

En Pointe Technologies, Inc. Reports Net Income for the Fourth Quarter of Fiscal Year 2000

Consolidated Net Income of \$2.4 million; \$0.37 per share; En Pointe Core Business Net Sales Up 11% Over Prior Quarter; Service Revenues Achieve New Record

LOS ANGELES, Nov. 21 /PRNewswire/ -- En Pointe Technologies, Inc. (Nasdaq: [ENPT](#)), a leading national provider of business-to-business information technology products and services, today announced revenues and net earnings for its fiscal 2000 fourth quarter and year ended September 30, 2000. Consolidated revenues were \$124 million in the fourth quarter, compared to \$118 million reported for the prior sequential quarter and \$170 million for the fourth quarter of fiscal 1999. Consolidated revenues were \$494 million for the twelve months ended September 30, 2000, down from \$668 million in fiscal 1999.

Consolidated net income for the quarter ended September 30, 2000 was \$2.4 million, or \$0.37 per basic and fully diluted share, after taking into account a reversal of previously recorded losses from affiliates of \$2.3 million. This compares favorably to the revised net loss (discussed below) reflected in the prior sequential quarter of \$10.5 million, or \$1.61 per share, and the net loss recorded for the fourth quarter of fiscal 1999 of \$11.0 million, or \$1.85 per share. The consolidated net loss for the year ended September 30, 2000 was \$19.4 million, or \$3.02 per share, compared to \$16.6 million, or \$2.79 per share for the prior fiscal year.

En Pointe's core business generated \$123.7 million in revenue during the fourth quarter of fiscal 2000, an increase of 11% over the \$111.4 million reported for the prior sequential quarter. Net sales of hardware and software products by the core business increased by 10% to \$114.9 million during the quarter ended September 30, 2000 from the prior sequential quarter.

Service revenue during the fourth quarter of fiscal 2000 achieved a new all time high of \$8.8 million, an increase of 21.9% over the prior sequential quarter and an increase of 41.0% over the same quarter in fiscal 1999. Additionally, gross margins on the service revenue increased to 38.4%, an increase over the 37.4% realized in the June 2000 quarter and the 34.1% realized in the fourth quarter of fiscal 1999.

The consolidated pre-tax profit during the fourth quarter of fiscal 2000 was \$363,000, with En Pointe's core business contributing \$578,000 to this number. Elimination of interest received from affiliates together with losses at En Pointe Ventures was \$215,000.

"We are pleased and confident in the direction our business has taken in the fourth quarter of fiscal 2000," said Mike Shabazian, President of En Pointe Technologies. "As a result of the restructuring activities we undertook during June 2000, we've been able to increase revenues and reduce expenses, resulting in improved operating margins and a pre-tax profit of \$578,000 in the core business during the fourth quarter. The June restructuring event marked the beginning of our transition and rebuilding, a process we believe will continue well into the future as we remake En Pointe into a premier national integrated solutions provider."

Both consolidated gross margins and operating margins have shown significant improvement over the prior sequential and prior year quarters. During the quarter ended September 30, 2000, En Pointe's consolidated gross margin was 10.5%, an improvement over the 9.2% reported for both the third quarter of fiscal 2000 and the fourth quarter of fiscal 1999. The consolidated operating profit of \$734,000 represented 0.6% of consolidated net sales during the fourth quarter, compared to losses reported for both the prior sequential quarter and the same quarter in fiscal 1999.

"It's clear that the transition we began with the reorganization in June 2000 has had a positive effect," said Kevin Ayers, CFO of En Pointe Technologies. "We are pleased with the operating profits we've been able to generate and will continue to focus our efforts on cost control and profitability."

En Pointe continues to have significant investments in both firstsource corp. and SupplyAccess, Inc. As of September 30, 2000, En Pointe owned approximately 43.5% of firstsource corp. and 36.7% of

SupplyAccess, Inc. As such, En Pointe continues to record activities related to these investments according to the equity method of accounting. During the quarter ended September 30, 2000, En Pointe recognized a benefit of \$2.3 million related to a reversal of previously recorded losses from affiliates due to loan payments received from these affiliates.

In connection with the Company's year-end audit and further review of its tax loss carry-back provisions, the Company has determined that the tax loss benefit reported for the quarter ended June 30, 2000 was overstated. As a result, the Company revised its unaudited financial results for the quarter ended June 30, 2000, reducing the tax benefit by \$1.5 million and increasing the consolidated net loss by \$1.5 million to \$10.5 million.

