

Quarterly rpt on consolidated results for the financial period ended 31 Aug 2023

TOP GLOVE CORPORATION BHD

Financial Year End 31 Aug 2023

Quarter 4 Qtr

Quarterly report for the financial period ended 31 Aug 2023

The figures have not been audited

Attachments

[TopGlove_4QFY2023_Press_Release.pdf](#)

158.5 kB

[TopGlove_4QFY2023_Financial_Results.pdf](#)

391.9 kB

Default Currency

Other Currency

Currency: Malaysian Ringgit (MYR)

SUMMARY OF KEY FINANCIAL INFORMATION 31 Aug 2023

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31 Aug 2023	31 Aug 2022	31 Aug 2023	31 Aug 2022
	\$\$'000	\$\$'000	\$\$'000	\$\$'000
1 Revenue	475,865	989,944	2,257,022	5,572,349
2 Profit/(loss) before tax	-461,896	-51,085	-897,998	358,424
3 Profit/(loss) for the period	-454,017	-52,393	-886,962	281,590
4 Profit/(loss) attributable to ordinary equity holders of the parent	-463,145	-62,994	-926,637	225,564
5 Basic earnings/(loss) per share (Subunit)	-5.78	0.79	-11.57	2.82
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	0.5900		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	06 Oct 2023
Category	Financial Results
Reference Number	FRA-16062023-00002


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 FOURTH QUARTER ENDED 31 AUGUST 2023**

	Current Quarter Ended	Corresponding Quarter Ended	Current Year To Date	Corresponding Year To Date
	31 Aug 2023	31 Aug 2022	31 Aug 2023	31 Aug 2022
	RM'000	RM'000	RM'000	RM'000
Revenue	475,865	989,944	2,257,022	5,572,349
Operating expenses	(572,830)	(1,044,229)	(2,762,827)	(5,230,491)
(Loss)/Profit from operations	(96,965)	(54,285)	(505,805)	341,858
Impairment and write-off of assets	(388,533)	0	(388,533)	0
Other operating income/(expenses)	27,375	204	(1,300)	384
Share of results of an associate	(2,641)	(1,419)	(5,780)	(3,710)
(Loss)/Profit before interest and tax	(460,764)	(55,500)	(901,418)	338,532
Interest income	3,073	5,773	16,172	24,313
Finance costs	(4,205)	(1,358)	(12,752)	(4,421)
(Loss)/Profit before tax	(461,896)	(51,085)	(897,998)	358,424
Income tax credit/(expense)	7,879	(1,308)	11,036	(76,834)
(Loss)/Profit net of tax	(454,017)	(52,393)	(886,962)	281,590
(Loss)/Profit attributable to:				
Owners of the parent	(463,145)	(62,994)	(926,637)	225,564
Holder of Perpetual Sukuk	11,748	11,748	46,610	50,164
Non controlling interests	(2,620)	(1,147)	(6,935)	5,862
	(454,017)	(52,393)	(886,962)	281,590
(Loss)/Earnings per share attributable to owners of the parent, sen:				
Basic	(5.78)	(0.79)	(11.57)	2.82
Diluted	(5.78)	(0.79)	(11.57)	2.82

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
AS AT 31 AUGUST 2023**

	Current Quarter Ended	Corresponding Quarter Ended	Current Year To Date	Corresponding Year To Date
	31 Aug 2023	31 Aug 2022	31 Aug 2023	31 Aug 2022
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit net of tax	(454,017)	(52,393)	(886,962)	281,590
Other comprehensive (loss)/income :				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Net movement on debt securities at fair value through other comprehensive income	446	(3,086)	(2,373)	(12,901)
Foreign currency translation differences of foreign operations	(3,167)	(29,796)	54,931	(15,408)
Other comprehensive (loss)/income, net of tax	(2,721)	(32,882)	52,558	(28,309)
Total comprehensive (loss)/income	(456,738)	(85,275)	(834,404)	253,281
Total comprehensive (loss)/income attributable to:				
Owners of the parent	(465,787)	(94,788)	(875,864)	198,565
Holder of Perpetual Sukuk	11,748	11,748	46,610	50,164
Non controlling interests	(2,699)	(2,235)	(5,150)	4,552
	(456,738)	(85,275)	(834,404)	253,281

