

# SECUREMETRIC BERHAD

Registration No. 201701019864 (1234029-D)

(Incorporated in Malaysia)

## INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2023

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

	3-MONTH ENDED		YEAR-TO-DATE	
	30 June 2023 Unaudited RM'000	30 June 2022 Unaudited RM'000	30 June 2023 Unaudited RM'000	30 June 2022 Unaudited RM'000
Revenue	8,345	4,597	15,386	11,947
Cost of sales	(3,271)	(2,326)	(6,572)	(5,427)
<b>Gross profit</b>	<b>5,074</b>	<b>2,271</b>	<b>8,814</b>	<b>6,520</b>
Other income	1,185	234	1,350	413
Administrative expenses	(4,857)	(4,475)	(9,980)	(9,283)
Net gain on impairment of financial instruments	14	21	27	18
Finance costs	(6)	(10)	(13)	(22)
Share of results of an associate	(339)	(188)	(428)	(67)
<b>Profit/(Loss) before tax</b>	<b>1,071</b>	<b>(2,147)</b>	<b>(230)</b>	<b>(2,421)</b>
Taxation	(195)	(78)	(293)	(162)
<b>Profit/(Loss) for the financial period</b>	<b>876</b>	<b>(2,225)</b>	<b>(523)</b>	<b>(2,583)</b>
<b>Other comprehensive income/(loss) 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	757	492	1,702	457
Share of other comprehensive income of an associate	(1)	3	-	3
	756	495	1,702	460
<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 income for the financial period	756	495	1,702	556
<b>Total comprehensive income/(loss) for the financial period</b>	<b>1,632</b>	<b>(1,730)</b>	<b>1,179</b>	<b>(2,027)</b>

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

	3-MONTH ENDED		YEAR-TO-DATE		
	30 June 2023 Unaudited RM'000	30 June 2022 Unaudited RM'000	30 June 2023 Unaudited RM'000	30 June 2022 Unaudited RM'000	
<b>Profit/(Loss) for the financial period attributable to:</b>					
- Owners of the Company	896	(2,210)	(490)	(2,553)	
- Non-controlling interests	(20)	(15)	(33)	(30)	
	<b>876</b>	<b>(2,225)</b>	<b>(523)</b>	<b>(2,583)</b>	
<b>Total comprehensive income/(loss) attributable to:</b>					
- Owners of the Company	1,641	(1,728)	1,179	(2,010)	
- Non-controlling interests	(9)	(2)	-	(17)	
	<b>1,632</b>	<b>(1,730)</b>	<b>1,179</b>	<b>(2,027)</b>	
Earnings/(Loss) per share attributable to owners of the Company (sen):					
Basic	Note B10	0.16	(0.38)	(0.08)	(0.44)
Diluted	Note B10	0.16	(0.38)	(0.08)	(0.44)

#### 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

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## INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2023

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

	AS AT 30 June 2023 Unaudited	AS AT 31 December 2022 Audited
	RM'000	RM'000
<strong>ASSETS</strong>		
<strong>NON-CURRENT ASSETS</strong>		
Property, plant and equipment	859	935
Right-of-use assets	1,094	1,011
Investment in an associate	8,560	8,231
Other investments	10,095	10,095
Deferred tax assets	153	139
Trade receivables	1,369	1,276
Other receivables	314	322
	<u>22,444</u>	<u>22,009</u>
<strong>CURRENT ASSETS</strong>		
Inventories	2,036	1,802
Contract assets	17	182
Trade receivables	6,266	6,483
Other receivables	4,906	3,078
Tax recoverable	685	670
Fixed deposits with licensed banks	9,121	7,431
Cash and bank balances	18,120	15,561
	<u>41,151</u>	<u>35,207</u>
<strong>TOTAL ASSETS</strong>	<u><strong>63,595</strong></u>	<u><strong>57,216</strong></u>
<strong>EQUITY AND LIABILITIES</strong>		
<strong>EQUITY</strong>		
Share capital	41,400	41,310
Reserves	(10,053)	(11,722)
Retained earnings	10,597	11,087
<strong>Total equity attributable to owners of the Company</strong>	<u><strong>41,944</strong></u>	<u><strong>40,675</strong></u>
Non-controlling interests	243	243
<strong>Total Equity</strong>	<u><strong>42,187</strong></u>	<u><strong>40,918</strong></u>
<strong>LIABILITIES</strong>		
<strong>NON-CURRENT LIABILITIES</strong>		
Employee benefits	304	275
Contract liabilities	262	467
Lease liabilities	629	332
	<u><strong>1,195</strong></u>	<u><strong>1,074</strong></u>

