



**PROCURRI CORPORATION LIMITED**  
**(REGISTRATION NO: 201306969W)**  
**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ("2H2023") AND FULL YEAR ENDED 31 DECEMBER 2023 ("FY2023")**

**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		2H2023	2H2022	Change	FY2023	FY2022	Change
		\$'000	\$'000	%	\$'000	\$'000	%
<b>Revenue</b>	Note 4	97,231	128,949	(24.6)	197,192	250,040	(21.1)
Cost of sales		(80,448)	(97,605)	(17.6)	(155,294)	(184,811)	(16.0)
<b>Gross profit</b>		<b>16,783</b>	<b>31,344</b>	(46.5)	<b>41,898</b>	<b>65,229</b>	(35.8)
<b>Other items of income</b>							
Other income		3,213	67	4,695.5	3,292	174	1,792.0
Other credits		-	-	N.M.	5	118	(95.8)
<b>Other items of expense</b>							
Selling expenses		(11,307)	(14,693)	(23.0)	(24,452)	(29,903)	(18.2)
Administrative expenses		(12,995)	(16,148)	(19.5)	(28,564)	(33,982)	(15.9)
Finance costs		(743)	(524)	41.8	(1,440)	(893)	61.3
Other charges		(1,321)	(1,400)	(5.6)	(1,428)	(565)	152.7
<b>(Loss)/profit before tax</b>	6	<b>(6,370)</b>	<b>(1,354)</b>	370.5	<b>(10,689)</b>	<b>178</b>	N.M.
Income tax credit /(expense)	7	1,501	(99)	N.M.	2,220	(356)	N.M.
<b>Loss, net of tax</b>		<b>(4,869)</b>	<b>(1,453)</b>	235.1	<b>(8,469)</b>	<b>(178)</b>	4,657.9
<b>Profit attributable to:</b>							
Owners of the Company		(4,869)	(1,453)	235.1	(8,469)	(178)	4,657.9
<b>Profit for the period</b>		<b>(4,869)</b>	<b>(1,453)</b>	235.1	<b>(8,469)</b>	<b>(178)</b>	4,657.9
<b>Other comprehensive income</b>							
Items that may be reclassified subsequently to profit or loss:							
Foreign currency translation		(141)	(1,193)	(88.2)	972	(3,519)	N.M.
Other comprehensive income for the period		<b>(141)</b>	<b>(1,193)</b>	(88.2)	<b>972</b>	<b>(3,519)</b>	N.M.
<b>Total comprehensive income for the period</b>		<b>(5,010)</b>	<b>(2,646)</b>	89.3	<b>(7,497)</b>	<b>(3,697)</b>	102.8
<b>Profit for the period attributable to:</b>							
Owners of the Company		(4,869)	(1,453)	235.1	(8,469)	(178)	4,657.9
<b>Comprehensive income attributable to:</b>							
Owners of the Company		<b>(5,010)</b>	<b>(2,646)</b>	89.3	<b>(7,497)</b>	<b>(3,697)</b>	102.8
<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)		(1.52)	(0.49)		(2.66)	(0.06)	
Diluted (SGD in cent)		(1.43)	(0.49)		(2.53)	(0.06)	

## B Condensed interim statements of financial position

	Group		Company	
	31-Dec-23 \$'000	31-Dec-22 \$'000	31-Dec-23 \$'000	31-Dec-22 \$'000
<b>ASSETS</b>				
<b><u>Non-current assets</u></b>				
Plant and equipment	1,688	2,212	1	3
Right-of-use assets	4,724	4,614	-	-
Investment in subsidiaries	-	-	45,847	44,643
Intangible assets	10,671	10,760	-	-
Other receivables	123	-	-	-
Finance lease receivables	5	8	-	-
Deferred tax assets	9,919	6,536	-	-
<b>Total non-current assets</b>	<b>27,130</b>	<b>24,130</b>	<b>45,848</b>	<b>44,646</b>
<b><u>Current assets</u></b>				
Inventories	18,068	24,827	-	-
Trade and other receivables	33,733	37,714	25,485	28,401
Prepayments	4,939	10,072	76	71
Finance lease receivables	66	57	-	-
Cash and bank balances	30,986	32,745	13,443	8,605
<b>Total current assets</b>	<b>87,792</b>	<b>105,415</b>	<b>39,004</b>	<b>37,077</b>
<b>Total assets</b>	<b>114,922</b>	<b>129,545</b>	<b>84,852</b>	<b>81,723</b>
<b>EQUITY AND LIABILITIES</b>				
<b><u>Current liabilities</u></b>				
Trade and other payables	33,538	44,042	1,877	1,584
Deferred income	9,488	9,425	-	-
Loans and borrowings	13,291	13,164	-	-
Lease liabilities	2,193	1,809	-	-
Income tax payable	1,234	2,111	1,000	1,000
<b>Total current liabilities</b>	<b>59,744</b>	<b>70,551</b>	<b>2,877</b>	<b>2,584</b>
<b><u>Non-current liabilities</u></b>				
Deferred tax liabilities	51	60	51	60
Other payables	2,254	-	-	-
Loans and borrowings	-	1,838	-	-
Lease liabilities	3,311	3,692	-	-
Provisions	272	812	-	-
Deferred income	782	510	-	-
<b>Total non-current liabilities</b>	<b>6,670</b>	<b>6,912</b>	<b>51</b>	<b>60</b>
<b>Total liabilities</b>	<b>66,414</b>	<b>77,463</b>	<b>2,928</b>	<b>2,644</b>
<b><u>Equity attributable to owners of the Company</u></b>				
Share capital	81,483	75,106	81,483	75,106
Retained earnings	14,954	26,628	(697)	3,586
Other reserves	(47,929)	(49,652)	1,138	387
<b>Equity attributable to owners of the Company</b>	<b>48,508</b>	<b>52,082</b>	<b>81,924</b>	<b>79,079</b>
<b>Total equity</b>	<b>48,508</b>	<b>52,082</b>	<b>81,924</b>	<b>79,079</b>
<b>Total equity and liabilities</b>	<b>114,922</b>	<b>129,545</b>	<b>84,852</b>	<b>81,723</b>

