

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2024⁽¹⁾

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	Unaudited 31.12.2024 RM'000	Unaudited 31.12.2023 RM'000	Unaudited 31.12.2024 RM'000	Audited 31.12.2023 RM'000
Revenue	13,230	10,673	43,630	34,242
Other income	1,243	497	2,840	1,816
Employee benefits expense	(5,593)	(3,921)	(18,383)	(13,360)
Information technology expenses	(1,531)	(833)	(5,737)	(2,931)
Depreciation expenses	(264)	(310)	(1,061)	(1,375)
Other operating expenses	(1,611)	(1,178)	(5,265)	(3,896)
Operating profit	5,474	4,928	16,024	14,496
Finance income	182	177	541	796
Finance cost	(10)	27	(35)	(62)
Profit before tax	5,646	5,132	16,530	15,230
Tax expense	(1,571)	(1,419)	(4,190)	(4,008)
Profit and total comprehensive income for the financial period	4,075	3,713	12,340	11,222
Profit and total comprehensive income attributable to:				
Owners of the Company	4,075	3,713	12,340	11,222
Earnings per share attributable to owners of the Company:				
Basic (sen) ⁽²⁾	0.89	0.81	2.71	2.46
Diluted (sen) ⁽³⁾	0.89	0.81	2.71	2.46

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 2023 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 December 2024 (31 December 2023: 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 DECEMBER 2024**

	Unaudited 31.12.2024 RM'000	Audited 31.12.2023 RM'000
ASSETS		
Non-current assets		
Property and equipment	17,058	2,237
Right-of-use assets	141	349
Investment properties	791	804
Investment in an associate	72	72
Other investments	4,940	4,940
Deferred tax assets	1,200	850
Total non-current assets	24,202	9,252
Current assets		
Trade and other receivables	11,505	9,597
Contract assets	2,049	1,638
Other investments	—	1,014
Current tax assets	553	559
Cash and cash equivalents	68,064	73,614
Total current assets	82,171	86,422
TOTAL ASSETS	106,373	95,674
EQUITY AND LIABILITIES		
Equity		
Share capital	66,249	66,249
Reorganisation reserve	(20,649)	(20,649)
Retained earnings	48,764	40,984
Total equity attributable to owners of the Company	94,364	86,584
Non-current liabilities		
Contract liabilities	107	165
Hire purchase payables	461	233
Lease liabilities	91	119
Total non-current liabilities	659	517
Current liabilities		
Hire purchase payables	198	206
Lease liabilities	52	186
Trade and other payables	4,962	3,685
Contract liabilities	6,138	4,483
Current tax liabilities	—	13
Total current liabilities	11,350	8,573
TOTAL LIABILITIES	12,009	9,090
TOTAL EQUITY AND LIABILITIES	106,373	95,674
Net assets per share attributable to owners of the Company (sen) ⁽¹⁾	20.69	18.99

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 December 2024 (31 December 2023: 456,000,000).

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024⁽¹⁾**

	Share capital RM'000	Reorganisation reserve RM'000	Retained earnings RM'000	Total equity RM'000
As at 1 January 2024 (Audited)	66,249	(20,649)	40,984	86,584
Profit and total comprehensive income for the financial year	–	–	12,340	12,340
Transaction with owners: - Dividends paid	–	–	(4,560)	(4,560)
As at 31 December 2024 (Unaudited)	66,249	(20,649)	48,764	94,364
As at 1 January 2023 (Audited)	66,249	(20,649)	37,970	83,570
Profit and total comprehensive income for the financial year	–	–	11,222	11,222
Transaction with owners: - Dividends paid	–	–	(8,208)	(8,208)
As at 31 December 2023 (Audited)	66,249	(20,649)	40,984	86,584

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 2023 and the accompanying explanatory notes attached to this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024⁽¹⁾

