

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2025⁽¹⁾**

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	Unaudited 31.03.2025 RM'000	Unaudited 31.03.2024 RM'000	Unaudited 31.03.2025 RM'000	Unaudited 31.03.2024 RM'000
Revenue	9,639	8,605	9,639	8,605
Other income	483	717	483	717
Employee benefits expense	(5,164)	(3,750)	(5,164)	(3,750)
Information technology expenses	(924)	(765)	(924)	(765)
Depreciation expenses	(268)	(276)	(268)	(276)
Other operating expenses	(1,252)	(1,410)	(1,252)	(1,410)
Operating profit	2,514	3,121	2,514	3,121
Finance income	92	84	92	84
Finance cost	(10)	(5)	(10)	(5)
Share of results of associate	18	—	18	—
Profit before tax	2,614	3,200	2,614	3,200
Tax expense	(676)	(756)	(676)	(756)
Profit and total comprehensive income for the financial period	1,938	2,444	1,938	2,444
Profit and total comprehensive income attributable to:				
Owners of the Company	1,938	2,444	1,938	2,444
Earnings per share attributable to owners of the Company:				
Basic (sen) ⁽²⁾	0.43	0.54	0.43	0.54
Diluted (sen) ⁽³⁾	0.43	0.54	0.43	0.54

Notes:

⁽¹⁾ The Condensed Consolidated Statement of 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 this interim financial report.

⁽²⁾ Basic earnings per share is calculated based on the weighted average number of ordinary shares of the Company of 456,000,000 as at 31 March 2025 (31 March 2024: 456,000,000).

⁽³⁾ There are no dilutive instruments as at the end of the current financial quarter.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2025**

	Unaudited 31.03.2025 RM'000	Audited 31.12.2024 RM'000
ASSETS		
Non-current assets		
Property and equipment	17,954	17,058
Right-of-use assets	127	141
Investment properties	787	791
Investment in an associate	90	72
Other investments	4,940	4,940
Deferred tax assets	1,200	1,200
Total non-current assets	25,098	24,202
Current assets		
Trade and other receivables	10,891	11,505
Contract assets	1,886	2,049
Current tax assets	1,002	553
Cash and cash equivalents	69,354	68,064
Total current assets	83,133	82,171
TOTAL ASSETS	108,231	106,373
EQUITY AND LIABILITIES		
Equity		
Share capital	66,249	66,249
Reorganisation reserve	(20,649)	(20,649)
Retained earnings	50,702	48,764
Total equity attributable to owners of the Company	96,302	94,364
Non-current liabilities		
Contract liabilities	84	107
Hire purchase payables	410	461
Lease liabilities	77	91
Total non-current liabilities	571	659
Current liabilities		
Hire purchase payables	200	198
Lease liabilities	53	52
Trade and other payables	4,273	4,962
Contract liabilities	6,832	6,138
Total current liabilities	11,358	11,350
TOTAL LIABILITIES	11,929	12,009
TOTAL EQUITY AND LIABILITIES	108,231	106,373
Net assets per share attributable to owners of the Company (sen) ⁽¹⁾	21.12	20.69

Note:

⁽¹⁾ Computed based on total equity attributable to owners of the Company divided by the number of ordinary shares of the Company of 456,000,000 as at 31 March 2025 (31 March 2024: 456,000,000).

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2025⁽¹⁾**

	Share capital RM'000	Reorganisation reserve RM'000	Retained earnings RM'000	Total equity RM'000
As at 1 January 2025 (Audited)	66,249	(20,649)	48,764	94,364
Profit and total comprehensive income for the financial period	–	–	1,938	1,938
As at 31 March 2025 (Unaudited)	66,249	(20,649)	50,702	96,302
As at 1 January 2024 (Audited)	66,249	(20,649)	40,984	86,584
Profit and total comprehensive income for the financial period	–	–	2,444	2,444
As at 31 March 2024 (Unaudited)	66,249	(20,649)	43,428	89,028

Note:

⁽¹⁾ 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 this interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 MARCH 2025⁽¹⁾**

