

Quarterly rpt on consolidated results for the financial period ended 28 Feb 2023

TOP GLOVE CORPORATION BHD

Financial Year End 31 Aug 2023

Quarter 2 Qtr

Quarterly report for the financial period ended 28 Feb 2023

The figures have not been audited

Attachments

[TopGlove_2QFY2023_Financial Results.pdf](#)

380.7 kB

[TopGlove_2QFY2023_Press_Release.pdf](#)

110.0 kB

Default Currency

Other Currency

Currency: Malaysian Ringgit (MYR)

SUMMARY OF KEY FINANCIAL INFORMATION 28 Feb 2023

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	28 Feb 2023	28 Feb 2022	28 Feb 2023	28 Feb 2022
	\$\$'000	\$\$'000	\$\$'000	\$\$'000
1 Revenue	618,006	1,478,615	1,250,537	3,089,746
2 Profit/(loss) before tax	-145,929	112,275	-297,571	371,119
3 Profit/(loss) for the period	-154,972	102,336	-312,593	304,708
4 Profit/(loss) attributable to ordinary equity holders of the parent	-164,666	87,549	-332,904	273,266
5 Basic earnings/(loss) per share (Subunit)	-2.06	1.09	-4.16	3.41
6 Proposed/Declared dividend per share (Subunit)	0.00	0.00	0.00	1.20
	AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
7 Net assets per share attributable to ordinary equity	0.6600		0.7000	

holders of the parent (\$\$)		
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Definition of Subunit:

In a currency system, there is usually a main unit (base) and subunit that is a fraction amount of the main unit. Example for the subunit as follows:

Country	Base Unit	Subunit
Malaysia	Ringgit	Sen
United States	Dollar	Cent
United Kingdom	Pound	Pence

Announcement Info

Company Name	TOP GLOVE CORPORATION BHD
Stock Name	TOPGLOV
Date Announced	16 Mar 2023
Category	Financial Results
Reference Number	FRA-09032022-00002



TOP GLOVE CORPORATION BHD.

Company No.199801018294 [474423-X]

The World's Largest Manufacturer of Gloves

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2023

	Current Quarter Ended	Corresponding Quarter Ended	Current Year To Date	Corresponding Year To Date
	28 Feb 2023	28 Feb 2022	28 Feb 2023	28 Feb 2022
	RM'000	RM'000	RM'000	RM'000
Revenue	618,006	1,478,615	1,250,537	3,089,746
Operating expenses	(785,806)	(1,380,675)	(1,570,275)	(2,760,511)
Other operating income	24,985	14,902	27,290	44,158
(Loss)/Profit from operations	(142,815)	112,842	(292,448)	373,393
Finance costs	(2,804)	(941)	(4,721)	(2,018)
Share of results of an associate	(310)	374	(402)	(256)
(Loss)/Profit before tax	(145,929)	112,275	(297,571)	371,119
Taxation	(9,043)	(9,939)	(15,022)	(66,411)
(Loss)/Profit net of tax	(154,972)	102,336	(312,593)	304,708
(Loss)/Profit attributable to:				
Owners of the parent	(164,666)	87,549	(332,904)	273,266
Holder of Perpetual Sukuk	11,492	13,217	23,113	26,019
Non controlling interests	(1,798)	1,570	(2,802)	5,423
	(154,972)	102,336	(312,593)	304,708
(Loss)/Earnings per share attributable to owners of the parent, sen:				
Basic	(2.06)	1.09	(4.16)	3.41
Diluted	(2.06)	1.09	(4.16)	3.41

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Annual Financial Report for the financial year ended 31 August 2022.

TOP GLOVE CORPORATION BHD.

Company No.199801018294 [474423-X]

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2023**

	Current Quarter Ended	Corresponding Quarter Ended	Current Year To Date	Corresponding Year To Date
	28 Feb 2023	28 Feb 2022	28 Feb 2023	28 Feb 2022
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit net of tax	(154,972)	102,336	(312,593)	304,708
Other comprehensive income/(loss) : <i>Items that may be reclassified subsequently to profit or loss:</i>				
Net movement on debt securities at fair value through other comprehensive income	1,162	(4,527)	(2,051)	(6,236)
Foreign currency translation differences of foreign operations	11,603	18,304	25,358	2,826
Other comprehensive income/(loss), net of tax	12,765	13,777	23,307	(3,410)
Total comprehensive (loss)/income	(142,207)	116,113	(289,286)	301,298
Total comprehensive (loss)/income attributable to:				
Owners of the parent	(152,194)	100,722	(310,521)	270,093
Holders of Perpetual Sukuk	11,492	13,217	23,113	26,019
Non controlling interests	(1,505)	2,174	(1,878)	5,186
	(142,207)	116,113	(289,286)	301,298

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 August 2022.

