

VSTECS BERHAD

[Registration No: 199501021835 (351038-H)]

(Incorporated in Malaysia)


**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025**

	Note	As At 30/06/2025 RM'000	As At 31/12/2024 RM'000
ASSETS			
Plant and equipment	18 (a)	8,091	4,052
Right-of-use assets		3,306	3,798
Intangible asset		571	571
Investment in an associate		30,089	28,613
Investment in a joint venture		13,179	13,212
Other investments		111	143
Deferred tax assets		11,271	10,131
Total non-current assets		66,618	60,520
Inventories		264,951	247,745
Receivables, deposits and prepayments		502,493	463,016
Tax recoverable		312	271
Cash and cash equivalents	18 (b)	84,972	106,370
Total current assets		852,728	817,402
TOTAL ASSETS		919,346	877,922
EQUITY			
Share capital		90,000	90,000
Reserves		432,847	412,399
Total equity attributable to owners of the Company		522,847	502,399
LIABILITIES			
Borrowings	23	138	149
Lease liabilities		1,303	1,945
Total non-current liabilities		1,441	2,094
Borrowings	23	435	372
Lease liabilities		2,126	1,939
Payables and accruals		380,417	362,904
Tax payable		12,080	8,214
Total current liabilities		395,058	373,429
Total liabilities		396,499	375,523
TOTAL EQUITY AND LIABILITIES		919,346	877,922
Net assets per share attributable to owners of the Company (RM)		1.47	1.41

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2024 and the accompanying explanatory notes attached to the interim financial statements.

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[Registration No: 199501021835 (351038-H)]

(Incorporated in Malaysia)


**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2025**

	Note	Individual Quarter Three Months Ended		Cumulative Quarter Six Months Ended	
		30/06/2025 RM'000	30/06/2024 RM'000	30/06/2025 RM'000	30/06/2024 RM'000
Revenue		818,869	624,393	1,510,537	1,240,756
Cost of sales		(769,195)	(586,894)	(1,413,952)	(1,165,243)
Gross profit		49,674	37,499	96,585	75,513
Distribution expenses		(15,895)	(13,659)	(31,570)	(27,105)
Administrative expenses		(7,686)	(6,865)	(15,637)	(14,380)
Net (loss)/gain on impairment of financial instruments		(670)	941	(2,652)	817
Other (expense)/income	17	(626)	901	(134)	1,808
Results from operating activities		24,797	18,817	46,592	36,653
Finance income		1,049	742	1,744	1,476
Finance costs		(53)	(63)	(96)	(261)
Net finance income		996	679	1,648	1,215
Share of profit of equity-accounted associate, net of tax		862	525	1,476	863
Share of profit of equity-accounted joint venture, net of tax		160	158	317	317
Profit before tax		26,815	20,179	50,033	39,048
Tax expense	21	(6,647)	(4,933)	(12,114)	(9,481)
Profit for the period/ Total comprehensive income for the period		20,168	15,246	37,919	29,567
Profit for the period/ Total comprehensive income for the period attributable to:					
Owners of the Company		20,168	15,246	37,919	29,567
Non-controlling interest		-	-	-	-
		20,168	15,246	37,919	29,567
Earnings per share attributable to owners of the Company:					
Basic (sen)	26	5.7	4.3	10.6	8.3
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 2024 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR SIX MONTHS ENDED 30 JUNE 2025**

	<- 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 2024	90,000	(1,948)	368,383	456,435	-	456,435
Profit for the period/ Total comprehensive income for the period	-	-	29,567	29,567	-	29,567
Dividends to owners of the Company	-	-	(14,619)	(14,619)	-	(14,619)
At 30 June 2024	<u>90,000</u>	<u>(1,948)</u>	<u>383,331</u>	<u>471,383</u>	<u>-</u>	<u>471,383</u>
At 1 January 2025	90,000	(1,948)	414,347	502,399	-	502,399
Profit for the period/ Total comprehensive income for the period	-	-	37,919	37,919	-	37,919
Dividends to owners of the Company	-	-	(17,471)	(17,471)	-	(17,471)
At 30 June 2025	<u>90,000</u>	<u>(1,948)</u>	<u>434,795</u>	<u>522,847</u>	<u>-</u>	<u>522,847</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 2024 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR SIX MONTHS ENDED 30 JUNE 2025**

