

CAN-ONE BERHAD

Registration No. 200401000396 (638899-K)

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

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31/12/2022 RM'000	As at 31/12/2021 (Audited) RM'000
Non-current assets		
Property, plant and equipment	1,693,069	1,568,073
Right-of-use assets	525,221	398,942
Investment properties	82,861	109,476
Land held for property development	109,628	109,225
Intangible assets	1,717	1,094
Deferred tax assets	2,506	3,279
Prepayments	11,923	7,898
Total non-current assets	2,426,925	2,197,987
Current assets		
Inventories	845,775	874,087
Trade and other receivables	568,407	625,890
Prepayments	14,118	11,974
Current tax assets	3,086	2,739
Derivative financial assets	1,048	843
Cash and cash equivalents	386,174	248,830
Total current assets	1,818,608	1,764,363
Total assets	4,245,533	3,962,350
Equity		
Share capital	197,660	197,660
Reserves	1,628,203	1,535,189
Equity attributable to owners of the Company	1,825,863	1,732,849
Non-controlling interests	88,247	91,934
Total equity	1,914,110	1,824,783
Liabilities		
Loans and borrowings	669,706	657,566
Lease liabilities	151,315	4,812
Retirement benefits obligations	67,251	62,331
Derivative financial liabilities	-	3,896
Deferred tax liabilities	101,494	103,245
Total non-current liabilities	989,766	831,850
Trade and other payables	530,106	460,151
Loans and borrowings	759,119	812,949
Lease liabilities	11,673	5,837
Retirement benefits obligations	4,782	4,772
Contract liabilities	23,565	6,306
Provisions	5,015	5,006
Derivative financial liabilities	2,087	1,022
Current tax liabilities	5,310	9,674
Total current liabilities	1,341,657	1,305,717
Total liabilities	2,331,423	2,137,567
Total equity and liabilities	4,245,533	3,962,350
Net assets per share attributable to equity holders of the Company (Sen)	950.21	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.

CAN-ONE BERHAD

Registration No. 200401000396 (638899-K)

Quarterly report on consolidated results for the Financial Year ended 31 December 2022. The figures have not been audited.

(Financial year ended 31 December 2022)

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	Individual quarter			Cumulative quarter		
	Current year Fourth Quarter ended 31/12/2022 RM'000	Preceding year Fourth Quarter ended 31/12/2021 RM'000	Changes %	Current year ended 31/12/2022 RM'000	Preceding year ended 31/12/2021 RM'000	Changes %
Revenue	833,898	764,508	9	3,167,924	2,693,431	18
Cost of sales	(754,868)	(693,693)		(2,795,690)	(2,332,620)	
Gross profit	79,030	70,815	12	372,234	360,811	3
Distribution expenses	(9,945)	(7,571)		(28,698)	(27,156)	
Admin expenses	(46,722)	(34,517)		(155,697)	(133,613)	
Other income	2,249	6,461		7,721	9,532	
Profit from operations before impairment losses	24,612	35,188		195,560	209,574	
Net reversal of impairment losses/(impairment losses) :						
- property, plant and equipment	67	(183,618)		67	(197,036)	
- right-of-use assets	-	(34,479)		-	(34,479)	
- investment properties	-	(5,424)		-	(5,424)	
- financial instruments	(8,471)	(1,880)		(10,965)	(2,476)	
Profit/(Loss) from operating activities	16,208	(190,213)	109	184,662	(29,841)	719
Interest income	441	791		1,141	6,773	
Interest expense	(20,709)	(11,544)		(57,629)	(46,169)	
(Loss)/Profit before tax	(4,060)	(200,966)	98	128,174	(69,237)	285
Tax expenses	(12,002)	(18,274)		(40,393)	(39,703)	
(Loss)/Profit after tax	(16,062)	(219,240)	93	87,781	(108,940)	181

CAN-ONE BERHAD

Registration No. 200401000396 (638899-K)

Quarterly report on consolidated results for the Financial Year ended 31 December 2022. The figures have not been audited.

