

## **En Pointe Technologies, Inc. Reports Results for the Second Quarter of Fiscal Year 2002**

Los Angeles, CA – May 7, 2002 - En Pointe Technologies, Inc. (NASDAQ:ENPT), a leading national provider of business-to-business information technology products and services, today announced consolidated revenue and net income for the second quarter of fiscal 2002 ended March 31, 2002. Consolidated revenue for the second quarter of fiscal 2002 was \$57.3 million, down from \$90.1 million reported for the March 2001 quarter. Including a net tax benefit of \$1.5 million, En Pointe reported consolidated net income of \$747,000 or \$0.11 per basic and diluted share. Excluding the net tax benefit, there would have been a net loss in the quarter ended March 31, 2002 of \$753,000, or \$0.11 per share, off from the consolidated net income of \$837,000, or \$0.13 per basic and diluted share, reported for the same quarter in the prior fiscal year.

As a result of the “Job Creation and Worker Assistance Act of 2002” that was signed into law on March 9, 2002, the Company has recognized a net \$1.5 million federal income tax credit during the quarter ended March 31, 2002. This benefit results primarily from the increase in the net operating loss carry back period from two years to five years and includes tax benefits for the prior fiscal year as well as the current.

The Company also recognized income during the quarter ended March 31, 2002 of \$848,000 from the settlement of a legal matter for an amount less than previously accrued on the Company’s books along with the receipt of an insurance reimbursement related to litigation costs for this matter.

Inclusive of the legal settlement benefit noted above, the Company reported an operating loss of \$851,000 for the quarter ended March 31, 2002 compared to an operating profit of \$660,000 for the same quarter in fiscal 2001. The Company’s operating loss for the first half of fiscal 2002 was \$2.4 million compared to an operating profit of \$1.1 million for the first six months of fiscal 2001.

“While in the last month we’ve seen an increase in customer engagements and quoting activity, the marketplace softness we’ve experienced has been more severe than originally anticipated,” said Kevin Schatzle, Senior Vice President of Sales and Marketing for En Pointe Technologies, Inc. “However, we have recently initiated significant steps to rebuild our sales force and are optimistic about meeting these challenges head-on.”

Bob Din, En Pointe’s CEO added, “In addition to our continuing focus on delivering our core products and services, we now offer two state-of-the-art e-commerce solutions, AccessPointe™ and AccessPointe Pro™, that provide our customers with the ability to create private electronic marketplaces that can be accessed through the Web, procurement applications or ERP systems. We’ve also recently developed a new compensation plan for our Account Executives that is allowing us to continue hiring experienced AE’s that we believe will drive delivery of our new e-commerce solutions along with our IT products and services.”

Consolidated revenues for the six months ended March 31, 2002 were \$131 million compared to \$208 million in the prior year. The consolidated net loss for the first half of fiscal 2002 was

\$738,000, or \$0.11 per share, down from the prior year's profit of \$2.0 million or \$0.30 per share. Excluding the net tax benefit of \$1.5 million noted above, the net loss for the first half of fiscal 2002 would have been \$2.2 million, or \$0.34 per share.

Service revenues during the quarter ended March 31, 2002 remained consistent with the prior sequential quarter at \$6.6 million, but were off from the prior year by 21% when the Company reported service revenue of \$8.3 million. While service revenues for the second fiscal quarter declined year-over-year, the gross profit generated by these service revenues declined by less than \$50,000 to \$2.6 million in Q2 of fiscal 2002. Gross margins on service revenues in the March 2002 quarter were 39.8%, an improvement over the 32.1% reported in the same quarter in fiscal 2001.

The Company reported \$13.4 million in service revenues for the first half of fiscal 2002, down 17% from the \$16.2 million reported in the prior year. As with the current quarter, the gross margin on service revenues improved in fiscal 2002 such that the gross profit on service revenues during the first six months of fiscal 2002 declined only 11% from the prior year. Gross margins on service revenues for the first six months of fiscal 2002 were 37.1%, up from the 34.4% realized in the first half of fiscal 2001.

Hardware and software product sales totaled \$50.7 million in the quarter ended March 31, 2002, down 38% from the same quarter in fiscal 2001. At \$118 million, product sales for the first half of fiscal 2002 were also down 38% from the first half of fiscal 2001. Gross margins generated by product sales were 8.8% for the second quarter of fiscal 2002 and 8.0% for the first six months of fiscal 2002.

Selling, general and administrative (SG&A) expenses decreased by \$1.7 million, or 16%, to \$8.8 million in the second quarter of fiscal 2002 from the \$10.5 million reported one year earlier. SG&A expenses were \$17.6 million in the first half of fiscal 2002, down 14.1% from the \$20.6 million reported in the prior fiscal year. Reduced labor expenses, partially offset by severance expenses, generated most of this decrease.

A conference call is scheduled for 8:00 AM Pacific Time on Wednesday, May 8, 2002 at which time the Company's management will discuss the results for the quarter ended March 31, 2002. Those interested in listening to the live web cast of this call may do so by clicking on <http://www.videonewswire.com/event.asp?id=5041>. This web cast will remain available for 90 days following the call.

