

PROCURRI CORPORATION LIMITED
(Company Registration No. 201306969W)
(Incorporated in the Republic of Singapore)

**ANNUAL GENERAL MEETING TO BE HELD ON 17 JUNE 2020
RESPONSES TO QUESTIONS**

The Board of Directors (the “**Board**”) of Procurri Corporation Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to thank shareholders for submitting their questions in advance of the Annual General Meeting (the “**AGM**”) to be held by electronic means on 17 June 2020 at 10 a.m. The following are the responses to the questions being raised.

Q1. With the cessation of quarterly reporting, shareholders have no visibility of Procurri’s financial performance until 14 August 2020. What is the impact of Covid-19 to Procurri’s operations for the first half?

Q2. The profit warning for 1H2020 is a surprise when there should be increased demand of cloud services during the Covid-19 pandemic. Also, why would customers hold back on their purchasing decisions after the announcement of the deal cancellation on 15 Jan?

We refer to our announcement dated 9 June 2020 in relation to our profit guidance. We expect to report a substantially weaker performance for 1H2020 compared to 1H2019 due mainly to:

1. the impact from the global COVID-19 pandemic, and
2. a slow start in 2020 after the termination of discussions in relation to the possible transaction with Park Place Technologies, LLC (“**Park Place**”).

During the first quarter of 2020, the impact of the COVID-19 global pandemic increased. Countries were forced to go into lock-downs, causing many businesses to grind to a halt around the world and disrupting supply chains. The Covid-19 global pandemic-driven disruptions and the unmaterialised Park Place transaction both negatively impacted our business due to, among other factors, customers holding back on their purchasing decisions, leading to a slow start for us in 2020. Maintenance is a service, and customers want continuity and stability in the service provider with whom they sign a long term contract.

However, similar to the global financial crisis in 2008-2009, we believe that, as businesses emerge from this Covid-19 pandemic, many of them will be more prudent, and looking to control their expenses, even as they consider digitising operations to navigate through this difficult period. Thus, we believe that Procurri’s affordable solutions that typically cost materially less than the manufacturer’s new equipment options will be attractive to customers in the immediate post Covid-19 global environment.

Other than the above, we also announced on 28 May 2020 that under the US Paycheck Protection Program, two of our wholly-owned US subsidiaries, Procurri LLC and Rockland Congruity LLC, were granted financial aid of US\$1,597,997.50 and US\$1,756,300.00 respectively (the “**PPP Loans**”). If the subsidiaries were to meet a certain set of criteria, the entire US\$3.4 million in PPP Loans may be forgiven and, in such an event, the PPP Loans will be recognized as “Other Income” over the period in which they were granted to compensate for the related costs incurred then.

We are targeting to announce our unaudited consolidated financial results for 1H2020 on or around 5 August 2020, barring unforeseen circumstances.

Q3. To what extent is the IT distribution business affected in 2020?

Our IT Distribution business is facing some challenges in 2020 because new projects have been delayed due to, among others, decision makers who have been locked down and/or are working from home have paused these projects. However, we are more optimistic with respect to the later part of this year as we believe that the IT Distribution business could pick up, particularly for us, as our price points are relatively low compared to new equipment and, as a result, customers might switch to resold hardware to push their projects to completion rather than cancelling them due to cost restrictions.

Q4. How is the development of the IT asset disposal (“ITAD”) business in 2020?

The ITAD business is our youngest division and a very exciting area of the business. We have diligently pursued new partnerships, programs and opportunities to grow our ITAD business segment and have been working to scale up our ITAD offering into a world-class business globally.

Overall, our ITAD business has been strong in 2020 considering it progressed from a very low base start in 2019. We have an exciting partnership with Ingram Micro and announced our strategic relationship in December 2019. There are a number of great opportunities that we are exploring together with Ingram Micro. The ITAD business benefits from the growth of the cloud so we expect ITAD to be a key driver for us going forward. This is indeed a huge opportunity, and one that will take time and investment for us to prepare and position ourselves to contend for market leadership. We are optimistic in this regard because our two other business segments are highly synergistic with the ITAD business.

Q5. How is the implementation of the new IT platform for the sales team and what are the expected benefits?

We are currently in the process of standardizing on two global platforms for the Group. We are using Salesforce for our maintenance business and Morse for our ITAD and refurbished hardware businesses. Salesforce has been rolled out in the US. The US is currently focusing on training and adoption of the software for interactions with our customers. The Morse roll-out is progressing slower than expected due to lockdowns arising from Covid-19. We will have a clearer picture later in the year. For both systems, we expect to work on more data which will help us fine tune our operations and scale accordingly, so we do expect benefits from both

systems but the Covid-19 situation makes it difficult for us to forecast when we can see the benefits of these systems in our financial results.

