

HRnetGroup Limited

Condensed Financial Statements

For the six months and full year ended 31 December 2024

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A. Performance Summary and Outlook

FY2024 Financial Results Recovery Groundwork Assures Profits & Returns

The Board of Directors at HRnetGroup Limited (The Group) reports that revenue dipped 2.0% to S\$567.0m, gross profits (**GP**) dropped 12.1% to S\$122.2m and NPAT declined 29.9% to S\$46.3m in a challenging business environment.

A final dividend of 2.13 cents per share is an 88.9% payout from 2H2024 NPAT proposed for shareholders' approval at the upcoming AGM on 25 April 2025.

Together with the interim dividend of 1.87 cents, the Group's total dividend of 4.0 cents per share carries a yield of 5.9%¹.

Business Mix

The Group has 2 key business segments, Flexible Staffing (**FS**) and Professional Recruitment (**PR**).

1. FS revenue held steady at S\$508.0m. FS revenue and GP proportions shifted to 89.6% (2023: 88.0%) and 52.4% (2023: 50.3%) respectively. GP Margin (**GPM**) fell to 12.6% (2023: 13.7%) due to margin pressures.

Contractor volume softened 3.7% to 15,548 and GP per Contractor slipped 4.9%. Consequently, GP declined 8.4% to S\$64.0m.

2. PR revenue declined 16.2% to S\$54.9m. PR revenue and GP proportions shifted to 9.7% (2023: 11.3%) and 44.9% (2023: 47.0%) respectively. GPM remained consistent at 99.9% (2023: 99.8%).

The 6.3% increase in GP per Placement was offset by 21.1% decline in Placement Volume which stood at 4,558 (2023: 5,774), resulting in the 16.1% net GP decline.

The blended GP margin shifted from 24.0% to 21.6% due to the movement in business mix as FS continued to surpass PR in relative contribution.

Geographical Segmentation

Across the Group's 17 operating cities, Hong Kong S.A.R., Jakarta, Taipei and Shanghai registered FS growth. GP contracted most severely in Singapore and Mainland China.

1. Singapore is the largest revenue contributor at 66.3% (2023: 66.7%). Weak economic growth impacted both FS and PR segments, resulting in reduction of 2.6% in revenue and 12.7% in GP.
2. Taipei as the Group's second largest contributor, held revenues and GP steady as a small dip in PR was offset by growth of similar extent in FS.
3. In Mainland China, the economic uncertainties saw PR the dominant contributor experiencing an overall 11.1% slide in revenue and 25.4% reduction in GP.

Sectoral Revenues

Revenue showed strong momentum in sectors like IT, semiconductor, financial services and professional services, while healthcare, retail, and manufacturing faced headwinds.

¹ Based on closing price of S\$0.68 on 31 December 2024

Revenues from the public sector grew by 7.2% and contributed 15.0% (2023: 13.7%) to Group revenues.

Operating Expenses

The Group continued its cost control efforts, resulting in 8.3% reduction in selling, general, and administrative (SG&A) expenses:

1. Employee benefits expense declined S\$7.1m or 10.0% due to reduction in profit-sharing incentives that were automatically adjusted by GP decline; and
2. Depreciation and facilities expenses increased 5.3% with office lease renewals, renovations and reinstatements undertaken to maximise space utilisation.
3. Other expenses reduced by S\$1.0m due to the non-recurrence of certain professional and legal expenses and foreign exchange revaluation movements.

Other Income

Other income dropped 45.0% or S\$12.7m to S\$15.4m largely due to the:

1. increase in interest income by S\$1.1m despite the falling interest rates. Our heightened cash sweep channelled more principal sums towards interest yielding instruments;
2. net fair value loss of S\$4.3m on revaluation of equity instruments mostly in the HR-related space, compared to a gain of S\$1.4m last year;
3. balance of trade-related accruals amounting to S\$2.3m being fully reversed as compared to S\$9.3m in FY2023; and
4. reduction in Singapore government grants and subsidies by S\$2.4m due to cessation of the Jobs Support Scheme (JGI) and delay in Progressive Wage Credit Scheme (PWCS). PWCS of S\$3.1m was received and recognised as 1H2025 income.

