

## **Press Release**

**For Immediate Distribution**

### **VSTECS' 1Q2023 NET PROFIT INCREASED 25% TO RM14.8 MILLION**

**KUALA LUMPUR, 17 May 2023 - VSTECS Berhad ("VSTECS", 偉仕佳杰, Stock Code:5162)**, Malaysia's leading Information & Communications Technology ("ICT") distributor, has today released its first quarter financial results for the three (3) months ended 31 March 2023 ("**1Q FY2023**").

VSTECS posted a revenue of RM664.7 million in 1Q FY2023, marking a 3.3% growth compared to the corresponding period of the preceding year ("**1Q FY2022**") when revenue stood at RM643.8 million. The Enterprise Systems and ICT Services segments registered impressive performances, with revenue increasing by 30.6% and 39.7%, respectively. This growth underscores the ongoing upward trend in enterprise spending on infrastructure and digital transformation, as businesses increasingly recognise the critical role of technology in maintaining competitiveness in today's business landscape. The ICT Distribution segment however experienced a revenue decline of 25.2% compared to 1Q FY2022, reflecting consumers' heightened caution towards discretionary spending. Despite this, VSTECS remains focused on adapting to market dynamics and meeting evolving consumer demands.

During the quarter, profit after tax ("**PAT**") grew by 25.0% to reach RM14.8 million, outpacing the revenue growth. This positive result can be attributed to the higher profit margin contribution from the Enterprise Systems and ICT Services segments.

<b>Financial Summary (Unaudited Consolidated Results)</b>			
<b>RM'000</b>	<b>1Q FY2023 31.03.23</b>	<b>1Q FY2022 31.03.22</b>	<b>Change (%)</b>
Revenue	664,742	643,757	3.3%
Gross Profit	37,912	32,605	16.3%
Profit Before Tax	19,889	16,184	22.9%
Profit After Tax	14,847	11,882	25.0%

Chief Executive Officer of VSTECS, Mr. JH Soong commented: "We are witnessing a significant increase in enterprise spending on technology, and anticipate this trend to extend well beyond 2023. As technology continues to evolve, we have a vast runway ahead of us, with plentiful opportunities to support the digital transformation journey of enterprises in both the public and private sectors. Organisations are actively recognising the importance of upgrading legacy systems and embracing transformative technologies like cloud computing and artificial intelligence to remain competitive in today's digital landscape.

In line with Malaysia's emergence as a prominent regional data centre hub, we recently secured several distributorships for data centre power solutions. These will complement our existing data centre offerings, enabling us to deliver a comprehensive value proposition and serve evolving market needs.

The ICT Services segment will trace the growth trajectory of the enterprise segment. Our investments into cloud services over the past two years will make a positive contribution in 2023, with further growth expected in the near future. We are also growing the maintenance and managed services under this segment to increase recurring revenue and provide further earnings visibility for our Group. We are currently finalising several new data centre and cloud-related projects, and hope to announce some positive news soon.

While the ICT Distribution segment is anticipated to have a subdued performance this year due to softer consumer spending on end-point devices, it remains a crucial pillar of our business. Due to the cyclical nature of product upgrades, we expect consumer spending on end-point devices to regain momentum next year, with the introduction of 5G technology and the onset of the replacement cycle for numerous consumer IT products sold during the pandemic." 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.vsteecs.com.my](http://www.vsteecs.com.my).

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