

SECUREMETRIC BERHAD

Registration No. 201701019864 (1234029-D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2023

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

	3-MONTH ENDED		YEAR-TO-DATE	
	31 December 2023 Unaudited RM'000	31 December 2022 Audited RM'000	31 December 2023 Unaudited RM'000	31 December 2022 Audited RM'000
Revenue	14,712	9,101	41,448	29,885
Cost of sales	(6,346)	(3,375)	(17,329)	(12,105)
Gross profit	8,366	5,726	24,119	17,780
Other income	2,104	84	3,763	680
Administrative expenses	(12,047)	(5,653)	(26,892)	(19,393)
Net (loss)/gain on impairment of financial instruments	(26)	17	(5)	20
Finance costs	(275)	(8)	(296)	(40)
Share of results of an associate	188	168	(478)	95
(Loss)/Profit before tax	(1,690)	334	211	(858)
Taxation	(470)	(224)	(1,116)	(939)
(Loss)/Profit for the financial year	(2,160)	110	(905)	(1,797)
Other comprehensive income/(loss) for the financial year				
Items that are or may be reclassified subsequently to profit or loss				
Exchange translation differences for foreign operations	10	(822)	1,046	(419)
Share of other comprehensive income of an associate	(6)	3	(6)	6
	4	(819)	1,040	(413)
Items that will not be reclassified subsequently to profit or loss				
Actuarial gain on employee defined benefit plan, net of tax	103	84	103	84
Net change in fair value of equity investments designated at fair value through other comprehensive income	-	-	-	96
	103	84	103	180
Total other comprehensive income/(loss) for the financial year	107	(735)	1,143	(233)
Total comprehensive (loss)/income for the financial year	(2,053)	(625)	238	(2,030)

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INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2023

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

	3-MONTH ENDED		YEAR-TO-DATE	
	31 December 2023 Unaudited RM'000	31 December 2022 Audited RM'000	31 December 2023 Unaudited RM'000	31 December 2022 Audited RM'000
(Loss)/Profit for the financial year attributable to:				
- Owners of the Company	(2,122)	153	(823)	(1,723)
- Non-controlling interests	(38)	(43)	(82)	(74)
	(2,160)	110	(905)	(1,797)
Total comprehensive (loss)/income attributable to:				
- Owners of the Company	(2,034)	(570)	278	(1,957)
- Non-controlling interests	(19)	(55)	(40)	(73)
	(2,053)	(625)	238	(2,030)
(Loss)/Earnings per share attributable to owners of the Company (sen):				
Basic	Note B10			
	(0.37)	0.03	(0.14)	(0.30)
Diluted	Note B10			
	(0.37)	0.03	(0.14)	(0.30)

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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(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾

	AS AT 31 December 2023 Unaudited RM'000	AS AT 31 December 2022 Audited RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,571	935
Right-of-use assets	1,683	1,011
Investment in an associate	6,810	8,231
Other investments	6,095	10,095
Deferred tax assets	317	139
Trade receivables	1,069	1,276
Other receivables	774	322
	<u>18,319</u>	<u>22,009</u>
CURRENT ASSETS		
Inventories	1,868	1,802
Contract assets	2,883	182
Trade receivables	6,940	6,483
Other receivables	5,633	3,078
Tax recoverable	324	670
Fixed deposits with licensed banks	5,549	7,431
Cash and bank balances	17,280	15,561
	<u>40,477</u>	<u>35,207</u>
TOTAL ASSETS	<u>58,796</u>	<u>57,216</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	41,400	41,310
Reserves	(10,706)	(11,722)
Retained earnings	10,349	11,087
Total equity attributable to owners of the Company	<u>41,043</u>	<u>40,675</u>
Non-controlling interests	203	243
TOTAL EQUITY	<u>41,246</u>	<u>40,918</u>
LIABILITIES		
NON-CURRENT LIABILITIES		
Employee benefits	220	275
Contract liabilities	1,060	467
Lease liabilities	976	332
	<u>2,256</u>	<u>1,074</u>