	Unaudited 3 months ended 31.03.2025 RM'000	Unaudited 3 months ended 31.03.2024 RM'000
Cash flows from operating activities		
Profit before tax	2,614	3,200
Adjustments for non-cash items		
Depreciation	268	276
Other adjustments	(65)	(482)
Operating profit before changes in working capital	2,817	2,994
Changes in working capital		
Trade and other receivables	598	1,038
Trade and other payables	(687)	(1,438)
Contract assets	163	(431)
Contract liabilities	671	1,378
Cash generated from operations	3,562	3,541
Income tax paid	(1,136)	(1,157)
Income tax refunded	11	–
Interest received	92	84
Net cash generated from operating activities	2,529	2,468
Cash flows used for investing activities		
Purchase of property and equipment	(1,146)	(13,536)
Proceeds from disposal of property and equipment	–	465
Net change in amount due from an associate	(3)	18
Net cash used for investing activities	(1,149)	(13,053)
Cash flows used for financing activities		
Payment of lease liabilities	(13)	(268)
Repayment of hire purchase payables	(49)	(80)
Interest paid	(10)	(5)
Net cash used for financing activities	(72)	(353)
Net increase/(decrease) in cash and cash equivalents	1,308	(10,938)
Effect of exchange rate changes	(18)	109
Cash and cash equivalents at beginning of the financial year	67,942	73,496
Cash and cash equivalents at end of the financial year	69,232	62,667

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 MARCH 2025⁽¹⁾ (CONT'D)**

	As at 31.03.2025 RM'000	As at 31.03.2024 RM'000
Analysis of cash and cash equivalents:		
Fixed deposits placed with licensed banks	1,825	1,777
Cash and bank balances	8,918	10,337
Short-term investments	58,611	50,671
	<u>69,354</u>	<u>62,785</u>
Less: Pledged deposits	(122)	(118)
	<u>69,232</u>	<u>62,667</u>

Note:

- ⁽¹⁾ 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 this interim financial report.

NOTES TO THE INTERIM FINANCIAL REPORT**A1. Basis of preparation**

This interim financial report of LGMS Berhad (“**LGMS**” or the “**Company**”) and its subsidiaries (the “**Group**”) are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“**MFRS**”) 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board and Rule 9.22 and Appendix 9B of the ACE Market Listing Requirements (“**Listing Requirements**”) of Bursa Malaysia Securities Berhad.

This interim financial report 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 report.

A2. Summary of significant accounting policies

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the Group’s audited financial statements for the financial year ended 31 December 2024 as disclosed in the Annual Report, except for the adoption of the following new MFRS and amendments/improvements to MFRS that have been issued but yet to be effective.

MFRSs and/or IC Interpretations (Including the Consequential Amendments) effective on 1 January 2025

Amendments to MFRS 121: Lack of Exchangeability

The adoption of the above accounting standard does not have any significant effect on the financial statements of the Group.

New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective

	Effective Date
Amendments to MFRS 9 and MFRS 7: Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to MFRS 9 and MFRS 7: Contracts Referencing Nature-dependent Electricity	1 January 2026
Annual improvements to MFRS Accounting Standards – Volume 11	1 January 2026
MFRS 18: Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19: Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Group is expected to apply the abovementioned pronouncements beginning from the respective dates the pronouncements become effective.

The initial application of the accounting standards, interpretations or amendments is not expected to have a material financial impact to the current period and prior period financial statements of the Group.

NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)**A3. Auditors' report of preceding annual financial statements**

The audited financial statements of the Group for the financial year ended 31 December 2024 were not subject to any qualification.

A4. Seasonal or cyclical factors

The business operations of the Group were not materially affected by any seasonal or cyclical changes.

A5. Extraordinary and exceptional items

There were no extraordinary and exceptional items of unusual nature affecting assets, liabilities, equity, net income, or cash flows during the current financial quarter under review.

A6. Changes in estimates of amounts reported previously

There were no material changes in estimates that would have a material effect in the current financial quarter under review.

A7. Changes in debts and equity securities

There was no issuance, cancellations, repurchases, resale or repayments of debt and equity securities during the current financial quarter under review.

A8. Dividends paid

No dividend was paid during the current financial quarter under review.

A9. Segmental reporting

The segmental analysis of the Group's revenue by business segments and geographical locations is as follows:

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	Unaudited 31.03.2025 RM'000	Unaudited 31.03.2024 RM'000	Unaudited 31.03.2025 RM'000	Unaudited 31.03.2024 RM'000
<u>Business Segments</u>				
Cyber risk prevention	6,482	6,628	6,482	6,628
Cyber risk management and compliance	2,462	1,401	2,462	1,401
Cyber threat and incident response	695	576	695	576
	<u>9,639</u>	<u>8,605</u>	<u>9,639</u>	<u>8,605</u>
<u>Geographical Locations</u>				
Malaysia	7,485	7,206	7,485	7,206
Overseas	2,154	1,399	2,154	1,399
	<u>9,639</u>	<u>8,605</u>	<u>9,639</u>	<u>8,605</u>

NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)**A10. Valuation of property, plant and equipment**

There was no revaluation of property, plant and equipment during the current financial quarter under review.

