

Quarterly rpt on consolidated results for the financial period ended 29 Feb 2024

TOP GLOVE CORPORATION BHD

Financial Year End	31 Aug 2024
Quarter	2 Qtr
Quarterly report for the financial period ended	29 Feb 2024
The figures	have not been audited

Attachments

[TopGlove_2QFY2024_Financial_Results.pdf](#)
1.0 MB

[TopGlove_2QFY2024_Press_Release.pdf](#)
129.7 kB

Default Currency

Other Currency

Currency: Malaysian Ringgit (MYR)

SUMMARY OF KEY FINANCIAL INFORMATION 29 Feb 2024

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	29 Feb 2024	28 Feb 2023	29 Feb 2024	28 Feb 2023
	\$\$'000	\$\$'000	\$\$'000	\$\$'000
1 Revenue	550,334	618,006	1,043,793	1,250,537
2 Profit/(loss) before tax	-43,062	-145,929	-95,922	-297,571
3 Profit/(loss) for the period	-40,125	-154,972	-87,305	-312,593
4 Profit/(loss) attributable to ordinary equity holders of the parent	-51,197	-164,666	-108,908	-332,904
5 Basic earnings/(loss) per share (Subunit)	-0.64	-2.06	-1.36	-4.16
6 Proposed/Declared dividend per share (Subunit)	0.00	0.00	0.00	0.00
	AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
7 Net assets per share attributable to ordinary equity holders of the parent (\$\$)	0.5800		0.5900	

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 20 Mar 2024

Category Financial Results

Reference Number FRA-20122023-00005


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 29 FEBRUARY 2024**

	Current Quarter Ended	Corresponding Quarter Ended	Current Year To Date	Corresponding Year To Date
	29 Feb 2024	28 Feb 2023	29 Feb 2024	28 Feb 2023
	RM'000	RM'000	RM'000	RM'000
Revenue	550,334	618,006	1,043,793	1,250,537
Operating expenses	(609,072)	(771,409)	(1,162,058)	(1,538,571)
Loss from operations	(58,738)	(153,403)	(118,265)	(288,034)
Other operating income/(expenses)	17,153	6,242	25,760	(13,076)
Share of results of an associate	(1,348)	(310)	(1,924)	(402)
Loss before interest and tax	(42,933)	(147,471)	(94,429)	(301,512)
Interest income	3,057	4,346	5,024	8,662
Finance costs	(3,186)	(2,804)	(6,517)	(4,721)
Loss before tax	(43,062)	(145,929)	(95,922)	(297,571)
Income tax credit/(expense)	2,937	(9,043)	8,617	(15,022)
Loss net of tax	(40,125)	(154,972)	(87,305)	(312,593)
Loss attributable to:				
Owners of the parent	(51,197)	(164,666)	(108,908)	(332,904)
Holders of Perpetual Sukuk	11,620	11,492	23,241	23,113
Non controlling interests	(548)	(1,798)	(1,638)	(2,802)
	(40,125)	(154,972)	(87,305)	(312,593)
Loss per share attributable to owners of the parent, sen:				
Basic	(0.64)	(2.06)	(1.36)	(4.16)
Diluted	(0.64)	(2.06)	(1.36)	(4.16)

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 2023.

TOP GLOVE CORPORATION BHD.

Company No.199801018294 [474423-X]

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 29 FEBRUARY 2024**

	Current Quarter Ended	Corresponding Quarter Ended	Current Year To Date	Corresponding Year To Date
	29 Feb 2024	28 Feb 2023	29 Feb 2024	28 Feb 2023
	RM'000	RM'000	RM'000	RM'000
Loss net of tax	(40,125)	(154,972)	(87,305)	(312,593)
Other comprehensive 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/(loss)	3,138	1,162	2,945	(2,051)
Foreign currency translation differences of foreign operations	546	11,603	7,627	25,358
Other comprehensive income, net of tax	3,684	12,765	10,572	23,307
Total comprehensive loss	(36,441)	(142,207)	(76,733)	(289,286)
Total comprehensive loss attributable to:				
Owners of the parent	(47,420)	(152,194)	(98,439)	(310,521)
Holder of Perpetual Sukuk	11,620	11,492	23,241	23,113
Non controlling interests	(641)	(1,505)	(1,535)	(1,878)
	(36,441)	(142,207)	(76,733)	(289,286)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 August 2023.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 29 FEBRUARY 2024**

