

CAN-ONE BERHAD

Registration No. 200401000396 (638899-K)

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

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31/12/2023 RM'000	As at 31/12/2022 (Audited) RM'000
Non-current assets		
Property, plant and equipment	2,057,531	1,692,713
Right-of-use assets	537,405	525,037
Investment properties	81,246	82,861
Land held for property development	-	109,628
Intangible assets	3,371	1,717
Deferred tax assets	3,104	2,506
Prepayments	25,137	3,465
Total non-current assets	2,707,794	2,417,927
Current assets		
Inventories	801,601	862,876
Trade and other receivables	571,455	571,629
Prepayments	10,272	21,198
Current tax assets	7,837	2,719
Derivative financial assets	1,482	1,048
Cash and cash equivalents	387,066	386,176
Total current assets	1,779,713	1,845,646
Total assets	4,487,507	4,263,573
Equity		
Share capital	197,660	197,660
Reserves	1,653,832	1,628,915
Equity attributable to owners of the Company	1,851,492	1,826,575
Non-controlling interests	81,676	87,642
Total equity	1,933,168	1,914,217
Liabilities		
Loans and borrowings	788,367	669,667
Lease liabilities	180,723	151,315
Retirement benefits obligations	76,134	65,529
Deferred tax liabilities	98,443	101,202
Total non-current liabilities	1,143,667	987,713
Trade and other payables	564,340	537,120
Loans and borrowings	779,188	770,417
Lease liabilities	13,827	11,673
Retirement benefits obligations and gratuity	17,982	6,504
Contract liabilities	28,687	23,465
Provisions	-	5,000
Derivative financial liabilities	136	2,087
Current tax liabilities	6,512	5,377
Total current liabilities	1,410,672	1,361,643
Total liabilities	2,554,339	2,349,356
Total equity and liabilities	4,487,507	4,263,573
Net assets per share attributable to equity holders of the Company (Sen)	963.55	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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Registration No. 200401000396 (638899-K)

Quarterly report on consolidated results for the Financial Year Ended 31 December 2023. The figures have not been audited.

(Financial year ended 31 December 2023)

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	<u>Individual quarter</u>		<u>+ / (-)</u>	<u>Cumulative quarter</u>		<u>+ / (-)</u>
	<u>3 months ended</u>			<u>12 months ended</u>		
	<u>31 December</u>			<u>31 December</u>		
	<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>	
	<u>RM'000</u>	<u>RM'000</u>	<u>%</u>	<u>RM'000</u>	<u>RM'000</u>	<u>%</u>
Revenue	859,283	833,426	3	3,053,791	3,167,452	(4)
Cost of sales	(746,264)	(756,508)		(2,722,966)	(2,795,788)	
Gross profit	113,019	76,918	47	330,825	371,664	(11)
Distribution expenses	(8,945)	(8,403)		(29,670)	(28,698)	
Admin expenses	(66,642)	(46,465)		(202,489)	(155,440)	
Other income	1,578	2,568		15,882	8,040	
Profit from operations before impairment losses	39,010	24,618		114,548	195,566	
Net reversal of impairment losses/ (impairment losses) on :						
- property, plant and equipment	4,398	67		4,398	67	
- financial instruments	429	(7,724)		511	(10,218)	
Profit from operating activities	43,837	16,961	158	119,457	185,415	(36)
Interest income	669	443		2,458	1,143	
Interest expense	(12,601)	(20,709)		(71,630)	(57,629)	
Profit/(Loss) before tax	31,905	(3,305)	1,065	50,285	128,929	(61)
Tax credit/(expense)	3,162	(12,650)		(21,662)	(41,041)	
Profit/(Loss) after tax	35,067	(15,955)	320	28,623	87,888	(67)

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(Financial year ended 31 December 2023)