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 31 AUGUST 2023**

	Unaudited as at 31 Aug 2023 RM'000	Audited as at 31 Aug 2022 RM'000
ASSETS		
Non current assets		
Property, plant and equipment	3,931,665	4,522,203
Right-of-use assets	231,829	223,833
Investment properties	331,487	227,400
Investment in an associate	3,579	9,359
Deferred tax assets	8,865	15,911
Biological assets	626	1,170
Investment securities: Unquoted investments	392	392
Intangible assets	864,465	1,005,325
	5,372,908	6,005,593
Current assets		
Inventories	300,157	575,262
Trade and other receivables	196,324	258,791
Other current assets	90,729	96,061
Assets held for sale	164,380	0
Tax recoverable	11,743	230,087
Investment securities: Debt securities	33,771	236,223
Investment securities: Money market funds	620,746	277,093
Cash and bank balances	290,071	437,597
	1,707,921	2,111,114
Total assets	7,080,829	8,116,707
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables	283,665	459,357
Contract liabilities	102,488	216,565
Loans and borrowings	540,356	306,122
Lease liabilities	1,736	2,610
Income tax payable	14,547	11,765
Derivative financial instruments	507	66
	943,299	996,485
Net current assets	764,622	1,114,629
Non current liabilities		
Loans and borrowings	14,149	92,964
Lease liabilities	25,683	15,372
Deferred tax liabilities	167,340	209,280
Provisions	11,642	9,371
	218,814	326,987
Total liabilities	1,162,113	1,323,472
Net assets	5,918,716	6,793,235
Equity attributable to owners of the parent		
Share capital	1,843,271	1,842,189
Treasury shares	(1,412,270)	(1,412,270)
Retained earnings	4,131,396	5,041,670
Other reserves	144,753	107,633
	4,707,150	5,579,222
Perpetual Sukuk	1,175,694	1,175,694
Non-controlling interests	35,872	38,319
Total equity	5,918,716	6,793,235
Total equity and liabilities	7,080,829	8,116,707
Net assets per share attributable to ordinary equity holders of the parent, RM	0.59	0.70

