closed a higher proportion of higher value assignments.

## Geographical Segmentation

Revenue in Hong Kong S.A.R. and Indonesia had growth that was offset by declines in the other 7 geographies that we operate in. Taiwan overall GP was stable as its FS growth was offset by PR decline. Singapore and Mainland China were the hardest hit as they respectively account for 63.9% and 24.0% of the GP decline, with both PR and FS businesses impacted. Our business in Mainland China was predominantly in PR and the economy did not recover as expected.

**Other income** of S\$6.5m (2023: S\$9.7m) comprised mainly:

- Interest income S\$4.1m (2023: S\$3.2m);
- Reversal of trade-related accruals totalling S\$2.3m (2023: S\$3.7m);
- Government grants and subsidies totalling S\$1.3m (2023: S\$2.7m);
- Dividend income S\$0.6m (2023: S\$0.4m); and
- Net fair value and disposal on financial assets mandatorily measured at FVTPL and other assets stood at a net loss of S\$(1.7m) (2023: S\$(0.3m)).

**Selling, general, administrative and other expenses (SG&A)** at the tight grip of our co-owners continue to see cost savings. SG&A fell by S\$4.3m mainly due to reduction in payroll costs in line with headcount changes and lower profit-sharing incentive payouts that was in tandem with lower GP.

### **Review of the Group's Financial Position**

The Group's cash position reduced by S\$(24.8m) to S\$246.8m mainly due to:

- S\$18.3m generated from operating activities mainly comprised S\$29.6m operating cash flows before movements in working capital, and S\$2.9m increase in interest received; offset by S\$(3.1m) increase in trade receivables, S\$(6.2m) reduction in other payables and accruals and S\$(5.8m) payment of income tax;
- S\$(14.5m) used in investing activities mainly comprising S\$(15.3m)<sup>4</sup> net investment in CLN and TBills, and S\$(1.2m) purchase of plant and equipment and intangible assets, offset by S\$1.5m proceeds from disposal of financial assets mandatorily measured at FVTPL; and
- S\$(28.1m) used in financing activities mainly comprising S\$(22.2m) dividends paid, S\$(3.0m) repayment of lease liabilities and S\$(2.9m) share buyback.

Trade receivables increased by S\$(3.1m) to S\$97.6m due to a similar magnitude of increase in revenues between Q2 of 2024 and Q4 of 2023.

Other financial assets (current) increased by S\$11.5m due to net investment in CLN and TBills offset by the downward fair value revaluation of mainly HR-related financial assets (FVTPL) and disposal of certain of such assets.

Other financial assets (non-current) increased by S\$5.2m due to the net upward fair value revaluation of our investments in Staffline and Bamboos. The impact of revaluation of Staffline and Bamboos is similarly reflected in the change in investments revaluation reserve.

Other payables and accruals reduced by S\$(5.7m) mainly due to the reversal of S\$(2.3m) trade related accruals, and reduction of S\$(2.2m) in employee benefits accruals and S\$(1.1m) in advanced billings.

### **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**

Market conditions look set to get even tougher in Q3 and Q4 as geopolitical tensions continue to intensify and the trade war worsened into a cold war.

We will do what is within our control, including keeping a tight rein to reduce costs, upskilling our consultants to fight even better in this market, and raising delivery standards to lock in trust and confidence in our client relationships.

The Group has strong fundamentals, robust infrastructure and entrepreneurial elements in place to ensure sustainable profitability. We are well positioned to capture growth and seize M&A opportunities.