	Unaudited as at 29 Feb 2024 RM'000	Audited as at 31 Aug 2023 RM'000
ASSETS		
Non current assets		
Property, plant and equipment	3,718,560	3,893,084
Right-of-use assets	185,785	187,096
Investment properties	419,699	419,699
Investment in an associate	1,655	3,579
Deferred tax assets	4,479	4,583
Biological assets	723	647
Investment securities: Unquoted investments	392	392
Intangible assets	863,010	864,465
	5,194,303	5,373,545
Current assets		
Inventories	336,482	301,496
Trade and other receivables	234,912	182,622
Other current assets	104,435	85,255
Assets held for sale	180,881	159,984
Tax recoverable	9,492	10,202
Investment securities: Debt securities	35,879	32,864
Investment securities: Money market funds	650,632	630,186
Cash and bank balances	248,986	285,416
	1,801,699	1,688,025
Total assets	6,996,002	7,061,570
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables	335,344	265,261
Contract liabilities	108,930	102,995
Loans and borrowings	530,182	540,356
Lease liabilities	2,963	1,710
Income tax payable	7,157	13,038
Derivative financial instruments	311	507
	984,887	923,867
Net current assets	816,812	764,158
Non current liabilities		
Loans and borrowings	0	14,149
Lease liabilities	24,769	25,630
Deferred tax liabilities	148,854	160,119
Provisions	10,101	11,690
	183,724	211,588
Total liabilities	1,168,611	1,135,455
Net assets	5,827,391	5,926,115
Equity attributable to owners of the parent		
Share capital	1,843,344	1,843,271
Treasury shares	(1,412,270)	(1,412,270)
Retained earnings	4,031,766	4,134,229
Other reserves	154,505	149,304
	4,617,345	4,714,534
Perpetual Sukuk	1,175,694	1,175,694
Non-controlling interests	34,352	35,887
Total equity	5,827,391	5,926,115
Total equity and liabilities	6,996,002	7,061,570
Net assets per share attributable to ordinary equity holders of the parent, RM	0.58	0.59

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 August 2023.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 29 FEBRUARY 2024**

	← Attributable to owners of the parent →												Non-controlling interests
	← Total equity attributable to owners of the parent →			Non distributable						Distributable			
	Total equity	to owners of the parent	Share capital	Treasury shares	Foreign exchange reserve	Legal reserve	Share option reserve	Revaluation reserve	Other reserve	Fair value adjustment reserve	Retained earnings	Perpetual Sukuk	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
6 months ended 29 February 2024													
Opening balance at 1 September 2023	5,926,115	4,714,534	1,843,271	(1,412,270)	62,081	27,569	51,862	8,785	13,343	(14,336)	4,134,229	1,175,694	35,887
(Loss)/Profit net of tax	(87,305)	(108,908)	0	0	0	0	0	0	0	0	(108,908)	23,241	(1,638)
Other comprehensive income	10,572	10,469	0	0	7,524	0	0	0	0	2,945	0	0	103
Total comprehensive (loss)/income	(76,733)	(98,439)	0	0	7,524	0	0	0	0	2,945	(108,908)	23,241	(1,535)
Transactions with owners													
Issuance of ordinary shares pursuant to ESOS	51	51	51	0	0	0	0	0	0	0	0	0	0
Share options granted under ESOS	1,199	1,199	0	0	0	0	1,199	0	0	0	0	0	0
Transfer from share option reserve	0	0	22	0	0	0	(6,604)	0	0	0	6,582	0	0
Transfer from retained earnings	0	0	0	0	0	0	0	137	0	0	(137)	0	0
Distribution to holders of Perpetual Sukuk	(23,241)	0	0	0	0	0	0	0	0	0	0	(23,241)	0
Total transactions with owners	(21,991)	1,250	73	0	0	0	(5,405)	0	137	0	6,445	(23,241)	0
Closing balance at 29 February 2024	5,827,391	4,617,345	1,843,344	(1,412,270)	69,605	27,569	46,457	8,785	13,480	(11,391)	4,031,766	1,175,694	34,352
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	0	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	0	(332,904)	23,113	(2,802)
Other comprehensive income/(loss)	23,307	22,383	0	0	24,434	0	0	0	0	(2,051)	0	0	924
Total comprehensive (loss)/income	(289,286)	(310,521)	0	0	24,434	0	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
Transfer from share option reserve	0	0	0	0	0	0	(9,587)	0	0	0	9,587	0	0
Changes in ownership interest in a subsidiary	3,045	341	0	0	0	0	0	0	0	0	341	0	2,704
Transfer from retained earnings	0	0	0	0	0	0	0	298	0	0	(298)	0	0
Distribution to holders of Perpetual Sukuk	(23,113)	0	0	0	0	0	0	0	0	0	0	(23,113)	0
Total transactions with owners	(19,674)	735	2	0	0	0	(9,195)	0	298	0	9,630	(23,113)	2,704
Closing balance at 28 February 2023	6,484,275	5,269,436	1,842,191	(1,412,270)	35,264	27,569	56,812	0	14,582	(13,108)	4,718,396	1,175,694	39,145

