

CAN-ONE BERHAD

Registration No. 200401000396 (638899-K)

Quarterly report on consolidated results as at 30 September 2024. The figures have not been audited.
(Financial year ending 31 December 2024)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30/09/2024 RM'000	As at 31/12/2023 (Audited) RM'000
Non-current assets		
Property, plant and equipment	1,928,359	2,057,531
Right-of-use assets	495,520	537,405
Investment properties	78,732	81,246
Intangible assets	4,329	3,371
Deferred tax assets	537	3,104
Prepayments	63,194	25,137
Total non-current assets	2,570,671	2,707,794
Current assets		
Inventories	760,597	801,601
Trade and other receivables	572,136	567,174
Prepayments	20,672	10,272
Current tax assets	10,347	7,837
Derivative financial assets	4,178	1,482
Cash and cash equivalents	336,768	387,066
Total current assets	1,704,698	1,775,432
Total assets	4,275,369	4,483,226
Equity		
Share capital	197,660	197,660
Reserves	1,557,836	1,653,832
Equity attributable to owners of the Company	1,755,496	1,851,492
Non-controlling interests	71,671	81,676
Total equity	1,827,167	1,933,168
Liabilities		
Loans and borrowings	894,841	788,367
Lease liabilities	158,861	181,183
Retirement benefits obligations	78,425	76,134
Deferred tax liabilities	95,813	98,443
Total non-current liabilities	1,227,940	1,144,127
Trade and other payables	397,844	560,127
Loans and borrowings	768,704	779,188
Lease liabilities	13,516	13,367
Retirement benefits obligations and gratuity	7,239	17,914
Contract liabilities	7,533	28,687
Derivative financial liabilities	8,245	136
Current tax liabilities	17,181	6,512
Total current liabilities	1,220,262	1,405,931
Total liabilities	2,448,202	2,550,058
Total equity and liabilities	4,275,369	4,483,226
Net assets per share attributable to equity holders of the Company (Sen)	913.59	963.55

NOTE :

The condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 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 Third Quarter ended 30 September 2024. The figures have not been audited.

(Financial year ending 31 December 2024)

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	Individual quarter		+ / (-) %	Cumulative quarter		+ / (-) %
	3 months ended 30 September			9 months ended 30 September		
	2024 RM'000	2023 RM'000		2024 RM'000	2023 RM'000	
Revenue	793,464	728,443	9	2,351,980	2,194,508	7
Cost of sales	(728,907)	(661,191)		(2,097,549)	(1,976,702)	
Gross profit	64,557	67,252	(4)	254,431	217,806	17
Distribution expenses	(7,707)	(6,428)		(21,175)	(20,725)	
Admin expenses	(41,384)	(51,369)		(123,456)	(135,847)	
Other (expense)/income	(91,098)	1,260		(83,319)	14,304	
(Loss)/profit from operations before impairment losses	(75,632)	10,715		26,481	75,538	
Net (impairment losses)/reversal of impairment losses on :						
- financial instruments	(6)	(187)		(880)	82	
(Loss)/profit from operating activities	(75,638)	10,528	(818)	25,601	75,620	(66)
Interest income	649	782		2,250	1,789	
Interest expense	(26,321)	(21,227)		(73,703)	(59,029)	
(Loss)/profit before tax	(101,310)	(9,917)	(922)	(45,852)	18,380	(349)
Tax expense	(6,671)	(13,739)		(35,670)	(24,824)	
Loss after tax	(107,981)	(23,656)	(356)	(81,522)	(6,444)	(1,165)

