

# SECUREMETRIC BERHAD

Registration No. 201701019864 (1234029-D)

(Incorporated in Malaysia)

## INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 2023

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME <sup>(1)</sup>

	3-MONTH ENDED		YEAR-TO-DATE	
	31 March 2023 Unaudited RM'000	31 March 2022 Unaudited RM'000	31 March 2023 Unaudited RM'000	31 March 2022 Unaudited RM'000
Revenue	7,041	7,350	7,041	7,350
Cost of sales	(3,301)	(3,101)	(3,301)	(3,101)
<b>Gross profit</b>	<b>3,740</b>	<b>4,249</b>	<b>3,740</b>	<b>4,249</b>
Other income	165	179	165	179
Administrative expenses	(5,123)	(4,808)	(5,123)	(4,808)
Net gain/(loss) on impairment of financial instruments	13	(3)	13	(3)
Finance costs	(7)	(12)	(7)	(12)
Share of results of an associate	(89)	121	(89)	121
<b>Loss before tax</b>	<b>(1,301)</b>	<b>(274)</b>	<b>(1,301)</b>	<b>(274)</b>
Taxation	(98)	(84)	(98)	(84)
<b>Loss for the financial period</b>	<b>(1,399)</b>	<b>(358)</b>	<b>(1,399)</b>	<b>(358)</b>
<b>Other comprehensive income/(loss) for the financial period</b>				
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
Exchange translation differences for foreign operations	945	(35)	945	(35)
Share of other comprehensive income of an associate	1	-	1	-
	946	(35)	946	(35)
<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	-	96	-	96
Total other comprehensive income for the financial period	946	61	946	61
<b>Total comprehensive loss for the financial period</b>	<b>(453)</b>	<b>(297)</b>	<b>(453)</b>	<b>(297)</b>

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## INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 2023

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME <sup>(1)</sup> (CONT'D)

	3-MONTH ENDED		YEAR-TO-DATE	
	31 March 2023 Unaudited RM'000	31 March 2022 Unaudited RM'000	31 March 2023 Unaudited RM'000	31 March 2022 Unaudited RM'000
<b>Loss for the financial period attributable to:</b>				
- Owners of the Company	(1,386)	(343)	(1,386)	(343)
- Non-controlling interests	(13)	(15)	(13)	(15)
	<b>(1,399)</b>	<b>(358)</b>	<b>(1,399)</b>	<b>(358)</b>
<b>Total comprehensive (loss)/income attributable to:</b>				
- Owners of the Company	(462)	(282)	(462)	(282)
- Non-controlling interests	9	(15)	9	(15)
	<b>(453)</b>	<b>(297)</b>	<b>(453)</b>	<b>(297)</b>
Loss per share attributable to owners of the Company (sen):				
Basic	Note B10	(0.24)	(0.06)	(0.06)
Diluted	Note B10	(0.24)	(0.06)	(0.06)

#### 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 2022 and the accompanying explanatory notes attached to this interim financial report.

# SECUREMETRIC BERHAD

Registration No. 201701019864 (1234029-D)

(Incorporated in Malaysia)

## INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 2023

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION<sup>(1)</sup>

	AS AT 31 March 2023 Unaudited	AS AT 31 December 2022 Audited
	RM'000	RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	954	935
Right-of-use assets	831	1,011
Investment in an associate	7,943	8,231
Other investments	10,095	10,095
Deferred tax assets	147	139
Trade receivables	1,325	1,276
Other receivables	278	322
	<u>21,573</u>	<u>22,009</u>
<b>CURRENT ASSETS</b>		
Inventories	2,275	1,802
Contract assets	109	182
Trade receivables	9,165	6,483
Other receivables	4,360	3,078
Tax recoverable	678	670
Fixed deposits with licensed banks	8,533	7,431
Cash and bank balances	15,037	15,561
	<u>40,157</u>	<u>35,207</u>
<b>TOTAL ASSETS</b>	<b><u>61,730</u></b>	<b><u>57,216</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	41,400	41,310
Reserves	(10,798)	(11,722)
Retained earnings	9,701	11,087
<b>Total equity attributable to owners of the Company</b>	<b><u>40,303</u></b>	<b><u>40,675</u></b>
Non-controlling interests	252	243
<b>Total Equity</b>	<b><u>40,555</u></b>	<b><u>40,918</u></b>
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Employee benefits	294	275
Contract liabilities	133	467
Lease liabilities	284	332
	<u>711</u>	<u>1,074</u>

# SECUREMETRIC BERHAD

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(Incorporated in Malaysia)

## INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 2023

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION<sup>(1)</sup> (CONT'D)

	<b>AS AT 31 March 2023 Unaudited</b>	<b>AS AT 31 December 2022 Audited</b>
	RM'000	RM'000
<b>CURRENT LIABILITIES</b>		
Trade payables	5,550	3,750
Other payables	5,856	4,594
Contract liabilities	8,425	6,092
Lease liabilities	487	613
Tax payable	146	175
	<b>20,464</b>	<b>15,224</b>
<b>Total liabilities</b>	<b>21,175</b>	<b>16,298</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>61,730</b>	<b>57,216</b>
Number of ordinary shares in issue ('000)	577,066 <sup>(2)</sup>	576,506 <sup>(2)</sup>
<b>NET ASSETS PER SHARE (sen)</b>	<b>6.98<sup>(2)</sup></b>	<b>7.06<sup>(2)</sup></b>

#### 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 2022 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.

# SECUREMETRIC BERHAD

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## INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 2023

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY<sup>(1)</sup>

	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 2022	41,310	164	(317)	(38,202)	38,205	(11,004)	12,477	42,633	315	42,948
Loss for the financial period	-	-	-	-	-	-	(343)	(343)	(15)	(358)
Other comprehensive income/(loss) for the financial period	-	96	(35)	-	-	-	-	61	-	61
Total comprehensive income/(loss) for the financial period	-	96	(35)	-	-	-	(343)	(282)	(15)	(297)
Transfer upon disposal of equity investment designated at fair value through other comprehensive income	-	(260)	-	-	-	-	260	-	-	-
<b>At 31 March 2022</b>	<b>41,310</b>	<b>-</b>	<b>(352)</b>	<b>(38,202)</b>	<b>38,205</b>	<b>(11,004)</b>	<b>12,394</b>	<b>42,351</b>	<b>300</b>	<b>42,651</b>

# SECUREMETRIC BERHAD

Registration No. 201701019864 (1234029-D)

(Incorporated in Malaysia)

## INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 2023

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY<sup>(1)</sup> (CONT'D)

	Attributable to owners of the parent									
	Non-Distributable						Distributable		Non-controlling interests	Total equity
	Share capital	Fair value reserve	Foreign currency translation reserve	Other reserves	Warrant reserve	Merger reserve	Retained earnings	Total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2023	41,310	-	(721)	(38,202)	38,205	(11,004)	11,087	40,675	243	40,918
Loss for the financial period	-	-	-	-	-	-	(1,386)	(1,386)	(13)	(1,399)
Other comprehensive income for the financial period	-	-	924	-	-	-	-	924	22	946
Total comprehensive income/(loss) for the financial period	-	-	924	-	-	-	(1,386)	(462)	9	(453)
<b>Transactions with owners</b>										
Issuance of ordinary shares										
- Exercise of warrants <sup>(2)</sup>	90	-	-	90	(90)	-	-	90	-	90
- Expiry of warrants <sup>(3)</sup>	-	-	-	38,115	(38,115)	-	-	-	-	-
Total transactions with owners	90	-	-	38,205	(38,205)	-	-	90	-	90
<b>At 31 March 2023</b>	<b>41,400</b>	<b>-</b>	<b>203</b>	<b>3</b>	<b>-</b>	<b>(11,004)</b>	<b>9,701</b>	<b>40,303</b>	<b>252</b>	<b>40,555</b>

**SECUREMETRIC BERHAD**  
Registration No. 201701019864 (1234029-D)  
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**INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 2023**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY<sup>(1)</sup> (CONT'D)**

**Notes:**

- (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 2022 and the accompanying explanatory notes attached to this interim financial report.
- (2) On 16 January 2023, 560,000 warrants were converted into 560,000 Securemetric Shares at an exercise price of RM0.16 per ordinary share.
- (3) The warrants 2020/2023 had expired on 21 January 2023.

# SECUREMETRIC BERHAD

Registration No. 201701019864 (1234029-D)

(Incorporated in Malaysia)

## INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 2023

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS <sup>(1)</sup>

	YEAR-TO-DATE	
	31 March 2023 Unaudited RM'000	31 March 2022 Unaudited RM'000
<b>Operating Activities</b>		
Loss before tax	(1,301)	(274)
Adjustments for:		
Impairment losses on trade receivables	30	3
Depreciation of property, plant and equipment ("PPE")	121	171
Depreciation of right-of-use ("ROU") assets	190	190
Dividend income	-	(3)
Finance costs	7	12
Interest income	(53)	(55)
Inventories written off	10	2
Reversal of impairment losses on trade receivables	(43)	-
Share of results of an associate	89	(121)
Unrealised loss/(gain) on foreign exchange	127	(45)
<b>Operating loss before working capital changes</b>	<b>(823)</b>	<b>(120)</b>
Changes in working capital:		
Inventories	(483)	494
Receivables	(3,937)	3,904
Payables	2,904	(1,682)
Contract assets/liabilities	2,072	1,665
	<b>556</b>	<b>4,381</b>
<b>Cash (used in)/generated from operations</b>	<b>(267)</b>	<b>4,261</b>
Interest paid	(7)	(12)
Interest received	53	55
Tax paid	(135)	(45)
Exchange fluctuation adjustment	924	(35)
<b>Net cash from operating activities</b>	<b>568</b>	<b>4,224</b>



# SECUREMETRIC BERHAD

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(Incorporated in Malaysia)

## INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 2023

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS <sup>(1)</sup> (CONT'D)

	YEAR-TO-DATE	
	31 March 2023 Unaudited RM'000	31 March 2022 Unaudited RM'000
<b>Investing Activities</b>		
Proceeds from disposal of other investment	-	325
Dividend from other investment	-	3
Dividend from an associate	200	-
Increase in fixed deposit with a licensed bank with maturity more than 3 months	-	(1)
Purchase of PPE	(132)	(86)
<b>Net cash from investing activities</b>	<b>68</b>	<b>241</b>
<b>Financing Activities</b>		
Payment of lease liabilities	(180)	(170)
Proceeds from issuance of ordinary shares	90	-
Increase in fixed deposits pledged	(3)	(2)
<b>Net cash used in financing activities</b>	<b>(93)</b>	<b>(172)</b>
<b>Net increase in cash and cash equivalents</b>	<b>543</b>	<b>4,293</b>
Effect of exchange translation differences on cash and cash equivalents	32	49
Cash and cash equivalents at the beginning of the financial period	22,565	21,529
<b>Cash and cash equivalents at the end of the financial period</b>	<b>23,140</b>	<b>25,871</b>
Cash and cash equivalents at the end of the financial period comprises:		
Cash and bank balances	15,037	16,663
Fixed deposits with licensed banks	8,533	9,813
	23,570	26,476
Less: Fixed deposits pledged to licensed banks	(430)	(422)
Less: Fixed deposit with a licensed bank with maturity of more than 3 months	-	(183)
	<b>23,140</b>	<b>25,871</b>

#### 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 2022 and the accompanying explanatory notes attached to this interim financial report.

# SECUREMETRIC BERHAD

Registration No. 201701019864 (1234029-D)

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## INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 2023

### NOTES TO THE INTERIM FINANCIAL REPORT

#### A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 2023

##### 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 2022 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 2022.

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>
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2024
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

# SECUREMETRIC BERHAD

Registration No. 201701019864 (1234029-D)

(Incorporated in Malaysia)

## INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 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 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 2022 was not subject to any qualifications.

#### 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 cyclical nature 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.

#### 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.

# SECUREMETRIC BERHAD

Registration No. 201701019864 (1234029-D)

(Incorporated in Malaysia)

## INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 2023

### NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

#### A7. Debt and equity securities

Save as disclosed below, 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.

On 16 January 2023, the Company issued 560,000 new ordinary shares of RM0.16 each pursuant to the conversion of warrants.

#### A8. Dividends paid

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

#### A9. Contingent liabilities or contingent assets

Contingent liabilities

	<b>AS AT 31 March 2023 Unaudited RM'000</b>	<b>AS AT 31 March 2022 Unaudited RM'000</b>
<b>Secured</b>		
Bank guarantees provided to customers to secure performance under contracts	<u>22</u>	<u>16</u>

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

#### A10. Changes in the composition of the Group

Save as disclosed below, there were no changes in the composition of the Group for the current financial quarter under review.

On 18 January 2023, the Company entered into share sale and purchase agreement ("SSPA") and a shareholders' agreement ("SSA") with Innov8tif Consortium Sdn. Bhd. ("Innov8tif Consortium") for the disposal of its entire equity interest which is 112,500 ordinary shares, representing 20% equity interest in its associate Innov8tif Solutions Sdn. Bhd. ("Innov8tif Malaysia") for RM112,500. The consideration of disposal had been settled via the allotment of 112,500 new ordinary shares in Innov8tif Consortium to the Company. Consequently, Innov8tif Consortium became a 20% owned associate of the Company.