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 2023.

TOP GLOVE CORPORATION BHD.

Company No.199801018294 [474423-X]

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 29 FEBRUARY 2024**

	Current Year To Date Ended 29 Feb 2024 RM'000	Corresponding Year To Date Ended 28 Feb 2023 RM'000
Operating activities		
Loss before tax	(95,922)	(297,571)
Depreciation and amortisation	144,413	176,509
Other adjustments	(14,732)	9,418
Operating cash flows before changes in working capital	33,759	(111,644)
Changes in working capital		
Net changes in current assets	(95,360)	150,690
Net changes in current liabilities	86,829	(189,752)
Cash flows generated from/(used in) operating activities	25,228	(150,706)
Interest paid	(6,517)	(4,721)
Income taxes (paid)/refunded	(2,495)	74,927
Net cash flows generated from/(used in) operating activities	16,216	(80,500)
Investing activities		
(Placement)/withdrawal of money market funds	(12,799)	163,724
Disposal/(Purchase) of debt securities	190	(2,125)
Purchase of property, plant and equipment	(47,984)	(191,667)
Proceeds from disposal of property, plant and equipment	53,973	1,732
Proceeds from part disposal of equity interest in a subsidiary company	0	3,045
Interest received	5,024	8,662
Net cash flows used in investing activities	(1,596)	(16,629)
Financing activities		
Proceeds from issuance of ordinary shares pursuant to ESOS	51	2
Payment of principal portion of lease liabilities	(973)	(1,676)
Distribution paid to Perpetual Sukuk holders	(23,241)	(23,113)
(Repayment)/Drawdown of loans and borrowings	(24,982)	23,001
Net cash flows used in financing activities	(49,145)	(1,786)
Net decrease in cash and cash equivalents	(34,525)	(98,915)
Effects of changes in foreign exchange rate	(1,905)	6,452
Cash and cash equivalents at 1 September 2023/2022	285,416	437,597
Cash and cash equivalents at 29 February 2024/28 February 2023	248,986	345,134

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the financial year ended 31 August 2023.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 29 FEBRUARY 2024**

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 2023. 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 2023.

The audited financial statements of the Group for the year ended 31 August 2023 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 2023 except for the adoption of the following amendments to MFRSs:

Description

MFRS 17: Insurance Contracts
Amendments to MFRS 17: Insurance Contracts
Amendments to MFRS 17: Initial Application MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101: Disclosure of Accounting Policies
Amendments to MFRS 108: Definition of Accounting Estimates
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112: International Tax Reform - Pillar Two Model Rules

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 2023 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 29 February 2024.

