



PROCURRI CORPORATION LIMITED
(Company Registration Number: 201306969W)

For Immediate Release

Procurri Reports 1H2023 Results

- 1H2023 revenue declined by 17.4% y-o-y amidst a challenging first-half operating environment.
- Achieved cost rationalization success, with a 2.3 ppt improvement in Third Party Maintenance gross profit margins.
- Strategic partnership with a contract manufacturer to address rising IT asset disposal solutions for hyperscalers.

SINGAPORE, 14 August, 2023 – Procurri Corporation Limited (SGX: BVQ) (“Procurri” or the “Company”, and together with its subsidiaries, the “Group”), one of the leading providers of sustainable IT solutions to enterprises globally, today announced its financial results for the half year ended 30 June 2023 (“1H2023”).

Financial Performance

Table 1: Financial Highlights

S\$'000	1H2023	1H2022	Y-o-Y Change
Revenue	99,961	121,091	(17.4%)
Gross Profit	25,115	33,885	(25.9%)
Gross Profit Margin (%)	25.1%	28.0%	(2.9 ppt)
Operating expenses (Selling and Administrative expenses)	(28,714)	(33,044)	(13.1%)
EBITDA	(1,918)	4,028	N.M.
Profit Before Tax	(4,318)	1,533	N.M.
Exceptional items			
Investment in additional resources in new business	(2,100)	-	N.M.
Exchange gain	321	1,015	(68.4%)
Total exceptional items	(1,739)	1,015	N.M.
Normalized operating expenses	(26,654)	(33,044)	(19.3%)
Normalized EBITDA	(179)	3,013	N.M.
Normalized Profit before tax	(2,579)	518	N.M.



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In 1H2023, the Group reported a revenue of S\$100.0 million, representing a 17.4% y-o-y decrease compared to S\$121.1 million in the period ending 30 June 2022 ("1H2022") as a result of the slowdown in investment in the IT sector and easing of the supply chain bottlenecks.

The Group's gross profit dipped by 25.9% y-o-y to S\$25.1 million in 1H2023, compared to S\$33.9 million in 1H2022, mainly due to the decline in revenue and the selling of inventories at a lower margin to address the concerns of supply chain accumulation and market demand.

Given the prevailing market conditions, the Group has undertaken strategic initiatives in 1H2023 to develop its e-Commerce platform and expand its Lifecycle Services offerings. During 1H2023, the Group invested additional resources totalling S\$2.1 million in both the e-Commerce business and the processing facilities within the Lifecycle Services business segment. Emphasis was placed on enhancing the Group's processing capabilities, specifically targeting the management and disposition of end-of-life hardware and has positioned the Group at the forefront of addressing the critical need for responsible IT asset disposition solutions within the hyperscaler domain.

As a result of the aforementioned factors, the Group's normalized EBITDA, which excludes the effect of exceptional items, registered a loss of S\$0.2 million in 1H2023, compared to a profit of S\$3.0 million registered in 1H2022.

Table 2: Segmental Breakdown

S\$'000	1H2023	1H2022	Y-o-Y Change
Revenue			
Hardware	66,604	87,130	(23.6%)
Lifecycle Services	10,661	8,754	21.8%
Third Party Maintenance	22,696	25,207	(10.0%)
Gross Profits			
Hardware	12,196	21,531	(43.4%)
Lifecycle Services	4,012	3,041	31.9%
Third Party Maintenance	8,907	9,313	(4.4%)
Gross Profit Margins			
Hardware	18.3%	24.7%	(6.4ppt)
Lifecycle Services	37.6%	34.7%	2.9ppt
Third Party Maintenance	39.2%	36.9%	2.3ppt



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Notwithstanding the decline in revenue in the Hardware and TPM segments, revenue for the Lifecycle Services segment increased by 21.8% from S\$8.8 million in 1H2022 to S\$10.7 million in 1H2023 as a result of the Group's effort to embark on a journey to expand its service offerings.