# SECUREMETRIC BERHAD

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(Incorporated in Malaysia)

## INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 2023

### 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 31 March 2023 under review:

	3-MONTH ENDED		YEAR-TO-DATE	
	31 March 2023 Unaudited RM'000	31 March 2022 Unaudited RM'000	31 March 2023 Unaudited RM'000	31 March 2022 Unaudited RM'000
(a) Digital security solutions				
- Software licensing protection dongles	453	566	453	566
- 2FA	-	17	-	17
- PKI	3,033	3,601	3,033	3,601
- CENTAGATE <sup>®</sup>	595	639	595	639
<b>Subtotal</b>	<b>4,081</b>	<b>4,823</b>	<b>4,081</b>	<b>4,823</b>
(b) Electronic identification products	314	141	314	141
(c) Others*	2,646	2,386	2,646	2,386
<b>Total Revenue</b>	<b>7,041</b>	<b>7,350</b>	<b>7,041</b>	<b>7,350</b>

#### Note:

\* Comprising mainly maintenance service charges.

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(Incorporated in Malaysia)

## INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 2023

### 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 ended 31 March 2023 under review:

	3-MONTH ENDED		YEAR-TO-DATE	
	31 March 2023 Unaudited RM'000	31 March 2022 Unaudited RM'000	31 March 2023 Unaudited RM'000	31 March 2022 Unaudited RM'000
Indonesia	1,280	1,650	1,280	1,650
Vietnam	1,093	1,252	1,093	1,252
Singapore	1,796	1,185	1,796	1,185
Philippines	715	678	715	678
Malaysia	1,488	2,025	1,488	2,025
United States of America	1	50	1	50
Others	668	510	668	510
<b>Total Revenue</b>	<b>7,041</b>	<b>7,350</b>	<b>7,041</b>	<b>7,350</b>

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Registration No. 201701019864 (1234029-D)

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## INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 2023

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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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# SECUREMETRIC BERHAD

Registration No. 201701019864 (1234029-D)

(Incorporated in Malaysia)

## INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 2023

### 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 RM7.04 million and loss before tax of RM1.30 million for the current financial quarter ended 31 March 2023. 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	
	31 March 2023	31 December 2022	RM'000	%
Revenue	7,041	9,101	(2,060)	(22.63)
(Loss)/Profit before tax	(1,301)	334	(1,635)	(489.52)

The Group's revenue for the current financial quarter ended 31 March 2023 decreased by RM2.06 million or 22.63% to RM7.04 million as compared to RM9.10 million in the preceding financial quarter ended 31 December 2022. The decrease in revenue was mainly due to the decrease in revenue from CENTAGATE® (amounting to RM0.48 million), 2FA (amounting to RM0.32 million), electronic identification products (amounting to RM0.05 million) and others maintenance services (amounting to RM1.53 million). However, the decrease was partially offset by the increase in revenue from PKI (amounting to RM0.30 million) and software licensing protection dongles (amounting to RM0.02 million). The lower revenue recorded for the current financial quarter was due to the initial stages of implementation of the on-going projects.

The Group's loss before tax for the current financial quarter decreased by RM1.64 million or 489.52% to RM1.30 million as compared to a profit before tax of RM0.33 million in the preceding financial quarter. The decrease was mainly due to higher operating costs in the current financial quarter.

#### B3. Prospects

The world economy is highly likely to experience a slowdown in 2023 due to geopolitical conflict, central banks worldwide implementing stricter monetary policies, and high inflation in essential goods, which will result in a reduction of disposable income.

Despite the challenging economic conditions, we see numerous growth opportunities, particularly with the increase in online transactions of goods and services, which is expected to drive further digital adoption in the post-pandemic era. The acceleration of digital transformation has also led to an increase in cyber threats and attacks, highlighting the need for digital security protection. This has resulted in an expected increase in spending for information and communication technology and cybersecurity.

With our expertise in PKI and other areas of digital security such as CENTAGATE® and SigningCloud, we are well positioned to ride on the wave of digitalisation and play a crucial role in safeguarding cyber assets and transactions.



# SECUREMETRIC BERHAD

Registration No. 201701019864 (1234029-D)

(Incorporated in Malaysia)

## INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 2023

### B3. Prospects (Cont'd)

Meanwhile, the Group will strive to continuously develop solutions using the latest digital security technologies to meet the evolving market needs and demands and also to expand its business development sectors, enhance revenue by managing existing and potential clients, improve efficiency, and implement cost control measures to maintain growth and sustainability.

Barring unforeseen circumstances, the Group is optimistic to deliver a reasonable performance for the financial year 2023.

