

CAN-ONE BERHAD

Registration No. 200401000396 (638899-K)

Quarterly report on consolidated results as at 31 March 2022. The figures have not been audited.
(Financial year ending 31 December 2022)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | As at 31/03/2022 RM'000 | As at 31/12/2021 (Audited) RM'000 |
|--|----------------------------|---|
| Non-current assets | | |
| Property, plant and equipment | 1,565,184 | 1,568,073 |
| Right-of-use assets | 396,344 | 398,942 |
| Investment properties | 109,012 | 109,476 |
| Land held for property development | 110,105 | 109,225 |
| Intangible assets | 880 | 1,094 |
| Deferred tax assets | 3,105 | 3,279 |
| Prepayments | 5,231 | 7,898 |
| Total non-current assets | 2,189,861 | 2,197,987 |
| Current assets | | |
| Inventories | 921,339 | 874,087 |
| Trade and other receivables | 644,007 | 625,890 |
| Prepayments | 30,982 | 11,974 |
| Current tax assets | 3,663 | 2,739 |
| Derivative financial assets | 9 | 843 |
| Cash and cash equivalents | 244,522 | 248,830 |
| Total current assets | 1,844,522 | 1,764,363 |
| Total assets | 4,034,383 | 3,962,350 |
| Equity | | |
| Share capital | 197,660 | 197,660 |
| Reserves | 1,587,159 | 1,535,189 |
| Equity attributable to owners of the Company | 1,784,819 | 1,732,849 |
| Non-controlling interests | 92,134 | 91,934 |
| Total equity | 1,876,953 | 1,824,783 |
| Liabilities | | |
| Loans and borrowings | 502,411 | 657,566 |
| Lease liabilities | 3,000 | 4,812 |
| Retirement benefits obligations | 62,972 | 62,331 |
| Derivative financial liabilities | - | 3,896 |
| Deferred tax liabilities | 103,153 | 103,245 |
| Total non-current liabilities | 671,536 | 831,850 |
| Trade and other payables | 448,617 | 460,151 |
| Loans and borrowings | 1,006,722 | 812,949 |
| Lease liabilities | 6,412 | 5,837 |
| Retirement benefits obligations | 4,668 | 4,772 |
| Contract liabilities | 3,691 | 6,306 |
| Provisions | 5,010 | 5,006 |
| Derivative financial liabilities | 2,214 | 1,022 |
| Current tax liabilities | 8,560 | 9,674 |
| Total current liabilities | 1,485,894 | 1,305,717 |
| Total liabilities | 2,157,430 | 2,137,567 |
| Total equity and liabilities | 4,034,383 | 3,962,350 |
| Net assets per share attributable to equity holders of the Company (Sen) | 928.85 | 901.81 |

NOTE :

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

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Quarterly report on consolidated results for First Quarter ended 31 March 2022. The figures have not been audited.

(Financial year ending 31 December 2022)

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

| | Individual quarter | | | Cumulative quarter | | |
|--|--|--|-----------|--|--|-----------|
| | Current year First Quarter ended 31/03/2022 RM'000 | Preceding year First Quarter ended 31/03/2021 RM'000 | Changes % | Current year-to-date ended 31/03/2022 RM'000 | Preceding year-to-date ended 31/03/2021 RM'000 | Changes % |
| Revenue | 752,298 | 652,078 | 15 | 752,298 | 652,078 | 15 |
| Cost of sales | (647,399) | (564,505) | | (647,399) | (564,505) | |
| Gross profit | 104,899 | 87,573 | 20 | 104,899 | 87,573 | 20 |
| Other income | 5,380 | 9,896 | | 5,380 | 9,896 | |
| Distribution and Admin expenses | (40,729) | (39,430) | | (40,729) | (39,430) | |
| Other expenses | (3,900) | (6,245) | | (3,900) | (6,245) | |
| Operating profit before impairment losses | 65,650 | 51,794 | | 65,650 | 51,794 | |
| Net reversal of impairment losses/ (impairment losses) : | | | | | | |
| - property, plant and equipment | 15 | (3,372) | | 15 | (3,372) | |
| - financial instruments | (162) | 73 | | (162) | 73 | |
| Profit from operations | 65,503 | 48,495 | 35 | 65,503 | 48,495 | 35 |
| Interest income | 135 | 1,919 | | 135 | 1,919 | |
| Interest expenses | (10,246) | (10,696) | | (10,246) | (10,696) | |
| Net interest expenses | (10,111) | (8,777) | | (10,111) | (8,777) | |
| Profit before tax | 55,392 | 39,718 | 39 | 55,392 | 39,718 | 39 |
| Tax expenses | (7,127) | (3,573) | | (7,127) | (3,573) | |
| Profit for the period | 48,265 | 36,145 | 34 | 48,265 | 36,145 | 34 |

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(Financial year ending 31 December 2022)

