

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022⁽¹⁾**

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	Unaudited 31.12.2022 RM'000	Unaudited 31.12.2021 ⁽²⁾ RM'000	Unaudited 31.12.2022 RM'000	Audited 31.12.2021 RM'000
Revenue	8,996	N/A	32,792	28,262
Other income	122	N/A	364	361
Employee benefits expense	(3,172)	N/A	(10,627)	(8,335)
Information technology expenses	(648)	N/A	(2,349)	(2,114)
Depreciation expenses	(331)	N/A	(1,251)	(1,077)
Other operating expenses	(930)	N/A	(3,583)	(2,760)
Operating profit	4,037	N/A	15,346	14,337
Finance income	216	N/A	422	115
Finance cost	(22)	N/A	(97)	(132)
Share of results of associate	–	N/A	(74)	(35)
Profit before tax	4,231	N/A	15,597	14,285
Tax expense	(991)	N/A	(4,050)	(3,980)
Profit and total comprehensive income for the financial period	3,240	N/A	11,547	10,305
Profit and total comprehensive income attributable to:				
Owners of the Company	3,240	N/A	11,547	10,321
Non-controlling interest	–	–	–	(16)
Earnings per share attributable to owners of the Company:				
Basic (sen) ⁽³⁾	0.78	N/A	2.77	2.95
Diluted (sen) ⁽⁴⁾	0.78	N/A	2.77	2.95

Notes:

N/A Not applicable

⁽¹⁾ The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Accountants' Report as disclosed in the Prospectus dated 20 May 2022 and the accompanying explanatory notes attached to this interim financial report.

⁽²⁾ This is the interim financial report for the fourth quarter ended 31 December 2022 being announced in compliance with the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"). There are no comparative figures for the preceding corresponding quarter ended as no interim financial report was prepared for the comparative financial period.

⁽³⁾ Basic earnings per share is calculated based on the weighted average number of ordinary shares of the Company of 416,687,630 as at 31 December 2022 (31 December 2021: 349,453,899).

⁽⁴⁾ There are no dilutive instruments as at the end of the quarter ended 31 December 2022.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 31 DECEMBER 2022**

	Unaudited	Audited
	31.12.2022	31.12.2021
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	3,395	2,808
Investment properties	817	830
Investment in associate	–	74
Deferred tax assets	300	–
Other investments	4,940	–
Total non-current assets	9,452	3,712
Current assets		
Trade and other receivables	7,967	6,951
Contract assets	644	–
Other investments	4,099	4,361
Current tax assets	31	116
Cash and short-term deposits	69,087	19,362
Total current assets	81,828	30,790
TOTAL ASSETS	91,280	34,502
EQUITY AND LIABILITIES		
Equity		
Share capital	66,249	22,300
Reorganisation reserve	(20,649)	(20,649)
Retained earnings	37,970	26,423
Total equity attributable to owners of the Company	83,570	28,074
Non-current liabilities		
Loans and borrowings	883	1,479
Contract liabilities	94	126
Deferred tax liabilities	–	9
Total non-current liabilities	977	1,614
Current liabilities		
Trade and other payables	3,218	2,737
Loans and borrowings	916	759
Contract liabilities	2,575	1,306
Current tax liabilities	24	12
Total current liabilities	6,733	4,814
TOTAL LIABILITIES	7,710	6,428
TOTAL EQUITY AND LIABILITIES	91,280	34,502
Net assets per share attributable to owners of the Company (sen) ⁽¹⁾	18.33	7.70

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 2022 (31 December 2021: 364,605,000).

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022⁽¹⁾⁽²⁾**

	Share capital RM'000	Reorganisation reserve RM'000	Retained earnings RM'000	Total equity RM'000
As at 1 January 2022 (Audited)	22,300	(20,649)	26,423	28,074
Profit and total comprehensive income for the financial year	–	–	11,547	11,547
Transaction with owners:				
– Issuance of ordinary shares ⁽³⁾	45,698	–	–	45,698
– Share issuance expenses ⁽⁴⁾	(1,749)	–	–	(1,749)
As at 31 December 2022 (Unaudited)	66,249	(20,649)	37,970	83,570

Notes:

- ⁽¹⁾ The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Accountants' Report as disclosed in the Prospectus dated 20 May 2022 and the accompanying explanatory notes attached to this interim financial report.
- ⁽²⁾ This is the interim financial report for the fourth quarter ended 31 December 2022 being announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding quarter ended as no interim financial report was prepared for the comparative financial period.
- ⁽³⁾ Issuance of new shares pursuant to the initial public offering ("IPO").
- ⁽⁴⁾ Listing expenses incurred pursuant to the IPO.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022⁽¹⁾**

	Unaudited	Audited
	31.12.2022	31.12.2021
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	15,597	14,285
Adjustments for non-cash items		
Depreciation	1,251	1,077
Other adjustments	23	(44)
Operating profit before changes in working capital	16,871	15,318
Net changes in working capital		
Trade and other receivables	(1,115)	(3,126)
Trade and other payables	481	1,461
Contract assets	(644)	–
Contract liabilities	1,237	1,432
Cash generated from operations	16,830	15,085
Income tax paid	(4,282)	(3,664)
Income tax refund	20	–
Interest received	386	8
Net cash flows from operating activities	12,954	11,429
Cash flows from investing activities		
Purchase of property, plant and equipment	(819)	(200)
Purchase of other investments	(4,940)	(1,000)
Purchase of shares in a subsidiary from non-controlling interest	–	(144)
Proceeds from disposal of property, plant and equipment	75	–
Change in pledge deposits	25	(21)
Net change in amount due from associate	48	19
Net cash flows used in investing activities	(5,611)	(1,346)
Cash flows from financing activities		
Proceeds from issuance of shares	45,698	–
Payments of share issuance expenses	(1,749)	–
Repayment of term loans	(590)	(33)
Payment of lease liabilities	(855)	(804)
Dividends paid	–	(4,735)
Net change in amount owing to Directors	–	(42)
Interest paid	(97)	(132)
Net cash generated from/(used in) financing activities	42,407	(5,746)
Net increase in cash and cash equivalents	49,750	4,337
Cash and cash equivalents at beginning of the financial year	19,221	14,884
Cash and cash equivalents at end of the financial year	68,971	19,221

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022⁽¹⁾ (CONT'D)**

	Unaudited	Audited
	31.12.2022	31.12.2021
	RM'000	RM'000
Analysis of cash and cash equivalents:		
Fixed deposits placed with licensed banks	2,758	2,682
Cash and bank balances	66,329	16,680
	<u>69,087</u>	<u>19,362</u>
Less: Pledged deposits	(116)	(141)
	<u>68,971</u>	<u>19,221</u>

Note:

- ⁽¹⁾ The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Accountants' Report as disclosed in the Prospectus dated 20 May 2022 and the accompanying explanatory notes attached to this interim financial report.

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

The 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 (“**MASB**”) and Rule 9.22 and Appendix 9B of the ACE Market Listing Requirements (“**Listing Requirements**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

This is the interim financial report on the Company’s unaudited condensed financial results for the fourth quarter ended 31 December 2022 announced by the Company in compliance with the Listing Requirements and as such, there are no comparative figures for the corresponding period of preceding year, save for the financial information related to the financial year ended 31 December 2021.

The interim financial report should be read in conjunction with the Accountants’ Report dated 22 April 2022 as disclosed in the Prospectus dated 20 May 2022 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 Accountants’ Report dated 22 April 2022 as disclosed in the Prospectus dated 20 May 2022, except for the adoption of the following Amendments/Improvements to MFRSs that are applicable to the Group effective 1 January 2022:

Amendments/Improvements to MFRSs effective 1 January 2022

Amendments to MFRS 1 *First-time Adoption of MFRSs (Annual Improvements to MFRS Standards 2018-2020)*

Amendments to MFRS 3 *Business Combinations – Reference to Conceptual Framework*

Amendments to MFRS 9 *Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)*

Amendments to Illustrative Examples accompanying MFRS 16 *Leases (Annual Improvements to MFRS Standards 2018-2020)*

Amendments to MFRS 116 *Property, Plant and Equipment – Proceeds before Intended Use*

Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*

Amendments to MFRS 141 *Agriculture (Annual Improvements to MFRS Standards 2018-2020)*

The adoption of the above amendments/improvements to MFRSs does not have any significant effect on the financial statements of the Group.

NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)**A2. Summary of significant accounting policies (cont'd)****New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective**

New MFRS and amendments/improvements to MFRSs	Effective Date
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17: <i>Insurance Contracts – Initial application of MFRS 17 and MFRS 9 Comparative Information</i>	1 January 2023
Amendments to MFRS 101: <i>Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108: <i>Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112: <i>Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 10: <i>Consolidated Financial Statements</i>	Deferred
Amendments to MFRS 128: <i>Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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.

A3. Auditors' report of preceding annual financial statements

The audited financial statements of the Group for the financial year ended 31 December 2021 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.

NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)**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 are as follows:

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	Unaudited 31.12.2022 RM'000	Unaudited 31.12.2021 ⁽¹⁾ RM'000	Unaudited 31.12.2022 RM'000	Audited 31.12.2021 RM'000
<u>Business Segments</u>				
Cyber risk prevention	6,565	N/A	22,458	16,620
Cyber risk management and compliance	1,916	N/A	7,643	8,147
Cyber threat and incident response	515	N/A	2,691	3,495
	<u>8,996</u>	<u>N/A</u>	<u>32,792</u>	<u>28,262</u>
<u>Geographical locations</u>				
Malaysia	6,753	N/A	25,534	22,259
Overseas	2,243	N/A	7,258	6,003
	<u>8,996</u>	<u>N/A</u>	<u>32,792</u>	<u>28,262</u>

Notes:

N/A Not applicable

⁽¹⁾ This is the interim financial report for the fourth quarter ended 31 December 2022 being announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding quarter ended as no interim financial report was prepared for the comparative financial period.

A10. Valuation of property, plant and equipment

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

NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)**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 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 quarter.

A14. Capital commitments

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

A15. Related party transactions

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

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

The Group recorded revenue of RM9.00 million for the fourth quarter of the financial period ended 31 December 2022. The revenue was mainly derived from the cyber risk prevention segment and followed by cyber risk management and compliance segment which contributed 72.98% and 21.30% respectively to the total revenue of the Group in the current financial quarter under review.

The Group recorded a profit before tax and profit after tax of RM4.23 million and RM3.24 million respectively for the current financial quarter under review.

B2. Comparison of quarterly financial results with preceding quarter

The Group recorded an increase in revenue from RM7.66 million in the immediate preceding quarter compared to RM9.00 million in the current quarter. This was mainly due to the increase in revenue from cyber risk prevention segment.

The Group recorded a profit after tax of RM3.24 million in the current financial quarter under review compared to RM2.75 million in the preceding quarter. The increase of RM0.49 million in profit after tax was mainly due to higher revenue recorded in the current quarter offset against the increase in employee benefit expenses and other operating expenses.

Overall, the Group recorded a higher revenue of RM32.79 million for the financial year ended 31 December 2022 (“**FYE 2022**”) as compared to the revenue of RM28.26 million recorded in the previous financial year. This represents a growth in revenue of 16.03% from the revenue recorded in the FYE 31 December 2021 (“**FYE 2021**”). The growth in revenue was mainly driven by the cyber risk prevention segments of the Group as the Group had obtained more contracts for cybersecurity services in FYE 2022.

In line with the increase in revenue, the Group recorded a profit after tax of RM11.55 million in the FYE 2022, representing an increase in profit after tax of 12.05% from the profit after tax of RM10.30 million achieved in the FYE 2021. It is also pertinent to note that the Group had incurred listing expenses of RM0.79 million in FYE 2022 following the listing of the Company on the ACE Market of Bursa Securities. Hence, the profit after tax of the Group would have been RM12.34 million after adjusting for the said listing expenses.

B3. Prospect and outlook

The demand for cybersecurity offerings had increased in recent years given the acceleration of the usage of internet and adoption of digital medium due to the COVID-19 pandemic and subsequent lockdown measures imposed. Other factors priming growth within the cybersecurity market include the continuing digital transformation of the economy and the proliferation of digital touch points and applications. The need to uphold digital privacy and relatively high broadband penetration rate also augurs well for the growth in the local cybersecurity market.

In view of the above, the Group believes that the market outlook and prospects of the cybersecurity market in Malaysia and neighbouring countries in Southeast Asia remain positive as corporations and businesses are moving towards digital transformation and prioritizing their capital expenditure on cybersecurity with the aim to safeguard their customer data and operations. The increasing demand for cybersecurity services will create opportunities to the cybersecurity market and by leveraging the Group’s market position and branding, the Group is poised to benefit from the growing demands for such services.