	Note	Six Months Ended	
		30/06/2025 RM'000	30/06/2024 RM'000
Cash Flows from Operating Activities			
Profit before tax		50,033	39,048
<i>Adjustments for:</i>			
Non-cash items		4,121	1,194
Non-operating items		(3,441)	(2,395)
Operating profit before changes in working capital		50,713	37,847
Change in inventories		(17,206)	33,357
Change in receivables, deposits and prepayment		(41,899)	17,044
Change in payables and accruals		27,755	(48,426)
Cash generated from operations		19,363	39,822
Tax paid		(9,429)	(8,007)
Net cash from operating activities		9,934	31,815
Cash Flows from Investing Activities			
Acquisition of plant and equipment	18 (a)	(4,697)	(624)
Proceeds from disposal of plant and equipment		127	149
Dividend income from a joint venture		350	-
Net cash used in investing activities		(4,220)	(475)
Cash Flows from Financing Activities			
Repayment of borrowings		-	(33,300)
Interest received		1,676	1,343
Interest paid		(96)	(261)
Repayment of hire purchase liabilities		(248)	(78)
Payment of lease liabilities		(989)	(944)
Dividend paid	7	(27,454)	(23,533)
Net cash used in financing activities		(27,111)	(56,773)
Net decrease in cash and cash equivalents		(21,397)	(25,433)
Cash and cash equivalents at beginning of period		106,369	150,851
Cash and cash equivalents at end of period		84,972	125,418
Cash and cash equivalents comprise the following:			
Cash and bank balances		84,972	125,418

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2024 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2025

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 2024.

The consolidated financial statements of the Group as at and for the financial year ended 31 December 2024 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 2024, except with the adoption of the following:

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

The adoption of the above amendment is 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.

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.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2025

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

7. Dividends paid

A single-tier first interim dividend of 2.8 sen per share, totalling RM9,983,000 in respect of the financial year ended 31 December 2024 was paid on 9 January 2025.

A single-tier second interim dividend of 4.1 sen per share and a special dividend of 0.8 sen per share, totalling 4.9 sen per share amounting RM17,471,000 in respect of the financial year ended 31 December 2024 was paid on 13 May 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.

(a) Information about reportable segments

	ICT Distribution RM'000	Enterprise Systems RM'000	ICT Services RM'000	Total RM'000
<u>6 months financial period ended 30 June 2025</u>				
External revenue	624,803	695,368	190,366	1,510,537
Inter-segment revenue	3,010	1,244	6,669	10,923
Total revenue	<u>627,813</u>	<u>696,612</u>	<u>197,035</u>	<u>1,521,460</u>
Reportable segment profit before tax	<u>9,894</u>	<u>28,938</u>	<u>8,159</u>	<u>46,991</u>
<u>6 months financial period ended 30 June 2024</u>				
External revenue	528,322	570,625	141,809	1,240,756
Inter-segment revenue	2,944	1,706	7,249	11,899
Total revenue	<u>531,266</u>	<u>572,331</u>	<u>149,058</u>	<u>1,252,655</u>
Reportable segment profit before tax	<u>7,808</u>	<u>21,805</u>	<u>6,496</u>	<u>36,109</u>

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2025

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

8. Segmental reporting (continue)

(b) Reconciliation of reportable segment profit and loss

	Current Year To-date 30/06/2025 RM'000	Preceding Year Corresponding Period 30/06/2024 RM'000
Total profit before tax for reportable segments	46,991	36,109
Other non-reportable segments profit	3,391	2,933
Eliminate of inter-segments profit	(349)	6
Consolidated profit before tax	<u>50,033</u>	<u>39,048</u>

(c) Disaggregation of the Group's revenue

	Current Year-to-date 30/06/2025		Preceding Year-to-date 30/06/2024	
	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	624,803	-	528,322	-
Enterprise Systems				
Commercial Desktop, PC and notebooks, Server, storage, software and networking products	695,368	-	570,625	-
ICT Services				
Services, cloud and maintenance	188,045	2,321	141,065	744
	<u>1,508,216</u>	<u>2,321</u>	<u>1,240,012</u>	<u>744</u>

(d) Segment assets

	As at 30/06/2025 RM'000	As at 31/12/2024 RM'000
ICT Distribution	592,252	520,234
Enterprise Systems	332,944	316,506
ICT Services	17,398	14,457
Total reportable segment assets	<u>942,594</u>	<u>851,197</u>

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2025

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

8. Segmental reporting (continue)

(d) Segment assets (continue)

	As at 30/06/2025 RM'000	As at 31/12/2024 RM'000
<u>Reconciliation of reportable segment assets:</u>		
Total reportable segment assets	942,594	851,197
Other non-reportable segments assets	131,787	161,250
Elimination of inter-segment balances	(155,035)	(134,525)
Consolidated total assets	919,346	877,922

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.

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

There were no changes in the composition of the Group.

11. Contingent liabilities and contingent assets

(a) Contingent liabilities

	As At 30/06/2025 RM'000	As At 31/12/2024 RM'000
Guarantees to suppliers and licensed banks for trade credit facilities granted by holding company to Group entities	207,080	207,332

(b) Contingent assets

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2025**PART A EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134: INTERIM FINANCIAL REPORTING****12. Capital commitments**

The capital expenditure contracted but not provided for as at the end of the current financial period amounted to RM1,301,000.

