

**CAN-ONE BERHAD**

Registration No. 200401000396 (638899-K)

Quarterly report on consolidated results as at 30 September 2023. The figures have not been audited.  
(Financial year ending 31 December 2023)

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at 30/09/2023 RM'000	As at 31/12/2022 (Audited) RM'000
<b>Non-current assets</b>		
Property, plant and equipment	1,901,489	1,692,713
Right-of-use assets	563,454	525,037
Investment properties	81,650	82,861
Land held for property development	109,628	109,628
Intangible assets	3,358	1,717
Deferred tax assets	69	2,506
Prepayments	9,653	3,465
<b>Total non-current assets</b>	<b>2,669,301</b>	<b>2,417,927</b>
<b>Current assets</b>		
Inventories	703,800	862,876
Trade and other receivables	594,606	571,629
Prepayments	30,372	21,198
Current tax assets	7,733	2,719
Derivative financial assets	881	1,048
Cash and cash equivalents	307,146	386,176
<b>Total current assets</b>	<b>1,644,538</b>	<b>1,845,646</b>
<b>Total assets</b>	<b>4,313,839</b>	<b>4,263,573</b>
<b>Equity</b>		
Share capital	197,660	197,660
Reserves	1,638,880	1,628,915
<b>Equity attributable to owners of the Company</b>	<b>1,836,540</b>	<b>1,826,575</b>
Non-controlling interests	82,588	87,642
<b>Total equity</b>	<b>1,919,128</b>	<b>1,914,217</b>
<b>Liabilities</b>		
Loans and borrowings	685,102	669,667
Lease liabilities	196,318	151,315
Retirement benefits obligations	68,235	65,529
Deferred tax liabilities	106,654	101,202
<b>Total non-current liabilities</b>	<b>1,056,309</b>	<b>987,713</b>
Trade and other payables	443,763	537,120
Loans and borrowings	828,530	770,417
Lease liabilities	12,063	11,673
Retirement benefits obligations	6,764	6,504
Contract liabilities	37,999	23,465
Provisions	5,000	5,000
Derivative financial liabilities	5	2,087
Current tax liabilities	4,278	5,377
<b>Total current liabilities</b>	<b>1,338,402</b>	<b>1,361,643</b>
<b>Total liabilities</b>	<b>2,394,711</b>	<b>2,349,356</b>
<b>Total equity and liabilities</b>	<b>4,313,839</b>	<b>4,263,573</b>
Net assets per share attributable to equity holders of the Company (Sen)	955.77	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.

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Quarterly report on consolidated results for Third Quarter ended 30 September 2023. The figures have not been audited.

(Financial year ending 31 December 2023)

**UNAUDITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME**

	<u>Individual quarter</u>		+ / (-) %	<u>Cumulative quarter</u>		+ / (-) %
	<u>3 months ended</u>			<u>9 months ended</u>		
	<u>30 September</u>			<u>30 September</u>		
	<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>	
	<u>RM'000</u>	<u>RM'000</u>		<u>RM'000</u>	<u>RM'000</u>	
Revenue	<b>728,443</b>	805,636	(10)	<b>2,194,508</b>	2,334,026	(6)
Cost of sales	<b>(661,191)</b>	(722,178)		<b>(1,976,702)</b>	(2,039,280)	
Gross profit	<b>67,252</b>	83,458	(19)	<b>217,806</b>	294,746	(26)
Distribution expenses	<b>(6,428)</b>	(7,943)		<b>(20,725)</b>	(20,295)	
Admin expenses	<b>(51,369)</b>	(37,248)		<b>(135,847)</b>	(108,975)	
Other income	<b>1,260</b>	4,345		<b>14,304</b>	5,472	
Profit from operations before impairment losses	<b>10,715</b>	42,612		<b>75,538</b>	170,948	
Net (impairment losses)/reversal of impairment losses on : - financial instruments	<b>(187)</b>	(2,018)		<b>82</b>	(2,494)	
Profit from operating activities	<b>10,528</b>	40,594	(74)	<b>75,620</b>	168,454	(55)
Interest income	<b>782</b>	376		<b>1,789</b>	700	
Interest expense	<b>(21,227)</b>	(14,367)		<b>(59,029)</b>	(36,920)	
(Loss)/Profit before tax	<b>(9,917)</b>	26,603	(137)	<b>18,380</b>	132,234	(86)
Tax expenses	<b>(13,739)</b>	(9,745)		<b>(24,824)</b>	(28,391)	
(Loss)/Profit after tax	<b>(23,656)</b>	16,858	(240)	<b>(6,444)</b>	103,843	(106)

