



**PROCURRI CORPORATION LIMITED**  
**(REGISTRATION NO: 201306969W)**  
**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ("2H2022") AND FULL YEAR ENDED 31 DECEMBER 2022 ("FY2022")**

**PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS**

**A Condensed interim consolidated statement of profit or loss and other comprehensive income**

| Group   | 2H2022 | 2H2021         | Change        | FY2022 | FY2021                | Change        |        |
|---|--------|----------------|---------------|--------|-----------------------|---------------|--------|
|   |        |                |               |        |                       |               |        |
|   | \$'000 | \$'000         | %             | \$'000 | (Restated)*<br>\$'000 | %             |        |
| <b>Revenue</b>  | Note 4 | 128,949        | 123,722       | 4.2    | 250,040               | 249,628       | 0.2    |
| Cost of sales   |        | (97,605)       | (92,794)      | 5.2    | (184,811)             | (189,130)     | (2.3)  |
| <b>Gross profit</b>   |        | <b>31,344</b>  | <b>30,928</b> | 1.3    | <b>65,229</b>         | <b>60,498</b> | 7.8    |
| <b>Other items of income</b>  |        |                |               |        |                       |               |        |
| Other income  |        | 67             | 390           | (82.8) | 174                   | 568           | (69.4) |
| Other credits   |        | -              | 390           | N.M.   | 118                   | 1,060         | (88.9) |
| <b>Other items of expense</b>   |        |                |               |        |                       |               |        |
| Selling expenses  |        | (14,693)       | (13,869)      | 5.9    | (29,903)              | (27,050)      | 10.5   |
| Administrative expenses   |        | (16,147)       | (14,844)      | 8.8    | (33,982)              | (32,452)      | 4.7    |
| Finance costs   |        | (524)          | (295)         | 77.6   | (893)                 | (639)         | 39.7   |
| Other charges   |        | (1,400)        | (211)         | 563.5  | (565)                 | (407)         | 38.8   |
| <b>Profit before tax</b>  | 6      | <b>(1,353)</b> | <b>2,489</b>  | N.M.   | <b>178</b>            | <b>1,578</b>  | (88.7) |
| Income tax expense  | 7      | (99)           | (295)         | (66.4) | (356)                 | 590           | N.M.   |
| <b>Profit, net of tax</b>   |        | <b>(1,452)</b> | <b>2,194</b>  | N.M.   | <b>(178)</b>          | <b>2,168</b>  | N.M.   |
| <b>Profit attributable to:</b>  |        |                |               |        |                       |               |        |
| Owners of the Company   |        | (1,452)        | 2,194         | N.M.   | (178)                 | 2,168         | N.M.   |
| <b>Profit for the period</b>  |        | <b>(1,452)</b> | <b>2,194</b>  | N.M.   | <b>(178)</b>          | <b>2,168</b>  | N.M.   |
| <b>Other comprehensive income</b>   |        |                |               |        |                       |               |        |
| Items that may be reclassified subsequently to profit or loss:  |        |                |               |        |                       |               |        |
| Foreign currency translation  |        | (1,193)        | (602)         | 98.2   | (3,519)               | 352           | N.M.   |
| Other comprehensive income for the period   |        | <b>(1,193)</b> | <b>(602)</b>  | 98.2   | <b>(3,519)</b>        | <b>352</b>    | N.M.   |
| <b>Total comprehensive income for the period</b>  |        | <b>(2,645)</b> | <b>1,592</b>  | N.M.   | <b>(3,697)</b>        | <b>2,520</b>  | N.M.   |
| <b>Profit for the period attributable to:</b>   |        |                |               |        |                       |               |        |
| Owners of the Company   |        | (1,452)        | 2,194         | N.M.   | (178)                 | 2,168         | N.M.   |
| <b>Comprehensive income attributable to:</b>  |        |                |               |        |                       |               |        |
| Owners of the Company   |        | <b>(2,645)</b> | <b>1,592</b>  | N.M.   | <b>(3,697)</b>        | <b>2,520</b>  | N.M.   |
| <b>Earnings per share for the profit for the period attributable to the owners of the Company during the period</b> |        |                |               |        |                       |               |        |
| Basic (SGD in cent)   |        | (0.49)         | 0.75          |        | (0.06)                | 0.74          |        |
| Diluted (SGD in cent)   |        | (0.49)         | 0.74          |        | (0.06)                | 0.74          |        |

\*The full amount of the PPP loan has been restated from other income to loans and borrowings in the Group's financial statements for FY2021. See note 2.2.