13. Capital expenditure

The major additions to plant and equipment were the capitalisation of a new ERP system amounting to RM3.8 million and a motor vehicle replacement acquired under hire purchase arrangements for RM300,000.

	Current Year Quarter 30/06/2025 RM'000	Current Year To-date 30/06/2025 RM'000
Addition to plant and equipment	4,270	4,997

There were no major disposals to plant and equipment during the financial period.

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 30/06/2025 RM'000	Balance Due From/(To) As at 30/06/2025 RM'000
Transactions with a joint venture company:		
Lease liabilities	(990)	-
Administrative and accounting charges	10	2
Transactions with an associate company:		
Sales	177	31

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2025

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 30/06/2025 RM'000	Preceding Year Corresponding Quarter 30/06/2024 RM'000	Changes %	Current Year To-date 30/06/2025 RM'000	Preceding Year Corresponding Period 30/06/2024 RM'000	Changes %
Revenue	818,869	624,393	31.1	1,510,537	1,240,756	21.7
Gross profit	49,674	37,499	32.5	96,585	75,513	27.9
<i>GP margin %</i>	<i>6.1%</i>	<i>6.0%</i>		<i>6.4%</i>	<i>6.1%</i>	
Profit before tax	26,815	20,179	32.9	50,033	39,048	28.1
Profit for the period	20,168	15,246	32.3	37,919	29,567	28.2

Q2 FY2025 compared with Q2 FY2024

For Q2 FY2025, the revenue increased by 31.1% to RM818.9 million from RM624.4 million last year attributed to higher sales from all 3 business segments. Gross profit (GP) increased by 32.5% to RM49.7 million from RM37.5 million last year mainly due to higher sales from Enterprise Systems.

With higher GP, Profit Before Tax (PBT) increased by 32.9% to RM26.8 million from RM20.2 million last year after mitigated by a higher impairment loss on financial instruments by RM1.6 million and forex and fair value loss of RM597,000 compared with a gain of RM872,000 last year.

Quarterly Segmental Result

The performance of the three business segments for Q2 FY2025 compared with Q2 FY2024 were as follows:

a) ICT Distribution

Revenue increased by 30.4% mainly from notebook, smart phones and gaming devices. With higher sales and GP, PBT increased by 90.0% to RM5.6 million compared to RM3.0 million last year.

b) Enterprise Systems

Revenue increased by 32.0% across all major products except consumables supplies (commercial) and networking hardware. With higher sales and GP margin, PBT increased by 42.1% to RM15.7 million from RM11.0 million last year.

c) ICT Services

Revenue increased by RM19.3 million from cloud and services. However, PBT decreased by 16.3% to RM3.8 million compared to RM4.6 million mainly due to higher operating expenses arise from additional staff costs allocation in line with sales growth.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2025

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

15. Review of performance (continue)

6 months ended 30 June 2025 compared with 30 June 2024

For first half FY2025, sales increased by 21.7% to RM1.51 billion compared with RM1.24 billion last year from all 3 business segments. GP increased by 27.9% to RM96.6 million from RM75.5 million last year, with a higher GP margin of 6.4% compared to 6.1% last year mainly due to higher sales from Enterprise Systems.

With higher GP, PBT increased by 28.1% to RM50.0 million from RM39.0 million last year after mitigated by a higher impairment loss on financial instruments by RM3.5 million and forex and fair value loss of RM226,000 compared to gain of RM1.6 million last year.

Year-to-date Segmental Result

The performance of the three business segments for 6 months period ended 30 June 2025 as compared to previous year-to-date were as below:

a) ICT Distribution

Revenue increased by 18.3% mainly from notebook, smart phones and gaming devices. With higher sales and GP, PBT increased by 26.7% to RM9.9 million compared to RM7.8 million last year.

b) Enterprise Systems

Revenue increased by 21.9% across all major products except printer and consumables supplies (commercial). With higher sales and GP margin, PBT increased by 32.7% to RM28.9 million from RM21.8 million last year.

c) ICT Services

Revenue increased by RM48.6 million from cloud and services. With higher sales and GP, PBT increased by 25.6% to RM8.2 million compared to RM6.5 million last year.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2025

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 30/06/2025 RM'000	Immediate Preceding Quarter 31/03/2025 RM'000	Changes %
Revenue	818,869	691,668	18.4
Gross Profit	49,674	46,911	5.9
<i>GP margin %</i>	<i>6.1%</i>	<i>6.8%</i>	
Share of profit of equity-accounted associate, net of tax	862	614	40.4
Share of profit of equity-accounted joint venture, net of tax	160	157	1.9
Profit before tax	26,815	23,218	15.5
Profit for the period	20,168	17,751	13.6

Q2 FY2025 revenue increased by 18.4% due to higher sales from ICT Distribution and Enterprise Systems which increased by 25.8% and 26.0% respectively; while sales of ICT Services decreased by 22.6%. With higher sales, GP increased by 5.9% to RM49.7 million from RM46.9 million last year after mitigated by lower GP margin of 6.1% compared to 6.8% last quarter.