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(Financial year ending 31 December 2023)

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

	Individual quarter			Cumulative quarter		
	3 months ended		+ / (-) %	9 months ended		+ / (-) %
	30 September			30 September		
	2023 RM'000	2022 RM'000		2023 RM'000	2022 RM'000	
(Loss)/Profit after tax	<b>(23,656)</b>	16,858	(240)	<b>(6,444)</b>	103,843	(106)
Other comprehensive (loss)/income, net of tax						
Foreign currency translation differences of foreign operations	<b>235</b>	10,741		<b>18,814</b>	22,430	
Cash flow hedge	<b>4,169</b>	1,309		<b>227</b>	(1,682)	
Total comprehensive (loss)/ income for the period attributable to the Owners of the Company	<b>(19,252)</b>	28,908	(167)	<b>12,597</b>	124,591	(90)
(Loss)/Profit attributable to :						
Owners of the Company	<b>(23,117)</b>	17,584		<b>(1,323)</b>	106,547	
Non-controlling interests	<b>(539)</b>	(726)		<b>(5,121)</b>	(2,704)	
	<b>(23,656)</b>	16,858		<b>(6,444)</b>	103,843	
Total comprehensive (loss)/ income attributable to :						
Owners of the Company	<b>(16,897)</b>	29,553		<b>17,651</b>	126,037	
Non-controlling interests	<b>(2,355)</b>	(645)		<b>(5,054)</b>	(1,446)	
	<b>(19,252)</b>	28,908		<b>12,597</b>	124,591	
Basic (loss)/earnings per ordinary share (Sen)	<b>(12.03)</b>	9.15		<b>(0.69)</b>	55.45	

**NOTE :**

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**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	<-----Attributable to Owners of the Company----->						
	<-----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	Total equity RM'000
<b>Current period ended 30 September 2023</b>							
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	-	-	-	(1,323)	(1,323)	(5,121)	(6,444)
Foreign currency translation differences of foreign operations	-	-	18,747	-	18,747	67	18,814
Cash flow hedge	-	227	-	-	227	-	227
Total comprehensive income/(loss) for the period	-	227	18,747	(1,323)	17,651	(5,054)	12,597
Dividend paid	-	-	-	(7,686)	(7,686)	-	(7,686)
Balance at 30 September 2023	<u>197,660</u>	<u>463</u>	<u>39,196</u>	<u>1,599,221</u>	<u>1,836,540</u>	<u>82,588</u>	<u>1,919,128</u>
<b>Preceding year corresponding period ended 30 September</b>							
Balance at 1 January 2022	197,660	(3,439)	15,309	1,524,267	1,733,797	90,986	1,824,783
Profit/(Loss) for the period	-	-	-	106,547	106,547	(2,704)	103,843
Foreign currency translation differences of foreign operations	-	-	21,782	-	21,782	648	22,430
Cash flow hedge	-	(2,292)	-	-	(2,292)	610	(1,682)
Total comprehensive (loss)/income for the period	-	(2,292)	21,782	106,547	126,037	(1,446)	124,591
Dividend paid	-	-	-	(7,686)	(7,686)	-	(7,686)
Balance at 30 September 2022	<u>197,660</u>	<u>(5,731)</u>	<u>37,091</u>	<u>1,623,128</u>	<u>1,852,148</u>	<u>89,540</u>	<u>1,941,688</u>

