




P R O C U R R I

FY2021 results briefing

March 2022





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Please refer to Procurri Corporation Limited’s Financial Results for the Full Year Ended 31 December 2021 available at www.sgx.com



AGENDA



Business update



Financial highlights

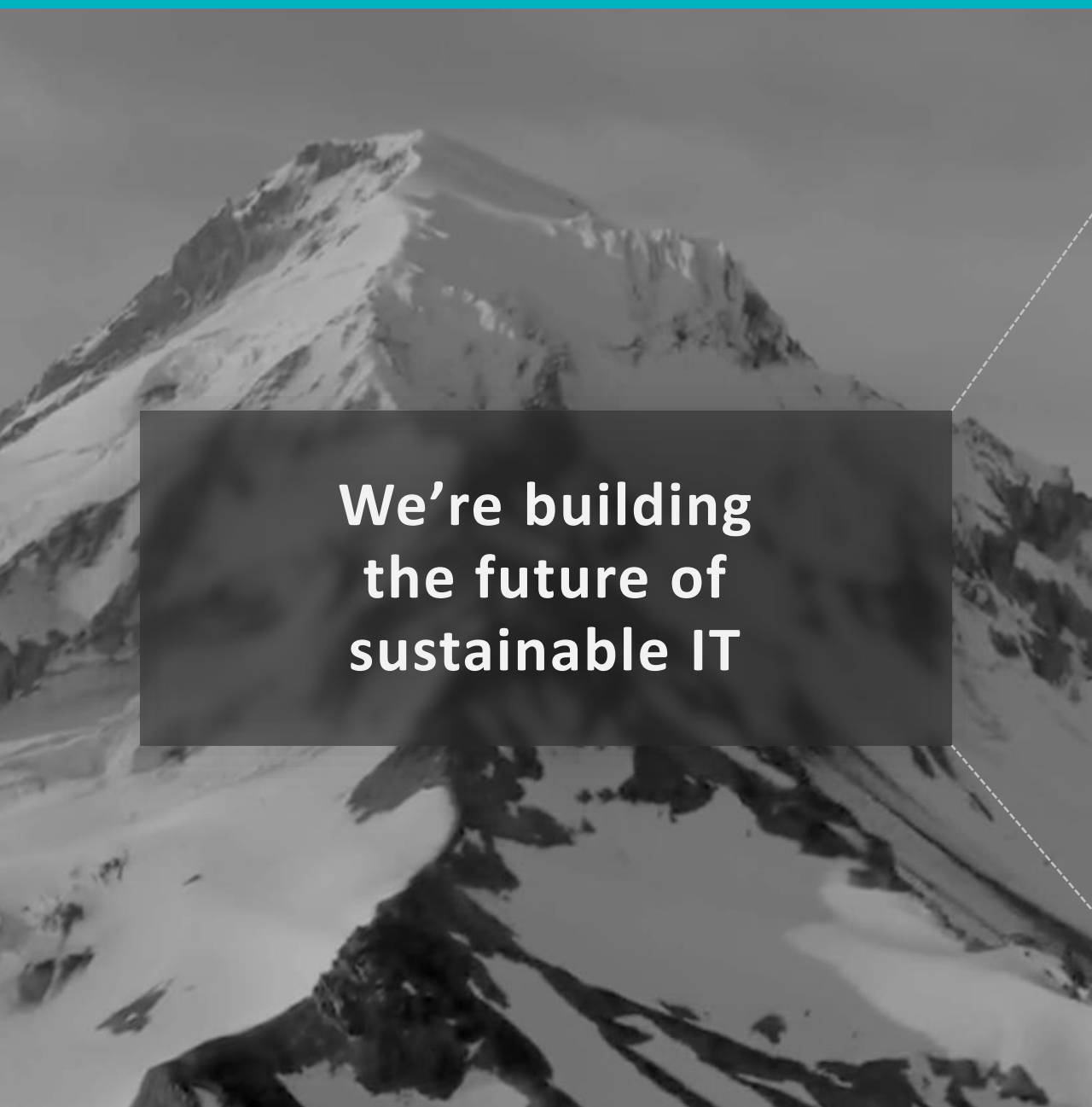


Market outlook

Business update



Our strategic transformation



**We're building
the future of
sustainable IT**

1

Right market and right timing

- \$184 billion global enterprise hardware market^(a)
- Massive shift towards sustainable IT
- We're seeing the shifts in our customer already

2

Transformed capabilities

- Global strategic re-alignment in 2021
- Upgraded global infrastructure, global sales, IT systems, ITAD capabilities, TPM delivery
- Right capabilities at the right market timing