TOP GLOVE CORPORATION BHD.

Company No.199801018294 [474423-X]

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2023**

	Unaudited as at 28 Feb 2023 RM'000	Audited as at 31 Aug 2022 RM'000
ASSETS		
Non current assets		
Property, plant and equipment	4,499,917	4,522,203
Right-of-use assets	220,806	223,833
Investment property	227,400	227,400
Investment in an associate	8,958	9,359
Deferred tax assets	12,995	15,911
Biological assets	1,473	1,170
Investment securities: Unquoted investments	392	392
Intangible assets	1,003,583	1,005,325
	5,975,524	6,005,593
Current assets		
Inventories	406,696	575,262
Trade and other receivables	270,851	258,791
Other current assets	103,370	96,061
Tax recoverable	132,042	230,087
Investment securities: Debt securities	248,786	236,223
Investment securities: Money market funds	109,968	277,093
Cash and bank balances	345,134	437,597
	1,616,847	2,111,114
Total assets	7,592,371	8,116,707
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables	311,492	459,357
Contract liabilities	127,977	216,565
Loans and borrowings	364,333	306,122
Lease liabilities	1,178	2,610
Income tax payable	9,207	11,765
Derivative financial instruments	1,961	66
	816,148	996,485
Net current assets	800,699	1,114,629
Non current liabilities		
Loans and borrowings	67,930	92,964
Lease liabilities	15,523	15,372
Deferred tax liabilities	201,707	209,280
Provisions	6,788	9,371
	291,948	326,987
Total liabilities	1,108,096	1,323,472
Net assets	6,484,275	6,793,235
Equity attributable to owners of the parent		
Share capital	1,842,191	1,842,189
Treasury shares	(1,412,270)	(1,412,270)
Retained earnings	4,718,396	5,041,670
Other reserves	121,119	107,633
	5,269,436	5,579,222
Perpetual Sukuk	1,175,694	1,175,694
Non controlling interests	39,145	38,319
Total equity	6,484,275	6,793,235
Total equity and liabilities	7,592,371	8,116,707
Net assets per share attributable to ordinary equity holders of the parent, RM	0.66	0.70

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 August 2022.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 28 FEBRUARY 2023**