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 29 FEBRUARY 2024 (CONTINUED)

6. Changes in debts and equity securities

During the financial period ended 29 February 2024:

a) Details of the issued and paid up capital of the Company as at 29 February 2024 are as follows:

	No. of shares	RM'000
As at 31 August 2023	8,207,924,834	1,843,271
Ordinary shares issued pursuant to the ESOS	58,200	73
As at 29 February 2024	8,207,983,034	1,843,344

b) As at the end of the financial period to date under review, of the total 8,207,983,034 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 29 February 2024.

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:

- 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.
- 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 29 FEBRUARY 2024 (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 29 February 2024

	Malaysia RM'000	Thailand RM'000	China RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<u>Revenue</u>						
External sales	923,469	62,261	5,283	52,780	0	1,043,793
Intersegment sales	37,968	139,379	0	355	(177,702)	0
Total revenue	<u>961,437</u>	<u>201,640</u>	<u>5,283</u>	<u>53,135</u>	<u>(177,702)</u>	<u>1,043,793</u>
<u>Result</u>						
Segment loss	(75,060)	(3,488)	(1,580)	(7,353)	0	(87,481)
Finance cost	(5,122)	(303)	0	(1,092)	0	(6,517)
Share of result of an associate	(1,924)	0	0	0	0	<u>(1,924)</u>
Loss before tax						<u>(95,922)</u>
<u>Assets</u>						
Segment assets	5,103,236	662,888	49,272	301,970	878,636	6,996,002
Intangible assets	863,010	0	0	0	0	<u>863,010</u>
<u>Liabilities</u>						
Segment liabilities	899,261	49,466	2,073	61,799	156,012	<u>1,168,611</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

During the quarter under review, a wholly owned subsidiary TG Medical (Xinghua) Co. Ltd. has been deregistered from the Group.

Other than the above mentioned, there is no other 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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 29 FEBRUARY 2024 (CONTINUED)

12. Contingent liabilities

A nominal amount of RM530 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 RM211 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 29 February 2024 ("2QFY2024") and the year to date 29 February 2024 ("1HFY2024") with the corresponding period last financial year is as follows:

	2QFY2024	2QFY2023	Variance	1HFY2024	1HFY2023	Variance
	RM'mil	RM'mil	%	RM'mil	RM'mil	%
Revenue	550	618	(11)	1,044	1,251	(17)
Operating loss	(59)	(153)	61	(118)	(288)	59
EBITDA	29	(59)	149	50	(125)	140
Loss before interest and tax	(43)	(147)	71	(94)	(302)	69
Loss before tax	(43)	(146)	71	(96)	(298)	68
Loss after tax	(40)	(155)	74	(87)	(313)	72
Loss attributable to owners of the parent	(51)	(165)	69	(109)	(333)	67

For 2QFY2024, the Group recorded Sales Revenue of RM550 million and Loss After Tax of RM40 million, while on a half yearly basis, the Group registered 1HFY2024 Sales Revenue of RM1.04 billion and Loss After Tax of RM87 million. The Loss After Tax for both periods under review had reduced substantially by around 70%. Meanwhile, 1HFY2024 EBITDA turned positive, improving 140% to RM50 million year on year.

The Group's steady recovery was fuelled by stronger Sales Volume growth, as customers placed new orders following the depletion of excess inventory. The uptrend in sales orders was further spurred by the progressively narrowing price gap which has seen Top Glove achieve parity in average selling prices (ASPs) with its overseas peers. The uptick in orders which boosted production utilisation, resulted in enhanced production and cost efficiency, impacting the bottom line positively. Ongoing quality and cost optimisation initiatives, coupled with operational enhancements outlined in the Top Glove Turnaround Plan (T6), also underpinned the Group's improved set of results.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 29 FEBRUARY 2024 (CONTINUED)****14. Review of performance (continued)**

The financial results of Top Glove since financial year 2009 are as follows:

RM'mil	Financial year ended 31 August															
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	6MFY2024 (unaudited)
Revenue	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	1,044
E/(L)BITDA	288	365	197	298	311	302	442	525	489	694	687	2,421	10,285	687	(156)	50
E/(L)BITDA margin	19%	18%	10%	13%	13%	13%	18%	18%	14%	16%	14%	33%	63%	12%	(7%)	5%
P/(L)BT	222	305	145	241	242	216	363	442	393	523	424	2,166	10,034	358	(900)	(96)
P/(L)BT margin	15%	15%	7%	10%	11%	10%	15%	15%	12%	12%	9%	30%	61%	6%	(40%)	(9%)
Taxation	(54)	(55)	(30)	(34)	(39)	(32)	(82)	(80)	(54)	(90)	(56)	(377)	(2,210)	(76)	15	9
P/(L)AT	168	250	115	207	203	184	281	362	339	433	368	1,789	7,824	282	(886)	(87)
P/(L)AT margin	11%	12%	6%	9%	9%	8%	11%	13%	10%	10%	8%	25%	48%	5%	(39%)	(8%)

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Company No.199801018294 [474423-X]

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 29 FEBRUARY 2024 (CONTINUED)

15. Comparison of quarterly financial results with preceding quarter

	2QFY2024 RM'mil	1QFY2024 RM'mil	Variance %
Revenue	550	493	12
Loss from operations	(59)	(60)	2
EBITDA	29	21	38
Loss before interest and tax	(43)	(51)	16
Loss before tax	(43)	(53)	19
Loss after tax	(40)	(47)	15
Loss attributable to owners of the parent	(51)	(58)	12

For 2QFY2024, the Group posted Sales Revenue of RM550 million, an increase of 12% from RM493 million in the preceding quarter. Loss After Tax was RM40 million, continuing to narrow by 15% from RM47 million in the preceding quarter. Notably, the Group's EBITDA was positive at RM29 million, a 38% improvement against 1QFY2024; while Sales Volume strengthened by 18% against the preceding quarter. During the quarter, natural rubber latex concentrate prices rose at a much faster rate, from an average of RM4.91/kg at end November 2023 to RM5.66/kg at end February 2024, a spike of 15%. This sharp increase caused a mismatch with ASPs, thereby affecting margins. However, the strong growth in Sales Volume helped increase utilisation, thereby improving production and cost efficiency, which mitigated the mismatch. The significant increase in Sales Volume also provides a good indication that glove demand is picking up strongly on the back of excess inventory depletion.

16. Commentary on prospects and targets

Underscoring an unwavering commitment to sustainable practices and responsible corporate citizenship, Top Glove was included in the esteemed S&P Global Sustainability Yearbook 2024 for the third year in a row. This honour is accorded exclusively to companies within the top 15% of their respective industries. Top Glove's score was among the highest out of the 13 companies globally within the Health Care Equipment Supplies industry category in the CSA.

The Group views the 18% quarter on quarter growth in Sales Volume for 2QFY2024 as an encouraging sign of Top Glove's continual and significant strides towards recovery. With this, the Group maintains a positive mid to long term outlook on the glove industry, as gloves remain an essential, single use item in the healthcare, industrial and F&B sectors with no viable replacement. The Group is also optimistic that the strong growth momentum will sustain, as customers continue replenishing their depleting glove stockpiles. Moreover, with increased health and hygiene awareness post pandemic, the global glove demand growth of approximately 8% per annum is expected to resume, thereby absorbing excess capacity within the industry, while manufacturers continue to halt expansion towards restoring the demand supply balance.

Top Glove remains focused on executing its strategic initiatives to level up the quality and efficiency, while leveraging strengths to capitalise on emerging opportunities. 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.

TOP GLOVE CORPORATION BHD.

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(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 29 FEBRUARY 2024 (CONTINUED)****18. Income tax (credit)/expense**

	Quarter Ended		Year To Date Ended	
	29 Feb 2024 RM'000	28 Feb 2023 RM'000	29 Feb 2024 RM'000	28 Feb 2023 RM'000
Income tax				
Current quarter/year	1,622	11,941	2,275	23,651
Over provision in respect of prior year	(1,954)	(3,677)	(1,954)	(3,678)
Deferred tax	(4,831)	757	(11,225)	(4,973)
Real property gain tax	2,226	22	2,287	22
	<u>(2,937)</u>	<u>9,043</u>	<u>(8,617)</u>	<u>15,022</u>

During the quarter and year to date ended under review, the tax credit position is due to reduction of deferred tax liabilities arising from unutilised capital allowance.

