

VSTECS BERHAD

[Registration No: 199501021835 (351038-H)]

(Incorporated in Malaysia)


**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024**

| | Note | As At 31/12/2024 RM'000 | As At 31/12/2023 RM'000 |
|---|--------|-------------------------------|-------------------------------|
| ASSETS | | | |
| Plant and equipment | | 4,052 | 3,717 |
| Right-of-use assets | | 3,798 | 5,761 |
| Intangible asset | | 571 | 571 |
| Investment in an associate | | 28,613 | 27,085 |
| Investment in a joint venture | | 13,212 | 13,415 |
| Other investments | | 143 | 154 |
| Deferred tax assets | 18 (b) | 10,131 | 6,905 |
| Receivables and deposits | 18 (a) | - | 3,175 |
| Total non-current assets | | 60,520 | 60,783 |
| Inventories | | 247,792 | 200,802 |
| Receivables, deposits and prepayments | | 457,200 | 409,923 |
| Tax recoverable | | 271 | 176 |
| Cash and cash equivalents | 18 (c) | 106,370 | 150,851 |
| Total current assets | | 811,633 | 761,752 |
| TOTAL ASSETS | | 872,153 | 822,535 |
| EQUITY | | | |
| Share capital | | 90,000 | 90,000 |
| Reserves | | 412,399 | 366,435 |
| Total equity attributable to owners of the Company | | 502,399 | 456,435 |
| LIABILITIES | | | |
| Borrowings | 23 | 149 | 67 |
| Lease liabilities | | 1,916 | 3,884 |
| Total non-current liabilities | | 2,065 | 3,951 |
| Borrowings | 23 | 372 | 33,400 |
| Lease liabilities | | 1,968 | 1,887 |
| Payables and accruals | | 357,135 | 324,411 |
| Tax payable | | 8,214 | 2,451 |
| Total current liabilities | | 367,689 | 362,149 |
| Total liabilities | | 369,754 | 366,100 |
| TOTAL EQUITY AND LIABILITIES | | 872,153 | 822,535 |
| Net assets per share attributable to owners of the Company (RM) | | 1.41 | 1.28 |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

VSTECS BERHAD

[Registration No: 199501021835 (351038-H)]

(Incorporated in Malaysia)


**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2024**

| | Note | Individual Quarter Three Months Ended | | Cumulative Quarter Twelve Months Ended | |
|---|--------|--|----------------------|---|----------------------|
| | | 31/12/2024 RM'000 | 31/12/2023 RM'000 | 31/12/2024 RM'000 | 31/12/2023 RM'000 |
| Revenue | | 819,196 | 807,245 | 2,901,716 | 2,727,185 |
| Cost of sales | | (771,319) | (765,048) | (2,729,407) | (2,573,332) |
| Gross profit | | <u>47,877</u> | <u>42,197</u> | <u>172,309</u> | <u>153,853</u> |
| Distribution expenses | | (15,185) | (11,066) | (58,744) | (51,212) |
| Administrative expenses | | (11,015) | (8,131) | (32,950) | (27,857) |
| Net (loss)/gain on impairment of financial instruments | | (1,552) | 346 | (1,169) | (1,336) |
| Other income | 17 | 5,589 | 58 | 7,087 | 5,835 |
| Results from operating activities | | <u>25,714</u> | <u>23,404</u> | <u>86,533</u> | <u>79,283</u> |
| Finance income | 18 (a) | 682 | 594 | 3,094 | 1,476 |
| Finance costs | | (63) | (185) | (387) | (1,269) |
| Net finance income | | 619 | 409 | 2,707 | 207 |
| Share of profit of equity-accounted associate, net of tax | | 1,145 | 968 | 3,308 | 2,704 |
| Share of profit of equity-accounted joint venture, net of tax | | 135 | 136 | 597 | 602 |
| Profit before tax | | <u>27,613</u> | <u>24,917</u> | <u>93,145</u> | <u>82,796</u> |
| Tax expense | 21 | (6,181) | (717) | (22,579) | (15,370) |
| Profit for the period/year | | <u>21,432</u> | <u>24,200</u> | <u>70,566</u> | <u>67,426</u> |
| Total comprehensive income for the period/year | | <u>21,432</u> | <u>24,200</u> | <u>70,566</u> | <u>67,426</u> |
| Profit for the period/year | | | | | |
| Total comprehensive income for the period attributable to: | | | | | |
| Owners of the Company | | 21,432 | 24,200 | 70,566 | 67,426 |
| Non-controlling interest | | - | - | - | - |
| | | <u>21,432</u> | <u>24,200</u> | <u>70,566</u> | <u>67,426</u> |
| Earnings per share attributable to owners of the Company: | | | | | |
| Basic (sen) | 26 | 6.0 | 6.8 | 19.8 | 18.9 |
| Diluted (sen) | | N/A | N/A | N/A | N/A |