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(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2023

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

	AS AT 31 December 2023 Unaudited	AS AT 31 December 2022 Audited
	RM'000	RM'000
CURRENT LIABILITIES		
Trade payables	3,361	3,750
Other payables	4,452	4,594
Contract liabilities	6,182	6,092
Lease liabilities	668	613
Tax payable	631	175
	15,294	15,224
TOTAL LIABILITIES	17,550	16,298
TOTAL EQUITY AND LIABILITIES	58,796	57,216
Number of ordinary shares in issue ('000)	577,066 ⁽²⁾	576,506 ⁽²⁾
NET ASSETS PER SHARE (sen)	7.11⁽²⁾	7.06⁽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 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

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

INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY⁽¹⁾

	Attributable to owners of the parent							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			
							Total			
	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	(11,005)	12,477	42,632	316	42,948
Loss for the financial year	-	-	-	-	-	-	(1,723)	(1,723)	(74)	(1,797)
Other comprehensive income/(loss) for the financial year	-	96	(403)	-	-	-	73	(234)	1	(233)
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	-	(260)	-	-	-	-	260	-	-	-
Total comprehensive income/(loss) for the financial year	-	(164)	(403)	-	-	-	(1,390)	(1,957)	(73)	(2,030)
At 31 December 2022	41,310	-	(720)	(38,202)	38,205	(11,005)	11,087	40,675	243	40,918

SECUREMETRIC BERHAD

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

INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2023

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

	Attributable to owners of the parent						Non-controlling interests RM'000	Total equity RM'000	
	Non-Distributable					Distributable			
	Share capital RM'000	Foreign currency translation reserve RM'000	Other reserves RM'000	Warrant reserve RM'000	Merger reserve RM'000	Retained earnings RM'000			Total RM'000
At 1 January 2023	41,310	(720)	(38,202)	38,205	(11,005)	11,087	40,675	243	40,918
Loss for the financial year	-	-	-	-	-	(823)	(823)	(82)	(905)
Other comprehensive income for the financial year	-	1,016	-	-	-	85	1,101	42	1,143
Total comprehensive income/(loss) for the financial year	-	1,016	-	-	-	(738)	278	(40)	238
Transactions with owners									
Issuance of ordinary shares									
- Exercise of warrants ⁽²⁾	90	-	88	(88)	-	-	90	-	90
- Expiry of warrants ⁽³⁾	-	-	38,117	(38,117)	-	-	-	-	-
Total transactions with owners	90	-	38,205	(38,205)	-	-	90	-	90
At 31 December 2023	41,400	296	3	-	(11,005)	10,349	41,043	203	41,246

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

INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY⁽¹⁾ (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 FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾

	YEAR-TO-DATE	
	31 December 2023 Unaudited RM'000	31 December 2022 Audited RM'000
Operating Activities		
Profit/(Loss) before tax	211	(858)
Adjustments for:		
Allowance for slow moving inventories	-	83
Impairment losses on trade receivables	79	8
Impairment losses on investment in an associate	1,700	-
Impairment losses on other investments	4,000	-
Compensation from an associate	(2,000)	-
Depreciation of property, plant and equipment ("PPE")	512	579
Depreciation of right-of-use ("ROU") assets	845	761
Dividend income	-	(3)
Finance costs	296	40
Gain on disposal of an associate	(963)	-
Gain on disposal of PPE	(40)	(1)
Gain on disposal of ROU asset	(76)	-
Interest income	(239)	(209)
Inventories written off	16	38
PPE written off	1	1
Reversal of impairment losses on trade receivables	(74)	(28)
Reversal of allowance for slow moving inventories	(3)	-
Share of results of an associate	478	(95)
Unrealised loss/(gain) on foreign exchange	136	(94)
Operating profit before working capital changes	4,879	222
Changes in working capital:		
Inventories	(79)	(504)
Receivables	(3,496)	2,245
Payables	(778)	2,686
Contract assets/(liabilities)	(2,018)	2,070
	(6,371)	6,497
Cash (used in)/generated from operations	(1,492)	6,719
Interest paid	(41)	(40)
Interest received	239	209
Tax refund	393	-
Tax paid	(902)	(979)
Exchange fluctuation adjustment	1,139	(330)
Net cash (used in)/from operating activities	(664)	5,579

