

# SECUREMETRIC BERHAD

Registration No. 201701019864 (1234029-D)

(Incorporated in Malaysia)

## INTERIM FINANCIAL REPORT FOR THE THIRD (3<sup>RD</sup>) QUARTER ENDED 30 SEPTEMBER 2023

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

	3-MONTH ENDED		YEAR-TO-DATE	
	30 September 2023 Unaudited RM'000	30 September 2022 Unaudited RM'000	30 September 2023 Unaudited RM'000	30 September 2022 Unaudited RM'000
Revenue	11,350	8,837	26,736	20,784
Cost of sales	(4,411)	(3,303)	(10,983)	(8,730)
<b>Gross profit</b>	<b>6,939</b>	<b>5,534</b>	<b>15,753</b>	<b>12,054</b>
Other income	309	183	1,659	596
Administrative expenses	(4,865)	(4,457)	(14,845)	(13,740)
Net (loss)/gain on impairment of financial instruments	(6)	(15)	21	3
Finance costs	(8)	(10)	(21)	(32)
Share of results of an associate	(238)	(6)	(666)	(73)
<b>Profit/(Loss) before tax</b>	<b>2,131</b>	<b>1,229</b>	<b>1,901</b>	<b>(1,192)</b>
Taxation	(353)	(553)	(646)	(715)
<b>Profit/(Loss) for the financial period</b>	<b>1,778</b>	<b>676</b>	<b>1,255</b>	<b>(1,907)</b>
<b>Other comprehensive (loss)/income for the financial period</b>				
<b>Items that are or may be reclassified subsequently to profit or loss</b>				
Exchange translation differences for foreign operations	(666)	(54)	1,036	403
Share of other comprehensive income of an associate	-	-	-	3
	(666)	(54)	1,036	406
<b>Items that will not be reclassified subsequently to profit or loss</b>				
Net change in fair value of equity investments designated at fair value through other comprehensive income	-	-	-	96
Total other comprehensive (loss)/income for the financial period	(666)	(54)	1,036	502
<b>Total comprehensive income/(loss) for the financial period</b>	<b>1,112</b>	<b>622</b>	<b>2,291</b>	<b>(1,405)</b>

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## INTERIM FINANCIAL REPORT FOR THE THIRD (3<sup>RD</sup>) QUARTER ENDED 30 SEPTEMBER 2023

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

	3-MONTH ENDED		YEAR-TO-DATE		
	30 September 2023 Unaudited RM'000	30 September 2022 Unaudited RM'000	30 September 2023 Unaudited RM'000	30 September 2022 Unaudited RM'000	
<b>Profit/(Loss) for the financial period attributable to:</b>					
- Owners of the Company	1,789	677	1,299	(1,876)	
- Non-controlling interests	(11)	(1)	(44)	(31)	
	<b>1,778</b>	<b>676</b>	<b>1,255</b>	<b>(1,907)</b>	
<b>Total comprehensive income/(loss) attributable to:</b>					
- Owners of the Company	1,133	623	2,312	(1,387)	
- Non-controlling interests	(21)	(1)	(21)	(18)	
	<b>1,112</b>	<b>622</b>	<b>2,291</b>	<b>(1,405)</b>	
Earnings/(Loss) per share attributable to owners of the Company (sen):					
Basic	Note B10	0.31	0.12	0.23	(0.33)
Diluted	Note B10	0.31	0.12	0.23	(0.33)

#### 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.

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## INTERIM FINANCIAL REPORT FOR THE THIRD (3<sup>RD</sup>) QUARTER ENDED 30 SEPTEMBER 2023