	←----- Attributable to owners of the parent ----->												
	Total equity RM'000	←----- Total equity attributable to owners of the parent RM'000		----- Non distributable -----						-----> Distributable			Non controlling interests RM'000
		Share capital RM'000	Treasury shares RM'000	Foreign exchange reserve RM'000	Legal reserve RM'000	Share option reserve RM'000	Other reserve RM'000	Fair value adjustment reserve RM'000	Retained earnings RM'000	Perpetual sukuk RM'000			
6 months ended 28 February 2023													
Opening balance at 1 September 2022	6,793,235	5,579,222	1,842,189	(1,412,270)	10,830	27,569	66,007	14,284	(11,057)	5,041,670	1,175,694	38,319	
(Loss)/Profit net of tax	(312,593)	(332,904)	0	0	0	0	0	0	0	(332,904)	23,113	(2,802)	
Other comprehensive income/(loss)	23,307	22,383	0	0	24,434	0	0	0	(2,051)	0	0	924	
Total comprehensive (loss)/income	(289,286)	(310,521)	0	0	24,434	0	0	0	(2,051)	(332,904)	23,113	(1,878)	
Transactions with owners													
Issuance of ordinary shares pursuant to ESOS	2	2	2	0	0	0	0	0	0	0	0	0	0
Share options granted under ESOS	392	392	0	0	0	0	392	0	0	0	0	0	0
ESOS forfeited	0	0	0	0	0	0	(9,587)	0	0	9,587	0	0	0
Transfer to tax incentive reserve	0	0	0	0	0	0	0	298	0	(298)	0	0	0
Adjustment in relation to part disposal of equity interest in a subsidiary company	3,045	341	0	0	0	0	0	0	0	341	0	2,704	0
Distribution to holders of Perpetual Sukuk	(23,113)	0	0	0	0	0	0	0	0	0	(23,113)	0	0
Total transactions with owners	(19,674)	735	2	0	0	0	(9,195)	298	0	9,630	(23,113)	2,704	0
Closing balance at 28 February 2023	6,484,275	5,269,436	1,842,191	(1,412,270)	35,264	27,569	56,812	14,582	(13,108)	4,718,396	1,175,694	39,145	
6 months ended 28 February 2022													
Opening balance at 1 September 2021	7,220,160	5,872,403	1,841,654	(1,413,274)	24,928	27,569	34,596	12,726	1,844	5,342,360	1,295,262	52,495	
Profit net of tax	304,708	273,266	0	0	0	0	0	0	0	273,266	26,019	5,423	
Other comprehensive (loss)/income	(3,410)	(3,173)	0	0	3,063	0	0	0	(6,236)	0	0	(237)	
Total comprehensive income/(loss)	301,298	270,093	0	0	3,063	0	0	0	(6,236)	273,266	26,019	5,186	
Transactions with owners													
Issuance of ordinary shares pursuant to ESOS	449	449	449	0	0	0	0	0	0	0	0	0	0
Share options granted under ESOS	7,006	7,006	0	0	0	0	7,006	0	0	0	0	0	0
Transfer from share option reserve/retained earnings	0	0	37	0	0	0	(1,242)	1,057	0	148	0	0	0
Distribution to holders of Perpetual Sukuk	(26,019)	0	0	0	0	0	0	0	0	0	(26,019)	0	0
Redemption of Perpetual Sukuk	(9,962)	1	0	0	0	0	0	0	0	1	(9,963)	0	0
Dividends on ordinary shares/non controlling interests	(547,327)	(528,556)	0	0	0	0	0	0	0	(528,556)	0	(18,771)	0
Total transactions with owners	(575,853)	(521,100)	486	0	0	0	5,764	1,057	0	(528,407)	(35,982)	(18,771)	0
Closing balance at 28 February 2022	6,945,605	5,621,396	1,842,140	(1,413,274)	27,991	27,569	40,360	13,783	(4,392)	5,087,219	1,285,299	38,910	

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Annual Financial Report for the financial year ended 31 August 2022.

TOP GLOVE CORPORATION BHD.

Company No.199801018294 [474423-X]

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
AS AT 28 FEBRUARY 2023**

	Current Year To Date Ended 28 Feb 2023 RM'000	Corresponding Year To Date Ended 28 Feb 2022 RM'000
Operating activities		
(Loss)/Profit before tax	(297,571)	371,119
Depreciation and amortisation	176,509	169,451
Other adjustments	9,418	6,646
Operating cash flows before changes in working capital	(111,644)	547,216
Changes in working capital		
Net changes in current assets	150,690	446,795
Net changes in current liabilities	(189,752)	(409,361)
Cash flows (used in)/generated from operating activities	(150,706)	584,650
Interest paid	(4,721)	(2,018)
Income taxes refunded/(paid)	74,927	(657,066)
Net cash flows used in operating activities	(80,500)	(74,434)
Investing activities		
Withdrawal of money market funds	163,724	800,173
(Purchase)/Disposal of debt securities	(2,125)	47,175
Purchase of property, plant and equipment	(191,667)	(496,914)
Proceeds from disposal of property, plant and equipment	1,732	2,023
Proceeds from part disposal of equity interest in a subsidiary company	3,045	0
Interest received	8,662	14,391
Net cash flows (used in)/generated from investing activities	(16,629)	366,848
Financing activities		
Dividends paid on ordinary shares	0	(528,556)
Dividends paid on non controlling interests	0	(18,771)
Proceeds from issuance of ordinary shares pursuant to ESOS	2	449
Payment of principal portion of lease liabilities	(1,676)	(2,481)
Distribution paid to Perpetual Sukuk holders	(23,113)	(26,019)
Redemption of Perpetual Sukuk	0	(9,962)
Drawdown/(Repayment) of loans and borrowings	23,001	(12,604)
Net cash flows used in financing activities	(1,786)	(597,944)
Net decrease in cash and cash equivalents	(98,915)	(305,530)
Effects of changes in foreign exchange rate	6,452	(10,455)
Cash and cash equivalents at 1 September 2022/2021	437,597	878,446
Cash and cash equivalents at 28 February 2023/2022	345,134	562,461

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the financial year ended 31 August 2022.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2023**

1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 August 2022. The explanatory notes attached to the interim financial statements provide an explanation of events and transaction that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 August 2022.

