

Press Release

For Immediate Distribution

VSTECs ACHIEVES RECORD NET PROFIT OF RM59.7 MIL FOR FY2022

Declares Second Interim Dividend of 3.7 sen per share

KUALA LUMPUR, 21 February 2023 - VSTECs Berhad (“VSTECs”, 偉仕佳杰, Stock Code:5162), Malaysia’s leading Information & Communications Technology (“ICT”) distributor has today released its fourth quarter financial results for the three (3) months ended 31 December 2022 (“4Q FY2022”).

For the full year ended 31 December 2022 (“FY2022”), the Group’s revenue and profit after tax (“PAT”) increased by 5.5% and 8.5% to RM2.77 billion and RM59.7 million as compared to RM2.63 billion and RM55.0 million recorded in FY2021, respectively.

In 4Q FY2022, VSTECs registered a revenue of RM683.2 million, a modest contraction of 10.5% compared to the preceding year’s corresponding period (“4Q FY2021”), mainly due to lower consumer ICT spending. The ICT Distribution segment posted a 33.2% decrease in revenue to RM288.68 million. This was partially offset by the Enterprise Systems segment which continued its stellar performance, recording revenue of RM328.9 million representing an increase of 10.7% amid continuous upgrades of enterprise digital infrastructure. The Group’s ICT Services segment also continued its growth trajectory, with revenue increasing by 92.7% year-on-year to RM65.7 million.

The group’s 40% associate company, ISATEC Sdn Bhd, contributed RM3.0 million to PAT in FY2022, an increase of 38.1% as compared to FY2021. VSTECs also declared a second interim dividend of 3.7 sen per share, payable on 16 May 2023. To-date, total dividends of 6.2 sen per share representing a payout ratio of 37% has been declared in respect of FY2022.

| Financial Summary (Unaudited Consolidated Results) | | | | | | |
|---|------------------|------------------|---------------|-----------------|-----------------|---------------|
| RM'000 | 4Q FY2022 | 4Q FY2021 | Change | FY2022 | FY2021 | Change |
| | 31.12.22 | 31.12.21 | (%) | 31.12.22 | 31.12.21 | (%) |
| Revenue | 683,238 | 763,375 | -10.5% | 2,770,614 | 2,625,818 | 5.5% |
| Gross Profit | 39,915 | 43,925 | -9.1% | 149,783 | 139,371 | 7.5% |
| Profit Before Tax | 24,084 | 27,339 | -11.9% | 80,112 | 74,428 | 7.6% |
| Profit After Tax | 18,252 | 19,816 | -7.9% | 59,680 | 54,992 | 8.5% |
| Basic Earnings Per Share (sen) | 5.1 | 5.6 | -7.8% | 16.7 | 15.4 | 8.6% |
| Weighted average number of ordinary shares ('000) | 356,555 | 357,001 | - | 356,682 | 357,001 | - |

Comparative figures for the weighted average number of ordinary shares and basic earnings per share have been restated to reflect the adjustment arising from the additional 180,000,000 bonus shares issued on 4 August 2021.

Chief Executive Officer of VSTECS, Mr. JH Soong commented: "We recorded another year of growth in 2022, successfully navigating external headwinds and subdued consumer spending. The enterprise systems segment continued to deliver stellar results as organisations pursue new technologies and digital tools to improve operations, optimise customer experience, and generate new revenue streams. More public sector projects should come on-stream in the coming months as the Government looks to strengthen the country's digital ecosystem. The trends in enterprise ICT spending for 2023 will likely be shaped by emerging technologies such as cloud computing, artificial intelligence (AI), big data analytics, the Internet of Things (IoT), and cybersecurity to drive innovation and efficiency.

The global PC market faced a worldwide decline in 4Q2022, and we are experiencing a similar trend as consumers become more cautious of spending amid inflationary pressures and recessionary fears. International Data Corporation Malaysia (IDC) forecasted a growth rate of 3.5% in 2023 on the ICT products we are representing and we are cautious of the outlook on the consumer sector for 2023. Still, we expect this segment to sustain in 2023 as we secured certain fulfilment projects for the education sector.

Malaysia has seen a steady increase in ICT spending over recent years, and the country is still dialling up its digital economy push, providing our business with long-term and sustainable growth potential. Given the Government's effort to develop the digital economy, it is possible that ICT spending may continue to grow faster than GDP in the coming years," 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 over 40 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.

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