Quarterly rpt on consolidated results for the financial period ended 30 Nov 2021

TOP GLOVE CORPORATION BHD

Financial Year End	31 Aug 2022
Quarter	1 Qtr
Quarterly report for the financial period ended	30 Nov 2021
The figures	have not been audited

Attachments

TopGlove 1QFY2022 Financial Results..pdf
249.9 kB

Top Glove 1QFY2022 Press Release.pdf
286.1 kB

Default Currency | **Other Currency**

Currency: **Malaysian Ringgit (MYR)**

SUMMARY OF KEY FINANCIAL INFORMATION
30 Nov 2021

		INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
		30 Nov 2021	30 Nov 2020	30 Nov 2021	30 Nov 2020
		$$'000	$$'000	$$'000	$$'000
1	**Revenue**	1,584,120	4,758,333	1,584,120	4,758,333
2	**Profit/(loss) before tax**	258,845	3,084,664	258,845	3,084,664
3	**Profit/(loss) for the period**	202,373	2,387,256	202,373	2,387,256
4	**Profit/(loss) attributable to ordinary equity holders of the parent**	185,718	2,357,785	185,718	2,357,785
5	**Basic earnings/(loss) per share (Subunit)**	2.32	29.02	2.32	29.02
6	**Proposed/Declared dividend per share (Subunit)**	1.20	16.50	1.20	16.50

		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 ($$)**	0.7000	0.7300

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	10 Dec 2021
Category	Financial Results
Reference Number	FRA-08122021-00005

TOP GLOVE CORPORATION BHD.

Company No.199801018294 [474423-X]
The World's Largest Manufacturer of Gloves
Website : www.topglove.com E-mail : invest@topglove.com.my

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2021

	Current Quarter Ended	Corresponding Quarter Ended	Current Year To Date	Corresponding Year To Date
	30 Nov 2021	30 Nov 2020	30 Nov 2021	30 Nov 2020
	RM'000	RM'000	RM'000	RM'000
Revenue	1,584,120	4,758,333	1,584,120	4,758,333
Operating expenses	(1,367,064)	(1,712,230)	(1,367,064)	(1,712,230)
Other operating income	43,496	38,734	43,496	38,734
Profit from operations	**260,552**	**3,084,837**	**260,552**	**3,084,837**
Finance costs	(1,077)	(936)	(1,077)	(936)
Share of results of an associate	(630)	763	(630)	763
Profit before tax	**258,845**	**3,084,664**	**258,845**	**3,084,664**
Taxation	(56,472)	(697,408)	(56,472)	(697,408)
Profit net of tax	**202,373**	**2,387,256**	**202,373**	**2,387,256**
Profit attributable to:				
Owners of the parent	185,718	2,357,785	185,718	2,357,785
Holders of Perpetual Sukuk	12,802	12,873	12,802	12,873
Non controlling interests	3,853	16,598	3,853	16,598
	202,373	**2,387,256**	**202,373**	**2,387,256**
Earnings per share attributable to owners of the parent, sen:				
Basic	**2.32**	**29.02**	**2.32**	**29.02**
Diluted	**2.32**	**28.97**	**2.32**	**28.97**

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 2021.

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 2021

	Current Quarter Ended	Corresponding Quarter Ended	Current Year To Date	Corresponding Year To Date
	30 Nov 2021	30 Nov 2020	30 Nov 2021	30 Nov 2020
	RM'000	RM'000	RM'000	RM'000
Profit net of tax	202,373	2,387,256	202,373	2,387,256
Other comprehensive (loss)/income :				
Items that may be reclassified subsequently to profit or loss:				
Net movement on debt securities at fair value through other comprehensive income	(1,709)	182	(1,709)	182
Foreign currency translation differences of foreign operations	(15,478)	2,804	(15,478)	2,804
Cash flow hedge	0	2,690	0	2,690
Other comprehensive (loss)/income, net of tax	**(17,187)**	**5,676**	**(17,187)**	**5,676**
Total comprehensive income	**185,186**	**2,392,932**	**185,186**	**2,392,932**
Total comprehensive income attributable to:				
Owners of the parent	169,372	2,363,283	169,372	2,363,283
Holders of Perpetual Sukuk	12,802	12,873	12,802	12,873
Non controlling interests	3,012	16,776	3,012	16,776
	185,186	**2,392,932**	**185,186**	**2,392,932**

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 August 2021.