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

	Individual quarter		+ / (-) %	Cumulative quarter		+ / (-) %
	3 months ended 30 September			9 months ended 30 September		
	2024 RM'000	2023 RM'000		2024 RM'000	2023 RM'000	
Loss after tax	(107,981)	(23,656)	(356)	(81,522)	(6,444)	(1,165)
Other comprehensive (expense)/income, net of tax						
Foreign currency translation differences of foreign operations	(16,504)	235		(19,588)	18,814	
Cash flow hedge	2,629	4,169		2,795	227	
Total comprehensive (expense)/ income for the period attributable to the Owners of the Company	<u>(121,856)</u>	<u>(19,252)</u>	(533)	<u>(98,315)</u>	<u>12,597</u>	(880)
Loss attributable to :						
Owners of the Company	(100,536)	(23,117)		(71,739)	(1,323)	
Non-controlling interests	(7,445)	(539)		(9,783)	(5,121)	
	<u>(107,981)</u>	<u>(23,656)</u>		<u>(81,522)</u>	<u>(6,444)</u>	
Total comprehensive (expense)/ income attributable to :						
Owners of the Company	(116,049)	(16,897)		(88,310)	17,651	
Non-controlling interests	(5,807)	(2,355)		(10,005)	(5,054)	
	<u>(121,856)</u>	<u>(19,252)</u>		<u>(98,315)</u>	<u>12,597</u>	
Basic earnings per ordinary share (Sen)	<u>(52.32)</u>	<u>(12.03)</u>		<u>(37.33)</u>	<u>(0.69)</u>	

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 earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
Current period ended 30 September 2024							
Balance at 1 January 2024	197,660	1,382	26,500	1,625,950	1,851,492	81,676	1,933,168
Loss for the period	-	-	-	(71,739)	(71,739)	(9,783)	(81,522)
Foreign currency translation differences of foreign operations	-	-	(19,366)	-	(19,366)	(222)	(19,588)
Cash flow hedge	-	2,795	-	-	2,795	-	2,795
Total comprehensive income/(expense) for the period	-	2,795	(19,366)	(71,739)	(88,310)	(10,005)	(98,315)
Dividend paid	-	-	-	(7,686)	(7,686)	-	(7,686)
Balance at 30 September 2024	<u>197,660</u>	<u>4,177</u>	<u>7,134</u>	<u>1,546,525</u>	<u>1,755,496</u>	<u>71,671</u>	<u>1,827,167</u>
Preceding year corresponding period ended 30 September 2023							
Balance at 1 January 2023	197,660	236	20,449	1,608,230	1,826,575	87,642	1,914,217
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/(expense) 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>

NOTE :

The condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 months ended 30 September	
	2024 RM'000	2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before tax	(45,852)	18,380
Adjustments :		
Amortisation and depreciation of assets	139,831	124,026
Gain on disposal of :		
- property, plant and equipment	(586)	(3,053)
- investment properties	(1,160)	-
Net (gain)/loss on termination and remeasurement of lease contracts	(22)	1,161
Interest expense	73,703	59,029
Interest income	(2,250)	(1,789)
Income distribution from money market placements with a non-financial institution	(843)	(1,046)
Net impairment losses/(reversal of impairment losses) on financial instruments	880	(82)
Retirement benefits obligations	5,715	5,169
Unrealised loss/(gain) on derivative financial instruments	8,208	(1,688)
Unrealised loss/(gain) on foreign exchange	71,392	(10,654)
Reversal of write-down of inventories	(1,892)	(3,478)
Write off in respect of :		
- property, plant and equipment	629	180
- inventories	19,414	22,400
Operating profit before changes in working capital	267,167	208,555
Changes in working capital		
Inventories	23,484	140,152
Trade and other receivables	(112,204)	14,201
Trade and other payables	(161,903)	(99,620)
Others	(31,555)	5,360
Cash (used in)/generated from operations	(15,011)	268,648
Interest paid	(5,769)	(4,929)
Retirement benefits paid	(14,099)	(2,203)
Tax paid	(27,249)	(24,882)
Tax refund	15	1,770
Net cash (used in)/from operating activities	(62,113)	238,404

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UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