### **About En Pointe Technologies, Inc.**

En Pointe Technologies, Inc. is a national provider of IT products and value added services using a state-of-the-art e-commerce network that electronically links En Pointe, via AccessPointe™ and its back-office business systems, to the largest distributors and manufacturers in the industry. En Pointe offers direct on-line access to several billion dollars of mainstream IT products available in the US while eliminating the risks associated with carrying significant inventory. It's flagship software platforms AccessPointe™ and AccessPointe Pro™ provide En Pointe's customers with the ability to create private electronic marketplaces, accessed through the Web, procurement applications or ERP systems, to efficiently manage the procurement process and allow the Company's customers to make fully-informed strategic buying decisions. En Pointe

Professional Services offers value added services such as: Pre-sales consulting, Technology Planning and Management, which includes – integration, configuration, deployment and migration, Project and Program Management, and Infrastructure Support and Maintenance.

En Pointe is represented nationally with a concentration in more than 22 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)

This document contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. In addition, from time to time, En Pointe Technologies, or its representatives, have made or may make forward-looking statements, orally or in writing. The words “estimate,” “project,” “potential,” “intended,” “expect,” “anticipate,” “believe” and similar expressions or words are intended to identify forward-looking statements. Such forward-looking statements may be included in, but are not limited to, various filings made by the Company with the Securities and Exchange Commission, press releases or oral statements made with the approval of an authorized executive officer of the Company. Actual results could differ materially from those projected or suggested in any forward-looking statements as a result of a wide variety of factors and conditions. Reference is hereby made to the Company’s Annual Report on Form 10-K for the fiscal year ended September 30, 2001, for information regarding those factors and conditions. 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: Changing economic influences in the industry; dependence on key personnel; actions of manufacturers and suppliers; and, availability of adequate financing.

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**En Pointe Technologies, Inc.**  
**Condensed Consolidated Balance Sheets**  
*(in thousands)*

	March 31, 2002 (unaudited)	September 30, 2001
<b>ASSETS:</b>		
Current assets:		
Cash	\$ 4,542	\$ 1,584
Restricted cash	77	76
Accounts receivable, net	35,747	36,845
Inventories	6,593	6,396
Recoverable taxes	3,211	1,842
Prepaid expenses and other current assets	728	1,216
Total current assets	<u>50,898</u>	<u>47,959</u>
Property and equipment, net	7,613	7,843
Other assets	694	213
Total assets	<u>\$ 59,205</u>	<u>\$ 56,015</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY:</b>		
Current liabilities:		
Borrowings under lines of credit	\$ 14,145	\$ 9,440
Accounts payable	10,973	8,252
Accrued liabilities	5,002	8,092
Other current liabilities	1,792	1,946
Total current liabilities	<u>31,912</u>	<u>27,730</u>
Long term liability and notes payable	5,483	5,431
Losses in excess of investments in unconsolidated affiliates	<u>376</u>	<u>817</u>
Total liabilities	<u>37,771</u>	<u>33,978</u>
Total stockholders' equity	21,434	22,037
Total liabilities and stockholders' equity	<u>\$ 59,205</u>	<u>\$ 56,015</u>

**En Pointe Technologies, Inc.**  
**Condensed Consolidated Statements of Operations**  
(unaudited)  
(in thousands, except per share data)

	Three months ended March 31,		Six months ended March 31,	
	2002	2001	2002	2001
Net sales				
Product sales	\$ 50,703	\$ 81,785	\$ 118,014	\$ 191,718
Service sales	6,588	8,298	13,377	16,172
Total net sales	<u>57,291</u>	<u>90,083</u>	<u>131,391</u>	<u>207,890</u>
Gross profit				
Product gross profit	4,469	8,508	9,401	16,141
Service gross profit	2,625	2,662	4,959	5,561
Total gross profit	<u>7,094</u>	<u>11,170</u>	<u>14,360</u>	<u>21,702</u>
Selling and marketing expenses	5,877	7,673	11,631	15,055
General and administrative expenses	2,916	2,837	6,016	5,499
Legal settlement recovery	(848)	-	(848)	-
Operating (loss) income	<u>(851)</u>	<u>660</u>	<u>(2,439)</u>	<u>1,148</u>
Interest expense, net	185	291	346	637
Other income, net	(63)	(57)	(121)	(117)
(Loss) income before income taxes and loss reversal income from affiliates	<u>(973)</u>	<u>426</u>	<u>(2,664)</u>	<u>628</u>
(Benefit) provision for income taxes	(1,500)	(43)	(1,485)	38
Loss reversal income from affiliates	220	368	441	1,368
Net income (loss)	<u>\$ 747</u>	<u>\$ 837</u>	<u>\$ (738)</u>	<u>\$ 1,958</u>
Net income (loss) per share:				
Basic	<u>\$ 0.11</u>	<u>\$ 0.13</u>	<u>\$ (0.11)</u>	<u>\$ 0.30</u>
Diluted	<u>\$ 0.11</u>	<u>\$ 0.13</u>	<u>\$ (0.11)</u>	<u>\$ 0.30</u>
Weighted average shares outstanding:				
Basic	<u>6,655</u>	<u>6,567</u>	<u>6,631</u>	<u>6,559</u>
Diluted	<u>6,656</u>	<u>6,592</u>	<u>6,631</u>	<u>6,589</u>