(Financial year ended 31 December 2022)

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

	Individual quarter			Cumulative quarter		
	Current year Fourth Quarter ended 31/12/2022 RM'000	Preceding year Fourth Quarter ended 31/12/2021 RM'000	Changes %	Current year ended 31/12/2022 RM'000	Preceding year ended 31/12/2021 RM'000	Changes %
(Loss)/Profit after tax	(16,062)	(219,240)	93	87,781	(108,940)	181
Other comprehensive (expense)/income, net of tax						
Foreign currency translation differences of foreign operations	(17,483)	(2,339)		4,947	15,285	
Cash flow hedge	5,967	(654)		4,285	2,108	
Total comprehensive (expense)/income for the year attributable to the Owners of the Company	(27,578)	(222,233)	88	97,013	(91,547)	206
(Loss)/Profit attributable to :						
Owners of the Company	(14,661)	(167,333)		91,886	(52,863)	
Non-controlling interests	(1,401)	(51,907)		(4,105)	(56,077)	
	(16,062)	(219,240)		87,781	(108,940)	
Total comprehensive (expenses)/income attributable to :						
Owners of the Company	(25,336)	(170,304)		100,701	(39,867)	
Non-controlling interests	(2,242)	(51,929)		(3,688)	(51,680)	
	(27,578)	(222,233)		97,013	(91,547)	
Basic (loss)/earnings per ordinary share (Sen)	(7.63)	(87.08)		47.82	(27.51)	

NOTE :

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CAN-ONE BERHAD

Registration No. 200401000396 (638899-K)

Quarterly report on consolidated results for the Financial Year ended 31 December 2022. The figures have not been audited.
(Financial year ended 31 December 2022)

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	Foreign currency translation reserve RM'000	Retained profits RM'000	Total RM'000	Non- controlling interests RM'000	
Financial year ended 31 December 2022							
Balance at 1 January 2022	197,660	919	15,309	1,518,961	1,732,849	91,934	1,824,783
Profit/(Loss) for the year	-	-	-	91,886	91,886	(4,105)	87,781
Foreign currency translation differences of foreign operations	-	-	5,140	-	5,140	(193)	4,947
Cash flow hedge	-	3,674	-	-	3,674	611	4,285
Total comprehensive income/(expense) for the year	-	3,674	5,140	91,886	100,700	(3,687)	97,013
Dividend paid	-	-	-	(7,686)	(7,686)	-	(7,686)
Balance at 31 December 2022	<u>197,660</u>	<u>4,593</u>	<u>20,449</u>	<u>1,603,161</u>	<u>1,825,863</u>	<u>88,247</u>	<u>1,914,110</u>
Financial year ended 31 December 2021							
Balance at 1 January 2021	197,660	(442)	3,674	1,579,510	1,780,402	143,614	1,924,016
Loss for the year	-	-	-	(52,863)	(52,863)	(56,077)	(108,940)
Foreign currency translation differences of foreign operations	-	-	11,635	-	11,635	3,650	15,285
Cash flow hedge	-	1,361	-	-	1,361	747	2,108
Total comprehensive income/(expense) for the year	-	1,361	11,635	(52,863)	(39,867)	(51,680)	(91,547)
Dividend paid	-	-	-	(7,686)	(7,686)	-	(7,686)
Balance at 31 December 2021	<u>197,660</u>	<u>919</u>	<u>15,309</u>	<u>1,518,961</u>	<u>1,732,849</u>	<u>91,934</u>	<u>1,824,783</u>

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.

CAN-ONE BERHAD

Registration No. 200401000396 (638899-K)

Quarterly report on consolidated results for the Financial Year ended 31 December 2022. The figures have not been audited.

