

Quarterly rpt on consolidated results for the financial period ended 30 Nov 2023

TOP GLOVE CORPORATION BHD

Financial Year End	31 Aug 2024
Quarter	1 Qtr
Quarterly report for the financial period ended	30 Nov 2023
The figures	have not been audited
Attachments	
TopGlove_1QFY2024_Financial_Results.pdf 490.4 kB	
TopGlove_1QFY2024_Press_Release.pdf 128.4 kB	

<ul style="list-style-type: none"> • Default Currency
<ul style="list-style-type: none"> • Other Currency

Currency: Malaysian Ringgit (MYR)

SUMMARY OF KEY FINANCIAL INFORMATION 30 Nov 2023

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30 Nov 2023	30 Nov 2022	30 Nov 2023	30 Nov 2022
	\$\$'000	\$\$'000	\$\$'000	\$\$'000
1 Revenue	493,459	632,531	493,459	632,531
2 Profit/(loss) before tax	-52,860	-151,642	-52,860	-151,642
3 Profit/(loss) for the period	-47,180	-157,621	-47,180	-157,621
4 Profit/(loss) attributable to ordinary equity holders of the parent	-57,711	-168,238	-57,711	-168,238

5	Basic earnings/(loss) per share (Subunit)	-0.72	-2.10	-0.72	-2.10
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

Company Name	TOP GLOVE CORPORATION BHD
Stock Name	TOPGLOV
Date Announced	20 Dec 2023
Category	Financial Results
Reference Number	FRA-06102023-00002


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 FIRST QUARTER ENDED 30 NOVEMBER 2023**

	Current Quarter Ended	Corresponding Quarter Ended	Current Year To Date	Corresponding Year To Date
	30 Nov 2023	30 Nov 2022	30 Nov 2023	30 Nov 2022
	RM'000	RM'000	RM'000	RM'000
Revenue	493,459	632,531	493,459	632,531
Operating expenses	(552,986)	(767,162)	(552,986)	(767,162)
Loss from operations	(59,527)	(134,631)	(59,527)	(134,631)
Other operating income/(expenses)	8,607	(19,318)	8,607	(19,318)
Share of results of an associate	(576)	(92)	(576)	(92)
Loss before interest and tax	(51,496)	(154,041)	(51,496)	(154,041)
Interest income	1,967	4,316	1,967	4,316
Finance costs	(3,331)	(1,917)	(3,331)	(1,917)
Loss before tax	(52,860)	(151,642)	(52,860)	(151,642)
Income tax credit/(expense)	5,680	(5,979)	5,680	(5,979)
Loss net of tax	(47,180)	(157,621)	(47,180)	(157,621)
Loss attributable to:				
Owners of the parent	(57,711)	(168,238)	(57,711)	(168,238)
Holder of Perpetual Sukuk	11,621	11,621	11,621	11,621
Non controlling interests	(1,090)	(1,004)	(1,090)	(1,004)
	(47,180)	(157,621)	(47,180)	(157,621)
Loss per share attributable to owners of the parent, sen:				
Basic	(0.72)	(2.10)	(0.72)	(2.10)
Diluted	(0.72)	(2.10)	(0.72)	(2.10)

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 FIRST QUARTER ENDED 30 NOVEMBER 2023**

	Current	Corresponding	Current	Corresponding
	Quarter Ended	Quarter Ended	Year To Date	Year To Date
	30 Nov 2023	30 Nov 2022	30 Nov 2023	30 Nov 2022
	RM'000	RM'000	RM'000	RM'000
Loss net of tax	(47,180)	(157,621)	(47,180)	(157,621)
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	(193)	(3,213)	(193)	(3,213)
Foreign currency translation differences of foreign operations	7,081	13,755	7,081	13,755
Other comprehensive income, net of tax	6,888	10,542	6,888	10,542
Total comprehensive loss	(40,292)	(147,079)	(40,292)	(147,079)
Total comprehensive loss attributable to:				
Owners of the parent	(51,019)	(158,327)	(51,019)	(158,327)
Holders of Perpetual Sukuk	11,621	11,621	11,621	11,621
Non controlling interests	(894)	(373)	(894)	(373)
	(40,292)	(147,079)	(40,292)	(147,079)

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.