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<sup>4</sup> Classified as Other financial assets

## B. Condensed consolidated statement of profit or loss and other comprehensive income

	Note	Six months ended 30 June			
		2024	2023	Change	
		S\$'000	S\$'000	S\$'000	%
<b>Revenue</b>	3	285,906	294,756	(8,850)	(3.0)
Sub-contractor expenses		(222,907)	(223,259)	352	(0.2)
<b>Gross profit ("GP")</b>	3	62,999	71,497	(8,498)	(11.9)
Other income		6,512	9,657	(3,145)	(32.6)
Selling, general, administrative and other expenses ("SG&A"):					
Other employee benefit expenses		(33,193)	(36,659)	3,466	(9.5)
Facilities and depreciation expenses		(5,682)	(5,537)	(145)	2.6
Selling expenses		(1,397)	(1,487)	90	(6.1)
Other expenses		(963)	(1,953)	990	(50.7)
Finance costs		(293)	(198)	(95)	48.0
		(41,528)	(45,834)	4,306	(9.4)
<b>Profit before income tax</b>	4	27,983	35,320	(7,337)	(20.8)
Income tax expense	5	(5,188)	(5,696)	508	(8.9)
<b>Profit for the period ("NPAT")</b>		22,795	29,624	(6,829)	(23.1)
<b>Other comprehensive gain (loss) :</b>					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Net fair value gain (loss) on investments in equity instruments designated at FVTOCI		5,118	(3,723)	8,841	n.m.
<i>Items that may be reclassified subsequently to profit or loss</i>					
Exchange differences on translation of foreign Operations		(1,040)	(1,155)	115	(10.0)
<b>Other comprehensive gain (loss) for the period, net of tax</b>		4,078	(4,878)	8,956	n.m.
<b>Total comprehensive income for the period</b>		26,873	24,746	2,127	8.6
<b>Profit attributable to:</b>					
Owners of the Company ("PATMI")		21,682	28,283	(6,601)	(23.3)
Non-controlling interests		1,113	1,341	(228)	(17.0)
		22,795	29,624	(6,829)	(23.1)
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		25,856	23,598	2,258	9.6
Non-controlling interests		1,017	1,148	(131)	(11.4)
		26,873	24,746	2,127	8.6
Basic earnings per share (cents)		2.21	2.86		
Diluted earnings per share (cents)		2.21	2.86		

## C. Condensed statements of financial position

	Note	Group		Company	
		30 June	31 December	30 June	31 December
		2024	2023	2024	2023
		S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents		246,784	271,586	46,221	33,325
Trade receivables		97,588	94,490	-	-
Other receivables and prepayments		7,758	6,858	65,514	81,307
Other assets		3,850	3,328	3,850	3,328
Other financial assets	10	73,309	61,785	34,023	50,983
<b>Total current assets</b>		<b>429,289</b>	<b>438,047</b>	<b>149,608</b>	<b>168,943</b>
<b>Non-current assets</b>					
Pledged deposits		1,285	1,210	-	-
Plant and equipment	8	2,601	2,105	-	-
Right-of-use assets		10,611	10,130	-	-
Other intangible assets		1,628	1,746	-	-
Goodwill		6,310	5,862	-	-
Subsidiaries		-	-	48,428	48,428
Other financial assets	10	24,450	19,242	22,849	17,641
Deferred tax assets		1,731	1,600	-	-
<b>Total non-current assets</b>		<b>48,616</b>	<b>41,895</b>	<b>71,277</b>	<b>66,069</b>
<b>Total assets</b>		<b>477,905</b>	<b>479,942</b>	<b>220,885</b>	<b>235,012</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Trade payables		9,693	8,788	-	-
Other payables and accruals	11	50,612	57,542	28,864	23,881
Leases liabilities		4,957	5,301	-	-
Income tax payable		9,230	9,650	272	199
<b>Total current liabilities</b>		<b>74,492</b>	<b>81,281</b>	<b>29,136</b>	<b>24,080</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities		420	477	-	-
Leases liabilities		6,263	5,243	-	-
<b>Total non-current liabilities</b>		<b>6,683</b>	<b>5,720</b>	<b>-</b>	<b>-</b>
<b>Capital, reserves and non-controlling interests</b>					
Share capital	9	260,605	260,605	260,605	260,605
Treasury shares	9	(22,312)	(19,709)	(22,312)	(19,709)
Equity reserve		(47,193)	(47,193)	(437)	(437)
Investments revaluation reserve		(46,542)	(51,660)	(46,542)	(51,660)
Translation reserve		(5,116)	(4,172)	-	-
Retained earnings		239,506	238,743	435	22,133
Equity attributable to owners of the Company		378,948	376,614	191,749	210,932
Non-controlling interests		17,782	16,327	-	-
<b>Total equity</b>		<b>396,730</b>	<b>392,941</b>	<b>191,749</b>	<b>210,932</b>
<b>Total liabilities and equity</b>		<b>477,905</b>	<b>479,942</b>	<b>220,885</b>	<b>235,012</b>