## B Condensed interim statements of financial position

|   | Group          |                |                | Company       |               |               |
|---|----------------|----------------|----------------|---------------|---------------|---------------|
|   | 31-Dec-22      | 31-Dec-21      | 1-Jan-21       | 31-Dec-22     | 31-Dec-21     | 1-Jan-21      |
|   |                | (Restated)*    |                |               |               |               |
|   | \$'000         | \$'000         | \$'000         | \$'000        | \$'000        | \$'000        |
| <b>ASSETS</b>                                       |                |                |                |               |               |               |
| <b>Non-current assets</b>                           |                |                |                |               |               |               |
| Plant and equipment                                 | 2,212          | 2,260          | 2,957          | 3             | -             | 8             |
| Right-of-use assets                                 | 4,614          | 4,409          | 7,004          | -             | 90            | 306           |
| Investment in subsidiaries                          | -              | -              | -              | 44,643        | 44,367        | 44,323        |
| Intangible assets                                   | 10,760         | 12,528         | 12,528         | -             | -             | -             |
| Finance lease receivables                           | 8              | 50             | 210            | -             | -             | -             |
| Deferred tax assets                                 | 6,536          | 5,261          | 4,233          | -             | -             | 325           |
| <b>Total non-current assets</b>                     | <b>24,130</b>  | <b>24,508</b>  | <b>26,932</b>  | <b>44,646</b> | <b>44,457</b> | <b>44,962</b> |
| <b>Current assets</b>                               |                |                |                |               |               |               |
| Inventories   | 24,827         | 20,928         | 26,035         | -             | -             | -             |
| Trade and other receivables                         | 37,714         | 51,412         | 34,564         | 28,401        | 27,238        | 27,815        |
| Prepayments   | 10,072         | 8,971          | 9,186          | 71            | 17            | 17            |
| Finance lease receivables                           | 57             | 528            | 299            | -             | -             | -             |
| Cash and bank balances                              | 32,745         | 29,597         | 32,700         | 8,605         | 4,162         | 4,753         |
| <b>Total current assets</b>                         | <b>105,415</b> | <b>111,436</b> | <b>102,784</b> | <b>37,077</b> | <b>31,417</b> | <b>32,585</b> |
| <b>Total assets</b>                                 | <b>129,545</b> | <b>135,944</b> | <b>129,716</b> | <b>81,723</b> | <b>75,874</b> | <b>77,547</b> |
| <b>EQUITY AND LIABILITIES</b>                       |                |                |                |               |               |               |
| <b>Current liabilities</b>                          |                |                |                |               |               |               |
| Trade and other payables                            | 44,042         | 36,318         | 27,206         | 1,584         | 2,120         | 2,360         |
| Deferred income                                     | 9,425          | 20,561         | 16,197         | -             | -             | -             |
| Loans and borrowings                                | 13,164         | 12,522         | 16,232         | -             | -             | 1,322         |
| Lease liabilities                                   | 1,809          | 1,531          | 2,876          | -             | 93            | 220           |
| Income tax payable                                  | 2,111          | 1,854          | 1,154          | 1,000         | 1,313         | 1,195         |
|   | <b>70,551</b>  | <b>72,786</b>  | <b>63,665</b>  | <b>2,584</b>  | <b>3,526</b>  | <b>5,097</b>  |
| <b>Non-current liabilities</b>                      |                |                |                |               |               |               |
| Deferred tax liabilities                            | 60             | 38             | 67             | 60            | 38            | -             |
| Loans and borrowings                                | 1,838          | 1,838          | 4,796          | -             | -             | -             |
| Lease liabilities                                   | 3,692          | 3,896          | 5,191          | -             | -             | 93            |
| Provisions  | 812            | 978            | 815            | -             | 65            | 65            |
| Deferred income                                     | 510            | 1,301          | 2,679          | -             | -             | -             |
| <b>Total non-current liabilities</b>                | <b>6,912</b>   | <b>8,051</b>   | <b>13,548</b>  | <b>60</b>     | <b>103</b>    | <b>158</b>    |
| <b>Total liabilities</b>                            | <b>77,463</b>  | <b>80,837</b>  | <b>77,213</b>  | <b>2,644</b>  | <b>3,629</b>  | <b>5,255</b>  |
| <b>Equity attributable to owners of the Company</b> |                |                |                |               |               |               |
| Share capital                                       | 75,106         | 74,695         | 74,541         | 75,106        | 74,695        | 74,541        |
| Retained earnings                                   | 26,628         | 26,806         | 24,638         | 3,586         | (2,576)       | (2,445)       |
| Other reserves                                      | (49,652)       | (46,394)       | (46,676)       | 387           | 126           | 196           |
| <b>Equity attributable to owners of the Company</b> | <b>52,082</b>  | <b>55,107</b>  | <b>52,503</b>  | <b>79,079</b> | <b>72,245</b> | <b>72,292</b> |
| <b>Total equity</b>                                 | <b>52,082</b>  | <b>55,107</b>  | <b>52,503</b>  | <b>79,079</b> | <b>72,245</b> | <b>72,292</b> |
| <b>Total equity and liabilities</b>                 | <b>129,545</b> | <b>135,944</b> | <b>129,716</b> | <b>81,723</b> | <b>75,874</b> | <b>77,547</b> |

\*The full amount of the PPP loan has been restated from other income to loans and borrowings in the Group's financial statements for FY2021. See note 2.2.

## C Condensed interim statements of changes in equity

| Group  | Share Capital | Retained Earnings | Other Reserves  | Equity attributable to owners of the Company | Total Equity  |
|--|---------------|-------------------|-----------------|--|---------------|
|  | \$'000        | \$'000            | \$'000          | \$'000                                       | \$'000        |
| <b>Balance as at 1 January 2022 (Restated)</b>             | <b>74,695</b> | <b>26,806</b>     | <b>(46,394)</b> | <b>55,107</b>                                | <b>55,107</b> |
| Total comprehensive income for the period                  | -             | (178)             | (3,519)         | (3,697)                                      | (3,697)       |
| Issuance of new shares pursuant to performance share plan  | 411           | -                 | (411)           | -  | -             |
| Share-based payment  | -             | -                 | 672             | 672  | 672           |
| <b>Balance as at 31 December 2022</b>                      | <b>75,106</b> | <b>26,628</b>     | <b>(49,652)</b> | <b>52,082</b>                                | <b>52,082</b> |
| <b>Balance as at 1 January 2021</b>                        | <b>74,541</b> | <b>24,638</b>     | <b>(46,676)</b> | <b>52,503</b>                                | <b>52,503</b> |
| Total comprehensive income for the period (Restated)       | -             | 2,168             | 352             | 2,520  | 2,520         |
| Issuance of new shares pursuant to performance shares plan | 154           | -                 | (154)           | -  | -             |
| Share-based payment  | -             | -                 | 84              | 84   | 84            |
| <b>Balance as at 31 December 2021 (Restated)</b>           | <b>74,695</b> | <b>26,806</b>     | <b>(46,394)</b> | <b>55,107</b>                                | <b>55,107</b> |

| Company   | Share Capital | Retained Earnings | Other Reserves | Total Equity  |
|---|---------------|-------------------|----------------|---------------|
|   | \$'000        | \$'000            | \$'000         | \$'000        |
| <b>Balance as at 1 January 2022</b>                       | <b>74,695</b> | <b>(2,576)</b>    | <b>126</b>     | <b>72,245</b> |
| Total comprehensive income for the period                 | -             | 6,162             | -              | 6,162         |
| Issuance of new shares pursuant to performance share plan | 411           | -                 | (411)          | -             |
| Share-based payment                                       | -             | -                 | 672            | 672           |
| <b>Balance as at 31 December 2022</b>                     | <b>75,106</b> | <b>3,586</b>      | <b>387</b>     | <b>79,079</b> |
| <b>Balance as at 1 January 2021</b>                       | <b>74,541</b> | <b>(2,445)</b>    | <b>196</b>     | <b>72,292</b> |
| Total comprehensive income for the period                 | -             | (131)             | -              | (131)         |
| Issuance of new shares pursuant to performance share plan | 154           | -                 | (154)          | -             |
| Share-based payment                                       | -             | -                 | 84             | 84            |
| <b>Balance as at 31 December 2021</b>                     | <b>74,695</b> | <b>(2,576)</b>    | <b>126</b>     | <b>72,245</b> |

\*The full amount of the PPP loan has been restated from other income to loans and borrowings in the Group's financial statements for FY2021. See note 2.2.

