

Quarterly rpt on consolidated results for the financial period ended 30 Nov 2022

TOP GLOVE CORPORATION BHD

Financial Year End 31 Aug 2023

Quarter 1 Qtr

Quarterly report for the financial period ended 30 Nov 2022

The figures have not been audited

Attachments

[TopGlove 1QFY2023 Financial Results.pdf](#)
341.8 kB

[TopGlove_1QFY2023_Press_Release.pdf](#)
113.2 kB

Default Currency

Other Currency

Currency: Malaysian Ringgit (MYR)

SUMMARY OF KEY FINANCIAL INFORMATION 30 Nov 2022

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30 Nov 2022	30 Nov 2021	30 Nov 2022	30 Nov 2021
	\$\$'000	\$\$'000	\$\$'000	\$\$'000
1 Revenue	632,531	1,611,131	632,531	1,611,131
2 Profit/(loss) before tax	-151,642	258,845	-151,642	258,845
3 Profit/(loss) for the period	-157,621	202,373	-157,621	202,373
4 Profit/(loss) attributable to ordinary equity holders of the parent	-168,238	185,718	-168,238	185,718
5 Basic earnings/(loss) per share (Subunit)	-2.10	2.32	-2.10	2.32
6 Proposed/Declared dividend per share (Subunit)	0.00	1.20	0.00	1.20
	AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
7 Net assets per share attributable to ordinary equity	0.6800		0.7000	

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

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

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

Announcement Info

Company Name	TOP GLOVE CORPORATION BHD
Stock Name	TOPGLOV
Date Announced	14 Dec 2022
Category	Financial Results
Reference Number	FRA-20092022-00002



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 2022

	Current Quarter Ended	Corresponding Quarter Ended	Current Year To Date	Corresponding Year To Date
	30 Nov 2022	30 Nov 2021	30 Nov 2022	30 Nov 2021
	RM'000	RM'000	RM'000	RM'000
Revenue	632,531	1,611,131	632,531	1,611,131
Operating expenses	(792,801)	(1,390,128)	(792,801)	(1,390,128)
Other operating income	10,637	39,549	10,637	39,549
(Loss)/Profit from operations	(149,633)	260,552	(149,633)	260,552
Finance costs	(1,917)	(1,077)	(1,917)	(1,077)
Share of results of an associate	(92)	(630)	(92)	(630)
(Loss)/Profit before tax	(151,642)	258,845	(151,642)	258,845
Taxation	(5,979)	(56,472)	(5,979)	(56,472)
(Loss)/Profit net of tax	(157,621)	202,373	(157,621)	202,373
(Loss)/Profit attributable to:				
Owners of the parent	(168,238)	185,718	(168,238)	185,718
Holder of Perpetual Sukuk	11,621	12,802	11,621	12,802
Non controlling interests	(1,004)	3,853	(1,004)	3,853
	(157,621)	202,373	(157,621)	202,373
(Loss)/Earnings per share attributable to owners of the parent, sen:				
Basic	(2.10)	2.32	(2.10)	2.32
Diluted	(2.06)	2.32	(2.06)	2.32

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

TOP GLOVE CORPORATION BHD.

Company No.199801018294 [474423-X]

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2022**

	Current Quarter Ended	Corresponding Quarter Ended	Current Year To Date	Corresponding Year To Date
	30 Nov 2022	30 Nov 2021	30 Nov 2022	30 Nov 2021
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit net of tax	(157,621)	202,373	(157,621)	202,373
Other comprehensive income/(loss) : <i>Items that may be reclassified subsequently to profit or loss:</i>				
Net movement on debt securities at fair value through other comprehensive income	(3,213)	(1,709)	(3,213)	(1,709)
Foreign currency translation differences of foreign operations	13,755	(15,478)	13,755	(15,478)
Other comprehensive income/(loss), net of tax	10,542	(17,187)	10,542	(17,187)
Total comprehensive (loss)/income	(147,079)	185,186	(147,079)	185,186
Total comprehensive (loss)/income attributable to:				
Owners of the parent	(158,327)	169,372	(158,327)	169,372
Holder of Perpetual Sukuk	11,621	12,802	11,621	12,802
Non controlling interests	(373)	3,012	(373)	3,012
	(147,079)	185,186	(147,079)	185,186