A conference call is scheduled for 1:15 PM Pacific Time today, Tuesday, November 21, 2000 at which time the Company's management will discuss the results of the quarter and year ended September 30, 2000. Those interested in participating in this call may do so by calling (800) 399-2044 at least 10 minutes prior to the start of the call. If you cannot participate on the November 21st call, you may listen to a replay of the conference call on (800) 642-1687 [ID# 687343] which will run until November 23, 2000.

About En Pointe Technologies, Inc.

En Pointe Technologies, Inc. is a national business-to-business e-commerce provider of IT products and value-added services, using proprietary and non-proprietary software and systems to drop-ship materials, repair and operation ("MRO") products to its customers through an electronically linked network of the largest allied distributors in the U.S. This software allows En Pointe to serve as an electronic clearinghouse of computers and computer related products without many of the risks and costs associated with maintaining inventory. En Pointe offers its customers direct on-line access to 70% of the mainstream PC products. En Pointe Professional Services offers "total solution" system consulting services such as: pre-sale consulting, design, training, customization and integration.

En Pointe is represented nationally with a concentration in more than 20 sales and service markets throughout the United States, as well as a value-added ISO 9002 certified integration facility in Ontario, California. Visit En Pointe at www.enpointe.com.

For further information, please contact En Pointe Technologies at (310) 725-5200, or

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About SupplyAccess, Inc.

SupplyAccess, Inc., a minority-owned investee of En Pointe Technologies, Inc., is a provider of web-based applications, solutions, and portal sites that facilitate business-to-business direct procurement of a broad line of information technology (IT) and MRO products and services, as well as a carefully-targeted set of vertical market exchanges, including aircraft parts and medical supplies.

The low-cost procurement tool and quickly-integrated e-commerce portal site is designed for Fortune 1000 customers and government entities who are searching for a complete automated buying application that can be implemented in a matter of weeks, at little or no cost to the organization. The SupplyAccess™ network automates MRO and IT product acquisition, from end user requisitioning and approval workflow through electronic product procurement and delivery tracking. SupplyAccess™ is designed to interoperate with all existing marketplace electronic exchanges, bringing global procurement connectivity to its customers without the expense of onsite application implementation and maintenance.

SupplyAccess™ has a portal site that can be visited at www.supplyaccess.com.

About firstsource corp.

firstsource corp., a minority-owned investee of En Pointe Technologies, Inc., is a leading business-

to-business e-commerce provider of innovative procurement solutions for small and medium-sized companies over the Internet. Customers of firstsource corp.'s three business units, inpowr(SM), firstsource connect(SM) and firstsource.com, utilize its proprietary end-to-end sourcing/purchasing/fulfillment online management system, and the inpowr(SM) FSP platform, to connect directly with multiple distributors of business products.

The inpowr(SM) business unit licenses access to the inpowr(SM) FSP platform in whole or in part to companies who desire to build online e-businesses, and firstsource connect(SM) creates customized Web-based purchasing centers for companies seeking to reduce procurement costs, streamline internal requisition processes and improve service delivery.

With more than 279,000 unique product SKUs to choose from, businesses shopping at www.firstsource.com can search, compare, price and purchase business products and services 24 hours a day, seven days a week.

Forward-Looking Statements

This press release contains forward-looking statements that involve a number of risks and uncertainties. Among the important factors that could cause actual results to differ materially from management's projections, estimates and expectations include, but are not limited to:

1. Changing economic influences in the industry including, but not limited to, those related to the Internet and those related to distribution of information technology and business products and services, and those relating to the market's perception and evaluation of business-to-business solutions providers.
2. The development by competitors of new or superior delivery technologies, or entry in the market by new competitors, or the loss of customers by the company, or decline in demand for the products sold by the Company
3. Dependence on intellectual property rights
4. Delays in product development or disruptions in the functioning of key software.
5. The company's and its subsidiaries' dependence on key personnel, and potential influence by executive officers and principal stockholders
6. Any delay in execution of the company's and its subsidiaries' system development or financing plans
7. Planned or unplanned changes in the quantity and/or quality of the manufacturers and suppliers available for the company's and its subsidiaries' products
8. The actions of manufacturers and suppliers of the company's and its subsidiaries' products
9. Changes in the costs or availability of products
10. General business conditions in the economy and other factors referred to in the company's Securities and Exchange Commission filings.

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