## D. Condensed statements of changes in equity

Group	Note	Share capital S\$'000	Treasury shares S\$'000	Equity reserve S\$'000	Investments revaluation reserve S\$'000	Translation reserve S\$'000	Retained earnings S\$'000	Equity attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
<u>2024</u>										
Balance as at 1 January 2024		260,605	(19,709)	(47,193)	(51,660)	(4,172)	238,743	376,614	16,327	392,941
<i>Total comprehensive income (loss) for the period</i>										
Profit for the period		-	-	-	-	-	21,682	21,682	1,113	22,795
Other comprehensive income (loss) for the period		-	-	-	5,118	(944)	-	4,174	(96)	4,078
Total		-	-	-	5,118	(944)	21,682	25,856	1,017	26,873
<i>Transactions with owners, recognised directly in equity</i>										
Dividends	6	-	-	-	-	-	(20,914)	(20,914)	-	(20,914)
Dividends paid to non-controlling shareholders		-	-	-	-	-	-	-	(28)	(28)
Purchase of treasury shares	9	-	(2,851)	-	-	-	-	(2,851)	-	(2,851)
Treasury shares reissued pursuant to share-based payment expenses	9	-	248	-	-	-	(5)	243	-	243
Capital contribution by non-controlling shareholders		-	-	-	-	-	-	-	466	466
Total		-	(2,603)	-	-	-	(20,919)	(23,522)	438	(23,084)
Balance as at 30 June 2024		260,605	(22,312)	(47,193)	(46,542)	(5,116)	239,506	378,948	17,782	396,730



## D. Condensed statements of changes in equity (cont'd)

Group	Note	Share capital	Treasury shares	Equity reserve	Investments revaluation reserve	Translation reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total equity
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>2023</u>										
Balance as at 1 January 2023		260,605	(14,494)	(47,369)	(46,351)	(2,653)	212,081	361,819	16,404	378,223
<i>Total comprehensive income (loss) for the period</i>										
Profit for the period		-	-	-	-	-	28,283	28,283	1,341	29,624
Other comprehensive income (loss) for the period		-	-	-	(3,723)	(962)	-	(4,685)	(193)	(4,878)
Total		-	-	-	(3,723)	(962)	28,283	23,598	1,148	24,746
<i>Transactions with owners, recognised directly in equity</i>										
Dividends	6	-	-	-	-	-	(18,466)	(18,466)	-	(18,466)
Dividends paid to non-controlling shareholders		-	-	-	-	-	-	-	(218)	(218)
Purchase of treasury shares	9	-	(3,130)	-	-	-	-	(3,130)	-	(3,130)
Treasury shares reissued pursuant to share-based payment expenses	9	-	163	-	-	-	7	170	-	170
Capital contribution by non-controlling shareholders		-	-	-	-	-	-	-	222	222
Change in ownership interests in subsidiaries		-	-	38	-	-	-	38	(201)	(163)
Total		-	(2,967)	38	-	-	(18,459)	(21,388)	(197)	(21,585)
Balance as at 30 June 2023		260,605	(17,461)	(47,331)	(50,074)	(3,615)	221,905	364,029	17,355	381,384