Notes:

N/A Not applicable

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024**

| | <- Attributable to owners of the Company - > | | | | | Total Equity RM'000 |
|---|--|------------------------------|---|-----------------|---|---------------------------|
| | Share Capital RM'000 | Treasury Shares RM'000 | Distributable Retained Earnings RM'000 | Total RM'000 | Non- Controlling Interest RM'000 | |
| At 1 January 2023 | 90,000 | (1,948) | 323,064 | 411,116 | - | 411,116 |
| Profit for the year/ Total comprehensive income for the year | - | - | 67,426 | 67,426 | - | 67,426 |
| Dividends to owners of the Company | - | - | (22,107) | (22,107) | - | (22,107) |
| At 31 December 2023 | <u>90,000</u> | <u>(1,948)</u> | <u>368,383</u> | <u>456,435</u> | <u>-</u> | <u>456,435</u> |
| At 1 January 2024 | 90,000 | (1,948) | 368,383 | 456,435 | - | 456,435 |
| Profit for the year/ Total comprehensive income for the year | - | - | 70,566 | 70,566 | - | 70,566 |
| Dividends to owners of the Company | - | - | (24,602) | (24,602) | - | (24,602) |
| At 31 December 2024 | <u>90,000</u> | <u>(1,948)</u> | <u>414,347</u> | <u>502,399</u> | <u>-</u> | <u>502,399</u> |

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024**

| | Note | Twelve Months Ended | |
|---|--------|----------------------|----------------------|
| | | 31/12/2024 RM'000 | 31/12/2023 RM'000 |
| Cash Flows from Operating Activities | | | |
| Profit before tax | | 93,145 | 82,796 |
| <i>Adjustments for:</i> | | | |
| Non-cash items | | 6,261 | 2,655 |
| Non-operating items | | (6,612) | (3,513) |
| Operating profit before changes in working capital | | 92,794 | 81,938 |
| Change in inventories | | (49,636) | 53,630 |
| Change in receivables, deposits and prepayment | | (43,093) | (51,213) |
| Change in payables and accruals | | 30,528 | 46,029 |
| Cash generated from operations | | 30,593 | 130,384 |
| Tax paid | | (20,137) | (22,833) |
| Net cash from operating activities | | 10,456 | 107,551 |
| Cash Flows from Investing Activities | | | |
| Acquisition of plant and equipment | | (1,209) | (1,701) |
| Proceeds from disposal of plant and equipment | | 184 | 148 |
| Dividend income from an associate | | 1,780 | 1,379 |
| Dividend income from a joint venture | | 800 | 650 |
| Net cash from investing activities | | 1,555 | 476 |
| Cash Flows from Financing Activities | | | |
| (Repayment)/Proceeds from borrowings | 18 (c) | (33,300) | 19,800 |
| Interest received | | 2,853 | 1,384 |
| Interest paid | | (387) | (830) |
| Repayment of hire purchase liabilities | | (238) | (33) |
| Payment of lease liabilities | | (1,887) | (1,985) |
| Dividend paid | | (23,533) | (22,107) |
| Net cash used in financing activities | | (56,492) | (3,771) |
| Net (decrease)/increase in cash and cash equivalents | | (44,481) | 104,256 |
| Cash and cash equivalents at beginning of year | | 150,851 | 46,595 |
| Cash and cash equivalents at end of year | | 106,370 | 150,851 |
| Cash and cash equivalents comprise the following: | | | |
| Cash and bank balances | | 106,370 | 150,851 |

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2024

PART A EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134: INTERIM FINANCIAL REPORTING

1. Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, *Interim Financial Reporting* in Malaysia and with IAS 34, *Interim Financial Reporting*. They do not include all the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the financial year ended 31 December 2023.