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

	<u>Individual quarter</u>		<u>+ / (-)</u>	<u>Cumulative quarter</u>		<u>+ / (-)</u>
	<u>3 months ended</u>			<u>12 months ended</u>		
	<u>31 December</u>			<u>31 December</u>		
	<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>	
	<u>RM'000</u>	<u>RM'000</u>	<u>%</u>	<u>RM'000</u>	<u>RM'000</u>	<u>%</u>
Profit/(Loss) after tax	35,067	(15,955)	320	28,623	87,888	(67)
Other comprehensive (expense)/income, net of tax						
Foreign currency translation differences of foreign operations	(13,317)	(17,483)		5,497	4,947	
Cash flow hedge	919	5,967		1,146	4,285	
Remeasurement of defined retirement benefits	(8,629)	-		(8,629)	-	
Total comprehensive income/ (expense) for the year attributable to the Owners of the Company	14,040	(27,471)	151	26,637	97,120	(73)
Profit/(Loss) attributable to :						
Owners of the Company	34,719	(14,898)		33,396	91,649	
Non-controlling interests	348	(1,057)		(4,773)	(3,761)	
	35,067	(15,955)		28,623	87,888	
Total comprehensive income/ (expense) attributable to :						
Owners of the Company	14,953	(25,573)		32,604	100,464	
Non-controlling interests	(913)	(1,898)		(5,967)	(3,344)	
	14,040	(27,471)		26,637	97,120	
Basic earnings/(loss) per ordinary share (Sen)	18.07	(7.75)		17.38	47.70	

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 the Financial Year Ended 31 December 2023. The figures have not been audited.
(Financial year ended 31 December 2023)

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 earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
Financial year ended 31 December 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 year	-	-	-	33,396	33,396	(4,773)	28,623
Foreign currency translation differences of foreign operations	-	-	6,051	-	6,051	(554)	5,497
Remeasurement of defined retirement benefits	-	-	-	(7,990)	(7,990)	(639)	(8,629)
Cash flow hedge	-	1,146	-	-	1,146	-	1,146
Total comprehensive income/(expense) for the year	-	1,146	6,051	25,406	32,603	(5,966)	26,637
Dividend paid	-	-	-	(7,686)	(7,686)	-	(7,686)
Balance at 31 December 2023	<u>197,660</u>	<u>1,382</u>	<u>26,500</u>	<u>1,625,950</u>	<u>1,851,492</u>	<u>81,676</u>	<u>1,933,168</u>
Financial year ended 31 December 2022							
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 year	-	-	-	91,649	91,649	(3,761)	87,888
Foreign currency translation differences of foreign operations	-	-	5,140	-	5,140	(193)	4,947
Cash flow hedge	-	3,675	-	-	3,675	610	4,285
Total comprehensive income/(expense) for the year	-	3,675	5,140	91,649	100,464	(3,344)	97,120
Dividend paid	-	-	-	(7,686)	(7,686)	-	(7,686)
Balance at 31 December 2022	<u>197,660</u>	<u>236</u>	<u>20,449</u>	<u>1,608,230</u>	<u>1,826,575</u>	<u>87,642</u>	<u>1,914,217</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 ended 31 December 2023)

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	12 months ended 31 December	
	2023	2022
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	50,285	128,929
Adjustments :		
Amortisation and depreciation of assets	171,090	149,695
Gain on disposal of :		
- property, plant and equipment	(4,138)	(10,608)
- right-of-use assets	(4,049)	(4,379)
Gain from subsidiaries struck off/deregistered	(3,197)	-
Net loss/(gain) on termination and remeasurement of lease contracts	111	(1)
Interest expense	71,630	57,629
Interest income	(2,458)	(1,143)
Income distribution from money market placements with a non-financial institution	(1,242)	(474)
Net (reversal of impairment losses)/impairment losses on :		
- property, plant and equipment	(4,398)	(67)
- financial instruments	(511)	10,218
Retirement benefits obligations and gratuity	16,434	8,056
Unrealised (gain)/loss on derivative financial instruments	(1,238)	1,249
(Reversal of write-down)/Write down of inventories	(6,306)	6,659
Write off in respect of :		
- property, plant and equipment	582	879
- inventories	29,453	27,731
Operating profit before changes in working capital	312,048	374,373
Changes in working capital		
Inventories	147,755	(23,179)
Trade and other receivables	149	43,899
Trade and other payables	27,220	76,957
Others	11,148	7,940
Cash generated from operations	498,320	479,990
Interest paid	(6,544)	(551)
Retirement benefits and gratuity paid	(2,982)	(3,126)
Tax paid	(32,492)	(48,948)
Tax refund	3,455	2,201
Net cash from operating activities	459,757	429,566