The audited financial statements of the Group for the year ended 31 August 2022 were prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"). The significant accounting policies and method of computations adopted in preparation of this interim financial report are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 August 2022 except for the adoption of the following amendments to MFRSs:

Description

Annual improvements to MFRS Standards 2018 - 2020:

- Amendments to MFRS 1: Adoption of Malaysian Financial Reporting Standards
- Amendments to MFRS 9: Financial Instruments
- Amendments to MFRS 141: Agriculture

Amendments to MFRS 3: Reference to the Conceptual Framework

Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use

Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract

The adoption of the above amendments to MFRSs do not have a material impact on the financial statements of the Group.

2. Auditors' report

The audited financial statements for the financial year ended 31 August 2022 was not subject to any qualification.

3. Seasonal or cyclical factors

The operations of the Group were not affected by any seasonal or cyclical factors in view of its well diversified world markets and the nature of the Group's products being disposable gloves.

4. Extraordinary and exceptional items

There were no extraordinary and exceptional items of unusual nature affecting assets, liabilities, equity, net income, or cash flows in the interim financial period ended 28 February 2023.

5. Changes in estimates of amounts reported previously

There were no material changes in estimates of amounts reported in prior interim periods or prior financial year that have a material effect in the current financial year to date.

TOP GLOVE CORPORATION BHD.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2023 (CONTINUED)

6. Changes in debts and equity securities

During the financial period ended 28 February 2023:

- a) A total of 1,100 new ordinary shares were issued pursuant to the exercise of the ESOS. Details of the issued and paid up capital of the Company as at 28 February 2023 are as follows:

	No. of shares	RM'000
As at 31 August 2022	8,207,105,234	1,842,189
Ordinary shares issued pursuant to the ESOS	1,100	2
As at 28 February 2023	8,207,106,334	1,842,191

- b) As at the end of the financial period to date under review, of the total 8,207,106,334 issued and fully paid ordinary shares, 199,764,300 ordinary shares are held as treasury shares by the Company.

Other than the above, there were no issuance and repayment of debt and equity securities, share cancellations and resale of treasury shares in the financial period ended 28 February 2023.

7. Dividends paid

Record of dividends paid:

Financial Year	Net Dividend per share (sen)*	Total Dividend Paid (RM'000)
2022	1.20	96,102
2021	65.10	5,214,202
2020	11.83	961,731
2019	2.50	191,960
2018	2.83	217,282
2017	2.42	181,936
2016	2.42	181,647
2015	1.92	143,143
2014	1.33	99,009
2013	1.33	99,252
2012	1.33	99,038
2011	0.92	68,035
2010	1.33	98,877
2009	0.92	65,873
2008	0.46	32,389
2007	0.38	27,435
2006	0.31	21,173
2005	0.22	14,110
2004	0.20	12,295
2003	0.15	9,550
2002	0.05	2,808
2001	0.07	4,000
Total		7,841,847

Note: * Net dividend per share has been adjusted to reflect:

- a) Bonus issue of 30% in April 2002, 40% in April 2003, 40% in February 2007, 100% in July 2010, 100% in January 2016, 100% in October 2018 and 200% in September 2020.
- b) Subdivision of shares from one ordinary share of RM1.00 to two ordinary shares of RM0.50 each which was completed in February 2005.

TOP GLOVE CORPORATION BHD.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2023 (CONTINUED)

8. Segmental reporting

- a. Primary reporting segment – Geographical segments.

The Group operates in three principal geographical areas of the world and is primarily involved in the gloves manufacturing industry.

The directors are of the opinion that all intersegment transactions have been entered into in the normal course of business and have been established on negotiated and mutually agreed terms.

6 months ended 28 February 2023

	Malaysia RM'000	Thailand RM'000	China RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<u>Revenue</u>						
External sales	1,113,479	67,940	4,943	64,175	0	1,250,537
Intersegment sales	38,996	118,590	0	202	(157,788)	0
Total Revenue	<u>1,152,475</u>	<u>186,530</u>	<u>4,943</u>	<u>64,377</u>	<u>(157,788)</u>	<u>1,250,537</u>
<u>Result</u>						
Segment loss	(235,489)	(26,472)	(3,084)	(27,403)	0	(292,448)
Finance cost	(1,620)	(299)	0	(2,802)	0	(4,721)
Share of result of an associate	(402)	0	0	0	0	(402)
Loss before tax						<u>(297,571)</u>
<u>Assets</u>						
Segment assets	5,202,314	692,643	96,214	443,623	1,157,577	7,592,371
Intangible assets	1,003,583	0	0	0	0	<u>1,003,583</u>
<u>Liabilities</u>						
Segment liabilities	686,586	47,435	3,230	159,930	210,915	<u>1,108,096</u>

- b. Secondary reporting segment – Business segments

As the Group is principally involved in gloves manufacturing industry, segment reporting by business segment is not prepared.