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

	AS AT 30 September 2023 Unaudited	AS AT 31 December 2022 Audited
	RM'000	RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	1,552	935
Right-of-use assets	855	1,011
Investment in an associate	8,322	8,231
Other investments	10,095	10,095
Deferred tax assets	148	139
Trade receivables	1,325	1,276
Other receivables	346	322
	<u>22,643</u>	<u>22,009</u>
<b>CURRENT ASSETS</b>		
Inventories	1,665	1,802
Contract assets	55	182
Trade receivables	6,930	6,483
Other receivables	5,894	3,078
Tax recoverable	264	670
Fixed deposits with licensed banks	9,741	7,431
Cash and bank balances	14,181	15,561
	<u>38,730</u>	<u>35,207</u>
<b>TOTAL ASSETS</b>	<b><u>61,373</u></b>	<b><u>57,216</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	41,400	41,310
Reserves	(10,709)	(11,722)
Retained earnings	12,386	11,087
<b>Total equity attributable to owners of the Company</b>	<b><u>43,077</u></b>	<b><u>40,675</u></b>
Non-controlling interests	222	243
<b>TOTAL EQUITY</b>	<b><u>43,299</u></b>	<b><u>40,918</u></b>
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Employee benefits	294	275
Contract liabilities	544	467
Lease liabilities	544	332
	<u>1,382</u>	<u>1,074</u>

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

	AS AT 30 September 2023 Unaudited	AS AT 31 December 2022 Audited
	RM'000	RM'000
<b>CURRENT LIABILITIES</b>		
Trade payables	3,813	3,750
Other payables	5,795	4,594
Contract liabilities	6,465	6,092
Lease liabilities	221	613
Tax payable	398	175
	<b>16,692</b>	<b>15,224</b>
<b>TOTAL LIABILITIES</b>	<b>18,074</b>	<b>16,298</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>61,373</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>7.46<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.

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## INTERIM FINANCIAL REPORT FOR THE THIRD (3<sup>RD</sup>) QUARTER ENDED 30 SEPTEMBER 2023

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

	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	(316)	(38,202)	38,205	(11,005)	12,477	42,633	315	42,948
Loss for the financial period	-	-	-	-	-	-	(1,876)	(1,876)	(31)	(1,907)
Other comprehensive income for the financial period	-	96	393	-	-	-	-	489	13	502
Total comprehensive income/(loss) for the financial period	-	96	393	-	-	-	(1,876)	(1,387)	(18)	(1,405)
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	-	(260)	-	-	-	-	260	-	-	-
<b>At 30 September 2022</b>	<b>41,310</b>	<b>-</b>	<b>77</b>	<b>(38,202)</b>	<b>38,205</b>	<b>(11,005)</b>	<b>10,861</b>	<b>41,246</b>	<b>297</b>	<b>41,543</b>

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

	Attributable to owners of the parent								
	Non-Distributable					Distributable			
	Share capital	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
At 1 January 2023	41,310	(721)	(38,202)	38,205	(11,004)	11,087	40,675	243	40,918
Profit/(Loss) for the financial period	-	-	-	-	-	1,299	1,299	(44)	1,255
Other comprehensive income for the financial period	-	1,013	-	-	-	-	1,013	23	1,036
Total comprehensive income/(loss) for the financial period	-	1,013	-	-	-	1,299	2,312	(21)	2,291
<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 30 September 2023</b>	<b>41,400</b>	<b>292</b>	<b>3</b>	<b>-</b>	<b>(11,004)</b>	<b>12,386</b>	<b>43,077</b>	<b>222</b>	<b>43,299</b>

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## INTERIM FINANCIAL REPORT FOR THE THIRD (3<sup>RD</sup>) QUARTER ENDED 30 SEPTEMBER 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.

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## INTERIM FINANCIAL REPORT FOR THE THIRD (3<sup>RD</sup>) QUARTER ENDED 30 SEPTEMBER 2023