Financial Position and Cash Flow

The Group maintained a strong financial position with a combined cash balance and CLN/Tbills² of S\$311.4m (2023: S\$311.6m). The cash position of S\$258.4m (2023: S\$271.6m) reflects a net cash outflow of S\$13.2m:

1. S\$51.6m cash generated from operations;
2. S\$12.8m used in investing activities, including S\$11.5m net investments in financial assets and S\$2.2m capital expenditure; and
3. S\$51.5m used in financing activities, primarily consisting of S\$41.0m dividend payouts, S\$3.3m share buybacks and S\$1.3m acquisition of minority interests.

Trade receivables remained fairly consistent in debtors' turnover.

Other payables and accruals declined by S\$2.2m due to lower net provisions for payroll related costs, trade related accruals being fully reversed, offsetting an increase in trade related deposits from clients.

² Credit Linked Notes (CLN) are DBS issued notes with Monetary Authority of Singapore (MAS) bill as credit underlying, while Tbills are short-term Singapore Government Securities (SGS) issued by MAS

Other financial assets (current) increased by S\$7.0m with the net purchase of S\$13.0m in CLN/Tbills offset by disposal of S\$1.4m of some HR-related equity investments at a profit, and a S\$4.6m revaluation loss of the remaining investments.

Other non-current assets of S\$2.9m relates to an opportunistic acquisition of an office unit for our own business use in Jakarta.

Outlook

Market conditions are expected to be unpredictable. However, we believe the Group's entrepreneurial DNA, strong cash reserves and resilient business model will enable us to navigate the uncertainties.

1. Bolstering the Recruitment Pyramid

We are pivoting PR to move higher up the value chain to serve the increased talent needs and pipeline building in senior and strategic roles.

We are pivoting FS towards recurring mega contracts especially for governments.

2. Structural Cost Management

Beyond the covid-led reflex actions, we took a longer term approach towards deployment of people and facilities:

- a. Management de-layering could render annualised cost savings in salaries and profit sharing incentives totaling S\$1.0m; and
- b. Space consolidation and hotdesking in Singapore, Kuala Lumpur, Hong Kong and Shanghai could bring about potential rental cost savings of S\$1.6m for the lease periods.

3. Fresh Sigmoid Curves

We have created new waves with new co-owners, fresh branding through new business units in:

- a. Shanghai where AllwaysHRnet was acquired in March 2024 to bolster our recruitment strengths in the semiconductor sector.
- b. Singapore where:
 - i. Octomate Staffing offers an app-driven staffing platform;
 - ii. Crew By HRnet provides blue-collar staffing services;
 - iii. Leaps By HRnet provides HR consultancy services; and
 - iv. Doer springboards the EOR/PEO³ base to all geographies that we operate in.
- c. Vietnam where we are pioneering an executive search business while M&A initiatives are being pursued.

As such, we believe the groundwork for recovery is well underway.

³ EOR refers to Employer Of Record; PEO refers to Professional Employer Organisation. Both business models offer employment solutions to clients that have talent needs in locations that they do not yet have a presence or headcount mandate.

