

# **HRnetGroup Limited**

Condensed Financial Statements  
For the six months ended 30 June 2022

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

	Note	Six months ended 30 June			
		2022	2021	Change	
		\$'000	\$'000	\$'000	%
<b>Revenue</b>	3	314,158	275,095	39,063	14.2
Sub-contractor expenses		(222,258)	(193,280)	(28,978)	15.0
<b>Gross profit ("GP")</b>	3	91,900	81,815	10,085	12.3
Other income		8,934	14,161	(5,227)	(36.9)
Selling, general, administrative and other expenses ("SG&A"):					
Other employee benefit expenses		(45,524)	(41,591)	(3,933)	9.5
Facilities and depreciation expenses		(5,899)	(5,834)	(65)	1.1
Selling expenses		(1,304)	(1,537)	233	(15.2)
Other expenses		(2,159)	(2,085)	(74)	3.5
Finance costs		(218)	(207)	(11)	5.3
		(55,104)	(51,254)	(3,850)	7.5
<b>Profit before income tax</b>	4	45,730	44,722	1,008	2.3
Income tax expense	5	(8,018)	(6,662)	(1,356)	20.4
<b>Profit for the period ("NPAT")</b>		37,712	38,060	(348)	(0.9)
<b>Other comprehensive (loss) income :</b>					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Net fair value (loss) gain on investments in equity instruments designated at FVTOCI		(6,912)	6,784	(13,696)	(201.9)
<i>Items that may be reclassified subsequently to profit or loss</i>					
Exchange differences on translation of foreign Operations		(1,980)	455	(2,435)	(535.2)
<b>Other comprehensive (loss) income for the period, net of tax</b>		(8,892)	7,239	(16,131)	(222.8)
<b>Total comprehensive income for the period</b>		28,820	45,299	(16,479)	(36.4)
<b>Profit attributable to:</b>					
Owners of the Company ("PATMI")		34,597	35,926	(1,329)	(3.7)
Non-controlling interests		3,115	2,134	981	46.0
		37,712	38,060	(348)	(0.9)
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		26,066	42,956	(16,890)	(39.3)
Non-controlling interests		2,754	2,343	411	17.5
		28,820	45,299	(16,479)	(36.4)
Basic earnings per share (cents)		3.45	3.58		
Diluted earnings per share (cents)		3.45	3.58		

## B. Condensed statements of financial position

	Note	Group		Company	
		30 June	31 December	30 June	31 December
		2022	2021	2022	2021
		\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents		312,745	327,078	50,229	90,448
Trade receivables		109,561	114,194	-	-
Other receivables and prepayments		6,648	5,444	66,648	67,035
Other financial assets	10	19,526	24,959	19,526	24,959
<b>Total current assets</b>		<b>448,480</b>	<b>471,675</b>	<b>136,403</b>	<b>182,442</b>
<b>Non-current assets</b>					
Pledged deposits		1,064	1,141	-	-
Plant and equipment	8	1,331	1,478	-	-
Right-of-use assets		12,014	12,622	-	-
Other intangible assets		1,292	1,284	-	-
Goodwill		5,185	5,185	-	-
Subsidiaries		-	-	48,427	48,427
Other financial assets	10	27,716	35,080	26,985	34,422
Deferred tax assets		1,703	1,845	-	-
<b>Total non-current assets</b>		<b>50,305</b>	<b>58,635</b>	<b>75,412</b>	<b>82,849</b>
<b>Total assets</b>		<b>498,785</b>	<b>530,310</b>	<b>211,815</b>	<b>265,291</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Trade payables		8,523	9,470	-	-
Other payables and accruals		80,744	107,132	143	10,217
Leases liabilities		6,236	6,392	-	-
Income tax payable		12,454	12,693	93	142
<b>Total current liabilities</b>		<b>107,957</b>	<b>135,687</b>	<b>236</b>	<b>10,359</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities		285	309	-	-
Leases liabilities		5,923	6,458	-	-
<b>Total non-current liabilities</b>		<b>6,208</b>	<b>6,767</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	(5,292)	(4,503)	(5,292)	(4,503)
Equity reserve		(46,816)	(47,838)	(437)	(437)
Investments revaluation reserve		(42,343)	(35,431)	(42,343)	(35,431)
Translation reserve		(191)	1,428	-	-
Retained earnings		200,468	195,983	(954)	34,698
<b>Equity attributable to owners of the Company</b>		<b>366,431</b>	<b>370,244</b>	<b>211,579</b>	<b>254,932</b>
Non-controlling interests		18,189	17,612	-	-
<b>Total equity</b>		<b>384,620</b>	<b>387,856</b>	<b>211,579</b>	<b>254,932</b>
<b>Total liabilities and equity</b>		<b>498,785</b>	<b>530,310</b>	<b>211,815</b>	<b>265,291</b>

