



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

FOR IMMEDIATE RELEASE

**LMS Compliance Records Revenue
Of RM18.7 Million In FY2022**

- **FY2022 adjusted net profit grew 2.5% y-o-y on the back of a 9.9% increase in revenue**
- **The Group ended the year with a positive operating cash flows of RM2.5 million and a net cash position of RM9.3 million, ensuring sufficient resources for its expansion plans**
- **The Group proposed a final dividend¹ of 0.15 Singapore cents per share, representing a dividend payout ratio of approximately 60% of FY2022 net profit**

Singapore, 24 February 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 and full year ended 31 December 2022 (“2H2022” and “FY2022”, respectively).

Financial Highlights

RM (million) except for per share item	2H2022	2H2021	y-o-y % change	FY2022	FY2021	y-o-y % change
Revenue	9.9	9.0	9.9	18.7	17.0	9.9
EBITDA	-0.3	4.3	N.M	3.7	7.8	-52.3
<i>EBITDA Margin</i>	<i>N.M</i>	<i>47.7%</i>		<i>19.8%</i>	<i>45.7%</i>	
Net (Loss)/Profit	-1.9	2.6	N.M	0.7	4.9	-85.4
Adjusted Net Profit*	2.4	2.6	-8.3	5.1	4.9	2.5
<i>Adjusted Net Profit Margin</i>	<i>24.4%</i>	<i>29.2%</i>		<i>27.2%</i>	<i>29.1%</i>	
(Loss)/Earnings per share (RM cents)	-2.58	3.69		0.98	6.92	

* Excludes one-off listing expenses of RM4.4 million

**Figures may differ as it is rounded up to 1 decimal point

¹ Subject to shareholders’ approval at the forthcoming annual general meeting of the Company to be held in April 2023



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Revenue rose 9.9% y-o-y to RM18.7 million in FY2022 mainly due to increased sales contribution from the Group's Laboratory Testing Services segment which experienced an increase in demand from customers in the medical devices, pharmaceutical and environmental industries. This segment continued to be the main revenue driver for the Group, contributing to 95.9% of the Group's total revenue in FY2022. Revenue from the Group's Distribution of Conformity Assessment Technology and Certificate Services segments also grew marginally, but this was partially offset by the decrease in revenue from the Group's Sales of Goods segment.

Other expenses increased more than two-fold to RM6.7 million in FY2022 mainly as a result of one-off listing expenses of RM4.4 million and other listing-related expenses.

Excluding one-off listing expenses of RM4.4 million, the Group's net profit would have been RM5.1 million in FY2022.

Following the Group's stellar performance in FY2022, the Group has proposed a first and final dividend² of 0.15 Singapore cents, representing a payout ratio of approximately 60% of the Group's net profit for FY2022.

Executive Director and CEO of LMS Compliance, Dr Louis Ooi, commented "***FY2022 was another year of substantial growth for the Group, as we continued to see strong testing demand from the medical and environmental sectors. Following the Group's listing on the Singapore Exchange in December 2022, we believe we are in a stronger position to scale our testing and assessment services, extend the scope of our certification services and enhance the capabilities of our digital laboratory solutions.***"

LMS Compliance generated a positive net operating cash flows of RM2.5 million in FY2022. Additionally, the Group turned in a net cash position of RM9.3 million as at 31 December 2022.

² Subject to shareholders' approval at the forthcoming annual general meeting of the Company to be held in April 2023



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RM (million)	FY2022	FY2021
Net cash flows generated from operating activities	2.5	5.2
Net cash flows (used in)/ generated from investing activities	(0.4)	2.3
Net cash flows generated from/ (used in) financing activities	9.1	(7.2)
Net increase in cash and cash equivalents	11.2	0.4
RM (million)	31-Dec-22	31-Dec-21
Cash and cash equivalents	12.3	1.1
Less: Total debt*	3.0	4.2
Net cash position	9.3	(3.1)

* Comprising bank borrowings and lease liabilities

Looking Ahead

The complete relaxation of social distancing restrictions and the reopening of the Malaysian economy have positioned the country on a quicker recovery trajectory. Malaysia's GDP expanded 8.7% in 2022, marking its highest annual growth in 22 years³. Growth momentum is expected to be moderate this year due to slowing external demand but will most likely still remain in positive territory, driven by domestic consumption, strong interest from foreign investors and a sharp rebound in tourism⁴.

While the regional and local market has continued to show positive signs of recovery, challenges could persist in the near term due to the lingering impact of the COVID-19 pandemic on businesses.

Nonetheless, the Group remains committed to its long-term expansion strategies. It will continue to take proactive steps to optimize operational efficiency and productivity. In addition, the Group will keep an eye out for complementary business prospects that may emerge from this "new normal".

³https://www.dosm.gov.my/v1/index.php?r=column/cthemByCat&cat=100&bul_id=RkhsOGEwclM4T1UxZ1Vmb0pwL1JlQT09&menu_id=TE5CRUZCblh4ZTZMODZlbnk2aWRRQT09

⁴<https://www.scmp.com/week-asia/economics/article/3209818/malaysias-economy-sees-best-growth-22-years>



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By maintaining an optimistic outlook and taking proactive measures to navigate the challenges that may come its way, the Group believes that it is well-positioned to emerge as a stronger industry player.

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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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