TOP GLOVE CORPORATION BHD.
Company No.199801018294 [474423-X]
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2021

	Unaudited as at 30 Nov 2021 RM'000	Audited as at 31 Aug 2021 RM'000
ASSETS		
Non current assets		
Property, plant and equipment	4,090,377	3,958,715
Right-of-use assets	208,582	210,649
Investment property	227,400	227,400
Investment in an associate	12,439	13,069
Deferred tax assets	15,788	17,073
Biological assets	684	574
Investment securities: Unquoted investments	392	392
Intangible assets	1,007,907	1,008,795
	5,563,569	**5,436,667**
Current assets		
Inventories	997,032	1,144,705
Trade and other receivables	344,660	566,299
Other current assets	122,885	118,174
Current tax asset	172,263	5,803
Derivative financial instruments	0	2,411
Investment securities: Money market funds	605,848	1,323,297
Investment securities: Debt securities	316,282	306,622
Cash and bank balances	894,949	878,446
	3,453,919	**4,345,757**
Total assets	**9,017,488**	**9,782,424**
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables	755,018	692,361
Contract liabilities	505,203	737,627
Loans and borrowings	305,551	312,704
Lease liabilities	5,562	5,542
Income tax payable	130,640	450,023
Derivative financial instruments	869	230
	1,702,843	**2,198,487**
Net current assets	**1,751,076**	**2,147,270**
Non current liabilities		
Loans and borrowings	133,501	146,002
Lease liabilities	16,349	18,127
Deferred tax liabilities	202,327	191,200
Provisions	7,265	8,448
	359,442	**363,777**
Total liabilities	**2,062,285**	**2,562,264**
Net assets	**6,955,203**	**7,220,160**
Equity attributable to owners of the parent		
Share capital	1,842,021	1,841,654
Treasury shares	(1,413,274)	(1,413,274)
Retained earnings	5,094,964	5,342,360
Other reserves	85,948	101,663
	5,609,659	**5,872,403**
Perpetual Sukuk	1,295,262	1,295,262
Non controlling interests	50,282	52,495
Total equity	**6,955,203**	**7,220,160**
Total equity and liabilities	**9,017,488**	**9,782,424**
Net assets per share attributable to ordinary equity holders of the parent, RM	**0.70**	**0.73**

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 August 2021.

TOP GLOVE CORPORATION BHD
Company No.199801018294 [474423-X]
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 30 NOVEMBER 2021