## 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 2023</b>	<b>75,106</b>	<b>26,628</b>	<b>(49,652)</b>	<b>52,082</b>	<b>52,082</b>
Total comprehensive income for the financial year	-	(8,469)	972	(7,497)	(7,497)
Share issuance	5,356	-	-	5,356	5,356
Issuance of new shares pursuant to performance share plan	1,021	-	(1,021)	-	-
Share-based payment	-	-	1,772	1,772	1,772
Dividends	-	(3,205)	-	(3,205)	(3,205)
<b>Balance as at 31 December 2023</b>	<b>81,483</b>	<b>14,954</b>	<b>(47,929)</b>	<b>48,508</b>	<b>48,508</b>
<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 financial year	-	(178)	(3,519)	(3,697)	(3,697)
Issuance of new shares pursuant to performance shares 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>

Company	Share Capital	Retained Earnings	Other Reserves	Total Equity
	\$'000	\$'000	\$'000	\$'000
<b>Balance as at 1 January 2023</b>	<b>75,106</b>	<b>3,586</b>	<b>387</b>	<b>79,079</b>
Total comprehensive income for the financial year	-	(1,078)	-	(1,078)
Share issuance	5,356	-	-	5,356
Issuance of new shares pursuant to performance share plan	1,021	-	(1,021)	-
Share-based payment	-	-	1,772	1,772
Dividends	-	(3,205)	-	(3,205)
<b>Balance as at 31 December 2023</b>	<b>81,483</b>	<b>(697)</b>	<b>1,138</b>	<b>81,924</b>
<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 financial year	-	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>

## D Condensed interim consolidated statement of cash flows

	Group	
	FY2023	FY2022
	\$'000	\$'000
<b><u>Cash flows from operating activities</u></b>		
(Loss)/Profit before tax	(10,689)	178
Adjustments for:		
Depreciation of plant and equipment	1,067	1,247
Depreciation of right-of-use assets	1,879	2,919
Write-off of plant and equipment	-	49
Gain on disposal of plant and equipment	(5)	-
Amortisation of intangible assets	272	280
Share based payment	1,772	672
Impairment loss on goodwill	-	250
Interest income	(364)	(30)
Finance costs	1,440	893
Allowance for stock obsolescence	3,341	1,554
Impairment loss on trade and other receivables	1,136	271
Provisions	(321)	(79)
Exchange differences	289	(717)
<b>Operating cash flows before changes in working capital</b>	<b>(183)</b>	<b>7,487</b>
Decrease/(increase) in inventories	3,467	(5,399)
Decrease in trade and other receivables	2,678	10,766
(Increase)/decrease in finance lease receivables	(23)	513
Decrease/(increase) in prepayment	5,133	(1,101)
Increase/(decrease) in deferred income	336	(11,928)
(Decrease)/increase in trade and other payables	(10,486)	7,721
<b>Net cash generated from operations</b>	<b>922</b>	<b>8,059</b>
Income taxes (paid)/refund	(2,133)	854
<b>Net cash (used in)/ generated from operating activities</b>	<b>(1,211)</b>	<b>8,913</b>
<b><u>Cash flows from investing activities</u></b>		
Purchase of plant and equipment	(600)	(1,425)
Proceeds from disposal of plant and equipment	11	2
Placement of fixed deposits pledged for bank facilities	-	(2)
Provision	(220)	-
Interest received	364	30
<b>Net cash used in from investing activities</b>	<b>(445)</b>	<b>(1,395)</b>
<b><u>Cash flows from financing activities</u></b>		
Issuance of shares	5,356	-
Proceeds from loans and borrowings	65,982	94,913
Repayments of loans and borrowings	(65,146)	(94,207)
Payment of principal portion of lease liabilities	(1,934)	(3,049)
Interest paid	(1,440)	(893)
Dividends paid	(3,205)	-
<b>Net cash generated used in financing activities</b>	<b>(387)</b>	<b>(3,236)</b>
Net (decrease)/increase in cash and cash equivalents	<b>(2,043)</b>	<b>4,282</b>
Effect of exchange rate changes on cash and cash equivalents	289	(1,129)
Cash and cash equivalents at beginning of the financial period	32,625	29,472
<b>Cash and cash equivalents at end of the financial period</b>	<b>30,871</b>	<b>32,625</b>
<b>Cash and cash equivalents comprise the following:</b>		
Cash and bank balances	30,986	32,745
Less: Pledged deposits	(115)	(120)
<b>Cash and cash equivalents</b>	<b>30,871</b>	<b>32,625</b>