9. Valuation of property, plant and equipment

There was no revaluation of property, plant and equipment brought forward from the previous audited financial statements as the Group does not adopt a revaluation policy on its property, plant and equipment.

10. Material events subsequent to the end of the interim report

There were no significant subsequent events after the end of the interim period to the date of this announcement, which will materially affect the earnings or income of the Group.

11. Changes in the composition of the Group

There were no significant changes in the composition of the Group, including business combination, acquisition or disposal of subsidiaries and long-term investment, restructuring and discontinuing operations.

TOP GLOVE CORPORATION BHD.

Company No.199801018294 [474423-X]

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2023 (CONTINUED)

12. Contingent liabilities

A nominal amount of RM432 million relating to corporate guarantees has been provided by the Company to banks for its subsidiaries' loans and borrowings.

The fair value of the corporate guarantees granted by the Company to banks in respect of loans and borrowings obtained by its subsidiaries is not material as the difference in borrowing rates charged by the banks is not significant in the absence of such guarantees.

13. Capital commitments

As at the end of the reporting quarter, the Group had approved and contracted for capital expenditure amounting approximately to RM443 million.

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS

14. Review of performance

A comparison of Top Glove's performance for the second quarter ended 28 February 2023 ("2QFY2023") and the year to date 28 February 2023 ("1HFY2023") with the corresponding period last financial year is as follows:

	2QFY2023	2QFY2022	Variance	1HFY2023	1HFY2022	Variance
	RM'mil	RM'mil	%	RM'mil	RM'mil	%
Revenue	618	1,479	(58)	1,251	3,090	(60)
Operating (loss)/profit	(143)	113	(227)	(292)	373	(178)
(Loss)/Profit before interest and tax	(147)	107	(237)	(302)	359	(184)
(Loss)/Profit before tax	(146)	112	(230)	(298)	371	(180)
(Loss)/Profit after tax	(155)	102	(252)	(313)	305	(203)
(Loss)/Profit attributable to owners of the parent	(165)	88	(288)	(333)	273	(222)

For 2QFY2023, the Group recorded Sales Revenue of RM618 million and Loss After Tax of RM155 million.

On a half yearly basis, 1HFY2023 Sales Revenue amounted to RM1.25 billion with Loss After Tax of RM313 million.

The Group's financial performance continued to be impacted by headwinds which have weighed heavily on the glove industry. Destocking activity persisted, driven by excess customer inventory, resulting in a softer order book. Aggravating the situation was the ongoing glove oversupply situation, combined with a lack of customer urgency to place orders in light of shorter delivery times from lower manufacturer utilisation. Meanwhile, rising production costs which the Group was unable to share out with customers owing to moderating ASPs, also contributed to the muted financial results.

The Group notes that customers' glove inventory levels are moving closer to normality. However, while sales have started to pick up, not all orders received will prove feasible due to lower price points. As the glove industry faces losses coupled with escalating costs, the industry has started to revise selling prices upward from February 2023, which is a necessary step towards the industry's eventual recovery and sustainability.

Raw material prices were lower compared with 2QFY2022, with the average natural latex concentrate price on a downtrend, easing 16% to RM4.67/kg, while the average nitrile latex price also eased by 25% to USD0.86/kg.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2023 (CONTINUED)****14. Review of performance (continued)**

The financial results of Top Glove since financial year 2008 are as follows:

RM'mil	Financial year ended 31 August															
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	1HFY2023 (unaudited)
Revenue	1,378	1,529	2,079	2,054	2,315	2,313	2,275	2,511	2,889	3,409	4,221	4,801	7,237	16,361	5,572	1,251
E/(L)BITDA	198	288	365	197	298	311	302	442	525	489	694	687	2,421	10,285	687	(125)
E/(L)BITDA margin	14%	19%	18%	10%	13%	13%	13%	18%	18%	14%	16%	14%	33%	63%	12%	(10%)
P/(L)BT	135	222	305	145	241	242	216	363	442	393	523	424	2,166	10,034	358	(298)
P/(L)BT margin	10%	15%	15%	7%	10%	11%	10%	15%	15%	12%	12%	9%	30%	61%	6%	(24%)
Taxation	(27)	(54)	(55)	(30)	(34)	(39)	(32)	(82)	(80)	(54)	(90)	(56)	(377)	(2,210)	(76)	(15)
P/(L)AT	108	168	250	115	207	203	184	281	362	339	433	368	1,789	7,824	282	(313)
P/(L)AT margin	8%	11%	12%	6%	9%	9%	8%	11%	13%	10%	10%	8%	25%	48%	5%	(25%)

TOP GLOVE CORPORATION BHD.