		Attributable to owners of the parent											
		Total	Non distributable							Distributable			
	Total equity RM'000	equity attributable to owners of the parent RM'000	Share capital RM'000	Treasury shares RM'000	Foreign exchange reserve RM'000	Legal reserve RM'000	Share option reserve RM'000	Cash flow hedge reserve RM'000	Other reserve RM'000	Fair value adjustment reserve RM'000	Retained earnings RM'000	Perpetual sukuk RM'000	Non controlling interests RM'000
3 months ended 30 November 2021													
Opening balance at 1 September 2021	**7,220,160**	**5,872,403**	**1,841,654**	**(1,413,274)**	**24,928**	**27,569**	**34,596**	**0**	**12,726**	**1,844**	**5,342,360**	**1,295,262**	**52,495**
Profit net of tax	202,373	185,718	0	0	0	0	0	0	0	0	185,718	12,802	3,853
Other comprehensive loss	(17,187)	(16,346)	0	0	(14,637)	0	0	0	0	(1,709)	0	0	(841)
Total comprehensive income	**185,186**	**169,372**	**0**	**0**	**(14,637)**	**0**	**0**	**0**	**0**	**(1,709)**	**185,718**	**12,802**	**3,012**
Transactions with owners													
Issuance of ordinary shares pursuant to ESOS	338	338	338	0	0	0	0	0	0	0	0	0	0
Transfer from share option reserve/ retained earnings	0	0	29	0	0	0	(29)	0	660	0	(660)	0	0
Distribution to holders of Perpetual Sukuk	(12,802)	0	0	0	0	0	0	0	0	0	0	(12,802)	0
Dividends on ordinary shares/ non controlling interests	(437,679)	(432,454)	0	0	0	0	0	0	0	0	(432,454)	0	(5,225)
Total transactions with owners	**(450,143)**	**(432,116)**	**367**	**0**	**0**	**0**	**(29)**	**0**	**660**	**0**	**(433,114)**	**(12,802)**	**(5,225)**
Closing balance at 30 November 2021	**6,955,203**	**5,609,659**	**1,842,021**	**(1,413,274)**	**10,291**	**27,569**	**34,567**	**0**	**13,386**	**135**	**5,094,964**	**1,295,262**	**50,282**
3 months ended 30 November 2020													
Opening balance at 1 September 2020	**6,190,883**	**4,870,755**	**1,675,704**	**(1,519)**	**44,549**	**10,088**	**5,319**	**(2,690)**	**7,774**	**0**	**3,131,530**	**1,295,262**	**24,866**
Profit net of tax	2,387,256	2,357,785	0	0	0	0	0	0	0	0	2,357,785	12,873	16,598
Other comprehensive income	5,676	5,498	0	0	2,626	0	0	2,690	0	182	0	0	178
Total comprehensive income	**2,392,932**	**2,363,283**	**0**	**0**	**2,626**	**0**	**0**	**2,690**	**0**	**182**	**2,357,785**	**12,873**	**16,776**
Transactions with owners													
Issuance of ordinary shares pursuant to ESOS	33,547	33,547	33,547	0	0	0	0	0	0	0	0	0	0
Issuance of ordinary shares pursuant to conversion of exchangeable bonds	104,387	104,387	104,387	0	0	0	0	0	0	0	0	0	0
Issuance of shares to non controlling interests	300	0	0	0	0	0	0	0	0	0	0	0	300
Transfer from share option reserve/ retained earnings	0	0	2,316	0	0	0	(2,316)	0	1,511	0	(1,511)	0	0
Purchase of treasury shares	(1,157,285)	(1,157,285)	0	(1,157,285)	0	0	0	0	0	0	0	0	0
Distribution to holders of Perpetual Sukuk	(12,873)	0	0	0	0	0	0	0	0	0	0	(12,873)	0
Dividends on ordinary shares/ non controlling interests	(695,788)	(692,321)	0	0	0	0	0	0	0	0	(692,321)	0	(3,467)
Total transactions with owners	**(1,727,712)**	**(1,711,672)**	**140,250**	**(1,157,285)**	**0**	**0**	**(2,316)**	**0**	**1,511**	**0**	**(693,832)**	**(12,873)**	**(3,167)**
Closing balance at 30 November 2020	**6,856,103**	**5,522,366**	**1,815,954**	**(1,158,804)**	**47,175**	**10,088**	**3,003**	**0**	**9,285**	**182**	**4,795,483**	**1,295,262**	**38,475**

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 2021.

TOP GLOVE CORPORATION BHD.
Company No.199801018294 [474423-X]
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
AS AT 30 NOVEMBER 2021

	Current Year To Date Ended 30 Nov 2021 RM'000	Corresponding Year To Date Ended 30 Nov 2020 RM'000
Operating activities		
Profit before tax	258,845	3,084,664
Depreciation and amortisation	83,606	74,536
Other adjustments	12,667	(18,176)
Operating cash flows before changes in working capital	**355,118**	**3,141,024**
Changes in working capital		
Net changes in current assets	345,378	(341,636)
Net changes in current liabilities	(166,634)	510,783
Cash flows from operating activities	**533,862**	**3,310,171**
Interest paid	(1,077)	(1,543)
Income taxes paid	(532,746)	(158,833)
Net cash flows generated from operating activities	**39**	**3,149,795**
Investing activities		
Withdrawal/(placement) of money market funds	717,449	(951,752)
Purchase of debt securities	(17,982)	(52,127)
Purchase of property, plant and equipment	(228,047)	(348,145)
Proceeds from disposal of property, plant and equipment	1,079	249
Interest received	8,546	11,981
Net decrease/(increase) in bank balances pledged with banks and monies held in debt service reserve account	48	(484)
Net cash flows generated from/(used in) investing activities	**481,093**	**(1,340,278)**
Financing activities		
Dividends paid on ordinary shares	(432,454)	(692,321)
Dividends paid on non controlling interests	(5,225)	(3,467)
Issuance of shares to non controlling interests	0	300
Proceeds from issuance of ordinary shares pursuant to ESOS	338	33,547
Purchase of treasury shares	0	(1,157,285)
Payment of principal portion of lease liabilities	(1,356)	(419)
Distribution paid to Perpetual Sukuk holders	(12,802)	0
Repayment of loans and borrowings	(8,827)	(1,545)
Net cash flows used in financing activities	**(460,326)**	**(1,821,190)**
Net increase/(decrease) in cash and cash equivalents	**20,806**	**(11,673)**
Effects of changes in foreign exchange rate	(4,255)	10,742
Cash and cash equivalents at 1 September 2021/2020	**875,198**	**1,204,947**
Cash and cash equivalents at 30 November 2021/2020	**891,749**	**1,204,016**