3

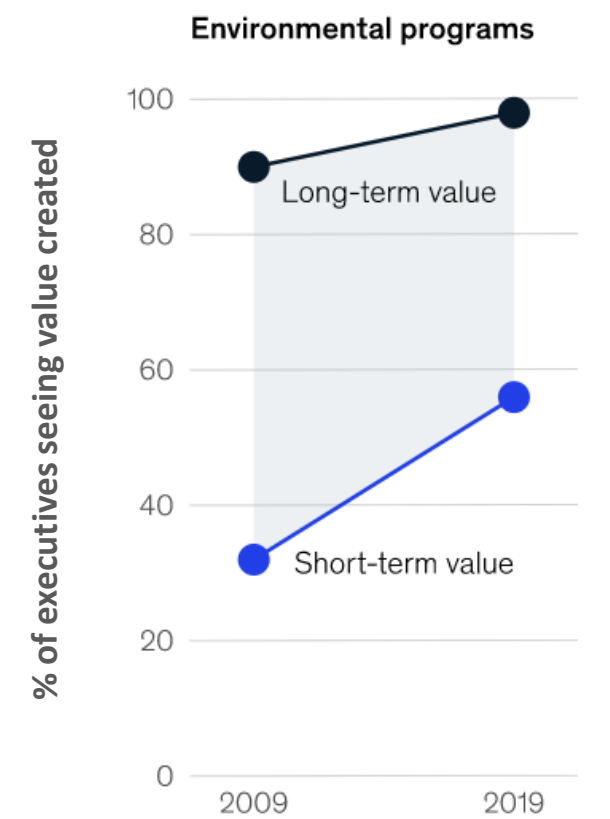
Positive early results

- Growth in revenue and profits despite investment in transformation
- All-time revenue high, +65% net profit growth
- Positive outlook for 2022 and beyond

^(a) source: Gartner "Enterprise Infrastructure Hardware Market View, 2020-2021" (2021)

A global shift towards sustainability

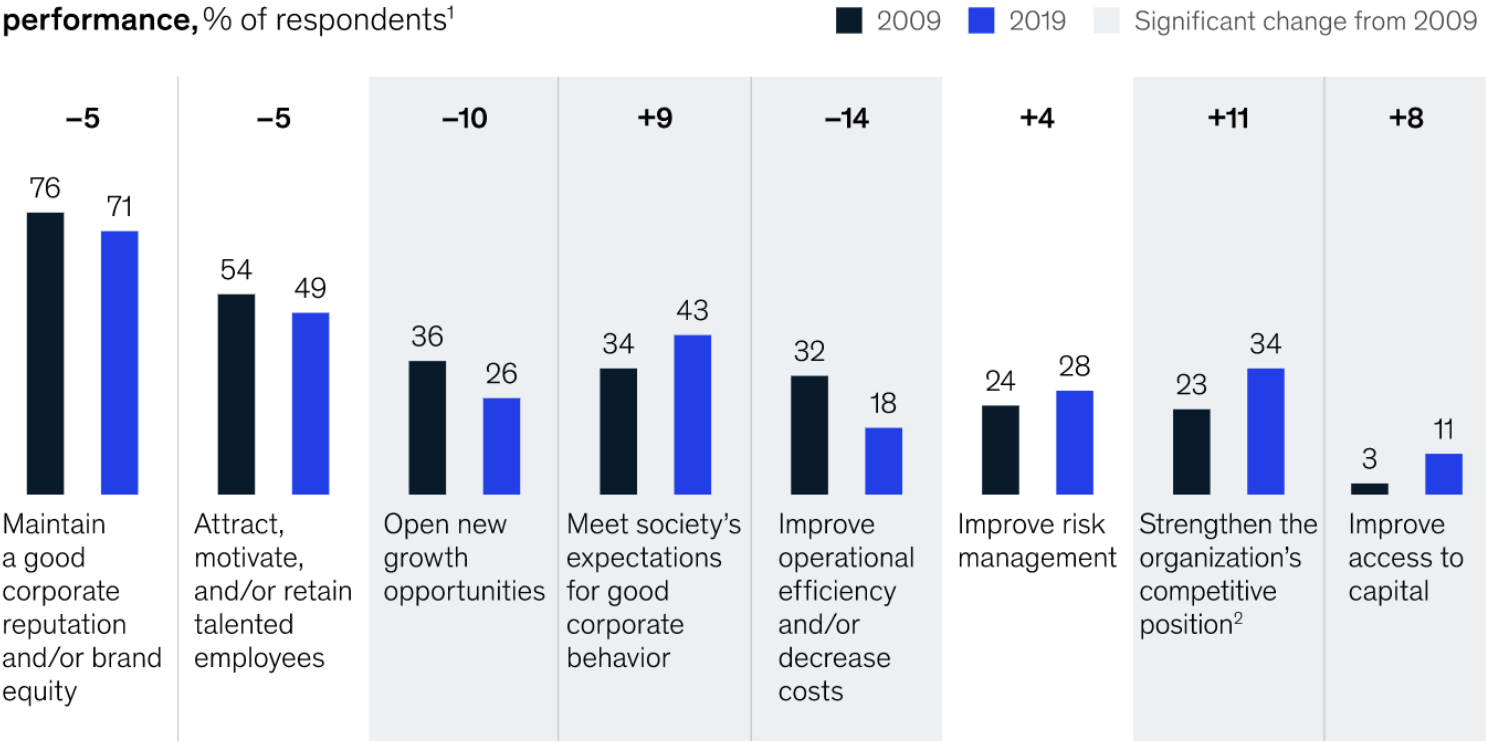
Majority of enterprises now see both short- and long-term benefits from sustainability



% of corporate executives surveyed indicating benefits of environmental programs

Benefits of sustainability impact critical business drivers: building brand value, attracting talent, growing competitiveness

Top ways that ESG programs improve financial performance, % of respondents¹



¹Question was asked only of respondents who said environmental, social, and governance programs increase shareholder value. Executives were asked which ways ESG programs improve their organizations' financial performance, and investment professionals were asked which ways ESG programs improve organizations' financial performance. Respondents who said "other" or "don't know" are not shown; total n = 136 in 2009 and n = 342 in 2019.

²Not statistically significant when controlling for the different roles included in the 2009 and 2019 survey samples.