## 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 8 Aljunied Avenue 3, The Pulse, Singapore 389933.

### 2. Basis of preparation

The condensed interim financial statements for the six months and full year ended 31 December 2023 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 2023.

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 2022.

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.

- Allowance for stock obsolescence

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 allowance for stock obsolescence 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.

### **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 has subdivided its previously reported Hardware, Lifecycle Services and IT Asset Disposition business segment into 1) Hardware business segment; and 2) Lifecycle Services business segment. The decision to subdivide the previously reported business segment into two distinct segments, Hardware and Lifecycle Services, aims to enhance transparency and provide clearer visibility into the performance of each segment.

The Group is now organised into the following main business segments:

- Segment 1: Hardware business includes revenue derived from hardware resale, which comprises income derived from the distribution of IT hardware, including but not limited to pre-owned servers, storage and networking equipment.
- Segment 2: Lifecycle Services business includes revenue derived from (i) Supply Chain Management, where income is derived from assisting OEMs in the distribution of their goods as part of their supply chain activities; (ii) the provision of services relating to installation, relocations, depot services, structured cabling and project planning as well as decommissioning services; (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.
- Segment 3: 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 decisions 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 2H2023 and the six months ended 31 December 2022 ("2H2022") together with FY2023 and the twelve months ended 31 December 2022 ("FY2022"), respectively:

	Hardware		Lifecycle Services		Third Party Maintenance		Total	
	2H2023 \$'000	2H2022 \$'000	2H2023 \$'000	2H2022 \$'000	2H2023 \$'000	2H2022 \$'000	2H2023 \$'000	2H2022 \$'000
<b>Major revenue stream</b>								
Sale of goods	59,462	90,602	-	-	383	2,050	59,845	92,652
Rendering of services	-	-	15,553	11,898	20,432	21,753	35,985	33,651
Equipment rental and leasing	1,401	2,646	-	-	-	-	1,401	2,646
	<u>60,863</u>	<u>93,248</u>	<u>15,553</u>	<u>11,898</u>	<u>20,815</u>	<u>23,803</u>	<u>97,231</u>	<u>128,949</u>

**Timing of transfer of goods or services**

At a point in time	59,462	90,602	15,553	11,898	383	2,050	75,398	104,550
Over time	1,401	2,646	-	-	20,432	21,753	21,833	24,399
	<u>60,863</u>	<u>93,248</u>	<u>15,553</u>	<u>11,898</u>	<u>20,815</u>	<u>23,803</u>	<u>97,231</u>	<u>128,949</u>

	Hardware		Lifecycle Services		Third Party Maintenance		Total	
	FY2023 \$'000	FY2022 \$'000	FY2023 \$'000	FY2022 \$'000	FY2023 \$'000	FY2022 \$'000	FY2023 \$'000	FY2022 \$'000
<b>Major revenue stream</b>								
Sale of goods	123,725	174,027	-	-	1,758	4,293	125,483	178,320
Rendering of services	-	-	26,214	20,652	41,753	44,718	67,967	65,370
Equipment rental and leasing	3,742	6,350	-	-	-	-	3,742	6,350
	<u>127,467</u>	<u>180,377</u>	<u>26,214</u>	<u>20,652</u>	<u>43,511</u>	<u>49,011</u>	<u>197,192</u>	<u>250,040</u>

**Timing of transfer of goods or services**

At a point in time	123,725	174,027	26,214	20,652	1,758	4,293	151,697	198,972
Over time	3,742	6,350	-	-	41,753	44,718	45,495	51,068
	<u>127,467</u>	<u>180,377</u>	<u>26,214</u>	<u>20,652</u>	<u>43,511</u>	<u>49,011</u>	<u>197,192</u>	<u>250,040</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 2023 and 31 December 2022:

	FY2023 \$'000	FY2022 \$'000	Increase / (decrease) %
<b>Geographical information by revenue</b>			
Asia Pacific	17,450	20,214	(13.7)
EMEA	72,087	89,976	(19.9)
Americas	107,655	139,850	(23.0)
	<u>197,192</u>	<u>250,040</u>	(21.1)

	<b>31-Dec-23</b>	<b>31-Dec-22</b>	<b>Increase / (decrease)</b>
	\$'000	\$'000	%
<b><u>Geographical information by non-current assets</u></b>			
Asia Pacific	3,088	2,227	38.7
EMEA	10,762	11,062	(2.7)
Americas	3,233	4,297	(24.8)
	<u>17,083</u>	<u>17,586</u>	(2.9)

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

A breakdown of sales

	<b>FY2023</b>	<b>FY2022</b>	<b>Increase / (decrease)</b>
	\$'000	\$'000	%
(a) Sales reported for the first half year	99,961	121,091	(17.4)
(b) Profit after tax for the first half year	(3,600)	1,275	(382.4)
(c) Sales reported for the second half year	97,231	128,949	(24.6)
(d) Profit after tax for the second half year	(4,869)	(1,453)	235.1

**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 2023 and 31 December 2022:

	<b>The Group</b>		<b>The Company</b>	
	<b>31-Dec-23</b>	<b>31-Dec-22</b>	<b>31-Dec-23</b>	<b>31-Dec-22</b>
	\$'000	\$'000	\$'000	\$'000
<b><u>Financial assets</u></b>				
Finance lease receivables	71	65	-	-
Cash and bank balances and trade and other receivables (Amortised cost)	64,842	70,459	38,928	37,006
	<u>64,913</u>	<u>70,524</u>	<u>38,928</u>	<u>37,006</u>
<b><u>Financial liabilities</u></b>				
Trade and other payables and borrowings (Amortised cost)	49,083	59,044	1,877	1,584



## 6. Profit before taxation

### 6.1. Significant items

	The Group			
	2H2023	2H2022	FY2023	FY2022
	\$'000	\$'000	\$'000	\$'000
<b><u>Income</u></b>				
Interest income	344	8	364	30
Others	2,869	59	2,928	144
<b><u>Expenses</u></b>				
Impairment of goodwill	-	(250)	-	(250)
Allowance for trade receivables	(706)	(206)	(1,136)	(271)
Allowance for stock obsolescence	(2,975)	604	(3,341)	(1,554)
Interest expense	(743)	(524)	(1,440)	(893)
Depreciation of plant and equipment	(533)	(657)	(1,067)	(1,247)
Depreciation of right-of-use assets	(844)	(1,521)	(1,879)	(2,919)
Amortisation of intangible assets	(137)	(141)	(272)	(280)
Foreign exchange gain/(loss), net	(612)	(895)	(292)	118
Gain/(Loss) on disposal of plant and equipment	(3)	(49)	5	(44)

### 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			
	2H2023	2H2022	FY2023	FY2022
	\$'000	\$'000	\$'000	\$'000
Current income tax expense/(credit)	546	1,403	1,252	1,660
Deferred income tax expense/(credit) relating to origination and reversal of temporary differences	(2,047)	(1,304)	(3,472)	(1,304)
	<u>(1,501)</u>	<u>99</u>	<u>(2,220)</u>	<u>356</u>

## 8. Dividends

No dividends have been declared or recommended for the current reporting period.

## 9. Net Asset Value

	The Group		The Company	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Net asset value per share (SGD in cent)	15.13	17.62	25.56	26.75
Number of shares in issue ('000)	320,541	295,590	320,541	295,590

## 10. Intangible assets

The Group	Goodwill	Customer relationship	Technical know-how	Software	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cost:</b>					
At 1 January 2022	12,261	946	2,598	1,337	17,142
Exchange differences	(1,242)	-	-	36	(1,206)
At 31 December 2022 and 1 January 2023	11,019	946	2,598	1,373	15,936
Exchange differences	371	-	-	1	372
At 31 December 2023	11,390	946	2,598	1,374	16,308
<b>Accumulated amortisation and impairment:</b>					
At 1 January 2022	350	946	2,598	720	4,614
Amortisation charge for the year	-	-	-	279	279
Impairment loss	250	-	-	-	250
Exchange differences	-	-	-	33	33
At 31 December 2022 and 1 January 2023	600	946	2,598	1,032	5,176
Amortisation charge for the period	-	-	-	272	272
Impairment loss	-	-	-	-	-
Exchange differences	186	-	-	3	189
At 31 December 2023	786	946	2,598	1,307	5,637
<b>Net book value:</b>					
At 31 December 2022	10,419	-	-	341	10,760
At 31 December 2023	10,604	-	-	67	10,671

The Company	Technical know-how \$'000
<b>Cost:</b>	
At 31 December 2022, 1 January 2023 and 31 December 2023	2,598
<b>Accumulated amortisation and impairment:</b>	
At 1 January 2022	2,598
At 31 December 2022, 1 January 2023 and 31 December 2023	2,598
<b>Net book value:</b>	
At 31 December 2022	-
At 31 December 2023	-

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 2022.