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

	Note	Group					
		Six months ended 31 December			Year ended 31 December		
		2024	2023	Change	2024	2023	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Revenue	3	281,090	283,713	(0.9)	566,996	578,469	(2.0)
Sub-contractor expenses		(221,879)	(216,244)	2.6	(444,786)	(439,503)	1.2
Gross profit ("GP")	3	59,211	67,469	(12.2)	122,210	138,966	(12.1)
Other income		8,932	18,432	(51.5)	15,444	28,089	(45.0)
Selling, general, administrative and other expenses ("SG&A"):							
Other employee benefit expenses		(30,749)	(34,417)	(10.7)	(63,942)	(71,076)	(10.0)
Facilities and depreciation expenses		(5,725)	(5,299)	8.0	(11,407)	(10,836)	5.3
Selling expenses		(1,635)	(1,577)	3.7	(3,032)	(3,064)	(1.0)
Other expenses		(1,684)	(1,657)	1.6	(2,647)	(3,610)	(26.7)
Finance costs		(330)	(256)	28.9	(623)	(454)	37.2
		(40,123)	(43,206)	(7.1)	(81,651)	(89,040)	(8.3)
Profit before income tax	4	28,020	42,695	(34.4)	56,003	78,015	(28.2)
Income tax expense	5	(4,536)	(6,260)	(27.5)	(9,724)	(11,956)	(18.7)
Profit for the year ("NPAT")		23,484	36,435	(35.5)	46,279	66,059	(29.9)
Other comprehensive (loss) income :							
<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		(4,906)	(1,586)	209.3	212	(5,309)	(104.0)
<i>Items that may be reclassified subsequently to profit or loss</i>							
Exchange differences on translation of foreign operations		370	(744)	(149.7)	(670)	(1,899)	(64.7)
Other comprehensive loss for the year, net of tax		(4,536)	(2,330)	94.6	(458)	(7,208)	(93.6)
Total comprehensive income for the year		18,948	34,105	(44.4)	45,821	58,851	(22.1)
Profit attributable to:							
Owners of the Company ("PATMI")		22,836	35,280	(35.3)	44,518	63,563	(30.0)
Non-controlling interests		648	1,155	(43.9)	1,761	2,496	(29.4)
		23,484	36,435	(35.5)	46,279	66,059	(29.9)
Total comprehensive income attributable to:							
Owners of the Company		18,240	33,137	(45.0)	44,096	56,735	(22.3)
Non-controlling interests		708	968	(26.9)	1,725	2,116	(18.5)
		18,948	34,105	(44.4)	45,821	58,851	(22.1)
Basic earnings per share (cents)		2.33	3.58		4.53	6.44	
Diluted earnings per share (cents)		2.33	3.58		4.53	6.44	

C. Condensed statements of financial position

	Note	Group		Company	
		31 December	31 December	31 December	31 December
		2024	2023	2024	2023
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Current assets					
Cash and cash equivalents		258,398	271,586	77,562	33,325
Trade receivables		93,298	94,490	-	-
Other receivables and prepayments		7,313	6,858	90,767	81,307
Other assets		4,325	3,328	4,325	3,328
Other financial assets	10	68,745	61,785	29,358	50,983
Total current assets		432,079	438,047	202,012	168,943
Non-current assets					
Pledged deposits		1,182	1,210	-	-
Plant and equipment	8	2,827	2,105	-	-
Right-of-use assets		12,920	10,130	-	-
Other intangible assets		1,622	1,746	-	-
Other non-current assets		2,880	-	-	-
Goodwill		6,310	5,862	-	-
Subsidiaries		-	-	48,428	48,428
Other financial assets	10	19,748	19,242	18,147	17,641
Deferred tax assets		2,713	1,600	-	-
Total non-current assets		50,202	41,895	66,575	66,069
Total assets		482,281	479,942	268,587	235,012
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables		9,623	8,788	-	-
Other payables and accruals		55,357	57,542	61,279	23,881
Leases liabilities		4,651	5,301	-	-
Income tax payable		8,978	9,650	366	199
Total current liabilities		78,609	81,281	61,645	24,080
Non-current liabilities					
Deferred tax liabilities		437	477	-	-
Leases liabilities		9,057	5,243	-	-
Total non-current liabilities		9,494	5,720	-	-
Capital, reserves and non-controlling interests					
Share capital	9	260,605	260,605	260,605	260,605
Treasury shares	9	(22,690)	(19,709)	(22,690)	(19,709)
Equity reserve		(46,821)	(47,193)	(437)	(437)
Investments revaluation reserve		(51,448)	(51,660)	(51,448)	(51,660)
Translation reserve		(4,806)	(4,172)	-	-
Retained earnings		243,999	238,743	20,912	22,133
Equity attributable to owners of the Company		378,839	376,614	206,942	210,932
Non-controlling interests		15,339	16,327	-	-
Total equity		394,178	392,941	206,942	210,932
Total liabilities and equity		482,281	479,942	268,587	235,012