PBT increased by 15.5% to RM26.8 million compared with RM23.2 million after accounted for lower impairment of financial instruments by RM1.3 million.

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

	Individual Quarter		Cumulative Quarter	
	Current Year 30/06/2025 RM'000	Preceding Year Corresponding Quarter 30/06/2024 RM'000	Current Year To-date 30/06/2025 RM'000	Preceding Year Corresponding Period 30/06/2024 RM'000
Depreciation	(1,038)	(839)	(1,948)	(1,673)
Inventories written down	(176)	(494)	(1,547)	(1,916)
Other income/(expense):				
Foreign exchange gain - Realised	729	599	2,004	1,299
Foreign exchange gain/(loss) - Unrealised	2,521	200	3,443	(1,690)
Fair value (loss)/gain on forward exchange contract	(3,847)	73	(5,673)	2,019
Fair value (loss)/gain on other investment	(10)	8	(32)	3
(Loss)/Gain on fixed assets disposal	(26)	-	89	147
Others	7	21	35	30
	(626)	901	(134)	1,808

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2025

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) Plant and equipment

During the financial period, the Group has capitalised the new ERP system with total cost of RM3.8 million in plant and equipment.

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

The cash and cash equivalents decreased by RM21.4 million mainly due to higher working capital and acquisition of plant and equipment.

(c) 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 30 June 2025 were as follows:

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Current (not past due)	238,628	(1,634)	236,994
Past due 1 - 30 days	142,551	-	142,551
Past due 31 - 60 days	89,386	-	89,386
Past due 61 - 90 days	6,943	-	6,943
	<hr/> 477,508	<hr/> (1,634)	<hr/> 475,874
Past due more than 90 days	4,405	(4,135)	270
Individual impaired	18	(18)	-
	<hr/> 481,931	<hr/> (5,787)	<hr/> 476,144

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. An additional allowance of RM3.3 million is provided on a prudent approach for an allegation of invoices dispute with extended payment term. The gross carrying amount of credit impaired trade receivables are written off when there is no realistic prospect of recovery.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2025

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

19. Prospects

Malaysia's economic growth is expected to moderate in the second half of 2025. Bank Negara Malaysia has revised the nation's full-year growth forecast downwards to 4.0%–4.8%, as global headwinds intensify and the impact of US tariffs on Malaysian exports hit the local economy. Domestically, the recently implemented sales and service tax on selected goods and services is expected to dampen overall spending sentiment.

Despite these challenges, we foresee minimal disruption to the ICT sector. Our product portfolio and solution offerings continue to be in strong demand across both consumer and enterprise segments.

In Q3, we are well-positioned for growth with the planned launches of major end-point devices expected to drive consumer sales. Additionally, a number of public sector projects are slated for award and implementation for the second half of the year to further strengthen the enterprise revenue.

With robust product momentum and strong public sector activity, we remain confident in a positive outlook for Q3 and the rest of 2025.

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
	30/06/2025	30/06/2024	30/06/2025	30/06/2024
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
Current year	6,219	4,241	13,254	9,648
Under provision in prior year	-	-	-	-
	<u>6,219</u>	<u>4,241</u>	<u>13,254</u>	<u>9,648</u>
Deferred tax	428	692	(1,140)	(167)
	<u>6,647</u>	<u>4,933</u>	<u>12,114</u>	<u>9,481</u>
Effective tax rate	24.8%	24.4%	24.2%	24.3%

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.

22. Corporate proposals

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2025

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 30/06/2025 RM'000	As at 31/12/2024 RM'000
Long-term borrowing:		
Hire purchase	138	149
Short-term borrowing:		
Hire purchase	435	372
Total	573	521

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

No dividend was recommended in the current quarter under review.

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 30/06/2025	Preceding Year Corresponding Quarter 30/06/2024	Current Year To-date 30/06/2025	Preceding Year Corresponding Period 30/06/2024
Profit attributable to equity holders of the Company (RM'000)	20,168	15,246	37,919	29,567
Weighted average number of ordinary shares ('000)	356,555	356,555	356,555	356,555
Basic earnings per share (sen)	5.7	4.3	10.6	8.3
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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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 2024.

By order of the Board

Chua Siew Chuan
Cheng Chia Ping
Company Secretaries

13 August 2025
Selangor