	9 months ended 30 September	
	2024 RM'000	2023 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of :		
- property, plant and equipment	1,125	13,257
- investment properties	2,500	-
Additions of :		
- property, plant and equipment	(124,963)	(295,325)
- intangible assets	(1,858)	(2,243)
Interest received	2,250	1,789
Income distribution from money market placements with a non-financial institution	843	1,046
Net cash used in investing activities	(120,103)	(281,476)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loans	257,560	48,130
Repayment of term loans	(112,423)	(54,860)
Net movement in other borrowings and lease liabilities	(4,829)	54,720
Interest paid	(67,934)	(54,100)
Dividend paid	(7,686)	(7,686)
Net cash from/(used in) financing activities	64,688	(13,796)
Net decrease in cash and cash equivalents	(117,528)	(56,868)
Effect of exchange differences on cash and cash equivalents	67,230	(22,162)
Cash and cash equivalents brought forward	387,066	386,176
Cash and cash equivalents carried forward	336,768	307,146
	As at 30/09/2024	As at 30/06/2023
Comprises :		
Cash and bank balances	188,482	243,733
Short-term deposits with licensed banks	62,565	32,048
Money market placements with a non-financial institution	85,721	31,365
	336,768	307,146

NOTE :

The condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS THIRD QUARTER ENDED 30 SEPTEMBER 2024

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 2023 ("FYE 2023"). 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 2023.

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 2023 except for the following :

- (a) The Group adopted 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 2024 :
- Amendments 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*

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

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS THIRD QUARTER ENDED 30 SEPTEMBER 2024

2. Significant Accounting Policies (cont'd)

(b) The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group :

Title	Effective date
Amendments to MFRS 121, <i>The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 9 and MFRS 7, <i>The Classification and Measurement of Financial Instruments</i>	1 January 2026
Annual Improvements to MFRS Accounting Standards - Volume 11	1 January 2026
Amendments to MFRS 18, <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
Amendments to MFRS 19, <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to MFRS 10, <i>Consolidated Financial Statements</i> and MFRS 128, <i>Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group is in the process of assessing the impact of implementing these Standards, since the effects would only be observable for the future financial years.

3. Auditors' report

The auditors' report dated 3 April 2024 in respect of the audited financial statements for the FYE 2023 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 current quarter and 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 current quarter and the financial period under review.

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS THIRD QUARTER ENDED 30 SEPTEMBER 2024

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 and the financial period under review.

8. Dividend paid

A first and final single-tier dividend of 4 sen per share for the FYE 2023 was paid on 26 July 2024.

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 2024

9. Segment information (cont'd)

Segment revenue and results for current quarter 3 months ended 30 September 2024 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	703,491	57,439	18,591	13,943	793,464	-	793,464
Inter-division revenue	37,470	-	30,704	97,252	165,426	(165,426)	-
	740,961	57,439	49,295	111,195	958,890	(165,426)	793,464
Results							
Segment results	(62,316)	109	965	81,728	20,486	(96,124)	(75,638)
Interest income	3,069	5	1,715	2,668	7,457	(6,808)	649
Interest expenses	(25,451)	(1,259)	(2,157)	(4,268)	(33,135)	6,814	(26,321)
Profit/(Loss) before tax	(84,698)	(1,145)	523	80,128	(5,192)	(96,118)	(101,310)
Depreciation and amortisation	40,556	1,624	41	979	43,200	(68)	43,132
Interest income	(3,069)	(5)	(1,715)	(2,668)	(7,457)	6,808	(649)
Interest expenses	25,451	1,259	2,157	4,268	33,135	(6,814)	26,321
Income distribution on money market placement with a non-financial institution	(373)	(1)	-	(20)	(394)	-	(394)
EBITDA	(22,133)	1,732	1,006	82,687	63,292	(96,192)	(32,900)
Unrealised foreign exchange loss/(gain)	80,405	(2,276)	(56)	2,502	80,575	-	80,575
Adjusted EBITDA	58,272	(544)	950	85,189	143,867	(96,192)	47,675

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS THIRD QUARTER ENDED 30 SEPTEMBER 2024