D. Condensed statements of changes in equity

<u>Group</u>	<u>Note</u>	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>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 year</i>										
Profit for the year		-	-	-	-	-	44,518	44,518	1,761	46,279
Other comprehensive income (loss) for the year		-	-	-	212	(634)	-	(422)	(36)	(458)
Total		-	-	-	212	(634)	44,518	44,096	1,725	45,821
<i>Transactions with owners, recognised directly in equity</i>										
Dividends	6	-	-	-	-	-	(39,255)	(39,255)	(1,548)	(40,803)
Repurchase of shares		-	(3,343)	-	-	-	-	(3,343)	-	(3,343)
Treasury shares reissued pursuant to share-based payment expenses	9	-	362	-	-	-	(7)	355	-	355
Capital contribution by non-controlling shareholders		-	-	-	-	-	-	-	468	468
Change in ownership interests in subsidiaries		-	-	372	-	-	-	372	(1,633)	(1,261)
Total		-	(2,981)	372	-	-	(39,262)	(41,871)	(2,713)	(44,585)
Balance as at 31 December 2024		260,605	(22,690)	(46,821)	(51,448)	(4,806)	243,999	378,839	15,339	394,178

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

<u>Group</u>	<u>Note</u>	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
2023										
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 (loss) income for the year</i>										
Profit for the year		-	-	-	-	-	63,563	63,563	2,496	66,059
Other comprehensive loss for the year		-	-	-	(5,309)	(1,519)	-	(6,828)	(380)	(7,208)
Total		-	-	-	(5,309)	(1,519)	63,563	56,735	2,116	58,851
<i>Transactions with owners, recognised directly in equity</i>										
Dividends	6	-	-	-	-	-	(36,910)	(36,910)	(1,578)	(38,488)
Repurchase of shares		-	(5,432)	-	-	-	-	(5,432)	-	(5,432)
Treasury shares reissued pursuant to share-based payment expenses	9	-	217	-	-	-	9	226	-	226
Capital contribution by non-controlling shareholders		-	-	-	-	-	-	-	393	393
Change in ownership interests in subsidiaries		-	-	176	-	-	-	176	(1,008)	(832)
Total		-	(5,215)	176	-	-	(36,901)	(41,940)	(2,193)	(44,133)
Balance as at 31 December 2023		260,605	(19,709)	(47,193)	(51,660)	(4,172)	238,743	376,614	16,327	392,941

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
<i>2024</i>							
Balance as at 1 January 2024		260,605	(19,709)	(437)	(51,660)	22,133	210,932
<i>Total comprehensive income for the year</i>							
Profit for the year		-	-	-	-	38,041	38,041
Other comprehensive income for the year		-	-	-	212	-	212
Total		-	-	-	212	38,041	38,253
<i>Transactions with owners, recognised directly in equity</i>							
Dividends		-	-	-	-	(39,255)	(39,255)
Repurchase of treasury shares	6	-	(3,343)	-	-	-	(3,343)
Treasury shares reissued pursuant to share-based payment expenses	9	-	362	-	-	(7)	355
Total		-	(2,981)	-	-	(39,262)	(42,243)
Balance as at 31 December 2024		260,605	(22,690)	(437)	(51,448)	20,912	206,942

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
<u>2023</u>							
Balance as at 1 January 2023		260,605	(14,494)	(437)	(46,351)	21,110	220,433
<i>Total comprehensive (loss) income for the year</i>							
Profit for the year		-	-	-	-	37,924	37,924
Other comprehensive loss for the year		-	-	-	(5,309)	-	(5,309)
Total		-	-	-	(5,309)	37,924	32,616
<i>Transactions with owners, recognised directly in equity</i>							
Dividends		-	-	-	-	(36,910)	(36,910)
Repurchase of treasury shares	6	-	(5,432)	-	-	-	(5,432)
Treasury shares reissued pursuant to share-based payment expenses	9	-	217	-	-	9	226
Total		-	(5,215)	-	-	(36,901)	(42,116)
Balance as at 31 December 2023		260,605	(19,709)	(437)	(51,660)	22,133	210,932