## D. Condensed statements of changes in equity (cont'd)

<u>Company</u>	<u>Note</u>	Share capital S\$'000	Treasury shares S\$'000	Equity reserve S\$'000	Investments revaluation reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
<b>2024</b>							
Balance as at 1 January 2024		260,605	(19,709)	(437)	(51,660)	22,133	210,932
<i>Total comprehensive income (loss) for the period</i>							
Loss for the period		-	-	-	-	(779)	(779)
Other comprehensive income (loss) for the period		-	-	-	5,118	-	5,118
Total		-	-	-	5,118	(779)	4,339
<i>Transactions with owners, recognised directly in equity</i>							
Dividends	6	-	-	-	-	(20,914)	(20,914)
Purchase of treasury shares	9	-	(2,851)	-	-	-	(2,851)
Treasury shares reissued pursuant to share-based payment expenses	9	-	248	-	-	(5)	243
Total		-	(2,603)	-	-	(20,919)	(23,522)
Balance as at 30 June 2024		260,605	(22,312)	(437)	(46,542)	435	191,749

## D. Condensed statements of changes in equity (cont'd)

Company	Note	Share capital S\$'000	Treasury shares S\$'000	Equity reserve S\$'000	Investments revaluation reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
<u>2023</u>							
Balance as at 1 January 2023		260,605	(14,494)	(437)	(46,351)	21,110	220,433
<i>Total comprehensive loss for the period</i>							
Loss for the period		-	-	-	-	(15)	(15)
Other comprehensive loss for the period		-	-	-	(3,723)	-	(3,723)
Total		-	-	-	(3,723)	(15)	(3,738)
<i>Transactions with owners, recognised directly in equity</i>							
Dividends	6	-	-	-	-	(18,466)	(18,466)
Purchase of treasury shares	9	-	(3,130)	-	-	-	(3,130)
Treasury shares reissued pursuant to share-based payment expenses	9	-	163	-	-	7	170
Total		-	(2,967)	-	-	(18,459)	(21,426)
Balance as at 30 June 2023		260,605	(17,461)	(437)	(50,074)	2,636	195,269

## E. Condensed consolidated statement of cash flows

	Note	Six months ended 30 June	
		2024	2023
		S\$'000	S\$'000
<b>Operating activities</b>			
Profit before income tax		27,983	35,320
Adjustments for:			
Depreciation of plant and equipment		501	390
Depreciation of right-of-use assets		3,199	3,549
Amortisation of intangible assets		250	195
Gain on lease modification		(4)	(25)
Interest income		(4,069)	(3,153)
Finance costs		293	198
Dividend income		(568)	(413)
Share based payments		243	170
(Loss) Gain on disposal of plant and equipment		8	(1)
Gain on disposal of investments		(83)	-
Net fair value loss on financial assets mandatorily measured at FVTPL		2,333	363
Net fair value gain on other assets		(522)	(68)
Allowance for doubtful receivables		6	45
Operating cash flows before movements in working capital		29,570	36,570
Trade receivables		(3,096)	1,358
Other receivables and prepayments		311	(19)
Trade payables		902	915
Other payables and accruals		(6,216)	(15,262)
Cash generated from operations		21,471	23,562
Interest received		2,921	3,422
Interest paid		(293)	(198)
Income tax paid		(5,759)	(6,180)
Net cash from operating activities		18,340	20,606
<b>Investing activities</b>			
Dividends received		498	415
Purchase of plant and equipment and intangible assets		(1,155)	(707)
Purchase of financial assets mandatorily measured at FVTPL		(51,347)	(24,948)
Purchase of financial assets mandatorily measured at amortised costs		(28,485)	(28,070)
Proceeds from disposal of plant and equipment		2	1
Proceeds from disposal of investments		65,967	37,834
Net cash used in investing activities		(14,520)	(15,475)
<b>Financing activities</b>			
Dividends paid to non-controlling shareholders		(1,266)	(1,909)
Dividends paid	6	(20,914)	(18,466)
Net placement of pledged deposits		(84)	(223)
Purchase of treasury shares	9	(2,851)	(3,130)
Capital contributions by non-controlling shareholders in subsidiaries		18	223
Change in ownership interests in subsidiaries		-	(214)
Repayment of lease liabilities		(3,001)	(3,333)
Net cash used in financing activities		(28,098)	(27,052)
Net decrease in cash and cash equivalents		(24,278)	(21,921)
Cash and cash equivalents at beginning of the period		271,586	284,567
Effect of foreign exchange rate changes		(524)	(885)
<b>Cash and cash equivalents at end of the period</b>		<b>246,784</b>	<b>261,761</b>