9. Segment information (cont'd)

Segment revenue and results for the preceding year corresponding 3 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
Revenue							
External revenue	657,662	36,607	34,139	35	728,443	-	728,443
Inter-segment revenue	55,593	-	23,043	19,498	98,134	(98,134)	-
	<u>713,255</u>	<u>36,607</u>	<u>57,182</u>	<u>19,533</u>	<u>826,577</u>	<u>(98,134)</u>	<u>728,443</u>
Results							
Segment results	14,983	(1,469)	121	16,241	29,876	(19,348)	10,528
Interest income	3,736	7	2,534	2,051	8,328	(7,546)	782
Interest expenses	(19,076)	(1,226)	(4,428)	(4,033)	(28,763)	7,536	(21,227)
(Loss)/profit before tax	(357)	(2,688)	(1,773)	14,259	9,441	(19,358)	(9,917)
Depreciation and amortisation	41,209	1,512	61	374	43,156	422	43,578
Interest income	(3,736)	(7)	(2,534)	(2,051)	(8,328)	7,546	(782)
Interest expenses	19,076	1,226	4,428	4,033	28,763	(7,536)	21,227
Income distribution on money market placement with a non-financial institution	(268)	(4)	-	49	(223)	-	(223)
EBITDA	<u>55,924</u>	<u>39</u>	<u>182</u>	<u>16,664</u>	<u>72,809</u>	<u>(18,926)</u>	<u>53,883</u>
Unrealised foreign exchange (gain)/loss	(5,437)	(24)	(17)	1,529	(3,949)	-	(3,949)
Adjusted EBITDA	<u>50,487</u>	<u>15</u>	<u>165</u>	<u>18,193</u>	<u>68,860</u>	<u>(18,926)</u>	<u>49,934</u>

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS THIRD QUARTER ENDED 30 SEPTEMBER 2024

9. Segment information (cont'd)

Segment revenue and results for current quarter 9 months ended 30 September 2024 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	2,083,954	155,703	44,472	67,851	2,351,980	-	2,351,980
Inter-division revenue	92,464	-	60,240	99,516	252,220	(252,220)	-
	2,176,418	155,703	104,712	167,367	2,604,200	(252,220)	2,351,980
Results							
Segment results	18,056	189	1,659	101,832	121,736	(96,135)	25,601
Interest income	9,729	17	5,410	6,654	21,810	(19,560)	2,250
Interest expenses	(69,750)	(3,524)	(7,437)	(12,572)	(93,283)	19,580	(73,703)
(Loss)/profit before tax	(41,965)	(3,318)	(368)	95,914	50,263	(96,115)	(45,852)
Depreciation and amortisation	132,191	4,715	150	2,982	140,038	(207)	139,831
Interest income	(9,729)	(17)	(5,410)	(6,654)	(21,810)	19,560	(2,250)
Interest expenses	69,750	3,524	7,437	12,572	93,283	(19,580)	73,703
Income distribution on money market placement with a non-financial institution	(820)	(3)	-	(20)	(843)	-	(843)
EBITDA	149,427	4,901	1,809	104,794	260,931	(96,342)	164,589
Unrealised foreign exchange loss/(gain)	69,590	(2,343)	(72)	4,217	71,392	-	71,392
Adjusted EBITDA	219,017	2,558	1,737	109,011	332,323	(96,342)	235,981
As at 30 September 2024							
Assets							
Segment assets	4,446,085	135,644	299,078	384,429	5,265,236	(1,000,751)	4,264,485
Unallocated assets	-	-	-	-	10,884	-	10,884
Total assets	4,446,085	135,644	299,078	384,429	5,276,120	(1,000,751)	4,275,369
Liabilities							
Segment liabilities	2,452,404	217,271	258,259	409,764	3,337,698	(1,002,490)	2,335,208
Unallocated liabilities	-	-	-	-	112,994	-	112,994
Total liabilities	2,452,404	217,271	258,259	409,764	3,450,692	(1,002,490)	2,448,202

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS THIRD QUARTER ENDED 30 SEPTEMBER 2024