E. Condensed consolidated statement of cash flows

	Note	Group	
		2024 S\$'000	2023 S\$'000
Operating activities			
Profit before income tax		56,003	78,015
Adjustments for:			
Depreciation of plant and equipment		1,043	760
Depreciation of right-of-use assets		6,244	6,732
Amortisation of intangible assets		519	425
Gain on lease modification		(4)	(25)
Interest income		(8,012)	(6,899)
Finance costs		623	454
Dividend income		(914)	(843)
Share-based payment expenses		355	226
Loss (Gain) on disposal of plant and equipment		8	(1)
Gain on disposal of investments		(83)	-
Net fair value loss (gain) on financial assets mandatorily measured at FVTPL		4,311	(1,419)
Net fair value gain on other assets		(997)	(235)
Allowance for doubtful receivables		60	106
Operating cash flows before movements in working capital		59,156	77,296
Trade receivables		1,149	5,220
Other receivables and prepayments		(2,875)	168
Trade payables		835	596
Other payables and accruals		(2,096)	(19,159)
Cash generated from operations		56,169	64,121
Interest received		7,553	6,932
Interest paid		(623)	(454)
Income tax paid		(11,498)	(13,006)
Net cash from operating activities		51,601	57,593
Investing activities			
Dividends received		894	829
Purchase of plant and equipment and intangible assets		(2,173)	(2,195)
Proceeds from disposal of plant and equipment		3	2
Purchase of financial assets mandatorily measured at FVTPL		(60,968)	(41,104)
Proceeds from disposal of financial assets mandatorily measured at FVTPL		78,601	32,802
Purchase of financial assets measured at amortised cost		(92,255)	(51,923)
Proceeds from disposal of financial assets measured at amortised cost		63,140	45,928
Purchase of other assets		-	(1,999)
Net cash used in investing activities		(12,758)	(17,660)
Financing activities			
Dividends paid to non-controlling shareholders		(1,749)	(1,971)
Dividends paid	6	(39,255)	(36,910)
Net withdrawal (placement) of pledged deposits		27	(155)
Purchase of treasury shares	9	(3,343)	(5,432)
Capital contributions by non-controlling shareholders in subsidiaries		21	393
Change in ownership interests in subsidiaries		(1,305)	(819)
Repayment of lease liabilities		(5,866)	(6,486)
Net cash used in financing activities		(51,470)	(51,380)
Net decrease in cash and cash equivalents		(12,627)	(11,447)
Cash and cash equivalents at beginning of the year		271,586	284,567
Effect of foreign exchange rate changes		(561)	(1,534)
Cash and cash equivalents at end of the year		258,398	271,586

F. Notes to the condensed consolidated financial statements for the year ended 31 December 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 year ended 31 December 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) Flexible Staffing; and
- (b) Professional Recruitment.

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 were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2023. The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are those relating to trade related accruals. Management determines trade related accruals by considering historical data and forward-looking information, which is the key assumptions in measuring the expected amount of trade related accruals.

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) Flexible staffing;
- (b) Professional recruitment; 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 segment revenue, gross profit and results

The following are analysis of the Group's revenue and results by reportable segments for the six months and the year ended 31 December, respectively:

Group	Six months ended 31 December							
	2024				2023			
	\$'000				\$'000			
	Singapore	North Asia*	Rest of Asia#	Total	Singapore	North Asia*	Rest of Asia#	Total
Revenue								
Flexible staffing	174,627	65,803	12,261	252,691	177,294	61,745	11,296	250,335
Professional Recruitment	9,585	15,391	1,285	26,261	10,634	18,975	1,630	31,239
Others	968	1,125	45	2,138	1,012	1,078	49	2,139
	<u>185,180</u>	<u>82,319</u>	<u>13,591</u>	<u>281,090</u>	<u>188,940</u>	<u>81,798</u>	<u>12,975</u>	<u>283,713</u>
Gross Profit								
Flexible staffing	22,781	7,357	1,172	31,310	26,108	7,137	1,099	34,344
Professional Recruitment	9,563	15,374	1,284	26,221	10,621	18,914	1,626	31,161
Others	895	752	33	1,680	941	989	34	1,964
	<u>33,239</u>	<u>23,483</u>	<u>2,489</u>	<u>59,211</u>	<u>37,670</u>	<u>27,040</u>	<u>2,759</u>	<u>67,469</u>
Other income				8,932				18,432
Other employee benefit expenses				(30,749)				(34,417)
Facilities and depreciation expenses				(5,725)				(5,299)
Selling expenses				(1,635)				(1,577)
Other expenses				(1,684)				(1,657)
Finance costs				(330)				(256)
Profit before income tax				<u>28,020</u>				<u>42,695</u>

3. Segment and revenue information (cont'd)

Group	Year ended 31 December							
	2024				2023			
	\$'000				\$'000			
	Singapore	North Asia*	Rest of Asia#	Total	Singapore	North Asia*	Rest of Asia#	Total
Revenue								
Flexible staffing	355,119	128,556	24,281	507,956	361,722	124,226	22,959	508,907
Professional Recruitment	18,805	33,366	2,765	54,936	22,264	39,739	3,532	65,535
Others	1,841	2,183	80	4,104	1,868	2,044	115	4,027
	<u>375,765</u>	<u>164,105</u>	<u>27,126</u>	<u>566,996</u>	<u>385,854</u>	<u>166,009</u>	<u>26,606</u>	<u>578,469</u>
Gross Profit								
Flexible staffing	47,337	14,456	2,284	64,077	53,744	13,980	2,228	69,952
Professional Recruitment	18,763	33,328	2,763	54,854	22,215	39,635	3,527	65,377
Others	1,705	1,508	66	3,279	1,706	1,833	98	3,637
	<u>67,805</u>	<u>49,292</u>	<u>5,113</u>	<u>122,210</u>	<u>77,665</u>	<u>55,448</u>	<u>5,853</u>	<u>138,966</u>
Other income				15,444				28,089
Other employee benefit expenses				(63,942)				(71,076)
Facilities and depreciation expenses				(11,407)				(10,836)
Selling expenses				(3,032)				(3,064)
Other expenses				(2,647)				(3,610)
Finance costs				(623)				(454)
Profit before income tax				<u>56,003</u>				<u>78,015</u>
Total assets	<u>378,181</u>	<u>90,428</u>	<u>13,672</u>	<u>482,281</u>	<u>377,814</u>	<u>92,739</u>	<u>9,389</u>	<u>479,942</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

	Group			
	Six months ended		Year ended	
	31 December		31 December	
	2024	2023	2024	2023
	S\$'000	S\$'000	S\$'000	S\$'000
Net fair value (loss) gain on financial assets mandatorily measured at FVTPL ⁽¹⁾	(1,979)	1,782	(4,311)	1,419
Gain on disposal of investments	-	-	83	-
Government subsidies ⁽²⁾	5,585	6,583	6,839	9,231
Reversal of trade related accruals	-	5,624	2,284	9,324
Interest income	3,944	3,746	8,012	6,899
Dividend income	346	430	914	843
Net fair value gain on other assets	475	167	997	235
Depreciation of right-of-use assets	(3,045)	(3,183)	(6,244)	(6,732)
Depreciation of plant and equipment	(542)	(370)	(1,043)	(760)
Amortisation of intangible assets	(269)	(230)	(519)	(425)
Foreign exchange loss	(201)	(126)	257	(443)
Allowance for doubtful receivables	(54)	(62)	(60)	(106)
Finance costs	(330)	(256)	(623)	(454)

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

(2) Relates to Progressive Wage Credit Scheme and other subsidies 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 and the year ended 31 December 2024.