(Financial year ended 31 December 2022)

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current year 31/12/2022 RM'000	Preceding year 31/12/2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	128,174	(69,237)
Adjustments :		
Amortisation and depreciation of assets	149,682	155,591
Gain on disposal of :		
- property, plant and equipment	(10,102)	(3,418)
- right-of-use assets	(4,379)	-
Net gain on termination and remeasurement of lease contracts	(1)	(11)
Interest expense	57,629	46,169
Interest income	(1,141)	(6,773)
Income distribution from money market placements with a non-financial institution	(474)	(1,140)
Net (reversal of impairment losses)/impairment losses on :		
- property, plant and equipment	(67)	197,036
- right-of-use assets	-	34,479
- investment properties	-	5,424
- financial instruments	10,965	2,476
Retirement benefits obligations	8,056	(982)
Unrealised loss/(gain) on derivative financial instruments	1,249	(1,864)
Usage of spare parts in property, plant and equipment	-	13,983
Write-down of inventories	6,656	29,708
Write off in respect of :		
- property, plant and equipment	879	109
- financial instruments	-	208
- inventories	27,731	20,766
Operating profit before changes in working capital	374,857	422,524
Inventories	(6,076)	(357,435)
Trade and other receivables	46,374	(42,656)
Trade and other payables	69,955	96,995
Others	8,398	18,927
Cash generated from operations	493,508	138,355
Interest paid	(3,981)	(450)
Retirement benefits paid	(3,126)	(4,654)
Tax paid	(46,241)	(22,496)
Net cash from operating activities	440,160	110,755

CAN-ONE BERHAD

Registration No. 200401000396 (638899-K)

Quarterly report on consolidated results for the Financial Year ended 31 December 2022. The figures have not been audited.

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

	Current year 31/12/2022 RM'000	Preceding year 31/12/2021 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of :		
- property, plant and equipment	56,380	16,378
- right-of-use assets	14,993	-
Additions of :		
- property, plant and equipment	(250,702)	(128,160)
- land held for property development	(403)	(98,870)
- intangible assets	(1,753)	(1,178)
- right-of-use assets	-	(27)
Interest received	1,141	6,773
Income distribution from money market placements with a non-financial institution	474	1,140
Net cash used in investing activities	(179,870)	(203,944)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loans	238,772	146,147
Repayment of term loans	(251,956)	(213,372)
Net movement in other borrowings and lease liabilities	(44,487)	233,082
Interest paid	(53,648)	(45,719)
Dividend paid	(7,686)	(7,686)
Net cash flows (used in)/from financing activities	(119,005)	112,452
Net increase in cash and cash equivalents	141,285	19,263
Effect of exchange differences on cash and cash equivalents	(3,941)	(162)
Cash and cash equivalents brought forward	248,830	229,729
Cash and cash equivalents carried forward	386,174	248,830
	As at 31/12/2022	As at 31/12/2021 (Audited)
Comprises :		
Cash and bank balances	224,266	188,283
Short-term deposits with licensed banks	15,913	5,937
Money market placements with a non-financial institution	145,995	54,610
	386,174	248,830

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.

CAN-ONE BERHAD

Registration No. 200401000396 (638899-K)

EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS FOURTH QUARTER ENDED 31 DECEMBER 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 FYE 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.

CAN-ONE BERHAD

Registration No. 200401000396 (638899-K)

EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS FOURTH QUARTER ENDED 31 DECEMBER 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 - 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 1 January 2024

- Amendment to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements - Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*

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 and MFRS 9 – Comparative Information* 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.

CAN-ONE BERHAD

Registration No. 200401000396 (638899-K)

EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS FOURTH QUARTER ENDED 31 DECEMBER 2022

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 the major festive seasons such as Ramadan and Chinese New Year and lower sales in the first quarter of every financial year.

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 financial year under review.

6. Changes in estimates

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

8. Dividend paid

A first and final single-tier dividend of 4 sen per share for the financial year ended 31 December 2021 was paid on 29 July 2022.

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.