## D Condensed interim consolidated statement of cash flows

|   | Group          |                       |
|---|----------------|-----------------------|
|   | FY2022         | FY2021<br>(Restated)* |
|   | \$'000         | \$'000                |
| <b><u>Cash flows from operating activities</u></b>              |                |                       |
| Profit before tax   | 178            | 1,578                 |
| Adjustments for:  |                |                       |
| Depreciation of plant and equipment                             | 1,247          | 1,180                 |
| Depreciation of right-of-use assets                             | 2,919          | 2,928                 |
| Amortisation of intangible assets                               | 280            | 272                   |
| Share based payment   | 672            | 84                    |
| Write-off of plant and equipment                                | 44             | 52                    |
| Impairment loss on goodwill                                     | 250            | -                     |
| Interest income   | (30)           | (12)                  |
| Interest expense  | 893            | 639                   |
| Inventories written down  | 1,554          | 4,264                 |
| Allowance for trade receivables                                 | 271            | 355                   |
| Provisions  | (166)          | 156                   |
| Exchange differences  | (625)          | 8                     |
| <b>Operating cash flows before changes in working capital</b>   | <b>7,487</b>   | <b>11,504</b>         |
| (Increase)/decrease in inventories                              | (5,399)        | 775                   |
| Decrease/(increase) in trade and other receivables              | 10,766         | (16,722)              |
| Decrease/(increase) in finance lease receivables                | 513            | (70)                  |
| (Increase)/decrease in prepayment                               | (1,101)        | 215                   |
| (Decrease)/increase in deferred income                          | (11,928)       | 2,986                 |
| Increase in trade and other payables                            | 7,721          | 9,111                 |
| <b>Net cash generated from operations</b>                       | <b>8,059</b>   | <b>7,799</b>          |
| Income taxes (paid)/refund                                      | 853            | (637)                 |
| <b>Net cash generated from operating activities</b>             | <b>8,912</b>   | <b>7,162</b>          |
| <b><u>Cash flows from investing activities</u></b>              |                |                       |
| Purchase of plant and equipment                                 | (1,425)        | (434)                 |
| Proceeds from disposal of plant and equipment                   | 3              | -                     |
| Placement of fixed deposits                                     | (2)            | -                     |
| Proceeds from maturity of fixed deposits                        | -              | 1,321                 |
| Interest received   | 30             | 12                    |
| <b>Net cash used in from investing activities</b>               | <b>(1,394)</b> | <b>899</b>            |
| <b><u>Cash flows from financing activities</u></b>              |                |                       |
| Proceeds from loans and borrowings                              | 94,913         | 150,361               |
| Repayments of loans and borrowings                              | (94,207)       | (157,327)             |
| Repayments of lease liabilities                                 | (3,049)        | (2,770)               |
| Interest paid   | (893)          | (639)                 |
| <b>Net cash generated used in financing activities</b>          | <b>(3,236)</b> | <b>(10,375)</b>       |
| Net (decrease)/increase in cash and cash equivalents            | <b>4,282</b>   | <b>(2,314)</b>        |
| Effect of exchange rate changes on cash and cash equivalents    | (1,129)        | 532                   |
| Cash and cash equivalents at beginning of the financial period  | 29,472         | 31,254                |
| <b>Cash and cash equivalents at end of the financial period</b> | <b>32,625</b>  | <b>29,472</b>         |
| <b>Cash and cash equivalents comprise the following:</b>        |                |                       |
| Cash and bank balances  | 32,745         | 29,597                |
| Less: Pledged deposits  | (120)          | (125)                 |
| <b>Cash and cash equivalents</b>                                | <b>32,625</b>  | <b>29,472</b>         |

\*The full amount of the PPP loan has been restated from other income to loans and borrowings in the Group's financial statements for FY2021. See note 2.2.

## E Notes to the condensed interim consolidated financial statements

### 1. Corporate information

Procurri Corporation Limited ("Procurri" or the "Company", and together with its subsidiaries, the "Group") is a public listed company incorporated and domiciled in Singapore.

Procurri's principal business is providing sustainable IT solutions to enterprises globally. Procurri's solutions cover the full IT equipment lifecycle, from purchasing to operations to end-of-life/equipment disposition. These solutions are delivered through activities including the sales and rental of enterprise IT equipment, the provision of independent maintenance services, and the provision of additional services including IT asset disposal, repair, reverse logistics, and data center services.

Procurri is listed on the Main Board of Singapore Exchange Securities Trading Limited (the "SGX-ST") on 20 July 2016.

The registered office and principal place of business of the Company is located at 29 Tai Seng Avenue, #01-01 Natural Cool Lifestyle Hub, Singapore 534119.

### 2. Basis of preparation

The condensed interim financial statements for the six months and full year ended 31 December 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last interim financial statements for the period ended 30 June 2022.

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 as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore Dollars (SGD or \$) which is the Company's functional currency, and all values are rounded to the nearest thousand (\$'000), unless otherwise indicated.

#### 2.1 Changes in accounting policies

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

#### 2.2. Use of judgements and estimates

In preparing the condensed interim 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities are as follow:

- Provision for Expected Credit Losses ("ECLs") of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

- Inventories write-down

Inventory is stated at the lower of cost and net realisable value ("NRV"). The Group's inventories mainly consist of computer hardware and peripheral equipment, which are subject to risk of obsolescence due to technological advancements or changes in consumers' preferences. The determination of inventories write-down to NRV requires management to exercise judgement in identifying slow-moving and obsolete inventories and make estimates of write-down required.

- Impairment assessment of goodwill and cost of investment in subsidiaries

The Group's goodwill and the Company's cost of investment in subsidiaries are subjected to impairment assessment. Management assesses goodwill impairment annually. For cost of investment in subsidiaries, management performs an assessment to ascertain whether indicators of impairment are present. For impairment assessment, management uses a discounted cash flow model which involves significant judgement in estimating the recoverable values of these assets. Any shortfall of the recoverable values against the carrying amounts of these assets will be recognized as impairment losses. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

- The United States of America Paycheck Protection Program (the "PPP")

The PPP is administered by U.S. Small Business Administration ("SBA") through participating banks, which are appointed by SBA to manage and approve the PPP loan for applicants.

During the financial year ended 31 December 2021, the Group has applied for PPP loans and received PPP loan disbursements amounting to S\$2.3 million (the "Second Draw PPP Loan"). The Group has obtained the loan forgiveness for the first draw of the PPP loan during FY2021 and was of the view that the Second Draw PPP Loan would be similarly forgiven as it was reviewed, approved, and made available to the Group by the participating bank. Therefore, the Group has recognized the Second Draw PPP Loan as income in FY2021.

In November 2022, the Group has been notified by the participating bank that the application for the Second Draw PPP Loan forgiveness has been declined as the Group did not meet one of the conditions for forgiveness of the full loan amount. Subsequently in December 2022, the Group has been notified that its appeal to the SBA had been declined. As a result of the decision of the participating bank and SBA, the Group will be required to repay the Second Draw PPP Loan over a period of 5 years and at 1% interest rate per annum. The full amount of the Second Draw PPP Loan proceeds received has been restated to loans and borrowings as of 31 December 2021, as follows:

|  | <b>31 December 2021<br/>As previously<br/>reported<br/>\$</b> | <b>Prior period<br/>adjustment<br/>\$</b> | <b>31 December 2021<br/>As restated<br/>\$</b> |
|--|---|---|--|
| <b>Balance sheet</b>                     |   |   |  |
| Loans and borrowings                     | 12,082,000  | 2,278,000                                 | 14,360,000                                     |
| Retained earnings                        | 29,084,000  | (2,278,000)                               | 26,806,000                                     |
| <b>Statement of comprehensive income</b> |   |   |  |
| Other income – government grant          | 2,846,000   | (2,278,000)                               | 568,000  |

### 3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

### 4. Segment and revenue information

The Group is organised into the following main business segments:

- Segment 1: Hardware, Lifecycle Services and IT Asset Disposition ("Lifecycle Services") business includes revenue derived from (i) Hardware Resale, which comprises income derived from the distribution of IT hardware, including but not limited to pre-owned servers, storage and networking equipment; (ii) Supply Chain Management, where income is derived from assisting OEMs in the distribution of their goods as part of their supply chain activities; (iii) the provision of service to extend the life of IT equipment while extracting the highest possible value for retired technology, by means of equipment refurbishment, data destruction services, and other lifecycle services to help our customers yield greater corporate and environment sustainability; and (iv) flexible, non-speculative trading in volume, at high velocity and higher conversion rates to execute a transaction ("ITAD Arbitrage").