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 AUGUST 2023

	← Attributable to owners of the parent →												
	Total equity RM'000	Total equity attributable to owners of the parent RM'000	Share capital RM'000	Treasury shares RM'000	Non distributable				Distributable				Non-controlling interests 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			
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	(886,962)	(926,637)	0	0	0	0	0	0	0	(926,637)	46,610	(6,935)	
Other comprehensive income/(loss)	52,558	50,773	0	0	53,146	0	0	0	(2,373)	0	0	1,785	
Total comprehensive (loss)/income	(834,404)	(875,864)	0	0	53,146	0	0	0	(2,373)	(926,637)	46,610	(5,150)	
Transactions with owners													
Issuance of ordinary shares pursuant to ESOS	812	812	812	0	0	0	0	0	0	0	0	0	
Share options granted under ESOS	2,639	2,639	0	0	0	0	2,639	0	0	0	0	0	
Transfer from share option reserve	0	0	(6)	0	0	0	6	0	0	0	0	0	
ESOS forfeited	0	0	0	0	0	0	(16,514)	0	0	16,514	0	0	
Transfer to Employee Share Grant Plan	0	0	276	0	0	0	(276)	0	0	0	0	0	
Transfer to tax incentive reserve	0	0	0	0	0	0	0	492	0	(492)	0	0	
Adjustment in relation to part disposal of equity interest in a subsidiary company	3,044	341	0	0	0	0	0	0	0	341	0	2,703	
Distribution to holders of Perpetual Sukuk	(46,610)	0	0	0	0	0	0	0	0	0	(46,610)	0	
Total transactions with owners	(40,115)	3,792	1,082	0	0	0	(14,145)	492	0	16,363	(46,610)	2,703	
Closing balance at 31 August 2023	5,918,716	4,707,150	1,843,271	(1,412,270)	63,976	27,569	51,862	14,776	(13,430)	4,131,396	1,175,694	35,872	
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	281,590	225,564	0	0	0	0	0	0	0	225,564	50,164	5,862	
Other comprehensive (loss)/income	(28,309)	(26,999)	0	0	(14,098)	0	0	0	(12,901)	0	0	(1,310)	
Total comprehensive income/(loss)	253,281	198,565	0	0	(14,098)	0	0	0	(12,901)	225,564	50,164	4,552	
Transactions with owners													
Issuance of ordinary shares pursuant to ESOS	498	498	498	0	0	0	0	0	0	0	0	0	
Share options granted under ESOS	36,200	36,200	0	0	0	0	36,200	0	0	0	0	0	
Transfer from share option reserve/retained earnings	0	0	39	0	0	0	(4,789)	1,558	0	3,192	0	0	
Transaction cost	(2)	(2)	(2)	0	0	0	0	0	0	0	0	0	
Transfer to Employee Share Grant Plan	148	148	0	1,004	0	0	0	0	0	(856)	0	0	
Distribution to holders of Perpetual Sukuk	(50,164)	0	0	0	0	0	0	0	0	0	(50,164)	0	
Redemption of Perpetual Sukuk	(119,602)	(34)	0	0	0	0	0	0	0	(34)	(119,568)	0	
Dividends on ordinary shares/non controlling interests	(547,284)	(528,556)	0	0	0	0	0	0	0	(528,556)	0	(18,728)	
Total transactions with owners	(680,206)	(491,746)	535	1,004	0	0	31,411	1,558	0	(526,254)	(169,732)	(18,728)	
Closing balance at 31 August 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	

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 31 AUGUST 2023**

	Current Year To Date Ended 31 Aug 2023 RM'000	Corresponding Year To Date Ended 31 Aug 2022 RM'000
Operating activities		
(Loss)/Profit before tax	(897,998)	358,424
Depreciation and amortisation	343,015	348,395
Impairment and write-off of assets	388,533	0
Other adjustments	41,246	104,907
Operating cash flows before changes in working capital	(125,204)	811,726
Changes in working capital		
Net changes in current assets	343,588	851,132
Net changes in current liabilities	(272,631)	(760,593)
Cash flows (used in)/generated from operating activities	(54,247)	902,265
Interest paid	(12,752)	(4,421)
Income taxes refunded/(paid)	198,055	(719,034)
Net cash flows generated from operating activities	131,056	178,810
Investing activities		
(Placement)/withdrawal of money market funds	(338,936)	1,046,204
Disposal of debt securities	230,727	15,143
Purchase of property, plant and equipment	(296,950)	(954,288)
Proceeds from disposal of property, plant and equipment	3,516	3,050
Proceeds from part disposal of equity interest in a subsidiary company	3,044	0
Net cash outflow on acquisition of subsidiaries	0	(1,090)
Interest received	16,172	24,313
Net cash flows (used in)/generated from investing activities	(382,427)	133,332
Financing activities		
Dividends paid on ordinary shares	0	(528,556)
Dividends paid on non controlling interests	0	(18,728)
Proceeds from issuance of ordinary shares pursuant to ESOS	812	496
Payment of principal portion of lease liabilities	(2,514)	(4,904)
Distribution paid to Perpetual Sukuk holders	(46,610)	(50,164)
Redemption of Perpetual Sukuk	0	(119,602)
Drawdown/(Repayment) of loans and borrowings	141,465	(18,887)
Net cash flows generated from/(used in) financing activities	93,153	(740,345)
Net decrease in cash and cash equivalents	(158,218)	(428,203)
Effects of changes in foreign exchange rate	10,692	(12,646)
Cash and cash equivalents at 1 September 2022/2021	437,597	878,446
Cash and cash equivalents at 31 Aug 2023/2022	290,071	437,597

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 FOURTH QUARTER ENDED 31 AUGUST 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 31 August 2023, except the impairment and write-off of assets for RM389 million.