## C. Condensed statements of changes in equity

<u>Group</u>	<u>Note</u>	<u>Share capital</u>	<u>Treasury shares</u>	<u>Equity reserve</u>	<u>Investments revaluation reserve</u>	<u>Translation reserve</u>	<u>Retained earnings</u>	<u>Equity attributable to owners of the Company</u>	<u>Non-controlling interests</u>	<u>Total equity</u>
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>2022</u>										
Balance as at 1 January 2022		260,605	(4,503)	(47,838)	(35,431)	1,428	195,983	370,244	17,612	387,856
<i>Total comprehensive income for the period</i>										
Profit for the period		-	-	-	-	-	34,597	34,597	3,115	37,712
Other comprehensive loss for the period		-	-	-	(6,912)	(1,619)	-	(8,531)	(361)	(8,892)
Total		-	-	-	(6,912)	(1,619)	34,597	26,066	2,754	28,820
<i>Transactions with owners, recognised directly in equity</i>										
Dividends	6	-	-	-	-	-	(30,112)	(30,112)	-	(30,112)
Dividends paid to non-controlling shareholders		-	-	-	-	-	-	-	(1,433)	(1,433)
Purchase of treasury shares	9	-	(789)	-	-	-	-	(789)	-	(789)
Capital contribution by non-controlling shareholders		-	-	-	-	-	-	-	150	150
Change in ownership interests in subsidiaries		-	-	1,022	-	-	-	1,022	(894)	128
Total		-	(789)	1,022	-	-	(30,112)	(29,879)	(2,177)	(32,056)
Balance as at 30 June 2022		260,605	(5,292)	(46,816)	(42,343)	(191)	200,468	366,431	18,189	384,620

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

	Note	Share capital \$'000	Treasury shares \$'000	Equity reserve \$'000	Investments revaluation reserve \$'000	Translation reserve \$'000	Retained earnings \$'000	Equity attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
<u>Group</u>										
<u>2021</u>										
Balance as at 1 January 2021		260,605	(5,153)	(47,656)	(42,663)	935	165,598	331,666	15,482	347,148
<i>Total comprehensive income for the period</i>										
Profit for the period		-	-	-	-	-	35,926	35,926	2,134	38,060
Other comprehensive income for the period		-	-	-	6,784	246	-	7,030	209	7,239
Total		-	-	-	6,784	246	35,926	42,956	2,343	45,299
<i>Transactions with owners, recognised directly in equity</i>										
Dividends	6	-	-	-	-	-	(25,067)	(25,067)	-	(25,067)
Dividends paid to non-controlling Shareholders		-	-	-	-	-	-	-	(375)	(375)
Change in ownership interests in subsidiaries		-	-	(205)	-	-	-	(205)	(819)	(1,024)
Total		-	-	(205)	-	-	(25,067)	(25,272)	(1,194)	(26,466)
Balance as at 30 June 2021		260,605	(5,153)	(47,861)	(35,879)	1,181	176,457	349,350	16,631	365,981