The consolidated financial statements of the Group as at and for the financial year ended 31 December 2023 are available upon request from the Company's registered office at: Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan.

2. Material accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are consistent with the audited financial statements for the financial year ended 31 December 2023, except with the adoption of the following:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*

The adoption of the above standards, interpretations or amendments are not expected to have material financial impact to the financial statements of the Group.

3. Seasonal or cyclical factors

The Group's operations were not significantly affected by seasonal or cyclical factors.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2024

PART A EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134: INTERIM FINANCIAL REPORTING

4. Unusual items

There were no significant unusual items affecting assets, liabilities, equity, net income, or cash flows during the current financial quarter.

5. Material changes in estimates

There was no estimation made for the current financial quarter results.

6. Debt and equity securities

There were no issuances, cancellations, resale and repayments of debt and equity securities in the current financial year-to-date.

7. Dividends paid

A single-tier first interim dividend of 2.5 sen per share, totalling RM8,914,000 in respect of the financial year ended 31 December 2023 was paid on 12 January 2024.

A single-tier second interim dividend of 4.1 sen per share, totalling RM14,619,000 in respect of the financial year ended 31 December 2023 was paid on 16 May 2024.

A single-tier first interim dividend of 2.8 sen per share, totalling RM9,984,000 in respect of the financial year ended 31 December 2024 was paid on 9 January 2025.

8. Segmental reporting

Segment information is presented in respect of the Group's business segments.

The Group business segments comprise the following:

- | | |
|-------------------------|---|
| (i) ICT Distribution | Distribution of consumer ICT products to resellers, comprising mainly retailers |
| (ii) Enterprise Systems | Distribution of commercial and enterprise ICT products to resellers, comprising mainly system integrators and corporate dealers |
| (iii) ICT Services | Provision of ICT services |

Other non-reportable segments comprise management services and investment holding.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2024

PART A EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134: INTERIM FINANCIAL REPORTING

8. Segmental reporting (continue)

(a) Information about reportable segments

| | ICT Distribution RM'000 | Enterprise Systems RM'000 | ICT Services RM'000 | Total RM'000 |
|---|--|--|------------------------------------|-------------------------|
| <u>12 months financial year ended 31 December 2024</u> | | | | |
| External revenue | 1,312,249 | 1,271,096 | 318,371 | 2,901,716 |
| Inter-segment revenue | 6,760 | 2,773 | 15,225 | 24,758 |
| Total revenue | <u>1,319,009</u> | <u>1,273,869</u> | <u>333,596</u> | <u>2,926,474</u> |
| Reportable segment profit before tax | <u>21,708</u> | <u>52,600</u> | <u>13,426</u> | <u>87,734</u> |
| <u>12 months financial year ended 31 December 2023</u> | | | | |
| External revenue | 1,114,518 | 1,350,480 | 262,187 | 2,727,185 |
| Inter-segment revenue | 3,373 | 11,759 | 13,115 | 28,247 |
| Total revenue | <u>1,117,891</u> | <u>1,362,239</u> | <u>275,302</u> | <u>2,755,432</u> |
| Reportable segment profit before tax | <u>22,808</u> | <u>47,059</u> | <u>9,018</u> | <u>78,885</u> |

The comparative figures for certain product groupings were reclassified from Enterprise Systems Segment to ICT Services Segment to conform with current period's product groupings. This is to reflect better reporting in line with the business transactions.

(b) Reconciliation of reportable segment profit and loss:

| | Current Year To-date 31/12/2024 RM'000 | Preceding Year Corresponding Period 31/12/2023 RM'000 |
|---|---|--|
| Total profit before tax for reportable segments | 87,734 | 78,885 |
| Other non-reportable segments profit | 33,754 | 28,337 |
| Eliminate of inter-segments profit | (28,343) | (24,426) |
| Consolidated profit before tax | <u>93,145</u> | <u>82,796</u> |

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2024

PART A EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134: INTERIM FINANCIAL REPORTING