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.

Company No.199801018294 [474423-X]

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 AUGUST 2023 (CONTINUED)

6. Changes in debts and equity securities

During the financial period ended 31 August 2023:

- a) A total of 819,600 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 31 August 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	819,600	1,082
As at 31 August 2023	8,207,924,834	1,843,271

- b) As at the end of the financial period to date under review, of the total 8,207,924,834 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 31 August 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 FOURTH QUARTER ENDED 31 AUGUST 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.

For financial year ended 31 August 2023

	Malaysia RM'000	Thailand RM'000	China RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<u>Revenue</u>						
External sales	1,992,823	138,733	8,789	116,677	0	2,257,022
Intersegment sales	77,070	218,202	84	772	(296,128)	0
Total revenue	<u>2,069,893</u>	<u>356,935</u>	<u>8,873</u>	<u>117,449</u>	<u>(296,128)</u>	<u>2,257,022</u>
<u>Result</u>						
Segment loss	(392,701)	(46,003)	(9,431)	(42,798)	0	(490,933)
Impairment and write-off of assets	(315,751)	0	0	(72,782)	0	(388,533)
Finance cost	(6,294)	(605)	0	(5,853)	0	(12,752)
Share of result of an associate	(5,780)	0	0	0	0	<u>(5,780)</u>
Loss before tax						<u><u>(897,998)</u></u>
<u>Assets</u>						
Segment assets	5,158,558	673,450	49,453	310,716	888,652	7,080,829
Intangible assets	864,465	0	0	0	0	<u>864,465</u>
<u>Liabilities</u>						
Segment liabilities	840,886	57,109	2,379	79,851	181,888	<u>1,162,113</u>

- b. Secondary reporting segment – Business segments

As the Group is principally involved in the 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]

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 AUGUST 2023 (CONTINUED)

12. Contingent liabilities

A nominal amount of RM555 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 RM358 million.

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS

14. Review of performance

A comparison of Top Glove's performance for the fourth quarter ended 31 August 2023 ("4QFY2023") and the full financial year 31 August 2023 ("FY2023") with the corresponding period last financial year is as follows:

	4QFY2023	4QFY2022	Variance	FY2023	FY2022	Variance
	RM'mil	RM'mil	%	RM'mil	RM'mil	%
Revenue	476	990	(52)	2,257	5,572	(59)
(Loss)/Profit from operations	(97)	(54)	(80)	(506)	342	(248)
Impairment and write-off of assets	(389)	0	(100)	(389)	0	(100)
(Loss)/Profit before interest and tax	(461)	(56)	(723)	(901)	339	(366)
(Loss)/Profit before tax	(462)	(51)	(806)	(898)	358	(351)
(Loss)/Profit after tax	(454)	(52)	(773)	(887)	282	(415)
(Loss)/Profit attributable to owners of the parent	(463)	(63)	(635)	(927)	226	(510)

For 4QFY2023, the Group recorded Sales Revenue of RM476 million and Loss After Tax of RM454 million; while on a 12-month basis, Sales Revenue amounted to RM2.26 billion with Loss After Tax of RM887 million. The Loss After Tax factors in an impairment amounting to RM389 million which has no impact on cash flow; this comprises goodwill impairment of RM138 million; and impairment and write-off of property, plant and equipment of RM251 million.

Without the said impairment, the Group's Loss After Tax in 4QFY2023 would have improved and narrowed compared to 3QFY2023, to RM65 million; and Loss After Tax for FY2023 would have been RM498 million. The impairment was recognised following the operational rationalisation exercise and a review of the Group's income generating assets to strengthen its cost competitiveness. Meanwhile, the Group's 4QFY2023 EBITDA and operating cashflow were positive, as the glove industry progresses towards recovery from a protracted period of demand supply imbalance.

