

CAN-ONE BERHAD

Registration No. 200401000396 (638899-K)

Quarterly report on consolidated results as at 31 March 2023. The figures have not been audited.
(Financial year ending 31 December 2023)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31/03/2023 RM'000	As at 31/12/2022 (Audited) RM'000
Non-current assets		
Property, plant and equipment	1,739,933	1,692,713
Right-of-use assets	523,228	525,037
Investment properties	82,457	82,861
Land held for property development	109,628	109,628
Intangible assets	1,879	1,717
Deferred tax assets	2,364	2,506
Prepayments	5,906	3,465
Total non-current assets	2,465,395	2,417,927
Current assets		
Inventories	798,323	862,876
Trade and other receivables	569,838	571,629
Prepayments	26,235	21,198
Current tax assets	4,345	2,719
Derivative financial assets	845	1,048
Cash and cash equivalents	305,463	386,176
Total current assets	1,705,049	1,845,646
Total assets	4,170,444	4,263,573
Equity		
Share capital	197,660	197,660
Reserves	1,644,105	1,628,915
Equity attributable to owners of the Company	1,841,765	1,826,575
Non-controlling interests	85,663	87,642
Total equity	1,927,428	1,914,217
Liabilities		
Loans and borrowings	661,744	669,667
Lease liabilities	147,145	151,315
Retirement benefits obligations	66,598	65,529
Deferred tax liabilities	98,559	101,202
Total non-current liabilities	974,046	987,713
Trade and other payables	493,955	537,120
Loans and borrowings	720,007	770,417
Lease liabilities	14,719	11,673
Retirement benefits obligations	5,939	6,504
Contract liabilities	25,362	23,465
Provisions	5,000	5,000
Derivative financial liabilities	490	2,087
Current tax liabilities	3,498	5,377
Total current liabilities	1,268,970	1,361,643
Total liabilities	2,243,016	2,349,356
Total equity and liabilities	4,170,444	4,263,573
Net assets per share attributable to equity holders of the Company (Sen)	958.49	950.58

NOTE :

The condensed interim financial statements 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 the interim financial statements.

CAN-ONE BERHAD

Registration No. 200401000396 (638899-K)

Quarterly report on consolidated results for First Quarter ended 31 March 2023. The figures have not been audited.

(Financial year ending 31 December 2023)

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	Individual quarter			Cumulative quarter		
	Current First Quarter ended 31/03/2023 RM'000	Preceding First Quarter ended 31/03/2022 RM'000	Changes %	Current period-to-date ended 31/03/2023 RM'000	Preceding period-to-date ended 31/03/2022 RM'000	Changes %
Revenue	760,620	752,298	1	760,620	752,298	1
Cost of sales	(683,586)	(646,919)		(683,586)	(646,919)	
Gross profit	77,034	105,379	(27)	77,034	105,379	(27)
Distribution expenses	(7,013)	(5,984)		(7,013)	(5,984)	
Admin expenses	(41,969)	(35,225)		(41,969)	(35,225)	
Other income	106	1,480		106	1,480	
Profit from operations before impairment losses	28,158	65,650		28,158	65,650	
Net (impairment losses)/reversal of impairment losses on :						
- property, plant and equipment	-	15		-	15	
- financial instruments	(271)	(162)		(271)	(162)	
Profit from operating activities	27,887	65,503	(57)	27,887	65,503	(57)
Interest income	467	135		467	135	
Interest expense	(18,399)	(10,246)		(18,399)	(10,246)	
Profit before tax	9,955	55,392	(82)	9,955	55,392	(82)
Tax expenses	(4,316)	(7,127)		(4,316)	(7,127)	
Profit after tax	5,639	48,265	(88)	5,639	48,265	(88)

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

	Individual quarter			Cumulative quarter		
	Current First Quarter ended 31/03/2023 RM'000	Preceding First Quarter ended 31/03/2022 RM'000	Changes %	Current period-to-date ended 31/03/2023 RM'000	Preceding period-to-date ended 31/03/2022 RM'000	Changes %
Profit after tax	5,639	48,265	(88)	5,639	48,265	(88)
Other comprehensive income, net of tax						
Foreign currency translation differences of foreign operations	6,962	2,068		6,962	2,068	
Cash flow hedge	610	1,837		610	1,837	
Total comprehensive income for the period attributable to the Owners of the Company	<u>13,211</u>	<u>52,170</u>	(75)	<u>13,211</u>	<u>52,170</u>	(75)
Profit/(Loss) attributable to :						
Owners of the Company	8,051	48,230		8,051	48,230	
Non-controlling interests	(2,412)	35		(2,412)	35	
	<u>5,639</u>	<u>48,265</u>		<u>5,639</u>	<u>48,265</u>	
Total comprehensive income/(expenses) attributable to :						
Owners of the Company	15,191	51,971		15,191	51,971	
Non-controlling interests	(1,980)	199		(1,980)	199	
	<u>13,211</u>	<u>52,170</u>		<u>13,211</u>	<u>52,170</u>	
Basic earnings per ordinary share (Sen)	<u>4.19</u>	<u>25.10</u>		<u>4.19</u>	<u>25.10</u>	

NOTE :

The condensed interim financial statements 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 the interim financial statements.