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Registration No. 201701019864 (1234029-D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2023

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

	YEAR-TO-DATE	
	31 December 2023 Unaudited RM'000	31 December 2022 Audited RM'000
Investing Activities		
Proceeds from disposal of other investment	-	325
Proceeds from disposal of PPE	43	22
Proceeds from disposal of ROU asset	110	-
Dividend from other investment	-	3
Dividend from an associate	200	-
Compensation from an associate	2,000	-
Increase in fixed deposit with a licensed bank with maturity more than 3 months	-	182
Purchase of other investment	-	(4,000)
Purchase of PPE	(1,140)	(281)
Purchase of ROU assets	(67)	(87)
Net cash from/(used in) investing activities	1,146	(3,836)
Financing Activities		
Payment of lease liabilities	(770)	(692)
Proceeds from issuance of ordinary shares	90	-
Increase in fixed deposits pledged	(12)	(8)
Net cash used in financing activities	(692)	(700)
Net (decrease)/increase in cash and cash equivalents	(210)	1,043
Effect of exchange translation differences on cash and cash equivalents	35	(7)
Cash and cash equivalents at the beginning of the financial year	22,565	21,529
Cash and cash equivalents at the end of the financial year	22,390	22,565
Cash and cash equivalents at the end of the financial year comprises:		
Cash and bank balances	17,280	15,561
Fixed deposits with licensed banks	5,549	7,431
	22,829	22,992
Less: Fixed deposits pledged to licensed banks	(439)	(427)
	22,390	22,565

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)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2023

NOTES TO THE INTERIM FINANCIAL REPORT

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 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

SECUREMETRIC BERHAD

Registration No. 201701019864 (1234029-D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2023

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 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.

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 year-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 FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2023

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 year.

A9. Contingent liabilities or contingent assets

Contingent liabilities

	AS AT 31 December 2023 Unaudited RM'000	AS AT 31 December 2022 Audited RM'000
Secured		
Bank guarantees provided to customers to secure performance under contracts	24	22

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.

SECUREMETRIC BERHAD

Registration No. 201701019864 (1234029-D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 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/year ended 31 December 2023 under review:

	3-MONTH ENDED		YEAR-TO-DATE	
	31 December 2023 Unaudited RM'000	31 December 2022 Audited RM'000	31 December 2023 Unaudited RM'000	31 December 2022 Audited RM'000
(a) Digital security solutions				
- Software licensing protection dongles	430	433	1,696	2,037
- 2FA	98	318	1,119	903
- PKI	7,448	2,732	18,102	11,297
- CENTAGATE®	1,355	1,075	4,026	2,750
Subtotal	9,331	4,558	24,943	16,987
(b) Electronic identification products	342	366	3,201	946
(c) Others*	5,039	4,177	13,304	11,952
Total Revenue	14,712	9,101	41,448	29,885

Note:

* Comprising mainly maintenance service charges.

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Registration No. 201701019864 (1234029-D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 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/year ended 31 December 2023 under review:

	3-MONTH ENDED		YEAR-TO-DATE	
	31 December 2023 Unaudited RM'000	31 December 2022 Audited RM'000	31 December 2023 Unaudited RM'000	31 December 2022 Audited RM'000
Indonesia	1,856	1,124	6,789	6,210
Vietnam	4,112	1,813	7,153	5,857
Singapore	2,369	1,670	5,782	3,791
Philippines	3,492	2,001	7,702	5,554
Malaysia	1,991	1,464	10,478	5,226
United States of America	70	41	134	209
Others	822	988	3,410	3,038
Total Revenue	14,712	9,101	41,448	29,885

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

INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2023

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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Registration No. 201701019864 (1234029-D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2023

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

B1. Review of performance

(a) Results for current quarter

The Group recorded a revenue of RM14.71 million and loss before tax of RM1.69 million for the current financial quarter ended 31 December 2023. Digital security solutions segment recorded a revenue of RM9.33 million or approximately 63.43% of the Group's total revenue, electronic identification products segment recorded a revenue of RM0.34 million or approximately 2.32% of the Group's total revenue, while the others maintenance services segment recorded a revenue of RM5.04 million or approximately 34.25% of the Group's total revenue.