Q6. The Covid-19 pandemic has accelerated interest in cloud, IoT, AI, and big data. With Procurri nicely fitted into the hardware support and maintenance of servers, how will Procurri plan to leverage on this megatrend in the post Covid-19 world?

The cloud-driven opportunity has always been at the heart of Procurri's business strategy and the Covid-19 pandemic has provided greater impetus for large corporations to migrate more to the cloud, with increasing requirements globally to work remotely from the office. This means that Procurri's ITAD offerings could be in higher demand sooner than projected. We have a lot of work to do in order to successfully grow this business and capitalise on this opportunity to acquire a significant market share of this multi-billion-dollar industry.

Q7. Has Novo Tellus investment bore fruits (increase in revenue/pipeline/better cost management etc) for the earnings of the company?

We had been very focused on driving the growth of our businesses since the establishment of Procurri. Since the time of their investment in us, Novo Tellus has helped to provide us with strategic insights and have had multiple discussions with us on our strategy and business planning, culminating in the establishment of a Strategic Committee to sharpen the focus of our board in this area. We agree with Novus Tellus' opinion of the importance of combining our three world-class business offerings under one umbrella and implementing data driven metrics on a unified platform to drive synergies for long-term profitable growth.

The insights and advice from Novo Tellus to date have been a valuable resource for us and we look forward to more from Novo Tellus as we continue the implementation and roll out of global systems.

Q8. Any plans to issue dividends going forward? If not, how will the management make use of the money in lieu of dividends for growth?

There are currently no plans to issue dividends as we are still pursuing growth and looking to increase our scalability which requires capital to fund, particularly in continuing to grow the ITAD business. Our securing the strategic partnership with Ingram Micro in December 2019 is a validation of our investment in and the development of our ITAD capabilities during FY2019. This strategic partnership will see us collaborating with Ingram Micro to provide a complete global ITAD solution across over 80 countries, thereby further strengthening our position as a leading player in the global ITAD market.

Q9. It seems in Q4 2019, IT distribution gross profit dropped quite substantially. What is the reason?

During the fourth quarter of 2019, we cleared aged inventories through several low-margin IT hardware resale deals. That impacted the Group's gross profit for the fourth quarter.

Q10. Why the desire to issue shares with no clear value-creation rationale?

The PSP share grant/issuance is part of Procurri's long-term incentive scheme that aims to better align the interests of shareholders and the Management of the Company by motivating and rewarding the directors and key management personnel and creating an alignment of interest with shareholders.

When it comes to M&A, the issuance of shares has two key benefits. First, it enables us to conserve cash which allows us to deploy our cash on the other aspects of the business. Second, it also serves as a tool to align the interests of the acquired target owner with our interests.

In situations where shares may be issued, Procurri's board will give careful consideration to, bearing in mind, among others, the purpose and price of the issuance and the dilutive effect thereof. We will also be mindful that the value creation/addition that arises from the issuance of new shares must justify the dilutive impact to our shareholders.

Q11. How to ensure minority investors are protected against dilutive effect of share issuance especially when value-creation for all shareholders is unclear?

See response to Q10.

Q12. The lack of revenue growth in 2019 is disappointing given that the cloud is the fastest growing segment in the Tech industry. Please explain the reason for this.

With rapid cloud adoption, our newly set-up ITAD business grew swiftly in 2019 but, unfortunately, the growth in ITAD was offset by the decline in our maintenance business for which we faced multiple challenges during the same period, resulting in a flat revenue trend for the year.

We are currently implementing Salesforce to access and evaluate more granular insights to adjust our maintenance business for improved growth.

Q13. Please update the progress of the partnership with Ingram Micro.

In December 2019, we embarked on a new partnership with Ingram Micro. While this collaboration is still in its infancy, we can see that it has great potential. We are already beginning to see new opportunities arising from this partnership and are working hard to grow this partnership steadily and capture the opportunities that arise therefrom.

Q14. Please share the criteria in order for the PPP loans to be forgiven and whether your US subsidiaries currently meet or will meet the criteria.

The following expenses that are funded using the proceeds from the PPP Loans can be forgiven:

1. Payroll;
2. Mortgage interest—as long as the mortgage was signed before February 15, 2020;
3. Rent—as long as the lease agreement was in effect before February 15, 2020; and
4. Utilities—as long as service began before February 15, 2020.

Other criteria include:

1. At least 75% of the forgiven amount must have been used for payroll;
2. The employer must maintain and/or quickly rehire employees and maintain salary levels; and
3. The PPP Loan proceeds must be expended within 24 weeks from the date of receipt.

We believe our subsidiaries have met the criteria and will be applying for the forgiveness of the PPP Loans accordingly.

**BY ORDER OF THE BOARD
PROCURRI CORPORATION LIMITED**

Thomas Sean Murphy
Chairman and Global Chief Executive Officer
17 June 2020