8. Segmental reporting (continue)

(c) Disaggregation of the Group's revenue

| | Current Year-to-date 31/12/2024 | | Preceding Year-to-date 31/12/2023 | |
|---|------------------------------------|------------------------|--------------------------------------|------------------------|
| | At a point in time RM'000 | Over time RM'000 | At a point in time RM'000 | Over time RM'000 |
| ICT Distribution | | | | |
| Consumer Desktop, PC and notebooks, Mobility devices and peripherals | 1,312,249 | - | 1,114,518 | - |
| Enterprise Systems | | | | |
| Commercial Desktop, PC and notebooks, Server, storage, software and networking products | 1,271,096 | - | 1,350,480 | - |
| ICT Services | | | | |
| Services, cloud and maintenance | 316,495 | 1,876 | 260,145 | 2,042 |
| | <u>2,899,840</u> | <u>1,876</u> | <u>2,725,143</u> | <u>2,042</u> |

(d) Segment assets

| | As at 31/12/2024 RM'000 | As at 31/12/2023 RM'000 |
|---|-------------------------------|-------------------------------|
| ICT Distribution | 514,416 | 476,302 |
| Enterprise Systems | 316,542 | 251,713 |
| ICT Services | 14,404 | 13,157 |
| Total reportable segment assets | <u>845,362</u> | <u>741,172</u> |
| | As at 31/12/2024 RM'000 | As at 31/12/2023 RM'000 |
| <u>Reconciliation of reportable segment assets:</u> | | |
| Total reportable segment assets | 845,362 | 741,172 |
| Other non-reportable segments assets | 161,252 | 155,446 |
| Elimination of inter-segment balances | (134,461) | (74,083) |
| Consolidated total assets | <u>872,153</u> | <u>822,535</u> |

There were no major changes in segment assets during the period.

(e) Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Chief Executive Officer. Hence, no disclosure is made on segment liabilities.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2024
PART A EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134: INTERIM FINANCIAL REPORTING
9. Material events subsequent to the end of the financial period

There were no material events subsequent to the end of the financial period under review that have not been reflected in the quarterly financial statements.

10. Changes in the composition of the Group

A new company, VSTECS KU Pte. Ltd., with principal activities of online marketplaces for services was incorporated in Singapore on 2 December 2024. It is fully owned by a subsidiary company, VSTECS KU Sdn. Bhd.

11. Contingent liabilities and contingent assets
(a) Contingent liabilities

| | As At 31/12/2024 RM'000 | As At 31/12/2023 RM'000 |
|---|-------------------------------|-------------------------------|
| Guarantees to suppliers and licensed banks for trade credit facilities granted by holding company to Group entities | 207,332 | 157,460 |

(b) Contingent assets

There were no contingent assets as at the end of the current financial period.

12. Capital commitments

The capital expenditure contracted but not provided for as at the end of the current financial period amounted to RM2,993,000.

13. Capital expenditure

There were no major disposals to plant and equipment. The major additions to plant and equipment, including RM592,000 acquired under hire purchase arrangements during the financial year were as follows:

| | Current Year Quarter 31/12/2024 RM'000 | Current Year To-date 31/12/2024 RM'000 |
|---------------------------------|---|---|
| Addition to plant and equipment | 292 | 1,801 |

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2024
PART A EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134: INTERIM FINANCIAL REPORTING
14. Related party transactions

Related parties are those defined under MFRS 124, *Related Party Disclosures*. The Directors are of the opinion that the related party transactions and balances described below were carried out in the ordinary course of business and had been established on negotiated terms.

| | Current Year To-date 31/12/2024 RM'000 | Balance Due From/(To) As at 31/12/2024 RM'000 |
|--|---|--|
| Transactions with joint venture company: | | |
| Lease liabilities | (1,980) | - |
| Administrative and accounting charges | 14 | 1 |
| Reimbursement for insurance claim | 8 | 8 |
| Transactions with an associate company: | | |
| Sales | 452 | 32 |
| Support services | (175) | (47) |
| | | |