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

	YEAR-TO-DATE	
	30 September 2023 Unaudited RM'000	30 September 2022 Unaudited RM'000
<b>Operating Activities</b>		
Profit/(Loss) before tax	1,901	(1,192)
Adjustments for:		
Impairment losses on trade receivables	53	29
Depreciation of property, plant and equipment ("PPE")	377	458
Depreciation of right-of-use ("ROU") assets	589	571
Dividend income	-	(3)
Finance costs	21	32
Gain on disposal of an associate	(963)	-
Gain on disposal of PPE	(40)	(1)
Gain on disposal of ROU asset	(76)	-
Interest income	(176)	(164)
Inventories written off	12	21
PPE written off	1	-
Reversal of impairment losses on trade receivables	(74)	(32)
Reversal of allowance for slow moving inventories	(1)	-
Share of results of an associate	666	73
Unrealised loss/(gain) on foreign exchange	84	(140)
<b>Operating profit/(loss) before working capital changes</b>	<b>2,374</b>	<b>(348)</b>
Changes in working capital:		
Inventories	125	491
Receivables	(3,230)	(3,044)
Payables	1,034	(1,904)
Contract assets/liabilities	577	6
	<b>(1,494)</b>	<b>(4,451)</b>
<b>Cash generated from/(used in) operations</b>	<b>880</b>	<b>(4,799)</b>
Interest paid	(21)	(32)
Interest received	176	164
Tax refund	393	-
Tax paid	(410)	(390)
Exchange fluctuation adjustment	1,008	381
<b>Net cash from/(used in) operating activities</b>	<b>2,026</b>	<b>(4,676)</b>



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## INTERIM FINANCIAL REPORT FOR THE THIRD (3<sup>RD</sup>) QUARTER ENDED 30 SEPTEMBER 2023

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

	YEAR-TO-DATE	
	30 September 2023 Unaudited RM'000	30 September 2022 Unaudited RM'000
<b>Investing Activities</b>		
Proceeds from disposal of other investment	-	325
Proceeds from disposal of PPE	42	2
Proceeds from disposal of ROU asset	110	-
Dividend from other investment	-	3
Dividend from an associate	200	-
Increase in fixed deposit with a licensed bank with maturity more than 3 months	-	182
Purchase of PPE	(986)	(195)
Purchase of ROU assets	(67)	-
<b>Net cash (used in)/from investing activities</b>	<b>(701)</b>	<b>317</b>
<b>Financing Activities</b>		
Payment of lease liabilities	(564)	(513)
Proceeds from issuance of ordinary shares	90	-
Increase in fixed deposits pledged	(9)	(6)
<b>Net cash used in financing activities</b>	<b>(483)</b>	<b>(519)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>842</b>	<b>(4,878)</b>
Effect of exchange translation differences on cash and cash equivalents	79	83
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>23,486</b>	<b>16,734</b>
Cash and cash equivalents at the end of the financial period comprises:		
Cash and bank balances	14,181	10,727
Fixed deposits with licensed banks	9,741	6,433
	23,922	17,160
Less: Fixed deposits pledged to licensed banks	(436)	(426)
	<b>23,486</b>	<b>16,734</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.

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## INTERIM FINANCIAL REPORT FOR THE THIRD (3<sup>RD</sup>) QUARTER ENDED 30 SEPTEMBER 2023

### NOTES TO THE INTERIM FINANCIAL REPORT

#### A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD (3<sup>RD</sup>) QUARTER ENDED 30 SEPTEMBER 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 107 and MFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
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

**INTERIM FINANCIAL REPORT FOR THE THIRD (3<sup>RD</sup>) QUARTER ENDED 30 SEPTEMBER 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.

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

#### 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.

#### A9. Contingent liabilities or contingent assets

Contingent liabilities

	AS AT 30 September 2023 Unaudited RM'000	AS AT 30 September 2022 Unaudited RM'000
<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 21 August 2023, the Company had entered into a subscription agreement ("SA") with ACE Digital Revolution Group Limited ("ACE") for the subscription of 31,250 Series A Preferred Shares ("Additional Subscription") for a total cash consideration of USD100,000 equivalent to approximately RM465,200. The Additional Subscription is currently pending completion as at the date of this report.