The Group's improvement in its 4QFY2023 financial performance compared to earlier quarters within FY2023 was attributed to ongoing quality and cost optimisation initiatives, driven by the Top Glove Turnaround Plan. These included streamlining its production facilities, which saw the Group leveraging newer and more efficient factories while temporarily ceasing operations at some of its factories, thereby saving operation, utilities and manpower cost. The Group continued to focus on securing orders which generated positive cashflow and better margins, and Sales Volume eased quarter on quarter. ASPs were also reduced slightly while raw materials prices trended downwards, enabling the Group to balance sharing out cost savings with customers and preserving margins to offset fixed costs.

TOP GLOVE CORPORATION BHD.

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(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 AUGUST 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	FY2023 (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	2,257
E/(L)BITDA	198	288	365	197	298	311	302	442	525	489	694	687	2,421	10,285	687	(169)
E/(L)BITDA margin	14%	19%	18%	10%	13%	13%	13%	18%	18%	14%	16%	14%	33%	63%	12%	(7%)
P/(L)BT	135	222	305	145	241	242	216	363	442	393	523	424	2,166	10,034	358	(898)
P/(L)BT margin	10%	15%	15%	7%	10%	11%	10%	15%	15%	12%	12%	9%	30%	61%	6%	(40%)
Taxation	(27)	(54)	(55)	(30)	(34)	(39)	(32)	(82)	(80)	(54)	(90)	(56)	(377)	(2,210)	(76)	11
P/(L)AT	108	168	250	115	207	203	184	281	362	339	433	368	1,789	7,824	282	(887)
P/(L)AT margin	8%	11%	12%	6%	9%	9%	8%	11%	13%	10%	10%	8%	25%	48%	5%	(39%)

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 AUGUST 2023 (CONTINUED)

15. Comparison of quarterly financial results with preceding quarter

	4QFY2023 RM'mil	3QFY2023 RM'mil	Variance %
Revenue	476	531	(10)
Loss from operations	(97)	(121)	20
Impairment and write-off of assets	(389)	0	(100)
Loss before interest and tax	(461)	(139)	(232)
Loss before tax	(462)	(139)	(232)
Loss after tax	(454)	(120)	(278)
Loss attributable to owners of the parent	(463)	(131)	(253)

Amidst a highly challenging and volatile business environment, the Group delivered a better performance for 4QFY2023, achieving Sales Revenue of RM476 million and a reduction in Loss from Operations of 20%. Excluding impairment, the Group's 4QFY2023 performance would have improved with a narrower Loss After Tax of RM65 million. Meanwhile, the Group's 4QFY2023 EBITDA and cashflow from operations were positive, as the glove industry progresses towards recovery from a protracted period of demand supply imbalance.

16. Commentary on prospects and targets

Challenges notwithstanding, the Group garnered multiple accolades over the course of FY2023, reflecting an unwavering commitment to delivering value across the stakeholder spectrum. Top Glove maintained its inclusion on the Dow Jones Sustainability Index for the 5th year running, ranking amongst the top 3% of companies on the prestigious index; while on the FTSE4Good ESG Ratings, it delivered an improved ESG score which elevated it to rank amongst the top 13% companies on the index. Additionally, Top Glove earned triple honours at the esteemed Prime Minister's Hibiscus Award 2021/2022 in June 2023 with the *Gold award in the Special Project Category* alongside another 2 awards for *Notable Achievement in Environmental Performance*, while also winning an award for the *Distinguished Social & Community Care Award in the Company of the Year (Manufacturer: Rubber Gloves) category* at the Sustainability & CSR Malaysia Awards 2023 in July 2023.

Over the quarters ahead, the Group's focus will be on improving the performance of its core glove business, particularly through quality and cost enhancement initiatives as well as innovation, to better meet the evolving needs of its customers. The Group maintains a positive industry outlook as gloves are an essential, single use item in the healthcare, industrial and F&B sectors with no viable replacement, a strong indication of continual demand growth for gloves. It also notes an encouraging uptrend in glove demand.

