



LMS COMPLIANCE LTD.  
(Company Registration Number: 202225544C)

FOR IMMEDIATE RELEASE

## LMS Compliance Records Revenue of RM20.9 Million In FY2023

- Adjusted net profit for FY2023 grew 8.3% y-o-y on the back of a 11.9% increase in revenue spearheaded by the Company's Laboratory Testing Services segment
- The Group ended the year with a strong net cash position, with sufficient resources for its expansion plans
- The Company has proposed a final dividend<sup>1</sup> of 0.35 Singapore cents per share and a special dividend<sup>1</sup> of 0.97 Singapore cents per share. These dividends represent a dividend payout ratio of approximately 20% and 55% of the profit attributable to owners of the Company for FY2023, respectively

Singapore, 27 February 2024 – LMS Compliance Ltd. (“LMS Compliance” or the “Company”, and together with its subsidiaries, the “Group”) is pleased to announce its unaudited financial results for the six months (“2H”) and full year (“FY”) ended 31 December 2023.

### Financial Highlights

	2H2023	2H2022	y-o-y % change	FY2023	FY2022	y-o-y % change
<b>Revenue</b> (RM million)	10.98	9.90	10.91	20.90	18.68	11.88
<b>Net Profit</b> (RM million)	2.84	-1.94	N.M.	5.48	0.72	661.11
<b>Net Profit Margin</b>	25.87%	-19.60%		26.22%	3.85%	
<b>Adjusted Net Profit*</b> (RM million)	2.84	2.40	18.33	5.48	5.06	8.30
<b>Adjusted Earnings Per Share*</b> (RM cents)	3.24	2.76	17.39	6.27	5.80	8.10

\* Net profit for 2H2022 and FY2022 have been adjusted to exclude one-off listing expenses of RM4.4 million.

\*\* N.M. denotes not meaningful.

<sup>1</sup> Subject to the Company's shareholders' approval at the forthcoming annual general meeting of the Company to be held in April 2024.



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Revenue rose 11.9% y-o-y to RM20.90 million in FY2023, as compared to RM18.68 million in FY2022. This was due mainly to higher sales contribution from the Group's Laboratory Testing Services segment, driven by strong demand from its customers in the food, medical devices, and environmental industries. This segment remains the core revenue contributor for the Group, accounting for approximately 95.8% of the Group's total revenue in FY2023.

Other income jumped almost five-fold to RM1.80 million in FY2023, as compared to RM0.32 million in FY2022. This was mainly due to unrealised foreign exchange gain of RM0.74 million in FY2023, arising from the Group's Singapore Dollar-denominated cash balance. The Group also received an increase in government grant income of RM0.89 million in FY2023 as compared to RM0.04 million in FY2022.

Employee benefit expenses increased by 26.2% y-o-y to RM8.44 million in FY2023, as compared to RM6.69 million in FY2022. The increase was attributed to higher manpower-related costs, including an expansion in headcount, payment of bonus to executive directors of the Company, and salary increments implemented during FY2023.

After adjusting for one-off IPO-related expenses incurred in FY2022, the Group recorded an adjusted net profit after tax of RM5.48 million in FY2023, as compared to RM5.06 million in FY2022, a y-o-y growth of 8.3%.

Following the Group's steady performance in FY2023, the Company has proposed a final dividend<sup>2</sup> of 0.35 Singapore cents per share and a special dividend<sup>2</sup> of 0.97 Singapore cents per share. These dividends represent a dividend payout ratio of approximately 20% and 55% of the profit attributable to owners of the Company for FY2023, respectively.

Executive Director and CEO of LMS Compliance, Dr Louis Ooi, commented: **“Despite multiple challenges in the broader economic landscape, the Group managed to register a double-digit revenue growth in FY2023, thanks to robust demand for our Laboratory Testing Services, which remains our key performance driver. Looking ahead, we will continue to focus on managing cost pressures, as well as nurturing and strengthening**

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our relationships with customers. At the same time, we will continue to harness the power of digitalisation and further streamline our work processes to achieve greater operational efficiencies.”

“As part of our journey towards integrating sustainability into our core business strategy, we have launched a new Environmental, Social, and Governance (“ESG”) reporting service to help our clients meet evolving ESG standards and targets. Looking to 2024 and beyond, we are excited about the opportunities ahead. Our management team continues to identify and assess potential growth opportunities, including synergistic acquisitions and collaborations in China, Singapore and Indonesia,” he added.