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UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

	12 months ended 31 December	
	2023 RM'000	2022 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of :		
- property, plant and equipment	20,659	56,876
- right-of-use assets	8,744	14,993
Additions of :		
- property, plant and equipment	(385,353)	(248,433)
- land held for property development	-	(403)
- intangible assets	(2,429)	(1,753)
Interest received	2,458	1,143
Income distribution from money market placements with a non-financial institution	1,242	474
Net cash used in investing activities	(354,679)	(177,103)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loans	97,992	238,772
Repayment of term loans	(128,256)	(251,956)
Net movement in other borrowings and lease liabilities	5,603	(36,621)
Interest paid	(65,086)	(53,685)
Dividend paid	(7,686)	(7,686)
Net cash used in financing activities	(97,433)	(111,176)
Net increase in cash and cash equivalents	7,645	141,287
Effect of exchange differences on cash and cash equivalents	(6,755)	(3,941)
Cash and cash equivalents brought forward	386,176	248,830
Cash and cash equivalents carried forward	387,066	386,176
	As at 31/12/2023	As at 31/12/2022
Comprises :		
Cash and bank balances	324,839	224,268
Short-term deposits with licensed banks	37,743	15,913
Money market placements with a non-financial institution	24,484	145,995
	387,066	386,176

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 FOURTH QUARTER ENDED 31 DECEMBER 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*
- 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 FOURTH QUARTER ENDED 31 DECEMBER 2023

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 Chinese New Year and Ramadan.

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.

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FOURTH QUARTER ENDED 31 DECEMBER 2023

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 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
FOURTH QUARTER ENDED 31 DECEMBER 2023**

9. Segment information (cont'd)

Segment revenue and results for the FYE 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	2,711,637	166,497	140,895	34,762	3,053,791	-	3,053,791
Inter-division revenue	171,229	-	109,254	86,642	367,125	(367,125)	-
	2,882,866	166,497	250,149	121,404	3,420,916	(367,125)	3,053,791
Results							
Segment results	99,994	9,055	(2,371)	92,479	199,157	(79,700)	119,457
Interest income	14,156	40	10,866	6,845	31,907	(29,449)	2,458
Interest expenses	(63,852)	(5,502)	(16,105)	(15,674)	(101,133)	29,503	(71,630)
Profit/(Loss) before tax	50,298	3,593	(7,610)	83,650	129,931	(79,646)	50,285
Depreciation and amortisation	159,321	6,126	204	6,546	172,197	(1,107)	171,090
Interest income	(14,156)	(40)	(10,866)	(6,845)	(31,907)	29,449	(2,458)
Interest expenses	63,852	5,502	16,105	15,674	101,133	(29,503)	71,630
Income distribution on money market placement with a non-financial institution	(1,190)	(21)	-	(31)	(1,242)	-	(1,242)
EBITDA	258,125	15,160	(2,167)	98,994	370,112	(80,807)	289,305
Reversal of impairment losses on property, plant and equipment	-	(4,398)	-	-	(4,398)	-	(4,398)
Adjusted EBITDA	258,125	10,762	(2,167)	98,994	365,714	(80,807)	284,907
Assets							
Segment assets	4,609,270	142,271	401,099	345,660	5,498,300	(1,021,734)	4,476,566
Unallocated assets	-	-	-	-	10,941	-	10,941
Total assets	4,609,270	142,271	401,099	345,660	5,509,241	(1,021,734)	4,487,507
Liabilities							
Segment liabilities	2,422,855	220,438	354,910	474,652	3,472,855	(1,023,471)	2,449,384
Unallocated liabilities	-	-	-	-	104,955	-	104,955
Total liabilities	2,422,855	220,438	354,910	474,652	3,577,810	(1,023,471)	2,554,339