CAN-ONE BERHAD
Registration No. 200401000396 (638899-K)

EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FOURTH QUARTER ENDED 31 DECEMBER 2022

9. Segment information (cont'd)

Segment revenue and results for the financial year ended 31 December 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	2,818,237	138,871	210,678	138	3,167,924	-	3,167,924
Inter-division revenue	241,087	-	315,012	57,010	613,109	(613,109)	-
	<u>3,059,324</u>	<u>138,871</u>	<u>525,690</u>	<u>57,148</u>	<u>3,781,033</u>	<u>(613,109)</u>	<u>3,167,924</u>
Results							
Segment results	212,770	12,517	(7,271)	24,078	242,094	(57,432)	184,662
Interest income	4,977	32	8,602	1,957	15,568	(14,427)	1,141
Interest expenses	(45,409)	(5,106)	(9,528)	(12,157)	(72,200)	14,571	(57,629)
Profit/(Loss) before tax	<u>172,338</u>	<u>7,443</u>	<u>(8,197)</u>	<u>13,878</u>	<u>185,462</u>	<u>(57,288)</u>	<u>128,174</u>
Depreciation and amortisation	144,922	6,805	180	1,851	153,758	(4,076)	149,682
Interest income	(4,977)	(32)	(8,602)	(1,957)	(15,568)	14,427	(1,141)
Interest expenses	45,409	5,106	9,528	12,157	72,200	(14,571)	57,629
Income distribution on money market placement with a non-financial institution	(247)	(2)	-	(225)	(474)	-	(474)
EBITDA	<u>357,445</u>	<u>19,320</u>	<u>(7,091)</u>	<u>25,704</u>	<u>395,378</u>	<u>(61,508)</u>	<u>333,870</u>
Reversal of impairment losses on property, plant and equipment	(67)	-	-	-	(67)	-	(67)
Adjusted EBITDA	<u>357,378</u>	<u>19,320</u>	<u>(7,091)</u>	<u>25,704</u>	<u>395,311</u>	<u>(61,508)</u>	<u>333,803</u>
Assets							
Segment assets	4,234,781	155,561	433,271	263,764	5,087,377	(847,436)	4,239,941
Unallocated assets	-	-	-	-	5,592	-	5,592
Total assets	<u>4,234,781</u>	<u>155,561</u>	<u>433,271</u>	<u>263,764</u>	<u>5,092,969</u>	<u>(847,436)</u>	<u>4,245,533</u>
Liabilities							
Segment liabilities	1,985,232	237,467	382,541	466,920	3,072,160	(847,541)	2,224,619
Unallocated liabilities	-	-	-	-	106,804	-	106,804
Total liabilities	<u>1,985,232</u>	<u>237,467</u>	<u>382,541</u>	<u>466,920</u>	<u>3,178,964</u>	<u>(847,541)</u>	<u>2,331,423</u>

CAN-ONE BERHAD
Registration No. 200401000396 (638899-K)

EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FOURTH QUARTER ENDED 31 DECEMBER 2022