The Lifecycle Services and TPM segments demonstrated stronger gross profit margins, showing a 2.9 and 2.3 ppt improvement respectively. In comparison with 2H2022. The gross profit of the TPM segment increased by S\$1.5 million from S\$7.4 million in 2H2022 to S\$8.9 million in 1H2023 while gross profit margin improved by 8.0 ppt from 31.2% in 2H2022 to 39.2% in 1H2023. This improvement can be attributed to the benefits of cost rationalisation activities carried out in FY2022.

Despite the challenges, the Group's balance sheet position remains healthy, maintaining a net cash position¹ of S\$13.5 million as at 30 June 2023.

Following the successful implementation of the Group's cost rationalisation initiatives at the close of 2022, the TPM segment has reported a notable improvement in the performance during 1H2023. The Group's channel-centric approach, focusing on quality clients and tailoring solutions to meet their needs, has delivered some significant new wins, coupled with higher renewal rates for its existing business.

The Group upholds its carbon-neutral certified status for all Procurri-owned processing facilities, marking a second consecutive year of such achievement. This accomplishment underscores our unwavering commitment to environmental stewardship and sustainability, serving as a testament to our holistic approach to responsible business practices. The Group will continue poised to foster the proliferation of green solutions, with a distinct focus on promoting lifecycle extension and the culture of reuse.

Commenting on the Group's results, Mr. Mat Jordan, Chief Executive Officer of Procurri, stated, "There is no doubt that market conditions within our classic hardware buy/sell business have been tough in 1H2023, as we have witnessed oversupply within the OEM (new) product lines with price cuts to list, which has had a detrimental knock-on effect on the used and refurbished

¹ Net cash position is cash and bank balances less current and non-current loans and borrowings



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marketplace. Despite this, we have continued to work hard within our service offerings, undergoing a significant re-structuring within our TPM offering in 2022 which has since seen a return to growth in 1H2023 with an expectation that we have turned the corner. We have also continued to develop our Lifecycle Services offerings; professional services, modern workplace and contract manufacturing & hyperscale ITAD solutions and anticipate all three offerings contributing in 2H2023.

Looking Ahead

While addressing immediate challenges, the Group's cost structure has yet to align fully with the evolving market paradigm. The Group is committed to proactive and ongoing review of its business and operations. Procurri will continue to:

- I. Focus on expanding the services business, leveraging on the wide network of field engineers the Group has to deliver a multitude of tasks associated within the data centre industry globally;
- II. Work on modern workplace solutions that offer a comprehensive approach to IT asset management, enabling clients to efficiently handle endpoint devices across global locations, managing, maintaining, upgrading, and retiring assets dispersed among remote workforces;
- III. Leverage on strategic partnership with the contract manufacturer to address rising IT asset disposal solutions for hyperscalers. Whilst the engagement is in its infancy the Group is optimistic about the potential that this partnership could deliver;
- IV. Develop the e-Commerce business to expand the reach while minimizing reliance on traditional sales channels;
- V. Focus on inventory management and cost rationalization to align with market conditions;
- VI. Identify and capitalise on synergistic bolt-on merger and acquisition opportunities by strategically integrating complementary businesses, amplify the Group's capabilities, extend the Group's offerings, and enhance the Group's overall competitiveness.

"The collaboration with the contract manufacturer has its potential and we remain confident that our ongoing commitment to sustainable IT solutions will unlock significant growth opportunities for Procurri. By integrating sustainability into our core, Procurri aims to establish ourselves as the sustainable end of life asset management and global data center support partner." commented Mr. Jordan.



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About Procurri

Procurri is one of the leading global independent providers of Third-Party Maintenance Services, IT Asset Disposition ("ITAD") & Data Centre Services, and Hardware Distribution & Resale. 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 through the years and now has offices across three regional hubs – (i) Asia Pacific, (ii) the Americas, and (iii) Europe (including the United Kingdom), the Middle East, and Africa – 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.

For more information, please visit: <https://www.procurri.com/>

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