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the six months and the year ended 31 December was as follows:

	Group			
	Six months ended		Year ended	
	31 December		31 December	
	2024	2023	2024	2023
	S\$'000	S\$'000	S\$'000	S\$'000
Short-term benefits	1,373	1,560	2,760	3,208
Share-based payments	47	51	107	221
Post-retirement benefits	52	45	163	106
	1,472	1,656	3,030	3,535

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 six months and the year ended 31 December are:

	Group			
	Six months ended 31 December		Year ended 31 December	
	2024	2023	2024	2023
	S\$'000	S\$'000	S\$'000	S\$'000
Current tax	5,517	5,867	10,648	11,683
Withholding tax	77	215	214	377
Deferred tax	(954)	168	(1,141)	(84)
(Over) Under provision of current tax in prior year	(104)	10	3	(20)
	<u>4,536</u>	<u>6,260</u>	<u>9,724</u>	<u>11,956</u>

6. Dividends

	Group	
	2024	2023
	S\$'000	S\$'000
Ordinary dividends paid		
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
Interim dividends of 1.87 cents (2023: 1.87 cents) tax exempt (one-tier) per share paid in respect of the financial year	18,341	18,444

7. Net asset value

	Group		Company	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	S\$	S\$	S\$	S\$
Net asset value per ordinary share	<u>0.3865</u>	<u>0.3826</u>	<u>0.2111</u>	<u>0.2143</u>

8. Plant and equipment

During the year ended 31 December 2024, the Group acquired assets amounting to S\$1,778,000 (31 December 2023: S\$1,364,000) and disposed of assets amounting to S\$11,000 (31 December 2023: S\$1,000).

9. Share capital and treasury shares

Share capital

	Group and Company			
	Number of shares		Issued and paid up	
	31 December 2024	31 December 2023	31 December 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	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	'000	'000	S\$'000	S\$'000
At 1 January	27,125	20,390	19,709	14,494
Treasury shares purchased	4,698	7,035	3,343	5,432
Treasury shares reissued pursuant to share-based payment expenses	(499)	(300)	(362)	(217)
At 31 December	31,324	27,125	22,690	19,709

Save as disclosed, the Company did not have any outstanding convertibles and subsidiary holdings as at 31 December 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	
	31 December 2024	31 December 2023
Issued shares	1,011,406,872	1,011,406,872
Treasury shares	(31,324,110)	(27,125,383)
Issued shares excluding treasury shares	980,082,762	984,281,489
Treasury shares as a percentage of issued shares excluding treasury shares (%)	3.1961	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)							
	31 December 2024	31 December 2023	31 December 2024	31 December 2023				
Financial assets mandatorily measured at fair value through profit or loss								
1) Quoted equity securities	15,776	21,768	15,776	21,768	Level 1	Quoted bid prices in an active market.	N.A.	N.A.
2) Quoted debt securities	5,712	5,418	5,712	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	-	16,163	-	16,163	Level 2	Unquoted bid prices in markets that are not active.	N.A.	N.A.
Financial assets designated at fair value through other comprehensive income								
5) Quoted equity securities	12,435	12,223	12,435	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 and 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

There are no known subsequent events which have led to adjustments to this set of condensed financial statements.

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 31 December 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 year then ended and certain explanatory notes have not been audited or reviewed.

2. 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.

3. Dividend

a. Current Financial Period Reported on

For the financial year ended 31 December 2024, a one-tier tax exempt interim dividend of 1.87 cents per ordinary share was paid to registered shareholders on 11 September 2024.

The Directors are pleased to propose the payment of a one-tier tax exempt final dividend of 2.13 cents per ordinary share, in respect of the financial year ended 31 December 2024, subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company.

b. Corresponding Period of the Immediate Preceding Financial Year

For the financial year ended 31 December 2023, a one-tier tax exempt interim dividend of 1.87 cents and final dividend of 2.13 cents per ordinary share were paid to registered shareholders.

c. Date payable

Subject to approval by the shareholders at the forthcoming Annual General Meeting, the payment date of the proposed dividend will be announced at a later date.

d. Books Closure Date

Subject to approval by the shareholders at the forthcoming Annual General Meeting, the books closure date will be announced at a later date.