**NOTE :**

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**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>9 months ended 30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	18,380	132,234
<b>Adjustments :</b>		
Amortisation and depreciation of assets	124,026	104,984
Gain on disposal of property, plant and equipment	(3,053)	(843)
Net loss/(gain) on termination and remeasurement of lease contracts	1,161	(140)
Interest expense	59,029	36,920
Interest income	(1,789)	(700)
Income distribution from money market placements with a non-financial institution	(1,046)	(344)
Net (reversal of impairment losses)/impairment losses on :		
- financial instruments	(82)	2,494
Retirement benefits obligations	5,169	5,159
Unrealised gain on derivative financial instruments	(1,688)	(83)
Usage of spare parts in property, plant and equipment	-	577
(Reversal of write-down)/Written down inventories	(3,478)	3,037
Write off in respect of :		
- property, plant and equipment	180	202
- inventories	22,400	18,225
Operating profit before changes in working capital	<b>219,209</b>	<b>301,722</b>
Changes in working capital		
Inventories	140,152	(28,645)
Trade and other receivables	(23,722)	(51,316)
Trade and other payables	(93,357)	40,232
Others	5,360	(12,516)
<b>Cash generated from operations</b>	<b>247,642</b>	<b>249,477</b>
Interest paid	(4,929)	(275)
Retirement benefits paid	(2,203)	(2,618)
Tax paid	(24,882)	(31,128)
Tax refund	1,770	661
<b>Net cash from operating activities</b>	<b>217,398</b>	<b>216,117</b>

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**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)**

	<b>9 months ended 30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	13,257	13,554
Additions of :		
- property, plant and equipment	(295,325)	(155,512)
- land held for property development	-	(1,420)
- intangible assets	(2,243)	(1,031)
Interest received	1,789	700
Income distribution from money market placements with a non-financial institution	1,046	344
<b>Net cash used in investing activities</b>	<b>(281,476)</b>	<b>(143,365)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of term loans	48,130	241,115
Repayment of term loans	(54,860)	(236,206)
Net movement in other borrowings and lease liabilities	60,265	(7,653)
Interest paid	(54,100)	(36,645)
Dividend paid	(7,686)	(7,686)
<b>Net cash used in financing activities</b>	<b>(8,251)</b>	<b>(47,075)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(72,329)</b>	<b>25,677</b>
Effect of exchange differences on cash and cash equivalents	(6,701)	(4,844)
Cash and cash equivalents brought forward	386,176	248,830
<b>Cash and cash equivalents carried forward</b>	<b>307,146</b>	<b>269,663</b>
	<b>As at 30/09/2023</b>	<b>As at 30/09/2022</b>
Comprises :		
Cash and bank balances	243,733	197,435
Short-term deposits with licensed banks	32,048	27,919
Money market placements with a non-financial institution	31,365	44,309
	<b>307,146</b>	<b>269,663</b>

**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

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### EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS THIRD QUARTER ENDED 30 SEPTEMBER 2023

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#### 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*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7 *Financial Instruments: Disclosures - Supplier Finance Arrangements*

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS  
THIRD QUARTER ENDED 30 SEPTEMBER 2023

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**2. Significant Accounting Policies (cont'd)**

***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2025***

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability*

***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 FYE 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 financial period under review.

**6. Changes in estimates**

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



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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS  
THIRD QUARTER ENDED 30 SEPTEMBER 2023

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**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 period under review.

**8. Dividend paid**

A first and final single-tier dividend of 4 sen per share for the FYE 2022 was paid on 28 July 2023.

**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  
THIRD QUARTER ENDED 30 SEPTEMBER 2023**

**9. Segment information (cont'd)**

Segment revenue and results for current year 9 months ended 30 September 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
<b>Revenue</b>							
External revenue	1,976,310	119,940	98,155	103	2,194,508	-	2,194,508
Inter-division revenue	134,560	-	77,340	85,533	297,433	(297,433)	-
	<b>2,110,870</b>	<b>119,940</b>	<b>175,495</b>	<b>85,636</b>	<b>2,491,941</b>	<b>(297,433)</b>	<b>2,194,508</b>
<b>Results</b>							
Segment results	87,900	229	(748)	70,663	158,044	(82,424)	75,620
Interest income	9,953	35	7,404	4,821	22,213	(20,424)	1,789
Interest expenses	(52,194)	(4,205)	(11,607)	(11,475)	(79,481)	20,452	(59,029)
Profit/(Loss) before tax	45,659	(3,941)	(4,951)	64,009	100,776	(82,396)	18,380
Depreciation and amortisation	118,781	4,513	155	1,122	124,571	(545)	124,026
Interest income	(9,953)	(35)	(7,404)	(4,821)	(22,213)	20,424	(1,789)
Interest expenses	52,194	4,205	11,607	11,475	79,481	(20,452)	59,029
Income distribution on money market placement with a non-financial institution	(996)	(19)	-	(31)	(1,046)	-	(1,046)
EBITDA	<b>205,685</b>	<b>4,723</b>	<b>(593)</b>	<b>71,754</b>	<b>281,569</b>	<b>(82,969)</b>	<b>198,600</b>
<b>Assets</b>							
Segment assets	4,447,437	124,009	466,142	364,157	5,401,745	(1,095,708)	4,306,037
Unallocated assets	-	-	-	-	7,802	-	7,802
Total assets	<b>4,447,437</b>	<b>124,009</b>	<b>466,142</b>	<b>364,157</b>	<b>5,409,547</b>	<b>(1,095,708)</b>	<b>4,313,839</b>
<b>Liabilities</b>							
Segment liabilities	2,247,514	209,870	416,078	505,012	3,378,474	(1,094,695)	2,283,779
Unallocated liabilities	-	-	-	-	110,932	-	110,932
Total liabilities	<b>2,247,514</b>	<b>209,870</b>	<b>416,078</b>	<b>505,012</b>	<b>3,489,406</b>	<b>(1,094,695)</b>	<b>2,394,711</b>