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME (cont'd)

| | Individual quarter | | | Cumulative quarter | | |
|---|--|--|--------------|--|--|--------------|
| | Current year First Quarter ended 31/03/2022 RM'000 | Preceding year First Quarter ended 31/03/2021 RM'000 | Changes % | Current year-to-date ended 31/03/2022 RM'000 | Preceding year-to-date ended 31/03/2021 RM'000 | Changes % |
| Profit for the period | 48,265 | 36,145 | 34 | 48,265 | 36,145 | 34 |
| Other comprehensive income/(expense), net of tax | | | | | | |
| Foreign currency translation differences of foreign operations | 2,068 | 10,208 | | 2,068 | 10,208 | |
| Cash flow hedge | 1,837 | (1,221) | | 1,837 | (1,221) | |
| Total comprehensive income for the period attributable to the Owners of the Company | 52,170 | 45,132 | 16 | 52,170 | 45,132 | 16 |
| Profit attributable to : | | | | | | |
| Owners of the Company | 48,230 | 34,771 | | 48,230 | 34,771 | |
| Non-controlling interests | 35 | 1,374 | | 35 | 1,374 | |
| | 48,265 | 36,145 | | 48,265 | 36,145 | |
| Total comprehensive income attributable to : | | | | | | |
| Owners of the Company | 51,971 | 41,176 | | 51,971 | 41,176 | |
| Non-controlling interests | 199 | 3,956 | | 199 | 3,956 | |
| | 52,170 | 45,132 | | 52,170 | 45,132 | |
| Basic earnings per ordinary share (Sen) | 25.10 | 18.10 | | 25.10 | 18.10 | |

NOTE :

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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | <-----Attributable to Owners of the Company-----> | | | | | | Total equity RM'000 |
|---|---|---|-------------------------|------------------------|-------------------------------|--|------------------------|
| | Share capital RM'000 | Cash flow hedge reserve RM'000 | <--Non-Distributable--> | | Retained profits RM'000 | Non- controlling interests RM'000 | |
| Foreign currency translation reserve RM'000 | | | Total RM'000 | Total equity RM'000 | | | |
| Current quarter ended 31 March 2022 | | | | | | | |
| Balance at 1 January 2022 | 197,660 | 919 | 15,309 | 1,518,961 | 1,732,849 | 91,934 | 1,824,783 |
| Profit for the period | - | - | - | 48,230 | 48,230 | 35 | 48,265 |
| Foreign currency translation differences of foreign operations | - | - | 2,255 | - | 2,255 | (187) | 2,068 |
| Cash flow hedge | - | 1,486 | - | - | 1,486 | 351 | 1,837 |
| Total comprehensive income for the period | - | 1,486 | 2,255 | 48,230 | 51,971 | 199 | 52,170 |
| Balance at 31 March 2022 | <u>197,660</u> | <u>2,405</u> | <u>17,564</u> | <u>1,567,191</u> | <u>1,784,820</u> | <u>92,133</u> | <u>1,876,953</u> |
| Preceding year corresponding quarter ended 31 March 2021 | | | | | | | |
| Balance at 1 January 2021 | 197,660 | (442) | 3,674 | 1,579,510 | 1,780,402 | 143,614 | 1,924,016 |
| Profit for the period | - | - | - | 34,771 | 34,771 | 1,374 | 36,145 |
| Foreign currency translation differences of foreign operations | - | - | 7,803 | - | 7,803 | 2,405 | 10,208 |
| Cash flow hedge | - | (1,398) | - | - | (1,398) | 177 | (1,221) |
| Total comprehensive (expense)/income for the period | - | (1,398) | 7,803 | 34,771 | 41,176 | 3,956 | 45,132 |
| Balance at 31 March 2021 | <u>197,660</u> | <u>(1,840)</u> | <u>11,477</u> | <u>1,614,281</u> | <u>1,821,578</u> | <u>147,570</u> | <u>1,969,148</u> |

NOTE :

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(Financial year ending 31 December 2022)