Company No.199801018294 [474423-X]
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2023 (CONTINUED)**

15. Comparison of quarterly financial results with preceding quarter

	2QFY2023 RM'mil	1QFY2023 RM'mil	Variance %
Revenue	618	633	(2)
Operating loss	(143)	(150)	5
Loss before interest and tax	(147)	(154)	5
Loss before tax	(146)	(152)	4
Loss after tax	(155)	(158)	2
Loss attributable to owners of the parent	(165)	(168)	2

For 2QFY2022, the Group's results were flattish against 1QFY2023, with Sales Revenue of RM618 million and Loss After Tax of RM155 million, while there was an improvement in Sales Volume (Quantity Sold) as compared with the preceding quarter. The softer performance is attributed to factors as per the explanation in Note 14.

Raw material prices were lower compared with 1QFY2023, with the average natural latex concentrate price on a downtrend, easing 1% to RM4.67/kg, while the average nitrile latex price also eased by 6% to USD0.86/kg.

16. Commentary on prospects and targets

The glove industry has been experiencing an extremely challenging past one year. Owing to a convergence of headwinds in the form of rebalancing demand and supply, coupled with softer ASPs and cost increases, the financial results delivered will not be representative of the Group's or industry's actual potential. To mitigate effects of the headwinds encountered, Top Glove continues to implement efficiency enhancement and cash conservation initiatives aimed at driving recovery and improving the bottomline, while increasing ASPs to offset rising costs.

The challenging and competitive business landscape is expected to endure through 2023. However, the Group takes a long term view of industry prospects, which are still promising.

The Group believes that it will be a matter of time before the results are more reflective of the glove industry's potential. In the meantime, the Group continues to be committed to ensuring the well being of both its people and business, while delivering value to its stakeholders.

17. Variance of actual profits from forecast profits

Not applicable as no profit forecast was issued.

18. Taxation

	Quarter Ended		Year To Date Ended	
	28 Feb 2023 RM'000	28 Feb 2022 RM'000	28 Feb 2023 RM'000	28 Feb 2022 RM'000
Income tax				
Current quarter/year	11,941	32,999	23,651	79,902
(Over)/under provision in respect of prior year	(3,677)	23	(3,678)	23
Deferred tax	757	(23,106)	(4,973)	(13,537)
Real property gain tax	22	23	22	23
	<u>9,043</u>	<u>9,939</u>	<u>15,022</u>	<u>66,411</u>

The effective tax rate of the Group is lower than the statutory tax rate due to the tax incentives available to Malaysia and certain overseas subsidiaries.

19. Profit/(loss) on sales of unquoted investments and/or properties

There were no sales of unquoted investments and/or properties during the current quarter and financial year to date.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2023 (CONTINUED)****20. Purchase and disposal of investment securities**

	Quarter Ended 28 Feb 2023 RM'000	Year To Date Ended 28 Feb 2023 RM'000
Investment in money market funds	0	18,111
Withdrawal of money market funds	10,471	181,836
Investment in debt securities	0	2,125

Other than the above, there was no other purchase or disposal of quoted securities by the Group for the current quarter and financial year to date.

21. Status of corporate proposals announced

There were no corporate proposals announced which remain uncompleted during the quarter under review as at the date of this report.

22. Derivative financial instruments

	As at 28 Feb 2023	
	Contract/Notional Amount RM'000	Fair Value RM'000
Forward currency contracts		
• Derivative financial liabilities	45,004	(1,961)

As at 28 February 2023, the Group held forward contracts designated as hedges of expected future sales to customers for which the Group has firm commitments. Forward currency contracts used to hedge the Group's sales are denominated in USD for which firm commitments existed at the reporting date, extending to April 2023.

During the year to date ended 28 February 2023, the Group recognised a loss of RM1,892,000 arising from changes in fair value of the forward currency contracts.