9. Segment information (cont'd)

Segment revenue and results for the preceding financial year ended 31 December 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	2,132,156	90,452	470,685	138	2,693,431	-	2,693,431
Inter-segment revenue	430,040	732	596,715	46,913	1,074,400	(1,074,400)	-
	<u>2,562,196</u>	<u>91,184</u>	<u>1,067,400</u>	<u>47,051</u>	<u>3,767,831</u>	<u>(1,074,400)</u>	<u>2,693,431</u>
Results							
Segment results	62,290	(84,465)	12,607	22,511	12,943	(42,784)	(29,841)
Interest income	2,906	10	7,634	8,746	19,296	(12,523)	6,773
Interest expenses	(30,116)	(6,502)	(8,420)	(13,927)	(58,965)	12,796	(46,169)
Profit/(Loss) before tax	35,080	(90,957)	11,821	17,330	(26,726)	(42,511)	(69,237)
Depreciation and amortisation	149,363	9,049	163	2,219	160,794	(5,203)	155,591
Interest income	(2,906)	(10)	(7,634)	(8,746)	(19,296)	12,523	(6,773)
Interest expenses	30,116	6,502	8,420	13,927	58,965	(12,796)	46,169
Income distribution on money market placement with a non-financial institution	(919)	(25)	(95)	(101)	(1,140)	-	(1,140)
EBITDA	<u>210,734</u>	<u>(75,441)</u>	<u>12,675</u>	<u>24,629</u>	<u>172,597</u>	<u>(47,987)</u>	<u>124,610</u>
Impairment losses on property, plant and equipment, right-of-use assets and investment properties	159,347	60,140	-	17,452	236,939	-	236,939
Adjusted EBITDA	<u>370,081</u>	<u>(15,301)</u>	<u>12,675</u>	<u>42,081</u>	<u>409,536</u>	<u>(47,987)</u>	<u>361,549</u>
Assets							
Segment assets	3,688,440	143,917	612,311	309,589	4,754,257	(797,925)	3,956,332
Unallocated assets	-	-	-	-	6,018	-	6,018
Total assets	<u>3,688,440</u>	<u>143,917</u>	<u>612,311</u>	<u>309,589</u>	<u>4,760,275</u>	<u>(797,925)</u>	<u>3,962,350</u>
Liabilities							
Segment liabilities	1,598,360	357,207	540,368	326,866	2,822,801	(798,153)	2,024,648
Unallocated liabilities	-	-	-	-	112,919	-	112,919
Total liabilities	<u>1,598,360</u>	<u>357,207</u>	<u>540,368</u>	<u>326,866</u>	<u>2,935,720</u>	<u>(798,153)</u>	<u>2,137,567</u>

CAN-ONE BERHAD

Registration No. 200401000396 (638899-K)

**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FOURTH QUARTER ENDED 31 DECEMBER 2022**

10. Valuation of property, plant and equipment

The Group did not carry out any revaluation exercise during the financial year under review.

11. Material subsequent events

As at 17 February 2023 (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 reporting date which may have an impact on the consolidated financial statements of the Group.

12. Changes in the Group composition

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

13. Changes in contingent liabilities or contingent assets

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

As at 17 February 2023 (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 December 2022, the Group has the following capital commitment :

	RM'000
Approved and contracted for	<u><u>399,392</u></u>

CAN-ONE BERHAD

Registration No. 200401000396 (638899-K)

**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FOURTH QUARTER ENDED 31 DECEMBER 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 ended 31/12/2022 RM'000
Purchases of goods from a related party	<u><u>353</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 23 February 2023.

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CAN-ONE BERHAD

Registration No. 200401000396 (638899-K)

EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS FOURTH QUARTER ENDED 31 DECEMBER 2022

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

1. Review of performance

(a) Fourth quarter ended 31 December 2022 ("Q4, 2022") compared with Fourth quarter ended 31 December 2021 ("Q4, 2021")

The Group's net revenue for Q4, 2022 increased by RM69.4 million or 9.1% to RM833.9 million. Loss before tax reported by the Group was RM4.1 million in Q4, 2022, a decrease of RM196.9 million mainly due to lower impairment losses on assets in Q4, 2022 offset by higher admin and interest expenses recorded in Q4, 2022.

General Packaging division

General Packaging division generated total revenue of RM814.2 million in Q4, 2022, an increase of RM82.9 million compared to Q4, 2021, mainly due to increase in sales volume, sales mix and revision of selling price in tandem with increase in material costs. Lower profit from operations was recorded in Q4, 2022 mainly due to pre-operating expenses incurred for the set up of a new aluminium can plant of RM9.7 million and higher unrealised loss on foreign exchange against United States Dollar ("USD") currency. A higher interest expense was recorded in Q4, 2022 due to increased borrowings, lease of a new factory and hikes in interest rates. Lower impairment loss on assets recorded in Q4, 2022 compared to Q4, 2021. Consequently, profit before tax of the division increased by RM118.4 million to RM11.9 million in Q4, 2022.