(b) Results for financial year-to-date

The Group recorded a revenue of RM41.45 million and profit before tax of RM0.21 million for the current financial year ended 31 December 2023. The Group's revenue has increased by RM11.56 million or 38.69% due to the increase in revenue from digital security solutions segment by RM7.96 million or 46.84% to RM24.94 million, electronic identification products segment by RM2.25 million or 238.37% to RM3.20 million and others maintenance services segment by RM1.35 million or 11.31% to RM13.31 million.

The Group recorded a lower loss after tax of RM0.91 million in current financial year ended 31 December 2023, an improvement of 49.64% compared to a loss after tax of RM1.80 million in the preceding financial year ended 31 December 2022. The loss after tax in current financial year ended 31 December 2023 was mainly due to impairment losses on investments.

B2. Comparison with immediate preceding quarter's results

	3-MONTH ENDED			
	31 December	30 September		
	2023	2023	Variance	
	RM'000	RM'000	RM'000	%
Revenue	14,712	11,350	3,362	29.62
(Loss)/Profit before tax	(1,690)	2,131	(3,821)	(179.31)

The Group's revenue for the current financial quarter ended 31 December 2023 increased by RM3.36 million or 29.62% to RM14.71 million as compared to RM11.35 million in the preceding financial quarter ended 30 September 2023. The increase in revenue was mainly due to the increase in revenue from PKI (amounting to RM3.32 million), CENTAGATE® (amounting to RM0.57 million), software licensing protection dongles (amounting to RM0.04 million) and others maintenance services (amounting to RM2.07 million). However, the increase was partially offset by the decrease in revenue from electronic identification products (amounting to RM2.05 million) and 2FA (amounting to RM0.59 million).

The Group's loss before tax for the current financial quarter increased by RM3.82 million or 179.31% to RM1.69 million compared to a profit before tax of RM2.13 million in the preceding financial quarter. The decrease in profit before tax was primarily attributed by impairment losses on investments.

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Registration No. 201701019864 (1234029-D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2023

B3. Prospects

During the financial year under review, the group's operational performance has significantly improved as a result of the effectiveness of our strategic initiatives. These initiatives included exploring additional strategic partnerships to boost revenue, expanding the Group's business networks, evaluating new project opportunities across the Southeast Asia region, strengthening the efforts of sales and marketing teams for improved market penetration, and consistently optimizing the Group's product offerings. Concurrently, the Group has proactively taken measures to reduce operating expenses by implementing cost-cutting measures and cross-training its staff for enhanced function versatility.

Looking ahead, the Information and Communications Technology (ICT) products and services industry is set for ongoing expansion, driven by the widespread integration of ICT into various aspects of daily life and business operations. Consequently, the Group is strategically positioned to seize the opportunities arising from digitalisation, especially within the cybersecurity.

With our expertise in PKI and other areas of digital security, such as CENTAGATE® and SigningCloud, we are well positioned to leverage the momentum of digitalisation. Our capabilities enable us to play a vital role in safeguarding cyber assets and transactions, ensuring robust security measures in an increasingly digital world.

Moreover, the government announced its intention to expedite the development of digital IDs during the tabling of the 2024 budget in October 2023. The rollout of MyDigital ID presents a significant opportunity for us. With the Malaysian government prioritizing the development of digital identities to accelerate digital transformation, we stand to benefit from its expertise in areas such as national certification authority setup and its portfolio of products that can facilitate the adoption of MyDigital ID across both government and private sectors.