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

<u>Company</u>	<u>Note</u>	Share capital \$'000	Treasury shares \$'000	Equity reserve \$'000	Investments revaluation reserve \$'000	Retained earnings \$'000	Total equity \$'000
<u>2022</u>							
Balance as at 1 January 2022		260,605	(4,503)	(437)	(35,431)	34,698	254,932
<i>Total comprehensive loss for the period</i>							
Loss for the period		-	-	-	-	(5,539)	(5,539)
Other comprehensive loss for the period		-	-	-	(6,912)	-	(6,912)
Total		-	-	-	(6,912)	(5,539)	(12,451)
<i>Transactions with owners, recognised directly in equity</i>							
Dividends	6	-	-	-	-	(30,113)	(30,113)
Purchase of treasury shares	9	-	(789)	-	-	-	(789)
Total		-	(789)	-	-	(30,113)	(30,902)
Balance as at 30 June 2022		260,605	(5,292)	(437)	(42,343)	(954)	211,579
<u>2021</u>							
Balance as at 1 January 2021		260,605	(5,153)	(437)	(42,663)	34,279	246,631
<i>Total comprehensive income for the period</i>							
Profit for the period		-	-	-	-	5,026	5,026
Other comprehensive income for the period		-	-	-	6,784	-	6,784
Total		-	-	-	6,784	5,026	11,810
<i>Transactions with owners, recognised directly in equity</i>							
Dividends	6	-	-	-	-	(25,067)	(25,067)
Total		-	-	-	-	(25,067)	(25,067)
Balance as at 30 June 2021		260,605	(5,153)	(437)	(35,879)	14,238	233,374

## D. Condensed consolidated statement of cash flows

	Note	Six months ended 30 June	
		2022	2021
		\$'000	\$'000
<b>Operating activities</b>			
Profit before income tax		45,730	44,722
Adjustments for:			
Depreciation of plant and equipment		577	616
Depreciation of right-of-use assets		3,777	3,903
Amortisation of intangible assets		167	158
Negative variable lease payments		-	(82)
Interest income		(833)	(668)
Finance costs		218	207
Dividend income		(395)	(237)
Gain on disposal of investments		(867)	(3,875)
Net fair value loss (gain) on financial assets mandatorily measured at FVTPL		5,754	(2,898)
Fair value loss on deferred consideration		-	322
Allowance for doubtful receivables		99	278
Operating cash flows before movements in working capital		54,227	42,446
Trade receivables		4,529	(47,066)
Other receivables and prepayments		(957)	122
Trade payables		(952)	2,097
Other payables and accruals		(15,541)	12,886
Cash generated from operations		41,306	10,485
Interest received		692	882
Interest paid		(218)	(207)
Income tax paid		(8,051)	(7,194)
Net cash from operating activities		33,729	3,966
<b>Investing activities</b>			
Dividends received		298	265
Purchase of plant and equipment and intangible assets		(634)	(458)
Purchase of financial assets mandatorily measured at FVTPL		(3,000)	(19,182)
Proceeds from disposal of plant and equipment		2	-
Proceeds from disposal of investments		3,998	10,501
Consideration paid on acquisition of subsidiaries		-	(76)
Net cash from (used in) investing activities		664	(8,950)
<b>Financing activities</b>			
Dividends paid to non-controlling shareholders		(2,676)	(1,605)
Dividends paid	6	(40,151)	(25,067)
Net withdrawal (placement) of pledged deposits		56	(145)
Purchase of treasury shares	9	(789)	-
Capital contributions by non-controlling shareholders in subsidiaries		150	-
Change in ownership interests in subsidiaries		128	(351)
Repayment of lease liabilities		(3,830)	(3,904)
Net cash used in financing activities		(47,112)	(31,072)
Net decrease in cash and cash equivalents		(12,719)	(36,056)
Cash and cash equivalents at beginning of the period		327,078	332,234
Effect of foreign exchange rate changes		(1,614)	998
<b>Cash and cash equivalents at end of the period</b>		<b>312,745</b>	<b>297,176</b>



## **E. Notes to the condensed consolidated financial statements for the period ended 30 June 2022**

### **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, #23-06 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 2022 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 2021.

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 2021. 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 2021.