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 30 NOVEMBER 2022**

	Unaudited as at 30 Nov 2022 RM'000	Audited as at 31 Aug 2022 RM'000
ASSETS		
Non current assets		
Property, plant and equipment	4,493,861	4,522,203
Right-of-use assets	221,531	223,833
Investment property	227,400	227,400
Investment in an associate	9,267	9,359
Deferred tax assets	14,374	15,911
Biological assets	1,337	1,170
Investment securities: Unquoted investments	392	392
Intangible assets	1,004,397	1,005,325
	5,972,559	6,005,593
Current assets		
Inventories	456,631	575,262
Trade and other receivables	216,196	258,791
Other current assets	112,817	96,061
Tax recoverable	217,521	230,087
Investment securities: Debt securities	232,064	236,223
Investment securities: Money market funds	105,828	277,093
Cash and bank balances	404,558	437,597
	1,745,615	2,111,114
Total assets	7,718,174	8,116,707
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables	317,167	459,357
Contract liabilities	139,207	216,565
Loans and borrowings	298,311	306,122
Lease liabilities	1,545	2,610
Income tax payable	15,040	11,765
Derivative financial instruments	0	66
	771,270	996,485
Net current assets	974,345	1,114,629
Non current liabilities		
Loans and borrowings	84,682	92,964
Lease liabilities	15,554	15,372
Deferred tax liabilities	202,501	209,280
Provisions	6,575	9,371
	309,312	326,987
Total liabilities	1,080,582	1,323,472
Net assets	6,637,592	6,793,235
Equity attributable to owners of the parent		
Share capital	1,842,191	1,842,189
Treasury shares	(1,412,270)	(1,412,270)
Retained earnings	4,876,861	5,041,670
Other reserves	114,466	107,633
	5,421,248	5,579,222
Perpetual Sukuk	1,175,694	1,175,694
Non controlling interests	40,650	38,319
Total equity	6,637,592	6,793,235
Total equity and liabilities	7,718,174	8,116,707
Net assets per share attributable to ordinary equity holders of the parent, RM	0.68	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.

TOP GLOVE CORPORATION BHD.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
AS AT 30 NOVEMBER 2022**

	Current Year To Date Ended 30 Nov 2022 RM'000	Corresponding Year To Date Ended 30 Nov 2021 RM'000
Operating activities		
(Loss)/Profit before tax	(151,642)	258,845
Depreciation and amortisation	88,031	83,606
Other adjustments	20,219	12,715
Operating cash flows before changes in working capital	(43,392)	355,166
Changes in working capital		
Net changes in current assets	138,575	345,378
Net changes in current liabilities	(185,336)	(179,436)
Cash flows from operating activities	(90,153)	521,108
Interest paid	(1,917)	(1,077)
Income taxes refunded/(paid)	4,132	(532,746)
Net cash flows used in operating activities	(87,938)	(12,715)
Investing activities		
Withdrawal of money market funds	171,265	717,449
Purchase of debt securities	(2,125)	(17,982)
Purchase of property, plant and equipment	(100,504)	(228,047)
Proceeds from disposal of property, plant and equipment	692	1,079
Interest received	4,315	8,546
Net cash flows generated from investing activities	73,643	481,045
Financing activities		
Dividends paid on ordinary shares	0	(432,454)
Dividends paid on non controlling interests	0	(5,225)
Proceeds from issuance of ordinary shares pursuant to ESOS	2	338
Payment of principal portion of lease liabilities	(1,111)	(1,356)
Repayment of loans and borrowings	(22,864)	(8,827)
Net cash flows used in financing activities	(23,973)	(447,524)
Net (decrease)/increase in cash and cash equivalents	(38,268)	20,806
Effects of changes in foreign exchange rate	5,229	(4,255)
Cash and cash equivalents at 1 September 2022/2021	437,597	875,198
Cash and cash equivalents at 30 November 2022/2021	404,558	891,749

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 FIRST QUARTER ENDED 30 NOVEMBER 2022**

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 30 November 2022.

