

SECUREMETRIC BERHAD

Registration No. 201701019864 (1234029-D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ⁽¹⁾

	3-MONTH ENDED		YEAR-TO-DATE	
	30 June 2022 Unaudited	30 June 2021 Unaudited	30 June 2022 Unaudited	30 June 2021 Unaudited
	RM'000	RM'000	RM'000	RM'000
Revenue	4,597	5,089	11,947	10,618
Cost of sales	(2,326)	(1,878)	(5,427)	(4,334)
Gross profit	2,271	3,211	6,520	6,284
Other income	234	95	413	656
Administrative expenses	(4,475)	(4,180)	(9,283)	(8,382)
Net gain on impairment of financial instruments	21	42	18	60
Finance costs	(10)	(4)	(22)	(8)
Share of results of an associate	(188)	-	(67)	-
Loss before tax	(2,147)	(836)	(2,421)	(1,390)
Taxation	(78)	(95)	(162)	(324)
Loss for the financial period	(2,225)	(931)	(2,583)	(1,714)
Other comprehensive income for the financial period				
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
Exchange translation differences for foreign operations	492	5	457	187
Share of other comprehensive income of an associate	3	-	3	-
	495	5	460	187
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Net change in fair value of equity investments designated at fair value through other comprehensive income	-	13	96	27
Total other comprehensive income for the financial period	495	18	556	214
Total comprehensive loss for the financial period	(1,730)	(913)	(2,027)	(1,500)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ⁽¹⁾ (CONT'D)

	3-MONTH ENDED		YEAR-TO-DATE	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit for the financial period attributable to:				
- Owners of the Company	(2,210)	(918)	(2,553)	(1,737)
- Non-controlling interests	(15)	(13)	(30)	23
	<u>(2,225)</u>	<u>(931)</u>	<u>(2,583)</u>	<u>(1,714)</u>
Total comprehensive (loss)/income attributable to:				
- Owners of the Company	(1,728)	(900)	(2,010)	(1,523)
- Non-controlling interests	(2)	(13)	(17)	23
	<u>(1,730)</u>	<u>(913)</u>	<u>(2,027)</u>	<u>(1,500)</u>
Loss per share attributable to owners of the Company (sen):				
Basic	Note B10	<u>(0.38)</u>	<u>(0.17)</u>	<u>(0.32)</u>
Diluted	Note B10	<u>(0.38)</u>	<u>(0.17)</u>	<u>(0.32)</u>

Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾

	AS AT 30 June 2022 Unaudited	AS AT 31 December 2021 Audited
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,107	1,248
Right-of-use assets	1,308	1,403
Investment in an associate	8,066	8,130
Other investments	6,095	6,324
Deferred tax assets	122	117
Trade receivables	909	1,041
	<u>17,607</u>	<u>18,263</u>
CURRENT ASSETS		
Inventories	1,031	1,419
Contract assets	69	504
Trade receivables	3,861	8,147
Other receivables	3,098	4,230
Tax recoverable	614	603
Fixed deposits with licensed banks	10,055	3,123
Cash and bank balances	14,109	19,007
	<u>32,837</u>	<u>37,033</u>
TOTAL ASSETS	<u>50,444</u>	<u>55,296</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	41,310	41,310
Reserves	(10,871)	(11,154)
Retained earnings	10,184	12,477
Total equity attributable to owners of the Company	<u>40,623</u>	<u>42,633</u>
Non-controlling interests	298	315
Total Equity	<u>40,921</u>	<u>42,948</u>
LIABILITIES		
NON-CURRENT LIABILITIES		
Employee benefits	294	332
Lease liabilities	588	731
	<u>882</u>	<u>1,063</u>

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾
(CONT'D)

	AS AT	AS AT
	30 June 2022	31 December 2021
	Unaudited	Audited
	RM'000	RM'000
CURRENT LIABILITIES		
Trade payables	1,222	2,149
Other payables	1,774	3,540
Contract liabilities	4,891	4,810
Lease liabilities	712	624
Tax payable	42	162
	8,641	11,285
Total liabilities	9,523	12,348
TOTAL EQUITY AND LIABILITIES	50,444	55,296
Number of ordinary shares in issue ('000)	576,506 ⁽²⁾	576,506 ⁽²⁾
NET ASSETS PER SHARE (sen)	7.05⁽²⁾	7.40⁽²⁾