### 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 2021. 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 segment revenue, gross profit and results

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

Group	Revenue		Gross Profit	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Professional recruitment – At a point in time	52,221	44,027	51,979	43,768
Flexible staffing – Over time	259,830	229,607	38,107	36,973
Others – At a point in time	2,107	1,461	1,814	1,074
	<u>314,158</u>	<u>275,095</u>	<u>91,900</u>	<u>81,815</u>
			Results	
			2022 \$'000	2021 \$'000
Other income			8,934	14,161
Other employee benefit expenses			(45,524)	(41,591)
Facilities and depreciation expenses			(5,899)	(5,834)
Selling expenses			(1,304)	(1,537)
Other expenses			(2,159)	(2,085)
Finance costs			(218)	(207)
Profit before income tax			<u>45,730</u>	<u>44,722</u>

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

#### Geographical segment of the Group's revenue and gross profit for the six months ended 30 June

Group	Revenue		Gross Profit	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Singapore	206,313	192,168	47,965	45,968
North Asia*	93,154	72,546	40,545	32,781
Rest of Asia#	14,691	10,381	3,390	3,066
	<u>314,158</u>	<u>275,095</u>	<u>91,900</u>	<u>81,815</u>

### 3. Segment and revenue information (cont'd)

#### Geographical segment assets of the Group as at 30 June

<u>Group</u>	<u>2022</u> \$'000	<u>2021</u> \$'000
Singapore	382,574	372,579
North Asia*	106,000	111,337
Rest of Asia#	10,211	9,397
	<u>498,785</u>	<u>493,313</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.

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

	<u>Group</u>	
	<u>2022</u> \$'000	<u>2021</u> \$'000
Net fair value (loss) gain on financial assets mandatorily measured at FVTPL <sup>(1)</sup>	(5,754)	2,898
Gain on disposal of investments	867	3,875
Government subsidies <sup>(2)</sup>	5,705	6,190
Reversal of trade related accruals	6,828	-
Interest income	833	668
Dividend income	395	237
Depreciation of plant and equipment	(577)	(616)
Depreciation of right-of-use assets	(3,777)	(3,903)
Amortisation of intangible assets	(167)	(158)
Allowance for doubtful receivables	(99)	(278)
Foreign exchange loss	(557)	(47)

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

(2) Relates to Wage Credit Scheme and Special Employment Credit given by the Singapore government, and grants, subsidies and reliefs from the various governments of geographies that the Group operates in.

#### 4.2 Related party transactions

There are no significant related party transactions during the six months ended 30 June 2022.

#### 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:

	<u>Group</u>	
	<u>2022</u> \$'000	<u>2021</u> \$'000
Short-term benefits	2,689	4,160
Post-retirement benefits	55	69
	<u>2,744</u>	<u>4,229</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	
	2022	2021
	\$'000	\$'000
Current tax	7,961	7,282
(Over) Under provision of current tax in prior year	(187)	81
Deferred tax	70	(842)
Withholding tax	174	141
	<u>8,018</u>	<u>6,662</u>

## 6. Dividends

	Group	
	2022	2021
	\$'000	\$'000
<b>Ordinary dividends paid</b>		
Final dividends of 3.0 cents (2021: 2.5 cents) tax exempt (one-tier) per share paid in respect of prior financial year	30,113	25,067
Special dividends of 1.0 cents (2021: Nil) tax exempt (one-tier) per share paid in respect of prior financial year	10,038	-

## 7. Net asset value

	Group		Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	\$	\$	\$	\$
Net asset value per ordinary share	<u>0.3654</u>	<u>0.3689</u>	<u>0.2110</u>	<u>0.2540</u>

## 8. Plant and equipment

During the six months ended 30 June 2022, the Group acquired assets amounting to \$458,000 (30 June 2021: \$430,000) and disposed of assets amounting to \$2,000 (30 June 2021: \$Nil)

## 9. Share capital and treasury shares

### Share capital

	Group and Company			
	Number of shares		Issued and paid up	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	'000	'000	\$'000	\$'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 2022	31 December 2021	30 June 2022	31 December 2021
	'000	'000	\$'000	\$'000
At 1 January	7,634	8,735	4,503	5,153
Treasury shares purchased	1,016	-	789	-
Treasury shares reissued pursuant to 88Glow Plan	-	(1,101)	-	(650)
At 30 June and 31 December	8,650	7,634	5,292	4,503

Save as disclosed, the Company did not have any outstanding convertibles and subsidiary holdings as at 30 June 2022 and 31 December 2021.