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
	29 Feb 2024 RM'000	29 Feb 2024 RM'000
Investment in money market funds	16,897	64,079
Withdrawal of money market funds	47,433	51,280
Disposal in debt securities	0	190

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 29 February 2024	
	Contract/Notional	Fair Value
	Amount RM'000	RM'000
Forward currency contracts		
• Derivative financial liabilities	<u>55,667</u>	<u>(311)</u>

As at 29 February 2024, 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 May 2024.

During the year to date ended 29 February 2024, the Group recognised a gain of RM196,000 arising from changes in fair value of the forward currency contracts.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 29 FEBRUARY 2024 (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 29 February 2024, the Group held the following financial assets 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)	650,632	0	0	650,632
Financial liabilities at fair value through profit or loss				
• Derivative financial instruments	0	(311)	0	(311)
Financial assets at fair value through other comprehensive income				
• Debt securities (quoted outside Malaysia)	35,879	0	0	35,879

24. Group loans and borrowings

The Group loans and borrowings as at 29 February 2024 were as follows:

	As at 29 Feb 2024 RM'000	As at 28 Feb 2023 RM'000
Current		
Unsecured		
Bank borrowings	501,233	310,185
Term loan	28,949	54,148
Total current borrowings	530,182	364,333
Non-current		
Unsecured		
Term loan	0	67,930
Total non-current borrowings	0	67,930

Summary of all loans and borrowings:

	Foreign Currency Denominated '000	As at 29 Feb 2024 RM'000	Foreign Currency Denominated '000	As at 28 Feb 2023 RM'000
USD	0	0	USD	15,385
EUR	28,599	147,819	EUR	47,621
JPY	12,027,770	382,363	JPY	4,160,770
Total loans and borrowings		530,182		432,263

Exchange rate RM to USD1	4.7630	4.4835
Exchange rate RM to EUR1	5.1617	4.7494
Exchange rate RM to JPY1	0.0318	0.0329

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 29 FEBRUARY 2024 (CONTINUED)

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 29 Feb 2024 RM'000	Year to date Ended 29 Feb 2024 RM'000
Interest income	3,057	5,024
Interest expense	(3,186)	(6,517)
Reversal for inventories written down	12,135	9,093
Depreciation and amortisation	(72,170)	(144,413)
Other operating income/(expenses):		
Realised foreign exchange loss	(3,736)	(5,582)
Unrealised foreign exchange gain	4,168	2,507
Net fair value (loss)/gain on derivatives	(390)	196
Fair value gain on investment securities	3,483	6,060
Gain on disposal of money market fund	1,088	2,224
Gain on disposal of property, plant and equipment	598	3,043
Rental income	4,097	7,702
Insurance claims	7,501	7,525
Other income	2,279	5,860
Property, plant and equipment written off	(1,935)	(3,775)
	<u>17,153</u>	<u>25,760</u>

28. Loss per share

	Quarter Ended		Year To Date Ended	
	29 Feb 2024	28 Feb 2023	29 Feb 2024	28 Feb 2023
Loss net of tax attributable to owners of the parent (RM'000)	<u>(51,197)</u>	<u>(164,666)</u>	<u>(108,908)</u>	<u>(332,904)</u>
Basic				
Weighted average number of ordinary shares in issue ('000)	<u>8,008,190</u>	<u>8,008,411</u>	<u>8,008,175</u>	<u>8,008,411</u>
Basic loss per share (sen)	<u>(0.64)</u>	<u>(2.06)</u>	<u>(1.36)</u>	<u>(4.16)</u>
Diluted				
Weighted average number of ordinary shares in issue ('000)	8,008,190	8,008,412	8,008,175	8,008,412
Effect of dilution from:				
Share options ('000)	<u>547</u>	<u>36</u>	<u>0</u>	<u>0</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>8,008,737</u>	<u>8,008,448</u>	<u>8,008,175</u>	<u>8,008,412</u>
Diluted loss per share (sen)	<u>(0.64)</u>	<u>(2.06)</u>	<u>(1.36)</u>	<u>(4.16)</u>

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PRESS RELEASE

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

For Immediate Release

PROGRESSING WELL ON THE PATH TO RECOVERY

- *2QFY2024 Sales Volume surges 18% as orders pick up pace*
- *Positive EBITDA with significant improvements of 38% for 2QFY2024 and 140% for 1HFY2024*

Shah Alam, Wednesday, 20 March 2024 Top Glove Corporation Bhd or “Top Glove” today announced its financial results for the Second Quarter ended 29 February 2024 (2QFY2024), delivering an improved performance as it continues to gain traction on its recovery journey.