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**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FOURTH QUARTER ENDED 31 DECEMBER 2023**

9. Segment information (cont'd)

Segment revenue and results for the FYE 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	2,817,765	138,871	210,678	138	3,167,452	-	3,167,452
Inter-segment revenue	241,087	-	322,925	57,010	621,022	(621,022)	-
	<u>3,058,852</u>	<u>138,871</u>	<u>533,603</u>	<u>57,148</u>	<u>3,788,474</u>	<u>(621,022)</u>	<u>3,167,452</u>
Results							
Segment results	213,236	12,517	(6,414)	24,363	243,702	(58,287)	185,415
Interest income	4,979	32	8,602	1,957	15,570	(14,427)	1,143
Interest expenses	(45,409)	(5,106)	(9,528)	(12,157)	(72,200)	14,571	(57,629)
Profit/(Loss) before tax	172,806	7,443	(7,340)	14,163	187,072	(58,143)	128,929
Depreciation and amortisation	144,935	6,805	180	1,851	153,771	(4,076)	149,695
Interest income	(4,979)	(32)	(8,602)	(1,957)	(15,570)	14,427	(1,143)
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>357,924</u>	<u>19,320</u>	<u>(6,234)</u>	<u>25,989</u>	<u>396,999</u>	<u>(62,363)</u>	<u>334,636</u>
Reversal of impairment losses on property, plant and equipment	(67)	-	-	-	(67)	-	(67)
Adjusted EBITDA	<u>357,857</u>	<u>19,320</u>	<u>(6,234)</u>	<u>25,989</u>	<u>396,932</u>	<u>(62,363)</u>	<u>334,569</u>
Assets							
Segment assets	4,251,891	157,377	441,183	275,764	5,126,215	(867,867)	4,258,348
Unallocated assets	-	-	-	-	5,225	-	5,225
Total assets	<u>4,251,891</u>	<u>157,377</u>	<u>441,183</u>	<u>275,764</u>	<u>5,131,440</u>	<u>(867,867)</u>	<u>4,263,573</u>
Liabilities							
Segment liabilities	2,001,875	239,281	389,596	479,140	3,109,892	(867,115)	2,242,777
Unallocated liabilities	-	-	-	-	106,579	-	106,579
Total liabilities	<u>2,001,875</u>	<u>239,281</u>	<u>389,596</u>	<u>479,140</u>	<u>3,216,471</u>	<u>(867,115)</u>	<u>2,349,356</u>

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**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FOURTH QUARTER ENDED 31 DECEMBER 2023**

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 19 February 2024 (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 year under review.

13. Changes in contingent liabilities or contingent assets

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

As at 19 February 2024 (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 2023, the Group has the following capital commitment :

	RM'000
Approved and contracted for	<u><u>161,750</u></u>

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**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FOURTH QUARTER ENDED 31 DECEMBER 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 financial year 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 22 February 2024.

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS FOURTH QUARTER ENDED 31 DECEMBER 2023

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

1. Review of performance

(a) 3 months ended 31 December 2023 ("Q4, 2023") compared with 3 months ended 31 December 2022 ("Q4, 2022")

The Group's net revenue for Q4, 2023 increased by RM25.9 million or 3.1% to RM859.3 million. The Group achieved a profit before tax of RM31.9 million in Q4, 2023 compared to a reported loss before tax of RM3.3 million in Q4, 2022. This was mainly attributable to share of profit of RM14.0 million arising from property development, reversal of impairment loss on property, plant and equipment and a decrease in impairment loss on financial instruments in Q4, 2023.

General Packaging division

General Packaging division generated total revenue of RM772.0 million in Q4, 2023, a decrease of RM41.8 million compared to Q4, 2022, mainly due to lower sales volumes in General cans, Aluminium cans and Cartons segments. Profit before tax of the division was lower by RM7.8 million to RM4.6 million in Q4, 2023 mainly due to pre-operating expenses incurred for the set up of a new aluminium can plant in United States of America ("USA").