- Segment 2: Third Party Maintenance ("TPM") business includes revenue derived from renewable maintenance contracts (i) where we provide the rendering of IT maintenance services for a variety of IT systems and networks; (ii) sales of maintenance parts tied to systems on the renewable contract and (iii) professional services tied to systems on the renewable contracts.

Management monitors the operating results of its segments separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is monitored based on revenue and gross profit. Selling expenses, administrative expenses, finance costs, assets and liabilities are managed on a legal entity basis.

The following table presents revenue and timing of transfer of goods or services for the Group's operating segments for 2H2022 and the six months ended 31 December 2021 ("2H2021") together with FY2022 and the twelve months ended 31 2021 ("FY2021"), respectively:

|  | Hardware, Lifecycle Services and IT Asset Disposition |                  | Third Party Maintenance |                  | Total            |                  |
|--|---|------------------|-------------------------|------------------|------------------|------------------|
|  | 2H2022<br>\$'000                                      | 2H2021<br>\$'000 | 2H2022<br>\$'000        | 2H2021<br>\$'000 | 2H2022<br>\$'000 | 2H2021<br>\$'000 |
| <b>Major revenue stream</b>                    |   |                  |                         |                  |                  |                  |
| Sale of goods                                  | 90,602  | 86,230           | 2,050                   | 2,145            | 92,652           | 88,375           |
| Rendering of services                          | 11,897  | 8,081            | 21,754                  | 24,736           | 33,651           | 32,817           |
| Equipment rental and leasing                   | 2,646   | 2,530            | -                       | -                | 2,646            | 2,530            |
|  | <u>105,145</u>  | <u>96,841</u>    | <u>23,804</u>           | <u>26,881</u>    | <u>128,949</u>   | <u>123,722</u>   |
| <b>Timing of transfer of goods or services</b> |   |                  |                         |                  |                  |                  |
| At a point in time                             | 102,499   | 94,311           | 2,050                   | 2,145            | 104,549          | 96,456           |
| Over time                                      | 2,646   | 2,530            | 21,754                  | 24,736           | 24,400           | 27,266           |
|  | <u>105,145</u>  | <u>96,841</u>    | <u>23,804</u>           | <u>26,881</u>    | <u>128,949</u>   | <u>123,722</u>   |

|  | Hardware, Lifecycle Services and IT Asset Disposition |                | Third Party Maintenance |               | Total          |                |
|--|---|----------------|-------------------------|---------------|----------------|----------------|
|  | FY2022  | FY2021         | FY2022                  | FY2021        | FY2022         | FY2021         |
|  | \$'000  | \$'000         | \$'000                  | \$'000        | \$'000         | \$'000         |
| <b>Major revenue stream</b>                    |   |                |                         |               |                |                |
| Sale of goods                                  | 174,026   | 174,453        | 4,293                   | 4,344         | 178,319        | 178,797        |
| Rendering of services                          | 20,652  | 14,558         | 44,718                  | 51,834        | 65,370         | 66,392         |
| Equipment rental and leasing                   | 6,351   | 4,439          | -                       | -             | 6,351          | 4,439          |
|  | <u>201,029</u>  | <u>193,450</u> | <u>49,011</u>           | <u>56,178</u> | <u>250,040</u> | <u>249,628</u> |
| <b>Timing of transfer of goods or services</b> |   |                |                         |               |                |                |
| At a point in time                             | 194,678   | 189,011        | 4,293                   | 4,344         | 198,971        | 193,355        |
| Over time                                      | 6,351   | 4,439          | 44,718                  | 51,834        | 51,069         | 56,273         |
|  | <u>201,029</u>  | <u>193,450</u> | <u>49,011</u>           | <u>56,178</u> | <u>250,040</u> | <u>249,628</u> |

#### Geographical information

The following table presents revenue and non-current assets information based on the geographical location of customers and assets as at 31 December 2022 and 31 December 2021:

|  | FY2022         | FY2021         | Increase / (decrease) |
|--|----------------|----------------|-----------------------|
|  | \$'000         | \$'000         | %                     |
| <b>Geographical information by revenue</b> |                |                |                       |
| Singapore                                  | 13,966         | 9,826          | 42.1                  |
| EMEA                                       | 89,976         | 99,437         | (9.5)                 |
| Americas                                   | 139,850        | 134,551        | 3.9                   |
| Others                                     | 6,248          | 5,814          | 7.5                   |
|  | <u>250,040</u> | <u>249,628</u> | 0.2                   |

|   | 31-Dec-22     | 31-Dec-21     | Increase / (decrease) |
|---|---------------|---------------|-----------------------|
|   | \$'000        | \$'000        | %                     |
| <b>Geographical information by non current assets</b> |               |               |                       |
| Singapore   | 417           | 417           | -                     |
| EMEA  | 11,062        | 13,136        | (15.8)                |
| Americas  | 4,297         | 3,420         | 25.6                  |
| Others  | 1,810         | 2,224         | (18.6)                |
|   | <u>17,586</u> | <u>19,197</u> | (8.4)                 |

Non-current assets information presented above consist of plant and equipment, right-of-use assets and intangible assets as presented in the condensed interim consolidated balance sheets.

#### A breakdown of sales

|   | FY2022  | FY2021   | Increase / (decrease) |
|---|---------|----------|-----------------------|
|   | \$'000  | \$'000   | %                     |
|   |         | Restated |                       |
| (a) Sales reported for the first half year    | 121,091 | 125,906  | (3.8)                 |
| (b) Profit after tax for the first half year  | 1,275   | (26)     | (5,003.8)             |
| (c) Sales reported for the second half year   | 128,949 | 123,722  | 4.2                   |
| (d) Profit after tax for the second half year | (1,378) | 2,194    | (162.8)               |



## 5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group and the Company as at 31 December 2022 and 31 December 2021:

|   | The Group     |               | The Company   |               |
|---|---------------|---------------|---------------|---------------|
|   | 31-Dec-22     | 31-Dec-21     | 31-Dec-22     | 31-Dec-21     |
|   | \$'000        | \$'000        | \$'000        | \$'000        |
| <b>Financial assets</b>   |               |               |               |               |
| Finance lease receivables   | 65            | 578           | -             | -             |
| Cash and bank balances and trade and other receivables (Amortised cost) | 70,459        | 81,009        | 37,006        | 31,400        |
|   | <u>70,524</u> | <u>81,587</u> | <u>37,006</u> | <u>31,400</u> |
| <b>Financial liabilities</b>  |               |               |               |               |
| Trade and other payables and borrowings (Amortised cost)                | 59,044        | 50,678        | 1,584         | 2,120         |