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

	Group and Company	
	Number of shares	
	30 June 2022	31 December 2021
Issued shares	1,011,406,872	1,011,406,872
Treasury shares	(8,649,684)	(7,633,484)
Issued shares excluding treasury shares	1,002,757,188	1,003,773,388
Treasury shares as a percentage of issued shares excluding treasury shares (%)	0.8626	0.7605

## 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 (\$'000)							
	30 June 2022	31 December 2021	30 June 2022	31 December 2021				
<b>Financial assets mandatorily measured at fair value through profit or loss</b>								
1) Quoted equity securities	19,526	24,959	19,526	24,959	Level 1	Quoted bid prices in an active market.	N.A.	N.A.
2) Quoted debt securities	5,445	5,970	5,445	5,970	Level 1	Quoted bid prices in an active market.	N.A.	N.A.
3) Unquoted equity securities	731	658	-	-	Level 3	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>								
4) Quoted equity securities	21,540	28,452	21,540	28,452	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. Subsequent events

On 11 August 2022, the directors declared a one-tier tax exempt interim dividend for the financial year ending 31 December 2022 of \$0.0213 per share to be paid out of the retained earnings of the Company.

## F. 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 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 six-month period then ended and certain explanatory notes have not been audited or reviewed.

### 2. Review of the Group's performance

#### Performance Overview

HRnetGroup recorded strong increases in top lines with **Revenue of S\$314.2m, up 14.2%** and **Gross Profit S\$91.9m, up 12.3%**. GP margin sustained at 29.3% (1H 2021: 29.7%). **Underlying NPAT was S\$42.6m, up 36.2%** after adjusting the profit or loss impact of investments in mainly HR marketable securities <sup>(1)</sup> to the NPAT of S\$37.7m (2021: S\$38.1m).

#### Business Dynamics:

##### Flexible staffing ("FS")

- a. Revenue rose by 13.2% to S\$259.8m. Average monthly contractor volume increased by 12% to 17,954 though the absolute volume declined by 2% to 16,795 as of end June 2022. We made remarkable shifts in the deployment of contractors since the April closure of the Singapore vaccination centres to the other sectors such as IT & technology, financial services, government, retail and consumer, and manufacturing. Our RecruitFirst business in Taiwan and Indonesia also aggressively ramped up the contractor volumes by 189% and 297% respectively.
- b. After deducting the cost of contractors, Gross Profit stood at S\$38.1m, up 3.1%. Gross Profit margin averaged 14.7% (2021: 16.1%) with some high-volume projects delivered to rapidly establish our strong footprint in international markets.

##### Professional recruitment ("PR")

- a. Revenue increased by 18.6% to S\$52.2m with higher remuneration packages across sectors even as placement volumes stayed flattish at 3,691 (2021: 3,734 <sup>(2)</sup>):
  - PR brands (HRnetOne, PeopleSearch, SearchAsia and REForce) saw mid-to-senior placement volumes inch up 2% while case values averaged 18% higher than last year.
  - FS brands (Recruit Express, RecruitFirst) strategically shifted gear to reduce volume by 4% and handled more higher value junior-to-mid level assignments resulting in an average 16% increase in case value.
- b. GP margin at 99.5% (2021: 99.4%). Overall GP/placement increased by 20% as remuneration packages were generally higher across the board.

**Overall GP margin** stood at 29.3% (2021: 29.7%) while the PR/FS business mix was 16.6%/82.7% (2021: 16.0%/83.5%).

#### Geographical Mix

Business performed strongly across the 3 key regions for both FS and PR:

##### a. Singapore

- Revenue grew 7.4% to S\$206.3m with PR growth of 19.1% and FS 6.4%.
- GP grew 4.3% to S\$48.0m with PR up 19.0% and FS slight (2.8%) dip.

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1. Refers to net fair value gain (loss) and disposal gain on financial assets mandatorily measured at FVTPL.

2. Restated.

**b. North Asia**

- Revenue grew 28.4% to S\$93.2 with FS growth of 33.4% and PR 19.6%. FS brands RecruitFirst and Recruit Express performed strongly with double-digit growth across Greater China (Mainland China, Hong Kong S.A.R. and Taiwan). PR revenue rebound strongly, especially in Mainland China and Taiwan where growth was 25.2% and 19.3% respectively, boosted by our specialization in the semiconductor industry.
- GP grew 23.7% to S\$40.5m with FS growth of 38.2% and PR 19.9%.

