

25 February 2026

LGMS

A Decent Wrap to the Year

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LGMS's FY25 results came in within expectations, driven mainly by stronger revenue from the Cyber Risk Management & Compliance and Cyber Threat & Incident Response segments, and supported by an increase in billable clients as well as higher revenue contributions from clients in the financial and technology services sectors. We remain positive on its long-term outlook, underpinned by structural tailwinds from the Cyber Security Act 2024 and the roll-out of StarSentry, a plug-and-play cyber security solution targeting enterprises and SMEs. We maintain our earnings forecasts and target price of RM0.65, with an unchanged MARKET PERFORM rating, pending further clarity from the upcoming results briefing on 3 March.

LGMS's FY25 net profit of RM10.2m came in within expectations, accounting for 102% and 114% of our and consensus estimates, respectively. Historically, 4Q is seasonally stronger for the group, with the quarter contributing around 33% of full-year earnings on average; in FY25, 4Q accounted for a higher 38% of full-year net profit. The in-line performance was mainly driven by stronger revenue from the Cyber Risk Management & Compliance as well as the Cyber Threat & Incident Response segments. This was supported by an increase in billable clients within the financial and technology services sectors, as activity levels picked up in 4Q with enterprises utilising their remaining annual IT budgets. Notably, LGMS has completed the transfer of its listing from the ACE Market to the Main Market in January 2026, which should boost its visibility and aid business development. A final single-tier dividend of 1.2 sen per share was declared for the financial year.

YoY. LGMS's FY25 revenue was broadly flat at RM43.9m (+0.6%), as the recovery momentum in 2HFY25 was insufficient to compensate for the softer 2QFY25 performance—driven by tariff uncertainty that caused customers to delay IT security spending. Despite a flat turnover, FY25 PBT fell 19% to RM13.3m, with margins contracting to 30% from 38% a year earlier. The decline was mainly due to higher employee benefits expenses, which rose 20% YoY (accounting for 50% of FY25 revenue) following its headcount growth to 150 from ~130, reflecting ongoing workforce expansion. Correspondingly, its net profit dropped by 17% to RM10.2m.

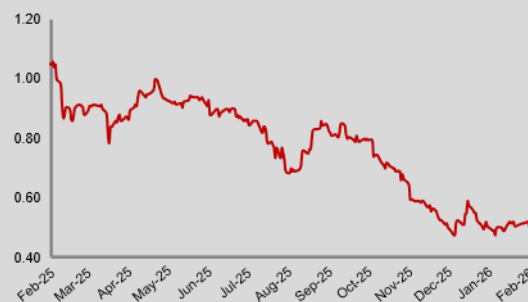
QoQ, 4QFY25 revenue rose 29% YoY to RM13.6m, driven by a higher number of projects completed across all business segments as corporates accelerated spending to fully utilise their annual IT budgets ahead of year-end. Consequently, PBT rose 66% on the back of stronger operating leverage from higher revenue, which in turn lifted net profit by 63%.

Outlook. Malaysia's cybersecurity sector remains at an early yet promising stage of growth, underpinned by the implementation of the Cyber Security Act 2024 (Act 854) on 26 August 2024. The Act is expected to progressively accelerate cybersecurity adoption across industries as regulatory requirements tighten. This comes against a more challenging threat landscape, with reported cyber incidents remaining elevated at 2,020 cases in [3QCY25](#) (+24% YoY), compared with 1,623 cases in the same quarter last year. Notably, ransomware incidents rose to 17 cases (+31% QoQ), underscoring the persistently high cyber risk faced by corporates. Against this backdrop, industry prospects remain favourable. Mordor Intelligence projects the Malaysian cybersecurity market to expand from USD6.15b in 2025 to USD9.32b by 2031, implying a CAGR of 7.16%. Policy support includes Budget 2026's tax deduction incentives for MSMEs in AI and cybersecurity upskilling,

MARKET PERFORM ↔

Price : **RM0.50**
Target Price : **RM0.65** ↔

Share Price Performance



KLCI 1754.01
YTD KLCI chg 4.4%
YTD stock price chg -4.8%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	LGMS MK EQUITY
Market Cap (RM m)	228
Shares Outstanding	456.0
52-week range (H)	1.12
52-week range (L)	0.46
3-mth avg. daily vol.	913,860
Free Float	51.8%
Beta	1.30