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2024

PART B EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS

15. Review of performance

| | Individual Quarter | | | Cumulative Quarter | | |
|-----------------------|--------------------------------------|--|--------------|---|---|--------------|
| | Current Year 31/12/2024 RM'000 | Preceding Year Corresponding Quarter 31/12/2023 RM'000 | Changes % | Current Year To-date 31/12/2024 RM'000 | Preceding Year Corresponding Period 31/12/2023 RM'000 | Changes % |
| Revenue | 819,196 | 807,245 | 1.5 | 2,901,716 | 2,727,185 | 6.4 |
| Gross profit | 47,877 | 42,197 | 13.5 | 172,309 | 153,853 | 12.0 |
| <i>GP margin %</i> | <i>5.8%</i> | <i>5.2%</i> | | <i>5.9%</i> | <i>5.6%</i> | |
| Profit before tax | 27,613 | 24,917 | 10.8 | 93,145 | 82,796 | 12.5 |
| Profit for the period | 21,432 | 24,200 | (11.4) | 70,566 | 67,426 | 4.7 |

Q4 FY2024 compared with Q4 FY2023

For Q4 FY2024, the revenue increased by 1.5% to RM819.2 million from RM807.2 million last year attributed to higher sales from ICT Distribution. Gross profit (GP) increased by 13.5% to RM47.9 million from RM42.2 million last year.

Profit before tax (PBT) increased by 10.8% to RM27.6 million from RM24.9 million after accounting for higher foreign exchange and fair value gains by RM5.5 million but was mitigated by increased operating expenses by 36.5% and impairment of financial instrument by RM1.9 million.

Quarterly Segmental Result

The performance of the three business segments for Q4 FY2024 compared with Q4 FY2023 were as follows:

a) ICT Distribution

Revenue increased by 6.7% mainly from notebook and gaming devices. With higher sales, PBT increased by 2.7% to RM7.2 million as compared to RM7.0 million last year.

b) Enterprise Systems

Revenue decreased by 5.0% mainly from commercial notebook, workstation and Hi-end server. However, with higher GP margin and foreign exchange and fair value gains, PBT increased by 11.2% to RM17.1 million from RM15.4 million last year.

c) ICT Services

Revenue increased by RM4.1 million from maintenance services. With higher sales, PBT increased by 42.5% to RM2.9 million compared to RM2.0 million last year.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2024**PART B EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS****15. Review of performance (continue)****12 months ended 31 December 2024 compared with 31 December 2023**

For the 12 months ended 31 December 2024, the sales increased by 6.4% to RM2.90 billion as compared to RM2.73 billion last year which was primarily driven by rebound in consumer products in 2H2024, effectively offsetting the weak market conditions in 1H2024. With higher sales, GP increased by 12.0% to RM172.3 million from RM153.9 million last year which was driven by higher GP margin resulting from the product mix.

PBT increased by 12.5% to RM93.1 million from RM82.8 million last year after recording higher net finance income by RM2.5 million and share of associate's profit increased by RM604,000 but was mitigated by increased operating expenses by 16.0%.

Year-to-date Segmental Result

The performance of the three business segments for 12 months period ended 31 December 2024 as compared to previous year-to-date were as below:

a) ICT Distribution

Revenue increased by 17.7% across all major products except imaging and peripherals. However, with higher operating expenses, PBT decreased by 4.8% to RM21.7 million as compared to RM22.8 million last year.

b) Enterprise Systems

Revenue decreased by 5.9% due to lower sales of commercial notebook, PC, workstation and storage. However, with higher GP margin from product mix, PBT increased by 11.8% to RM52.6 million as compared to RM47.1 million last year.

c) ICT Services

Revenue increased by RM56.2 million, driven primarily by stronger sales in cloud services and maintenance services. With higher sales and GP, PBT increased by 48.9% to RM13.4 million as compared to RM9.0 million last year.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2024

PART B EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS

16. Financial review of current quarter compared with immediate preceding quarter

| | Current Quarter 31/12/2024 RM'000 | Immediate Preceding Quarter 30/09/2024 RM'000 | Changes % |
|---|--|--|----------------------|
| Revenue | 819,196 | 841,764 | (2.7) |
| Gross Profit | 47,877 | 48,919 | (2.1) |
| <i>GP margin %</i> | 5.8% | 5.8% | |
| Share of profit of equity-accounted associate, net of tax | 1,145 | 1,300 | (11.9) |
| Share of profit of equity-accounted joint venture, net of tax | 135 | 145 | (6.9) |
| Profit before tax | 27,613 | 26,484 | 4.3 |
| Profit for the period | 21,432 | 19,567 | 9.5 |

Q4 FY2024 revenue was lower by 2.7% at RM819.2 million from RM841.8 million due to lower sales from Enterprise Systems segment and ICT Services which decreased by 7.3% and 27.8% respectively. While ICT Distribution Segment recorded higher sales by 8.6% as compared to previous quarter.