## 11. Property, plant and equipment

During FY2023, the Group acquired assets amounting to \$600,000 (31 December 2022: \$1,425,000) and undertook disposal and write-off of assets amounting to \$6,000 net book value (31 December 2022: \$47,000).

## 12. Inventories

	The Group	
	31-Dec-23	31-Dec-22
	\$'000	\$'000
<b>Balance sheet:</b>		
Computer equipment and peripheral equipment held for sale	18,068	24,827
<b>Income statement:</b>		
Inventories recognized as an expense in cost of sales	106,361	131,886
Inclusive of the following charge:		
– Allowances for stock obsolescence	3,341	1,554

## 13. Trade and other receivables

The Group's trade receivables and allowance for expected credit loss of trade receivables as at 31 December 2023 was \$35,331,000 (31 December 2022: \$37,517,000) and \$2,610,000 (31 December 2022: \$1,794,000) respectively.

## 14. Borrowings

	The Group	
	31-Dec-23	31-Dec-22
	\$'000	\$'000
<b><u>Amount repayable within one year or on demand</u></b>		
Secured	13,277	12,693
Unsecured	14	471
<b><u>Amount repayable after one year</u></b>		
Secured	-	-
Unsecured	-	1,838

## 15. Share capital

	The Group and the Company			
	31-Dec-23		31-Dec-22	
	Number of shares '000	Amount \$'000	Number of shares '000	Amount \$'000
Beginning of the period	295,590	75,106	294,238	74,695
Issue of ordinary shares pursuant to compliance placement	21,000	5,356	-	-
Issuance of new shares pursuant to performance shares	3,951	1,021	1,352	411
End of the period	320,541	81,483	295,590	75,106

The Company has no treasury shares.

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2023 and 31 December 2022.

### Share options – employee share option scheme

Between 1 January 2023 and 31 December 2023, the Company did not issue any shares under the employee share option scheme.

As at 31 December 2023, there were no outstanding options under the employee share option scheme (31 December 2022: NIL).

### Performance share plan

Between 1 January 2023 and 31 December 2023, the Company granted 22,086,300 shares under the performance share plan.

As at 31 December 2023, the number of shares comprised in outstanding awards granted under the performance share plan was 13,549,100 (31 December 2022: 1,614,200).

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**

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

## 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 2023 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

	FY2023 \$'000	FY2022 \$'000	Change \$'000	Change %
Revenue	197,192	250,040	(52,848)	(21.1)
Gross Profit	41,898	65,229	(23,331)	(35.8)
Operating expenses (Selling and Administrative expenses)	(53,016)	(63,885)	10,869	(17.0)
EBITDA	(6,031)	5,517	(11,548)	(209.3)
Profit before tax	(10,689)	178	(10,867)	(6,105.1)
<b>Non-recurring items</b>				
Income received from settlements	2,495	-	2,495	N.M.
Investment in additional resources	(3,503)	-	(3,503)	N.M.
Exchange (loss)/gain	(292)	118	(410)	N.M.
Goodwill impairment	-	(250)	250	N.M.
Cost optimisation exercise	-	(663)	663	N.M.
<b>Total non-recurring items</b>	<b>(1,300)</b>	<b>(795)</b>	(505)	63.5
<b>Normalised operating expenses</b>	<b>(49,513)</b>	<b>(63,222)</b>	13,709	(21.7)
<b>Normalised EBITDA</b>	<b>(4,731)</b>	<b>6,312</b>	(11,043)	(175.0)
<b>Normalised Profit before tax</b>	<b>(9,389)</b>	<b>973</b>	(10,362)	(1,065.0)

- The Group's revenue decreased by \$52.8 million from \$250.0 million in FY2022 to \$197.2 million in FY2023, with gross profit decreasing by \$23.3 million from \$65.2 million in FY2022 to \$41.9 million in FY2023.
- The Group's EBITDA decreased by \$11.5 million from \$5.5 million in FY2022 to a loss of \$6.0 million in FY2023, due primarily to the following:
  1. The decrease in revenue and gross profit in FY2023;
  2. The deployment of additional resources for the new business offerings of \$3.5 million in FY2023;
    - the labour and resources dedicated to processing and disposing of the end-of-life hardware for a global contract manufacturer in the hyperscale space
    - the expenses incurred in developing and expanding its e-Commerce business
  3. The exchange loss of \$0.3 million in FY2023 (as compared to exchange gain of \$0.1 million in FY2022);
- On a normalized basis, the Group's operating expenses decreased by \$13.7 million from \$63.2 million in FY2022 to \$49.5 million in FY2023 as a result of the cost optimisation exercise in 2H2022.