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 2022 (CONTINUED)

6. Changes in debts and equity securities

During the financial period ended 30 November 2022:

- a) A total of 1,100 new ordinary shares were issued pursuant to the exercise of the ESOS. Details of the issued and paid up capital of the Company as at 30 November 2022 are as follows:

	No. of shares	RM'000
As at 31 August 2022	8,207,105,234	1,842,189
Ordinary shares issued pursuant to the ESOS	1,100	2
As at 30 November 2022	8,207,106,334	1,842,191

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

Other than the above, there were no issuance and repayment of debt and equity securities, share cancellations and resale of treasury shares in the financial period ended 30 November 2022.

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 2022 (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 2022

	Malaysia RM'000	Thailand RM'000	China RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<u>Revenue</u>						
External sales	548,352	41,876	3,458	38,845	0	632,531
Intersegment sales	24,497	62,170	0	0	(86,667)	0
Total Revenue	<u>572,849</u>	<u>104,046</u>	<u>3,458</u>	<u>38,845</u>	<u>(86,667)</u>	<u>632,531</u>
<u>Result</u>						
Segment loss	(119,267)	(8,342)	(1,688)	(20,336)	0	(149,633)
Finance cost	(540)	(148)	0	(1,229)	0	(1,917)
Share of result of an associate	(92)	0	0	0	0	(92)
Loss before tax						<u>(151,642)</u>
<u>Assets</u>						
Segment assets	5,172,284	718,367	133,586	448,378	1,245,559	<u>7,718,174</u>
Intangible assets	1,004,397	0	0	0	0	<u>1,004,397</u>
<u>Liabilities</u>						
Segment liabilities	643,522	40,618	4,625	174,276	217,541	<u>1,080,582</u>

- b. Secondary reporting segment – Business segments

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

9. Valuation of property, plant and equipment

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

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

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

11. Changes in the composition of the Group

During the quarter under review, the Group disposed of its 49% equity interest in Ulma International GMBH for a total consideration of EUR 661,500.

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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2022 (CONTINUED)

12. Contingent liabilities

A nominal amount of RM383 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 RM555 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 2022 ("1QFY2023") with the corresponding period last financial year is as follows:

	1QFY2023 RM'mil	1QFY2022 RM'mil	Variance %
Revenue	633	1,611	(61)
Operating (loss)/profit	(150)	261	(157)
(Loss)/Profit before interest and tax	(154)	251	(161)
(Loss)/Profit before tax	(152)	259	(159)
(Loss)/Profit after tax	(158)	202	(178)
(Loss)/Profit attributable to owners of the parent	(168)	186	(190)

For 1QFY2023, the Group recorded Sales Revenue of RM633 million and Loss After Tax of RM158 million, while Sales Volume (Quantity Sold) eased about 48% year on year as it continued to be impacted by persistent headwinds.

The softer financial performance was attributed to the ongoing glove supply/demand imbalance which saw customers holding off restocking activity as they continued to deplete existing glove inventory, coupled with a lack of urgency to place orders in light of excess production capacity within the glove industry. In addition, average selling prices (ASPs) for gloves continue to adjust while the Group contends with intensifying competition, particularly from regional glove manufacturers, compounding the prevailing softer glove demand.