Enterprises need help with sustainable IT

IT cost & waste are growing fast: enterprises are looking for help

\$184
billion

is spent on enterprise infrastructure hardware annually^a

54
million tons

of e-waste was generated in 2019, a 21% increase in 5 years^b

89%

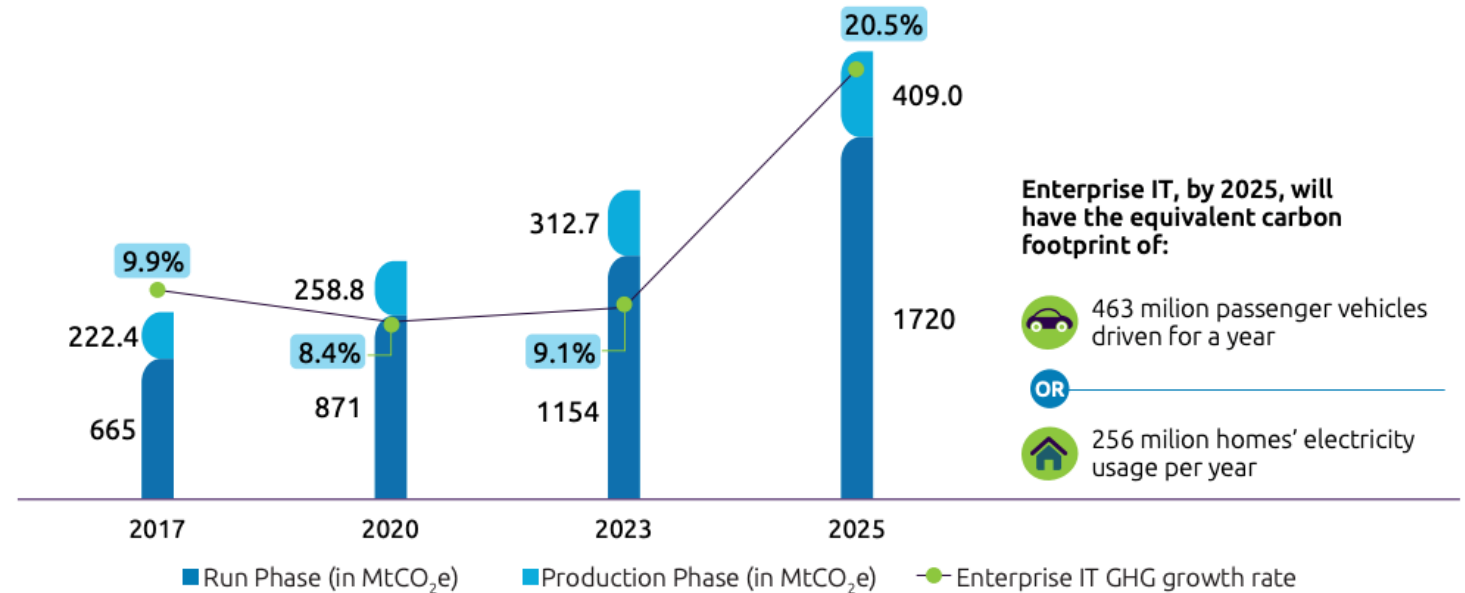
of enterprises recycle less than 10% of their IT hardware^b

53%

of enterprises say they don't have the needed expertise to implement sustainable IT^b

Enterprise IT emissions are rising 2x faster than global economic growth

GHG emissions from enterprise IT - averaged annual growth rate^b



Sources: The Shift Project, "Lean ICT—Towards Digital Sobriety." The forecast as based on expected evolution/growth of enterprise IT (for calculation see below*).²¹ Forecast years are from 2020 onwards. MtCO₂e stand for mega tons of CO₂ equivalent GHG emissions.

*Using the "Expected Scenario" outlined in the report titled "Lean ICT – Towards Digital Sobriety" by the Shift Project, we estimated the growth rate of the enterprise IT GHG footprint. For the purposes of this calculation, we assumed that 40% of all shipped desktops, laptops, and monitors, 5% of all smartphones, and 10% of all tablets are used by enterprise users.

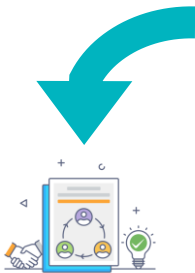
^(a) source: Gartner "Enterprise Infrastructure Hardware Market View, 2020-2021" (2021)

^(b) source: Cap Gemini "Sustainable IT: why it's time for a green revolution for your organisation's IT" (2021)

Building the right capabilities

We worked to transform Procurri in 2021....

Key 2021 activities



Global business re-alignment

- Sustainable IT vision
- 3 pillars: Hardware and ITAD, TPM, Global Accounts
- Expanded leadership team



Global Accounts buildout

- Dedicated team for growing top global accounts



Stronger sustainable IT capabilities

- Upgraded strategic ITAD solutions & customers
- Upgraded TPM service capabilities
- Global hardware platform



Upgraded operations & infrastructure

- New global IT systems for finance, service, logistics, customer and market intelligence

...Today we can deliver sustainable IT across the entire hardware life cycle

Operate IT

Procurri third party maintenance

Upgrade IT

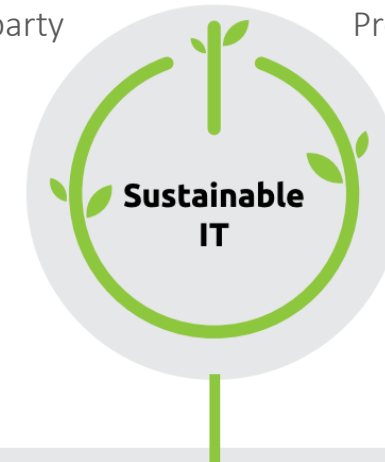
Procurri data centre services, HaaS, migrations