TOP GLOVE CORPORATION BHD.

Company No.199801018294 [474423-X]

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2023**

	Unaudited as at 30 Nov 2023 RM'000	Audited as at 31 Aug 2023 RM'000
ASSETS		
Non current assets		
Property, plant and equipment	3,829,164	3,893,084
Right-of-use assets	187,373	187,096
Investment properties	419,699	419,699
Investment in an associate	3,004	3,579
Deferred tax assets	4,482	4,583
Biological assets	682	647
Investment securities: Unquoted investments	392	392
Intangible assets	863,530	864,465
	5,308,326	5,373,545
Current assets		
Inventories	286,975	301,496
Trade and other receivables	204,893	182,622
Other current assets	96,303	85,255
Assets held for sale	111,199	159,984
Tax recoverable	10,165	10,202
Derivative financial instruments	78	0
Investment securities: Debt securities	32,006	32,864
Investment securities: Money market funds	677,226	630,186
Cash and bank balances	291,670	285,416
	1,710,515	1,688,025
Total assets	7,018,841	7,061,570
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables	294,029	265,261
Contract liabilities	97,950	102,995
Loans and borrowings	539,986	540,356
Lease liabilities	3,069	1,710
Income tax payable	8,130	13,038
Derivative financial instruments	0	507
	943,164	923,867
Net current assets	767,351	764,158
Non current liabilities		
Loans and borrowings	10,422	14,149
Lease liabilities	25,310	25,630
Deferred tax liabilities	153,778	160,119
Provisions	11,965	11,690
	201,475	211,588
Total liabilities	1,144,639	1,135,455
Net assets	5,874,202	5,926,115
Equity attributable to owners of the parent		
Share capital	1,843,271	1,843,271
Treasury shares	(1,412,270)	(1,412,270)
Retained earnings	4,080,024	4,134,229
Other reserves	152,490	149,304
	4,663,515	4,714,534
Perpetual Sukuk	1,175,694	1,175,694
Non-controlling interests	34,993	35,887
Total equity	5,874,202	5,926,115
Total equity and liabilities	7,018,841	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.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2023**

	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	
3 months ended 30 November 2023														
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	(47,180)	(57,711)	0	0	0	0	0	0	0	0	(57,711)	11,621	(1,090)	
Other comprehensive income/(loss)	6,888	6,692	0	0	6,885	0	0	0	0	(193)	0	0	196	
Total comprehensive (loss)/income	(40,292)	(51,019)	0	0	6,885	0	0	0	0	(193)	(57,711)	11,621	(894)	
Transactions with owners														
Transfer from share option reserve	0	0	0	0	0	0	(3,506)	0	0	0	3,506	0	0	
Distribution to holders of Perpetual Sukuk	(11,621)	0	0	0	0	0	0	0	0	0	0	(11,621)	0	
Total transactions with owners	(11,621)	0	0	0	0	0	(3,506)	0	0	0	3,506	(11,621)	0	
Closing balance at 30 November 2023	5,874,202	4,663,515	1,843,271	(1,412,270)	68,966	27,569	48,356	8,785	13,343	(14,529)	4,080,024	1,175,694	34,993	
3 months ended 30 November 2022														
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 net of tax	(157,621)	(168,238)	0	0	0	0	0	0	0	0	(168,238)	11,621	(1,004)	
Other comprehensive income/(loss)	10,542	9,911	0	0	13,124	0	0	0	0	(3,213)	0	0	631	
Total comprehensive income/(loss)	(147,079)	(158,327)	0	0	13,124	0	0	0	0	(3,213)	(168,238)	11,621	(373)	
Transactions with owners														
Issuance of ordinary shares pursuant to ESOS	2	2	2	0	0	0	0	0	0	0	0	0	0	
Transfer from share option reserve	0	0	0	0	0	0	(3,311)	0	0	0	3,311	0	0	
Transfer from retained earnings	0	0	0	0	0	0	0	0	233	0	(233)	0	0	
Changes in ownership interest in a subsidiary	3,055	351	0	0	0	0	0	0	0	0	351		2,704	
Distribution to holders of Perpetual Sukuk	(11,621)	0	0	0	0	0	0	0	0	0	0	(11,621)	0	
Total transactions with owners	(8,564)	353	2	0	0	0	(3,311)	0	233	0	3,429	(11,621)	2,704	
Closing balance at 30 November 2022	6,637,592	5,421,248	1,842,191	(1,412,270)	23,954	27,569	62,696	0	14,517	(14,270)	4,876,861	1,175,694	40,650	