Contract Manufacturing division

Revenue of the Contract Manufacturing division increased by RM12.8 million to RM46.6 million in Q4, 2023, which was mainly due to increase in sales volume. Profit before tax of the division was lower by RM17.1 million to RM7.5 million in Q4, 2023 was mainly due to reversal of impairment loss on property, plant and equipment and a lower waiver of debts given by related companies.

Trading division

Trading division registered a marginal decrease in revenue of RM0.3 million to RM74.7 million in Q4, 2023. Loss before tax of the division decreased by RM4.6 million to RM2.7 million in Q4, 2023 which was mainly due to lower impairment loss on financial instruments during the period compared to the preceding quarter.

Property development and investment holding division

In Q4, 2023, Property development and investment holding division has commenced to recognise a share of revenue and profit before tax of RM34.6 million and RM14.0 million respectively from a property development in Kapar.

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS FOURTH QUARTER ENDED 31 DECEMBER 2023

1. Review of performance (cont'd)

(b) *Financial year ended 31 December 2023 ("FYE 2023") compared with FYE 2022*

The Group's net revenue for FYE 2023 decreased by RM113.6 million or 3.6% to RM3,053.8 million. Profit before tax of the Group for FYE 2023 was lower by RM78.6 million to RM50.3 million. This was mainly attributable from General Packaging and partially offset by Property development and investment holding divisions as explained below.

General Packaging division

Revenue of General Packaging division decreased by RM176.0 million to RM2,882.9 million in FYE 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 RM122.5 million to RM50.3 million in FYE 2023. This was mainly due to lower sales, 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 gain on foreign exchange and derivatives, gain on disposal of assets and interest income.

Contract Manufacturing division

Revenue of Contract Manufacturing division increased by RM27.6 million to RM166.5 million in FYE 2023 mainly due to increase in sales volume. The division recorded a lower profit before tax at RM3.6 million in FYE 2023 was mainly due to higher sales volume and value achieved and reversal of impairment loss on property, plant and equipment offset by a lesser amount of debts waived by related companies.

Trading division

Revenue of Trading division decreased by RM283.5 million to RM250.1 million in FYE 2023. Loss before tax of the division increased marginally by RM0.3 million to RM7.6 million in FYE 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.

Property development and investment holding division

In Q4, 2023, Property development and investment holding division has commenced to recognise a share of revenue and profit before tax of RM34.6 million and RM13.4 million respectively from a property development in Kapar.

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FOURTH QUARTER ENDED 31 DECEMBER 2023**2. Variation of results against immediate preceding 3 months ended 30 September 2023 ("Q3, 2023")**

	Individual quarter		Changes RM'000
	3 months ended		
	31 December	30 September	
	2023	2023	
	RM'000	RM'000	RM'000
Revenue	859,283	728,443	130,840
Operating Profit	43,837	10,528	33,309
Profit/(Loss) Before Tax	31,905	(9,917)	41,822
Profit/(Loss) After Tax	35,067	(23,656)	58,723
Profit/(Loss) Attributable to Owners of the Company	34,719	(23,117)	57,836

The Group's net revenue for Q4, 2023 increased by RM130.8 million to RM859.3 million. Loss before tax of the Group was lower by RM41.8 million to profit before tax of RM31.9 million in Q4, 2023. This was mainly attributable to:

- (i) share of profit from a property development which amounted to RM14.0 million;
- (ii) gain on disposal of a leasehold property which amounted to RM4.7 million; and
- (iii) reversal of impairment loss property, plant and equipment (RM4.4 million).

General Packaging division

Revenue of General Packaging division in Q4, 2023 was RM772.0 million, an increase of RM58.7 million from immediate preceding quarter mainly due to increase sales volume in all segments. Gross profit increased in tandem with sales growth. Loss before tax of the division reduced by RM5.0 million to profit before tax of RM4.6 million in Q4, 2023 mainly due to:

- (i) higher pre-operating expenses incurred for the set up of the new aluminium can plant in USA;
- (ii) unfavourable unrealised foreign exchange loss.