Notes:

- (1) The basis of preparation of Unaudited Condensed Consolidated Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.
- (2) Net assets per share is calculated based on number of ordinary shares in issue as at the end of the reporting period.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY⁽¹⁾

	Attributable to owners of the parent						Total	Non-controlling interests	Total equity	
	Non-Distributable			Distributable						
	Share capital	Fair value reserve	Foreign currency translation reserve	Other reserves	Warrant reserve	Merger reserve				Retained earnings
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
At 1 January 2021	35,684	101	(402)	(38,202)	38,205	(11,005)	14,324	38,705	329	39,034
Loss/(Profit) for the financial period	-	-	-	-	-	-	(1,737)	(1,737)	23	(1,714)
Other comprehensive income for the financial period	-	27	187	-	-	-	-	214	-	214
Total comprehensive income/(loss) for the financial period	-	27	187	-	-	-	(1,737)	(1,523)	23	(1,500)
At 30 June 2021	35,684	128	(215)	(38,202)	38,205	(11,005)	12,587	37,182	352	37,534

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY⁽¹⁾ (CONT'D)

	Attributable to owners of the parent									
	Non-Distributable						Distributable			
	Share capital	Fair value reserve	Foreign currency translation reserve	Other reserves	Warrant reserve	Merger reserve	Retained earnings	Total	Non-controlling interests	Total equity
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	41,310	164	(317)	(38,202)	38,205	(11,004)	12,477	42,633	315	42,948
Loss for the financial period	-	-	-	-	-	-	(2,553)	(2,553)	(30)	(2,583)
Other comprehensive income for the financial period	-	96	447	-	-	-	-	543	13	556
Total comprehensive income/(loss) for the financial period	-	96	447	-	-	-	(2,553)	(2,010)	(17)	(2,027)
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	-	(260)	-	-	-	-	260	-	-	-
At 30 June 2022	41,310	-	130	(38,202)	38,205	(11,004)	10,184	40,623	298	40,921

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY⁽¹⁾ (CONT'D)

Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity are detailed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

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INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾

	YEAR-TO-DATE	
	30 June 2022 Unaudited RM'000	30 June 2021 Unaudited RM'000
Operating Activities		
Loss before tax	(2,421)	(1,390)
Adjustments for:		
Amortisation of development expenditure	-	241
Impairment losses on trade receivables	11	-
Depreciation of property, plant and equipment ("PPE")	320	323
Depreciation of right-of-use ("ROU") assets	381	295
Dividend income	(3)	(1)
Finance costs	22	8
Government grant income	-	(225)
Interest income	(113)	(162)
Inventories written off	21	6
Reversal of impairment losses on trade receivables	(29)	(60)
Share of results of an associate	67	-
Unrealised gain on foreign exchange	(118)	(189)
Operating loss before working capital changes	(1,862)	(1,154)
Changes in working capital:		
Inventories	367	22
Receivables	5,662	2,985
Payables	(2,775)	(1,159)
Contract assets/liabilities	516	(706)
	3,770	1,142
Cash generated from/(used in) operations	1,908	(12)
Interest paid	(22)	(8)
Interest received	113	162
Tax paid	(293)	(238)
Exchange fluctuation adjustment	440	179
Net cash from operating activities	2,146	83

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾ (CONT'D)

	YEAR-TO-DATE	
	30 June 2022 Unaudited RM'000	30 June 2021 Unaudited RM'000
Investing Activities		
Proceeds from disposal of other investment	325	-
Proceeds from disposal of PPE	1	-
Dividend received	3	1
Increase in fixed deposit with a licensed bank with maturity more than 3 months	(2)	(2)
Purchase of PPE	(168)	(361)
Purchase of ROU assets	-	(14)
Net cash from/(used in) investing activities	159	(376)
Financing Activities		
Payment of lease liabilities	(341)	(288)
Increase in fixed deposits pledged	(4)	(4)
Net cash used in financing activities	(345)	(292)
Net increase/(decrease) in cash and cash equivalents	1,960	(585)
Effect of exchange translation differences on cash and cash equivalents	67	25
Cash and cash equivalents at the beginning of the financial period	21,529	25,919
Cash and cash equivalents at the end of the financial period	23,556	25,359
Cash and cash equivalents at the end of the financial period comprises:		
Cash and bank balances	14,109	9,365
Fixed deposits with licensed banks	10,055	16,591
	24,164	25,956
Less: Fixed deposits pledged to licensed banks	(424)	(416)
Less: Fixed deposit with a licensed bank with maturity of more than 3 months	(184)	(181)
	23,556	25,359

Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows are disclosed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

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INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2022

NOTES TO THE INTERIM FINANCIAL REPORT

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2022

A1. Basis of preparation

The interim financial report of Securemetric Berhad (“**SMB**” 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* and Rule 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Listing Requirements**”).

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

A2. Significant accounting policies

The accounting policies adopted in the interim financial report are consistent with those as disclosed in the audited financial statements for the financial year ended 31 December 2021.

Unless otherwise described below, the Group has adopted those standards, amendments and interpretations that have become effective and such adoptions do not have material impact on the financial position and performance of the Group.

Standards issued but not yet effective

The Group and the Company have not applied the following new standards and amendments to standards that have been issued by the Malaysian Accounting Standards Board but are not yet effective for the Group and for the Company:

		Effective dates for financial periods <u>beginning on or after</u>
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023

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NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A2. Significant accounting policies (Cont'd)

Standards issued but not yet effective (Cont'd)

The Group and the Company have not applied the following new standards and amendments to standards that have been issued by the Malaysian Accounting Standards Board but are not yet effective for the Group and for the Company: (Cont'd)

		<u>Effective dates for financial periods beginning on or after</u>
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above new standards and amendments to standards, if applicable, when they become effective.

The initial application of the above-mentioned new standards and amendments to standards are not expected to have any significant impacts on the financial statements of the Group and of the Company.

A3. Auditors' report

The auditors' report for the financial year ended 31 December 2021 was not subject to any qualifications.

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NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A4. Seasonal or cyclical factors

The Group's revenue is subject to seasonality due to the annual budget cycles of certain of its customers.

The Group does not experience any cyclicity in its business because the digital security industry is not cyclical in nature. A cyclical industry is one which experiences predictable changes which recur over a period of several years.

The impact of the prolonged Covid-19 pandemic, increasing inflationary pressures across the world, disruption in global supply chain, as well as the Russia-Ukraine conflict and China's Covid-19 lockdown had created global economic uncertainties.

Despite the global economic uncertainties, we remained focused on our business strategies such as expansion of business development sectors while managing our existing and potential clients. Our business strategies also include continuous monitoring of market trends and developments in the digital security industry and at the same time maintain our long-standing commitment to innovating digital security.

A5. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter and financial period-to-date.

A6. Material changes in estimates

There were no material changes in the estimates in the current financial quarter under review.

A7. Debt and equity securities

There were no issuance or repayment of debt and equity securities, share buy-back, share cancellations, shares held as treasury shares and resale of treasury shares during the current financial quarter under review.

A8. Dividends paid

There was no dividend paid during the current financial quarter under review and financial period.

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NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A9. Contingent liabilities or contingent assets

Contingent liabilities

	AS AT 30 June 2022 Unaudited <u>RM'000</u>	AS AT 30 June 2021 Unaudited <u>RM'000</u>
Secured		
Bank guarantees provided to customers to secure performance under contracts	<u>16</u>	<u>20</u>

There were no contingent assets as at the date of this interim financial report.

A10. Changes in the composition of the Group

There were no changes in the composition of the Group for the current financial quarter under review.

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NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A11. Segmental reporting

The Group is principally involved in the provision of digital security solutions as well as trading of electronic identification products, and other related services.

(a) Revenue by business activities

The table below sets out the breakdown of the Group's revenue by business activities for the financial quarter/period ended 30 June 2022 under review:

	3-MONTH ENDED		YEAR-TO-DATE	
	30 June 2022 Unaudited RM'000	30 June 2021 Unaudited RM'000	30 June 2022 Unaudited RM'000	30 June 2021 Unaudited RM'000
(a) Digital security solutions				
- Software licensing protection dongles	451	698	1,017	1,296
- 2FA	245	106	262	209
- PKI	1,551	1,407	5,152	3,405
- CENTAGATE®	307	437	946	639
Subtotal	2,554	2,648	7,377	5,549
(b) Electronic identification products	144	241	285	879
(c) Others*	1,899	2,200	4,285	4,190
Total Revenue	4,597	5,089	11,947	10,618

Note:

* Comprising mainly maintenance service charges.