Major Shareholders

Fong Choong Fook	36.4%
Sumitomo Mitsui Trust Hldg	25.0%
Go Soon Sei	10.8%

Summary Earnings Table

FY Dec (RM m)	2024A	2025F	2026F
Turnover	44	42	49
EBIT	16	13	16
PBT	17	13	16
Net Profit	12	10	12
Consensus	-	9	12
Earnings Revision	-	-	-
EPS (sen)	2.7	2.19	2.68
EPS Growth (%)	9.9	-19.2	22.4
NDPS (sen)	1.5	1.0	1.5
BV/Share (RM)	0.2	0.2	0.2
Core PER (x)	24.4	30.2	24.7
P/BV (x)	3.2	3.0	2.9
Gearing (x)	0.7	0.7	0.7
Net Dvd Yield (%)	2.2	1.5	2.3

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should further strengthen the long-term industry outlook. However, LGMS's near-term performance will still depend on faster product awareness, enterprise adoption, and the pace of regulatory enforcement, prompting a more measured view on its short-term growth trajectory despite favourable structural prospects.

Forecasts. We are maintaining our financial forecasts for now, pending further clarity from the upcoming results briefing on 3 March.

Valuations. We maintain our target price of RM0.65, based on FY26F PER of 24x, which is 0.5SD below its 3-year average forward mean PER. There is no adjustment to our TP based on its ESG rating given a 3-star rating as appraised by us (see Page 4). Maintain MARKET PERFORM rating.

Investment case. We like LGMS for: (i) its strong growth potential in the underpenetrated cybersecurity market, (ii) a robust competitive edge due to high vendor qualification barriers, and (iii) its new proprietary certification software expected to drive future growth.

Risks to our call include: (i) a prolonged product awareness timeline, (ii) economic downturn resulting in customers lowering budget allocated for cybersecurity, (iii) reluctance to spend on cybersecurity services due to the lack of knowledge and awareness in emerging countries, and (iv) failure to maintain its extensive list of accreditations due to potential loss of critical talent.

Results Highlight								
FYE Dec (RM m)	4Q25	3Q25	QoQ Chg	4Q24	YoY Chg	FY25	FY24	YoY Chg
Turnover	13.6	10.6	28.6%	13.2	3.1%	43.9	43.6	0.6%
EBITDA	4.3	2.6	67.2%	7.3	-41.2%	11.4	17.1	-33.0%
EBIT	4.8	2.9	64.6%	5.5	-11.9%	12.9	16.0	-19.7%
PBT/(LPT)	5.0	3.0	65.8%	5.6	-12.1%	13.3	16.5	-19.4%
Taxation	1.1	0.6	79.8%	1.6	-28.0%	3.2	4.2	-23.9%
MI	0.0	0.0	NA	0.0	NA	0.0	0.0	NA
Net Profit	3.9	2.4	62.6%	4.1	-5.0%	10.2	12.3	-17.2%
Core EPS (sen)	0.8	0.5	62.6%	0.9	-5.0%	2.2	2.7	-17.2%
DPS (sen)	1.2	0.0	NM	0.5	NA	1.2	1.5	NA
EBITDA Margin	31.6%	24.3%		55.4%		26.1%	39.2%	
EBIT Margin	35.4%	27.6%		41.4%		29.3%	36.7%	
PBT Margin	36.4%	28.2%		42.7%		30.4%	37.9%	
NP Margin	28.4%	22.5%		30.8%		23.3%	28.3%	
Tax Rate	22.8%	21.0%		27.8%		23.9%	25.3%	

Source: Kenanga Research

Revenue Breakdown (By Segment)								
FYE 31 Dec	4Q25	3Q25	QoQ Chg	4Q24	YoY Chg	FY25	FY24	YoY Chg
Cyber risk prevention	7.1	6.7	6.2%	8.2	-12.7%	26.1	29.1	-10.3%
Cyber risk mgmt & compliance	4.9	2.7	77.3%	4.3	12.1%	13.3	11.3	17.5%
Cyber threat & incident response	1.7	1.2	43.6%	0.7	124.4%	4.4	3.2	41.0%
Total Revenue	13.6	10.6	28.6%	13.2	3.1%	43.9	43.6	0.6%

Source: Kenanga Research

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Malaysian Technology Peers Comparison