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## INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2023

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

	AS AT 30 June 2023 Unaudited	AS AT 31 December 2022 Audited
	RM'000	RM'000
<b>CURRENT LIABILITIES</b>		
Trade payables	4,068	3,750
Other payables	7,572	4,594
Contract liabilities	8,039	6,092
Lease liabilities	354	613
Tax payable	180	175
	<b>20,213</b>	<b>15,224</b>
<b>Total liabilities</b>	<b>21,408</b>	<b>16,298</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>63,595</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>7.27<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

Registration No. 201701019864 (1234029-D)

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## INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 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	(317)	(38,202)	38,205	(11,004)	12,477	42,633	315	42,948
Loss for the financial period	-	-	-	-	-	-	(2,553)	(2,553)	(30)	(2,583)
Other comprehensive income for the financial period	-	96	447	-	-	-	-	543	13	556
Total comprehensive income/(loss) for the financial period	-	96	447	-	-	-	(2,553)	(2,010)	(17)	(2,027)
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	-	(260)	-	-	-	-	260	-	-	-
<b>At 30 June 2022</b>	<b>41,310</b>	<b>-</b>	<b>130</b>	<b>(38,202)</b>	<b>38,205</b>	<b>(11,004)</b>	<b>10,184</b>	<b>40,623</b>	<b>298</b>	<b>40,921</b>

# SECUREMETRIC BERHAD

Registration No. 201701019864 (1234029-D)

(Incorporated in Malaysia)

## INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 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	-	-	-	-	-	-	(490)	(490)	(33)	(523)
Other comprehensive income for the financial period	-	-	1,669	-	-	-	-	1,669	33	1,702
Total comprehensive income/(loss) for the financial period	-	-	1,669	-	-	-	(490)	1,179	-	1,179
<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 June 2023</b>	<b>41,400</b>	<b>-</b>	<b>948</b>	<b>3</b>	<b>-</b>	<b>(11,004)</b>	<b>10,597</b>	<b>41,944</b>	<b>243</b>	<b>42,187</b>

**SECUREMETRIC BERHAD**  
Registration No. 201701019864 (1234029-D)  
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**INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 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 SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2023

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

	YEAR-TO-DATE	
	30 June 2023 Unaudited RM'000	30 June 2022 Unaudited RM'000
<b>Operating Activities</b>		
Loss before tax	(230)	(2,421)
Adjustments for:		
Impairment losses on trade receivables	47	11
Depreciation of property, plant and equipment ("PPE")	245	320
Depreciation of right-of-use ("ROU") assets	391	381
Dividend income	-	(3)
Finance costs	13	22
Gain on disposal of an associate	(963)	-
Interest income	(112)	(113)
Inventories written off	12	21
PPE written off	1	-
Reversal of impairment losses on trade receivables	(74)	(29)
Share of results of an associate	428	67
Unrealised loss/(gain) on foreign exchange	151	(118)
<b>Operating loss before working capital changes</b>	<b>(91)</b>	<b>(1,862)</b>
Changes in working capital:		
Inventories	(246)	367
Receivables	(1,511)	5,662
Payables	2,908	(2,775)
Contract assets/liabilities	1,907	516
	<b>3,058</b>	<b>3,770</b>
<b>Cash (used in)/generated from operations</b>	<b>2,967</b>	<b>1,908</b>
Interest paid	(13)	(22)
Interest received	112	113
Tax paid	(303)	(293)
Exchange fluctuation adjustment	1,650	440
<b>Net cash from operating activities</b>	<b>4,413</b>	<b>2,146</b>

# SECUREMETRIC BERHAD

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(Incorporated in Malaysia)

## INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2023

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

	YEAR-TO-DATE	
	30 June 2023 Unaudited RM'000	30 June 2022 Unaudited RM'000
<b>Investing Activities</b>		
Proceeds from disposal of other investment	-	325
Proceeds from disposal of PPE	-	1
Dividend from other investment	-	3
Dividend from an associate	200	-
Increase in fixed deposit with a licensed bank with maturity more than 3 months	-	(2)
Purchase of PPE	(153)	(168)
Purchase of ROU assets	(67)	-
<b>Net cash (used in)/from investing activities</b>	<b>(20)</b>	<b>159</b>
<b>Financing Activities</b>		
Payment of lease liabilities	(346)	(341)
Proceeds from issuance of ordinary shares	90	-
Increase in fixed deposits pledged	(6)	(4)
<b>Net cash used in financing activities</b>	<b>(262)</b>	<b>(345)</b>
<b>Net increase in cash and cash equivalents</b>	<b>4,131</b>	<b>1,960</b>
Effect of exchange translation differences on cash and cash equivalents	112	67
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>26,808</b>	<b>23,556</b>
Cash and cash equivalents at the end of the financial period comprises:		
Cash and bank balances	18,120	14,109
Fixed deposits with licensed banks	9,121	10,055
	27,241	24,164
Less: Fixed deposits pledged to licensed banks	(433)	(424)
Less: Fixed deposit with a licensed bank with maturity of more than 3 months	-	(184)
	<b>26,808</b>	<b>23,556</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)

(Incorporated in Malaysia)

## INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2023

### NOTES TO THE INTERIM FINANCIAL REPORT

#### A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 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 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 SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 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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## INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 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 period.

#### A9. Contingent liabilities or contingent assets

Contingent liabilities

	<b>AS AT</b> <b>30 June</b> <b>2023</b> <b>Unaudited</b>	<b>AS AT</b> <b>30 June</b> <b>2022</b> <b>Unaudited</b>
	<u>RM'000</u>	<u>RM'000</u>
<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

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

# SECUREMETRIC BERHAD

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## INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 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 30 June 2023 under review:

	3-MONTH ENDED		YEAR-TO-DATE	
	30 June 2023 Unaudited RM'000	30 June 2022 Unaudited RM'000	30 June 2023 Unaudited RM'000	30 June 2022 Unaudited RM'000
(a) Digital security solutions				
- Software licensing protection dongles	428	451	881	1,017
- 2FA	337	245	337	262
- PKI	3,488	1,551	6,521	5,152
- CENTAGATE <sup>®</sup>	1,294	307	1,889	946
<b>Subtotal</b>	<b>5,547</b>	<b>2,554</b>	<b>9,628</b>	<b>7,377</b>
(b) Electronic identification products	149	144	463	285
(c) Others*	2,649	1,899	5,295	4,285
<b>Total Revenue</b>	<b>8,345</b>	<b>4,597</b>	<b>15,386</b>	<b>11,947</b>

#### Note:

\* Comprising mainly maintenance service charges.

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## INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 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 30 June 2023 under review:

	3-MONTH ENDED		YEAR-TO-DATE	
	30 June 2023 Unaudited RM'000	30 June 2022 Unaudited RM'000	30 June 2023 Unaudited RM'000	30 June 2022 Unaudited RM'000
Indonesia	1,423	1,000	2,703	2,650
Vietnam	1,068	1,132	2,161	2,384
Singapore	866	303	2,662	1,488
Philippines	2,051	254	2,766	932
Malaysia	2,390	991	3,878	3,016
United States of America	51	78	52	128
Others	496	839	1,164	1,349
<b>Total Revenue</b>	<b>8,345</b>	<b>4,597</b>	<b>15,386</b>	<b>11,947</b>

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## INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 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

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(Incorporated in Malaysia)

## INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 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 RM8.34 million and profit before tax of RM1.07 million for the current financial quarter ended 30 June 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 June 2023	31 March 2023	RM'000	%
Revenue	8,345	7,041	1,304	18.52
Profit/(Loss) before tax	1,071	(1,301)	2,372	182.32

The Group's revenue for the current financial quarter ended 30 June 2023 increased by RM1.30 million or 18.52% to RM8.34 million as compared to RM7.04 million in the preceding financial quarter ended 31 March 2023. The increase in revenue was mainly due to the increase in revenue from CENTAGATE<sup>®</sup> (amounting to RM0.70 million), PKI (amounting to RM0.46 million) and 2FA (amounting to RM0.34 million). However, the increase was partially offset by the decrease in revenue from electronic identification products (amounting to RM0.17 million) and software licensing protection dongles (amounting to RM0.03 million).