4. Interested person transactions

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

5. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Please refer to Part A.

6. A breakdown of sales

Breakdown of Revenue and Results

	Group		
	<u>2024</u>	<u>2023</u>	<u>Change</u>
	S\$'000	S\$'000	%
<u>First Half</u>			
Revenue reported for the first half-year	285,906	294,756	(3.0)
Profit after tax reported for the first half-year	22,795	29,624	(23.1)
<u>Second Half</u>			
Revenue reported for the second half-year	281,090	283,713	(0.9)
Profit after tax reported for the second half-year	23,484	36,435	(35.5)

7. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

	<u>2024</u>	<u>2023</u>
	S\$'000	S\$'000
Ordinary shares (tax exempt one-tier)		
- Interim	18,341	18,444
- Final#	20,876	20,914
Total Annual Dividend	<u>39,217</u>	<u>39,358</u>

The proposed final tax exempt one-tier dividends in respect of 2024 is subject to shareholders' approval at the forthcoming Annual General Meeting of the company.

8. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13) in the format below

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
Sim Yong Siang	72	<p>Brother of Sim Joo Siang (Executive Director and Deemed Substantial Shareholder of HRnetGroup Limited, Director of Recruit Express Pte Ltd).</p> <p>Father of Sim Wei Ling, Adeline (Director, Deemed Substantial Shareholder, Chief Corporate Officer and Executive Director of HRnetGroup Limited).</p> <p>Husband of Sim Nelly Nee Tan Kheng Eng (Deemed Substantial Shareholder of HRnetGroup Limited, Director of HRnet One Pte Ltd).</p> <p>Father of Sim Wei Wen, Aviel (Deemed Substantial Shareholder of HRnetGroup Limited).</p>	<p>Founding Chairman and Executive Director of the Company since 21 September 2016, Director of HRnet One Pte Ltd since 9 April 1992, Recruit Express Pte Ltd since 22 February 1996.</p>	None
Sim Joo Siang	68	<p>Brother of Sim Yong Siang (Founding Chairman, Executive Director and Deemed Substantial Shareholder of HRnetGroup Limited, Director of HRnet One Pte Ltd).</p> <p>Uncle of Sim Wei Ling, Adeline (Director, Deemed Substantial Shareholder, Chief Corporate Officer and Executive Director of HRnetGroup Limited).</p> <p>Brother-in-law of Sim Nelly Nee Tan Kheng Eng (Deemed Substantial Shareholder of HRnetGroup Limited, Director of HRnet One Pte Ltd).</p> <p>Uncle of Sim Wei Wen, Aviel (Deemed Substantial Shareholder of HRnetGroup Limited).</p>	<p>Executive Director of the Company since 21 September 2016, Director of Recruit Express Pte Ltd since 1 April 1999.</p>	None
Sim Wei Ling, Adeline	45	<p>Daughter of Sim Yong Siang (Founding Chairman, Executive Director and Deemed Substantial Shareholder of HRnetGroup Limited, Director of HRnet One Pte Ltd, Recruit Express Pte Ltd).</p> <p>Niece of Sim Joo Siang (Executive Director and Deemed Substantial Shareholder of HRnetGroup Limited, Director of Recruit Express Pte Ltd).</p> <p>Daughter of Sim Nelly Nee Tan Kheng Eng (Deemed Substantial Shareholder of HRnetGroup Limited, Director of HRnet One Pte Ltd).</p> <p>Sister of Sim Wei Wen, Aviel (Deemed Substantial Shareholder of HRnetGroup Limited).</p>	<p>Executive Director of the Company since 16 May 2019, Chief Corporate Officer of the Company since 1 April 2022.</p>	None

9. 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 31 December 2024 is set out as below:

	Amount utilised
	S\$ million
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/> 132.4 <hr/>

10. 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 year ended 31 December 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
26 February 2025