Purchase IT

Procurri resale hardware

Recycle IT

Procurri ITAD, Procurri resale



Global delivery platform

Global accounts, global service, global logistics, strategic partnerships

The transformation is already delivering results for us

Solid 2021 financial results even as we invested to transform:

\$250
million

All-time record revenue

- Focus on core US/Europe markets
- Strength in ITAD and HW; TPM muted as we upgrade systems and capabilities

+65%
y-y growth

Strong growth in net profit

- Lower opex despite re-investment in infrastructure
- Growing productivity as revenue scales



Powerful new partnerships

- Growing strategic partnerships with leaders in IT manufacturing, distribution, systems integration
- Extends Procurri's sustainable IT solutions globally

The industry is increasingly recognising Procurri as a global thought leader



CRN
TECH IMPACT
AWARDS

AWARD

**Sustainable IT
Project of the Year**

COMMENDATION

**Best Circular
Economy Company**

Financial Highlights



Changes in financial reporting

Strategic transformation

initiatives to improve
financial reporting
and risk management



- **Reorganization of business segments**

from: IT Distribution
Lifecycle Services

to: Hardware and Life Services (“HW”)
IT Asset Disposition (“ITAD”)

- **Stock obsolescence** has been reclassified into Cost of Sales to improve matching of costs and revenue, resulting in lower reported gross profit
- **Reclassification of sales employee salaries** from administrative expenses to selling expenses to improve activity-based costing
- **Decrease in net realizable value of inventories** as Procurri improves global working capital productivity (through reduction of inventory)

FY2021 financial performance

Results reflect continued strategic growth.

Profits in transition as we complete our transformation



+7.1%
YOY growth

Revenue growth continues

+7.1% YoY growth to S\$249.9 million due to an increase in the Hardware, Lifecycle & IT Asset Disposition segment by 14.3% attributed to better performance from the EMEA and the Americas. This is offset by the decrease in Third Party Maintenance segment by 12.2%

-5.9%
YOY decline

Gross profit decline on allowance for stock obsolescence

–5.9% YoY decline to S\$60.9 million as an increase in allowance for stock obsolescence due to increase in aged inventories.

FY2021 financial performance

Results reflect continued strategic growth.

Profits in transition as we complete our transformation

7.0%
YOY reduction

Increased productivity in operating expenses

Strategic transformation drove a 7.0% YoY reduction in operating expenses from S\$64.0 million in FY2020 to S\$59.5 million to FY2021. Selling expenses increase by 29.0% YoY due to reclassification of some sales expenses from administrative expenses. Administrative expense decrease by 24.6% due to the same reclassification.

FY2021 financial performance

Results reflect continued strategic growth.

Profits in transition as we complete our transformation



5.8%
increase

PBT (excluding COVID-19 relief) increased S\$3.4 million

Incremental cost efficiencies offset gross margin decrease to increase profit before tax by 5.8%. Joined by a decreased relief plan from S\$5.5 million in FY2020 to S\$2.4 million in FY2021, PBT excluding COVID-19 relief has turned from a net loss of S\$1.5 million to a net profit of S\$1.9 million.

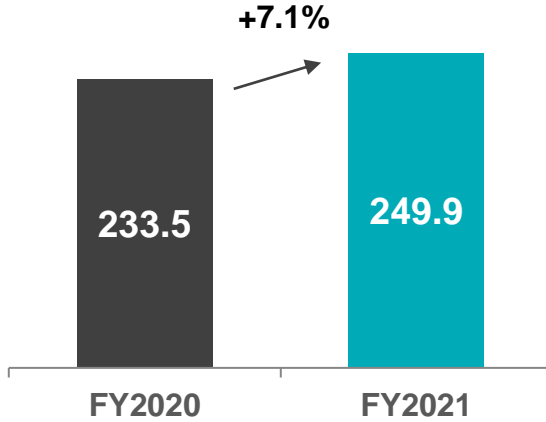
+50.1%
YOY growth

Balance sheet remains strong

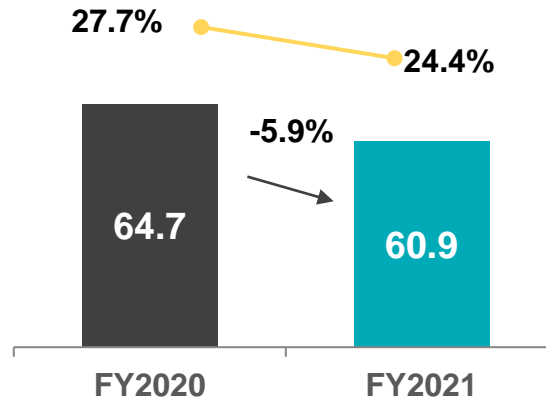
+50.1% YoY growth in net cash to S\$17.5 million as of 31 Dec 2021 from S\$11.7 million as of 31 Dec 2020

FY2021 financial snapshot

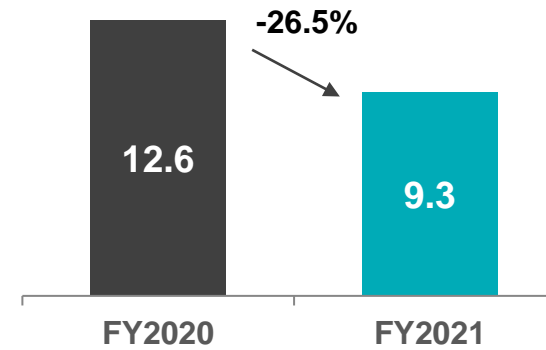
REVENUE
(S\$M)