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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<-----Attributable to Owners of the Company----->						Total equity RM'000
	<-----Non-Distributable----->			Distributable			
	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	
Current period ended 31 March 2023							
Balance at 1 January 2023	197,660	236	20,449	1,608,230	1,826,575	87,642	1,914,217
Profit/(Loss) for the period	-	-	-	8,051	8,051	(2,412)	5,639
Foreign currency translation differences of foreign operations	-	-	6,529	-	6,529	433	6,962
Cash flow hedge	-	610	-	-	610	-	610
Total comprehensive income/(expense) for the period	-	610	6,529	8,051	15,190	(1,979)	13,211
Balance at 31 March 2023	<u>197,660</u>	<u>846</u>	<u>26,978</u>	<u>1,616,281</u>	<u>1,841,765</u>	<u>85,663</u>	<u>1,927,428</u>
Preceding year corresponding period ended 31 March 2022							
Balance at 1 January 2022	197,660	(3,439)	15,309	1,524,267	1,733,797	90,986	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>(1,953)</u>	<u>17,564</u>	<u>1,572,497</u>	<u>1,785,768</u>	<u>91,185</u>	<u>1,876,953</u>

NOTE :

The condensed interim financial statements 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 the interim financial statements.

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(Financial year ending 31 December 2023)

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current period-to-date 31/03/2023 RM'000	Preceding period-to-date 31/03/2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	9,955	55,392
Adjustments :		
Amortisation and depreciation of assets	39,029	34,616
Gain on disposal of property, plant and equipment	(2,534)	(100)
Net gain on termination and remeasurement of lease contracts	(10)	(21)
Interest expense	18,399	10,246
Interest income	(467)	(135)
Income distribution from money market placements with a non-financial institution	(324)	(60)
Net impairment losses/(reversal of impairment losses) on :		
- property, plant and equipment	-	(15)
- financial instruments	271	162
Retirement benefits obligations	1,567	1,673
Unrealised gain on derivative financial instruments	(785)	(33)
Usage of spare parts in property, plant and equipment	-	3,028
Write-down of inventories	41	1,139
Write off in respect of :		
- property, plant and equipment	53	36
- inventories	6,675	4,331
Operating profit before changes in working capital	71,870	110,259
Changes in working capital		
Inventories	57,837	(52,721)
Trade and other receivables	1,302	(18,309)
Trade and other payables	(43,164)	(11,533)
Others	(8,020)	(21,654)
Cash generated from operations	79,825	6,042
Interest paid	(120)	(107)
Retirement benefits paid	(1,064)	(1,137)
Tax paid	(10,597)	(9,776)
Tax refund	276	661
Net cash from/(used in) operating activities	68,320	(4,317)

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(Financial year ending 31 December 2023)

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

	Current period-to-date 31/03/2023 RM'000	Preceding period-to-date 31/03/2022 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	2,613	560
Additions of :		
- property, plant and equipment	(73,084)	(23,106)
- land held for property development	-	(880)
- intangible assets	(441)	(63)
Interest received	467	135
Income distribution from money market placements with a non-financial institution	324	60
Net cash used in investing activities	(70,121)	(23,294)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loans	5,695	-
Repayment of term loans	(18,013)	(25,508)
Net movement in other borrowings and lease liabilities	(49,909)	60,299
Interest paid	(18,279)	(10,139)
Net cash flows (used in)/from financing activities	(80,506)	24,652
Net decrease in cash and cash equivalents	(82,307)	(2,959)
Effect of exchange differences on cash and cash equivalents	1,594	(1,349)
Cash and cash equivalents brought forward	386,176	248,830
Cash and cash equivalents carried forward	305,463	244,522
	As at 31/03/2023	As at 31/03/2022
Comprises :		
Cash and bank balances	217,646	180,577
Short-term deposits with licensed banks	11,730	8,460
Money market placements with a non-financial institution	76,087	55,485
	305,463	244,522

NOTE :

The condensed interim financial statements 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 the interim financial statements.