The Group's profit before tax for the current financial quarter increased by RM2.37 million or 182.32% to RM1.07 million as compared to a loss before tax of RM1.30 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 CENTAGATE<sup>®</sup> revenue and gain on disposal of an associate.

#### B3. Prospects

Economic uncertainty continues to persist in 2023. The Group's operating environment is expected to remain challenging due to rising cost of materials resulting from inflation, volatility in commodity prices and foreign exchange rates, and their impact on consumer demand. The Group will continue to strive to minimise any potential exposures arising from these challenges by implementing cost control measures, improving efficiency, and enhancing revenue through managing existing and potential clients to maintain growth and sustainability.

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.

# SECUREMETRIC BERHAD

Registration No. 201701019864 (1234029-D)

(Incorporated in Malaysia)

## INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2023

### B3. Prospects (Cont'd)

Looking ahead in the long term, spending on information and communication technology and cybersecurity is expected to rise due to the increase in cyber threats, highlighting the need for better digital security as a result of the acceleration of digital transformation after the pandemic.

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.

Barring any unforeseen circumstances, as efforts are continuously made to improve the Group's business operations and performance, the Group is cautiously optimistic about the future business outlook and financial 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	
	30 June 2023 Unaudited RM'000	30 June 2022 Unaudited RM'000	30 June 2023 Unaudited RM'000	30 June 2022 Unaudited RM'000
Tax expenses recognised in profit or loss:				
- Income tax	195	78	293	162
Effective tax rate	18.21%	3.63%	127.39%	6.69%

(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.

# SECUREMETRIC BERHAD

Registration No. 201701019864 (1234029-D)

(Incorporated in Malaysia)

## INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 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	Revised timeframe
					for utilisation of proceeds	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	(49)	-	1,231	By August 2023	By August 2025 <sup>(2)</sup>
IT infrastructure	1,280	(729)	-	551	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>(3,844)</b>	<b>-</b>	<b>1,782</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 SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2023**

**B7. Borrowings**

The Group's borrowings were as follows:

	<b>AS AT 30 June 2023 Unaudited</b>	<b>AS AT 30 June 2022 Unaudited</b>
	RM'000	RM'000
<u>Current:</u>		
Lease liabilities	354	712
<u>Non-current:</u>		
Lease liabilities	629	588
<b>Total borrowings</b>	<b>983</b>	<b>1,300</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 June 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 SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2023

### 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 June 2023 Unaudited RM'000	30 June 2022 Unaudited RM'000	30 June 2023 Unaudited RM'000	30 June 2022 Unaudited RM'000
Profit/(Loss) attributable to owners of the Company	(RM'000)	896	(2,210)	(490)	(2,553)
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)	514	-	514	-
		<u>577,020</u>	<u>576,506</u>	<u>577,020</u>	<u>576,506</u>
Basic EPS/LPS	(sen)	<u>0.16</u>	<u>(0.38)</u>	<u>(0.08)</u>	<u>(0.44)</u>
Diluted EPS/LPS	(sen)	<u>0.16</u>	<u>(0.38)<sup>(1)</sup></u>	<u>(0.08)</u>	<u>(0.44)<sup>(1)</sup></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 SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2023

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

	3-MONTH ENDED		YEAR-TO-DATE	
	30 June 2023 Unaudited RM'000	30 June 2022 Unaudited RM'000	30 June 2023 Unaudited RM'000	30 June 2022 Unaudited RM'000
Profit/(Loss) before tax is arrived at after charging/(crediting):				
Depreciation of:				
- PPE	124	149	245	320
- ROU assets	201	191	391	381
Finance costs	6	10	13	22
PPE written off	1	-	1	-
Inventories written off	2	19	12	21
Impairment losses on trade receivables	17	8	47	11
Unrealised loss/(gain) on foreign exchange	24	(73)	151	(118)
Realised loss/(gain) on foreign exchange	8	(79)	(15)	(58)
Reversal of impairment losses on trade receivables	(31)	(29)	(74)	(29)
Interest income	(59)	(58)	(112)	(113)
Dividend income	-	-	-	(3)
Gain on disposal of an associate	(963)	-	(963)	-

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

### BY ORDER OF THE BOARD

Company Secretary

Date: 25th August 2023