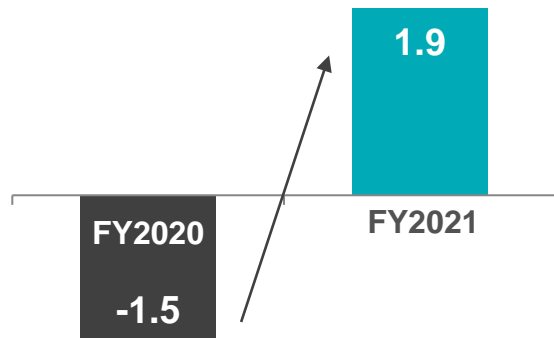
GROSS PROFIT (S\$M) &
GROSS PROFIT MARGIN (%)



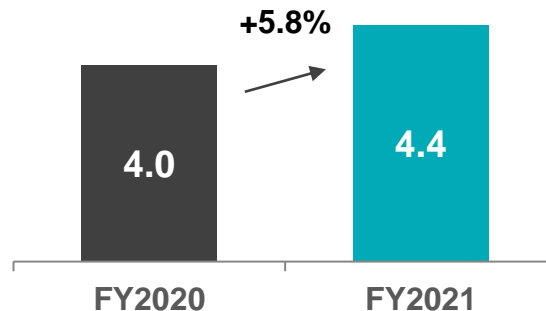
EBITDA
(S\$M)



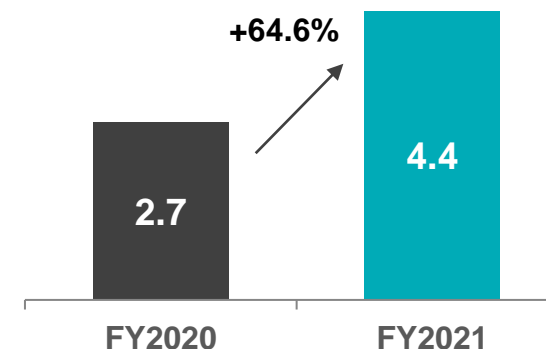
PROFIT BEFORE TAX EXCL.
COVID RELIEF (S\$M)



PROFIT BEFORE TAX
(S\$M)

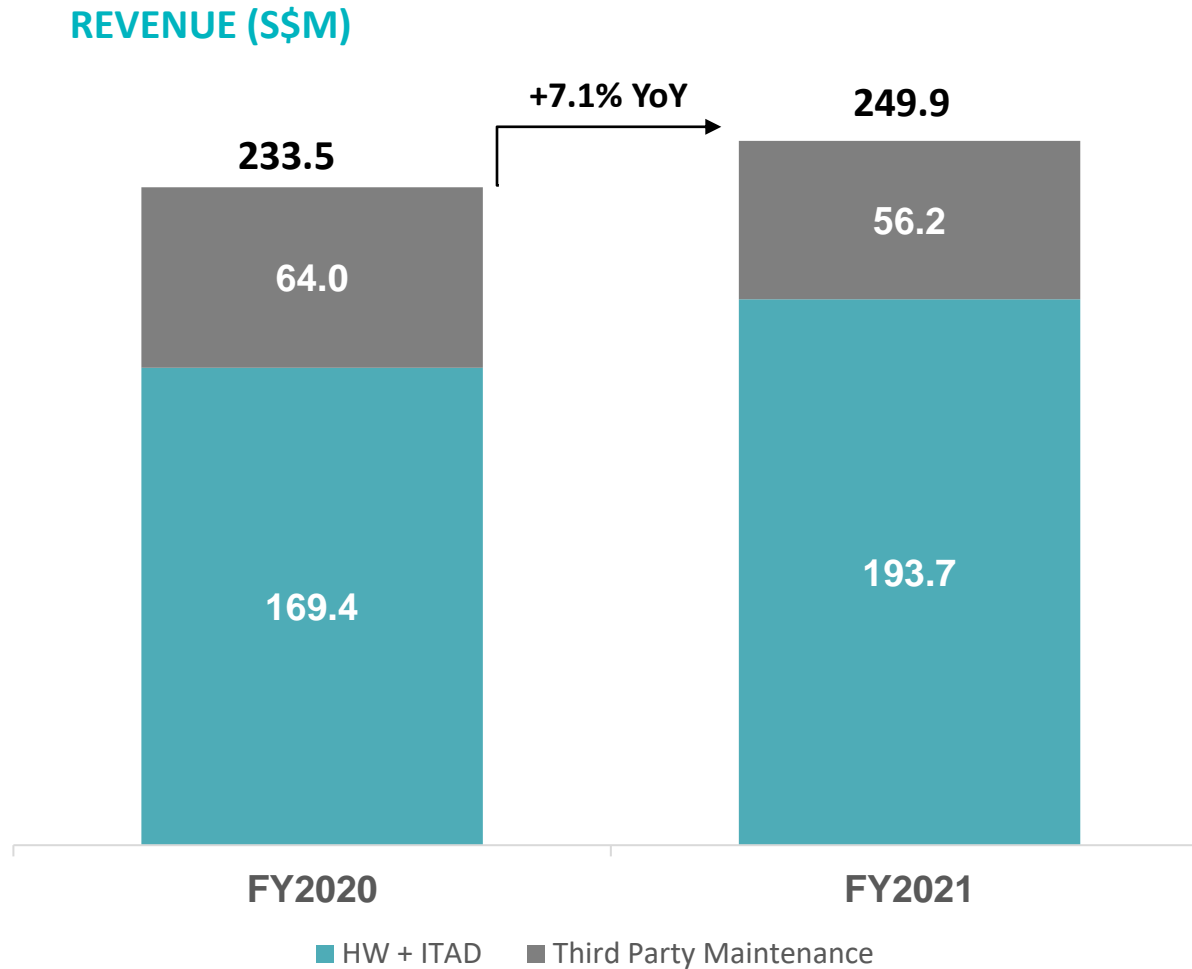


NET PROFIT
(S\$M)