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the financial year ended 31 August 2021.

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2021

1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard ("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 2021. 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 2021.

The audited financial statements of the Group for the year ended 31 August 2021 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 2021 except for the adoption of the following amendments to MFRSs:

Description
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2
Amendment to MFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021

The adoption of the above amendments to MRFSs 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 2021 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 2021.

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.

6. Changes in debts and equity securities

a) As at the quarter ended 30 November 2021, a total of 153,700 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 2021 are as follows:

	No. of shares	RM'000
As at 31 August 2021	8,206,864,034	1,841,654
Ordinary shares issued pursuant to the ESOS	153,700	367
As at 30 November 2021	8,207,017,734	1,842,021

Other than the above, there were no issuance and repayment of debt and equity securities, share cancellations and resale of treasury shares in the current quarter and financial period ended 30 November 2021.

7. Dividends paid

The Board of Directors of Top Glove has adopted a Dividend Policy to declare and pay annual dividends of 50% of its profit after tax and minority interest in respect of future financial years.

Record of dividends paid:

Financial Year	Net Dividend per share (sen)*	Total Dividend Paid (RM'000)
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		**7,745,745**

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.

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 2021

	Malaysia RM'000	Thailand RM'000	China RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	1,398,384	106,919	7,898	70,919	0	1,584,120
Intersegment sales	37,811	114,349	0	0	(152,160)	0
Total Revenue	1,436,195	221,268	7,898	70,919	(152,160)	1,584,120
Result						
Segment profit/(loss)	229,267	37,236	(467)	(5,484)	0	260,552
Finance cost	(424)	(155)	0	(498)	0	(1,077)
Share of result of associate	(630)	0	0	0	0	(630)
Profit before tax						258,845
Assets						
Segment assets	6,058,989	950,559	249,612	722,195	1,036,133	9,017,488
Intangible assets	1,007,907	0	0	0	0	1,007,907
Liabilities						
Segment liabilities	1,405,417	80,028	19,744	224,128	332,968	2,062,285

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

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.

12. Contingent liabilities

A nominal amount of RM439 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 RM1.02 billion.

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 2021 ("1QFY2022") with the corresponding period last financial year is as follows:

	1QFY2022 RM'mil	1QFY2021 RM'mil	Variance %
Revenue	1,584	4,758	(67)
Operating profit	261	3,085	(92)
Profit before interest and tax	251	3,074	(92)
Profit before tax	259	3,085	(92)
Profit after tax	202	2,387	(92)
Profit attributable to owners of the parent	186	2,358	(92)

For 1QFY2022, Top Glove's Sales Revenue amounted to RM1.58 billion, with Profit after tax of RM202 million. The Group's net cash position as at 30 November 2021 stood at RM1.06 billion.

The softer performance for 1QFY2022 came on the back of normalising average selling prices (ASPs) and demand, which was in contrast with 1QFY2021's performance which saw a robust demand for gloves with ASPs almost reaching their peak in the height of the COVID pandemic. Following mass vaccine rollout on a global scale, glove demand and ASPs are moving towards a normalised trend. Furthermore, the Group saw a decrease in sales volume in the current quarter which was attributed to increased competition and supply, owing to expansion by existing players and entrance of new players into the market. Customers have also taken a cautious stance and placed restocking activity on hold in anticipation of a further tapering in glove prices.

However, with the Group gradually regaining its exports from Malaysia to the U.S., sales volume is expected to improve in the quarters to come. Additionally, customers are expected to gradually replenish their stocks in view of normalising ASPs.

