

## **En Pointe Technologies, Inc. Reports Results For the Third Quarter of Fiscal 2000 En Pointe Core Business Net Sales Up 10% Over Prior Quarter Service Revenues Up 28% Year-to-Date**

LOS ANGELES, Aug. 11 /PRNewswire/ -- En Pointe Technologies, Inc. (Nasdaq: ENPT - news), a leading national provider of business-to-business information technology products and services, today announced revenues and net earnings for its FY-2000 third quarter ended June 30, 2000. Consolidated revenues were \$118 million in the third quarter, compared to \$183 million reported for the same quarter in fiscal 1999. The consolidated net loss for the third quarter of fiscal 2000 was \$9.0 million, or \$1.38 per share, compared to a net loss of \$0.9 million, or \$0.16 per share in the same period in fiscal 1999. Consolidated revenues and net loss per share for the nine months ended June 30, 2000 were \$371 million and \$3.20 per share, respectively, compared to revenues of \$498 million and net loss per share of \$0.94 for the same period in fiscal 1999. An increase of 10% over the prior quarter was generated by En Pointe's score business by delivering net sales of \$111 million during the June 2000 quarter. Non-recurring charges of \$1.5 million were recorded during the quarter and are included in the \$3.3 million net loss incurred by En Pointe's score business for the quarter. Service revenues increased by 28% to \$21.4 million during the nine-month period ended June 30, 2000 when compared to the same period in fiscal 1999. Service revenues during the third quarter were \$7.2 million, an increase of 4% over the same period in the prior fiscal year. As with the second quarter, service revenues again represented over 6% of total revenues during the third quarter.

En Pointe has continued to focus its efforts on both growing its service business and increasing the contribution to gross profits represented by service revenues. Consolidated gross profit margins increased 23% to 9.2% during the third quarter of fiscal 2000 from 7.5% in the same quarter in the prior fiscal year, but were off slightly from the 9.9% realized in the prior sequential quarter. Gross margins achieved on service revenues continued to improve, exceeding 37% during the third quarter, an improvement over the 26.6% returned in the same quarter in fiscal 1999 and the 28.2% realized in the prior sequential quarter.

The Company's product gross margin increased by 9% to 7.4% in the June quarter compared to 6.8% reflected in the same quarter in the prior fiscal year. "We are pleased with the progress our sales and service teams have returned," said Mike Shabazian, CEO of En Pointe Technologies Sales, Inc. "The 39% increase in service margin along with the increase in service revenue over the same quarter in fiscal '99 are indicative of the opportunity and the quality of the revenue stream." During the quarter ended June 30, 2000, En Pointe undertook reorganization of its core business.

This reorganization included a reduction in work force of approximately 15% and conversion of five branch offices to lower cost "virtual" sales locations, consistent with the innovative virtual inventory model that En Pointe pioneered in the mid-90. As a result of this reorganization, a non-recurring charge of \$1.5 million was recorded during the quarter. During the quarter ended June 30, 2000, two of En Pointe's subsidiaries, SupplyAccess, Inc. and FirstSource corp., issued additional shares of convertible preferred stock resulting in a reduction of En Pointe's voting control to less than 50%. Following the reduction in voting control below 50%, the operations of FirstSource and SupplyAccess are no longer consolidated with the operating results of En Pointe's core business.

For the quarter ended June 30, 2000, the consolidated operating results include an operating loss of \$2.5 million and \$216,000 for FirstSource and SupplyAccess, respectively. En Pointe's consolidated net loss of \$9.0 million for the third quarter of fiscal 2000 includes \$3.0 million of equity in losses from unconsolidated affiliates.

These losses are included in obligations to unconsolidated affiliates to reflect the Company's obligations under certain debt guarantees on behalf of and/or other commitments to these affiliates. In connection with the deconsolidation of FirstSource and SupplyAccess, based on an analysis conducted with its auditors, the Company has determined that the allocation of profits and losses to the minority interests required revision.

As a result, although there is no impact on previously reported operating losses or cash flows, the Company will revise its unedited financial results for the quarters ended March 31, 2000 and December 31, 1999. For the quarters ended March 31, 2000 and December 31, 1999, the net losses

will be increased by \$610,000 and by \$662,000, respectively. Subsequent title date of deconsolidation, the Company will account for its investment in unconsolidated affiliates under the equity method of accounting. Accordingly, the Company will continue to recognize the losses in the unconsolidated affiliates up to the amounts of its loans and commitments made to those affiliates. FirstSource corp. achieved a new net sales record of \$16.8 million during the quarter ended June 30, 2000, an increase of 67.8% over the same quarter in the prior fiscal year.

Net sales for the nine months ended June 30, 2000 increased by 46.6% over the prior fiscal year to \$44.0 million." We continue to be extremely pleased with the operations and management teams at both SupplyAccess, Inc. and FirstSource corp.," said Bob Din, Chairman of En Pointe Technologies, and CEO of En Pointe Ventures." I'm also pleased at the growing percent of FirstSource revenue that is attributed to sales of enabling technology to other companies. While En Pointe's ownership now represents a minority status, we are confident in their business models and believe that the outside capital they've raised will contribute to each companies long-term value." In summary, En Pointe's consolidated net loss for the quarter ended June 30, 2000 was \$9.0 mullioned Pointe's core business contributed \$3.3 million to this loss while consolidated operations of FirstSource and SupplyAccess contributed \$2.5 million and \$0.2 million, respectively, to the consolidated loss for the quarter. Equity losses of unconsolidated affiliates contributed the remaining \$3.0 to the quarter's loss.

#### **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](http://www.enpointe.com).

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#### **About FirstSource corp.**

FirstSource corp., a subsidiary 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, import(SM), FirstSource connect(SM) and firstsource.com, utilize its proprietary end-to-end sourcing/purchasing/fulfillment online management system, the import(SM) FSP platform, to connect directly with multiple distributors of business products.

The import(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](http://www.firstsource.com) can search, compare, price and purchase business products and services 24 hours a day, seven days a week.

**About SupplyAccess, Inc.**

SupplyAccess, 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 materials, repair and operation (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™ provides open access to more than 172,000 IT product SKUs from the five largest U.S. distributors representing over 70% of all available PC products today. Additional product catalogs, including office supplies, equipment, furniture, packaged telecom systems and facilities products, are available to customers who want to maintain single electronic procurement relationships across all vendors. 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](http://www.supplyaccess.com). It features a guest login that can be used to demonstrate much of the client application functionality.

**About TMCT Ventures**

TMCT Ventures is a \$550 million venture capital fund investing in the new leaders of American business. Formed in 1999, TMCT Ventures is one of the largest venture capital funds in Southern California. The fund's investments focus on Internet businesses and infrastructure, business services, telecommunications, and other technology oriented, high-growth industries. More information on TMCT Ventures is available on the World Wide Web at [www.tmctventures.com](http://www.tmctventures.com).

**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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