- **REVENUE** grew +7.1% to all-time high of \$249.9 million
- **PROFIT BEFORE TAX** (Excl. relief) turned from a loss of S\$1.5 million to a profit of S\$1.9 million
- **PROFIT AFTER TAX** grew +64.6% to S\$4.4 million from growing productivity

Revenue performance



HARDWARE, LIFECYCLE SERVICES and IT ASSET DISPOSITION

14.3% increase YoY (FY2021)

Growing demand for sustainable IT hardware and responsible IT disposition.

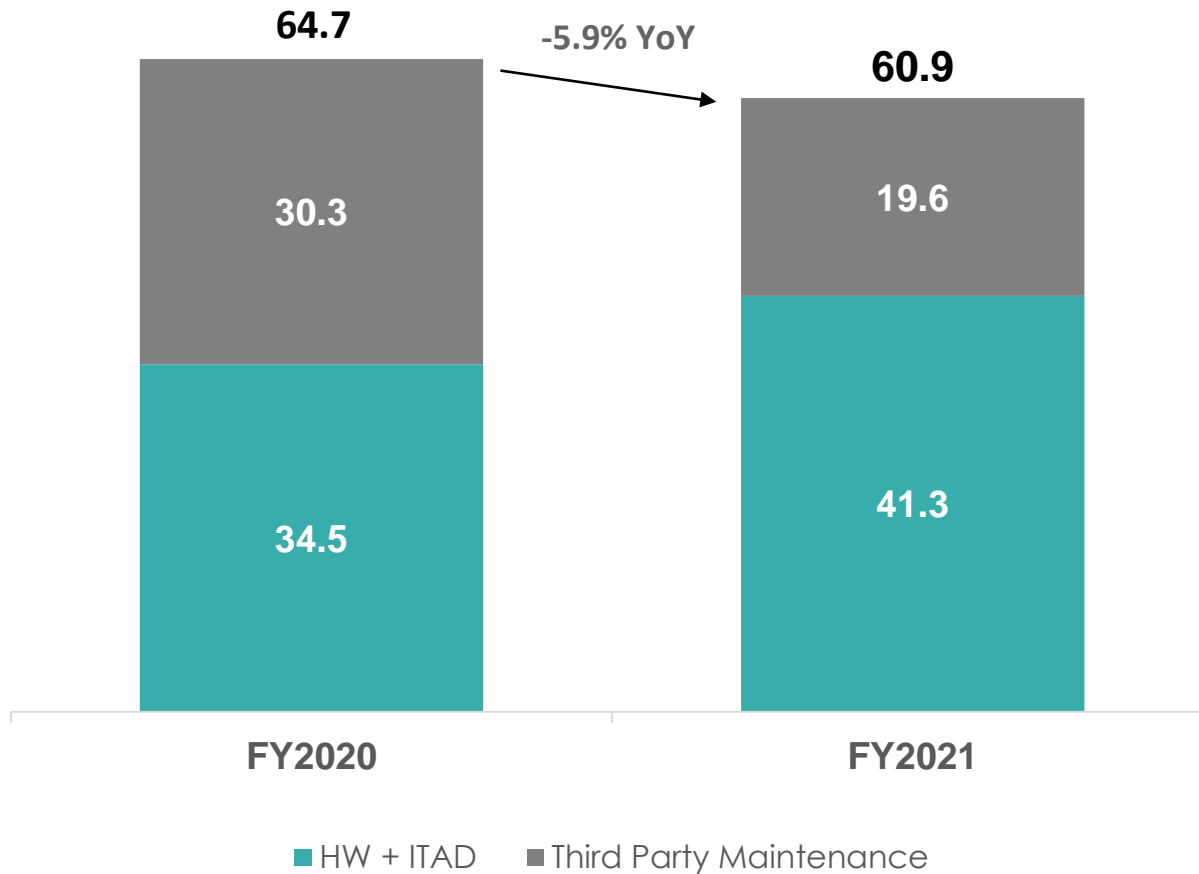
THIRD PARTY MAINTENANCE

12.2% decrease YoY (FY2021)

Sales activity of Third Party Maintenance remained muted while Procurri focused on upgrading its TPM operational infrastructure

Gross profit performance

GROSS PROFIT (S\$M)