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**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS  
THIRD QUARTER ENDED 30 SEPTEMBER 2023**

**9. Segment information (cont'd)**

Segment revenue and results for the preceding year corresponding 9 months ended 30 September 2022 are as follows :

	<b>General Packaging RM'000</b>	<b>Contract Manufacturing RM'000</b>	<b>Trading RM'000</b>	<b>Property Development and Investment Holding RM'000</b>	<b>Total RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>							
External revenue	2,046,969	105,127	181,827	103	2,334,026	-	2,334,026
Inter-segment revenue	198,126	-	276,841	32,025	506,992	(506,992)	-
	<u>2,245,095</u>	<u>105,127</u>	<u>458,668</u>	<u>32,128</u>	<u>2,841,018</u>	<u>(506,992)</u>	<u>2,334,026</u>
<b>Results</b>							
Segment results	185,586	(13,667)	(62)	25,477	197,334	(28,880)	168,454
Interest income	2,426	17	6,209	1,102	9,754	(9,054)	700
Interest expenses	(27,596)	(3,564)	(6,201)	(8,734)	(46,095)	9,175	(36,920)
Profit/(Loss) before tax	<u>160,416</u>	<u>(17,214)</u>	<u>(54)</u>	<u>17,845</u>	<u>160,993</u>	<u>(28,759)</u>	<u>132,234</u>
Depreciation and amortisation	102,499	3,991	137	1,415	108,042	(3,058)	104,984
Interest income	(2,426)	(17)	(6,209)	(1,102)	(9,754)	9,054	(700)
Interest expenses	27,596	3,564	6,201	8,734	46,095	(9,175)	36,920
Income distribution on money market placement with a non-financial institution	(167)	(1)	-	(176)	(344)	-	(344)
EBITDA	<u>287,918</u>	<u>(9,677)</u>	<u>75</u>	<u>26,716</u>	<u>305,032</u>	<u>(31,938)</u>	<u>273,094</u>
<b>Assets</b>							
Segment assets	4,146,215	151,517	516,058	277,413	5,091,203	(955,285)	4,135,918
Unallocated assets	-	-	-	-	6,001	-	6,001
Total assets	<u>4,146,215</u>	<u>151,517</u>	<u>516,058</u>	<u>277,413</u>	<u>5,097,204</u>	<u>(955,285)</u>	<u>4,141,919</u>
<b>Liabilities</b>							
Segment liabilities	1,860,469	259,152	458,474	466,420	3,044,515	(955,430)	2,089,085
Unallocated liabilities	-	-	-	-	111,146	-	111,146
Total liabilities	<u>1,860,469</u>	<u>259,152</u>	<u>458,474</u>	<u>466,420</u>	<u>3,155,661</u>	<u>(955,430)</u>	<u>2,200,231</u>

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**10. Valuation of property, plant and equipment**

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

**11. Material subsequent events**

As at 27 November 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 financial period under review.

**13. Changes in contingent liabilities or contingent assets**

There were no contingent liabilities or assets for the Group as at 30 September 2023.

As at 27 November 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 30 September 2023, the Group has the following capital commitment :

	<b>RM'000</b>
Approved and contracted for	<u>357,174</u>

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**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 financial period under review, there was no significant 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 30 November 2023.