Top Glove remains wholly committed to delivering high quality products at an efficient cost to its customers, while implementing sustainable business practices. The Group continues to improve and innovate; and is confident of getting through this challenging period, as it moves forward onto recovery and beyond.

17. Variance of actual profits from forecast profits

Not applicable as no profit forecast was issued.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 AUGUST 2023 (CONTINUED)****18. Income tax (credit)/expense**

	Quarter Ended		Year To Date Ended	
	31 Aug 2023 RM'000	31 Aug 2022 RM'000	31 Aug 2023 RM'000	31 Aug 2022 RM'000
Current income tax				
Current quarter/year	(5,692)	(3,377)	18,296	67,744
Under/ (over) provision in respect of prior year	9,103	(3,145)	5,466	(11,274)
Deferred income tax	(11,290)	7,830	(34,820)	20,342
Real property gain tax	0	0	22	22
Income tax (credit)/expense	<u>(7,879)</u>	<u>1,308</u>	<u>(11,036)</u>	<u>76,834</u>

During the quarter and year to date ended under review, the tax credit position is due to unutilised tax incentive and the reduction of deferred tax liabilities arising from property, plant and equipment write-off.

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.

20. Purchase and disposal of investment securities

	Quarter Ended	Year To Date Ended
	31 Aug 2023 RM'000	31 Aug 2023 RM'000
Investment in money market funds	331,681	661,718
Withdrawal of money market funds	76,010	322,782
Investment in debt securities	0	839
Disposal in debt securities	201,779	231,566

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 31 August 2023	
	Contract/Notional	Fair Value
	Amount RM'000	RM'000
Forward currency contracts		
• Derivative financial liabilities	<u>68,882</u>	<u>(507)</u>

As at 31 August 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 October 2023.

During the year to date ended 31 August 2023, the Group recognised a loss of RM437,000 arising from changes in fair value of the forward currency contracts.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 AUGUST 2023 (CONTINUED)****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 31 August 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
• Money market funds (quoted in Malaysia)	620,746	0	0	620,746
Financial liabilities at fair value through profit or loss				
• Derivative financial instruments	0	(507)	0	(507)
Financial assets at fair value through other comprehensive income				
• Debt securities (quoted outside Malaysia)	33,771	0	0	33,771

24. Group loans and borrowings

The Group loans and borrowings as at 31 August 2023 were as follows:

	As at 31 Aug 2023 RM'000	As at 31 Aug 2022 RM'000
Current		
Unsecured		
Bank borrowings	512,032	253,337
Term loan	28,324	52,785
Total current borrowings	<u>540,356</u>	<u>306,122</u>
Non-current		
Unsecured		
Term loan	14,149	92,964
Total non-current borrowings	<u>14,149</u>	<u>92,964</u>

Summary of all loans and borrowings:

	Foreign Currency Denominated '000	As at 31 Aug 2023 RM'000	Foreign Currency Denominated '000	As at 31 Aug 2022 RM'000
USD	0	0	USD	20,361
RM	0	0	RM	938
EUR	44,084	222,585	EUR	50,407
JPY	10,460,770	331,920	JPY	2,340,770
VND	0	0	VND	23,798,107
Total loans and borrowings		<u>554,505</u>		<u>399,086</u>

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 AUGUST 2023 (CONTINUED)****24. Group loans and borrowings (Continued)**

	As at 31 Aug 2023	As at 31 Aug 2022
Exchange rate RM to USD1	4.6380	4.4845
Exchange rate RM to EUR1	5.0410	4.4834
Exchange rate RM to JPY1	0.03173	0.03236
Exchange rate RM to VND100	0.0192	0.0191

25. 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.