Contract Manufacturing division

Revenue of the Contract Manufacturing division increased by RM4.2 million to RM33.7 million in Q4, 2022. Profit before tax of the division increased by RM94.4 million to RM24.7 million. This was mainly due to increase in sales volume and waiver of debts by holding and related companies (RM31.9 million) received in Q4, 2022 as compared to higher impairment losses on assets recorded in Q4, 2021.

Trading division

Trading division registered a decrease in revenue of RM166.8 million to RM67.0 million in Q4, 2022. Loss before tax of the division widened by RM3.3 million to RM8.1 million in Q4, 2022. This was mainly due to increase in impairment loss on financial instruments in Q4, 2022.

CAN-ONE BERHAD

Registration No. 200401000396 (638899-K)

EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FOURTH QUARTER ENDED 31 DECEMBER 2022

1. Review of performance (cont'd)

(b) Financial year ended 31 December 2022 ("FYE 2022") compared with FYE 2021

The Group's net revenue for FYE 2022 increased by RM474.5 million or 17.6% to RM3,167.9 million. Profit before tax reported by the Group was RM128.2 million in FYE 2022, an increase of RM197.4 million mainly due to lower impairment losses on assets offset by higher operating and interest expenses recorded in FYE 2022.

General Packaging division

Revenue of General Packaging division increased by RM497.1 million to RM3,059.3 million in FYE 2022 mainly due to increase in sales volume, sales mix as well as revision of selling price in accordance with increase in material costs. Profit before tax increased by RM137.3 million to RM172.3 million in FYE 2022. This was set off by higher operating and interest expenses to support business operations and lower impairment losses on assets was also recorded in FYE 2022 compared to FYE 2021.

Contract Manufacturing division

Revenue of Contract Manufacturing division increased by RM47.7 million to RM138.9 million in FYE 2022 mainly due to increase in sales volume. Profit before tax of the division increased by RM98.4 million to RM7.4 million was mainly due to waiver of debts by holding and related companies in FYE 2022 coupled with higher impairment losses on assets recorded in FYE 2021.

Trading division

Revenue of Trading division decreased by RM541.7 million to RM525.7 million in FYE 2022. Profit before tax decreased by RM20.0 million to loss before tax of RM8.2 million in FYE 2022 which was mainly due to the decrease in trading activities and increase in impairment loss on financial instruments.

CAN-ONE BERHAD

Registration No. 200401000396 (638899-K)

EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FOURTH QUARTER ENDED 31 DECEMBER 2022**2. Variation of results against immediate preceding quarter ended 30 September 2022 ("Q3, 2022")**

	Current year Fourth Quarter ended 31/12/2022 RM'000	Immediate Preceding Quarter ended 30/09/2022 RM'000	Changes RM'000
Revenue	833,898	805,636	28,262
Operating Profit	16,208	40,594	(24,386)
(Loss)/Profit Before Tax	(4,060)	26,603	(30,663)
(Loss)/Profit After Tax	(16,062)	16,858	(32,920)
(Loss)/Profit Attributable to Owners of the Company	(14,661)	17,584	(32,245)

Despite the increase in revenue, the Group recorded a lower profit before tax in Q4, 2022 mainly due to lower profit contribution from General Packaging and Trading divisions.

General Packaging division

The division registered an increase of RM34.3 million in revenue in Q4, 2022 from the immediate preceding quarter mainly due to increase in sales volume and revised selling prices in Aluminium cans segment. Despite the revenue increase, profit before tax dropped by RM24.1 million from Q3, 2022 mainly due to :

- pre-operating expenses incurred for the set up of a new aluminium can plant;
- higher unrealised loss on foreign exchange against USD currency; and
- higher interest expenses due to increased borrowings and lease of a new factory.