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.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2023**

	Current Year To Date Ended 30 Nov 2023 RM'000	Corresponding Year To Date Ended 30 Nov 2022 RM'000
Operating activities		
Loss before tax	(52,860)	(151,642)
Depreciation and amortisation	72,243	88,031
Other adjustments	(1,549)	20,219
Operating cash flows before changes in working capital	17,834	(43,392)
Changes in working capital		
Net changes in current assets	(19,918)	138,575
Net changes in current liabilities	24,395	(185,336)
Cash flows generated from/(used in) operating activities	22,311	(90,153)
Interest paid	(3,331)	(1,917)
Income taxes (paid)/refunded	(1,485)	4,132
Net cash flows generated from/(used in) operating activities	17,495	(87,938)
Investing activities		
(Placement)/withdrawal of money market funds	(43,335)	171,265
Disposal/(Purchase) of debt securities	190	(2,125)
Purchase of property, plant and equipment	(19,382)	(100,504)
Proceeds from disposal of property, plant and equipment	52,166	692
Interest received	1,967	4,315
Net cash flows (used in)/generated from investing activities	(8,394)	73,643
Financing activities		
Proceeds from issuance of ordinary shares pursuant to ESOS	0	2
Payment of principal portion of lease liabilities	(361)	(1,111)
Repayment of loans and borrowings	(5,233)	(22,864)
Net cash flows used in financing activities	(5,594)	(23,973)
Net increase/(decrease) in cash and cash equivalents	3,507	(38,268)
Effects of changes in foreign exchange rate	2,747	5,229
Cash and cash equivalents at 1 September 2023/2022	285,416	437,597
Cash and cash equivalents at 30 November 2023/2022	291,670	404,558

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 FIRST QUARTER ENDED 30 NOVEMBER 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 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 30 November 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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2023 (CONTINUED)

6. Changes in debts and equity securities

During the financial period ended 30 November 2023:

- a) Details of the issued and paid up capital of the Company as at 30 November 2023 are as follows:

	No. of shares	RM'000
As at 30 November 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 30 November 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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 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.

3 months ended 30 November 2023

	Malaysia RM'000	Thailand RM'000	China RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<u>Revenue</u>						
External sales	437,190	29,260	2,591	24,418	0	493,459
Intersegment sales	19,754	64,312	0	356	(84,422)	0
Total revenue	456,944	93,572	2,591	24,774	(84,422)	493,459
<u>Result</u>						
Segment loss	(38,725)	(3,720)	(690)	(5,818)	0	(48,953)
Finance cost	(2,603)	(151)	0	(577)	0	(3,331)
Share of result of an associate	(576)	0	0	0	0	(576)
Loss before tax						(52,860)
<u>Assets</u>						
Segment assets	5,105,000	681,542	50,227	300,892	881,180	7,018,841
Intangible assets	863,530	0	0	0	0	863,530
<u>Liabilities</u>						
Segment liabilities	853,165	55,019	2,662	71,885	161,908	1,144,639

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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2023 (CONTINUED)

12. Contingent liabilities

A nominal amount of RM550 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 RM253 million.