26. Dividends

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

27. Notes to the Statement of Comprehensive Income

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

	Quarter Ended 31 Aug 2023 RM'000	Year To Date Ended 31 Aug 2023 RM'000
Interest income	3,073	16,172
Interest expense	(4,205)	(12,752)
Allowance for inventories written down	(6,277)	(14,488)
Depreciation and amortisation	(77,703)	(343,015)
Impairment and write-off of assets:		
Goodwill	(137,553)	(137,553)
Property, plant and equipment	(250,980)	(250,980)
	<u>(388,533)</u>	<u>(388,533)</u>
Other operating income/(expenses):		
Realised foreign exchange gain	17,393	6,286
Unrealised foreign exchange loss	(2,733)	(8,029)
Net fair value loss on derivatives	(498)	(437)
Fair value gain/(loss) on investment securities	42	(13,787)
Gain on disposal of money market fund	3,338	4,808
Gain on disposal of debt securities	3,083	3,083
Gain/(loss) on disposal of property, plant and equipment	624	(1,123)
Insurance claims	7,584	11,122
Rental income	2,501	7,384
Other income	2,686	10,157
Property, plant and equipment written off	(6,410)	(19,952)
Bad debt written off	(235)	(812)
	<u>27,375</u>	<u>(1,300)</u>

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 AUGUST 2023 (CONTINUED)****28. (Loss)/Earnings per share**

	Quarter Ended		Year To Date Ended	
	31 Aug 2023	31 Aug 2022	31 Aug 2023	31 Aug 2022
(Loss)/Profit net of tax attributable to owners of the parent (RM'000)	<u>(463,145)</u>	<u>(62,994)</u>	<u>(926,637)</u>	<u>225,564</u>
<u>Basic</u>				
Weighted average number of ordinary shares in issue ('000)	<u>8,009,184</u>	<u>8,008,305</u>	<u>8,008,649</u>	<u>8,008,219</u>
Basic (loss)/earnings per share (sen)	<u>(5.78)</u>	<u>(0.79)</u>	<u>(11.57)</u>	<u>2.82</u>
<u>Diluted</u>				
Weighted average number of ordinary shares in issue ('000)	<u>8,009,184</u>	<u>8,008,305</u>	<u>8,008,649</u>	<u>8,008,219</u>
Effect of dilution from: share options ('000)	<u>0</u>	<u>121</u>	<u>0</u>	<u>3,831</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>8,009,184</u>	<u>8,008,426</u>	<u>8,008,649</u>	<u>8,012,050</u>
Diluted (loss)/earnings per share (sen)	<u>(5.78)</u>	<u>(0.79)</u>	<u>(11.57)</u>	<u>2.82</u>

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PRESS RELEASE

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

For Immediate Release

SETTING FOOT ON THE PATH TO RECOVERY

- *Top Glove delivers improved 4QFY2023 performance as it looks forward to better days ahead*
- *Positive EBITDA and cashflow from operations for 4QFY2023 achieved*

Shah Alam, Friday, 6 October 2023 Top Glove Corporation Bhd or “Top Glove” today announced its financial results for the Fourth Quarter (4QFY2023) and full financial year 2023 (FY2023) ended 31 August 2023, demonstrating resilience as it embarks on its course to recovery.

Amidst a highly challenging and volatile business environment, the Group delivered a better performance for 4QFY2023, achieving Sales Revenue of RM476 million. Following a review of the Group’s assets towards strengthening cost competitiveness, a Loss After Tax of RM454 million was recorded, after incorporating a one off impairment on goodwill, property, plant and equipment amounting to RM389 million which has no impact on cashflow. Excluding impairment, the Group’s 4QFY2023 performance would have improved with a narrower Loss After Tax of RM65 million. Meanwhile, the Group’s 4QFY2023 EBITDA and cashflow from operations were positive, as the glove industry progresses towards recovery from a protracted period of demand supply imbalance.

For FY2023, the Group posted Sales Revenue of RM2.26 billion and Loss After Tax of RM887 million. Excluding impairment, the full financial year’s Loss After Tax would have amounted to RM498 million.