**c. Rest of Asia**

- Revenue grew 41.5% to S\$14.7m and GP grew 10.6% to S\$3.4m.
- Volume growth in the Indonesian FS business more than tripled.

**Other income** reduced from S\$14.2m to S\$8.9m which comprised net of fair value loss and disposal gain on financial assets mandatorily measured at FVTPL totalling S\$4.9m (2021: gain of S\$6.8m); partially offset by reversal of trade related accruals S\$6.8m (2021: S\$Nil), government grants and subsidies totalling S\$5.7m (2021: S\$6.2m); and interest & dividend incomes totalling S\$1.2m (2021: S\$0.9m).

**Selling, general, administrative and other expenses** increased by S\$3.9m to S\$55.1m mainly due to the investment in the retention of our 471/707 PHC/HC\* through salary increments, promotions and celebratory incentives. Other than stepping up on our hiring with an increase of 13% in staff strength to cultivate for further growth, we have also accrued for and paid out more profit-sharing incentives and variable bonuses that is in line with the strong growth in GP and operating profits.

(\*Note: HC refers to sales employees; PHC refers to Productive sales employees defined as the number of sales employees that achieved GP in excess of 3 times their Payroll Cost)

**Financial Position Review**

The Group's cash position reduced by S\$14.3m to S\$312.7m mainly due to:

- S\$33.7m generated from operating activities mainly comprising S\$54.2m operating cash flows before movements in working capital, S\$4.5m decrease in trade receivables, S\$15.5m decrease in other payables and accruals, offset by S\$8.1m income tax paid;
- S\$0.7m generated from investing activities mainly comprising S\$(3.0m) purchase of financial assets mandatorily measured at FVTPL offset by S\$4.0m proceeds from disposal of investments;
- S\$(47.1m) used in financing activities mainly comprising S\$(42.8m) dividends paid, S\$(3.8m) repayment of lease liabilities, and S\$(0.8m) share buyback; and
- S\$(1.6m) arising from the effect of foreign exchange rate changes on cash & cash equivalents.

Trade receivables reduced by S\$4.6m as the revenue of Q4 2021 was seasonably higher than that of Q2 2022.

Other financial assets (current) decreased by S\$5.4m mainly due to the revaluation of HR-related marketable securities in our investment portfolio that offset the addition of S\$3.0m.

Other financial assets (non-current) decreased by S\$7.4m, of which S\$6.9m represented the market price movements of our investments in Staffline and Bamboos and this impact is similarly reflected in the change in investments revaluation reserve.

Other payables and accruals decreased by S\$26.4m mainly due to reduction in dividend payable relating to the special dividend of S\$0.01 per share declared in November 2021 and paid in January 2022, and reversal of trade related accruals, accruals of payroll, profit-sharing incentives and variable bonuses, and unearned revenue.



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

Not applicable. No forecast or prospect statement has been previously 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**

Growth in 2H 2022 might be muted, given the possibility of an inflation-triggered recession, the threat of war and generally uncertain global economic environment. Whilst 2022 GDP growth forecasts for the geographies that we operate in currently hover between -0.5% to 5.3%, we typically deliver above GDP growth rates as we have the benefit of manoeuvring to work on pockets of growth opportunities within the sectors we specialize in. With 36 Business Leader Co-Owners operating and building our 32 Business Units across 14 cities, our operational infrastructure is in a good position to seize opportunities.

**5. Dividend**

**a. Current Financial Period Reported on**

On 11 August 2022, the directors declared a one-tier tax exempt interim dividend for the financial year ending 31 December 2022 of 2.13 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**

6 September 2022.

**d. Books Closure Date**

30 August 2022.

**6. Interested person transactions**

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

## 7. 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 2022 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	38.9
Acquisition and investment in subsidiaries	8.4
Start-up of subsidiaries	8.0
IPO related expenses	9.0
	<hr/> <b>128.3</b> <hr/>

## 8. 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 2022 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  
11 August 2022