A11. Material events subsequent to the end of the current financial quarter

There were no material events subsequent to the end of the current financial quarter to the date of this announcement, which will materially affect the earnings or income of the Group.

A12. Changes in composition of the Group

There were no changes in the composition of the Group for the current financial quarter.

A13. Changes in contingent liabilities or contingent assets

There were no contingent liabilities or contingent assets arising as at the end of the current financial quarter.

A14. Capital commitments

There were no material capital commitments as at the end of the financial period, save as disclosed in Note B15.

A15. Related party transactions

There were no related party transactions during the current financial quarter under review.

EXPLANATORY NOTES PURSUANT TO THE LISTING REQUIREMENTS**B1. Review of performance**

The Group recorded a higher revenue of RM9.64 million for the 3-month financial period ended 31 March 2025, representing an increase of RM1.03 million or 11.96% from the revenue of RM8.61 million recorded in the corresponding financial period ended 31 March 2024. This growth was primarily driven by an increase in revenue from the cyber risk management and compliance segment, which increased by RM1.06 million due to the higher number of projects undertaken from customers in the financial and technology sector.

The Group recorded a lower higher profit before tax of RM2.61 million and profit after tax of RM1.94 million for the current financial quarter under review as compared to the corresponding financial quarter. The decrease was primarily attributable to higher employee benefits expenses resulting from an increase in headcounts, driven by workforce expansion.

B2. Comparison of quarterly financial results with preceding quarter

	Current Quarter 3 months ended 31.03.2025 RM'000	Preceding Quarter 3 months ended 31.12.2024 RM'000
Revenue	9,639	13,230
Profit before tax	2,614	5,646

The Group recorded revenue of RM9.64 million in the current financial quarter under review compared to RM13.23 million in the immediate preceding financial quarter. The lower revenue was mainly due to lower number of projects completed across all the business segments during the current financial quarter under review.

The profit before tax of RM2.61 million recorded in the current financial quarter under review was lower than the immediate preceding financial quarter of RM5.65 million. The decrease was mainly due to the lower revenue recognised in the current financial quarter under review.

B3. Prospect and outlook

The ASEAN cybersecurity market is expected to reach a compound annual growth rate (CAGR) of 17.24% during the forecast period of 2025-2030¹, showing an increasing demand for robust cybersecurity solutions in the region.

In Malaysia, the Cyber Security Act 2024 (Act 854) provides a framework to strengthen the country's cybersecurity posture, including the management of threats and incidents related to National Critical Information Infrastructure (NCII). The Act, along with National Cyber Security Strategy for 2025–2030, aims to strengthen Malaysia's national cyber security ecosystem by addressing domestic challenges, enhancing capacity building.

These initiatives, coupled with the National Cyber Security Strategy (NCSS) and the MyDIGITAL Blueprint, demonstrate Malaysia's proactive approach to enhancing its cybersecurity infrastructure to support its growing digital economy. As e-commerce platforms expand and the 5G rollout continues, there is a rising need for secure networks and data protection. Malaysia's focus on cybersecurity policy and infrastructure investments positions it to capitalise on opportunities in sectors like finance, e-commerce, and critical infrastructure.

¹ Source: <https://www.mordorintelligence.com/industry-reports/asean-cybersecurity-market>

EXPLANATORY NOTES PURSUANT TO THE LISTING REQUIREMENTS (CONT'D)**B3. Prospect and outlook (Cont'd)**

In view of the above and evolving landscape of cybersecurity, the Group is well positioned to benefit from these industry prospects and the national initiatives, given its established and proven track record in the industry. Furthermore, the Group is well-equipped with technological expertise and commitment to continuous innovation through investment in research and development ensures it stays ahead of emerging threats. The global trend towards digitalisation presents ample opportunities for the Group to expand its market presence.

The Group is also evolving its business model for its innovative solution, StarSentry, an automated cybersecurity preventive tool, to offer greater value and flexibility to its customers.

The Board of Directors of the Company ("**Board**") expects that these new initiatives to contribute positively to the Group's financial performance in the future.

B4. Profit forecast and profit guarantee

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

B5. Variance of actual profit from financial estimate, forecast profit or shortfall of profit guarantee

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

B6. Income tax expense

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	Unaudited 31.03.2025 RM'000	Unaudited 31.03.2024 RM'000	Unaudited 31.03.2025 RM'000	Unaudited 31.03.2024 RM'000
Income tax	676	756	676	756
Effective tax rate (%)	25.86	23.63	25.86	23.63

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit before tax for the current financial quarter and current financial period.

B7. Unquoted investments and properties

There were no sales of unquoted investment or properties for the current financial quarter under review.