The Group also expects to derive some benefits from the declining trend in raw material prices; where average natural latex concentrate prices have declined by 7% to RM4.73/kg and nitrile latex prices have decreased by 49% to USD0.91/kg year on year.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2022 (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	3MFY2023 (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	633
E/(L)BITDA	198	288	365	197	298	311	302	442	525	489	694	687	2,421	10,285	687	(66)
E/(L)BITDA margin	14%	19%	18%	10%	13%	13%	13%	18%	18%	14%	16%	14%	33%	63%	12%	(10%)
P/(L)BT	135	222	305	145	241	242	216	363	442	393	523	424	2,166	10,034	358	(152)
P/(L)BT margin	10%	15%	15%	7%	10%	11%	10%	15%	15%	12%	12%	9%	30%	61%	6%	(24%)
Taxation	27	54	55	30	34	39	32	82	80	54	90	56	377	2,210	76	6
P/(L)AT	108	168	250	115	207	203	184	281	362	339	433	368	1,789	7,824	282	(158)
P/(L)AT margin	8%	11%	12%	6%	9%	9%	8%	11%	13%	10%	10%	8%	25%	48%	5%	(25%)

TOP GLOVE CORPORATION BHD.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2022 (CONTINUED)

15. Comparison of quarterly financial results with preceding quarter

	1QFY2023 RM'mil	4QFY2022 RM'mil	Variance %
Revenue	633	990	(36)
Operating loss	(150)	(48)	(213)
Loss before interest and tax	(154)	(56)	(175)
Loss before tax	(152)	(51)	(198)
Loss after tax	(158)	(52)	(204)
Loss attributable to owners of the parent	(168)	(63)	(167)

For 1QFY2023, the Group's Sales Revenue was RM633 million while Loss After Tax was RM158 million, with the softer performance attributed to factors as per the explanation in Note 14.

Raw material prices were lower compared with 4QFY2022, with the average natural latex concentrate price on the downtrend, easing 19% to RM4.73/kg, and the average nitrile latex price also eased by 13% to USD0.91/kg.

16. Commentary on prospects and targets

In order to get through this challenging period, the Group immediate priorities are to ensure it operates efficiently in view of lower capacity utilisation, maintains disciplined cost management and conserves as much cash as possible. In tandem, the Group continues to adopt a longer term perspective and focus on the sustainability of people, customers and financial performance.

The challenging environment notwithstanding, Top Glove garnered several awards in recognition of its performance and achievements. These included a double win at The Star Export Excellence Awards 2022 where Top Glove was honoured with the prestigious Exporter of the Year Award as well as a Gold Award (Consumer Products) for mid tier and large companies. Top Glove also received an award for Highest Return on Equity Over 3 Years in the Healthcare sector at The Edge Billion Ringgit Club 2022.

Acknowledging its continual efforts to integrate sustainability into its daily business operations, Top Glove was included in the Dow Jones Sustainability Index 2022 for the 4th consecutive year, ranking top 3% amongst its industry peers; and achieving an improved performance in its FTSE Russell Environmental, Social and Governance (ESG) Ratings, scoring among the top 16% in Healthcare sector. Meanwhile, Top Glove Foundation continued to undertake charitable work and render community support on an ongoing basis.

Top Glove anticipates the challenging environment will persist into 2023. However, Top Glove also notes that the decline in glove ASPs is slowing down, indicating the downtrend will not continue indefinitely. In the long term, the Group maintains the outlook for the glove industry remains positive, as glove demand continues to grow by 10% yearly, spurred by heightened glove usage and hygiene awareness post pandemic.

17. Variance of actual profits from forecast profits

Not applicable as no profit forecast was issued.

18. Taxation

	Quarter Ended	
	30 Nov 2022 RM'000	30 Nov 2021 RM'000
Income tax		
Current quarter/year	11,710	46,903
Over provision in respect of prior years	(1)	0
Deferred tax	<u>(5,730)</u>	<u>9,569</u>
	<u>5,979</u>	<u>56,472</u>

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

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2022 (CONTINUED)****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 2022
RM'000**

Withdrawal of money market funds	171,265
Investment in debt securities	2,125

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

21. Status of corporate proposals announced

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

22. Derivative financial instruments

As at 30 November 2022, there were no forward contracts designated as hedges of expected future sales to customers for which the Group has firm commitments.

