

NEWS RELEASE

Procurri's FY2017 Revenue Up 34% to S\$181.8 Million

- Positive cash flow for FY2017; S\$15.7 million cash flow from operations
- Order book at S\$22.4 million as at 31 December 2017

| S\$('000) | 4Q2017 | 4Q2016 | Change (%) | FY2017 | FY2016 | Change (%) |
|--|---------|--------|------------|---------|---------|------------|
| Revenue | 48,668 | 41,936 | 16.1 | 181,822 | 135,750 | 33.9 |
| Gross Profit | 16,536 | 13,847 | 19.4 | 58,968 | 46,037 | 28.1 |
| Earnings before interest, taxation, depreciation and amortisation (EBITDA) | 1,341 | 4,703 | (71.5) | 6,913 | 12,776 | (53.8) |
| Net Profit / (Loss) | (1,255) | 2,301 | N.M. | (2,749) | 5,139 | N.M. |

N.M. – Not Meaningful

Singapore, 28 February 2018 – Procurri Corporation Limited (“Procurri” and together with its subsidiaries, the “Group”) announced today a 33.9% increase in revenue for the year ended 31 December 2017 (“FY2017”) to S\$181.8 million as both its IT Distribution and Lifecycle Services businesses delivered robust top line growth.

Revenue from the IT Distribution business grew 32.0% to S\$140.3 million in FY2017 from S\$106.3 million a year ago (“FY2016”) on maiden full year contributions from Procurri’s UK-based subsidiary, EAF Supply Chain Holdings Limited (“EAF”), and its US joint venture, Rockland Congruity LLC (“Rockland”).

Today, Procurri is one of nine qualified resellers of Cisco Excess and an authorised partner under Hewlett Packard Enterprise’s Replacement Parts Business programme. These appointments have expanded the Group’s product lines and reinforced its role as a leading independent vendor in the global US\$34.8 billion secondary IT equipment market.

Revenue from the Lifecycle Services business rose 41.0% to S\$41.5 million in FY2017 from S\$29.4 million in FY2016, driven by higher contributions from Europe, the Middle East and Africa region, EAF and Rockland.

The improvement in overall revenue validates the Group’s underlying business fundamentals, which are built on its reputation as the preferred global independent vendor



enabling its channel partners and their corporate end users to better manage the shift to the cloud.

With the higher revenue, the Group's gross profit ("**GP**") increased 28.1% to S\$59.0 million in FY2017 from S\$46.0 million in FY2016. GP margin of 32.4% in FY2017 was slightly lower than a year ago but well within the Group's typical range of 30-35%.

Administrative expenses increased to S\$47.9 million in FY2017 from S\$27.4 million in FY2016 due mainly to higher staff costs, especially with the addition of Rockland and EAF, and depreciation for the Group's Global Parts Centre in Singapore. As such, the Group incurred a net loss of S\$2.7 million in FY2017.

Administrative expenses are expected to remain well-controlled for the financial year ending 31 December 2018 ("**FY2018**"), with increments commensurate with future expansion.

During the year, the Group generated net cash of S\$15.7 million from operating activities, compared with net cash outflow of S\$0.6 million in FY2016, primarily due to higher advance billings. It ended FY2017 with cash and cash equivalents of S\$15.7 million.

For the three months ended 31 December 2017 ("**4Q2017**"), the Group's revenue amounted to S\$48.7 million, up 16.1% from S\$41.9 million a year ago ("**4Q2016**"). Gross profit rose 19.4% to S\$16.5 million from S\$13.8 million over the comparative periods.

In tandem with business growth, administrative expenses grew to S\$13.1 million in 4Q2017 from S\$8.7 million in 4Q2016. On a sequential basis, administrative expenses increased by a marginal 2.8% from the previous quarter, driven by the Group's commitment to cost discipline.

Procurri recorded a net loss of S\$1.3 million in 4Q2017, mainly impacted by the Group's prudent approach towards provision for stock obsolescence (S\$0.9 million) and doubtful debt provision (S\$1.0 million).

Mr Sean Murphy, Procurri's Chairman and Global CEO said: "FY2017 has been a year of investing in our business and people for future growth. We made significant headway in establishing Procurri as a tier-1 player in the independent IT services and enterprise hardware markets, at a time when rapid cloud adoption is driving high demand for



validated vendors like us. We also listened to the investing community and concurrently made sure our cost increases remained in line with our business growth, and I'm glad we have delivered that for the past two quarters.”

“Our order book comprising deferred revenue from committed maintenance contracts has grown to S\$22.4 million as at 31 December 2017. Building on our regrouped strengths, we enter FY2018 solid and ready to fully harness synergies from our boosted service capabilities and enlarged customer base. Our focus ahead will be to continue growing our higher margin maintenance business while keeping to a strict cost regime, which should return the Group to profitability in FY2018,” he added.

This press release should be read in conjunction with Procurri's Unaudited Financial Statements Announcement for the Period Ended 31 December 2017 available at www.sgx.com.

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About Procurri

Procurri is one of the leading global independent providers of Lifecycle Services and Data Centre Equipment. By offering a converged network that combines the technology, finance and logistics domains, Procurri aims to be a global aggregator of enterprise hardware and services to its channels.

Incorporated in 2013, Procurri has grown rapidly through the years and now has offices across three regional hubs – Asia Pacific, Americas and EMEA – with its global headquarters located in Singapore. Through its direct presence and global network of partners, Procurri's business covers over 100 countries worldwide, providing a single touchpoint for its customers' Lifecycle Services and Data Centre Equipment needs.

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