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

| | Current year 3 months ended 31/03/2022 RM'000 | Preceding year 3 months ended 31/03/2021 RM'000 |
|---|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax | 55,392 | 39,718 |
| Adjustments : | | |
| Amortisation and depreciation of assets | 34,616 | 34,209 |
| Gain on disposal of property, plant and equipment | (100) | (1,079) |
| Gain on lease modification | (21) | (1) |
| Interest expense | 10,246 | 10,696 |
| Interest income | (135) | (1,919) |
| Income distribution on money market placement with a non-financial institution | (60) | (328) |
| (Reversal of impairment loss)/Impairment loss on : | | |
| - property, plant and equipment | (15) | 3,372 |
| - financial instruments | 162 | (73) |
| Property, plant and equipment written off | 36 | 44 |
| Retirement benefits obligations | - | 1,745 |
| Usage of spare parts in property, plant and equipment | 3,028 | 2,564 |
| Unrealised gain on derivatives financial instruments | (33) | (2,715) |
| Write-down of inventories | 1,139 | 94 |
| Write off inventories | 3,535 | 5,476 |
| Operating profit before changes in working capital | 107,790 | 91,803 |
| Inventories | (51,925) | (76,322) |
| Trade and other receivables | (18,309) | (67,039) |
| Trade and other payables | (11,533) | 6,038 |
| Others | (19,981) | (9,019) |
| Cash from/(used in) operations | 6,042 | (54,539) |
| Interest paid | (107) | (119) |
| Retirement benefits paid | (1,137) | (439) |
| Tax paid | (9,115) | (3,392) |
| Net cash used in operating activities | (4,317) | (58,489) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from disposal of property, plant and equipment | 560 | 1,431 |
| Acquisition of property, plant and equipment | (23,106) | (25,237) |
| Acquisition of land held for property development | (880) | - |
| Acquisition of intangible assets | (63) | (109) |
| Interest received | 135 | 1,919 |
| Income distribution on money market placement with a non-financial institution | 60 | 328 |
| Net cash used in investing activities | (23,294) | (21,668) |

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(Financial year ending 31 December 2022)

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

| | Current year 3 months ended 31/03/2022 RM'000 | Preceding year 3 months ended 31/03/2021 RM'000 |
|---|--|--|
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Interest paid | (10,139) | (10,577) |
| Drawdown of term loans | - | 22,401 |
| Repayment of term loans | (25,508) | (34,879) |
| Net movement in other borrowings and lease liabilities | 60,299 | 153,455 |
| Net cash flows generated from financing activities | 24,652 | 130,400 |
| Net (decrease)/increase in cash and cash equivalents | (2,959) | 50,243 |
| Effect of exchange differences on cash and cash equivalents | (1,349) | 3,141 |
| Cash and cash equivalents brought forward | 248,830 | 229,729 |
| Cash and cash equivalents carried forward | 244,522 | 283,113 |
| Comprises : | | |
| Cash and bank balances | 180,577 | 159,365 |
| Short term deposits with licensed banks | 8,460 | 4,680 |
| Money market placement with a non- financial institution | 55,485 | 119,068 |
| | 244,522 | 283,113 |

NOTE :

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

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS FIRST QUARTER ENDED 31 MARCH 2022

PART A : EXPLANATORY NOTES PURSUANT TO MFRS 134

1. Basis of Preparations

The Interim Financial Statements are unaudited and have been prepared in compliance with the requirements of MFRS 134 *Interim Financial Reporting* and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

These interim financial statements include only condensed financial statements and should be read in conjunction with the annual financial statements for the financial year ended 31 December 2021 ("FYE 2021"). The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the financial position and performance of Can-One Berhad ("Can-One" or "the Company") group of companies ("Can-One Group" or "the Group") since FYE 2021.

2. Significant Accounting Policies

The accounting policies adopted for this interim report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2021 except for the following :

The Group adopted (where applicable) the following accounting standards, interpretations or amendments which are applicable to the Group that have been issued by the Malaysian Accounting Standards Board ("MASB") effective 1 January 2022 :

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 3, *Business Combinations - Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment - Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018-2020)*

The adoption of new standards do not have any material financial impact to the Group.

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS FIRST QUARTER ENDED 31 MARCH 2022

2. Significant Accounting Policies (cont'd)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group plans to apply the abovementioned accounting standards, amendments and interpretations in the respective years when they become effective.

The Group does not plan to apply MFRS 17, *Insurance Contracts* and Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17* that are effective for annual periods beginning on 1 January 2023 as it is not applicable to the Group.

The initial application of the abovementioned accounting standards, interpretations or amendments is not expected to have any material financial impact on the Group.

3. Auditors' report

The auditors' report dated 11 April 2022 in respect of the financial statements for the financial year ended 31 December 2021 was not subject to any audit qualification.

4. Seasonal or Cyclical Factors

The operations of the Group are not subject to seasonal or cyclical fluctuations except that certain products are subject to seasonal demand where higher sales will be recorded a few months before major festive seasons such as Ramadan and Chinese New Year but lower sales in the first quarter of every financial year.

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**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2022**

5. Unusual Items due to their nature, size or incidence

There were no items affecting assets, liabilities, equity, net income, or cash flows that were unusual because of their nature, size or incidence during the current quarter under review.

6. Changes in estimates

There were no major changes in estimates of amounts which may have a material effect on the current quarter under review.

7. Issuance, cancellations, repurchases and repayments of debt and equity securities

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter under review.

8. Dividend paid

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

9. Segment information

The Group organised its activities principally into 4 reportable business divisions :

- a) Manufacture of metal and lithographed tin cans, plastic cans, aluminium cans and corrugated fibreboard cartons (collectively, "General Packaging");
- b) Manufacturing, packaging and distribution of carbonated and non-carbonated beverages ("Contract Manufacturing");
- c) Trading; and
- d) Property development and investment holding.