## 6. Profit before taxation

### 6.1. Significant items

|   | The Group |         |         |         |
|---|-----------|---------|---------|---------|
|   | 2H2022    | 2H2021  | FY2022  | FY2021  |
|   | \$'000    | \$'000  | \$'000  | \$'000  |
| <b>Income</b>                           |           |         |         |         |
| Interest income                         | 8         | 8       | 30      | 12      |
| Others                                  | 59        | 382     | 144     | 556     |
| <b>Expenses</b>                         |           |         |         |         |
| Impairment of goodwill                  | (250)     | -       | (250)   | -       |
| Allowance for trade receivables         | (205)     | (211)   | (271)   | (355)   |
| Allowance for stock obsolescence        | 604       | (2,385) | (1,554) | (4,264) |
| Interest expense                        | (524)     | (295)   | (893)   | (639)   |
| Depreciation of plant and equipment     | (657)     | (576)   | (1,247) | (1,180) |
| Depreciation of right-of-use assets     | (1,521)   | (1,543) | (2,919) | (2,928) |
| Amortisation of intangible assets       | (141)     | (137)   | (280)   | (272)   |
| Foreign exchange gain/(loss), net       | (896)     | 390     | 118     | 1,060   |
| Loss on disposal of plant and equipment | (49)      | -       | (44)    | (52)    |

### 6.2. Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

## 7. 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 interim consolidated statement of profit or loss are:

|  | The Group |            |            |              |
|--|-----------|------------|------------|--------------|
|  | 2H2022    | 2H2021     | FY2022     | FY2021       |
|  | \$'000    | \$'000     | \$'000     | \$'000       |
| Current income tax expense/(credit)  | 272       | (17)       | 529        | (769)        |
| Deferred income tax expense/(credit) relating to origination and reversal of temporary differences | (173)     | 312        | (173)      | 179          |
|  | <u>99</u> | <u>295</u> | <u>356</u> | <u>(590)</u> |

## 8. Dividends

The Company intends to recommend a final one-tier tax exempt dividend of 1.0 Singapore cent per share for shareholders' approval at the forthcoming Annual General Meeting ("AGM").

## 9. Net Asset Value

|   | The Group |           | The Company |           |
|---|-----------|-----------|-------------|-----------|
|   | 31-Dec-22 | 31-Dec-21 | 31-Dec-22   | 31-Dec-21 |
| Net asset value per share (SGD in cent) | 17.62     | 18.73     | 26.75       | 24.55     |
| Number of shares in issue ('000)        | 295,590   | 294,238   | 295,590     | 294,238   |

## 10. Intangible assets

| The Group                                       | Goodwill | Customer relationship | Technical know-how | Software | Total   |
|---|----------|-----------------------|--------------------|----------|---------|
|   | \$'000   | \$'000                | \$'000             | \$'000   | \$'000  |
| <b>Cost:</b>                                    |          |                       |                    |          |         |
| At 1 January 2021                               | 12,006   | 946                   | 2,598              | 1,332    | 16,882  |
| Exchange differences                            | 255      | -                     | -                  | 5        | 260     |
| At 31 December 2021 and 1 January 2022          | 12,261   | 946                   | 2,598              | 1,337    | 17,142  |
| Exchange differences                            | (1,242)  | -                     | -                  | 36       | (1,206) |
| At 31 December 2022                             | 11,019   | 946                   | 2,598              | 1,373    | 15,936  |
| <b>Accumulated amortisation and impairment:</b> |          |                       |                    |          |         |
| At 1 January 2021                               | 350      | 946                   | 2,598              | 460      | 4,354   |
| Amortisation charge for the year                | -        | -                     | -                  | 272      | 272     |
| Exchange differences                            | -        | -                     | -                  | (12)     | (12)    |
| At 31 December 2021 and 1 January 2022          | 350      | 946                   | 2,598              | 720      | 4,614   |
| Amortisation charge for the period              | -        | -                     | -                  | 279      | 279     |
| Impairment loss                                 | 250      | -                     | -                  | -        | 250     |
| Exchange differences                            | -        | -                     | -                  | 33       | 33      |
| At 31 December 2022                             | 600      | 946                   | 2,598              | 1,032    | 5,176   |
| <b>Net book value:</b>                          |          |                       |                    |          |         |
| At 31 December 2021                             | 11,911   | -                     | -                  | 617      | 12,528  |
| At 31 December 2022                             | 10,419   | -                     | -                  | 341      | 10,760  |

### The Company

|  | Technical know-how |
|--|--------------------|
|  | \$'000             |
| <b>Cost:</b>   |                    |
| At 31 December 2021, 1 January 2022 and 31 December 2022 | 2,598              |
| <b>Accumulated amortisation and impairment:</b>          |                    |
| At 1 January 2021  | 2,598              |
| At 31 December 2021, 1 January 2022 and 31 December 2022 | 2,598              |
| <b>Net book value:</b>                                   |                    |
| At 31 December 2021                                      | -                  |
| At 31 December 2022                                      | -                  |

The Group performed its annual impairment test in December and when circumstances indicated that the carrying value may be impaired. The Group's impairment test for goodwill and intangible assets with indefinite lives is based on value-in-use calculations. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual consolidated financial statements for the year ended 31 December 2021.

## 11. Property, plant and equipment

During FY2022, the Group acquired assets amounting to \$1,425,000 (31 December 2021: \$434,000) and undertook write-off of assets amounting to \$49,000 net book value (31 December 2021: \$52,000).

## 12. Inventories

|   | The Group |           |
|---|-----------|-----------|
|   | 31-Dec-22 | 31-Dec-21 |
|   | \$'000    | \$'000    |
| <b>Balance sheet:</b>                                     |           |           |
| Computer equipment and peripheral equipment held for sale | 24,827    | 20,928    |
| <b>Income statement:</b>                                  |           |           |
| Inventories recognized as an expense in cost of sales     | 131,886   | 136,961   |
| Inclusive of the following charge:                        |           |           |
| – Provision for stock obsolescence                        | 1,554     | 4,264     |

## 13. Trade and other receivables

The Group's trade receivables and allowance for expected credit loss of trade receivables as at 31 December 2022 was \$37,517,000 (31 December 2021: \$48,601,000) and \$1,794,000 (31 December 2021: \$1,689,000) respectively.