	Unaudited	Audited
	31.12.2024	31.12.2023
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	16,530	15,230
Adjustments for non-cash items		
Depreciation	1,061	1,375
Other adjustments	(823)	(1,287)
Operating profit before changes in working capital	16,768	15,318
Changes in working capital		
Trade and other receivables	(2,083)	(1,609)
Trade and other payables	1,277	467
Contract assets	(411)	(994)
Contract liabilities	1,597	1,979
Cash generated from operations	17,148	15,161
Income tax paid	(4,552)	(5,114)
Income tax refunded	5	17
Interest received	348	791
Net cash generated from operating activities	12,949	10,855
Cash flows (used for)/generated from investing activities		
Purchase of property and equipment	(15,296)	(740)
Proceeds from disposal of property and equipment	686	779
Proceeds from disposal of right-of-use asset	465	—
Proceeds from disposal of other investments	1,141	3,294
Net change in amount due from an associate	18	(18)
Increase in investment in an associate	—	(72)
Change in pledged deposits	(4)	(2)
Net cash (used for)/generated from investing activities	(12,990)	3,241
Cash flows used for financing activities		
Payment of lease liabilities	(664)	(669)
Repayment of hire purchase payables	(272)	(755)
Dividends paid	(4,560)	(8,208)
Interest paid	(35)	(62)
Net cash used for financing activities	(5,531)	(9,694)
Net (decrease)/increase in cash and cash equivalents	(5,572)	4,402
Effect of exchange rate changes	18	123
Cash and cash equivalents at beginning of the financial year	73,496	68,971
Cash and cash equivalents at end of the financial year	67,942	73,496

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 ⁽¹⁾ (CONT'D)**

	As at 31.12.2024 RM'000	As at 31.12.2023 RM'000
Analysis of cash and cash equivalents:		
Fixed deposits placed with licensed banks	1,814	1,765
Cash and bank balances	8,132	9,708
Short-term investments	58,118	62,141
	68,064	73,614
Less: Pledged deposits	(122)	(118)
	67,942	73,496

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 2023 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 2023 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 2023 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 2024

Amendments to MFRS 16: Lease Liability in a Sale and Leaseback
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current
Amendments to MFRS 101: Non-current Liabilities with Covenants
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) 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 121: Lack of Exchangeability	1 January 2025
Amendments to MFRS 9 and MFRS 7: Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Annual improvements to MFRS Accounting Standards – Volume 11	1 January 2026
Amendments to MFRS 9 and MFRS 7: Contracts Referencing Nature- dependent Electricity	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 2023 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

On 6 December 2024, the Company declared a second interim single-tier dividend of 0.5 sen per ordinary share amounting to RM2,280,000 in respect of the financial year ended 31 December 2024, which was paid on 31 December 2024.

A9. Segmental reporting

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

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	Unaudited 31.12.2024 RM'000	Unaudited 31.12.2023 RM'000	Unaudited 31.12.2024 RM'000	Audited 31.12.2023 RM'000
<u>Business Segments</u>				
Cyber risk prevention	8,156	6,733	29,138	24,599
Cyber risk management and compliance	4,331	2,973	11,339	7,302
Cyber threat and incident response	743	967	3,153	2,341
	<u>13,230</u>	<u>10,673</u>	<u>43,630</u>	<u>34,242</u>
<u>Geographical Locations</u>				
Malaysia	10,940	8,951	36,680	28,637
Overseas	2,290	1,722	6,950	5,605
	<u>13,230</u>	<u>10,673</u>	<u>43,630</u>	<u>34,242</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 year, 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 RM13.23 million for the 3-month financial period ended 31 December 2024, representing an increase of RM2.56 million or 23.99% from the revenue of RM10.67 million recorded in the corresponding financial period ended 31 December 2024. This growth was primarily driven by the cyber risk prevention segment, which recorded an increase of RM1.43 million, mainly attributed to the completion of projects with larger scope and has higher project value particularly from the financial sector and the manufacturing sector.

The Group recorded higher profit before tax of RM5.65 million and profit after tax of RM4.08 million for the current financial quarter under review as compared to the corresponding financial quarter under review. The increase was mainly due to the higher revenue recorded and higher other income derived from gain on disposal of fixed assets in the current financial quarter under review.

B2. Comparison of quarterly financial results with preceding quarter

	Current Quarter 3 months ended 31.12.2024 RM'000	Preceding Quarter 3 months ended 30.09.2024 RM'000
Revenue	13,230	10,264
Profit before tax	5,646	2,866

The Group recorded revenue of RM13.23 million in the current financial quarter under review compared to RM10.26 million in the immediate preceding financial quarter. The increased was contributed by all the business segments due to higher number of projects completed during the current financial quarter under review.

The Group recorded a higher profit before tax of RM5.65 million in the current financial quarter under review compared to RM2.87 million in the immediate preceding financial quarter. This was mainly attributable to the higher revenue and other income recorded in the current financial quarter under review.

B3. Prospect and outlook

The revenue for cybersecurity industry in ASEAN is expected to show an annual growth rate of 12.80% for 2024 to 2028¹. Malaysia's Cyber Security Act 2024 (Act 854)² has been gazetted on 26 June 2024 and became enforceable on 26 August 2024. This is an overarching law to fortify the country's security defences against cyber attacks and emerging threats.