LMS Compliance generated positive net operating cash flows of RM6.08 million in FY2023. Additionally, the Group ended FY2023 with a strong net cash position of RM14.5 million.

RM (million)	FY2023	FY2022
Net cash from operating activities	6.08	2.49
Net cash used in investing activities	(0.97)	(0.42)
Net cash (used in) / from financing activities	(0.95)	9.14**
Net increase in cash and cash equivalents	4.16	11.21
RM (million)	31-Dec-23	31-Dec-22
Cash and cash equivalents	17.23	12.31
Less: Total debt*	2.70	3.00
Net cash position	14.53	9.31

\* Comprising bank borrowings and lease liabilities

\*\* Net cash from financing activities in FY2022 included proceeds of RM10.5 million from the Company's initial public offering.



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### Looking Ahead

ASEAN economies are forecasted to post relatively steady growth of above 4% in 2024<sup>3</sup>. The stable economic backdrop is expected to generate positive momentum and enable the Group to tap fresh opportunities and explore new markets. The Group remains committed to its long-term strategies, prioritising customer relationships and boosting operational efficiencies via digitalisation to grow the business.

Amidst the green economy's rise, the demand for ESG reporting from corporates has surged, driven by regulatory mandates such as Singapore Exchange's mandate for listed companies to publish annual sustainability reports which must address climate risks and diversity policies. Regionally, organisations in Asia-Pacific are facing pressure to provide transparent and meaningful ESG information<sup>4</sup>, which is increasingly considered crucial for long-term financial performance and risk management. The Group is looking to capitalise on this trend via its recently launched ESG reporting service.

The Group also intends to expand inorganically through strategic alliances, partnerships and acquisitions in the coming years. This will allow the Group to rapidly increase its geographical footprint in countries like Singapore, Indonesia, and China, to further enhance its portfolio of products and services in complementary areas to strengthen value generation for clients.

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<sup>3</sup> [The Business Times: ADB cuts ASEAN growth forecasts for 2023, 2024 on lacklustre manufacturing](#)

<sup>4</sup> [PWC: Sustainability Counts II: State of sustainability reporting in Asia-Pacific 2023](#)



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### About LMS Compliance

LMS Compliance Ltd. is a laboratory testing and certification services provider based in Malaysia with an established track record of more than 15 years. The Group's operations comprise: (1) Testing and Assessment, (2) Certification, (3) Trading, (4) Distribution of Conformity Assessment Technology, and (5) Assurance, Validation & Verification.

The Group's testing and assessment services include chemical, microbiology, nucleic acid and physical analyses for its clients across a gamut of sectors, from food and healthcare to industrial and green-tech, assisting them to achieve compliance with industry standards as well as product safety. In this regard, LMS Compliance has three accredited laboratories across Malaysia with the capability to conduct a range of accredited and non-accredited tests.

For its certification segment, the Group provides audit and management system certification services. The certification audits provided by the Group include ISO 9001 – 2015 Quality Management Systems certification, ISO 22000 – 2018 Food Safety Management System certification and ISO 45001 - 2018 Occupational Health & Safety Management System certification.

On the Group's trading segment, the Group trades and distributes a broad range of analytical instruments, testing equipment, chemicals, glassware, and laboratory consumable items.

The Group also markets and distributes its in-house developed Conformity Assessment Technology, which includes a digital laboratory information management system to help customers streamline and digitalise laboratory operations, a one-stop ISO certification platform that enhances the efficiency of the certification process for businesses, and a digital product that provides global real-time surveillance and access to data (such as safety and hygiene information about products or premises) through QR code.

Lastly, the Group's newly launched Assurance, Validation & Verification segment provides comprehensive ESG data collection, impact assessment, reporting, and advisory services, along with specialized ISO audits, to aid clients in meeting stringent ESG disclosure requirements.

For more information, please visit <https://lmscompliance.com/index.html>



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*This press release has been prepared by LMS Compliance Ltd. ("**Company**") and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. ("**Sponsor**"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

*This press release has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this press release, including the correctness of any of the statements or opinions made or reports contained in this press release.*

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