9. Segment information (cont'd)

Segment revenue and results for the preceding year corresponding 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
Revenue							
External revenue	1,976,310	119,940	98,155	103	2,194,508	-	2,194,508
Inter-segment revenue	134,560	-	77,340	85,533	297,433	(297,433)	-
	<u>2,110,870</u>	<u>119,940</u>	<u>175,495</u>	<u>85,636</u>	<u>2,491,941</u>	<u>(297,433)</u>	<u>2,194,508</u>
Results							
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	<u>205,685</u>	<u>4,723</u>	<u>(593)</u>	<u>71,754</u>	<u>281,569</u>	<u>(82,969)</u>	<u>198,600</u>
Unrealised foreign exchange loss/(gain)	(15,914)	(59)	(72)	5,391	(10,654)	-	(10,654)
Adjusted EBITDA	<u>189,771</u>	<u>4,664</u>	<u>(665)</u>	<u>77,145</u>	<u>270,915</u>	<u>(82,969)</u>	<u>187,946</u>
As at 30 September 2023							
Assets							
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	<u>4,447,437</u>	<u>124,009</u>	<u>466,142</u>	<u>364,157</u>	<u>5,409,547</u>	<u>(1,095,708)</u>	<u>4,313,839</u>
Liabilities							
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	<u>2,247,514</u>	<u>209,870</u>	<u>416,078</u>	<u>505,012</u>	<u>3,489,406</u>	<u>(1,094,695)</u>	<u>2,394,711</u>

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS THIRD QUARTER ENDED 30 SEPTEMBER 2024

10. Valuation of property, plant and equipment

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

11. Material subsequent events

As at 18 November 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

KJ Greencans Pte. Ltd. ("KGC"), a private limited company was incorporated in Singapore on 9 July 2024. KGC is wholly-owned by Can-One Berhad ("COB"). The principal activity of KGC is investment holding company.

Krafton Greenpax (Viet Nam) Company Limited ("KGV"), a private limited company was incorporated in Vietnam on 16 July 2024. KGV is wholly-owned by Box-Pak (Vietnam) Co., Ltd., which in turn is a subsidiary of COB. The principal activities of KGV are production of carton boxes and production and conversion of corrugated board.

Greencans Industries (Vietnam) Co., Ltd. ("GCIV"), a private limited company was incorporated in Vietnam on 30 September 2024. GCIV is wholly-owned by Kian Joo Can (Vietnam) Co., Ltd., which in turn is a wholly-owned subsidiary of COB. The principal activity of GCIV is manufacturing aluminium cans.

Save for the above, as at 18 November 2024 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report), there were no other changes in the Group composition.

13. Changes in contingent liabilities or contingent assets

There were no contingent liabilities or assets for the Group as at 30 September 2024.

As at 18 November 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 30 September 2024, the Group has the following capital commitment :

	RM'000
Approved and contracted for	<u>33,228</u>

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS THIRD QUARTER ENDED 30 SEPTEMBER 2024

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 and 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 21 November 2024.

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS THIRD QUARTER ENDED 30 SEPTEMBER 2024

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

1. Review of performance

(a) 3 months ended 30 September 2024 ("Q3, 2024") compared with 3 months ended 30 September 2023 ("Q3, 2023")

The Group's net revenue has increased by RM65.0 million or 8.9% to RM793.5 million in Q3, 2024. Loss before tax of the Group increased by RM91.4 million to RM101.3 million in Q3, 2024. This was mainly attributable to the unrealised foreign exchange loss of the Group amounting to RM80.6 million that arose primarily from the General Packaging division.

General Packaging division

General Packaging division generated total revenue of RM741.0 million in Q3, 2024, an increase of RM27.7 million compared to Q3, 2023, mainly due to higher sales volumes in Aluminium cans segment offset by lower sales volumes in General cans segment. Loss before tax of the division increased by RM84.3 million to RM84.7 million in Q3, 2024 mainly due to the better gross profit set off by unfavourable foreign exchange movement and higher interest expenses. The foreign exchange loss arose from intercompany receivables denominated in USD and USD depreciated against Ringgit Malaysia during Q3, 2024.

Contract Manufacturing division

Revenue of the Contract Manufacturing division increased by RM20.8 million to RM57.4 million in Q3, 2024, which was mainly due to increase in sales volume. Consequently, the loss before tax of the division decreased by RM1.5 million to RM1.1 million in Q3, 2024.