The Act marked a significant milestone for the local cybersecurity industry and signifies a strong focus by the government towards ensuring the viability and efficiency of the Critical National Information Infrastructure by fortifying compliance with specific measures, standards and processes in managing cybersecurity threats, across key economic sectors. These initiatives, coupled with the National Cyber Security Strategy (NCSS) and the MyDIGITAL Blueprint, demonstrate Malaysia's proactive approach to bolstering cybersecurity infrastructure to support its digital economy. The growth of e-commerce platforms and the ongoing 5G rollout have intensified the need for secure networks and robust data protection measures. Malaysia's position as a regional technology hub and its proactive approach to policy and investment in cybersecurity solutions further contributes to the rising demand for secure digital environments in industries ranging from finance to e-commerce and critical infrastructure.

¹ Source: <https://www.statista.com/outlook/tmo/cybersecurity/asean>

² Source: <https://www.nacsa.gov.my/act854.php>

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 capitalise and benefit from the prospects of the industry and the national initiatives mentioned above given the established proven track record of the Group in the industry. Furthermore, the Group is well-equipped with technological leadership, technical expertise and extensive know-how in the cybersecurity space. Its commitment to continuous innovation and investment in research and development ensures the Group to stay ahead of emerging threats. The global trend towards digitalisation presents ample opportunities for the Group to expand its market presence.

As part of its ongoing efforts to strategically expand its business streams, the Group's latest innovations, StarSentry, is an automated cybersecurity preventive tool which was launched on 4 June 2024. This new solution will position the Group at the forefront of cybersecurity solutions in Malaysia.

The Group is pivoting towards new solutions based on a subscription model with the aim to achieve consistent revenue streams and scalable service offerings. This model will potentially enable new customer engagements and further support the business expansion of the Group.

The 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 12 months ended	
	Unaudited 31.12.2024 RM'000	Unaudited 31.12.2023 RM'000	Unaudited 31.12.2024 RM'000	Audited 31.12.2023 RM'000
Income tax	1,571	1,419	4,190	4,008
Effective tax rate (%)	27.83	27.65	25.35	26.32

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.

The higher effective tax rate during the current financial quarter under review is due to the increase in non-deductible items.

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 year to date.

B9. Loans and borrowings

	Unaudited 31.12.2024 RM'000	Audited 31.12.2023 RM'000
Non-current		
Hire purchase payables	461	233
Lease liabilities	91	119
	<u>552</u>	<u>352</u>
Current		
Hire purchase payables	198	206
Lease liabilities	52	186
	<u>250</u>	<u>392</u>
Total loans and borrowings	<u>802</u>	<u>744</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 12 months ended	
	Unaudited 31.12.2024 RM'000	Unaudited 31.12.2023 RM'000	Unaudited 31.12.2024 RM'000	Audited 31.12.2023 RM'000
Depreciation of:				
– property and equipment	249	200	967	790
– right-of-use assets	11	106	81	572
– investment properties	3	4	13	13
Impairment loss on trade receivables	156	–	156	–
Interest expense	10	(27)	35	62
Fair value gain on other investments	(459)	(504)	(1,917)	(1,326)
Gain on disposal of property and equipment	(686)	–	(686)	(223)
Interest income	(182)	(177)	(541)	(796)

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 12 months ended	
	Unaudited 31.12.2024	Unaudited 31.12.2023	Unaudited 31.12.2024	Audited 31.12.2023
Profit attributable to owners of the Company (RM'000)	4,075	3,713	12,340	11,222
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⁾	0.89	0.81	2.71	2.46
Diluted earnings per share (sen) ⁽²⁾	0.89	0.81	2.71	2.46

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 December 2024 (31 December 2023: 456,000,000).

⁽²⁾ There are no dilutive instruments as at the end of the quarter ended 31 December 2024.

B12. Material litigation

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

B13. Dividend

On 28 August 2024, the Company declared a first interim single-tier dividend of 0.5 sen per ordinary share amounting to RM2,280,000 in respect of the financial year ended 31 December 2024, which was paid on 27 September 2024.

On 6 December 2024, the Company declared a second interim single-tier dividend of 0.5 sen per ordinary share amounting to RM2,280,000 in respect of the financial year ended 31 December 2024, which was paid on 31 December 2024.

On 25 February 2025, the Company declared a final single-tier dividend of 0.5 sen per ordinary share amounting to RM2,280,000 in respect of the financial year ended 31 December 2024. The entitlement date and payment date for the proposed dividend will be determined and announced at a later date.

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 IPO**

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	15,054	2,946	Within ⁽¹⁾ 36 months
ii. Expansion of workforce	6,500	4,117	2,383	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	38,341	7,357	

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 25 February 2025.