### 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	
	31 March 2023 Unaudited RM'000	31 March 2022 Unaudited RM'000	31 March 2023 Unaudited RM'000	31 March 2022 Unaudited RM'000
Tax expenses recognised in profit or loss:				
- Income tax	<u>98</u>	<u>84</u>	<u>98</u>	<u>84</u>
Effective tax rate	7.53%	30.66%	7.53%	30.66%

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

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

# SECUREMETRIC BERHAD

Registration No. 201701019864 (1234029-D)

(Incorporated in Malaysia)

## INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 2023

### 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

##### Utilisation of proceeds from private placement exercise

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").

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

Details of utilisation	Proposed utilisation	Amount utilised	Deviation: Surplus/ (Deficit)	Balance	Original timeframe for utilisation of proceeds	Revised timeframe for utilisation of proceeds
	RM'000	RM'000	RM'000	RM'000		
Working capital	2,951	(2,978)	27	-	Utilised	Utilised
Certification costs	1,280	(41)	-	1,239	By August 2023	By August 2025 <sup>(2)</sup>
IT infrastructure	1,280	(640)	-	640	By August 2023	By August 2025 <sup>(2)</sup>
Expenses for Private Placement	115	(88)	(27) <sup>(1)</sup>	-	Utilised	Utilised
<b>Total</b>	<b>5,626</b>	<b>(3,747)</b>	<b>-</b>	<b>1,879</b>		

#### Note:

- (1) The excess of RM0.027 million had been utilised for general working capital requirements of the Group.
- (2) As announced on 18 May 2023, the Board had decided to extend the timeframe for the utilisation of proceeds raised from the Private Placement for certification costs and IT infrastructure from August 2023 to August 2025.

**SECUREMETRIC BERHAD**  
Registration No. 201701019864 (1234029-D)  
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 2023**

**B7. Borrowings**

The Group's borrowings were as follows:

	<b>AS AT 31 March 2023 Unaudited</b>	<b>AS AT 31 March 2022 Unaudited</b>
	RM'000	RM'000
<u>Current:</u>		
Lease liabilities	487	699
<u>Non-current:</u>		
Lease liabilities	284	766
<b>Total borrowings</b>	<b>771</b>	<b>1,465</b>

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

**B8. Material litigation**

There was no material litigation involving the Group as at 31 March 2023.

**B9. Dividend declared**

No dividend has been declared for the current quarter.

# SECUREMETRIC BERHAD

Registration No. 201701019864 (1234029-D)

(Incorporated in Malaysia)

## INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 2023

### 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	
		31 March 2023 Unaudited RM'000	31 March 2022 Unaudited RM'000	31 March 2023 Unaudited RM'000	31 March 2022 Unaudited RM'000
Loss attributable to owners of the Company	(RM'000)	<u>(1,386)</u>	<u>(343)</u>	<u>(1,386)</u>	<u>(343)</u>
Weighted average number of ordinary shares					
Issued ordinary shares at 1 January	('000)	576,506	576,506	576,506	576,506
Effect of exercise of warrants	('000)	<u>467</u>	<u>-</u>	<u>467</u>	<u>-</u>
		<u>576,973</u>	<u>576,506</u>	<u>576,973</u>	<u>576,506</u>
Basic LPS	(sen)	<u>(0.24)</u>	<u>(0.06)</u>	<u>(0.24)</u>	<u>(0.06)</u>
Diluted LPS <sup>(1)</sup>	(sen)	<u>(0.24)</u>	<u>(0.06)</u>	<u>(0.24)</u>	<u>(0.06)</u>

#### Notes:

- (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 conversion 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.

# SECUREMETRIC BERHAD

Registration No. 201701019864 (1234029-D)

(Incorporated in Malaysia)

## INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 2023

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

	3-MONTH ENDED		YEAR-TO-DATE	
	31 March 2023 Unaudited RM'000	31 March 2022 Unaudited RM'000	31 March 2023 Unaudited RM'000	31 March 2022 Unaudited RM'000
Loss before tax is arrived at after charging/(crediting):				
Depreciation of:				
- PPE	121	171	121	171
- ROU assets	190	190	190	190
Finance costs	7	12	7	12
Inventories written off	10	2	10	2
Impairment losses on trade receivables	30	3	30	3
Unrealised loss/(gain) on foreign exchange	127	(45)	127	(45)
Realised (gain)/loss on foreign exchange	(23)	21	(23)	21
Reversal of impairment losses on trade receivables	(43)	-	(43)	-
Interest income	(53)	(55)	(53)	(55)
Dividend income	-	(3)	-	(3)

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: 26th May 2023