Trading division

Trading division registered a decrease in revenue of RM7.9 million to RM49.3 million in Q3, 2024. Profit before tax of the division increased by RM2.3 million from loss before tax of RM1.8 million to profit before tax of RM0.5 million in Q3, 2024 which was mainly due to decrease in trading activities off set by decrease in interest expense.

Property development and investment holding division

Property development division continues to recognise a share of revenue and profit from its property development activities in Kapar since Q4, 2023 based on progress of works completed to date.

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS THIRD QUARTER ENDED 30 SEPTEMBER 2024

1. Review of performance (cont'd)

(b) 9 months ended 30 September 2024 ("PTD Q3, 2024") compared with preceding year corresponding 9 months ended 30 September 2023 ("PTD Q3, 2023")

The Group's net revenue has increased by RM157.5 million or 7.2% to RM2,352.0 million in PTD Q3, 2024. Loss before tax of the Group increased by RM64.2 million from profit before tax of RM18.4 million to loss before tax of RM45.9 million in PTD Q3, 2024. This was mainly attributable to the unrealised foreign exchange loss of the Group amounting to RM71.4 million that arose primarily from the General Packaging division.

General Packaging division

General Packaging division generated total revenue of RM2,176.4 million in PTD Q3, 2024, an increase of RM65.5 million compared to PTD Q3, 2023, mainly due to higher sales volumes in Aluminium cans and Cartons segments and higher average selling price in Aluminium cans segment. Loss before tax of the division increased by RM87.6 million from profit before tax of RM45.7 million to loss before tax of RM42.0 million in PTD Q3, 2024 mainly due to the better gross profit set off by unfavourable foreign exchange movement and higher interest expenses. The foreign exchange loss mainly arose from intercompany receivables denominated in USD and USD depreciated against Ringgit Malaysia during Q3, 2024.

Contract Manufacturing division

Revenue of the Contract Manufacturing division increased by RM35.8 million to RM155.7 million in PTD Q3, 2024, which was mainly due to increase in sales volume. Consequently, the loss before tax of the division decreased by RM0.6 million to RM3.3 million in PTD Q3, 2024.

Trading division

Trading division registered a decrease in revenue of RM70.8 million to RM104.7 million in PTD Q3, 2024. Loss before tax of the division decreased by RM4.6 million to RM0.4 million in PTD Q3, 2024 which was mainly due to better gross profit set off by decrease in interest expense.

Property development and investment holding division

Property development division continues to recognise a share of revenue and profit before tax from its property development activities in Kapar since Q4, 2023.

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS THIRD QUARTER ENDED 30 SEPTEMBER 2024

2. Variation of results against immediate preceding 3 months ended 30 June 2024 ("Q2, 2024")

	Individual quarter		Changes RM'000
	3 months ended		
	30 September 2024 RM'000	30 June 2024 RM'000	
Revenue	793,464	762,391	31,073
Operating (Loss)/Profit	(75,638)	35,091	(110,729)
(Loss)/Profit Before Tax	(101,310)	12,376	(113,686)
(Loss)/Profit After Tax	(107,981)	94	(108,075)
(Loss)/Profit Attributable to Owners of the Company	(100,536)	3,123	(103,659)

The Group's net revenue increased by RM31.1 million to RM793.5 million in Q3, 2024. Loss before tax of the Group increased by RM113.7 million from profit before tax of RM12.4 million to loss before tax of RM101.3 million in Q3, 2024. This was mainly contributed by General Packaging division and Property development and investment holding division as explained below.

General Packaging division

Revenue of General Packaging division in Q3, 2024 was RM741.0 million, an increase of RM36.0 million from Q2, 2024 mainly due to increase in demand for General cans, Aluminium cans and Carton segments. Loss before tax of the division increased by RM92.9 million from profit before tax of RM8.2 million to loss before tax of RM84.7 million in Q3, 2024 was mainly due to unfavourable foreign exchange movement which the foreign exchange loss arose from intercompany receivables denominated in USD and USD depreciated against Ringgit Malaysia during Q3, 2024.