## 14. Borrowings

|   | The Group |            |
|---|-----------|------------|
|   | 31-Dec-22 | 31-Dec-21  |
|   | \$'000    | \$'000     |
| <b><u>Amount repayable within one year or on demand</u></b> |           | (Restated) |
| Secured   | 12,693    | 10,057     |
| Unsecured   | 471       | 2,465      |
| <b><u>Amount repayable after one year</u></b>               |           |            |
| Secured   | -         | -          |
| Unsecured   | 1,838     | 1,838      |

## 15. Share capital

|   | The Group and the Company |               |                       |               |
|---|---------------------------|---------------|-----------------------|---------------|
|   | 31-Dec-22                 |               | 31-Dec-21             |               |
|   | Number of shares '000     | Amount \$'000 | Number of shares '000 | Amount \$'000 |
| Beginning of the period                               | 294,238                   | 74,695        | 293,687               | 74,541        |
| Issuance of new shares pursuant to performance shares | 1,352                     | 411           | 551                   | 154           |
| End of the period                                     | 295,590                   | 75,106        | 294,238               | 74,695        |

The Company has no treasury shares.

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2022 and 31 December 2021.

### Share options – employee share option scheme

Between 1 January 2022 and 31 December 2022, the Company did not issue any shares under the employee share option scheme.

As at 31 December 2022, there were no outstanding options under the employee share option scheme (31 December 2020: NIL).

### Performance share plan

Between 1 January 2022 and 31 December 2022, the Company granted 2,515,200 shares under the performance share plan.

As at 31 December 2022, the number of shares comprised in outstanding awards granted under the performance share plan was 1,614,200 (31 December 2021: 616,900).

The shares to be issued pursuant to the awards are subject to certain performance conditions to be satisfied by the respective participants. Once the performance conditions are satisfied, the shares to be issued pursuant to the awards shall be released to the respective participants after the respective performance periods.

### **16. Subsequent events**

In early January 2023, the Group had been notified that the appeal with the SBA to review the decision by the participating bank had been declined. Towards the end of January 2023, the Group received another notice from SBA to notify that SBA has remitted the Second Draw PPP Loan disbursement of \$2.3 million to the participating bank and it appears that the earlier decision of the SBA in declining the appeal has been unexpectedly reversed and the Second Draw PPP Loan has been forgiven. The Group is in the midst of reviewing the situation in determining the appropriate accounting treatment on this unexpected matter. See note 2.2.

## PART II - OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

### 1 Review

The condensed consolidated statement of financial position of the Group as at 31 December 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 twelve-month period then ended and certain explanatory notes have not been audited or reviewed.

### 2 Review of performance of the Group

#### Normalised Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") and Profit before tax

|  | FY2022<br>\$'000 | FY2021<br>\$'000<br>(Restated) | Change<br>\$'000 | Change<br>% |
|--|------------------|--------------------------------|------------------|-------------|
| Revenue  | 250,040          | 249,628                        | 412              | 0.2         |
| Gross Profit                                   | 65,229           | 60,498                         | 4,731            | 7.8         |
| EBITDA   | 5,517            | 6,597                          | (1,080)          | (16.4)      |
| Profit before tax                              | 178              | 1,578                          | (1,400)          | (88.7)      |
| <b>Non-recurring items</b>                     |                  |                                |                  |             |
| Exchange gain                                  | 118              | 1,060                          | (942)            | (88.9)      |
| Global Parts Centre ("GPC") sales tax recovery | -                | 1,118                          | (1,118)          | N.M.        |
| Goodwill impairment                            | (250)            | -                              | (250)            | N.M.        |
| Cost optimisation exercise                     | (663)            | -                              | (663)            | N.M.        |
| <b>Total non-recurring items</b>               | <b>(795)</b>     | <b>2,178</b>                   | <b>(2,973)</b>   | <b>N.M.</b> |
| <b>Normalised EBITDA</b>                       | <b>6,312</b>     | <b>4,419</b>                   | <b>1,893</b>     | <b>42.8</b> |
| <b>Normalised Profit before tax</b>            | <b>973</b>       | <b>(600)</b>                   | <b>1,573</b>     | <b>N.M.</b> |

- The Group's revenue increased marginally from S\$249.6 million in FY2021 to S\$250 million in FY2022, with gross profit increasing by S\$4.7 million from S\$60.5 million in FY2021 to S\$65.2 million in FY2022.
- The Group's EBITDA decreased by S\$1.1 million from S\$6.6 million (restated) in FY2021 to S\$5.5 million in FY2022, due primarily to the following:
  - Absence of exchange gain of S\$1.1 million in FY2021 (as compared to S\$0.1 million in FY2022);
  - Absence of recovery of GPC sales tax of S\$1.1 million;
  - Goodwill impairment of S\$0.3 million in FY2022; and
  - Additional expenses incurred in FY2022 for the cost optimisation exercise (including moving to new facilities and retrenchment benefits of S\$0.7 million).
- On a normalized basis, the Group's performance for FY2022 has improved by 42.8% from S\$4.4 million (restated) in FY2021 to S\$6.3 million in FY2022.
- Similarly, the Group's normalised profit before tax has turnaround from a loss of S\$0.6 million (restated) in FY2021 to a profit of S\$1.0 million in FY2022.

The table below sets out the segmental performance of the Group.

## Review of performance – 2H2022 vs 2H2021

|   | 2H2022         | 2H2021         | Change % |
|---|----------------|----------------|----------|
| <b>Revenue (\$'000)</b>                               |                |                |          |
| Hardware, Lifecycle Services and IT Asset Disposition | 105,145        | 96,841         | 8.6      |
| Third Party Maintenance                               | 23,804         | 26,881         | (11.4)   |
| <b>Total</b>  | <b>128,949</b> | <b>123,722</b> | 4.2      |
| <b>Gross Profit (\$'000)</b>                          |                |                |          |
| Hardware, Lifecycle Services and IT Asset Disposition | 23,915         | 21,766         | 9.9      |
| Third Party Maintenance                               | 7,429          | 9,162          | (18.9)   |
| <b>Total</b>  | <b>31,344</b>  | <b>30,928</b>  | 1.3      |
| <b>Gross Profit Margin (%)</b>                        |                |                |          |
| Hardware, Lifecycle Services and IT Asset Disposition | 22.7           | 22.5           | 0.3      |
| Third Party Maintenance                               | 31.2           | 34.1           | (2.9)    |
| <b>Total</b>  | <b>24.3</b>    | <b>25.0</b>    | (0.7)    |

### Revenue and Gross Profit

Procurri's revenue increased by 4.2% from S\$123.7 million in 2H2021 to S\$128.9 million in 2H2022. The Hardware, Lifecycle Services and IT Asset Disposition ("Lifecycle Services") business segment's revenue increased by 8.6% from S\$96.8 million in 2H2021 to S\$105.1 million in 2H2022, mainly due to higher contribution from the Americas and the Asia Pacific. Revenue from the Third-Party Maintenance ("TPM") business segment decreased by 11.4% from S\$26.9 million in 2H2021 to S\$23.8 million in 2H2022, mainly due the decline in renewals and new sales in the Americas.

The Group's overall gross profit increased 1.3% from S\$30.9 million in 2H2021 to S\$31.3 million in 2H2022 as a result of higher gross profit margin from the Lifecycle Services business segment. The Group's overall gross profit margin decreased by 0.7 percentage points from 25.0% in 2H2021 to 24.3% in 2H2022, mainly due to the lower margin from the TPM business segment.