## **F. Notes to the condensed consolidated financial statements for the period ended 30 June 2024**

### **1. General**

HRnetGroup Limited (the "Company") (Registration No.201625854G) is incorporated in Singapore with its principal place of business and registered office at 391A Orchard Road, #23-03 Ngee Ann City Tower A, Singapore 238873. The Company is listed on the mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST"). These condensed consolidated financial statements as at and for the six months ended 30 June comprise the Company and its subsidiaries (collectively, the "Group").

The principal activity of the Company is that of investment holding.

The principal activities of the Group are providing services on:

- (a) Professional Recruitment; and
- (b) Flexible Staffing.

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

The condensed financial statements have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* and should be read in conjunction with the annual consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended 31 December 2023.

The same accounting policies, presentation and methods of computation have been followed in these condensed financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2023. The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards which have no material effect on the condensed financial statements of the Group.

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

In preparing the condensed consolidated 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 2023.

### 3. Segment and revenue information

For purposes of resource allocation and assessment of segment performance, the Group's chief operating decision makers have focused on the business operating units which in turn are segregated based on the type of services supplied. This forms the basis of identifying the segments of the Group under SFRS(I) 8 Operating segments as follows:

- (a) Professional recruitment;
- (b) Flexible staffing; and
- (c) Others.

The accounting policies of the reportable segments are the same as the Group's accounting policies applied to the consolidated financial statements as at and for the year ended 31 December 2023. Segment profit represents the profit earned by each segment without allocation of other income, other employee benefit expenses, facilities and depreciation expenses, selling expenses, other expenses and finance costs. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance.

Information regarding the operations of each reportable segment is included below.

*Business and geographical segment of the Group's revenue, gross profit and results, and geographical segment assets for the six months ended 30 June*

The following is an analysis of the Group's revenue and results by reportable segments for the six months ended 30 June:

Group	2024				2023			
	S\$'000				S\$'000			
	Singapore	North Asia*	Rest of Asia#	Total	Singapore	North Asia*	Rest of Asia#	Total
<b>Revenue</b>								
Professional Recruitment	9,221	17,975	1,480	28,676	11,630	20,764	1,902	34,296
Flexible staffing	180,491	62,753	12,020	255,264	184,428	62,481	11,663	258,572
Others	873	1,058	35	1,966	856	966	66	1,888
	<u>190,585</u>	<u>81,786</u>	<u>13,535</u>	<u>285,906</u>	<u>196,914</u>	<u>84,211</u>	<u>13,631</u>	<u>294,756</u>
<b>Gross Profit</b>								
Professional Recruitment	9,200	17,955	1,479	28,634	11,594	20,721	1,901	34,216
Flexible staffing	24,555	7,100	1,112	32,767	27,636	6,843	1,129	35,608
Others	810	756	32	1,598	765	844	64	1,673
	<u>34,565</u>	<u>25,811</u>	<u>2,623</u>	<u>62,999</u>	<u>39,995</u>	<u>28,408</u>	<u>3,094</u>	<u>71,497</u>
Other income				6,512				9,657
Other employee benefit expenses				(33,193)				(36,659)
Facilities and depreciation expenses				(5,682)				(5,537)
Selling expenses				(1,397)				(1,487)
Other expenses				(963)				(1,953)
Finance costs				(293)				(198)
<b>Profit before income tax</b>				<u>27,983</u>				<u>35,320</u>
<b>Total assets</b>	<u>384,033</u>	<u>84,202</u>	<u>9,670</u>	<u>477,905</u>	<u>369,474</u>	<u>92,060</u>	<u>10,099</u>	<u>471,633</u>

\* North Asia comprises People's Republic of China, Taiwan, Hong Kong S.A.R., Japan and South Korea.