Contract Manufacturing division

Revenue of Contract Manufacturing division increased by RM8.8 million to RM57.4 million in Q3, 2024 mainly due to the increase in sales volume. Consequently, the loss before tax decreased by RM1.4 million to RM1.1 million..

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS THIRD QUARTER ENDED 30 SEPTEMBER 2024

2. Variation of results against immediate preceding 3 months ended 30 June 2024 ("Q2, 2024") (Cont'd)

Trading division

Trading division registered an increase in revenue of RM14.4 million to RM49.3 million in Q3, 2024. Profit before tax of the division increased by RM0.3 million to RM0.5 million in Q3, 2024, which mainly arose from the increase in trading activities and lower interest expense.

Property development and investment holding division

In Q3, 2024, the property development activities in Kapar continues to record its share of revenue and profits based on progress of works completed to date.

3. Prospects

The operating environment of the Group is expected to be influenced by volatility in foreign currency exchange rates, cumulative inflationary effects in raw materials and other input costs such as labour, transportation, and energy costs, challenging macroeconomics conditions in certain markets, escalation of geopolitical conflicts with the risks of sea trade disruptions and shipping delays, uncertainty amid an election year in a large number of countries, rising protectionism, an elevated interest rate environment that increases working capital costs for businesses as well as cautious spending by consumers. There is also heightened awareness and compliance related to climate-related risk mitigation actions that businesses are adopting. Global economists are forecasting slower consumption rather than a recession in light of moderate global trade growth.

The 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 is cautiously optimistic about business prospects of the Group as the Group continues to explore new market opportunities with an emphasis on operational efficiency to deliver sustainable growth and satisfactory performance for the current financial year.

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
THIRD QUARTER ENDED 30 SEPTEMBER 2024**5. Tax expense**

	Individual quarter		Cumulative quarter	
	3 months ended		9 months ended	
	30 September		30 September	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Current tax expense	8,572	4,662	35,790	16,913
Deferred tax (credit)/expense	(1,901)	9,077	(120)	7,911
	6,671	13,739	35,670	24,824

6. Status of Corporate Proposal

There was no corporate proposal announced as at 18 November 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 30 September 2024 are as follows :

	As at 30/09/2024 RM'000	As at 31/12/2023 RM'000
Borrowings denominated in RM		
Current		
Secured		
Hire purchase liabilities	461	743
Term loans	-	3,481
Lease liabilities	8,028	6,743
	8,489	10,967
Unsecured		
Term loans	31,855	33,325
Trade facilities	213,058	236,221
Revolving credits	68,596	163,970
	313,509	433,516
Total current/Balance carried forward	321,998	444,483

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
THIRD QUARTER ENDED 30 SEPTEMBER 2024**7. Group borrowings and debts securities (cont'd)**

	As at 30/09/2024 RM'000	As at 31/12/2023 RM'000
Total current/Balance brought forward	321,998	444,483
Borrowings denominated in RM (Cont'd)		
Non-current		
Secured		
Hire purchase liabilities	97	367
Term loans	286,107	352,721
Lease liabilities	6,849	8,530
	293,053	361,618
Unsecured		
Term loans	377,573	152,727
Total non-current	670,626	514,345
Total borrowings in RM	992,624	958,828
Borrowings denominated in Singapore Dollar ("SGD")		
Current		
Secured		
Lease liabilities	368	510
Total borrowings in SGD	368	510
Borrowings denominated in Indonesian Rupiah ("IDR")		
Current		
Secured		
Lease liabilities	675	711
	675	711
Non-current		
Secured		
Lease liabilities	593	1,209
	593	1,209
Total borrowings in IDR	1,268	1,920

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
THIRD QUARTER ENDED 30 SEPTEMBER 2024**7. Group borrowings and debts securities (cont'd)**