Contract Manufacturing division

Revenue of Contract Manufacturing division increased by RM10.0 million from the immediate preceding quarter to RM46.6 million in Q4, 2023 mainly due to increase in sales volume. The division recorded a profit before tax of RM7.5 million in Q4, 2023 as opposed to loss before tax of RM2.7 million in the immediate preceding quarter was mainly due to reversal of impairment loss property, plant and equipment and waiver of debts given by a related company in Q4, 2023.

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS FOURTH QUARTER ENDED 31 DECEMBER 2023

2. Variation of results against immediate preceding 3 months ended 30 September 2023 ("Q3, 2023") (Cont'd)

Trading division

Trading division registered an increase in revenue of RM17.5 million to RM74.7 million in Q4, 2023 due to increase in trading activities. Loss before tax of the division was increased by RM0.9 million to RM2.7 million in Q4, 2023 which was mainly due to the increase in trading activities coupled with higher interest income.

Property development and investment holding division

In Q4, 2023, Property development and investment holding division has commenced to recognise a share of revenue and profit before tax of RM34.6 million and RM14.0 million respectively from the property development in Kapar.

3. Prospects

The Group's operating environment for the financial year ending 2024 is expected to be influenced by:

- (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) challenging macroeconomics conditions in certain markets and interest rates; and
- (iv) lower economic growth in advance economies as consumers become more cautious about spending.

The new aluminium can plant in USA has commenced its operations in December 2023. As a greenfield project, it is only expected to contribute positive results to the Group in 3 to 5 years time.

The Board of Directors is 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 2024.

4. Profit forecast/profit guarantee

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

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FOURTH QUARTER ENDED 31 DECEMBER 2023**5. Tax expense**

	Individual quarter		Cumulative quarter	
	3 months ended 31 December		12 months ended 31 December	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Current tax expense	8,093	11,809	25,006	42,308
Deferred tax (credit)/expense	(11,255)	841	(3,344)	(1,267)
	(3,162)	12,650	21,662	41,041

6. Status of Corporate Proposal

There was no corporate proposal announced as at 19 February 2024 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

7. Group borrowings and debts securities

Group borrowings as at 31 December 2023 are as follows :

	As at 31/12/2023 RM'000	As at 31/12/2022 RM'000
Borrowings denominated in RM		
Current		
Secured		
Hire purchase liabilities	743	517
Term loans	3,481	1,792
Lease liabilities	7,203	7,687
	11,427	9,996
Unsecured		
Term loans	33,325	51,284
Trade facilities	236,221	243,816
Revolving credits	163,970	140,000
	444,943	445,096

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FOURTH QUARTER ENDED 31 DECEMBER 2023**7. Group borrowings and debts securities (cont'd)**

	As at 31/12/2023 RM'000	As at 31/12/2022 RM'000
Borrowings denominated in RM (Cont'd)		
Non-current		
Secured		
Hire purchase liabilities	367	999
Term loans	352,721	377,513
Lease liabilities	8,070	9,032
	<u>361,158</u>	<u>387,544</u>
Unsecured		
Term loans	152,727	124,253
	<u>513,885</u>	<u>511,797</u>
Total borrowings in RM	<u><u>958,828</u></u>	<u><u>956,893</u></u>
Borrowings denominated in Singapore Dollar ("SGD")		
Current		
Secured		
Lease liabilities	510	-
Total borrowings in SGD	<u>510</u>	<u>-</u>
Borrowings denominated in Indonesian Rupiah ("IDR")		
Current		
Secured		
Lease liabilities	711	460
	<u>711</u>	<u>460</u>
Non-current		
Secured		
Lease liabilities	1,209	720
	<u>1,209</u>	<u>720</u>
Total borrowings in IDR	<u><u>1,920</u></u>	<u><u>1,180</u></u>

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FOURTH QUARTER ENDED 31 DECEMBER 2023**7. Group borrowings and debts securities (cont'd)**

