

Press Release

For Immediate Distribution

VSTECs REPORTS NET PROFIT OF RM43.2 MIL FOR 9M FY2023

Declares First Interim Dividend of 2.5 sen per share

KUALA LUMPUR, 15 November 2023 - VSTECs Berhad ("VSTECs", 偉仕佳杰, Stock Code:5162), Malaysia's leading Information & Communications Technology ("ICT") distributor, has today released its third quarter financial results for the three (3) months ended 30 September 2023 ("**3Q FY2023**").

For the nine (9) months ended 30 September 2023 ("**9M FY2023**"), the Group posted revenue of RM1.92 billion as compared to RM2.09 billion in 9M FY2022. Net profit grew slightly to RM43.2 million versus RM41.4 million in 9M FY2022. In the first nine months of the year, revenue from ICT Services grew 66.4% YoY while the revenue Enterprise Systems segment remained relatively comparable to last year. The ICT Distribution segment however experienced a revenue decline of 22.3% compared to 9M FY2022, as the consumer spending remained cautious.

In 3Q FY2023, the Group recorded revenue and net profit of RM646.4 million and RM12.7 million, respectively. The company continues to reward shareholders by declaring a first interim dividend of 2.5 sen per share, payable on 12 January 2024.

Financial Summary (Unaudited Consolidated Results)						
RM'000	3Q FY2023	3Q FY2022	Change	9M FY2023	9M FY2022	Change
	30.09.23	30.09.22	(%)	30.09.23	30.09.22	(%)
Revenue	646,407	735,534	-12.1%	1,919,940	2,087,376	-8.0%
Gross Profit	38,051	39,909	-4.7%	111,656	109,868	+1.6%
Profit Before Tax	17,259	22,427	-23.0%	57,879	56,028	+3.3%
Profit After Tax	12,729	16,535	-23.0%	43,226	41,428	+4.3%
Basic EPS (sen)	3.6	4.6	-23.0%	12.1	11.6	+4.4%
Weighted average number of ordinary shares ('000)	356,555	356,555	-	356,555	356,725	-

Chief Executive Officer of VSTECS, **Mr. JH Soong** commented: "During the third quarter of 2023, muted consumer spending continued to impact the ICT Distribution segment, while the Enterprise Systems segment witnessed a temporary contraction due to the timing of project deliverables and the pending decision of several key public sector and large enterprise projects. On a more positive note, ICT Services revenue has shown consistent growth over several quarters, with our investment in nurturing public cloud engagements and services now yielding good results. We are expecting cloud adoption to intensify, leading to an even wider take-up in the coming years, thereby increasing the contribution of the ICT Services segment for the Group.

Despite a softer performance in the third quarter, we hold a positive outlook for the remainder of the financial year. Looking ahead to the fourth quarter, we anticipate a pick-up in the ICT Distribution segment with the festive season spending. Consumer spending on end-point devices should regain momentum by next year, with the increase of 5G availability and the onset of the replacement cycle for numerous consumer IT products previously sold during the pandemic era. Enterprise spending also typically accelerates in the final quarter, especially within the financial services and public sectors as they aim to complete budgeted projects before year-end, providing impetus for the Enterprise Systems and ICT Services segment.

The VSTECS Group has consistently played an integral role in reinforcing ICT infrastructure and championing digital advancement throughout Malaysia for four decades. We remain committed to this mission, striving to continuously bring more cutting-edge technology to Malaysia. With the nation's accelerating digitalisation journey, we are well positioned for long-term success and sustained growth", he added.

ABOUT VSTECS BERHAD

VSTECS Berhad ("VSTECS"), and its subsidiaries, is a leading distribution hub for Information & Communications Technology ("ICT") products, enterprise systems and provides ICT support and technical services in Malaysia. Listed on the Main Market of Bursa Malaysia Securities Berhad, VSTECS is an associate company of VSTECS Holdings (Singapore) Limited which is in turn held by VSTECS Holdings Limited, a company listed on the Hong Kong Stock Exchange.

VSTECS distributes a comprehensive range of ICT products with 50 leading principals with a nationwide channel network of more than 4,600 resellers comprising retailers, system integrators and corporate dealers. For more information, please visit www.vstecs.com.my.

For general enquiries, please contact:

Eva Loh
Tel: +603 6286 8201
E-Mail: syloh@vstecs.com.my

For media enquiries, please contact:

Sandy Yap
Tel: +603 2712 1862
E-Mail: ir@ibes-advisory.com