However, PBT increased by 4.3% to RM27.6 million as compared to RM26.5 million after accounting for higher forex and fair value gain by RM5.9 million.

17. Results from operating activities are arrived at after (charging)/crediting:

| | Individual Quarter | | Cumulative Quarter | |
|---|---|---|---|--|
| | Current Year Quarter 31/12/2024 RM'000 | Preceding Year Corresponding Quarter 31/12/2023 RM'000 | Current Year To-date 31/12/2024 RM'000 | Preceding Year Corresponding Period 31/12/2023 RM'000 |
| Depreciation | (885) | (818) | (3,419) | (3,142) |
| Inventories written (down)/back | (644) | (423) | (2,646) | 1,234 |
| Other income/(expense): | | | | |
| Foreign exchange gain - Realised | 2,695 | 590 | 5,476 | 4,308 |
| Foreign exchange (loss)/gain - Unrealised | (10,080) | 3,110 | (2,756) | (1,511) |
| Fair value gain/(loss) on forward exchange contract | 12,946 | (3,668) | 4,117 | 2,915 |
| Fair value gain/(loss) on other investment | 10 | (20) | (11) | (77) |
| Gain on fixed assets disposal/written off | 4 | - | 174 | 132 |
| Others | 14 | 46 | 87 | 68 |
| | 5,589 | 58 | 7,087 | 5,835 |

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2024

PART B EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS

17. Results from operating activities are arrived at after (charging)/crediting: (continue)

The Group is exposed to foreign currency risk on purchases that are mainly denominated in US Dollar ("USD"). However, the Group hedges most of the exposures by purchasing forward currency contracts in USD for payments on due dates.

There was no gain or loss on disposal of quoted or unquoted investments or properties, impairment of assets and exceptional items in current quarter.

18. Commentaries and disclosure of other information

(a) Non-current trade receivable/ Finance income

Include in finance income was RM241,000 arising from realising of the fair value interest from last year's interest-free non-current trade receivable discounted using prevailing market rate. The non-current trade receivable is due and payable within the next 12 months and thus was classified to current trade receivables in current financial year.

(b) Deferred tax assets

Deferred tax assets was higher by RM3.2 million mainly from provision for marketing activities.

(c) Other major changes in financial position and cash flow

The cash and cash equivalents decreased by RM44.5 million mainly due to the repayment of bank borrowings of RM33.3 million.

(d) Trade receivables

Trade receivables were having credit term ranging from 14 to 60 days with an exception of a few customers on project with extended payment term up to 2 years. Aging analysis of trade receivables as at 31 December 2024 were as follows:

| | Gross carrying amount RM'000 | Loss allowance RM'000 | Net balance RM'000 |
|----------------------------|---|--------------------------------------|-----------------------------------|
| Current (not past due) | 217,438 | - | 217,438 |
| Past due 1 - 30 days | 139,249 | - | 139,249 |
| Past due 31 - 60 days | 53,357 | - | 53,357 |
| Past due 61 - 90 days | 12,091 | - | 12,091 |
| | <hr/> 422,135 | - | 422,135 |
| Past due more than 90 days | 8,592 | (3,026) | 5,566 |
| Individual impaired | 246 | (246) | - |
| | <hr/> 430,973 | (3,272) | <hr/> 427,701 |

The Group uses aging analysis to monitor the credit quality of the trade receivables. Invoices which are past due more than 90 days are considered as credit impaired. The gross carrying amount of credit impaired trade receivables are written off when there is no realistic prospect of recovery.

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PART B EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS

19. Prospects

Fueled by strong foreign investments and government-driven initiatives, Malaysia’s GDP grew by 5% in the fourth quarter of 2024 and 5.1% for the whole of last year. However, potential challenges include the introduction of new taxes, geopolitical tensions, and increasing economic competition, particularly in the global technology sector.

Despite these uncertainties, the consumer sector is expected to thrive, supported by improved disposable income and positive sentiment. The replacement cycle for AI-enabled devices is anticipated to move in earnest as consumers upgrade their post-pandemic devices.