### Other credits

Other credits of S\$0.4 million in 2H2021 was mainly due to foreign exchange gain from the revaluation of USD, GBP and EUR denominated receivables.

### Selling expenses

Selling expenses increased by S\$0.8 million, from S\$13.9 million in 2H2021 to S\$14.7 million in 2H2022 mainly due higher pay-out of sales commission from the growth in gross profit and the increase in commission rate from tiered commission plan.

### Administrative expenses

Administrative expenses increased by S\$1.3 million from S\$14.8 million in 2H2021 to S\$16.1 million in 2H2022. The increase was mainly due to the additional costs incurred from the cost optimisation exercise of S\$0.7 million and the increase in travelling expenses as a result of the lifting of travelling restrictions of S\$0.3 million.

### Finance costs

Finance costs increased by S\$0.2 million from S\$0.3 million in 2H2021 to S\$0.5 million in 2H2022, as a result of higher interest rate.

### Other charges

Other charges increased by S\$1.2 million from S\$0.2 million in 2H2021 to S\$1.4 million in 2H2022, mainly due to foreign exchange loss from the revaluation of USD, GBP and EUR denominated receivables of S\$0.9 million and the goodwill impairment of S\$0.3 million.

## Profit before and after tax

As a result of the above, the Group recorded a pre-tax loss of S\$1.4 million in 2H2022 as compared to a profit of S\$2.5 million in 2H2021 and income tax expense of S\$0.1 million in 2H2022 as compared to S\$0.3 million in 2H2021.

The Group recorded loss after tax of S\$1.5 million in 2H2022 as compared to profit after tax of S\$2.2 million in 2H2021.

### Review of performance – FY2022 vs FY2021

|   | FY2022         | FY2021         | Change % |
|---|----------------|----------------|----------|
| <b>Revenue (\$'000)</b>                               |                |                |          |
| Hardware, Lifecycle Services and IT Asset Disposition | 201,029        | 193,450        | 3.9      |
| Third Party Maintenance                               | 49,011         | 56,178         | (12.8)   |
| <b>Total</b>  | <b>250,040</b> | <b>249,628</b> | 0.2      |
| <b>Gross Profit (\$'000)</b>                          |                |                |          |
| Hardware, Lifecycle Services and IT Asset Disposition | 48,487         | 40,943         | 18.4     |
| Third Party Maintenance                               | 16,742         | 19,555         | (14.4)   |
| <b>Total</b>  | <b>65,229</b>  | <b>60,498</b>  | 7.8      |
| <b>Gross Profit Margin (%)</b>                        |                |                |          |
| Hardware, Lifecycle Services and IT Asset Disposition | 24.1           | 21.2           | 3.0      |
| Third Party Maintenance                               | 34.2           | 34.8           | (0.6)    |
| <b>Total</b>  | <b>26.1</b>    | <b>24.2</b>    | 1.9      |

## Revenue and Gross Profit

The Group's revenue increased by 0.2% from S\$249.6 million in FY2021 to S\$250.0 million in FY2022. The Lifecycle Services business segment's revenue increased by 3.9% from S\$193.5 million in FY2021 to S\$201.0 million in FY2022, attributable to the better performance from the Americas and the Asia Pacific. The revenue from the TPM business segment decreased by 12.8% from S\$56.2 million in FY2021 to S\$49.0 million in FY2022, mainly due to the lower contribution from the Americas.

The Group's overall gross profit increased by 7.8% from S\$60.5 million in FY2021 to S\$65.2 million in FY2022 as a result of higher gross profit margin and the decrease in allowance for stock obsolescence. The Group's overall gross profit margin increased by 1.9 percentage points from 24.2% in FY2021 to 26.1% in FY2022.

## Other Credits

Other credits decreased by S\$0.9 million, from S\$1.1 million in FY2021 to S\$0.1 million in FY2022, mainly due to lower foreign exchange gain from the revaluation of USD, GBP and EUR denominated receivables.

## Selling expenses

Selling expenses increased by S\$2.9 million from S\$27.1 million in FY2021 to S\$29.9 million in FY2022 mainly due higher pay-out of sales commission from the growth in gross profit and the increase in commission rate from tiered commission plan.

## Administrative expenses

Administrative expenses increased by S\$1.5 million from S\$32.5 million in FY2021 to S\$34.0 million in FY2021, mainly due to the additional costs incurred from the cost optimisation exercise in 2H2022 and the increase in travelling expenses as a result of the lifting of travelling restrictions.

## Finance costs

Finance costs increased by S\$0.3 million as a result of the higher interest rate.

## Other charges

Other charges increased by S\$0.2 million, from S\$0.4 million in FY2021 to S\$0.6 million in FY2022, mainly due to the goodwill impairment, partially offset by the lower allowance for trade receivables.

### Profit before and after tax

As a result of the above, the Group recorded a pre-tax profit of S\$0.2 million in FY2022. The Group recorded an income tax expense of S\$0.3 million in FY2022 as a result of under provision of income tax. Income tax credit recorded in FY2021 was mainly due to the reversal of over provision of income tax.

### Review of financial position

#### Non-current assets

- (a) Plant and equipment stood at S\$2.2 million as at 31 December 2021 and 31 December 2022. The additions during the period was offset by depreciation charges.
- (b) The right-of-use assets increased by S\$0.2 million from S\$4.4 million as at 31 December 2020 to S\$4.6 million as at 31 December 2021. The increase was mainly due new operating lease, partially offset by depreciation charges.
- (c) Intangible assets decreased by S\$1.8 million from S\$12.5 million as at 31 December 2021 to S\$10.8 million as at 31 December 2022 as a result of the goodwill impairment, the amortisation and the foreign exchange fluctuation from GBP revaluation.
- (d) Finance lease receivables (both current and non-current) decreased by S\$0.5 million from S\$0.6 million as at 31 December 2021 to S\$0.1 million as at 31 December 2022 as a result of repayment during the year.

#### Current assets

- (e) Inventories increased by S\$3.9 million from S\$20.9 million as at 31 December 2021 to S\$24.8 million as at 31 December 2022 as a result of increases in inventory level to cater for the anticipated increase in sales demand in the following quarter.
- (f) Trade and other receivables decreased by S\$13.7 million from S\$51.4 million as at 31 December 2021 to S\$37.7 million as at 31 December 2022, mainly due to the improvement in collection.
- (g) Prepayments increased by S\$1.1 million mainly due to higher advance payments made to suppliers.
- (h) The movement in cash and bank balances is shown in the statement of cash flows and review of cash flows.