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**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2022**

9. Segment information (cont'd)

Segment revenue and results for the current quarter ended 31 March 2022 are as follows :

| | General Packaging RM'000 | Contract Manufacturing RM'000 | Trading RM'000 | Property Development and Investment Holding RM'000 | Total RM'000 | Elimination RM'000 | Consolidated RM'000 |
|---|---|--|---------------------------|---|-------------------------|-------------------------------|--------------------------------|
| Revenue | | | | | | | |
| External revenue | 642,957 | 29,461 | 79,845 | 35 | 752,298 | - | 752,298 |
| Inter-division revenue | 83,310 | - | 131,971 | 1,117 | 216,398 | (216,398) | - |
| | <u>726,267</u> | <u>29,461</u> | <u>211,816</u> | <u>1,152</u> | <u>968,696</u> | <u>(216,398)</u> | <u>752,298</u> |
| Results | | | | | | | |
| Segment results | 73,064 | (7,474) | 1,160 | (1,177) | 65,573 | (70) | 65,503 |
| Interest income | 684 | 1 | 1,919 | 408 | 3,012 | (2,877) | 135 |
| Interest expenses | (7,637) | (1,353) | (1,605) | (2,579) | (13,174) | 2,928 | (10,246) |
| Profit/(Loss) before tax | <u>66,111</u> | <u>(8,826)</u> | <u>1,474</u> | <u>(3,348)</u> | <u>55,411</u> | <u>(19)</u> | <u>55,392</u> |
| Depreciation and amortisation | 33,796 | 1,472 | 43 | 468 | 35,779 | (1,163) | 34,616 |
| Interest income | (684) | (1) | (1,919) | (408) | (3,012) | 2,877 | (135) |
| Interest expenses | 7,637 | 1,353 | 1,605 | 2,579 | 13,174 | (2,928) | 10,246 |
| Income distribution on money market placement with a non-financial institution | (29) | - | - | (31) | (60) | - | (60) |
| EBITDA | <u>106,831</u> | <u>(6,002)</u> | <u>1,203</u> | <u>(740)</u> | <u>101,292</u> | <u>(1,233)</u> | <u>100,059</u> |
| (Reversal of impairment losses) Impairment losses/ on property, plant and equipment | (752) | 737 | - | - | (15) | - | (15) |
| Adjusted EBITDA | <u>106,079</u> | <u>(5,265)</u> | <u>1,203</u> | <u>(740)</u> | <u>101,277</u> | <u>(1,233)</u> | <u>100,044</u> |
| Assets | | | | | | | |
| Segment assets | 3,768,503 | 152,920 | 617,113 | 290,719 | 4,829,255 | (801,640) | 4,027,615 |
| Unallocated assets | - | - | - | - | 6,768 | - | 6,768 |
| Total assets | <u>3,768,503</u> | <u>152,920</u> | <u>617,113</u> | <u>290,719</u> | <u>4,836,023</u> | <u>(801,640)</u> | <u>4,034,383</u> |
| Liabilities | | | | | | | |
| Segment liabilities | 1,690,376 | 183,259 | 557,176 | 416,757 | 2,847,568 | (801,851) | 2,045,717 |
| Unallocated liabilities | - | - | - | - | 111,713 | - | 111,713 |
| Total liabilities | <u>1,690,376</u> | <u>183,259</u> | <u>557,176</u> | <u>416,757</u> | <u>2,959,281</u> | <u>(801,851)</u> | <u>2,157,430</u> |

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**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2022**

9. Segment information (cont'd)

Segment revenue and results for the preceding year corresponding quarter ended 31 March 2021 are as follows :