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

## Review of performance – 2H2023 vs 2H2022

	2H2023	2H2022	Change %
<b>Revenue (\$'000)</b>			
Hardware	60,863	93,248	(34.7)
Lifecycle Services	15,553	11,898	30.7
Third Party Maintenance	20,815	23,803	(12.6)
<b>Total</b>	<b>97,231</b>	<b>128,949</b>	<b>(24.6)</b>
<b>Gross Profit (\$'000)</b>			
Hardware	3,230	20,773	(84.5)
Lifecycle Services	6,442	3,143	105.0
Third Party Maintenance	7,111	7,428	(4.3)
<b>Total</b>	<b>16,783</b>	<b>31,344</b>	<b>(46.5)</b>
<b>Gross Profit Margin (%)</b>			
Hardware	5.3	22.3	(17.0)
Lifecycle Services	41.4	26.4	15.0
Third Party Maintenance	34.2	31.2	3.0
<b>Total</b>	<b>17.3</b>	<b>24.3</b>	<b>(7.0)</b>

### Revenue and Gross Profit

Procuri's revenue decreased by 24.6% from S\$128.9 million in 2H2022 to S\$97.2 million in 2H2023. The Hardware business segment's revenue decreased by 34.7% from S\$93.2 million in 2H2022 to S\$60.9 million in 2H2023, mainly due to the slowdown in investment in the IT sector and easing of supply chain bottlenecks. The revenue from Lifecycle Services increased by 30.7% from S\$11.9 million in 2H2022 to S\$15.6 million in 2H2023. This was mainly due to the Group's shift in focus to drive services revenue. Revenue from the Third-Party Maintenance ("TPM") business segment decreased by 12.6% from S\$23.8 million in 2H2022 to S\$20.8 million in 2H2023, mainly due to the decline in renewals and new sales in all the regions.

The Group's overall gross profit decreased by 46.5% from S\$31.3 million in 2H2022 to S\$16.8 million in 2H2023 as a result of lower gross profit generated from the Hardware and TPM business segments. The Group's overall gross profit margin decreased by 7.0 percentage points from 24.3% in 2H2022 to 17.3% in 2H2023, mainly due to the lower margin from the Hardware business segment. This is partially offset by the higher margin generated from TPM and Lifecycle Services business segments.

### Other income

Other income increased by S\$3.1 million from S\$0.1 million in 2H2022 to S\$3.2 million in 2H2023 mainly due to the income received from settlements.

### Selling expenses

Selling expenses increased by S\$3.4 million from S\$14.7 million in 2H2022 to S\$11.3 million in 2H2023 mainly due to lower pay-out of sales commission from the lower generated gross profit.

### Administrative expenses

Administrative expenses decreased by S\$3.2 million from S\$16.1 million in 2H2022 to S\$13.0 million in 2H2023. The decrease was mainly due to a decrease in staff costs resulting from a reduction in the number of employees in 2H2023, and absence of one-off cost optimization exercise in 2H2022.

### Finance costs

Finance costs increased by S\$0.2 million from S\$0.5 million in 2H2022 to S\$0.7 million in 2H2023, as a result of higher interest rates.

## Other charges

Other charges decreased by S\$0.1 million from S\$1.4 million in 2H2022 to S\$1.3 million in 2H2023, mainly due to higher allowance for trade receivables in 2H2023, partially offset by the absence of goodwill impairment of S\$0.3 million in 2H2022.

## Profit before and after tax

As a result of the above, the Group recorded a pre-tax loss of S\$6.4 million in 2H2023 as compared to S\$1.4 million in 2H2022 and income tax credit of S\$1.5 million in 2H2023 as compared to income tax expense of S\$0.1 million in 2H2022.

The Group recorded a loss after tax of S\$4.9 million in 2H2023 as compared to S\$1.5 million in 2H2022.

## Review of performance – FY2023 vs FY2022

	FY2023	FY2022	Change %
<b>Revenue (\$'000)</b>			
Hardware	127,467	180,377	(29.3)
Lifecycle Services	26,214	20,652	26.9
Third Party Maintenance	43,511	49,011	(11.2)
<b>Total</b>	<b>197,192</b>	<b>250,040</b>	<b>(21.1)</b>
<b>Gross Profit (\$'000)</b>			
Hardware	15,427	42,302	(63.5)
Lifecycle Services	10,453	6,184	69.0
Third Party Maintenance	16,018	16,743	(4.3)
<b>Total</b>	<b>41,898</b>	<b>65,229</b>	<b>(35.8)</b>
<b>Gross Profit Margin (%)</b>			
Hardware	12.1	23.5	(11.3)
Lifecycle Services	39.9	29.9	9.9
Third Party Maintenance	36.8	34.2	2.7
<b>Total</b>	<b>21.2</b>	<b>26.1</b>	<b>(4.8)</b>

## Revenue and Gross Profit

The Group's revenue decreased by 21.1% from S\$250.0 million in FY2022 to S\$197.2 million in FY2023. The Hardware business segment's revenue decreased by 29.3% from S\$180.4 million in FY2022 to S\$127.5 million in FY2023, mainly due to lower contribution from all the region as a result of the slowdown in investment in the IT sector and easing of supply chain bottlenecks in FY2023. The Lifecycle Services business segment's revenue increased by 26.9% from S\$20.7 million in FY2022 to S\$26.2 million in FY2023 as the result of the increase in demand for its service offerings. Revenue from the TPM business segment decreased by 11.2% from S\$49.0 million in FY2022 to S\$43.5 million in FY2023, mainly due to the decline in renewals and new sales across all the regions.