Name	Rating	Last Price	Target Price (RM)	Upside	Mkt Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) – Core Earnings		PBV (x)	ROE	Net Div. (sen)	Net Div. Yld
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
D&O GREEN TECHNOLOGIES BHD	MP	0.515	0.810	57.3%	638.3	Y	12/2025	1.1	2.7	-66.1%	149.3%	47.6	19.1	0.9	-19.5%	1.0	1.9%
INARI AMERTRON BHD	OP	1.48	2.20	48.6%	5,631.6	Y	06/2026	6.8	7.6	1.5%	10.9%	21.7	19.6	2.0	9.3%	7.0	4.7%
KELINGTON GROUP BHD	OP	5.06	6.15	21.5%	3,970.7	Y	12/2025	20.4	20.4	25.3%	21.4%	24.8	24.8	5.8	27.1%	13.0	2.6%
LGMS BHD	MP	0.500	0.650	30.0%	228.0	Y	12/2026	2.2	2.7	-18.7%	23.0%	22.8	18.5	2.3	10.3%	2.0	4.0%
MALAYSIAN PACIFIC INDUSTRIES	MP	31.22	35.30	13.1%	6,225.2	Y	06/2026	104.4	120.3	35.2%	15.2%	29.9	25.9	2.8	9.7%	35.0	1.1%
NATIONGATE HOLDINGS BHD	OP	1.02	1.15	12.7%	2,307.9	Y	12/2025	6.7	6.4	-13.7%	-4.3%	15.3	16.0	2.3	15.9%	2.0	2.0%
OPPSTAR BHD	MP	0.285	0.280	-1.8%	182.8	Y	03/2026	(1.6)	1.0	-184.7%	-40.0%	N.A.	29.0	1.5	-8.0%	0.0	0.0%
PIE INDUSTRIAL BHD	MP	1.69	2.54	50.3%	649.0	Y	12/2025	7.9	14.8	-42.7%	86.5%	21.3	11.4	1.0	4.7%	0.0	0.0%
SKP RESOURCES BHD	MP	0.510	0.530	3.9%	796.8	Y	03/2026	5.7	4.4	-24.4%	-22.5%	9.0	11.6	0.7	8.0%	0.0	0.0%
UNISEM (M) BHD	UP	3.18	2.22	-30.2%	5,129.6	Y	12/2026	7.6	9.2	94.1%	21.8%	42.0	34.5	2.4	5.8%	6.0	1.9%
UWC BHD	OP	4.35	4.38	0.7%	4,797.6	Y	07/2026	10.0	13.9	172.6%	38.8%	43.4	31.3	8.0	22.6%	0.0	0.0%
PENTAMASTER CORP BHD	OP	3.26	4.25	30.4%	2,318.9	Y	12/2025	8.7	12.1	-4.9%	38.9%	37.4	26.9	2.9	8.0%	2.0	0.6%
INFOMINA BHD	OP	1.20	1.90	58.3%	721.5	Y	05/2026	5.6	7.6	60.7%	34.8%	21.3	15.8	3.6	18.3%	1.0	0.8%
SECTOR AGGREGATE					33,597.9					11.4%	19.2%	27.3	22.9	2.8	8.6%		1.5%

Source: Kenanga Research

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Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	★		
	Corporate Social Responsibility	★	★	★		
	Management/Workforce Diversity	★	★	★	☆	
	Accessibility & Transparency	★	★	★		
	Corruption-Free Pledge	★	★	★		
	Carbon-Neutral Initiatives	★	★	☆		
SPECIFIC	Occupational Health & Safety	★	★	★	★	
	Protection of Customer Data	★	★	★	★	
	Cyber Security	★	★	★	★	
	Energy Efficiency	★	★	★		
	Digital Transformation	★	★	★		
OVERALL		★	★	★		

☆ denotes half-star
 ★ -10% discount to TP
 ★★ -5% discount to TP
 ★★★ TP unchanged
 ★★★★ +5% premium to TP
 ★★★★★ +10% premium to TP

Stock Ratings are defined as follows:

Stock Recommendations

OUTPERFORM : A particular stock’s Expected Total Return is MORE than 10%
 MARKET PERFORM : A particular stock’s Expected Total Return is WITHIN the range of -5% to 10%
 UNDERPERFORM : A particular stock’s Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT : A particular sector’s Expected Total Return is MORE than 10%
 NEUTRAL : A particular sector’s Expected Total Return is WITHIN the range of -5% to 10%
 UNDERWEIGHT : A particular sector’s Expected Total Return is LESS than -5%

*****Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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