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS FIRST QUARTER ENDED 31 MARCH 2023

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 2022 ("FYE 2022"). 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 2022.

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 2022 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 2023 :

- 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*

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

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*

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2. Significant Accounting Policies (cont'd)

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 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 5 April 2023 in respect of the financial statements for the financial year ended 31 December 2022 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 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 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.

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**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2023**

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 2023**

9. Segment information (cont'd)

Segment revenue and results for the current quarter ended 31 March 2023 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	687,658	42,413	30,514	35	760,620	-	760,620
Inter-division revenue	38,907	-	33,864	48,653	121,424	(121,424)	-
	<u>726,565</u>	<u>42,413</u>	<u>64,378</u>	<u>48,688</u>	<u>882,044</u>	<u>(121,424)</u>	<u>760,620</u>
Results							
Segment results	34,120	(1,752)	(1,000)	43,257	74,625	(46,738)	27,887
Interest income	2,902	17	2,362	1,136	6,417	(5,950)	467
Interest expenses	(16,184)	(1,447)	(3,136)	(3,655)	(24,422)	6,023	(18,399)
Profit/(Loss) before tax	<u>20,838</u>	<u>(3,182)</u>	<u>(1,774)</u>	<u>40,738</u>	<u>56,620</u>	<u>(46,665)</u>	<u>9,955</u>
Depreciation and amortisation	38,111	1,575	45	375	40,106	(1,077)	39,029
Interest income	(2,902)	(17)	(2,362)	(1,136)	(6,417)	5,950	(467)
Interest expenses	16,184	1,447	3,136	3,655	24,422	(6,023)	18,399
Income distribution on money market placement with a non-financial institution	(308)	(1)	-	(15)	(324)	-	(324)
EBITDA	<u>71,923</u>	<u>(178)</u>	<u>(955)</u>	<u>43,617</u>	<u>114,407</u>	<u>(47,815)</u>	<u>66,592</u>
Assets							
Segment assets	4,210,312	156,761	441,828	321,085	5,129,986	(966,251)	4,163,735
Unallocated assets	-	-	-	-	6,709	-	6,709
Total assets	<u>4,210,312</u>	<u>156,761</u>	<u>441,828</u>	<u>321,085</u>	<u>5,136,695</u>	<u>(966,251)</u>	<u>4,170,444</u>
Liabilities							
Segment liabilities	1,994,281	241,854	390,906	480,281	3,107,322	(966,363)	2,140,959
Unallocated liabilities	-	-	-	-	102,057	-	102,057
Total liabilities	<u>1,994,281</u>	<u>241,854</u>	<u>390,906</u>	<u>480,281</u>	<u>3,209,379</u>	<u>(966,363)</u>	<u>2,243,016</u>

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**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2023**

9. Segment information (cont'd)

Segment revenue and results for the preceding year corresponding 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-segment 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	73,085	(7,474)	1,160	(3,181)	63,590	1,913	65,503
Interest income	755	1	1,919	337	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	66,203	(8,826)	1,474	(5,423)	53,428	1,964	55,392
Depreciation and amortisation	33,796	1,472	43	468	35,779	(1,163)	34,616
Interest income	(755)	(1)	(1,919)	(337)	(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>106,852</u>	<u>(6,002)</u>	<u>1,203</u>	<u>(2,744)</u>	<u>99,309</u>	<u>750</u>	<u>100,059</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 2023**

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 22 May 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 interim financial statements of the Group.

12. Changes in the Group composition

There were no significant change in the composition of the Group during the current quarter under review.

13. Changes in contingent liabilities or contingent assets

There were no contingent liabilities or assets for the Group as at 31 March 2023.

As at 22 May 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 March 2023, the Group has the following capital commitment :

	RM'000
Approved and contracted for	<u>422,798</u>

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**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2023**

15. Related party disclosures

The Group has related party relationship with a company in which a Director has substantial financial interests ("related party"). During the current quarter under review, there was no related party transaction recorded.

16. Authorisation for issue

This interim financial report was authorised for issue by the Board of Directors ("Board") at the Board Meeting held on 25 May 2023.

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS FIRST QUARTER ENDED 31 MARCH 2023

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

1. Review of performance

(a) First quarter ended 31 March 2023 ("Q1, 2023") compared with First quarter ended 31 March 2022 ("Q1, 2022")

The Group's net revenue for Q1, 2023 increased by RM8.3 million or 1.1% to RM760.6 million. Despite increase in revenue, the Group recorded lower profit before tax in Q1, 2023 which was mainly attributable from General Packaging division as explained below.