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS

14. Review of performance

A comparison of Top Glove's performance for the first quarter ended 30 November 2023 ("1QFY2024") with the corresponding period last financial year is as follows:

	1QFY2024 RM'mil	1QFY2023 RM'mil	Variance %
Revenue	493	633	(22)
Operating loss	(60)	(135)	56
Loss before interest and tax	(51)	(154)	67
Loss before tax	(53)	(152)	65
Loss after tax	(47)	(158)	70
Loss attributable to owners of the parent	(58)	(168)	65

Despite persistent challenges in the operating landscape, the Group recorded 1QFY2024 Sales Revenue of RM493 million and Loss After Tax of RM47 million, a substantial reduction in Loss After Tax of 70% compared with 1QFY2023, representing a strong improvement in performance. Meanwhile, it recorded EBITDA of RM21 million and total positive cash inflow from operations of RM17 million which are areas of priority for the Group, representing a considerable increase of 132% and 120% respectively against 1QFY2023, as the glove industry progresses towards recovery from a protracted period of demand supply imbalance.

Driving the Group's improved results were its ongoing operational, quality and cost optimisation efforts, which helped mitigate the increase in raw material prices. Additionally, the uptick in Sales Volume which led to increased utilisation and efficiencies, also had a positive effect on the bottom line.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2023 (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	3MFY2024 (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	493
E/(L)BITDA	288	365	197	298	311	302	442	525	489	694	687	2,421	10,285	687	(156)	21
E/(L)BITDA margin	19%	18%	10%	13%	13%	13%	18%	18%	14%	16%	14%	33%	63%	12%	(7%)	4%
P/(L)BT	222	305	145	241	242	216	363	442	393	523	424	2,166	10,034	358	(900)	(53)
P/(L)BT margin	15%	15%	7%	10%	11%	10%	15%	15%	12%	12%	9%	30%	61%	6%	(40%)	(11%)
Taxation	(54)	(55)	(30)	(34)	(39)	(32)	(82)	(80)	(54)	(90)	(56)	(377)	(2,210)	(76)	15	6
P/(L)AT	168	250	115	207	203	184	281	362	339	433	368	1,789	7,824	282	(886)	(47)
P/(L)AT margin	11%	12%	6%	9%	9%	8%	11%	13%	10%	10%	8%	25%	48%	5%	(39%)	(10%)

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2023 (CONTINUED)

15. Comparison of quarterly financial results with preceding quarter

	1QFY2024 RM'mil	4QFY2023 RM'mil	Variance %
Revenue	493	476	4
Loss from operations	(60)	(99)	39
Impairment and write-off of assets	0	(392)	100
Loss before interest and tax	(51)	(464)	89
Loss before tax	(53)	(464)	89
Loss after tax	(47)	(453)	90
Loss attributable to owners of the parent	(58)	(462)	87

Top Glove delivered a commendable performance in 1QFY2024, attaining Sales Revenue of RM493 million, an increase of 4% quarter on quarter, while Loss from Operations continued to narrow by 39% to RM60 million compared with the previous quarter. The Group also saw an improvement in its 1QFY2024 Loss After Tax of RM47 million, representing a 90% reduction from its 4QFY2023 Loss After Tax, which included a one-off impairment of RM392 million. Meanwhile, Top Glove recorded positive EBITDA of RM21 million, an increase of 320% against the previous quarter and total positive cash inflow from operations of RM17 million, which are areas of priority for the Group.

16. Commentary on prospects and targets

Looking ahead, the Group maintains a positive mid to long term outlook on the glove industry, as gloves are an essential, single use item in the healthcare, industrial and F&B sectors with no viable replacement. The Group is also optimistic that global glove demand growth of approximately 8% will resume in time to come, along with glove consumption; driven by customers' replenishment of depleting glove stockpiles as well as robust industry fundamentals, and further spurred by increased health and hygiene awareness post pandemic.

