

## LGMS BERHAD (“LGMS” OR THE “COMPANY”)

### EXTENSION OF TIMEFRAME FOR THE UTILISATION OF PROCEEDS RAISED FROM THE INITIAL PUBLIC OFFERING (“IPO”)

Unless otherwise defined, the abbreviations and definitions used throughout this announcement shall have the same meanings as those previously defined in the Prospectus dated 20 May 2022 issued by the Company in relation to the IPO (“**Prospectus**”).

#### 1. INTRODUCTION

LGMS was listed on the ACE Market of Bursa Malaysia Securities Berhad on 8 June 2022 (“**Listing**”) in conjunction with its IPO, where the Company undertook a public issue of 91,395,000 new ordinary shares in the Company at an issue price of RM0.50 per share, raising proceeds of RM45.70 million (“**IPO Proceeds**”).

The Board of Directors of LGMS (“**Board**”) wishes to announce that the Board has deliberated and resolved to extend the timeframe for an additional 12 months of up to 36 months from the date of Listing for the utilisation of the remaining unutilised IPO Proceeds (“**Balance IPO Proceeds**”) (“**Extension of Time**”) allocated for the business expansion of LGMS and its subsidiaries (collectively referred to as the “**LGMS Group**” or the “**Group**”) (“**Business Expansion**”), which includes the following:-

- (i) purchase of office amounting to RM4.54 million;
- (ii) expansion of workforce amounting to RM4.47 million; and
- (iii) capital expenditure on equipment and tools amounting to RM3.22 million.

Further details of the Extension of Time are set out in the ensuing sections of this announcement.

#### 2. DETAILS OF THE EXTENSION OF TIME

As at 31 March 2024, LGMS Group had utilised approximately RM18.28 million of the IPO Proceeds allocated for the Business Expansion. The Group has yet to fully utilised the IPO Proceeds allocated for the Business Expansion amounting to a total of RM12.22 million, which were initially intended to be utilised within 24 months from the date of Listing.

The details of the utilisation of the IPO Proceeds and the Extension of Time are set out as follows:-

Details of utilisation	Proposed utilisation (RM'000)	Actual utilisation (RM'000)	Balance IPO Proceeds (RM'000)	Initial timeframe for utilisation of IPO Proceeds upon Listing <sup>(1)</sup>	Extended timeframe for utilisation of the Balance IPO Proceeds upon Listing <sup>(2)</sup>
<b>Business expansion</b>					
Purchase of office	18,000	13,465	4,535	Within 12 to 24 Months	Within 36 Months
Expansion of workforce	6,500	2,030	4,470	Within 24 Months	Within 36 Months
Capital expenditure on equipment and tools	6,000	2,781	3,219	Within 24 Months	Within 36 Months
<b>Total</b>	<b>30,500</b>	<b>18,276</b>	<b>12,224</b>		

**Notes:-**

<sup>(1)</sup> From the date of Listing (i.e. 8 June 2022).

<sup>(2)</sup> Being an additional 12 months from the expiry date of the initial timeframe for the utilisation of IPO Proceeds.

### 3. **RATIONALE FOR THE EXTENSION OF TIME**

The Board has decided to extend the timeframe of the utilisation of the Balance IPO proceeds earmarked for the Business Expansion for an additional 12 months, extending the period to 36 months from the date of Listing to accord the Group with additional time period to effectively implement its Business Expansion plan.

For information purposes, the purchase of office was completed on 1 April 2024. Further details of the office acquisition are set out in the announcements dated 20 February 2024 and 1 April 2024. The Group is currently undertaking the office renovation and refurbishment process ("**Renovation and Refurbishment Work**"). The estimated cost for the Renovation and Refurbishment Work is approximately RM4.54 million, which will be funded via the Balance IPO Proceeds allocated for this purpose. The Renovation and Refurbishment Work is envisaged to be completed by the 4<sup>th</sup> quarter of 2024.

Following the completion of the Renovation and Refurbishment Work, the Group will then be able to undertake the expansion of its workforce and capital expenditure on equipment and tools in the manner disclosed in the Prospectus. The Board believes that the additional time period accorded to the Group will allow the Group to have a reasonable time to effectively execute and complete its plans on the workforce expansion and capital expenditure on equipment and tools to be installed and fitted at the newly refurbished office.

### 4. **APPROVALS REQUIRED**

The extension of timeframe for the utilisation of the Balance IPO Proceeds is not subject to any regulatory authorities or shareholders' approval. Nevertheless, the Board shall continue to be prudent in managing the Balance IPO Proceeds and will continue to disclose the status of the utilisation of proceeds in the Company's quarterly results and annual reports until its full utilisation.

The Board is of the opinion that the aforementioned extension of timeframe will not have any adverse effect on the financial performance of the Company and is in the best interest of the Company.

This announcement is dated 30 May 2024.