


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 |

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

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

| | Attributable to owners of the parent | | | | | | | | | | | Non-controlling interests RM'000 |
|--|--------------------------------------|---|-------------------------|---------------------------|-------------------------|--------------------------------|-------------------------|---|-----------------------------|---------------------------|------------------|-------------------------------------|
| | 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 | | | |
| 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.

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(Incorporated in Malaysia)

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.

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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.

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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.

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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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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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| | 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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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 | 540,356 | 306,122 |
| Non-current | | |
| Unsecured | | |
| Term loan | 14,149 | 92,964 |
| Total non-current borrowings | 14,149 | 92,964 |

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 | | 554,505 | | 399,086 |

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| | 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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| | 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> |