

Crown Seal Public Company Limited

Notes to interim financial statements

For the three-month and nine-month periods ended 30 September 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.

1.3 New financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2024

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2024. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users.

The management of the Company believes that adoption of these amendments will not have any significant impact on the Company's financial statements.

(Unaudited but reviewed)

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.

Summaries significant business transactions with related parties were as follows.

(Unit: Thousand Baht)

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2023	2022	2023	2022
	<u>Transactions with related companies</u>			
Sales of caps	265,843	252,390	827,161	782,230
Service income from printing sheets	12,805	20,995	56,094	65,976
Rental income	529	563	1,655	1,689
Sales of raw materials and spare parts	204	494	302	685
Administrative income	2,796	2,774	12,540	12,309
Purchases of raw materials and spare parts	4,634	5,526	17,135	12,019
Purchases of equipment	4,920	4,763	21,372	16,946
Royalty fee expense	1,454	2,404	9,976	9,338
Claim payment for damaged goods	3,146	1,909	4,157	5,624
Dividends paid	-	-	77,944	63,986

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

(Unit: Thousand Baht)

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2023	2022	2023	2022
	Short-term employee benefits	9,062	7,788	25,668
Post-employment benefits	75	151	252	452
Total	9,137	7,939	25,920	23,485

(Unaudited but reviewed)

3. Trade and other receivables

(Unit: Thousand Baht)

	30 September 2023	31 December 2022
<u>Trade accounts receivable - related parties</u>		
Aged on the basis of due dates		
Not yet due	109,924	122,130
Past due		
Up to 3 months	16,583	16,673
Total trade accounts receivable - related parties	126,507	138,803
<u>Trade accounts receivable - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	334,876	269,251
Past due		
Up to 3 months	76,912	128,580
3 - 6 months	7	23,040
6 - 12 months	3,987	40,330
Total trade accounts receivable - unrelated parties	415,782	461,201
Less: Allowance for expected credit losses	(2,280)	(16,123)
Trade accounts receivable - unrelated parties, net	413,502	445,078
<u>Other receivables - related parties</u>		
Accrued income	1,540	2,027
Total other receivables - related parties	1,540	2,027
<u>Other receivables - unrelated parties</u>		
Advances	3,093	1,418
Others	3,442	998
Total other receivables - unrelated parties	6,535	2,416
Total trade and other receivables	548,084	588,324

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

Net book value as at 1 January 2023	16,123
Increase during the period	2,244
Reversal of allowance for expected credit losses	<u>(16,087)</u>
Net book value as at 30 September 2023	<u><u>2,280</u></u>

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

4. Inventories / Allowance for diminution in value of inventories

Movements in the allowance for diminution in value of inventories account during the nine-month period ended 30 September 2023 are summarised below.

(Unit: Thousand Baht)

Net book value as at 1 January 2023	20,304
Add: Increase during the period	7,987
Less: Reversal of allowance for inventories destruction	<u>(4,297)</u>
Net book value as at 30 September 2023	<u><u>23,994</u></u>

5. Other current financial assets

Other current financial assets were bank deposits with maturity over 3 months of Baht 981 million (31 December 2022: Baht 647 million).

6. Non-current trade receivable

(Unit: Thousand Baht)

	30 September 2023
Trade receivable as at 30 September 2023	<u>70,293</u>
Less: Deferred interest income	<u>(5,817)</u>
Non-current trade receivable	64,476
Less: Portion due within one year	<u>(14,159)</u>
Non-current trade receivable, net of current portion	<u><u>50,317</u></u>

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	30 September 2023
Within 1 year	16,508
Over 1 and up to 5 years	53,785
Total	<u>70,293</u>

In May 2023, the Company entered into a debt payment agreement with a trade receivable - 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 or Baht 81.3 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. Moreover, the Company recorded the loss arising from derecognition of financial assets measured at amortised cost of Baht 11.53 million. This loss was separately presented as an item in the income statement for the current period.

7. Property, plant and equipment

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

(Unit: Thousand Baht)

Net book value as at 1 January 2023	1,505,899
Acquisitions during period - at cost	110,985
Disposal/write-off during period - net book value	(1,976)
Depreciation for the period	<u>(164,365)</u>
Net book value as at 30 September 2023	<u>1,450,543</u>

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 proportion as at 30 September 2023 was Baht 50 million (31 December 2022: Baht 38 million).

(Unaudited but reviewed)

8. Dividends paid

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

The actual dividend paid for the year 2023 amounted to Baht 115.41 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 September		For the nine-month periods ended 30 September	
	2023	2022	2023	2022
Current income tax:				
Interim corporate income tax charge	16,095	11,414	41,303	41,148
Deferred tax:				
Relating to origination and reversal of temporary differences	544	(1,805)	3,703	1,160
Income tax expense reported in the statement of income	16,639	9,609	45,006	42,308

(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 nine-month periods ended 30 September 2023 and 2022, respectively.

(Unit: Million Baht)

For the three-month periods ended 30 September

	Manufacture and sale of caps		Hire of printing sheets for can		Total	
	2023	2022	2023	2022	2023	2022
Sales and service income	868	897	14	22	882	919
Operating results						
Segment profit	<u>116</u>	<u>91</u>	<u>2</u>	<u>6</u>	118	97
Unallocated income and expenses						
Interest income					4	1
Other income					11	15
Administrative expenses					(51)	(49)
Profit before income tax expense					82	64
Income tax expense					(17)	(10)
Profit for the period					<u>65</u>	<u>54</u>

(Unit: Million Baht)

For the nine-month periods ended 30 September

	Manufacture and sale of caps		Hire of printing sheets for can		Total	
	2023	2022	2023	2022	2023	2022
Sales and service income	2,665	2,765	59	71	2,724	2,836
Operating results						
Segment profit	<u>316</u>	<u>330</u>	<u>17</u>	<u>20</u>	333	350
Unallocated income and expenses						
Interest income					8	3
Other income					33	59
Administrative expenses					(158)	(164)
Loss arising from derecognition of financial assets measured at amortised cost					(12)	-
Profit before income tax expense					204	248
Income tax expense					(45)	(42)
Profit for the period					<u>159</u>	<u>206</u>

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 September 2023</u>
Baht	35.44
Euro	0.18

- b) As at 30 September 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 0.15 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 September 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 September 2023</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets measured at fair value				
Non - current trade receivables	-	-	64	64
Financial assets measured at FVTPL -				
Equity instruments	1	-	-	1
Financial assets measured at FVOCI -				
Equity instruments	-	-	17	17
Liabilities measured at fair value				
Derivatives - Foreign currency forward contracts	-	3	-	3

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 6 November 2023.