For 2QFY2024, the Group’s Sales Revenue was RM550 million, an increase of 12% from RM493 million in the preceding quarter. Loss After Tax was RM40 million, continuing to narrow by 15% from RM47 million in the preceding quarter. Notably, the Group’s EBITDA was positive at RM29 million, a 38% improvement against 1QFY2024; while Sales Volume strengthened by 18% against the preceding quarter. During the quarter, natural rubber latex concentrate prices rose at a much faster rate, from an average of RM4.91/kg at end November 2023 to RM5.66/kg at end February 2024, a spike of 15%. This sharp increase caused a mismatch with average selling prices (ASPs), thereby affecting margins. However, the strong growth in Sales Volume helped increase utilisation, thereby improving production and cost efficiency, which mitigated the mismatch. The significant increase in Sales Volume also provides a good indication that glove demand is picking up strongly on the back of excess inventory depletion.

On a half yearly basis, the Group registered 1HFY2024 Sales Revenue of RM1.04 billion. Loss After Tax for 1HFY2024 reduced substantially to RM87 million, contracting by an impressive 72% year on year. Meanwhile, its 1HFY2024 EBITDA turned positive, improving 140% to RM50 million year on year.

The Group’s steady recovery was fuelled by stronger Sales Volume growth, as customers placed new orders following the depletion of excess inventory. The uptrend in sales orders was further spurred by the progressively narrowing price gap which has seen Top Glove achieve parity in ASPs with its overseas peers. The uptick in orders which boosted production utilisation, resulted in enhanced

production and cost efficiency, impacting the bottom line positively. Ongoing quality and cost optimisation initiatives, coupled with operational enhancements outlined in the Top Glove Turnaround Plan (T6), also underpinned the Group's improved set of results.

Mr Lim Cheong Guan, Managing Director of Top Glove remarked, "Our improved performance demonstrates the effectiveness of our strategic initiatives in recapturing sales, enhancing quality, cost and efficiency, as well as Top Glove's resilience amidst persistent challenges. It is also a testament to the good efforts of our employees, who have been instrumental in driving our recovery".

Underscoring an unwavering commitment to sustainable practices and responsible corporate citizenship, Top Glove was included in the esteemed S&P Global Sustainability Yearbook 2024 for the third year in a row. This honour is accorded exclusively to companies within the top 15% of their respective industries. Top Glove's score was among the highest out of the 13 companies globally within the Health Care Equipment Supplies industry category in the Corporate Sustainability Assessment.

The Group views the 18% quarter on quarter growth in Sales Volume for 2QFY2024 as an encouraging sign of Top Glove's continual and significant strides towards recovery. With this, the Group maintains a positive mid to long term outlook on the glove industry, as gloves remain an essential, single use item in the healthcare, industrial and F&B sectors with no viable replacement. The Group is also optimistic that the strong growth momentum will sustain, as customers continue replenishing their depleting glove stockpiles. Moreover, with increased health and hygiene awareness post pandemic, the global glove demand growth of approximately 8% per annum is expected to resume, thereby absorbing excess capacity within the industry, while manufacturers continue to halt expansion towards restoring the demand supply balance.

Mr Lim asserted, "We continue to see signs of the market rebounding and believe our business will normalise in due course as glove industry fundamentals remain robust and unchanged. We remain focused on executing our strategic initiatives to level up our quality and cost efficiency, while leveraging our strengths to capitalise on emerging opportunities. With the momentum gained over the last few quarters, we are confident of our ability to sustain the positive trajectory and return to profitability within the second half of the year".

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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. Top Glove has 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 20 March 2024
Number of Factories	48 factories (41 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 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	10,000