	As at 30/09/2024 RM'000	As at 31/12/2023 RM'000
Borrowings denominated in Vietnam Dong ("VND")		
Current		
Secured		
Lease liabilities	1,381	2,236
Unsecured		
Term loans	7,560	-
Trade facilities	149,149	136,766
	<u>158,090</u>	<u>139,002</u>
Non-current		
Secured		
Lease liabilities	528	761
	<u>528</u>	<u>761</u>
Total borrowings in VND	<u>158,618</u>	<u>139,763</u>
Borrowings denominated in United State Dollar ("USD")		
Current		
Secured		
Hire purchase liabilities	10,407	10,948
Lease liabilities	3,064	3,167
Unsecured		
Trade facilities	194,768	95,392
Revolving credits	74,527	78,030
Term loans	18,323	20,312
	<u>301,089</u>	<u>207,849</u>
Non-current		
Secured		
Hire purchase liabilities	101,138	122,162
Lease liabilities	150,891	170,683
Unsecured		
Term loans	129,926	160,390
	<u>381,955</u>	<u>453,235</u>
Total borrowings in USD	<u>683,044</u>	<u>661,084</u>
Total Group borrowings	<u>1,835,922</u>	<u>1,762,105</u>

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS THIRD QUARTER ENDED 30 SEPTEMBER 2024

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

The interest rates for the borrowings are as follows :

	As at 30/09/2024	As at 31/12/2023
Term loans - floating	4.30% - 6.92%	3.58% - 7.26%
Trade facilities	3.00% - 10.60%	2.80% - 7.26%
Hire purchase liabilities	1.98% - 7.60%	1.48% - 7.60%
Revolving credits	3.96% - 10.83%	3.82% - 7.34%
Lease liabilities	2.65% - 6.50%	1.16% - 7.36%

Total loans and borrowings including lease liabilities increased by RM73.8 million to RM1,835.9 million as at 30 September 2024, mainly due to increase in term loans and trade facilities set off by decrease in hire purchase liabilities and lease liabilities. During the financial period under review, the Group made term loans repayment amounting to RM112.4 million and new term loans drawdown amounted to RM257.5 million.

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

8. Derivatives financial instruments

As at 30 September 2024, 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.

Type of derivatives	Notional amount RM'000	Current assets RM'000	Current liabilities RM'000
Hedging derivatives :			
Commodity contracts	45,578	4,178	-
Non-hedging derivatives :			
Foreign exchange contracts	70,291	-	8,245
		4,178	8,245

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
THIRD QUARTER ENDED 30 SEPTEMBER 2024**9. (Loss)/Profit for the current quarter and financial period-to-date**

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

	Individual quarter		Cumulative quarter	
	3 months ended		9 months ended	
	30 September		30 September	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortisation	43,132	43,578	139,831	124,026
Income distribution from money market placement with a non-financial institution	(394)	(223)	(843)	(1,046)
Gain on disposal of :				
- property, plant and equipment	(465)	(125)	(586)	(3,053)
- investment properties	-	-	(1,160)	-
Provision of retirement benefits and gratuity	2,324	1,784	5,715	5,169
Write off in respect of :				
- property, plant and equipment	2	127	629	180
- inventories	5,913	5,120	19,414	22,400
Loss/(Gain) on foreign currency exchange				
- unrealised	80,575	(3,948)	71,392	(10,654)
- realised	5,756	5,128	12,549	8,376

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 (2023 : Nil).

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
THIRD QUARTER ENDED 30 SEPTEMBER 2024**12. Earnings per share**

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

	Individual quarter		Cumulative quarter	
	3 months ended 30 September		9 months ended 30 September	
	2024	2023	2024	2023
Loss attributable to Owners of the Company (RM'000)	<u>(100,536)</u>	<u>(23,117)</u>	<u>(71,739)</u>	<u>(1,323)</u>
Weighted average number of ordinary shares in issue ('000)	<u>192,153</u>	<u>192,153</u>	<u>192,153</u>	<u>192,153</u>
Basic earnings per ordinary share (sen)	<u>(52.32)</u>	<u>(12.03)</u>	<u>(37.33)</u>	<u>(0.69)</u>

Dated : 21 November 2024

Petaling Jaya,
Selangor Darul Ehsan