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

##### 1. Review of performance

##### ***(a) 3 months ended 30 September 2023 ("Q3, 2023") compared with 3 months ended 30 September 2022 ("Q3, 2022")***

The Group's net revenue for Q3, 2023 decreased by RM77.2 million or 9.6% to RM728.4 million. Accordingly, profit before tax of the Group was lower by RM36.5 million to loss before tax of RM9.9 million in Q3, 2023. This was mainly attributable from General Packaging division as explained below.

##### General Packaging division

General Packaging division generated total revenue of RM713.3 million in Q3, 2023, a decrease of RM66.6 million compared to Q3, 2022, mainly due to lower sales volumes in General cans, Aluminium cans and Cartons segments. Profit before tax of the division was lower by RM36.4 million to loss before tax of RM0.4 million in Q3, 2023 mainly due to lower sales, pre-operating expenses incurred for the set up of a new aluminium can plant in United States of America ("USA"), higher interest expense and partially offset by higher interest income.

##### Contract Manufacturing division

Revenue of the Contract Manufacturing division increased by RM2.7 million to RM36.6 million in Q3, 2023, which was mainly due to changes in sales mix. Loss before tax of the division decreased by RM1.6 million to RM2.7 million in Q3, 2023 was mainly due to lower manufacturing expenses coupled with higher sales volume.

##### Trading division

Trading division registered a decrease in revenue of RM43.1 million to RM57.2 million in Q3, 2023. Loss before tax of the division increased marginally by RM0.5 million to RM1.8 million in Q3, 2023 which was mainly due to the decrease in trading activities and higher interest expense offset by lower impairment loss on financial instruments.

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#### 1. Review of performance (cont'd)

##### **(b) 9 months ended 30 September 2023 ("PTD Q3, 2023") compared with preceding year corresponding 9 months ended 30 September 2022 ("PTD Q3, 2022")**

The Group's net revenue for PTD Q3, 2023 decreased by RM139.5 million or 6.0% to RM2,194.5 million. Accordingly, profit before tax of the Group for PTD Q3, 2023 was lower by RM113.9 million to RM18.4 million. This was mainly attributable from General Packaging division as explained below.

##### General Packaging division

Revenue of General Packaging division decreased by RM134.2 million to RM2,110.9 million in PTD Q3, 2023 mainly due to decrease in sales volumes of General cans and Cartons segments partially offset by increase in sales volumes of Aluminium cans segment. Profit before tax decreased by RM114.8 million to RM45.7 million in PTD Q3, 2023. This was mainly due to lower sales, higher inventories written off, higher interest expense, pre-operating expenses incurred for the set up of a new aluminium can plant in USA and partially offset by higher other operating income, which was mainly from unrealised foreign exchange gain and gain on disposal of plant and machinery and interest income.

##### Contract Manufacturing division

Revenue of Contract Manufacturing division increased by RM14.8 million to RM119.9 million in PTD Q3, 2023 mainly due to increase in sales volume. Loss before tax of the division decreased by RM13.3 million to RM3.9 million in PTD Q3, 2023 was mainly due to higher sales, lower manufacturing expenses and waiver of debts given by a related company.

##### Trading division

Revenue of Trading division decreased by RM283.2 million to RM175.5 million in PTD Q3, 2023. Loss before tax of the division increased by RM4.9 million to RM5.0 million in PTD Q3, 2023 which was mainly due to the decrease in trading activities and higher interest expense offset by lower impairment loss on financial instrument and higher interest income.

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS  
THIRD QUARTER ENDED 30 SEPTEMBER 2023**2. Variation of results against immediate preceding 3 months ended 30 June 2023 ("Q2, 2023")**

	<u>Individual quarter</u>		
	<u>3 months ended</u>		
	<u>30 September</u>	<u>30 June</u>	
	<u>2023</u>	<u>2023</u>	<u>Changes</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue	<b>728,443</b>	705,445	22,998
Operating Profit	<b>10,528</b>	37,205	(26,677)
(Loss)/Profit Before Tax	<b>(9,917)</b>	18,342	(28,259)
(Loss)/Profit After Tax	<b>(23,656)</b>	11,573	(35,229)
(Loss)/Profit Attributable to Owners of the Company	<b>(23,117)</b>	13,743	(36,860)

The Group recorded a lower profit before tax in Q3, 2023 despite an increase in revenue. This was mainly contributed by General Packaging division as explained below.