	As at 31/12/2023 RM'000	As at 31/12/2022 RM'000
Borrowings denominated in Vietnam Dong ("VND")		
Current		
Secured		
Lease liabilities	2,236	272
Unsecured		
Term loans	-	4,122
Trade facilities	136,766	103,886
	<u>139,002</u>	<u>108,280</u>
Non-current		
Secured		
Lease liabilities	761	457
	<u>761</u>	<u>457</u>
Total borrowings in VND	<u>139,763</u>	<u>108,737</u>
Borrowings denominated in United State Dollar ("USD")		
Current		
Secured		
Hire purchase liabilities	10,948	-
Lease liabilities	3,167	3,254
Unsecured		
Trade facilities	95,392	131,295
Revolving credits	78,030	74,630
Term loans	20,312	19,075
	<u>207,849</u>	<u>228,254</u>
Non-current		
Secured		
Hire purchase liabilities	122,162	-
Lease liabilities	170,683	141,106
Unsecured		
Term loans	160,390	166,902
	<u>453,235</u>	<u>308,008</u>
Total borrowings in USD	<u>661,084</u>	<u>536,262</u>
Total Group borrowings	<u>1,762,105</u>	<u>1,603,072</u>

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FOURTH QUARTER ENDED 31 DECEMBER 2023

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

The interest rates for the borrowings are as follows :

	As at 31/12/2023	As at 31/12/2022
Term loans - floating	3.58% - 7.26%	3.58% - 9.16%
Trade facilities	2.80% - 7.26%	2.91% - 11.18%
Hire purchase liabilities	1.48% - 7.60%	1.48% - 2.08%
Revolving credits	3.82% - 7.34%	3.31% - 6.26%
Lease liabilities	<u>1.16% - 7.36%</u>	<u>1.16% - 6.70%</u>

Total loans and borrowings including lease liabilities increased by RM159.0 million to RM1,762.1 million as at 31 December 2023, mainly due to increase in hire purchases and lease liabilities for plant and machinery and equipment. During the financial year under review, the Group made term loans repayment amounting to RM128.3 million and drawn down new term loans amounting to RM98.0 million.

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

8. Derivatives financial instruments

As at 31 December 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.

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FOURTH QUARTER ENDED 31 DECEMBER 2023**8. Derivatives financial instruments (Cont'd)**

Details of derivative financial instruments outstanding as at 31 December 2023 are set out below :

Type of derivatives	Notional amount RM'000	Current assets RM'000	Current liabilities RM'000
Hedging derivatives :			
Commodity contracts	35,469	1,482	100
Non-hedging derivatives :			
Foreign exchange contracts	3,219	-	36
		1,482	136

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

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

	Individual quarter		Cumulative quarter	
	3 months ended		12 months ended	
	31 December		31 December	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortisation	47,064	44,711	171,090	149,695
Income distribution from money market placement with a non-financial institution	(196)	(130)	(1,242)	(474)
Gain on disposal of:				
- property, plant and equipment	(1,085)	(9,765)	(4,138)	(10,608)
- right-of-use assets	(4,049)	(4,379)	(4,049)	(4,379)
Gain from subsidiaries struck off/deregistered	(3,197)	-	(3,197)	-
Provision of retirement benefits and gratuity	11,265	2,898	16,434	8,056
Write off in respect of :				
- property, plant and equipment	402	677	582	879
- inventories	7,053	9,506	29,453	27,731
Loss on foreign currency exchange	10,124	11,404	7,846	11,320

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FOURTH QUARTER ENDED 31 DECEMBER 2023**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 is recommending a first and final single-tier dividend of 4 sen per share amounting to RM7,686,120 in respect of the FYE 2023 (FYE 2022 : 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 :

	Individual quarter		Cumulative quarter	
	3 months ended		12 months ended	
	31 December		31 December	
	2023	2022	2023	2022
Profit/(Loss) attributable to Owners of the Company (RM'000)	34,719	(14,898)	33,396	91,649
Weighted average number of ordinary shares in issue ('000)	192,153	192,153	192,153	192,153
Basic earnings/(loss) per ordinary share (sen)	18.07	(7.75)	17.38	47.70

Dated : 22 February 2024
Petaling Jaya,
Selangor Darul Ehsan