The Group’s improved 4QFY2023 financial performance as compared to earlier quarters within FY2023 was attributed to ongoing quality and cost optimisation initiatives, driven by the Top Glove Turnaround Plan. These included streamlining its production facilities, which saw the Group leveraging newer and more efficient factories while temporarily ceasing operations at some of its factories, thereby saving operation, utilities and manpower cost. The Group continued to focus on securing orders which generated positive cashflow and better margins, and Sales Volume eased quarter on quarter. ASPs were also reduced slightly while raw material prices trended downwards, enabling the Group to balance sharing out cost savings with customers and preserving margins to offset fixed costs.

“Our 4QFY2023 performance is encouraging against the uncertain environment which continues to impact the glove industry. This is largely the result of our Turnaround Plan and we will continue to pursue the strategies outlined towards regaining lost ground and expediting our recovery”, remarked Mr Lim Cheong Guan, Managing Director of Top Glove.

“Looking ahead, the Group believes that inventory build up from the pandemic is very close to bottoming out following lower glove demand over the past 2 years. Conversely, glove consumption has increased post pandemic on the back of elevated levels of hygiene and health awareness. With this, we believe that glove demand will pick up gradually going forward”, Mr Lim observed.

The Group also highlighted challenges faced in relation to the high cost of heat energy from natural gas, rendering Malaysian rubber glove manufacturers less competitive than other rubber glove producing countries which have lower energy costs. In light of this, the Group suggests that rather than exporting this natural resource, it would be more beneficial to make natural gas available at a competitive price to Malaysian manufacturers. This will serve to encourage the growth of downstream activities, creating employment opportunities and business growth for supporting industries, while enhancing export value and increasing the inflow of foreign income.

Challenges notwithstanding, the Group garnered multiple accolades over the course of FY2023, reflecting an unwavering commitment to delivering value across the stakeholder spectrum. Top Glove maintained its inclusion on the **Dow Jones Sustainability Index** for the 5th year running, ranking amongst the top 3% of companies on the prestigious index; while for the **FTSE4Good ESG Ratings**, it delivered an improved ESG score which elevated it to rank amongst the top 13% companies on the index. Additionally, Top Glove earned triple honours at the esteemed **Prime Minister’s Hibiscus Award 2021/2022** in June 2023 with the *Gold award in the Special Project Category* alongside another 2 awards for *Notable Achievement in Environmental Performance*, while also winning an award for the *Distinguished Social & Community Care Award in the Company of the Year (Manufacturer: Rubber Gloves) category* at the **Sustainability & CSR Malaysia Awards 2023** in July 2023.

Over the quarters ahead, the Group’s focus will be on improving the performance of its core glove business, particularly through quality and cost enhancement initiatives as well as innovation, to better meet the evolving needs of its customers. The Group maintains a positive industry outlook as gloves are an essential, single use item in the healthcare, industrial and F&B sectors with no viable replacement, a strong indication of continual demand growth for gloves. It also notes an encouraging uptrend in glove demand.

“We believe the mid to long term prospects for the glove sector remain promising. We are already seeing an uptick in Sales Volume month to month which indicates our customers’ glove inventory is close to being depleted. As the oversupply situation also continues to ease, we look forward to seeing

global glove demand resuming its projected 8% to 10% growth per annum eventually and better times ahead”.

“Top Glove remains wholly committed to delivering high quality products at an efficient cost to our customers, while implementing sustainable business practices. The Group will continue to improve and innovate; and we are confident of getting through this challenging period, as we move forward onto recovery and beyond”, 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 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. A Forbes Global 2000 company, 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 6 October 2023
Number of Factories	49 factories (42 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 gamma sterilisation factory • 1 glove former factory • 2 packaging material factories • 1 dental dam factory • 1 condom factory • 1 face mask factory
Number of Marketing Offices	7 (Malaysia, USA, Germany, Brazil, China, Thailand and Vietnam)
Number of Glove Production Lines	788

Glove Production Capacity	95 billion pieces per annum
Number of Employees	10,700