During the year to date ended 30 November 2022, the Group recognised a gain of RM68,000 arising from changes in fair value of the forward currency contracts.

23. Fair value hierarchy

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

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs that are based on observable market data, either directly or indirectly
- Level 3 – Inputs that are not based on observable market data

As at 30 November 2022, 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
• Debt securities (quoted outside Malaysia)	200,423	0	0	200,423
• Money market funds (quoted in Malaysia)	105,828	0	0	105,828
Financial assets at fair value through other comprehensive income				
• Debt securities (quoted outside Malaysia)	31,641	0	0	31,641

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2022 (CONTINUED)****24. Group loans and borrowings**

The Group loans and borrowings as at 30 November 2022 were as follows:

	As at 30 Nov 2022 RM'000	As at 30 Nov 2021 RM'000
Current		
Unsecured		
Bank borrowings	244,891	264,638
Term loan	53,420	40,913
Total current borrowings	<u>298,311</u>	<u>305,551</u>
Non-current		
Unsecured		
Term loan	84,682	133,501
Total non-current borrowings	<u>84,682</u>	<u>133,501</u>

Summary of all loans and borrowings:

	Foreign Currency Denominated '000	As at 30 Nov 2022 RM'000		Foreign Currency Denominated '000	As at 30 Nov 2021 RM'000
USD	17,029	76,205	USD	20,806	87,938
RM	0	0	RM	3,750	3,750
EUR	49,907	231,298	EUR	54,479	260,334
JPY	2,340,770	75,490	JPY	2,340,770	87,030
Total loans and borrowings		<u>382,993</u>			<u>439,052</u>
Exchange rate RM to USD1		4.4750			4.2265
Exchange rate RM to EUR1		4.6307			4.7753
Exchange rate RM to JPY1		0.0322			0.0372

25. 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 2022 RM'000
Interest income	4,316
Interest expense	(1,917)
Other income	6,088
Realised foreign exchange loss	(2,884)
Unrealised foreign exchange loss	(14,205)
Net fair value gain on derivatives	68
Fair value loss on investment securities	(4,356)
Allowance for inventories written down on unsold goods	(11,441)
Inventories written off	(20)
Property, plant and equipment written off	(4,193)
Gain on disposal of property, plant and equipment	165
Depreciation and amortisation	(88,031)

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 2022 (CONTINUED)****26. Material litigation**

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

27. Dividends

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

28. (Loss)/Earnings per share

	Quarter Ended	
	30 Nov 2022	30 Nov 2021
(Loss)/Profit attributable to owners of the parent (RM'000)	<u>(168,238)</u>	<u>185,718</u>
<u>Basic</u>		
Weighted average number of ordinary shares in issue ('000)	<u>8,008,411</u>	<u>8,008,147</u>
Basic (loss)/earnings per share (sen)	<u>(2.10)</u>	<u>2.32</u>
<u>Diluted</u>		
Weighted average number of ordinary shares in issue ('000)	8,008,411	8,008,147
Effect of dilution from:		
Share options ('000)	<u>168,137</u>	<u>2,829</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>8,176,548</u>	<u>8,010,976</u>
Diluted (loss)/earnings per share (sen)	<u>(2.06)</u>	<u>2.32</u>

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PRESS RELEASE

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

For Immediate Release

PERSEVERING THROUGH CHALLENGING TIMES

Shah Alam, Wednesday, 14 December 2022 Top Glove Corporation Bhd or “Top Glove” today announced its financial results for the First Quarter ended 30 November 2022 (1QFY2023), persevering through a challenging environment, as it remains cautiously optimistic of recovery within 2023.

For 1QFY2023, the Group recorded Sales Revenue of RM633 million and Loss After Tax of RM158 million, while Sales Volume (Quantity Sold) eased about 48% year on year as it continued to be impacted by persistent headwinds.

The softer financial performance was attributed to the ongoing glove supply/demand imbalance which saw customers holding off restocking activity as they continued to deplete existing glove inventory, coupled with a lack of urgency to place orders in light of excess production capacity within the glove industry. In addition, average selling prices (ASPs) for gloves continue to adjust while the Group contends with intensifying competition, particularly from regional glove manufacturers, compounding the prevailing softer glove demand.

