

**Crown Seal Public Company Limited**

**Notes to interim financial statements**

**For the three-month and six-month periods ended 30 June 2023**

**1. General information**

**1.1 Basis for the preparation of interim financial information**

These interim financial information are prepared in accordance with Thai Accounting Standard No. 34 *“Interim Financial Reporting”*, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statement of financial position, statements of income, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial information are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial information should therefore be read in conjunction with the latest annual financial statements.

The interim financial information in Thai language are the official statutory financial statements of the Company. The interim financial information in English language have been translated from the Thai language interim financial information.

**1.2 Significant accounting policies**

The interim financial information are prepared by using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2022.

The revised financial reporting standards which are effective for fiscal years beginning on or after 1 January 2023, do not have any significant impact on the Company's financial statements.

**2. Related party transactions**

During the periods, the Company had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties. There were no significant changes in the transfer pricing policy of transactions with related parties during the current period.

(Unaudited but reviewed)

Summaries significant business transactions with related parties were as follows.

(Unit: Thousand Baht)

	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2023	2022	2023	2022
<b><u>Transactions with related companies</u></b>				
Sales of caps	281,302	252,106	561,318	529,840
Service income from printing sheets	19,008	20,644	43,288	44,981
Rental income	563	563	1,126	1,126
Sales of raw materials and spare parts	65	11	98	191
Administrative income	3,055	2,963	9,744	9,535
Purchases of raw materials and spare parts	8,779	3,250	12,527	6,493
Purchases of equipment	918	1,379	16,426	12,182
Royalty fee expense	4,935	3,550	8,522	6,934
Claim payment for damaged goods	723	1,552	1,257	3,714
Dividends paid	77,944	63,986	77,944	63,986

**Directors and management's benefits**

The Company had employee benefit expenses payable to its directors and management as below.

(Unit: Thousand Baht)

	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2023	2022	2023	2022
Short-term employee benefits	8,129	8,067	16,606	15,245
Post-employment benefits	75	151	177	301
Total	8,204	8,218	16,783	15,546

(Unaudited but reviewed)

### 3. Trade and other receivables

(Unit: Thousand Baht)

	30 June 2023	31 December 2022
<u>Trade accounts receivable - related parties</u>		
Aged on the basis of due dates		
Not yet due	124,695	122,130
Past due		
Up to 3 months	12,169	16,673
Total trade accounts receivable - related parties	136,864	138,803
<u>Trade accounts receivable - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	330,084	269,251
Past due		
Up to 3 months	70,420	128,580
3 - 6 months	-	23,040
6 - 12 months	4,620	40,330
Total trade accounts receivable - unrelated parties	405,124	461,201
Less: Allowance for expected credit losses	(1,487)	(16,123)
Trade accounts receivable - unrelated parties, net	403,637	445,078
<u>Other receivables - related parties</u>		
Accrued income	1,771	2,027
Total other receivables - related parties	1,771	2,027
<u>Other receivables - unrelated parties</u>		
Advances	2,701	1,418
Receivable from scrap sales	1,223	-
Others	1,966	998
Total other receivables - unrelated parties	5,890	2,416
Total trade and other receivables	548,162	588,324

(Unaudited but reviewed)

Movements in the allowance for expected credit losses account during the six-month period ended 30 June 2023 are summarised below.

(Unit: Thousand Baht)

Net book value as at 1 January 2023	16,123
Increase during the period	1,451
Reversal of allowance for expected credit losses	<u>(16,087)</u>
Net book value as at 30 June 2023	<u><u>1,487</u></u>

A significant reduction in allowance for expected credit losses of trade receivables during the six-month period ended 30 June 2023, because the Company entered into a debt payment agreement with an unrelated company. During the current period, the Company therefore reversed allowance for expected credit losses of Baht 16.09 million. The Company reclassified the outstanding receivable from a debt payment agreement as non-current trade receivable, as described in Note 6.

#### **4. Inventories / Allowance for diminution in values of inventories**

Movements in the allowance for diminution in values of inventories account during the six-month period ended 30 June 2023 are summarised below.

(Unit: Thousand Baht)

Net book value as at 1 January 2023	20,304
Add: Increase during the period	8,631
Less: Reversal of allowance resulting from inventories destruction	<u>(4,297)</u>
Net book value as at 30 June 2023	<u><u>24,638</u></u>

#### **5. Other current financial assets**

Other current financial assets were bank deposits with maturity over 3 months of Baht 779 million (31 December 2022: Baht 647 million).

(Unaudited but reviewed)

## 6. Non-current trade receivable

	(Unit: Thousand Baht)
	<u>30 June 2023</u>
Trade receivable as at 30 June 2023	73,044
Less: Deferred interest income	<u>(6,269)</u>
Non-current trade receivable	66,775
Less: Portion due within one year	<u>(14,064)</u>
Non-current trade receivable, net of current portion	<u><u>52,711</u></u>

As at 30 June 2023, the Company had future minimum receivable as follows:

	(Unit: Thousand Baht)
	<u>30 June 2023</u>
Within 1 year	16,508
Over 1 and up to 5 years	<u>56,536</u>
Total	<u><u>73,044</u></u>

During May 2023, the Company entered into a debt payment agreement with an unrelated company, for debts of USD 2.94 million, or Baht 101.21 million. The Company agreed to reduce the debts to such company to jointly bear some export expenses totaling USD 0.58 million or Baht 19.91 million. The outstanding debt of USD 2.36 million has been separately shown as non-current trade receivable. The Company will receive payments on a monthly basis, of USD 0.04 million or Baht 1.38 million per month, for a total of 59 installments, ending November 2027. The Company recorded the loss arising from derecognition of financial assets measured at amortised cost of Baht 11.53 million in separately item in the income statement for the current period.