The AI landscape is also undergoing a significant shift with DeepSeek’s open-source models, which democratize AI access beyond major providers. This change enables businesses and individuals to train and deploy their AI models on-premise, increasing demand for cost-effective GPU servers and positioning VSTECS as a key enabler in Malaysia’s AI ecosystem.

Meanwhile, the public sector is set for a resurgence, with major ICT projects already being awarded since November 2024 to counter the slowdown experienced throughout last year.

With strong prospects in the consumer, enterprise and public sectors, we are optimistic on Q1 and the overall trajectory of FY2025.

20. Profit forecast or profit guarantee

Not applicable as the Group did not publish any profit forecast or profit guarantee.

21. Tax expense

| | Individual Quarter | | Cumulative Quarter | |
|-------------------------------|--------------------|----------------|--------------------|----------------|
| | Current Year | Preceding Year | Current Year | Preceding Year |
| | 31/12/2024 | 31/12/2023 | 31/12/2024 | 31/12/2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current income tax: | | | | |
| Current year | 8,411 | 3,881 | 25,376 | 17,810 |
| Under provision in prior year | - | - | 429 | 137 |
| | <u>8,411</u> | <u>3,881</u> | <u>25,805</u> | <u>17,947</u> |
| Deferred tax | (2,230) | (3,164) | (3,226) | (2,577) |
| | <u>6,181</u> | <u>717</u> | <u>22,579</u> | <u>15,370</u> |
| Effective tax rate | 22.4% | 2.9% | 24.2% | 18.6% |

The effective tax rate was different from the statutory tax rate of 24% due to share of profit in associate and joint venture which were net of tax and certain expenses which were not deductible for tax purposes. The last year tax rate was lower due to recognising prior year’s tax credit arising from provision for marketing activities.

22. Corporate proposals

There were no corporate proposals as at the end of the current financial period.

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PART B EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS

23. Borrowings and debt securities

The Group's borrowings were as follows:

| | As at 31/12/2024 RM'000 | As at 31/12/2023 RM'000 |
|-------------------------------|-------------------------------|-------------------------------|
| Long-term borrowing: | | |
| Hire purchase | 149 | 67 |
| Short-term borrowings: | | |
| Hire purchase | 372 | 100 |
| Banker's Acceptances | - | 33,300 |
| Total | 521 | 33,467 |

There were no borrowings denominated in foreign currency as at end of current financial period.

24. Changes in material litigation

There was no material litigation as at the end of the current financial period.

25. Dividend

The Board of Directors have vide Board of Directors' meeting held on 26 February 2025 approved a single-tier second interim dividend of 4.1 sen per share and special dividend of 0.8 sen per share, totalling 4.9 sen per share in respect of the financial year ended 31 December 2024.

The proposed payable date for both dividends have been scheduled on 13 May 2025 in respect of deposited securities as at 22 April 2025.

The total dividend declared for financial year ended 31 December 2024 is 7.7 sen per share.

26. Earnings per share

The basic and diluted earnings per share ("EPS") for the current quarter and current year-to-date were computed as follows:

| | Individual Quarter | | Cumulative Quarter | |
|---|--|---|--|--|
| | Current Year Quarter 31/12/2024 | Preceding Year Corresponding Quarter 31/12/2023 | Current Year To-date 31/12/2024 | Preceding Year Corresponding Period 31/12/2023 |
| Profit attributable to equity holders of the Company (RM'000) | 21,432 | 24,200 | 70,566 | 67,426 |
| Weighted average number of ordinary shares ('000) | 356,555 | 356,555 | 356,555 | 356,555 |
| Basic earnings per share (sen) | 6.0 | 6.8 | 19.8 | 18.9 |
| Diluted earnings per share (sen) | N/A | N/A | N/A | N/A |

Diluted EPS is not applicable as there were no dilutive potential ordinary shares in issue for the current quarter and cumulative quarter.

VSTECS BERHAD

[Registration No: 199501021835 (351038-H)]

(Incorporated in Malaysia)



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PART B EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS

27. Auditor's report on preceding annual financial statements

There was no qualification to the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2023.

By order of the Board

Chua Siew Chuan
Cheng Chia Ping
Company Secretaries

26 February 2025
Selangor