



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

FOR IMMEDIATE RELEASE

**LMS Compliance Records Revenue of RM9.9 Million in
1H2023, Up 13.1% YoY**

- 1H2023 revenue grew 13.1% y-o-y, spearheaded by its laboratory testing services segment
- Positive operating cash flows of RM2.54 million and a net cash position of RM9.76 million at the end of 1H2023
- Looking to prioritise customer relationships and operating efficiencies via digitalisation

Singapore, 14 August 2023 – LMS Compliance Ltd. (“LMS Compliance” or the “Company”, and together with its subsidiaries, the “Group”) is pleased to announce its financial results for the six months ended 30 June 2023 (“1H2023”).

Financial Highlights

| | 1H2023 | 1H2022 | y-o-y % change |
|--------------------------------------|-------------|-------------|-------------------|
| Revenue (RM million) | 9.92 | 8.77 | 13.1 |
| Net Profit (RM million) | 2.64 | 2.66 | -0.5% |
| <i>Net Profit Margin</i> | 26.6% | 30.3% | |
| Earnings per share (RM cents) | 3.02 | 3.72 | -18.8% |

Revenue rose 13.1% y-o-y to RM9.92 million in 1H2023, as compared to RM8.77 million in 1H2022, mainly due to an increase in sales contribution of RM1.10 million from laboratory testing services. This segment continues to be the main revenue driver for the Group, contributing approximately 96.0% of the Group’s total revenue in 1H2023. Revenue from the distribution of conformity assessment technology segment and the certificate services segment grew marginally. The increases were partially offset by decrease in revenue from the sales of goods segment.



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Other income almost tripled to RM0.75 million in 1H2023, as compared to RM0.23 million in 1H2022, mainly due to unrealized gains in foreign exchange of RM0.63 million in 1H2023 (1H2022: Nil) as a result of stronger Singapore Dollar against the Malaysian Ringgit (“ringgit”) in 1H2023, arising from the Group’s Singapore Dollar denominated cash balance.

Despite higher employee benefits expenses, which grew by 16.8% y-o-y, to RM3.76 million in 1H2023, as compared to RM3.22 million in 1H2022, as well as higher other expenses that rose by 74.1% in 1H2023, the Group managed to increase its profit before tax by 9.8% y-o-y to RM3.71 million. However, due to a higher effective tax rate in 1H2023, the Group’s profit after tax declined marginally by 0.5% y-o-y to RM2.64 million in 1H2023, as compared to RM2.66 million in 1H2022.

Executive Director and CEO of LMS Compliance, Dr Louis Ooi, commented: ***“Despite multiple challenges in the broader economic landscape, the Group managed to register strong revenue growth in 1H2023, 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 our relationships with customers. At the same time, we will harness the power of digitalisation to streamline our operational processes and bolster increased efficiencies. This will enable us to position ourselves for sustained success in an ever-changing business environment.”***

LMS Compliance generated a positive net operating cash flows of RM2.54 million in 1H2023. Additionally, the Group ended 1H2023 with a cash balance of RM12.62 million and a net cash position of RM9.76 million.

| RM (million) | 1H2023 | 1H2022 |
|--|-----------|-----------|
| Net cash flows generated from operating activities | 2.54 | 1.48 |
| Net cash flows used in investing activities | (2.63) | (0.95) |
| Net cash flows used in financing activities | (0.25) | (0.31) |
| Net (decrease)/ increase in cash and cash equivalents | (0.3) | 0.2 |
| RM (million) | 30-Jun-23 | 31-Dec-22 |
| Cash and cash equivalents | 12.62 | 12.31 |
| Less: Total debt* | 2.86 | 3.00 |
| Net cash position | 9.76 | 9.31 |

* Comprising bank borrowings and lease liabilities



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Looking Ahead

While some economies are recovering, specific sectors still face slower growth, and increased prices of food and utilities continue to fuel inflation globally. This inflationary pressure affects the Group's cost structure in terms of its raw materials and labour. To mitigate the impact, the Group will carefully manage these cost pressures to maintain profitability and ensure business resilience. Nevertheless, the Group remains committed to its long-term strategies, prioritising customer relationships and operational efficiency via digitalisation to address these challenges strategically.

Meanwhile, the ringgit's depreciation presents both challenges and opportunities for the Group and the broader economy. The ringgit's depreciation is expected to have potential cost implications to the Group. To tackle this issue, the Group is closely monitoring fluctuations in the exchange rate, and evaluating their impact on its testing, assessment and certification businesses. However, the currency's weakness also offers opportunities for the Group to expand its presence in other Asia-Pacific markets. By adapting to the changing currency dynamics, the Group aims to navigate challenges and leverage more favourable growth prospects in alternative markets.

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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 four segments – 1) Testing and Assessment, 2) Certification, 3) Trading, and 4) Distribution of Conformity Assessment Technology.

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.

Lastly, 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.

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 Catalyst.*

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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