23. Fair value hierarchy

The Group uses the following hierarchy in determining the fair value of all financial instruments carried at fair value:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – Inputs that are based on observable market data, either directly or indirectly

Level 3 – Inputs that are not based on observable market data

As at 28 February 2023, the Group held the following financial assets/(liabilities) that are measured at fair value:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets/(liabilities) measured at fair value:				
Financial assets at fair value through profit or loss				
• Unquoted investments	0	0	392	392
• Debt securities (quoted outside Malaysia)	215,810	0	0	215,810
• Money market funds (quoted in Malaysia)	109,968	0	0	109,968
Financial liabilities at fair value through profit or loss				
• Derivative financial instruments	0	(1,961)	0	(1,961)
Financial assets at fair value through other comprehensive income				
• Debt securities (quoted outside Malaysia)	32,976	0	0	32,976

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2023 (CONTINUED)****24. Group loans and borrowings**

The Group loans and borrowings as at 28 February 2023 were as follows:

	As at 28 Feb 2023 RM'000	As at 28 Feb 2022 RM'000
Current		
Unsecured		
Bank borrowings	310,185	263,890
Term loan	54,148	49,977
Total current borrowings	<u>364,333</u>	<u>313,867</u>
Non-current		
Unsecured		
Term loan	67,930	115,321
Total non-current borrowings	<u>67,930</u>	<u>115,321</u>

Summary of all loans and borrowings:

	Foreign Currency Denominated '000	As at 28 Feb 2023 RM'000		Foreign Currency Denominated '000	As at 28 Feb 2022 RM'000
USD	15,385	68,977	USD	20,810	87,423
RM	0	0	RM	2,813	2,813
THB	0	0	THB	35,000	4,489
EUR	47,621	226,355	EUR	53,193	249,353
JPY	4,160,770	136,931	JPY	2,340,770	85,110
Total loans and borrowings		<u>432,263</u>			<u>429,188</u>

Exchange rate RM to USD1	4.4835	4.2010
Exchange rate RM to THB1	0.1279	0.1283
Exchange rate RM to EUR1	4.7494	4.6845
Exchange rate RM to JPY1	0.0329	0.0364

25. Notes to the Statement of Comprehensive Income

Loss for the period has been arrived at after crediting/(charging) the following items:

	Quarter Ended 28 Feb 2023 RM'000	Year To Date Ended 28 Feb 2023 RM'000
Interest income	4,346	8,662
Interest expense	(2,804)	(4,721)
Other income	3,406	8,749
Realised foreign exchange loss	(7,340)	(10,224)
Unrealised foreign exchange gain/(loss)	3,739	(10,466)
Net fair value loss on derivatives	(1,960)	(1,892)
Fair value gain on investment securities	13,267	8,911
Gain on disposal of money market fund	227	968
Allowance for inventories written down on unsold goods	(6,517)	(17,958)
Inventories written off	0	(20)
Property, plant and equipment written off	(3,784)	(7,977)
Loss on disposal of property, plant and equipment	(630)	(465)
Depreciation and amortisation	(88,478)	(176,509)

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2023 (CONTINUED)****26. Material litigation**

The Company and its subsidiaries are not engaged in any material litigation, either as plaintiff or defendant, which has a material effect on the financial position of the Company and its subsidiaries, and the Directors do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and/or adversely affect the position or business of the Company or subsidiaries.

27. Dividends

No dividend was proposed by the Board of Directors for the current quarter under review.

28. (Loss)/Earnings per share

	Quarter Ended		Year To Date Ended	
	28 Feb 2023	28 Feb 2022	28 Feb 2023	28 Feb 2022
(Loss)/Profit net of tax attributable to owners of the parent (RM'000)	<u>(164,666)</u>	<u>87,549</u>	<u>(332,904)</u>	<u>273,266</u>
<u>Basic</u>				
Weighted average number of ordinary shares in issue ('000)	<u>8,008,411</u>	<u>8,008,178</u>	<u>8,008,411</u>	<u>8,008,306</u>
Basic (loss)/earnings per share (sen)	<u>(2.06)</u>	<u>1.09</u>	<u>(4.16)</u>	<u>3.41</u>
<u>Diluted</u>				
Weighted average number of ordinary shares in issue ('000)	8,008,412	8,008,178	8,008,412	8,008,306
Effect of dilution from:				
Share options ('000)	<u>36</u>	<u>2,159</u>	<u>0</u>	<u>2,809</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>8,008,448</u>	<u>8,010,337</u>	<u>8,008,412</u>	<u>8,011,115</u>
Diluted (loss)/earnings per share (sen)	<u>(2.06)</u>	<u>1.09</u>	<u>(4.16)</u>	<u>3.41</u>