Contract Manufacturing division

Revenue of Contract Manufacturing division in Q4, 2022 was approximated that of the last quarter at RM33.7 million. Profit before tax of the division increased by RM28.9 million to RM24.7 million was mainly due to waiver of debts by holding and related companies of RM31.9 million in Q4, 2022.

Trading division

Revenue of Trading division decreased by RM33.2 million to RM67.0 million in Q4, 2022 was mainly due to decrease in export sales of aluminium cans. Loss before tax of the division widened by RM6.9 million to RM8.1 million in Q4, 2022 mainly due to the increase in impairment loss on financial instruments and interest expense.

CAN-ONE BERHAD

Registration No. 200401000396 (638899-K)

**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FOURTH QUARTER ENDED 31 DECEMBER 2022**

3. Prospects

The Group's operating environment for the financial year ending 2023 is expected to be influenced by volatility in foreign currency exchange rates, prices of raw materials and other input costs pressure such as labour cost and rising pressure from the hikes in interest rates. Nevertheless, the Board remains cautiously optimistic on the Group's business prospects as the Group continues to explore new market opportunities with emphasis on operational efficiency to deliver sustainable growth and satisfactory results for the financial year ending 31 December 2023.

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	
	Fourth Quarter ended 31/12/2022 RM'000	Fourth Quarter ended 31/12/2021 RM'000	Current year ended 31/12/2022 RM'000	Preceding year ended 31/12/2021 RM'000
Current tax expense	10,869	15,649	41,368	35,624
Deferred tax expense/(credit)	1,133	2,625	(975)	4,079
	<u>12,002</u>	<u>18,274</u>	<u>40,393</u>	<u>39,703</u>

6. Status of Corporate Proposal

There were no corporate proposals announced which have not been completed as at 17 February 2023 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FOURTH QUARTER ENDED 31 DECEMBER 2022

7. Group borrowings and debts securities

Group borrowings as at 31 December 2022 are as follows :

	As at 31/12/2022 RM'000	As at 31/12/2021 RM'000
Borrowings denominated in RM		
Current		
Secured		
Hire purchase liabilities	478	139
Term loans	1,792	426
Lease liabilities	8,422	5,048
	10,692	5,613
Unsecured		
Term loans	51,284	45,595
Bankers' acceptances	243,079	146,905
Revolving credits	140,000	100,500
Other trade facilities	737	691
	445,792	299,304
Non-current		
Secured		
Hire purchase liabilities	1,038	297
Term loans	377,513	379,305
Lease liabilities	9,752	4,192
	388,303	383,794
Unsecured		
Term loans	124,253	129,822
	512,556	513,616
Total borrowings in RM	958,348	812,920

CAN-ONE BERHAD

Registration No. 200401000396 (638899-K)

EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FOURTH QUARTER ENDED 31 DECEMBER 2022**7. Group borrowings and debts securities (cont'd)**

	As at 31/12/2022 RM'000	As at 31/12/2021 RM'000
Borrowings denominated in Vietnam Dong ("VND")		
Current		
Secured		
Lease liabilities	272	789
Unsecured		
Term loans	4,122	8,066
Foreign currency trade loans	103,886	118,315
	<u>108,280</u>	<u>127,170</u>
Non-current		
Secured		
Lease liabilities	457	620
Unsecured		
Term loans	-	4,033
Total borrowings in VND	<u>108,737</u>	<u>131,823</u>
Borrowings denominated in USD		
Current		
Unsecured		
Foreign currency trade loans	120,036	267,987
Revolving credits	74,630	87,465
Term loans	19,075	36,860
Lease liabilities	2,979	-
	<u>216,720</u>	<u>392,312</u>
Non-current		
Unsecured		
Term loans	166,902	144,109
Lease liabilities	141,106	-
Total borrowings in USD	<u>524,728</u>	<u>536,421</u>
Total Group borrowings	<u>1,591,813</u>	<u>1,481,164</u>

CAN-ONE BERHAD

Registration No. 200401000396 (638899-K)

EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FOURTH QUARTER ENDED 31 DECEMBER 2022**7. Group borrowings and debts securities (cont'd)**

The interest rates for the borrowings are as follows :

	As at 31/12/2022	As at 31/12/2021
Term loans - floating	3.58% - 9.16%	1.16% - 4.85%
Trade facilities	2.91% - 11.18%	0.71% - 5.81%
Hire purchase liabilities	1.48% - 2.08%	1.48% - 2.08%
Revolving credits	3.31% - 6.26%	0.94% - 3.50%
Lease liabilities	<u>1.16% - 6.70%</u>	<u>2.65% - 6.70%</u>

Total loans and borrowings including lease liabilities increased by RM110.5 million to RM1,591.7 million as at 31 December 2022, mainly due to increase in lease liabilities offset by net decrease in trade facilities and revolving credits.

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

8. Derivatives financial instruments

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

- (i) forward foreign currency exchange contracts to hedge against USD/RM exchange rate fluctuations; and
- (ii) commodity contracts to hedge pricing risk of aluminium.

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 statement of profit or loss and other comprehensive income.

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

Type of derivatives	Notional amount RM'000	Current assets RM'000	Current liabilities RM'000
Hedging derivatives :			
Commodity contracts			
- Less than 1 year	23,119	1,048	812
Non-hedging derivatives :			
Foreign exchange contracts			
- Less than 1 year	25,768	-	1,275
		<u>1,048</u>	<u>2,087</u>

CAN-ONE BERHAD

Registration No. 200401000396 (638899-K)

EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FOURTH QUARTER ENDED 31 DECEMBER 2022**8. Derivatives financial instruments (cont'd)**

As at 31 December 2022, the Group had fully settled the interest rate swap contracts (31 December 2021 : Fair value loss of RM4.9 million).

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.

9. (Loss)/Profit for the current quarter and financial year

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

	Current Year		Preceding Year	
	Fourth Quarter ended 31/12/2022 RM'000	Fourth Quarter ended 31/12/2021 RM'000	Current year ended 31/12/2022 RM'000	Preceding year ended 31/12/2021 RM'000
Depreciation and amortisation	44,698	50,978	149,682	155,591
Income distribution from money market placement with a non-financial institution	(130)	(244)	(474)	(1,140)
Write off in respect of :				
- Inventories	9,506	6,860	27,731	20,766
- Property, plant and equipment	677	51	879	109
- Financial instruments	-	208	-	208
(Gain)/Loss on disposal of:				
- property, plant and equipment	(9,259)	363	(10,102)	(3,418)
- right-of-use assets	(4,379)	-	(4,379)	-
Loss/(Gain) on foreign currency exchange	11,406	(1,424)	11,322	5,960

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.

CAN-ONE BERHAD

Registration No. 200401000396 (638899-K)

**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FOURTH QUARTER ENDED 31 DECEMBER 2022**

11. Dividend

The Board is recommending a first and final single-tier dividend of 4 sen per share amounting to RM7,686,120 in respect of the FYE 2022 (FYE 2021 : first and final single-tier dividend of 4 sen per share). The aforesaid dividend is subject to approval by shareholders at the forthcoming Annual General Meeting of the Company.

12. Earnings/(Loss) per share

Basic earnings/(loss) per share were computed as follows :

	Current Year		Preceding Year	
	Fourth Quarter ended 31/12/2022	Fourth Quarter ended 31/12/2021	Current year ended 31/12/2022	Preceding year ended 31/12/2021
(Loss)/Profit attributable to Owners of the Company (RM'000)	<u>(14,661)</u>	<u>(167,333)</u>	<u>91,886</u>	<u>(52,863)</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 (loss)/earnings per ordinary share (Sen)	<u>(7.63)</u>	<u>(87.08)</u>	<u>47.82</u>	<u>(27.51)</u>

Dated : 23 February 2023
Petaling Jaya,
Selangor Darul Ehsan