# Rest of Asia comprises Malaysia, Thailand and Indonesia.

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales.

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision makers monitor the tangible, intangible and financial assets attributable to each segment.

Liabilities are not allocated as they are not monitored by the chief operating decision makers for the purposes of resource allocation and assessment of segment performance.

#### 4. Profit before income tax

##### 4.1 Significant items for the six months ended

	Group	
	2024	2023
	S\$'000	S\$'000
Interest income	4,069	3,153
Reversal of trade related accruals	2,284	3,700
Government grants and subsidies <sup>(1)</sup>	1,253	2,640
Dividend income	568	413
Foreign exchange gain (loss)	458	(370)
Gain on disposal of investments	83	-
Net fair value loss on financial assets mandatorily measured at FVTPL <sup>(2)</sup>	(2,333)	(363)
Allowance for doubtful receivables	(6)	(45)
Amortisation of intangible assets	(250)	(195)
Depreciation of plant and equipment	(501)	(390)
Depreciation of right-of-use assets	(3,199)	(3,549)

(1) Relates to Progressive Wage Credit Scheme, Senior Employment Credit, Enabling Employment Credit and CPF Transition Offset given by the Singapore government, and grants, subsidies and reliefs from the various governments of geographies that the Group operates in.

(2) FVTPL refers to fair value through profit or loss.

##### 4.2 Related party transactions

There are no significant related party transactions during the six months ended 30 June 2024.

##### Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the six months ended 30 June was as follows:

	Group	
	2024	2023
	S\$'000	S\$'000
Short-term benefits	1,387	1,649
Post-retirement benefits	60	61
Share-based payments	111	170
	<u>1,558</u>	<u>1,879</u>

## 5. 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 consolidated statement of profit or loss for the period ended 30 June are:

	Group	
	2024	2023
	S\$'000	S\$'000
Current tax	5,131	5,816
Under (Over)provision of current tax in prior year	107	(31)
Deferred tax	(188)	(251)
Withholding tax	138	162
	<u>5,188</u>	<u>5,696</u>

## 6. Dividends

	Group	
	2024	2023
	S\$'000	S\$'000
<b>Ordinary dividends paid</b>		
Final dividends of 2.13 cents (2023: 1.87 cents) tax exempt (one-tier) per share paid in respect of prior financial year	20,914	18,466

## 7. Net asset value

	Group		Company	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
	S\$	S\$	S\$	S\$
Net asset value per ordinary share	<u>0.3864</u>	<u>0.3826</u>	<u>0.1955</u>	<u>0.2143</u>

## 8. Plant and equipment

During the six months ended 30 June 2024, the Group acquired assets amounting to S\$1,023,000 (30 June 2023: S\$352,000) and disposed of assets amounting to S\$10,000 (30 June 2023: S\$Nil).



## 9. Share capital and treasury shares

### Share capital

	Group and Company			
	Number of shares		Issued and paid up	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
	'000	'000	S\$'000	S\$'000
Issued and paid up	1,011,407	1,011,407	260,605	260,605

### Treasury shares

	Group and Company			
	Number of treasury shares		Amount	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
	'000	'000	S\$'000	S\$'000
At 1 January	27,125	20,390	19,709	14,494
Treasury shares purchased	3,990	7,035	2,851	5,432
Treasury shares reissued pursuant to share-based payment expenses	(342)	(300)	(248)	(217)
At 30 June and 31 December	30,773	27,125	22,312	19,709

Save as disclosed, the Company did not have any outstanding convertibles and subsidiary holdings as at 30 June 2024 and 31 December 2023.