As Top Glove progresses on the road to recovery, the Group continues to focus on ESG. The Group is pleased to have earned the EcoVadis Sustainability Bronze Medal, having secured its placement in the upper segment amongst all evaluated companies and industries in 2023. The recognition underscores the effectiveness of Top Glove's robust management system in meeting sustainability criteria which includes environmental impact, labour and human rights, ethics and sustainable procurement, based on the methodology employed by EcoVadis, the world's largest provider of business sustainability ratings based in Paris with a global network of more than 100,000 rated companies.

The Group is also working closely with stakeholders to ensure it meets new obligations under the European Union Deforestation Regulation (EUDR), which will apply starting 30 December 2024. Under this regulation, companies trading in commodities such as natural rubber and products derived from natural rubber, are required to conduct due diligence on their supply chain to ensure the goods do not result from recent deforestation, forest degradation or breaches of local environmental and social laws.

17. Variance of actual profits from forecast profits

Not applicable as no profit forecast was issued.

TOP GLOVE CORPORATION BHD.

Company No.199801018294 [474423-X]

(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2023 (CONTINUED)****18. Income tax (credit)/expense**

	Quarter Ended	
	30 Nov 2023	30 Nov 2022
	RM'000	RM'000
Current income tax		
Current quarter/year	5,551	11,709
Group tax relief on tax losses surrendered	(4,897)	0
Deferred income tax	(6,395)	(5,730)
Real property gain tax	61	0
Income tax (credit)/expense	<u>(5,680)</u>	<u>5,979</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
	30 Nov 2023
	RM'000
Investment in money market funds	47,182
Withdrawal of money market funds	3,847
Disposal in debt securities	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 30 November 2023	
	Contract/Notional	Fair Value
	Amount	RM'000
	RM'000	RM'000
Forward currency contracts		
• Derivative financial assets	<u>60,440</u>	<u>78</u>

As at 30 November 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 January 2024.

During the year to date ended 30 November 2023, the Group recognised a gain of RM586,000 arising from changes in fair value of the forward currency contracts.

TOP GLOVE CORPORATION BHD.

Company No.199801018294 [474423-X]

(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 NOVEMBER 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 30 November 2023, 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 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)	677,226	0	0	677,226
• Derivative financial instruments	0	78	0	78
Financial assets at fair value through other comprehensive income				
• Debt securities (quoted outside Malaysia)	32,006	0	0	32,006

24. Group loans and borrowings

The Group loans and borrowings as at 30 November 2023 were as follows:

	As at 30 Nov 2023 RM'000	As at 30 Nov 2022 RM'000
Current		
Unsecured		
Bank borrowings	511,427	244,891
Term loan	28,559	53,420
Total current borrowings	539,986	298,311

Non-current

Unsecured		
Term loan	10,422	84,682
Total non-current borrowings	10,422	84,682

Summary of all loans and borrowings:

	Foreign Currency Denominated '000	As at 30 Nov 2023 RM'000		Foreign Currency Denominated '000	As at 30 Nov 2022 RM'000
USD	0	0	USD	17,029	76,206
EUR	38,334	195,906	EUR	49,907	231,297
JPY	11,207,770	354,502	JPY	2,340,770	75,490
Total loans and borrowings		550,408			382,993

	As at 30 Nov 2023	As at 30 Nov 2022
Exchange rate RM to USD1	4.6530	4.4750
Exchange rate RM to EUR1	5.1067	4.6307
Exchange rate RM to JPY1	0.0316	0.0322

TOP GLOVE CORPORATION BHD.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2023 (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 30 Nov 2023 RM'000
Interest income	1,967
Interest expense	(3,331)
Allowance for inventories written down	(3,042)
Depreciation and amortisation	(72,243)
Other operating income/(expenses):	
Realised foreign exchange loss	(1,846)
Unrealised foreign exchange loss	(1,662)
Net fair value gain on derivatives	586
Fair value gain on investment securities	2,577
Gain on disposal of money market fund	1,136
Gain on disposal of property, plant and equipment	2,445
Rental income	3,605
Other income	3,606
Property, plant and equipment written off	(1,840)
	<u>8,607</u>