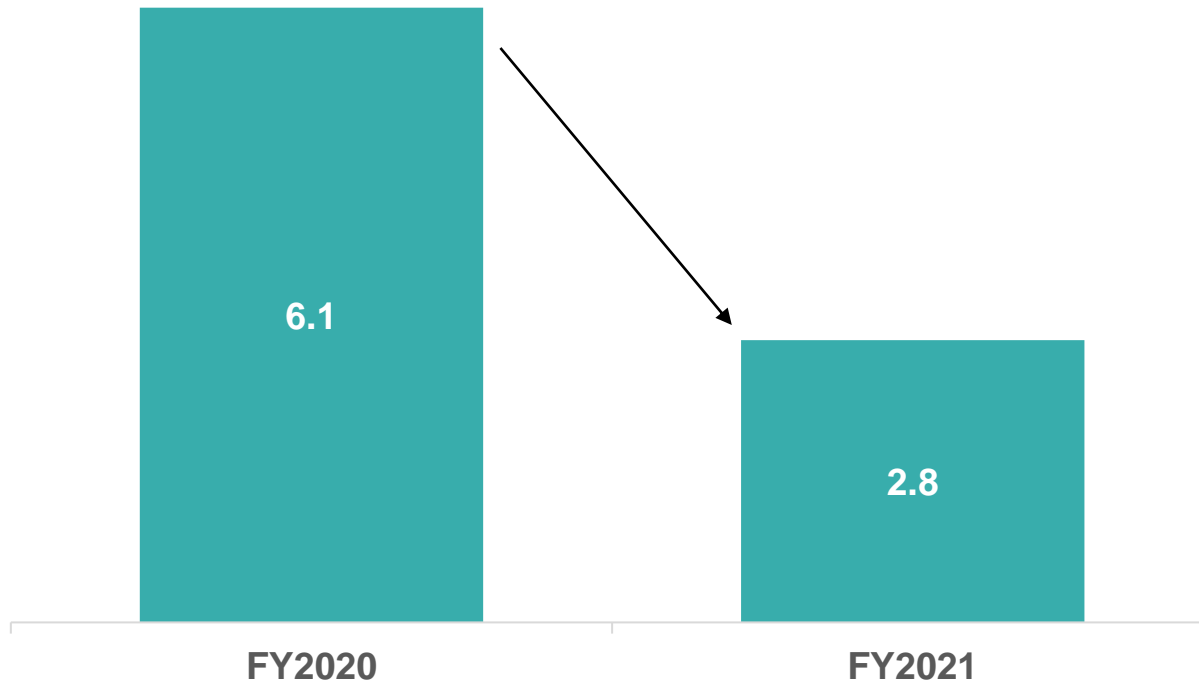


GROSS PROFIT decreased -5.9% YOY as a result of the increase in allowance for stock obsolescence from S\$7.4 million to S\$10.0 million

The procurement of inventories is subject to IT equipment market volatility by nature

Other income performance

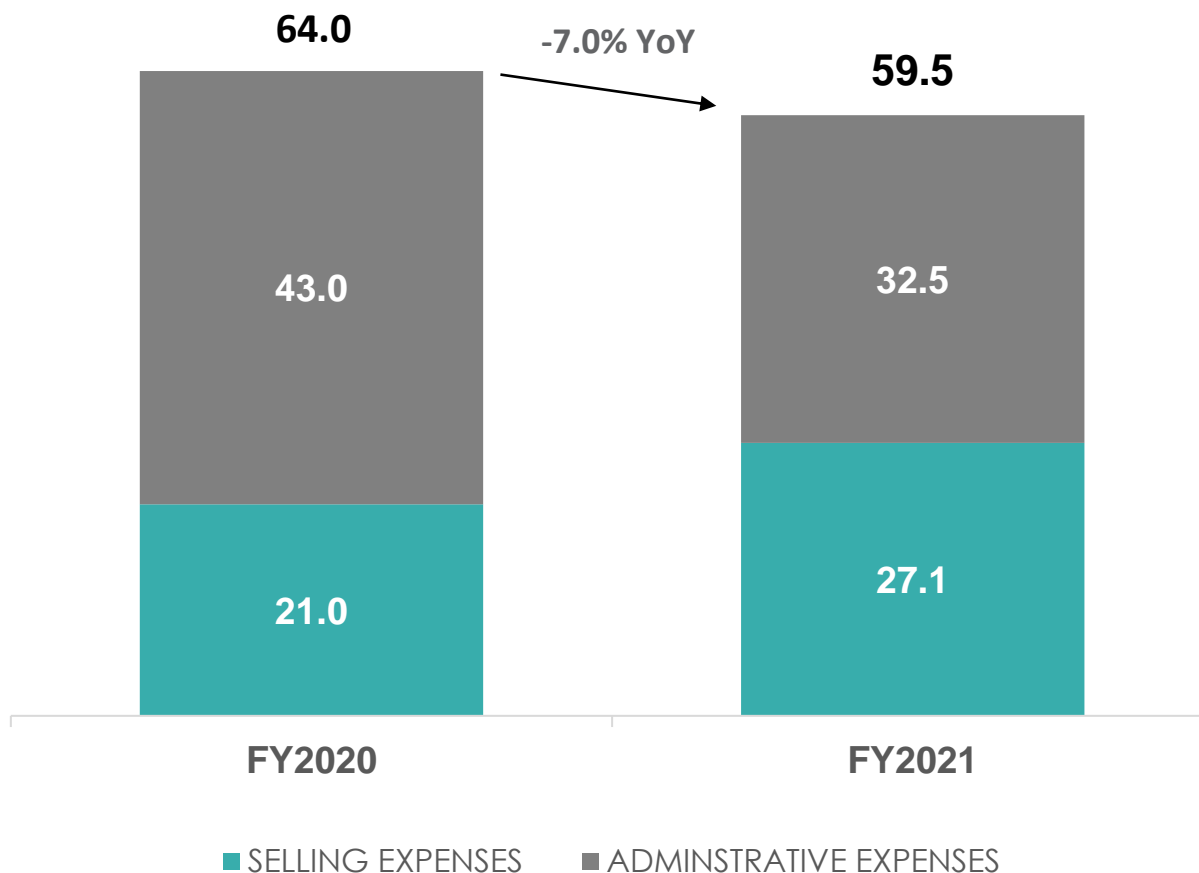
OTHER INCOME (S\$M)



OTHER INCOME declined 53.4% YoY to S\$2.8 million as the Group recorded S\$2.4 million in government support programs as compared to S\$5.5 million in FY2020 during the height of the pandemic.