| | General Packaging RM'000 | Contract Manufacturing RM'000 | Trading RM'000 | Property Development and Investment Holding RM'000 | Total RM'000 | Elimination RM'000 | Consolidated RM'000 |
|--|---|--|---------------------------|---|-------------------------|-------------------------------|--------------------------------|
| Revenue | | | | | | | |
| External revenue | 525,768 | 19,437 | 106,839 | 34 | 652,078 | - | 652,078 |
| Inter-segment revenue | 95,079 | 497 | 165,168 | 8,228 | 268,972 | (268,972) | - |
| | <u>620,847</u> | <u>19,934</u> | <u>272,007</u> | <u>8,262</u> | <u>921,050</u> | <u>(268,972)</u> | <u>652,078</u> |
| Results | | | | | | | |
| Segment results | 50,053 | (6,567) | 6,138 | 6,613 | 56,237 | (7,742) | 48,495 |
| Interest income | 579 | 3 | 2,056 | 2,567 | 5,205 | (3,286) | 1,919 |
| Interest expenses | (7,068) | (1,440) | (1,849) | (3,710) | (14,067) | 3,371 | (10,696) |
| Profit/(Loss) before tax | 43,564 | (8,004) | 6,345 | 5,470 | 47,375 | (7,657) | 39,718 |
| Depreciation and amortisation | 33,040 | 1,972 | 39 | 420 | 35,471 | (1,262) | 34,209 |
| Interest income | (579) | (3) | (2,056) | (2,567) | (5,205) | 3,286 | (1,919) |
| Interest expenses | 7,068 | 1,440 | 1,849 | 3,710 | 14,067 | (3,371) | 10,696 |
| Income distribution on money market placement with a non-financial institution | (305) | (5) | (10) | (8) | (328) | - | (328) |
| EBITDA | 82,788 | (4,600) | 6,167 | 7,025 | 91,380 | (9,004) | 82,376 |
| (Reversal of impairment losses) Impairment losses/ on property, plant and equipment | 3,372 | - | - | - | 3,372 | - | 3,372 |
| Adjusted EBITDA | <u>86,160</u> | <u>(4,600)</u> | <u>6,167</u> | <u>7,025</u> | <u>94,752</u> | <u>(9,004)</u> | <u>85,748</u> |
| Assets | | | | | | | |
| Segment assets | 3,656,908 | 214,421 | 568,297 | 298,683 | 4,738,309 | (766,577) | 3,971,732 |
| Unallocated assets | - | - | - | - | 15,755 | - | 15,755 |
| Total assets | <u>3,656,908</u> | <u>214,421</u> | <u>568,297</u> | <u>298,683</u> | <u>4,754,064</u> | <u>(766,577)</u> | <u>3,987,487</u> |
| Liabilities | | | | | | | |
| Segment liabilities | 1,466,761 | 235,456 | 503,439 | 473,977 | 2,679,633 | (766,903) | 1,912,730 |
| Unallocated liabilities | - | - | - | - | 105,608 | - | 105,608 |
| Total liabilities | <u>1,466,761</u> | <u>235,456</u> | <u>503,439</u> | <u>473,977</u> | <u>2,785,241</u> | <u>(766,903)</u> | <u>2,018,338</u> |

The Earnings before interest, tax, depreciation and amortisation ("EBITDA") of RM82.4 million would improved to RM85.8 million had the impairment loss on property, plant and equipment been taken into consideration.

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**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2022**

10. Valuation of property, plant and equipment

The Group did not carry out any revaluation exercise during the current quarter under review.

11. Material subsequent events

As at 23 May 2022 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report), there were no material events subsequent to the end of the balance sheet date which may have an impact on the consolidated financial statements of the Group except for the Corporate Proposals as disclosed in Note 6 (Part B) of this announcement.

12. Changes in the Group composition

There were no changes in the Group composition as at 31 March 2022.

13. Changes in contingent liabilities or contingent assets

There were no contingent liabilities or assets for the Group as at 31 March 2022.

As at 23 May 2022 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report), no material contingent liabilities or contingent assets have arisen since the end of the financial period.

14. Capital commitment

As at 31 March 2022, the Group has the following capital commitment :

| | RM'000 |
|-----------------------------|----------------------|
| Approved and contracted for | <u><u>50,639</u></u> |

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**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2022**

15. Related party disclosures

The Group has related party relationship with a company in which a Director has substantial financial interests ("related party").

The related party transactions have been entered into the normal course of business under trade terms. The significant related party transactions of the Group are as follows :

| | Current year-to-date ended 31/03/2022 RM'000 |
|---|---|
| Purchases of goods from a related party | <u><u>393</u></u> |

16. Authorisation for issue

This interim financial report was authorised for issue by the Board of Directors ("Board") at the Board Meeting held on 26 May 2022.

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS FIRST QUARTER ENDED 31 MARCH 2022

PART B : REQUIREMENTS OF MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. Review of performance

(a) First quarter ended 31 March 2022 ("Q1, 2022") compared with First quarter ended 31 March 2021 ("Q1, 2021")

The Group's net revenue for Q1, 2022 increased by RM100.2 million or 15% to RM752.3 million. Profit before tax reported by the Group was RM55.4 million in Q1, 2022, an increase of RM15.7 million mainly contributed by improved operating performance in General Packaging division.

General Packaging division

General Packaging division generated total revenue of RM726.3 million in Q1, 2022, an increase of RM105.4 million compared to Q1, 2021, mainly due to revision of selling price in tandem with increase in material prices and changes in sales mix. As a result, profit before tax of the division increased by RM22.5 million to RM66.1 million in Q1, 2022.

Contract Manufacturing division

Revenue of the Contract Manufacturing division increased by RM9.5 million to RM29.5 million in Q1, 2022 mainly due to increase in export sales. The division registered a higher loss before tax of RM8.8 million in Q1, 2022 compared to RM8.0 million in Q1, 2021 mainly because Beverage segment has yet to achieve operational efficiency.