#### Liabilities

- (i) Trade and other payables increased by S\$7.7 million to S\$44.0 million as at 31 December 2022.
- (j) Deferred income (both current and non-current) principally comprised deferred maintenance revenue from signed maintenance contracts. Deferred income decreased by S\$11.9 million from S\$21.9 million as at 31 December 2021 to S\$9.9 million as at 31 December 2022 as a result of lower value of signed maintenance contracts in FY2022.
- (k) The loans and borrowings (both current and non-current) increased by S\$0.6 million, from S\$14.4 million as at 31 December 2021 to S\$15.0 million as at 31 December 2022. The increase was mainly due to utilisation of short-term trade facilities.
- (l) The decrease in lease liabilities (both current and non-current) of S\$0.1 million was mainly due to new operating lease entered during the year partially offset against repayment made during the year.
- (m) Income tax payables increased by S\$0.3 million to S\$2.1 million as at 31 December 2022 mainly due to the increase in the income tax expense for the year.

#### Net working capital position

The Group recorded a positive working capital of S\$34.9 million as at 31 December 2022 compared to S\$38.7 million as at 31 December 2021.



### Review of cash flows

Net cash generated from operating activities in FY2022 amounted to S\$8.9 million as compared to S\$7.2 million in FY2021. The increase was mainly due to the lower operation cash flow before changes in working capital, the decrease in deferred income of S\$11.9 million and the increase in inventories and prepayments amounting to S\$5.4 million and S\$1.1 million respectively. This was partially offset by the decrease in trade and other receivables, finance lease receivables, and increase in trade and other payables of S\$10.8 million, S\$0.5 million and S\$7.7 million respectively.

Net cash used in investing activities amounted to S\$1.4 million in FY2022 as compared to net cash generated from investing activities S\$0.9 million in FY2021. The cash used in FY2022 was mainly for purchase of plant and equipment of S\$1.4 million.

Net cash used in financing activities in FY2022 amounted to S\$3.2 million as compared to S\$10.4 million in FY2021. The cash used in financing activities in FY2022 was mainly due to the repayment of borrowings of S\$94.2 million, lease liabilities of S\$3.0 million and the interest paid of S\$0.9 million, partially offset by the proceeds from borrowings of S\$94.9 million.

### **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 for the current reporting period.

### **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 reporting period and the next 12 months.**

#### New Geographical Market Segment

The Group is keen to capitalise on the potential of the Asian market and expand its market share, leveraging on the extensive network of its Japanese-owned substantial shareholder, DeClout Pte. Ltd. In particular, it is looking to increase contributions from the Asia market among its 3 regions, making it a crucial driver of revenue and profitability for the business.

#### Ongoing Opportunities

The structural shift in enterprise IT hardware consumption patterns towards more sustainable IT practices has rapidly gained momentum. In response, Procurri has identified several drivers for this change:

- 1) **Governance and policy led drivers:** Both incentives and punitive measures are pushing companies towards more sustainable IT solutions. This includes IT lifecycle extensions and the safe disposal of obsolete IT equipment.
- 2) **Supply chain bottlenecks:** Corporates are more inclined to purchase refurbished products to reduce supply uncertainty.
- 3) **Economic headwinds:** Slower global growth has prompted businesses to review corporate IT budgets in search of cheaper alternatives that can extend the life of existing assets.

As one of the world's leading solution providers for IT infrastructure lifecycle management, Procurri stands to benefit from these structural tailwinds. The Group's carbon neutral accredited facilities in APAC, North America and Europe further demonstrates its outstanding record in the industry.

### **5 If a decision regarding dividend has been made:**

#### **a Whether an interim (final) ordinary dividend has been declared (recommended); and**

|                  |                             |
|------------------|-----------------------------|
| Name of dividend | Final                       |
| Dividend Type    | Cash                        |
| Dividend rate    | 1.0 cent per ordinary share |
| Tax rate         | One-tier tax exempt         |

#### **b Any dividend declared for the corresponding period of the immediately preceding financial year?**

None.

**c The date the dividend is payable.**

To be announced at a later date.

**d Book closure date**

To be announced at a later date.

**6 If the Company has obtained a general mandate from shareholders for Interested Person Transactions (IPTs), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

No IPT mandate has been obtained in the Annual General Meeting on 26 April 2022.

**7 Use of proceeds**

(i) IPO

The Company received net proceeds (after deducting IPO expenses of approximately S\$3.8 million) from the IPO of approximately S\$34.8 million (the "IPO Net Proceeds"). The Board has decided to reallocate the remaining IPO Net Proceeds amounting to S\$2.3 million (which were previously allocated for mergers and acquisitions, joint ventures and partnerships) to be utilized for working capital purposes instead. As at the date of this announcement, the IPO Net Proceeds have been utilised as follows:

| <b>Use of Proceeds</b>                                   | <b>Estimated amount</b> | <b>IPO Net Proceeds utilised as at the date of previous announcement</b> | <b>Balance of IPO Net Proceeds as at the date of previous announcement</b> | <b>Reallocated amount for IPO Net Proceeds</b> | <b>IPO Net Proceeds utilized as at the date of this announcement</b> | <b>Balance of IPO Net Proceeds as at the date of this announcement</b> |
|--|-------------------------|--|--|--|--|--|
|  | <b>S\$ million</b>      | <b>S\$ million</b>   | <b>S\$ million</b>   | <b>S\$ million</b>                             | <b>S\$ million</b>   | <b>S\$ million</b>   |
| Merger and acquisitions, joint ventures and partnerships | 20.1                    | 17.8   | 2.3  | (2.3)  | -  | -  |
| Enhancement of infrastructure                            | 1.9                     | 1.9  | -  | -  | -  | -  |
| Repayment of the DeClout loans                           | 6.1                     | 6.1  | -  | -  | -  | -  |
| Working capital purposes                                 | 6.7                     | 6.7  | -  | 2.3  | 2.3  | -  |
|  | <b>34.8</b>             | <b>32.5</b>  | <b>2.3</b>   | <b>-</b>                                       | <b>2.3</b>   | <b>-</b>   |

(ii) Placement

The Company received net proceeds (after deducting placement expenses of approximately S\$1.0 million) from the placement of approximately S\$5.3 million (the "Placement Net Proceeds"). As at the date of this announcement, the Placement Net Proceeds have been utilised as follows:

| <b>Use of Proceeds</b>                                   | <b>Estimated amount</b> | <b>Placement Net Proceeds utilised as at the date of this announcement</b> | <b>Balance of Placement Net Proceeds as at the date of this announcement</b> |
|--|-------------------------|--|--|
|  | <b>S\$ million</b>      | <b>S\$ million</b>   | <b>S\$ million</b>   |
| Merger and acquisitions, joint ventures and partnerships | 1.6 to 3.7              | -  | 5.3  |
| Working capital purposes                                 | 1.6 to 3.7              | -  | -  |
|  | <b>5.3</b>              | <b>-</b>   | <b>5.3</b>   |

The Company will make periodic announcements on the use of Placement Net Proceeds as and when such proceeds are materially disbursed.

**8 Confirmation pursuant to Rule 720 (1) of the Listing Manual.**

The Company confirms that it has procured the Undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7 pursuant to Rule 720(1) of the Listing Manual.

**9 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. If there are no such persons, the issuer must make an appropriate negative statement.**

The Company confirms that there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company.

**BY ORDER OF THE BOARD**

Wong Kok Khun  
Executive Chairman  
1 March 2023