### Number of shares held as treasury shares against total number of issued shares excluding treasury shares

	Group and Company	
	Number of shares	
	30 June 2024	31 December 2023
Issued shares	1,011,406,872	1,011,406,872
Treasury shares	(30,773,303)	(27,125,383)
Issued shares excluding treasury shares	980,633,569	984,281,489
Treasury shares as a percentage of issued shares excluding treasury shares (%)	3.1381	2.7559

## 10. Fair value of financial instrument

This note provides information about how the Group and Company determines fair value of various financial assets and financial liabilities.

Fair value of the Group and Company's financial assets that are measured at fair value on a recurring basis

Some of the Group and Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period.

The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets / Financial liabilities	Group		Company		Fair value hierarchy	Valuation technique(s) and input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	Fair value as at (S\$'000)							
	30 June 2024	31 December 2023	30 June 2024	31 December 2023				
<b>Financial assets mandatorily measured at fair value through profit or loss</b>								
1) Quoted equity securities	17,921	21,768	17,921	21,768	Level 1	Quoted bid prices in an active market.	N.A.	N.A.
2) Quoted debt securities	5,508	5,418	5,508	5,418	Level 1	Quoted bid prices in an active market.	N.A.	N.A.
3) Unquoted equity securities	1,601	1,601	-	-	Level 2	Unquoted bid prices in markets that are not active.	N.A.	N.A.
4) Unquoted debt securities	16,102	16,163	16,102	16,163	Level 2	Unquoted bid prices in markets that are not active.	N.A.	N.A.
<b>Financial assets designated at fair value through other comprehensive income</b>								
5) Quoted equity securities	17,341	12,223	17,341	12,223	Level 1	Quoted bid prices in an active market.	N.A.	N.A.

There were no transfers between Level 1, 2 and 3 in the period. The carrying amounts of cash and cash equivalents, trade and other receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

## 11. Other payables and accruals

	Group		Company	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
	S\$'000	S\$'000	S\$'000	S\$'000
Accrued operating expenses	45,294	47,499	189	213
Other trade accruals and payables	-	2,284	-	-
Advanced billings	2,991	4,063	-	-
Deposits from customers	2,276	2,403	-	-
Dividends payable	51	1,293	-	-
Other payables due from subsidiary	-	-	28,676	23,668
	50,612	57,542	28,865	23,881

## 12. Subsequent events

On 12 August 2024, the directors declared a one-tier tax exempt interim dividend for the financial year ending 31 December 2024 of S\$0.0187 per share to be paid out of the retained earnings of the Company.

## **G. Other Information Required by Listing Rule Appendix 7.2**

### **1. Review**

The condensed consolidated statement of financial position of HRnetGroup and its subsidiaries as at 30 June 2024 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. Dividend**

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

On 12 August 2024, the directors declared a one-tier tax exempt interim dividend for the financial year ending 31 December 2024 of 1.87 cents per share to be paid out of registered shareholders.

#### **b. Corresponding Period of the Immediate Preceding Financial Year**

Any dividend recommended for the corresponding period of the immediately preceding financial year? No

#### **c. Date payable**

11 September 2024.

#### **d. Books Closure Date**

4 September 2024.

### **3. Interested person transactions**

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

#### 4. Use of IPO Proceeds

Pursuant to the Company's IPO, the Company received gross proceeds from the IPO of approximately S\$174.1 million.

The utilisation of the gross proceeds from the Company's initial public offering as of 30 June 2024 is set out as below:

	<b>Amount utilised</b>
	<b>S\$ million</b>
Purchase of equity instrument designated at FVTOCI	64.0
Purchase of financial assets mandatorily measured at FVTPL	39.3
Acquisition and investment in subsidiaries	10.1
Start-up of subsidiaries	9.9
IPO related expenses	9.1
	<hr/> <b>132.4</b> <hr/>

#### 5. 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 the financial statements for the six-month period ended 30 June 2024 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Sim Yong Siang  
Founding Chairman

Adeline Sim Wei Ling  
Chief Corporate Officer and Executive Director

Singapore  
12 August 2024