General Packaging division

Revenue of General Packaging division in Q3, 2023 was RM713.3 million, an increase of RM42.2 million from immediate preceding quarter mainly due to increase sales volume in all segments. However, profit before tax of the division decreased by RM25.5 million to loss before tax of RM0.4 million in Q3, 2023 mainly due to higher pre-operating expenses incurred for the set up of a new aluminium can plant in USA, unfavourable movement in foreign currency exchange rate and higher interest expense and partially offset by lower distribution expenses.

Contract Manufacturing division

Revenue of Contract Manufacturing division decreased by RM4.3 million from the immediate preceding quarter to RM36.6 million in Q3, 2023 mainly due to decrease in sales volume. The division recorded a loss before tax of RM2.7 million in Q3, 2023, a decrease of RM4.6 million from profit before tax of RM1.9 million in Q2, 2023 was mainly due to waiver of debts given by a related company in Q2, 2023.

Trading division

Trading division registered an increase in revenue of RM3.2 million to RM57.2 million in Q3, 2023 due to increase in trading activities. Loss before tax of the division increased marginally by RM0.4 million to RM1.8 million in Q3, 2023 which was mainly due to the increase in trading activities offset by higher interest expense and reversal of impairment loss on financial instruments in Q2, 2023.



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### EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS THIRD QUARTER ENDED 30 SEPTEMBER 2023

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#### 3. Prospects

The Group's operating environment remains challenging due to the factors stated below:

- (i) volatility in foreign currency exchange rates;
- (ii) cumulative inflationary effects in raw materials and other input costs such as labour and energy costs;
- (iii) hikes in interest rates;
- (iv) challenging macroeconomics conditions in certain markets continue to adversely impact volumes; and
- (v) lower economic growth in advance economy as consumers become more cautious about spending.

The new aluminium can plant in USA is expected to commence operations before the end of 2023. As a greenfield project, it is only expected to contribute positive results to the Group in 3 to 5 years time.

Barring further unforeseen circumstances, the Board of Directors is cautiously optimistic that the performance of the Group for the remaining 3-month financial period ending 31 December 2023 shall be satisfactory.

#### 4. Profit forecast/profit guarantee

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

#### 5. Tax expense

	Individual quarter		Cumulative quarter	
	3 months ended		9 months ended	
	30 September		30 September	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Current tax expense	4,662	10,091	16,913	30,499
Deferred tax expense/(credit)	9,077	(346)	7,911	(2,108)
	<b>13,739</b>	<b>9,745</b>	<b>24,824</b>	<b>28,391</b>

#### 6. Status of Corporate Proposal

There was no corporate proposal announced as at 27 November 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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**7. Group borrowings and debts securities**

Group borrowings as at 30 September 2023 are as follows :

	As at 30/09/2023 RM'000	As at 31/12/2022 RM'000
<b>Borrowings denominated in RM</b>		
<b>Current</b>		
Secured		
Hire purchase liabilities	707	517
Term loans	5,974	1,792
Lease liabilities	4,828	7,687
	<u>11,509</u>	<u>9,996</u>
Unsecured		
Term loans	39,246	51,284
Trade facilities	254,322	243,816
Revolving credits	204,500	140,000
	<u>509,577</u>	<u>445,096</u>
<b>Non-current</b>		
Secured		
Hire purchase liabilities	584	999
Term loans	373,331	377,513
Lease liabilities	7,362	9,032
	<u>381,277</u>	<u>387,544</u>
Unsecured		
Term loans	142,064	124,253
	<u>523,341</u>	<u>511,797</u>
Total borrowings in RM	<u><u>1,032,918</u></u>	<u><u>956,893</u></u>
<b>Borrowings denominated in EURO</b>		
<b>Current</b>		
Unsecured		
Trade facilities	1,266	-
Total borrowings in EURO	<u><u>1,266</u></u>	<u><u>-</u></u>