## 7. Property, plant and equipment

Movements of the property, plant and equipment account during the six-month period ended 30 June 2023 are summarised below.

	(Unit: Thousand Baht)
Net book value as at 1 January 2023	1,505,899
Acquisitions during period - at cost	76,687
Disposal/write-off during period - net book value	(706)
Depreciation for the period	<u>(109,005)</u>
Net book value as at 30 June 2023	<u><u>1,472,875</u></u>

(Unaudited but reviewed)

The Company shares the ownership of some building and machinery with Bangkok Can Manufacturing Co., Ltd. and recorded the assets in proportion to its ownership. The carrying amount of its share as at 30 June 2023 was Baht 50 million (31 December 2022: Baht 38 million).

## 8. Dividends paid

	Approved by	Total dividends (Thousand Baht)	Dividend per preferred share (Baht)	Dividend per ordinary share (Baht)
Final dividends for 2021	Annual General Meeting of shareholders on 22 April 2022	96,239	3.30	1.80
<b>Total dividends for 2022</b>		<b>96,239</b>	<b>3.30</b>	<b>1.80</b>
Final dividends for 2022	Annual General Meeting of shareholders on 21 April 2023	117,359	3.70	2.20
<b>Total dividends for 2023</b>		<b>117,359</b>	<b>3.70</b>	<b>2.20</b>

The actual dividend paid for the year 2023 amounted to Baht 115.42 million (2022: Baht 94.65 million) since the remaining dividend related to the securities holders that did not comply with the regulations of the securities depository.

## 9. Income tax expense

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expense was made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2023	2022	2023	2022
<b>Current income tax:</b>				
Interim corporate income tax charge	15,180	15,998	25,208	29,733
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	1,483	506	3,159	2,965
<b>Income tax expense reported in the statement of income</b>	<b>16,663</b>	<b>16,504</b>	<b>28,367</b>	<b>32,698</b>

(Unaudited but reviewed)

## 10. Segment information

The Company is organised into business units based on its products and services. During the current period, the Company has not changed the organisation of its reportable segments.

The following tables present revenue and profit information regarding the Company's operating segments for the three-month and six-month periods ended 30 June 2023 and 2022, respectively.

(Unit: Million Baht)

	For the three-month periods ended 30 June					
	Manufacture and sale of caps		Hire of printing sheets for can		Total	
	2023	2022	2023	2022	2023	2022
Sales and service income	861	933	20	23	881	955
<b>Operating results</b>						
Segment profit	107	124	6	5	113	129
Unallocated income and expenses						
Interest income					3	1
Other income					10	22
Administrative expenses					(53)	(63)
Loss arising from derecognition of financial assets measured at amortised cost					(12)	-
Profit before income tax expense					61	89
Income tax expense					(17)	(17)
Profit for the period					44	72

(Unit: Million Baht)

	For the six-month periods ended 30 June					
	Manufacture and sale of caps		Hire of printing sheets for can		Total	
	2023	2022	2023	2022	2023	2022
Sales and service income	1,797	1,869	45	48	1,842	1,917
<b>Operating results</b>						
Segment profit	200	240	15	14	215	254
Unallocated income and expenses						
Interest income					4	2
Other income					22	44
Administrative expenses					(107)	(115)
Loss arising from derecognition of financial assets measured at amortised cost					(12)	-
Profit before income tax expense					122	185
Income tax expense					(28)	(33)
Profit for the period					94	152

**11. Commitments and contingent liabilities**

- a) The Company has commitments, which mature within one year, to local and overseas suppliers under purchase orders for purchasing of machinery and equipment, as follows:

(Unit: Million)

<u>Foreign Currency</u>	<u>30 June 2023</u>
Baht	29.60
Euro	0.18
Yen	10.93

- b) As at 30 June 2023, the Company has bank guarantees issued by a bank on behalf of the Company of Baht 10.34 million for guarantee of electricity usage, and Baht 0.27 million for the purchase-sell agreements with a state agency.

**12. Financial Instruments****12.1 Fair value of financial instruments**

Most of the Company's financial instruments are classified as short-term or have interest rates that are close to market rate. Therefore, the carrying amounts of these financial instruments are estimated to approximate their fair value.

**12.2 Fair value hierarchy**

As at 30 June 2023, the Company had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	<u>30 June 2023</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets measured at fair value</b>				
Non - current trade receivables	-	-	67	67
Financial assets measured at FVTPL -				
Equity instruments	1	-	-	1
Financial assets measured at FVOCI -				
Equity instruments	-	-	17	17
Derivatives - Foreign currency forward contracts	-	1	-	1
<b>Liabilities measured at fair value</b>				
Derivatives - Foreign currency forward contracts	-	3	-	3



(Unaudited but reviewed)

During the current period, the Company has not changed the method and assumptions used to estimate the fair value of financial instruments, and there is no transfer between the fair value hierarchy.

**13. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's Board of Directors on 10 August 2023.