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NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A11. Segmental reporting (Cont'd)

(a) Revenue by business activities (Cont'd)

The main factors affecting the Group's revenue are as follows:

- (i) Rapid changes in technological development;
- (ii) Fluctuation in foreign currency exchange rates; and
- (iii) Ability to secure new projects and customers.

(b) Revenue by geographical regions

The table below sets out the breakdown of the Group's revenue by geographical regions for the financial quarter/period ended 30 June 2022 under review:

	3-MONTH ENDED		YEAR-TO-DATE	
	30 June 2022 Unaudited RM'000	30 June 2021 Unaudited RM'000	30 June 2022 Unaudited RM'000	30 June 2021 Unaudited RM'000
Indonesia	1,000	1,349	2,650	3,734
Vietnam	1,132	1,136	2,384	2,342
Singapore	303	842	1,488	1,340
Philippines	254	504	932	963
Malaysia	991	622	3,016	1,051
United States of America	78	128	128	157
Others	839	508	1,349	1,031
Total Revenue	4,597	5,089	11,947	10,618

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NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A12. Valuation of property, plant and equipment

The Group has not carried out any valuation on its property, plant and equipment in the current financial quarter under review.

A13. 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 that have not been reflected in this interim financial report.

A14. Significant related party transactions

There were no significant related party transactions in the current financial quarter under review.

A15. Capital commitments

There were no capital commitments in the current financial quarter under review.

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PART B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of performance

The Group recorded a revenue of RM4.60 million and loss before tax of RM2.15 million for the current financial quarter ended 30 June 2022. Revenue was derived from the provision of digital security solutions as well as trading of electronic identification products, and other related services.

B2. Comparison with immediate preceding quarter's results

	3-MONTH ENDED		Variance	
	30 June 2022	31 March 2022	RM'000	%
Revenue	4,597	7,350	(2,753)	(37.46)
Loss before tax	(2,147)	(274)	(1,873)	(683.58)

The Group's revenue for the current financial quarter ended 30 June 2022 decreased by RM2.75 million or 37.46% to RM4.60 million as compared to RM7.35 million in the preceding financial quarter ended 31 March 2022. The decrease in revenue was mainly due to the decrease in revenue from PKI (amounting to RM2.05 million), CENTAGATE® (amounting to RM0.33 million), software licensing protection dongles (amounting to RM0.11 million) and others maintenance services (amounting to RM0.49 million). However, the decrease was partially offset by the increase in revenue from 2FA (amounting to RM0.23 million).

The Group's loss before tax for the current financial quarter increased by RM1.87 million or 683.58% to RM2.15 million as compared to a loss before tax of RM0.27 million in the preceding financial quarter. The higher loss before tax in the current financial quarter was due to lower gross profit arising from the decrease in PKI revenue.

B3. Prospects

Acceleration in digital transformation and the evolution of technologies in daily lives as a result of Covid-19 will lead to an increase in demand for digital security solutions.

In view of the above, the Group believes that the demand for digital security solutions, electronic identification products and its related services will continue to grow via its regional offices in South East Asia countries. Meanwhile, the Group will continue to invest in research and development ("R&D") across all business segments to keep abreast with the latest technological advancement available in the digital security industry, while innovating and identifying new business models, solutions, and services across our business segments to maintain growth and sustainability.

The Group will continue to focus on its long-term strategy to increase its recurring revenue through CENTAGATE Cloud (a security-as-a-service solution to control, protect and secure application access through single login credential) and SigningCloud (a digital-signing-as-a-service to insert digital signature into electronic documents and transactions). We are confident that CENTAGATE Cloud and SigningCloud will enhance shareholders' value in the future.