The Group's overall gross profit decreased by S\$23.3 million, or 35.8%, from S\$65.2 million in FY2022 to S\$41.9 million in FY2023. This decrease is mainly attributable to a decline in revenue of S\$52.9 million in the Hardware segment, resulting in a corresponding reduction in gross profit of S\$26.9 million. The drop in revenue was primarily due to the easing of post-pandemic supply chain bottlenecks, leading to decreased demand. However, this decline was partially offset by our increased focus on Lifecycle Services, which saw a gross profit increase of S\$4.3 million.

The Group's overall gross profit margin decreased by 4.8 percentage points, from 26.1% in FY2022 to 21.2% in FY2023, primarily due to a decrease in the gross profit margin in the Hardware segment and an increase in the allowance for stock obsolescence. This was a consequence of post-pandemic market corrections, where supply chain shortages eased, and the market was inundated with supplies. As a result, market prices declined, leading to a reduction in the Group's gross profit margin. However, this was partially offset by higher margins from the Lifecycle Services and TPM business segments, which increased from 29.9% in FY2022 to 39.9% in FY2023 and from 34.2% in FY2022 to 36.8% in FY2023, respectively.

## Other Income

Other income increased by S\$3.1 million, from S\$0.2 million in FY2022 to S\$3.3 million in FY2023, mainly due the income received from settlements and the interest income from fixed deposit in 2H2023.

#### Other Credits

Other credits decreased by S\$0.1 million mainly due to the absence of foreign exchange gain from the revaluation of USD, GBP and EUR denominated receivables.

#### Selling expenses

Selling expenses decreased by S\$5.5 million from S\$29.9 million in FY2022 to S\$24.5 million in FY2023 mainly due lower pay-out of sales commission from the decrease in gross profit.

#### Administrative expenses

Administrative expenses decreased by S\$5.4 million from S\$34.0 million in FY2022 to S\$28.6 million in FY2023, mainly due to decrease in staff costs resulting from a reduction in the number of employees, and absence of one-off cost optimization exercise of S\$0.7 million and professional fees related to corporate actions of S\$0.2 million incurred in FY2022.

#### Finance costs

Finance costs increased by S\$0.5 million as a result of the higher interest rate.

#### Other charges

Other charges increased by S\$0.8 million, from S\$0.6 million in FY2022 to S\$1.4 million in FY2023, mainly due to higher allowance for trade receivables and foreign exchange loss in FY2023 and the absence of goodwill impairment in FY2022.

#### Profit before and after tax

As a result of the above, the Group recorded a pre-tax loss of S\$10.7 million in FY2023. The Group recorded an income tax credit of S\$2.2 million in FY2023 as a result of deferred tax credit partially offset against income tax expense for the year.

#### Review of financial position

##### Non-current assets

- (a) Plant and equipment decreased by S\$0.5 million from S\$2.2 million as at 31 December 2022 to S\$1.7 million as at 31 December 2023. This decrease was mainly due to the depreciation charges offset by the purchase of plant and equipment.
- (b) The right-of-use assets increased by S\$0.1 million from S\$4.6 million as at 31 December 2022 to S\$4.7 million as at 31 December 2023. The increase was mainly due new operating lease, partially offset by depreciation charges.
- (c) Intangible assets decreased by S\$0.1 million from S\$10.8 million as at 31 December 2022 to S\$10.7 million as at 31 December 2023 as a result of the amortisation and the foreign exchange fluctuation from GBP revaluation.
- (d) Deferred tax assets increased by S\$3.4 million from S\$6.5 million as at 31 December 2022 to S\$9.9 million as at 31 December 2023 due to origination of temporary difference resulted from trade losses during the year.