General Packaging division

General Packaging division generated total revenue of RM726.6 million in Q1, 2023, a marginal increase of RM0.3 million compared to Q1, 2022, mainly due to lower sales in General cans and Cartons segments offset by higher sales in Aluminium cans segment. Profit before tax of the division was lower by RM45.4 million to RM20.8 million in Q1, 2023 mainly due to lower sales volume, hikes in tinplate and other manufacturing costs, pre-operating expenses incurred for the set up of a new aluminium can plant in United States of America as well as higher interest expense.

Contract Manufacturing division

Revenue of the Contract Manufacturing division increased by RM13.0 million to RM42.4 million in Q1, 2023. This was mainly due to increase in sales volume. Hence, loss before tax of the division decreased by RM5.6 million to RM3.2 million in Q1, 2023.

Trading division

Trading division registered a decrease in revenue of RM147.4 million to RM64.4 million in Q1, 2023. Consequently, a loss before tax of RM1.8 million was recorded in Q1, 2023 as opposed to 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 2023**2. Variation of results against immediate preceding quarter ended 31 December 2022 ("Q4, 2022")**

	Current year First Quarter ended 31/03/2023 RM'000	Immediate Preceding Quarter ended 31/12/2022 RM'000	Changes RM'000
Revenue	760,620	833,426	(72,806)
Operating Profit	27,887	16,961	10,926
Profit/(Loss) Before Tax	9,955	(3,305)	13,260
Profit/(Loss) After Tax	5,639	(15,955)	21,594
Profit/(Loss) Attributable to Owners of the Company	8,051	(14,898)	22,949

Despite the decrease in revenue, the Group recorded a profit before tax in Q1, 2023 mainly due to higher profit contribution by General Packaging division coupled with lower impairment of financial instruments recorded in Trading division as compared to the immediate preceding quarter.

General Packaging division

Revenue of General Packaging division in Q1, 2023 was RM726.6 million, a decrease of RM87.2 million from immediate preceding quarter mainly due to lower sales volume in all segments and hence lower gross profit was registered. However, profit before tax of the division increased by RM8.4 million to RM20.8 million mainly due to :

- lower pre-operating expenses incurred for the set up of a new aluminium can plant in United States of America and
- favourable movement in unrealised foreign currency exchange rate.

Contract Manufacturing division

Revenue of Contract Manufacturing division in Q1, 2023 was RM42.4 million, an increase of RM8.7 million from the immediate preceding quarter and hence a lower gross loss was registered. However, profit before tax was lower by RM27.8 million from the immediate preceding quarter to loss before tax of RM3.2 million in Q1, 2023 was mainly due to waiver of debts by holding and related companies of RM31.9 million recorded in Q4, 2022.

Trading division

Revenue of Trading division decreased by RM10.6 million to RM64.4 million in Q1, 2023 was mainly due to decrease in trading activities. Loss before tax of the division reduced by RM5.5 million to RM1.8 million in Q1, 2023 mainly due to the lower impairment loss on financial instruments recorded.

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS FIRST QUARTER ENDED 31 MARCH 2023

3. Prospects

The global inflationary pressure continue to affect the Group's operating environment. The results of the Group's operations are expected to be primarily influenced by the following factors :

- (i) volatility in foreign currency exchange rates;
- (ii) prices of raw materials and other input costs such as labour costs;
- (iii) hikes in interest rates; and
- (iv) slow down of economic activities primarily in Vietnam.

The new aluminium can plant in United States of America is expected to commence operations in the second half of 2023. As a greenfield project, it is only expected to contribute positive results to the Group in 3 to 5 years time.

The Board is cautiously optimistic in addressing the challenges as the Group aims to deliver satisfactory results for the current financial year.

4. Profit forecast/profit guarantee

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

5. Tax expense

	Current First Quarter ended 31/03/2023 RM'000	Preceding First Quarter ended 31/03/2022 RM'000	Current period-to-date ended 31/03/2023 RM'000	Preceding period-to-date ended 31/03/2022 RM'000
Current tax expense	6,809	7,041	6,809	7,041
Deferred tax (credit)/expense	(2,493)	86	(2,493)	86
	<u>4,316</u>	<u>7,127</u>	<u>4,316</u>	<u>7,127</u>

6. Status of Corporate Proposal

There was no corporate proposal announced which have not been completed as at 22 May 2023 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2023**7. Group borrowings and debts securities**

Group borrowings as at 31 March 2023 are as follows :