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B3. Prospects (Cont'd)

Following the announcement to re-opening of international borders in Malaysia in line with more countries' transition to the endemic phase of Covid-19, the subsidiaries in Malaysia resumed operations at full capacity since May 2022. Whereas, some of the overseas subsidiaries implemented work-from home basis according to the requirements and regulations of their countries. The Group will remain vigilant against the spread of Covid-19 in the transition to endemic phase by continuing to adhere to all SOPs to safeguard the health and safety of all employees.

The Directors of the Company will strive to continuously manage the Group's businesses with vigilance during this period of uncertainty.

B4. Profit forecast or profit guarantee

The Company did not issue any profit forecast or profit guarantee during the current financial quarter under review.

B5. Taxation

	3-MONTH ENDED		YEAR-TO-DATE	
	30 June 2022 Unaudited RM'000	30 June 2021 Unaudited RM'000	30 June 2022 Unaudited RM'000	30 June 2021 Unaudited RM'000
Tax expenses recognised in profit or loss:				
- Income tax	<u>78</u>	<u>95</u>	<u>162</u>	<u>324</u>
Effective tax rate	3.63%	11.36%	6.69%	23.31%

(a) The effective tax rate for current financial period-to-date and year-to-date were lower than the statutory tax rate mainly due to losses incurred by certain companies cannot be offset against the profits made by other companies within the Group.

(b) Tax expense is recognised based on management's best estimate.

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B6. Corporate proposal

(a) Status of corporate proposal

There were no corporate proposals announced as at the date of this interim financial report.

(b) Utilisation of proceeds

In conjunction with the Company's listing on the ACE Market of Bursa Malaysia Securities Berhad on 13 November 2018, the gross proceeds from the initial public offering amounting to RM17.00 million are being utilised in the following manner:

Details of utilisation	IPO Proceeds raised	Re-allocation	Variation	Amount utilised	Balance	Original timeframe for utilisation of proceeds	Revised timeframe for utilisation of proceeds
	RM'000	RM'000	RM'000	RM'000	RM'000		
Business expansion	1,700	-	-	(1,181)	519	By November 2020	By November 2022 ⁽³⁾⁽⁴⁾
Development of new digital security solutions	5,700	-	(2,389)	(3,311)	-	By November 2020	By November 2021 ⁽³⁾
Investment in PrivyID	-	-	2,389	(2,389)	-	(1)	(1)
Repayment of bank borrowings	1,942	-	-	(1,942)	-	Utilised	Utilised
Working capital	5,158	163	-	(5,321)	-	By November 2020	By February 2022 ⁽³⁾⁽⁴⁾
Estimated listing expenses	2,500	(163) ⁽²⁾	-	(2,337)	-	Utilised	Utilised
Total	17,000	-	-	(16,481)	519		

The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 23 October 2018.

Notes:

- (1) The Board had decided to re-allocate RM2.389 million towards its investment in PrivyID. As announced on 15 January 2020, the investment in PrivyID was to be funded through the proceeds from the Public Issue and / or internally-generated funds of the Group.
- (2) Surplus of RM0.163 million (of the RM2.50 million allocated for the estimated listing expenses) was re-allocated to the working capital requirements of the Group, in accordance with the Company's prospectus dated 23 October 2018.
- (3) As announced on 16 October 2020, the Board had decided to extend the timeframe for the utilisation of proceeds raised from the Listing from November 2020 to November 2021.
- (4) As announced on 8 November 2021, the Board had decided to further extend the timeframe for the utilisation of proceeds raised from the Listing for business expansion from November 2021 to November 2022 and for working capital from November 2021 to February 2022 respectively.

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B6. Corporate proposal (Cont'd)

(b) Utilisation of proceeds (Cont'd)

The details of the amount allocated for working capital purposes were as follows:

	IPO Proceeds raised	Re- allocation	Amount utilised	Balance of IPO Proceeds yet to be utilised	Variation	After variation	Amount utilised	Balance
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Expansion of workforce	3,580	-	(1,063)	2,517	(1,517)	1,000	(1,000)	-
Day-to-day operations	1,578	163	(1,741)	-	1,517	1,517	(1,517)	-
	5,158	163	(2,804)	2,517	-	2,517	(2,517)	-

On 25 June 2020, 48,730,000 new Securemetric Shares, which were issued at RM0.107 each, were listed on the ACE Market of Bursa Malaysia Securities Berhad pursuant to Securemetric's private placement exercise ("Private Placement I").