Trading division

Trading division registered a decrease in revenue of RM60.2 million to RM211.8 million in Q1, 2022 mainly due to slow down in export sales due to elevated freight costs and transfer of sales back to Malaysia manufacturing plants. Consequently, the division registered a lower profit before tax of RM1.5 million in Q1, 2022.

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2022**2. Variation of results against immediate preceding quarter ended 31 December 2021 ("Q4, 2021")**

| | Current year First Quarter ended 31/03/2022 RM'000 | Immediate Preceding Quarter ended 31/12/2021 RM'000 | Changes RM'000 |
|---|---|--|---------------------------|
| Revenue | 752,298 | 764,508 | (12,210) |
| Operating Profit/(Loss) | 65,503 | (190,212) | 255,715 |
| Profit/(Loss) Before Tax | 55,392 | (200,965) | 256,357 |
| Profit/(Loss) After Tax | 48,265 | (219,239) | 267,504 |
| Profit/(Loss) Attributable to Owners of the Company | 48,230 | (167,332) | 215,562 |

The Group registered a decrease of RM12.2 million in revenue. Despite the decrease in revenue, the Group recorded a profit before tax of RM55.4 million as opposed to a loss before tax of RM201.0 million in Q4, 2021. This was mainly due to impairment losses made on property, plant and equipment, right-of-use assets and investment properties of RM223.5 million and slow moving inventories of RM34.1 million in Q4, 2021.

General Packaging division

The division registered a decrease of RM5.0 million in revenue in Q1, 2022 from the immediate preceding quarter. Profit before tax of RM66.1 million was recorded in Q1, 2022 as opposed to a loss before tax of RM106.5 million in Q4, 2021. This was mainly due to the impairment losses of property, plant and equipment and right-of-use assets of RM145.9 million and slow moving inventories of RM33.3 million recorded in Q4, 2021.

Contract Manufacturing division

Revenue of Contract Manufacturing division decreased marginally by RM0.1 million to RM29.5 million in Q1, 2022. Loss before tax of the division decreased by RM60.9 million to RM8.8 million in Q1, 2022. This was mainly attributable to impairment loss on property, plant and equipment and investment properties of RM60.1 million recorded in Q4, 2021.

Trading division

Revenue of Trading division decreased by RM22.0 million to RM211.8 million in Q1, 2022 mainly due to slow down in export sales due to elevated freight costs and transfer of sales back to Malaysia manufacturing plants. The division recorded a profit before tax of RM1.5 million in Q1, 2022 as opposed to loss before tax of RM4.9 million in Q4, 2021. This was mainly due to changes in sales mix and impairment loss of certain receivables of RM2.7 million recorded in the last quarter.

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**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2022****3. Prospects**

Riding on the relaxing of operational restrictions due to regulatory compliance of Covid-19 standard operating procedures for manufacturers both in Malaysia as well as overseas operations, the Group anticipates gradual improvement in its financial achievement for 2022. However, with the prolonged geopolitical tensions, partial lockdown in China and rise in minimum wage in Malaysia and Vietnam, the Group's operating environment is expected to remain challenging with :

- i) escalating cost of raw materials;
- ii) elevated freight rates;
- iii) volatility in foreign currency exchange rates, mainly the United States Dollar;
- iv) increased labour costs; and
- v) uncertainties arising from the variant of Covid-19.

The Malaysia Government had increased the minimum wage by 25% from RM1,200 to RM1,500 per month with effect from 1 May 2022. The Vietnam's National Wage Council had announced in April 2022 that the regional minimum wage will rise by 6% from 1 July 2022. This increase is equivalent to a rise of Vietnam Dong ("VND") 180,000 to VND260,000 (United States Dollar ("USD") 7.86 to USD11.36), which varies between regions. These would add additional cost to the Group.

The current political situation in Myanmar that started on 1 February 2021 had resulted in a state of emergency declared in Myanmar. This had raised some cause for concern on the business environment in Myanmar. Nevertheless, the Myanmar plants have been able to continue their operations.

Barring further unforeseen circumstances, the Board of Directors is cautiously optimistic that the performance of the Group is expected to improve for the remaining period of 2022.

4. Profit forecast/profit guarantee

The Group did not publish any profit forecast nor provide any profit guarantee.