	As at 31/03/2023 RM'000	As at 31/12/2022 RM'000
Borrowings denominated in RM		
Current		
Secured		
Hire purchase liabilities	716	517
Term loans	3,585	1,792
Lease liabilities	11,098	8,147
	<u>15,399</u>	<u>10,456</u>
Unsecured		
Term loans	49,432	51,284
Bankers' acceptances	183,374	243,079
Revolving credits	102,500	140,000
Other trade facilities	2,278	737
	<u>352,983</u>	<u>445,556</u>
Non-current		
Secured		
Hire purchase liabilities	930	999
Term loans	375,721	377,513
Lease liabilities	5,859	9,752
	<u>382,510</u>	<u>388,264</u>
Unsecured		
Term loans	120,573	124,253
	<u>503,083</u>	<u>512,517</u>
Total borrowings in RM	<u><u>856,066</u></u>	<u><u>958,073</u></u>

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2023**7. Group borrowings and debts securities (cont'd)**

	As at 31/03/2023 RM'000	As at 31/12/2022 RM'000
Borrowings denominated in Vietnam Dong ("VND")		
Current		
Secured		
Lease liabilities	299	272
Unsecured		
Term loans	2,083	4,122
Foreign currency trade loans	97,614	103,886
	<u>99,996</u>	<u>108,280</u>
Non-current		
Secured		
Lease liabilities	89	457
Total borrowings in VND	<u>100,085</u>	<u>108,737</u>
Borrowings denominated in USD		
Current		
Unsecured		
Foreign currency trade loans	185,533	131,295
Revolving credits	75,089	74,630
Term loans	17,803	19,075
Lease liabilities	3,322	3,254
	<u>281,747</u>	<u>228,254</u>
Non-current		
Unsecured		
Term loans	164,520	166,902
Lease liabilities	141,197	141,106
Total borrowings in USD	<u>587,464</u>	<u>536,262</u>
Total Group borrowings	<u>1,543,615</u>	<u>1,603,072</u>

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2023**7. Group borrowings and debts securities (cont'd)**

The interest rates for the borrowings are as follows :

	As at 31/03/2023	As at 31/12/2022
Term loans - floating	3.58% - 7.74%	3.58% - 9.16%
Trade facilities	3.03% - 11.01%	2.91% - 11.18%
Hire purchase liabilities	1.48% - 2.28%	1.48% - 2.08%
Revolving credits	3.84% - 6.55%	3.31% - 6.26%
Lease liabilities	<u>1.16% - 6.70%</u>	<u>1.16% - 6.70%</u>

Total loans and borrowings including lease liabilities decreased by RM59.2 million to RM1,543.8 million as at 31 March 2023, mainly due to repayment of revolving credit, trade facilities as well as term loan.

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

8. Derivatives financial instruments

As at 31 March 2023, 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 March 2023 are set out below :

Type of derivatives	Notional amount RM'000	Current assets RM'000	Current liabilities RM'000
Hedging derivatives :			
Commodity contracts	33,001	845	-
Non-hedging derivatives :			
Foreign exchange contracts	12,100	-	490
		<u>845</u>	<u>490</u>

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 2023**9. Profit for the current quarter and financial period-to-date**

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

	Current First Quarter ended 31/03/2023 RM'000	Preceding First Quarter ended 31/03/2022 RM'000	Current period-to-date ended 31/03/2023 RM'000	Preceding period-to-date ended 31/03/2022 RM'000
Depreciation and amortisation	39,029	34,616	39,029	34,616
Income distribution from money market placement with a non-financial institution	(324)	(60)	(324)	(60)
Write off in respect of :				
- Inventories	6,675	4,331	6,675	4,331
- Property, plant and equipment	53	36	53	36
Gain on disposal of :				
- property, plant and equipment	(2,534)	(100)	(2,534)	(100)
Loss on foreign currency exchange	3,834	642	3,834	642

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 23 February 2023 recommended 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), 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 2023**

12. Earnings per share

Basic earnings per share were computed as follows :

	Current First Quarter ended 31/03/2023	Preceding First Quarter ended 31/03/2022	Current period-to-date ended 31/03/2023	Preceding period-to-date ended 31/03/2022
Profit attributable to Owners of the Company (RM'000)	<u>8,051</u>	<u>48,230</u>	<u>8,051</u>	<u>48,230</u>
Weighted average number of ordinary shares in issue	<u>192,153</u>	<u>192,153</u>	<u>192,153</u>	<u>192,153</u>
Basic earnings per ordinary share (Sen)	<u>4.19</u>	<u>25.10</u>	<u>4.19</u>	<u>25.10</u>

Dated : 25 May 2023
Petaling Jaya,
Selangor Darul Ehsan