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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 September 2023 under review:

	30 September 2023 Unaudited RM'000	30 September 2022 Unaudited RM'000	30 September 2023 Unaudited RM'000	30 September 2022 Unaudited RM'000
(a) Digital security solutions				
- Software licensing protection dongles	385	587	1,266	1,604
- 2FA	684	323	1,021	585
- PKI	4,133	3,413	10,654	8,565
- CENTAGATE <sup>®</sup>	782	729	2,671	1,675
<b>Subtotal</b>	<b>5,984</b>	<b>5,052</b>	<b>15,612</b>	<b>12,429</b>
(b) Electronic identification products	2,396	295	2,859	580
(c) Others*	2,970	3,490	8,265	7,775
<b>Total Revenue</b>	<b>11,350</b>	<b>8,837</b>	<b>26,736</b>	<b>20,784</b>

**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 ended 30 September 2023 under review:

	3-MONTH ENDED		YEAR-TO-DATE	
	30 September 2023 Unaudited RM'000	30 September 2022 Unaudited RM'000	30 September 2023 Unaudited RM'000	30 September 2022 Unaudited RM'000
Indonesia	2,230	2,436	4,933	5,086
Vietnam	880	1,660	3,041	4,044
Singapore	751	633	3,413	2,121
Philippines	1,444	2,621	4,210	3,553
Malaysia	4,609	746	8,487	3,762
United States of America	12	40	64	168
Others	1,424	701	2,588	2,050
<b>Total Revenue</b>	<b>11,350</b>	<b>8,837</b>	<b>26,736</b>	<b>20,784</b>

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## INTERIM FINANCIAL REPORT FOR THE THIRD (3<sup>RD</sup>) QUARTER ENDED 30 SEPTEMBER 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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## INTERIM FINANCIAL REPORT FOR THE THIRD (3<sup>RD</sup>) QUARTER ENDED 30 SEPTEMBER 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 RM11.35 million and profit before tax of RM2.13 million for the current financial quarter ended 30 September 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	
	30 September 2023	30 June 2023	RM'000	%
Revenue	11,350	8,345	3,005	36.01
Profit before tax	2,131	1,071	1,060	98.97

The Group's revenue for the current financial quarter ended 30 September 2023 increased by RM3.01 million or 36.01% to RM11.35 million as compared to RM8.34 million in the preceding financial quarter ended 30 June 2023. The increase in revenue was mainly due to the increase in revenue from electronic identification products (amounting to RM2.25 million), PKI (amounting to RM0.64 million), 2FA (amounting to RM0.35 million) and others maintenance services (amounting to RM0.32 million). However, the increase was partially offset by the decrease in revenue from CENTAGATE® (amounting to RM0.51 million) and software licensing protection dongles (amounting to RM0.04 million).

The Group's profit before tax for the current financial quarter increased by RM1.06 million or 98.97% to RM2.13 million as compared to a profit before tax of RM1.07 million in the preceding financial quarter. The increase in profit before tax in the current financial quarter was mainly due to higher gross profit arising from the increase in electronic identification products revenue and gain on disposal of an associate.

#### B3. Prospects

The Information and Communications Technology (ICT) products and services industry is expected to continue thriving due to the widespread use of ICT in daily life, both by the public and businesses. This includes daily and business activities, the replacement cycle of devices, ongoing technological advancements, and government initiatives promoting digital transformation. Consequently, the demand for cybersecurity is expected to rise.

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.

Nevertheless, it is essential to acknowledge the existence of uncertainties in both the domestic and global markets. The Group is not immune to these unpredictable elements but remains equipped with pre-emptive measures to navigate potential challenges. The Group will continue to maintain our focus on delivering high-quality services to our customers and improving operational efficiency. This strategy will help us maintain our competitiveness and provide long-term value to our stakeholders.



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### B3. Prospects (Cont'd)

Furthermore, the Group will continue its efforts to pursue viable projects and continuously develop solutions using the latest digital security technologies to meet evolving market demands. It also aims to expand its business development sectors by exploring new business opportunities through potential partnerships to improve the Group's performance.

In recognition of the need for the Group to improve its financial performance and strengthen its financial position, the Group is in the process of implementing measures and plans to achieve these goals. These include exploring additional strategic partnerships to increase revenue, expansion of the Group's business networks, assessment of new project opportunities across the Southeast Asia region, boosting sales and marketing teams' efforts for better market penetration, as well as undertaking continuous optimisation of the Group's product offerings. At the same time, the Group has been taking steps to reduce its operating expenses by implementing cost-cutting measures and cross-training its staff for function versatility.