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PRESS RELEASE

Top Glove Corporation Bhd (Company No. 199801018294 [474423-X])

For Immediate Release

REMAINING STEADFAST IN CHALLENGING TIMES

Shah Alam, Thursday, 16 March 2023 Top Glove Corporation Bhd or “Top Glove” today announced its financial results for the Second Quarter ended 28 February 2023 (2QFY2023), taking the challenging environment in stride and maintaining a positive long term outlook.

For 2QFY2023, the Group’s results were largely flattish against 1QFY2023, with Sales Revenue of RM618 million and Loss After Tax of RM155 million, while there was an improvement in Sales Volume (Quantity Sold) as compared with the preceding quarter.

On a half yearly basis, 1HFY2023 Sales Revenue amounted to RM1.25 billion with Loss After Tax of RM313 million.

The Group’s financial performance continued to be impacted by headwinds which have weighed heavily on the glove industry. Destocking activity persisted, driven by excess customer inventory, resulting in a softer order book. Aggravating the situation was the ongoing glove oversupply situation, combined with a lack of customer urgency to place orders in light of shorter delivery times from lower manufacturer utilisation. Meanwhile, rising production costs which the Group was unable to share out with customers owing to moderating ASPs, also contributed to the muted financial results.

The Group notes that customers’ glove inventory levels are moving closer to normality. However, while sales have started to pick up, not all orders received will prove feasible due to lower price points. As the glove industry faces losses coupled with escalating costs, the industry has started to revise selling prices upward from February 2023, which is a necessary step towards the industry’s eventual recovery and sustainability.

Mr Lim Cheong Guan, Managing Director of Top Glove observed, “The glove industry has been experiencing an extremely challenging past one year. Owing to the perfect storm of rebalancing demand and supply, coupled with softer ASPs and cost increases, the financial results delivered will not be representative of the company’s or industry’s actual potential. However, this is a temporary phase we will have to weather after 2 years of elevated pandemic driven glove demand.”

“To mitigate effects of the headwinds encountered, we continue to implement efficiency enhancement and cash conservation initiatives aimed at driving recovery and improving our bottom line, while increasing ASPs to offset rising costs”, continued Mr Lim.

The challenging and competitive business landscape is expected to endure through 2023. However, the Group takes a long term view of industry prospects, which are still promising.

Mr Lim asserted, “We are under no illusion and remain mindful that the market will continue to equilibrate in the near term. Nonetheless, we believe that the glove industry will recover in due course as its fundamentals remain robust and unchanged.”

“We believe that it will be a matter of time before our results are more reflective of the glove industry’s potential. In the meantime, we continue to be committed to ensuring the well being of both our people and our business, while delivering value to our stakeholders”, Mr Lim concluded.

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About Top Glove Corporation Bhd

Top Glove Corporation Bhd is listed on the Bursa Malaysia Stock Exchange Main Board and Singapore Exchange Mainboard. It is also one of the component stocks of the MSCI Global Standard Index, FBM Top 100 Index, FBM Emas Index, FBM Hijrah Syariah Index, FBM Emas Syariah Index and the Dow Jones Sustainability Indices (DJSI) for Emerging Markets. Top Glove is currently the world’s largest manufacturer of gloves with an established corporate culture and good business direction of producing consistently high quality, cost efficient gloves. Top Glove has over 2,000 customers worldwide and exports to more than 195 countries.

Summary of key information:

	As at 16 March 2023
Number of Factories	50 factories (43 in Malaysia, 5 in Thailand, 1 in China and 1 in Vietnam) comprising: <ul style="list-style-type: none"> • 37 glove factories • 2 latex concentrate plants • 3 chemical factories • 1 glove former factory • 2 packaging material factories • 1 dental dam factory • 1 condom factory

	<ul style="list-style-type: none"> • 1 face mask factory • 1 gamma sterilisation factory • 1 rapid test kit factory
Number of Marketing Offices	7 (Malaysia, USA, Germany, Brazil, China, Thailand and Vietnam)
Number of Glove Production Lines	812
Glove Production Capacity	100 billion pieces per annum
Number of Employees	13,000