



29 Tai Seng Avenue #02-01 Natural Cool Lifestyle Hub Singapore 534119 | Tel: (65) 64681300 | Website: <https://www.procurri.com/>

Procurri maintains revenue, delivers S\$2.7 million of net profit for 1H2020

NEWS RELEASE

- Revenue maintained at 1.6% increase year-on-year (“YoY”) to S\$110.5 million in 1H2020 amidst the Covid-19 pandemic-induced global lockdowns
- Gross profit declined by 16% YoY to S\$32.9 million in 1H2020 primarily due to increase in allowance for stock obsolescence
- Net profit of S\$2.7 million for 1H2020, up 1.4% YoY, achieved from lower operating expenses and increase in other income from various government support programs
- Group could experience potential disruption moving into 2H2020 if delayed purchasing decisions continue due to Covid-19

Singapore, 5 August 2020 – Procurri Corporation Limited (“Procurri” and, together with its subsidiaries, the “Group”), a leading global independent provider of Lifecycle Services¹ and Data Centre Equipment², today announced its financial results for the half year ended 30 June 2020 (“1H2020”).

FINANCIAL HIGHLIGHTS	1H2020 (S\$'000)	1H2019 (S\$'000)	CHG (%)
Total Revenue	110,504	108,777	1.6
Gross Profit	32,947	39,232	(16.0)
Gross profit margin (%)	29.8	36.1	(6.3ppt)
Other Income	5,520	568	871.8
Operating Expenses #	34,319	34,856	(1.5)
EBITDA	9,622	10,448	(7.9)
Profit/ (Loss) Before Tax	4,032	4,002	0.7
Net Profit	2,654	2,618	1.4

ppt: percentage points

#: consists of administrative and selling expenses

The Covid-19 global pandemic resulted in rigorous lockdown measures across the world, leading to unprecedented economic shutdowns, upending supply chains and impacting businesses severely. Procurri was not spared, with the Group experiencing a slow start for 1H2020 due to the disruptions and lockdowns, causing customers to delay their purchasing decisions.

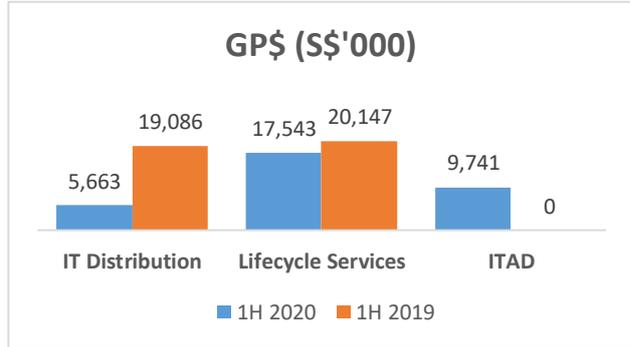
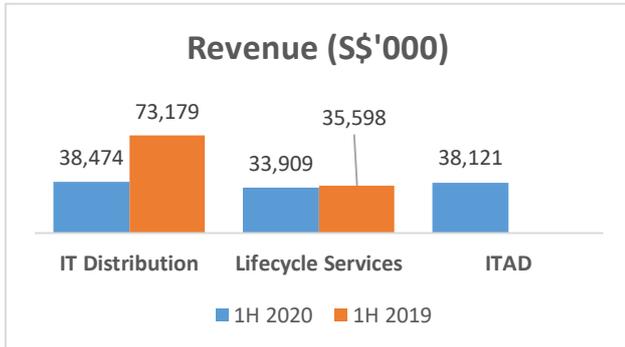
¹ Lifecycle Services refers to various services rendered during the lifecycle of IT hardware and equipment

² Data centre equipment refers to servers, storage and networking equipment



P R O C U R R I

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Overall, the Group's revenue inched up 1.6% YoY to S\$110.5 million in 1H2020 amidst the impact from the Covid-19 related slowdowns in 1H2020. In the event that the Covid-19 global pandemic continues, with continued delayed purchasing decisions, the Group could experience potential disruption to the business.

With the increase in aged inventories and steeper write-downs of the US inventories in 1H2020, allowance for stock obsolescence increased, leading to a corresponding increase in the cost of sales, thus gross profit fell 16% YoY to S\$32.9 million in 1H2020.

Other income increased by S\$5.0 million to S\$5.5 million in 1H2020, mainly attributable to the recognition of loans forgiven under the US Paycheck Protection Program. Other credits increased by S\$0.7 million to S\$0.8 million in 1H2020 due to foreign exchange gains from the revaluation of the USD, GBP and EUR denominated receivables.

Selling expenses increased by S\$1.1 million, from S\$8.7 million in 1H2019 to S\$9.8 million in 1H2020 mainly due to the reclassification of sales employees' salaries previously booked in administrative expenses to selling expenses, partially offset by lower commission expenses as a result of lower gross profit. Administrative expenses decreased by S\$1.6 million to S\$24.6 million in 1H2020, mainly due to decrease in staff cost. Staff cost decreased 14.0% year-on-year mainly from the reclassification of sales employees' salaries to selling expenses.

As a result, Procurri recorded S\$2.7 million in net profit for 1H2020, close to the S\$2.6 million net profit for 1H2019. The Group continues to generate positive cash flows from operations, generating S\$18.9 million of net cash from operating activities in 1H2020 (1H2019: S\$25.8 million). The balance sheet remains robust with the Group staying in a net cash position.

Commenting on the Group's financial results, **Mr Sean Murphy, Procurri's Chairman and Global Chief Executive Officer** said, *"It has indeed been a challenging first half for us, but the immense cloud opportunity still remains. We have taken this downtime to re-look at our business operations, implementing unified systems globally to drive a more data-analytics driven approach to improve efficiency for sustainable growth."*

We are now laying the groundwork to transform and consolidate our third-party maintenance, ITAD, and IT asset resale/distribution under one platform for the post Covid-19 digital world. We strongly believe that we are strongly positioned to take on more opportunities once the Covid-19 global pandemic recovers and our internal processes have been strengthened as well to cater more efficiently to such anticipated demand."

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ABOUT PROCURRI CORPORATION. (BLOOMBERG TICKER PROC:SP)

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

Incorporated in 2013, Procurri has grown rapidly through the years and now has offices across three regional hubs – Asia Pacific, Americas and the Europe (including the UK), Middle East and Africa (“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.

<https://www.procurri.com/>

Issued for and on behalf of Procurri Ltd. by **Financial PR**

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