28. Loss per share

	Quarter Ended	
	30 Nov 2023	30 Nov 2022
Loss net of tax attributable to owners of the parent (RM'000)	<u>(57,711)</u>	<u>(168,238)</u>
Basic		
Weighted average number of ordinary shares in issue ('000)	<u>8,009,230</u>	<u>8,008,411</u>
Basic loss per share (sen)	<u>(0.72)</u>	<u>(2.10)</u>

The diluted loss per share of the Group is the same as the basic loss per share as the Group does not have any potential dilutive ordinary shares in issue.

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PRESS RELEASE

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

For Immediate Release

ON THE ROAD TO STEADY RECOVERY

- *Top Glove achieves growth in Sales Volume, with continual uptrend expected driven by good sales orders over recent months*
- *Improvement in positive EBITDA and positive cash inflow from operations maintained*

Shah Alam, Wednesday, 20 December 2023 Top Glove Corporation Bhd or “Top Glove” today announced its financial results for the First Quarter (1QFY2024) ended 30 November 2023, as it gathers momentum on its journey to recovery.

Despite persistent challenges in the operating landscape, Top Glove delivered a commendable performance in 1QFY2024, attaining Sales Revenue of RM493 million, an increase of 4% quarter on quarter, while Loss from Operations continued to narrow by 39% to RM60 million compared with the previous quarter. The Group also saw an improvement in its 1QFY2024 Loss After Tax of RM47 million, representing a 90% reduction from its 4QFY2023 Loss After Tax, which included a one-off impairment of RM392 million. Meanwhile, Top Glove recorded positive EBITDA of RM21 million, an increase of 320% against the previous quarter and total positive cash inflow from operations of RM17 million, which are areas of priority for the Group. Sales Volume also showed growth versus 4QFY2023.

Driving the Group’s improved results were its ongoing operational, quality and cost optimisation efforts which helped offset the increase in raw material prices. Additionally, the uptick in Sales Volume which led to increased utilisation and efficiencies, also had a positive effect on the bottom line.

Mr Lim Cheong Guan, Managing Director of Top Glove remarked, “We are encouraged by the continual improvement in our results from quarter to quarter. This is testament to the effectiveness of our ongoing quality and cost optimisation, and operations enhancement measures outlined in the Top Glove Turnaround Plan. With glove orders resuming, we believe this is also indicative of the market rebounding, and we are hopeful of making a sustained recovery in the coming quarters.”

As Top Glove progresses on the road to recovery, it continues to focus on ESG. The Group is pleased to have earned the EcoVadis Sustainability Bronze Medal, having secured its placement in the upper segment amongst all evaluated companies and industries in 2023. The recognition underscores the effectiveness of Top Glove's robust management system in meeting sustainability criteria which includes environmental impact, labour and human rights, ethics and sustainable procurement, based on the methodology employed by EcoVadis, the world's largest provider of business sustainability ratings based in Paris with a global network of more than 100,000 rated companies.

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Looking ahead, the Group maintains a positive mid to long term outlook on the glove industry, as gloves are an essential, single use item in the healthcare, industrial and F&B sectors with no viable replacement. The Group is also optimistic that global glove demand growth of approximately 8% will resume in time to come, along with glove consumption; driven by customers' replenishment of depleting glove stockpiles as well as robust industry fundamentals, and further spurred by increased health and hygiene awareness post pandemic.

"We are pleased to have commenced the new financial year 2024 on a stronger note. Going forward, our focus will remain on bolstering our core glove business, through quality and cost enhancement initiatives, so we are well positioned to maintain the upswing in our performance and expedite our recovery", 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. 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 20 December 2023
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	10,700