5. Tax expense

| | Current Year | | Preceding Year | |
|----------------------|--|--|---|---|
| | First Quarter ended 31/03/2022 RM'000 | First Quarter ended 31/03/2021 RM'000 | Current year-to-date ended 31/03/2022 RM'000 | Preceding year-to-date ended 31/03/2021 RM'000 |
| Current tax expense | 7,041 | 3,343 | 7,041 | 3,343 |
| Deferred tax expense | 86 | 230 | 86 | 230 |
| | <u>7,127</u> | <u>3,573</u> | <u>7,127</u> | <u>3,573</u> |

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS FIRST QUARTER ENDED 31 MARCH 2022

6. Status of Corporate Proposal

Development Agreement

TOGO Greenland Sdn. Bhd. ("TGSB"), a wholly-owned subsidiary of Can-One, and Worldklang Group Property Development Sdn. Bhd. ("WKGPD") (collectively, "the Parties" and the expression "Party" means either or each of them) had on 22 April 2022, entered into a Development Agreement ("Development Agreement") to collaborate with each other in the implementation of the Development (as hereinafter defined) on 2 pieces of vacant freehold land identified as H.S.(D) 165117, PT84454 and H.S.(D) 165118, PT84455, both situated in Mukim Kapar, Daerah Klang, Negeri Selangor (collectively, "Lands" and each a "Land") which are owned by TGSB, through the contribution of the respective Party's resources, expertise, skills, knowledge and technical know-how as a property developer, on the terms and conditions set out in the Development Agreement.

The Lands are proposed to be developed into an industrial park comprising factories and a hostel, together with all infrastructure, amenities, public utilities and other complementary development appropriate for or incidental to such development, as may be approved by the relevant authorities ("Development").

Subject to the requisite consents having been obtained, below is the expected profit to be derived from the Development based on the existing land size of 2,958,783.70 square feet :

| | |
|--|--|
| Project Name | Excellent Technology Park (ETP) @ KIIP Kapar |
| Proposed development | Factories and Hostel |
| Proposed number of units | - 86 units of semi-detached factory - 44 units of terrace factory - 1 unit of hostel |
| Total Estimated Gross Development Value including TGSB's Share of Profits (as hereinafter defined) | Approximately RM478.8 million |
| Total Estimated Gross Development and Construction Costs (including costs for building the factories and the hostel and TGSB's Share of Profits) | Approximately RM339.3 million |

Pursuant to the Development Agreement, the gross development and construction cost shall be borne solely by WKGPD inclusive of incidental cost like obtaining the approval for access road, building plan, marketing license, etc. The total capital and investment outlay by Can-One Group in the Development is TGSB's contribution of the Lands to the Development.

The expected profit to be derived from the Development is approximately up to RM139 million over a period 5 years, depending on the sale of the factory units developed under the Development. The share of profits to be derived from the Development and to be paid to TGSB is estimated to be over RM120.0 million (based on the estimated construction costs at this juncture) over the development period of 5 years ("TGSB's Share of Profits") subject to completion of the Development and the sale of factory units.

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2022

7. Group borrowings and debts securities

Group borrowings as at 31 March 2022 are as follows :

| | As at 31/03/2022 RM'000 | As at 31/12/2021 RM'000 |
|-------------------------------------|--|--|
| Borrowings denominated in RM | | |
| Current | | |
| Secured | | |
| Hire purchase liabilities | 232 | 139 |
| Term loans | 170 | 426 |
| Lease liabilities | 6,412 | 5,837 |
| | <u>6,814</u> | <u>6,402</u> |
| Unsecured | | |
| Term loans | 46,041 | 45,595 |
| Bankers' acceptances | 222,852 | 146,905 |
| Revolving credits | 126,500 | 100,500 |
| Other trade facilities | 448 | 691 |
| | <u>402,655</u> | <u>300,093</u> |
| Non-current | | |
| Secured | | |
| Hire purchase liabilities | 474 | 297 |
| Term loans | 286,107 | 379,305 |
| Lease liabilities | 3,000 | 4,812 |
| | <u>289,581</u> | <u>384,414</u> |
| Unsecured | | |
| Term loans | 211,753 | 129,822 |
| | <u>501,334</u> | <u>514,236</u> |
| Total borrowings in RM | <u><u>903,989</u></u> | <u><u>814,329</u></u> |

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2022

7. Group borrowings and debts securities (cont'd)

| | As at 31/03/2022 RM'000 | As at 31/12/2021 RM'000 |
|--------------------------------------|--|--|
| Borrowings denominated in VND | | |
| Current | | |
| Unsecured | | |
| Term loans | 6,116 | 8,066 |
| Foreign currencies trade loans | 114,450 | 118,315 |
| | <u>120,566</u> | <u>126,381</u> |
| Non-current | | |
| Term loans | 4,077 | 4,033 |
| Total borrowings in VND | <u><u>124,643</u></u> | <u><u>130,414</u></u> |
| Borrowings denominated in USD | | |
| Current | | |
| Unsecured | | |
| Foreign currencies trade loans | 231,243 | 267,987 |
| Revolving credits | 88,327 | 87,465 |
| Term loans | 170,343 | 36,860 |
| | <u>489,913</u> | <u>392,312</u> |
| Non-current | | |
| Unsecured | | |
| Term loans | - | 144,109 |
| Total borrowings in USD | <u><u>489,913</u></u> | <u><u>536,421</u></u> |
| Total Group borrowings | <u><u>1,518,545</u></u> | <u><u>1,481,164</u></u> |