Despite market uncertainties, we remain resilient and proactive, focusing on delivering quality services and optimizing operations to sustain competitiveness and generate lasting value. Continuing to pursue viable projects and partnerships, we are committed to further improving performance and meeting evolving market demands.

Barring any unforeseen circumstances, the Group remains cautiously optimistic about its future business outlook, bolstered by ongoing efforts to strengthen financial performance and ensure 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.

SECUREMETRIC BERHAD

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

INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2023

B5. Taxation

	3-MONTH ENDED		YEAR-TO-DATE	
	31 December 2023 Unaudited RM'000	31 December 2022 Audited RM'000	31 December 2023 Unaudited RM'000	31 December 2022 Audited RM'000
Tax expenses recognised in profit or loss:				
- Income tax	470	224	1,116	939
Effective tax rate	27.81%	67.07%	528.91%	109.44%

- (a) The effective tax rate for current financial period-to-date and year-to-date were 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.

SECUREMETRIC BERHAD

Registration No. 201701019864 (1234029-D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 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	(60)	-	1,220	By August 2023	By August 2025 ⁽²⁾
IT infrastructure	1,280	(1,280)	-	-	Utilised	Utilised
Expenses for Private Placement	115	(88)	(27) ⁽¹⁾	-	Utilised	Utilised
Total	5,626	(4,406)	-	1,220		

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 FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2023

B7. Borrowings

The Group's borrowings were as follows:

	AS AT 31 December 2023 Unaudited RM'000	AS AT 31 December 2022 Audited RM'000
<u>Current:</u>		
Lease liabilities	668	613
<u>Non-current:</u>		
Lease liabilities	976	332
Total borrowings	1,644	945

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

B8. Material litigation

There was no material litigation involving the Group as at 31 December 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 FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2023

B10. (Loss)/Earnings per share

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

		3-MONTH ENDED		YEAR-TO-DATE	
		31 December 2023 Unaudited	31 December 2022 Audited	31 December 2023 Unaudited	31 December 2022 Audited
(Loss)/Profit attributable to owners of the Company	(RM'000)	(2,122)	153	(823)	(1,723)
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)	537	-	537	-
		577,043	576,506	577,043	576,506
Basic EPS/LPS	(sen)	(0.37)	0.03	(0.14)	(0.30)
Diluted EPS/LPS	(sen)	(0.37)	0.03 ⁽¹⁾	(0.14)	(0.30) ⁽¹⁾

Notes:

- (1) Diluted (loss)/earnings per share is equivalent to the basic (loss)/earnings per share as the Company has no dilution in its (loss)/earnings 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 FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2023

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

	3-MONTH ENDED		YEAR-TO-DATE	
	31 December 2023 Unaudited RM'000	31 December 2022 Audited RM'000	31 December 2023 Unaudited RM'000	31 December 2022 Audited RM'000
(Loss)/Profit before tax is arrived at after charging/(crediting):				
Allowance for slow moving inventories	-	83	-	83
Depreciation of:				
- PPE	135	121	512	579
- ROU assets	256	190	845	761
Finance costs	275	8	296	40
PPE written off	-	1	1	1
Inventories written off	4	17	16	38
Impairment losses on trade receivables	26	-	79	8
Impairment losses on investment in an associate	-	-	-	-
	1,700	-	1,700	-
Impairment losses on other investments	4,000	-	4,000	-
Unrealised loss/(gain) on foreign exchange	52	46	136	(94)
Realised loss/(gain) on foreign exchange	93	67	155	(55)
Reversal of impairment losses on trade receivables	-	(17)	(74)	(28)
Reversal of allowance for slow moving inventories	(2)	-	(3)	-
Interest income	(63)	(45)	(239)	(209)
Dividend income	-	-	-	(3)
Compensation from an associate	(2,000)	-	(2,000)	-
Gain on disposal of an associate	-	-	(963)	-
Gain on disposal of PPE	-	-	(40)	(1)
Gain on disposal of ROU asset	-	-	(76)	-

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

BY ORDER OF THE BOARD

Company Secretary

Date: 26th February 2024