Proceeds raised from Private Placement I had been fully utilised as at 31 December 2021.

On 3 August 2021, 40,476,000 new Securemetric Shares, which were issued at RM0.139 each, were listed on the ACE Market of Bursa Malaysia Securities Berhad pursuant to Securemetric's private placement exercise ("Private Placement II").

The details of the utilisation of the proceeds from the Private Placement II were as follows:

Details of utilisation	Proposed utilisation	Amount utilised	Deviation: Surplus/ (Deficit)	Balance	Estimated timeframe for utilisation of proceeds
	RM'000	RM'000	RM'000	RM'000	
Working capital	2,951	(2,978)	27	-	Utilised
Certification costs	1,280	(27)	-	1,253	By August 2023
IT infrastructure	1,280	-	-	1,280	By August 2023
Expenses for Private Placement	115	(88)	(27) ⁽¹⁾	-	Utilised
Total	5,626	(3,093)	-	2,533	

Note:

(1) The excess of RM0.027 million will be utilised for general working capital requirements of the Group.

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B7. Borrowings

The Group's borrowings were as follows:

	AS AT 30 June 2022 Unaudited RM'000	AS AT 30 June 2021 Unaudited RM'000
<u>Current:</u>		
Lease liabilities	712	299
<u>Non-current:</u>		
Lease liabilities	588	260
Total borrowings	1,300	559

All the Group's borrowings are denominated in Ringgit Malaysia.

B8. Material litigation

There was no material litigation involving the Group as at 30 June 2022.

B9. Dividend declared

No dividend has been declared for the current quarter.

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B10. Loss per share

The basic loss per share ("LPS") is calculated by dividing the consolidated loss for the financial period attributable to owners of the Company by the weighted average number of ordinary shares of the Company during the financial quarter as follows:

		3-MONTH ENDED		YEAR-TO-DATE	
		30 June 2022 Unaudited RM'000	30 June 2021 Unaudited RM'000	30 June 2022 Unaudited RM'000	30 June 2021 Unaudited RM'000
Loss attributable to owners of the Company	(RM'000)	<u>(2,210)</u>	<u>(918)</u>	<u>(2,553)</u>	<u>(1,737)</u>
Weighted average number of ordinary shares	('000)	<u>576,506</u>	<u>536,030</u>	<u>576,506</u>	<u>536,030</u>
Basic LPS	(sen)	<u>(0.38)</u>	<u>(0.17)</u>	<u>(0.44)</u>	<u>(0.32)</u>
Diluted LPS ⁽¹⁾	(sen)	<u>(0.38)</u>	<u>(0.17)</u>	<u>(0.44)</u>	<u>(0.32)</u>

Note:

- (1) Diluted loss per share is equivalent to the basic loss per share as the Company has no dilution in its loss per ordinary share as the exercise price of the warrants has exceeded the average market price of ordinary shares during the financial quarter, the warrants do not have any dilutive effect on the weighted average number of ordinary shares.

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B11. Disclosure on selected expense/(income) items as required by the Listing Requirements

	3-MONTH ENDED		YEAR-TO-DATE	
	30 June 2022 Unaudited RM'000	30 June 2021 Unaudited RM'000	30 June 2022 Unaudited RM'000	30 June 2021 Unaudited RM'000
Loss before tax is arrived at after charging/(crediting):				
Amortisation of development expenditure	-	121	-	241
Depreciation of:				
- PPE	149	165	320	323
- ROU assets	191	154	381	295
Finance costs	10	4	22	8
Inventories written off	19	6	21	6
Impairment losses on trade receivables	8	-	11	-
Unrealised (gain)/loss on foreign exchange	(73)	60	(118)	(189)
Realised (gain)/loss on foreign exchange	(79)	10	(58)	(5)
Reversal of impairment losses on trade receivables	(29)	(42)	(29)	(60)
Government grant income	-	(113)	-	(225)
Interest income	(58)	(75)	(113)	(162)
Dividend income	-	(1)	(3)	(1)

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of Bursa Securities are not applicable.

BY ORDER OF THE BOARD

Company Secretary

Date: 25th August 2022