The interest rates for the borrowings are as follows :

| | As at 31/03/2022 | As at 31/12/2021 |
|---------------------------|-----------------------------|-----------------------------|
| Term loans : | | |
| - Floating | 1.49% - 5.22% | 1.16% - 4.85% |
| Trade facilities | 0.70% - 6.00% | 0.71% - 5.81% |
| Hire purchase liabilities | 1.48% - 2.08% | 1.48% - 2.08% |
| Revolving credits | 0.96% - 3.42% | 0.94% - 3.50% |
| Lease liabilities | <u>2.65% - 6.70%</u> | <u>2.65% - 6.70%</u> |

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2022

7. Group borrowings and debts securities (cont'd)

Total loans and borrowings including lease liabilities increased by RM37.3 million to RM1,518.5 million as at 31 March 2022 to finance working capital. During the current quarter under review, the Group had made repayment on term loans amounting to RM25.5 million.

Certain amounts of the Group's borrowings denominated in USD were hedged.

8. Derivatives financial instruments

As at 31 March 2022, the Group had entered into :

- (i) forward foreign currency exchange contracts to hedge against USD/RM exchange rate fluctuations;
- (ii) commodity contracts to hedge pricing risk of aluminium; and
- (iii) interest rate swap contracts with a financial institution to hedge the interest rate exposure in respect of a long-term loan denominated in USD.

The fair value of the derivatives were determined by using mark-to-market values at the end of the reporting date and changes in the fair value were recognised in the profit or loss statement as shown in Note 9.

Details of derivative financial instruments outstanding as at 31 March 2022 are set out below :

| Type of derivatives | Notional amount RM'000 | Current assets RM'000 | Current liabilities RM'000 | Non-current liabilities RM'000 |
|----------------------------------|------------------------------|-----------------------------|----------------------------------|--------------------------------------|
| Hedging derivatives : | | | | |
| Commodity contracts | | | | |
| - Less than 1 year | 1,276 | - | 92 | - |
| Interest swap contracts | | | | |
| - Less than 1 year | 170,343 | - | 2,120 | - |
| Non-hedging derivatives : | | | | |
| Foreign exchange contracts | | | | |
| - Less than 1 year | 4,826 | 9 | 2 | - |
| | | 9 | 2,214 | - |

Other than the above derivatives which were measured at fair value, the Group did not remeasure other financial assets and financial liabilities after initial recognition.

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2022**9. Profit for the current quarter and financial year-to-date**

Profit for the current quarter and financial year-to-date was stated after charging/(crediting) :

| | Current Year | Preceding Year | | |
|--|---------------------|-----------------------|---------------------|---------------------|
| | First | First | Current | Preceding |
| | Quarter | Quarter | year-to-date | year-to-date |
| | ended | ended | ended | ended |
| | 31/03/2022 | 31/03/2021 | 31/03/2022 | 31/03/2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Depreciation and amortisation | 34,616 | 34,209 | 34,616 | 34,209 |
| Income distribution on money market placement with a non-financial institution | (60) | (328) | (60) | (328) |
| Property, plant and equipment written off | 36 | 44 | 36 | 44 |
| Gain on disposal of property, plant and equipment | (100) | (1,079) | (100) | (1,079) |
| Loss on foreign currency exchange | 642 | 879 | 642 | 879 |
| Fair value gain on non-hedging derivatives financial instruments | (33) | (2,715) | (33) | (2,715) |

10. Changes in material litigation

There was no material litigation nor pending material litigation against the Group since the end of the previous financial year up to the date of issue of this quarterly report.

11. Dividend

The Board of Directors of Can-One had on 24 February 2022 recommended a first and final single-tier dividend of 4 sen per share amounting to RM7,686,120 in respect of the FYE 31 December 2021 (FYE 2020 : first and final single-tier dividend of 4 sen per share), subject to the approval by shareholders at the forthcoming Annual General Meeting of the Company.

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2022

12. Earnings per share

Basic earnings per share were computed as follows :

| | Current Year First Quarter ended 31/03/2022 | Preceding Year First Quarter ended 31/03/2021 | Current year-to-date ended 31/03/2022 | Preceding year-to-date ended 31/03/2021 |
|--|--|--|--|--|
| Profit attributable to Owners of the Company (RM'000) | <u>48,230</u> | <u>34,771</u> | <u>48,230</u> | <u>34,771</u> |
| Weighted average number of ordinary shares in issue ('000) | <u>192,153</u> | <u>192,153</u> | <u>192,153</u> | <u>192,153</u> |
| Basic earnings per ordinary share (Sen) | <u>25.10</u> | <u>18.10</u> | <u>25.10</u> | <u>18.10</u> |

Dated : 26 May 2022
Petaling Jaya,
Selangor Darul Ehsan