##### Current assets

- (e) Inventories decreased by S\$6.7 million from S\$24.8 million as at 31 December 2022 to S\$18.1 million as at 31 December 2023 as a result of lower net realisable value of the inventories.
- (f) Trade and other receivables decreased by S\$4.0 million from S\$37.7 million as at 31 December 2022 to S\$33.7 million as at 31 December 2023, mainly due to the higher allowance provided and lower other receivables.
- (g) Prepayments decreased by S\$5.1 million mainly due to lower 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 decreased by S\$10.5 million from S\$44.0 million as at 31 December 2022 to S\$33.5 million as at 31 December 2023. The decrease was mainly due to payment made to suppliers.
- (j) Deferred income (both current and non-current) principally comprised deferred maintenance revenue from signed maintenance contracts. Deferred income increased by S\$0.3 million from S\$9.9 million as at 31 December 2022 to S\$10.3 million as at 31 December 2023 as a result of renewal of signed maintenance contracts in the year 2023.
- (k) The loans and borrowings (both current and non-current) increased by S\$0.5 million, from S\$15 million as at 31 December 2022 to S\$15.5 million as at 31 December 2023. The increase was mainly due to utilisation of short-term trade facilities.
- (l) Income tax payables decreased by S\$0.9 million to S\$1.2 million as at 31 December 2023 mainly due to the lower taxable income for the year.

## Net working capital position

The Group recorded a positive working capital of S\$27.6 million as at 31 December 2023 compared to S\$34.9 million as at 31 December 2022.

## Review of cash flows

Net cash used in operating activities in FY2023 amounted to S\$1.2 million as compared to net cash generated from operation of S\$8.9 million in FY2022. The decrease was mainly due to the lower operation cash flow before changes in working capital, the decrease in trade and other payables of S\$10.5 million and tax paid of S\$2.1 million. This was partially offset by the decrease in inventories, trade and other receivables and prepayment of S\$3.5 million, S\$2.7 million and S\$5.1 million respectively and an increase in deferred income of S\$0.3 million.

Net cash used in investing activities amounted to S\$0.5 million in FY2023 as compared to S\$1.4 million in FY2022. The cash used in FY2023 was mainly for purchase of plant and equipment and decrease in provision of S\$0.6 million and S\$0.2 million respectively. This was partially offset by the interest received amounting to S\$0.3 million.

Net cash used in financing activities in FY2023 amounted to S\$0.4 million as compared to S\$3.2 million in FY2022. The cash used in financing activities in FY2023 was mainly due to the repayment of borrowings of S\$65.1 million, lease liabilities of S\$1.9 million, the interest paid of S\$1.4 million and dividend paid of S\$3.2 million. This was partially offset by the proceeds from borrowings and issuance of share capital of S\$66.0 million and S\$5.4 million respectively.

### 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.

The current size of the IT Asset Disposition (ITAD) Market is valued at USD 15.6 billion in 2023<sup>1</sup> and is expected to grow significantly from 2022 to 2030 at a compounded annual growth rate (CAGR) of 7.6%, hitting a market value of USD 28.6 billion by 2030<sup>2</sup>.

The Group's strategic focus on Asia, the fastest-growing ITAD market<sup>3</sup>, puts it in an advantageous position to capitalise on changing consumption patterns towards more sustainable IT practices.

Adopting new technology, product innovation, strict regulations, and environmental consciousness will create massive growth opportunities for IT asset disposition providers like Procurri. However, incumbents who fail to recognise technological changes, such as the increasing adoption of cloud technologies, will risk becoming obsolete. The Group offers several wrap-around services that help organisations transition to the cloud.

The Group is also well-positioned to assist businesses looking to navigate the challenges of a changing climate through its sustainable IT solution that helps to reduce global carbon footprint. As a recognised carbon-neutral business, the Group provides its customers with high-quality solutions for IT lifecycle Services and Third-Party Maintenance, but these services are also all processed within a zero-carbon emissions facility.

While FY2023 has been a challenging year for the Group in terms of operations, Procurri is confident that the future of its sustainable business remains bright, with the organisation benefitting from the structural shift towards a greener world.

<sup>1</sup>IT Asset Disposition (ITAD) Market Size Projected to Reach USD 32,355.70 Million, Projecting 8.5% CAGR by 2032: Polaris Market Research

<sup>2</sup>Global IT Asset Disposition Market 2023 – 2032

<sup>3</sup>IT Asset Disposition Market Size & Share Analysis - Growth Trends & Forecasts (2024 - 2029)

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

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

No dividend has been declared or recommended for current financial period reported on.

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

None.

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

Not applicable.

**d Book closure date**

Not applicable.

**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.**

The Company does not have a general shareholders' mandate for interested person transactions.

The following table sets out information on the Group's interested person transactions.

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
		\$'000	\$'000
EXEO Global Pte. Ltd. <sup>(1)</sup>	Associate of DeClout Pte. Ltd., the controlling shareholder of the Company.	375	-

<sup>(1)</sup> Rental of office and warehouse space from EXEO Global Pte. Ltd. ("EXEO Global"). EXEO Global wholly owned DeClout Pte. Ltd., the controlling shareholder of the Company. EXEO Global is a wholly owned subsidiary of EXEO Group, Inc.

## 7 Use of proceeds

### 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>Placement Net Proceeds</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

Mathew George Jordan  
Executive Director and Chief Executive Officer  
29 February 2024