Barring any unforeseen circumstances, the Group is cautiously optimistic about its future business outlook as efforts are continuously made to improve its financial performance and will take the necessary measures to ensure its long-term sustainability.

### 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 September 2023 Unaudited RM'000	30 September 2022 Unaudited RM'000	30 September 2023 Unaudited RM'000	30 September 2022 Unaudited RM'000
Tax expenses recognised in profit or loss:				
- Income tax	<u>353</u>	<u>553</u>	<u>646</u>	<u>715</u>
Effective tax rate	16.56%	45.00%	33.98%	59.98%

(a) The effective tax rate for current financial year-to-date was higher than the statutory tax rate mainly due to certain expenses being disallowed for tax purposes.

(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

##### 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	Revised
					for utilisation of proceeds	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	(55)	-	1,225	By August 2023	By August 2025 <sup>(2)</sup>
IT infrastructure	1,280	(886)	-	394	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>(4,007)</b>	<b>-</b>	<b>1,619</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.

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**B7. Borrowings**

The Group's borrowings were as follows:

	<b>AS AT 30 September 2023 Unaudited</b>	<b>AS AT 30 September 2022 Unaudited</b>
	RM'000	RM'000
<u>Current:</u>		
Lease liabilities	221	721
<u>Non-current:</u>		
Lease liabilities	544	403
<b>Total borrowings</b>	<b>765</b>	<b>1,124</b>

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

**B8. Material litigation**

There was no material litigation involving the Group as at 30 September 2023.

**B9. Dividend declared**

No dividend has been declared for the current quarter.

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### B10. Earnings/(Loss) per share

The basic earnings/(loss) per share (“EPS/LPS”) is calculated by dividing the consolidated profit/(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 September 2023 Unaudited	30 September 2022 Unaudited	30 September 2023 Unaudited	30 September 2022 Unaudited
Profit/(Loss) attributable to owners of the Company	(RM'000)	1,789	677	1,299	(1,876)
Weighted average number of ordinary shares (in units)					
Issued ordinary shares at 1 January	('000)	576,506	576,506	576,506	576,506
Effect of exercise of warrants	('000)	529	-	529	-
		<u>577,035</u>	<u>576,506</u>	<u>577,035</u>	<u>576,506</u>
Basic EPS/LPS	(sen)	<u>0.31</u>	<u>0.12</u>	<u>0.23</u>	<u>(0.33)</u>
Diluted EPS/LPS	(sen)	<u>0.31</u>	<u>0.12<sup>(1)</sup></u>	<u>0.23</u>	<u>(0.33)<sup>(1)</sup></u>

#### Notes:

- (1) Diluted earnings/(loss) per share is equivalent to the basic earnings/(loss) per share as the Company has no dilution in its earnings/(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.

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

	3-MONTH ENDED		YEAR-TO-DATE	
	30 September 2023 Unaudited RM'000	30 September 2022 Unaudited RM'000	30 September 2023 Unaudited RM'000	30 September 2022 Unaudited RM'000
Profit/(Loss) before tax is arrived at after charging/(crediting):				
Depreciation of:				
- PPE	132	138	377	458
- ROU assets	198	190	589	571
Finance costs	8	10	21	32
PPE written off	-	-	1	-
Inventories written off	-	-	12	21
Impairment losses on trade receivables	6	18	53	29
Unrealised (gain)/loss on foreign exchange	(67)	(22)	84	(140)
Realised loss/(gain) on foreign exchange	77	(64)	62	(122)
Reversal of impairment losses on trade receivables	-	(3)	(74)	(32)
Reversal of allowance for slow moving inventories	(1)	-	(1)	-
Interest income	(64)	(51)	(176)	(164)
Dividend income	-	-	-	(3)
Gain on disposal of an associate	-	-	(963)	-
Gain on disposal of PPE	(40)	(1)	(40)	(1)
Gain on disposal of ROU asset	(76)	-	(76)	-

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: 27th November 2023