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

	<b>As at 30/09/2023 RM'000</b>	<b>As at 31/12/2022 RM'000</b>
<b>Borrowings denominated in Vietnam Dong ("VND")</b>		
<b>Current</b>		
Secured		
Lease liabilities	1,041	272
Unsecured		
Term loans	-	4,122
Trade facilities	107,793	103,886
	<u>108,834</u>	<u>108,280</u>
<b>Non-current</b>		
Secured		
Lease liabilities	478	457
	<u>478</u>	<u>457</u>
Total borrowings in VND	<u>109,312</u>	<u>108,737</u>
<b>Borrowings denominated in United State Dollar ("USD")</b>		
<b>Current</b>		
Secured		
Lease liabilities	5,478	3,254
Unsecured		
Trade facilities	114,266	131,295
Revolving credits	79,764	74,630
Term loans	20,692	19,075
	<u>220,200</u>	<u>228,254</u>
<b>Non-current</b>		
Secured		
Lease liabilities	187,060	141,106
Unsecured		
Term loans	169,123	166,902
	<u>356,183</u>	<u>308,008</u>
Total borrowings in USD	<u>576,383</u>	<u>536,262</u>

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS  
THIRD QUARTER ENDED 30 SEPTEMBER 2023**7. Group borrowings and debts securities (cont'd)**

	<b>As at 30/09/2023 RM'000</b>	<b>As at 31/12/2022 RM'000</b>
<b>Borrowings denominated in Indonesian Rupiah ("IDR")</b>		
<b>Current</b>		
Secured		
Lease liabilities	716	460
	<u>716</u>	<u>460</u>
<b>Non-current</b>		
Secured		
Lease liabilities	1,418	720
	<u>1,418</u>	<u>720</u>
Total borrowings in IDR	<u>2,134</u>	<u>1,180</u>
Total Group borrowings	<u>1,722,013</u>	<u>1,603,072</u>

The interest rates for the borrowings are as follows :

	<b>As at 30/09/2023</b>	<b>As at 31/12/2022</b>
Term loans - floating	<b>3.58% - 7.20%</b>	3.58% - 9.16%
Trade facilities	<b>3.19% - 7.79%</b>	2.91% - 11.18%
Hire purchase liabilities	<b>1.48% - 2.28%</b>	1.48% - 2.08%
Revolving credits	<b>3.74% - 7.33%</b>	3.31% - 6.26%
Lease liabilities	<b>1.16% - 7.36%</b>	1.16% - 6.70%

Total loans and borrowings including lease liabilities increased by RM118.9 million to RM1,722.0 million as at 30 September 2023, mainly due to increase in revolving credit and lease liabilities. During the period under review, the Group made term loans repayment amounting to RM54.9 million and drawn down new term loans amounting to RM48.1 million .

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

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**8. Derivatives financial instruments**

As at 30 September 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 30 September 2023 are set out below :

<b>Type of derivatives</b>	<b>Notional amount RM'000</b>	<b>Current assets RM'000</b>	<b>Current liabilities RM'000</b>
<b>Hedging derivatives :</b>			
Commodity contracts	23,537	463	-
<b>Non-hedging derivatives :</b>			
Foreign exchange contracts	48,861	418	5
		<u>881</u>	<u>5</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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**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) :

	Individual quarter		Cumulative quarter	
	3 months ended 30 September	2022	9 months ended 30 September	2022
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortisation	<b>43,578</b>	35,013	<b>124,026</b>	104,984
Income distribution from money market placement with a non-financial institution	<b>(223)</b>	(105)	<b>(1,046)</b>	(344)
Write off in respect of :				
- inventories	<b>5,120</b>	4,518	<b>22,400</b>	18,225
- property, plant and equipment	<b>127</b>	163	<b>180</b>	202
Gain on disposal of property, plant and equipment	<b>(125)</b>	(492)	<b>(3,053)</b>	(843)
Loss/(Gain) on foreign currency exchange	<b>1,180</b>	(1,790)	<b>(2,278)</b>	(84)

**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**

No interim dividend has been declared for the financial period under review (2022 : Nil).

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**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS  
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Basic (loss)/earnings per share were computed as follows :

	<b>Individual quarter</b>		<b>Cumulative quarter</b>	
	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
(Loss)/Profit attributable to Owners of the Company (RM'000)	<b><u>(23,117)</u></b>	<u>17,584</u>	<b><u>(1,323)</u></b>	<u>106,547</u>
Weighted average number of ordinary shares in issue ('000)	<b><u>192,153</u></b>	<u>192,153</u>	<b><u>192,153</u></b>	<u>192,153</u>
Basic (loss)/earnings per ordinary share (sen)	<b><u>(12.03)</u></b>	<u>9.15</u>	<b><u>(0.69)</u></b>	<u>55.45</u>

Dated : 30 November 2023  
Petaling Jaya,  
Selangor Darul Ehsan