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

The Group, with the planned proceeds from its IPO, had also begun to explore opportunities as it aims to expand on its business locally and internationally to enhance its market position, branding and broaden the customer base of the Group as well as to expand its geographical footprints regionally. These are expected to contribute positively to the Group's financial performance moving forward.

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 31.12.2022	Unaudited 31.12.2021 ⁽¹⁾	Unaudited 31.12.2022	Audited 31.12.2021
	RM'000	RM'000	RM'000	RM'000
Income tax:	991	N/A	4,050	3,980
Effective tax rate (%)	23.42	N/A	25.97	27.86

Notes:

N/A Not applicable

⁽¹⁾ This is the interim financial report for the fourth quarter ended 31 December 2022 being announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding quarter ended as no interim financial report was prepared for the comparative financial period.

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 effective tax rate of the Group for FYE 2022 was higher than the Malaysia statutory tax rate mainly due to certain non-deductible expenses incurred during FYE 2022.

B7. Unquoted investments and properties

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

B8. Quoted securities

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

EXPLANATORY NOTES PURSUANT TO THE LISTING REQUIREMENTS (CONT'D)**B9. Loans and borrowings**

	<u>Unaudited</u> <u>31.12.2022</u> <u>RM'000</u>	<u>Audited</u> <u>31.12.2021</u> <u>RM'000</u>
Non-current		
Term loans - secured	–	556
Lease liabilities	883	923
	<u>883</u>	<u>1,479</u>
Current		
Term loans - secured	–	34
Lease liabilities	916	725
	<u>916</u>	<u>759</u>
Total loans and borrowings	<u>1,799</u>	<u>2,238</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 31.12.2022 RM'000	Unaudited 31.12.2021⁽¹⁾ RM'000	Unaudited 31.12.2022 RM'000	Audited 31.12.2021 RM'000
Depreciation of:				
– property, plant and equipment	328	N/A	1,238	1,064
– investment properties	3	N/A	13	13
Interest expense	22	N/A	97	132
Fair value (gain)/loss on other investments	(95)	N/A	299	(139)
Listing expenses	80	N/A	792	744
Property, plant and equipment written-off	–	N/A	–	41
Gain on disposal of property, plant and equipment	–	N/A	(75)	–
Interest income	(216)	N/A	(422)	(115)

Notes:

N/A Not applicable

⁽¹⁾ This is the interim financial report for the fourth quarter ended 31 December 2022 being announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding quarter ended as no interim financial report was prepared for the comparative financial period.

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 31.12.2022	Unaudited 31.12.2021 ⁽¹⁾	Unaudited 31.12.2022	Audited 31.12.2021
Profit attributable to owners of the Company (RM'000)	3,240	N/A	11,547	10,321
Weighted average number of ordinary shares in issue during the period ('000) ⁽²⁾	416,688	N/A	416,688	349,454
Basic earnings per share (sen) ⁽²⁾	0.78	N/A	2.77	2.95
Diluted earnings per share (sen) ⁽³⁾	0.78	N/A	2.77	2.95

Notes:

N/A Not applicable

⁽¹⁾ This is the interim financial report for the fourth quarter ended 31 December 2022 being announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding quarter ended as no interim financial report was prepared for the comparative financial period.

⁽²⁾ Basic earnings per share is calculated based on the weighted average number of ordinary shares of the Company of 416,687,630 as at 31 December 2022 (31 December 2021: 349,453,899).

⁽³⁾ There are no dilutive instruments as at the end of the quarter ended 31 December 2022.

B12. Material litigation

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

B13. Dividend

The Board of Directors ("Board") has declared a first and final single-tier dividend of 1.3 sen per ordinary share totalling RM5.93 million in respect of the financial year ended 31 December 2022. The entitlement date is on 15 March 2023 and payment date will be on 31 March 2023.

B14. Status of corporate proposal

There were no corporate proposals announced 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	Estimated timeframe for utilisation upon Listing on 8 June 2022
1. Business expansion			
i. Purchase of office	18,000	–	Within 12 to 24 months
ii. Expansion of workforce	6,500	152	Within 24 months
iii. Capital expenditure on equipment and tools	6,000	1,216	Within 24 months
iv. Strategic business expansion	7,698	–	Within 24 months
2. Working capital	3,500	1,022	Within 12 months
3. Estimated listing expenses	4,000	4,000	Within 3 months
	45,698	6,390	

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 27 February 2023.