Operating expenses performance

OPERATING EXPENSES¹ (\$M)



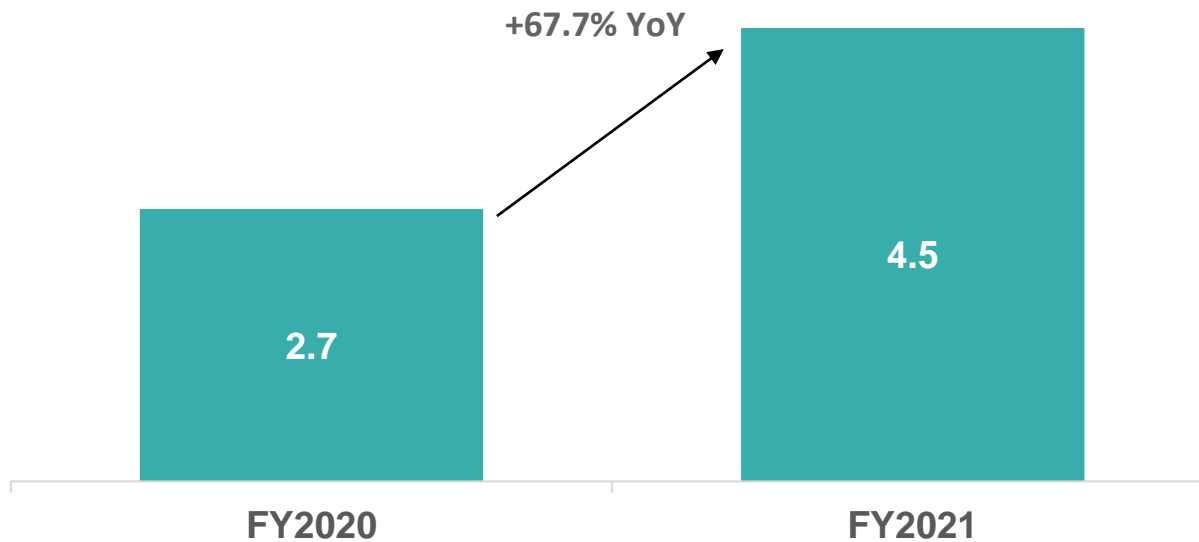
ADMINISTRATIVE EXPENSES decreased as a result of lower staff cost due to lower headcount and reclassification of some employees' salaries to selling expenses.

SELLING EXPENSES grew in line with the reclassification of sales employee salaries.

¹Operating expenses comprise Selling expenses and Administrative expenses

Net profit after tax performance

NET PROFIT AFTER TAX (\$M)



Strong growth in **NET PROFIT AFTER TAX**

- Growing productivity as revenue scales
- Despite declined in government support programs (\$\$5.5 million in FY2020 as compared S\$2.4 million in FY2021)

Balance sheet highlights

S\$'000	AS AT 31 DEC 2021	AS AT 31 DEC 2020
Current Assets	114,259	102,784
Inventories	20,928	26,035
Trade and other receivables	54,235	34,564
Cash and bank balances	29,597	32,700
Other current Assets	9,499	9,485
Non-current Assets	22,168	26,932
Intangible assets	12,528	12,528
Plant and equipment	2,260	2,957
Other Non-current assets	7,380	11,447
Current Liabilities	71,652	63,665
Trade and other payables	35,624	27,206
Deferred income	20,561	16,197
Loans and borrowings	12,082	16,232
Other current liabilities	3,385	4,030
Non-current Liabilities	7,399	13,548
Shareholders' Equity	57,376	52,503
Total Equity and Liabilities	136,427	129,716

KEY RATIOS	31 DEC 2021	31 DEC 2020
Debt-to-equity ratio	Net cash	Net cash
Current ratio	1.59	1.61
NTA per share (cents)*	15.24	13.61
NAV per share (cents)*	19.50	17.88

Balance sheet remains strong

**+50.1% YoY growth in net cash to S\$17.5 million as at 31 Dec 2021 [S\$11.7 million as at 31 Dec 2020]
[external borrowing decline by S\$8.9 million]**

+8.9% YoY growth in net working capital to S\$42.6 million as at 31 Dec 2021 [S\$39.1 million as at 31 Dec 2020]

+22.1% YoY growth in deferred income, indicative of a strong pipeline

FY2021 recap

Strategic transformation gives us the right capabilities at the right time for global sustainable IT:

We're seeing good momentum for 2022 and beyond

Strong multi-year growth market

Massive, multi-year shift to sustainable IT for the \$180bn+ enterprise IT hardware market

Disruptive business model

Unique end-to-end sustainable IT solutions. Global scale & reach.

Revenue growth record

+7.1% YoY growth to S\$250 million in FY 2021.

Solid progress on transformation

Team is more focused, early results are favourable.

Balance sheet remains strong

+50.1% YoY growth in net cash to S\$17.5 million.



P R O C U R R I

Thank you