EXPLANATORY NOTES PURSUANT TO THE LISTING REQUIREMENTS (CONT'D)**B8. Quoted securities**

There were no sales of quoted securities for the current financial quarter and the financial period to date.

B9. Loans and borrowings

	Unaudited 31.03.2025 RM'000	Audited 31.12.2024 RM'000
Non-current		
Hire purchase payables	410	461
Lease liabilities	77	91
	<u>487</u>	<u>552</u>
Current		
Hire purchase payables	200	198
Lease liabilities	53	52
	<u>253</u>	<u>250</u>
Total loans and borrowings	<u>740</u>	<u>802</u>

All the Group's borrowings are denominated in Ringgit Malaysia.

B10. Profit before tax

Profit before tax is arrived after charging/(crediting):

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	Unaudited 31.03.2025 RM'000	Unaudited 31.03.2024 RM'000	Unaudited 31.03.2025 RM'000	Unaudited 31.03.2024 RM'000
Depreciation of:				
– property and equipment	251	213	251	213
– right-of-use assets	14	60	14	60
– investment properties	3	3	3	3
Interest expense	9	5	9	5
Fair value gain on other investments	(442)	(576)	(442)	(576)
Interest income	<u>(92)</u>	<u>(84)</u>	<u>(92)</u>	<u>(84)</u>

Other disclosure items pursuant to Appendix 9B, Note 16 of the Listing Requirements are not applicable.

EXPLANATORY NOTES PURSUANT TO THE LISTING REQUIREMENTS (CONT'D)**B11. Earnings per share**

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	Unaudited 31.03.2025	Unaudited 31.03.2024	Unaudited 31.03.2025	Unaudited 31.03.2024
Profit attributable to owners of the Company (RM'000)	1,938	2,444	1,938	2,444
Weighted average number of ordinary shares in issue during the period ('000)	456,000	456,000	456,000	456,000
Basic earnings per share (sen) ⁽¹⁾	0.43	0.54	0.43	0.54
Diluted earnings per share (sen) ⁽²⁾	0.43	0.54	0.43	0.54

Notes:

⁽¹⁾ Basic earnings per share is calculated based on the weighted average number of ordinary shares of the Company of 456,000,000 as at 31 March 2025 (31 March 2024: 456,000,000).

⁽²⁾ There are no dilutive instruments as at the end of the quarter ended 31 March 2025.

B12. Material litigation

The Group does not have any material outstanding litigation as at the date of this announcement.

B13. Dividend

No dividend has been declared or recommended for payment by the Board during the financial period under review.

B14. Status of corporate proposal

There were no corporate proposals that have been announced by the Company but not completed as at the date of this interim report.

EXPLANATORY NOTES PURSUANT TO THE LISTING REQUIREMENTS (CONT'D)**B15. Utilisation of proceeds from the initial public offering**

The total gross proceeds of approximately RM45.70 million raised from the Public Issue are intended to be utilised in the following manner:

Details of utilisation	Proposed utilisation RM'000	Actual utilisation RM'000	Balance to be utilised RM'000	Estimated timeframe for utilisation upon listing on 8 June 2022
1. Business expansion				
i. Purchase of office	18,000	15,267	2,733	Within ⁽¹⁾ 36 months
ii. Expansion of workforce	6,500	5,584	916	Within ⁽¹⁾ 36 months
iii. Capital expenditure on equipment and tools	6,000	3,972	2,028	Within ⁽¹⁾ 36 months
iv. Strategic business expansion	7,698	⁽²⁾ 7,698	–	Within 24 months
2. Working capital	3,500	3,500	–	Within ⁽³⁾ 24 months
3. Estimated listing expenses	4,000	4,000	–	Within 3 months
	45,698	40,021	5,677	

Notes:-

⁽¹⁾ The Board had on 30 May 2024 resolved to extend the timeframe for utilisation to 36 months from the listing on 8 June 2022. Please refer to the announcement dated 30 May 2024 for further details on the extension of time on the utilisation of proceeds.

⁽²⁾ The remaining unutilised proceeds previously earmarked for strategic business expansion have been reallocated for working capital purposes as permitted and disclosed in the Prospectus dated 20 May 2022. This decision was made as the Group was unable to fully utilise the proceeds within the 2-year timeframe from the listing date on 8 June 2022.

⁽³⁾ The Board had on 6 June 2023 resolved to extend the timeframe for utilisation of the working capital to 24 months from the listing on 8 June 2022.

The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 20 May 2022.

B16. Authorisation for issue

The interim financial report was authorised for issue by the Board in accordance with a resolution of the Board on 19 May 2025.