However, the Group notes that the decline in glove ASPs is slowing down, indicating the downtrend will not continue indefinitely. The Group also expects to derive some benefits from the declining trend in raw material prices; where average natural latex concentrate prices have declined by 7% to RM4.73/kg and nitrile latex prices have decreased by 49% to USD0.91/kg year on year. Top Glove maintains the long term outlook for the glove industry remains positive, as glove demand continues to grow by 10% yearly, spurred by heightened glove usage and hygiene awareness post pandemic.

Mr Lim Cheong Guan, Managing Director of Top Glove observed, “We are operating amidst several headwinds which have afflicted the industry for the past 6 months. This is expected as we go through the process of normalisation which will precede our eventual recovery.”

“In order to get through this challenging period, our immediate priority is to ensure we operate efficiently in view of lower capacity utilisation, maintain disciplined cost management and conserve as much cash as possible. In tandem, we continue to adopt a longer term perspective and focus on the sustainability of our people, customers and financial performance.”

“We wish to commend the Top Glove team’s relentless commitment and efforts in the face of an unconducive environment, and are confident that with the support of our people, we will be able to ride out this difficult period together”, Lim continued.

The challenging environment notwithstanding, Top Glove garnered several awards in recognition of its performance and achievements. These included a double win at **The Star Export Excellence Awards 2022** where Top Glove was honoured with the prestigious *Exporter of the Year Award* as well as a *Gold Award (Consumer Products)* for mid tier and large companies. Top Glove also received an award for *Highest Return on Equity Over 3 Years* in the Healthcare sector at **The Edge Billion Ringgit Club 2022**.

Acknowledging its continual efforts to integrate sustainability into its daily business operations, Top Glove was included in the **Dow Jones Sustainability Index 2022** for the 4th consecutive year, ranking top 3% amongst its industry peers; and achieving an improved performance in its FTSE Russell Environmental, Social and Governance (ESG) Ratings, scoring among the top 16% in Healthcare sector. Meanwhile, Top Glove Foundation continued to undertake charitable work and render community support on an ongoing basis.

While long term prospects for the glove industry are positive, Top Glove anticipates the challenging environment will persist into 2023.

“We are mindful that a period of adjustment is to be expected following a major global pandemic. However, we are optimistic that glove supply/demand will eventually rebalance to be more representative of actual consumption levels and the glove industry’s true potential”, Lim asserts.

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About Top Glove Corporation Bhd

Top Glove Corporation Bhd is listed on the Bursa Malaysia Stock Exchange Main Board and Singapore Exchange Mainboard. It is also one of the component stocks of the MSCI Global Standard Index, FBM Kuala Lumpur Composite Index, FBM Top 100 Index, FBM Emas Index, FBM Hijrah Syariah Index, FBM Emas Syariah Index and the Dow Jones Sustainability Indices (DJSI) for Emerging Markets. A Forbes Global 2000 company, Top Glove is currently the world’s largest manufacturer of gloves with an established corporate culture and good business direction of producing consistently high quality, cost efficient gloves. Top Glove has over 2,000 customers worldwide and exports to more than 195 countries.

Summary of key information:

	As at 14 December 2022
Number of Factories	50 factories (43 in Malaysia, 5 in Thailand, 1 in China and 1 in Vietnam) comprising: <ul style="list-style-type: none">• 37 glove factories• 2 latex concentrate plants• 3 chemical factories• 1 glove former factory• 2 packaging material factories• 1 dental dam factory• 1 condom factory• 1 face mask factory• 1 gamma sterilization factory• 1 rapid test kit factory
Number of Marketing Offices	7 (Malaysia, USA, Germany, Brazil, China, Thailand and Vietnam)
Number of Glove Production Lines	812
Glove Production Capacity	100 billion pieces per annum
Number of Employees	16,000