Raw material prices have shown an increase compared to 1QFY2021, with average natural latex concentrate prices slightly higher by 1% to RM5.09/kg, whilst nitrile latex prices increased by 10% to USD1.79/kg. Nevertheless, raw material prices are expected to show a declining trend going forward.

Notwithstanding this, in keeping with its commitment to create value for the Company's approximately 138,000 public shareholders, Top Glove declared a dividend payment of 1.2 sen per ordinary share, amounting to a total payout of RM96 million in line with the Company's dividend policy.

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**	**3MFY2022 (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	1,584
EBITDA	198	288	365	197	298	311	302	442	525	489	694	687	2,421	10,285	335
EBITDA margin	14%	19%	18%	10%	13%	13%	13%	18%	18%	14%	16%	14%	33%	63%	21%
PBT	135	222	305	145	241	242	216	363	442	393	523	424	2,166	10,034	259
PBT margin	10%	15%	15%	7%	10%	11%	10%	15%	15%	12%	12%	9%	30%	61%	16%
Taxation	27	54	55	30	34	39	32	82	80	54	90	56	377	2,210	57
PAT	108	168	250	115	207	203	184	281	362	339	433	368	1,789	7,824	202
PAT margin	8%	11%	12%	6%	9%	9%	8%	11%	13%	10%	10%	8%	25%	48%	13%

15. Comparison of quarterly financial results with preceding quarter

	1QFY2022 RM'mil	4QFY2021 RM'mil	Variance %
Revenue	1,584	2,075	(24)
Operating profit	261	622	(58)
Profit before interest and tax	251	606	(59)
Profit before tax	259	621	(58)
Profit after tax	202	471	(57)
Profit attributable to owners of the parent	186	447	(58)

For the quarter ended 1QFY2022, the Group's Sales Revenue was RM1.58 billion, 24% lower compared to 4QFY2021, whilst Profit after tax was 57% lower at RM202 million. The Group's weaker quarter-on-quarter performance for 1QFY2022 was mainly attributed to declining ASPs and higher operating costs as a result of lower utilisation rates, while raw material costs reduced at a much slower pace in comparison to glove ASPs, thereby impacting profit.

Raw material prices for the quarter ended 1QFY2022 have reduced from 4QFY2021, with average natural latex concentrate prices reducing by 8% from RM5.54/kg to RM5.09/kg, whilst nitrile latex price fell 19% from USD2.21/kg to USD1.79/kg.

16. Commentary on prospects and targets

In light of the challenging business landscape, the Company will be cautious and defer its expansion plans to be in line with market trends and the demand supply situation. The Group's growth strategy will include a combination of organic expansion, inorganic expansion and strategic investments. By 31 December 2025, Top Glove is projected to have a total of 59 factories comprising 46 glove factories and 13 other factories, 1,486 glove production lines and a glove production capacity of 201 billion gloves per annum. The Group's organic expansion plans for calendar years (CY) 2022 to 2025 are detailed below:

Total Capacity by Calendar Year	Number of production lines, Single Former (SF) Lines	Capacity, pcs per annum
Current capacity: 37 glove factories	**812 SF Lines**	**100 bil**
Additional new capacity in CY2022	78 SF lines	11 bil (+11%)
Total capacity 31 December 2022: 40 glove factories	**890 SF Lines**	**111 bil**
Additional new capacity in CY2023	174 SF lines	26 bil (+23%)
Total capacity 31 December 2023: 43 glove factories	**1,064 SF Lines**	**137 bil**
Additional new capacity in CY2024	164 SF lines	25 bil (+18%)
Total capacity 31 December 2024: 44 glove factories	**1,228 SF Lines**	**162 bil**
Additional new capacity in CY2025	258 SF lines	39 bil (+24%)
Total capacity 31 December 2025: 46 glove factories	**1,486 SF Lines**	**201 bil**

16. Commentary on prospects and targets (continued)

The Group is pleased and grateful to have received shareholder approval of its proposed resolutions at Top Glove's Extraordinary General Meeting (EGM) held on 8 December 2021, in support of the Company's dual primary listing on the Stock Exchange of Hong Kong (HKEX), the Company's application for which will now move onto the next stage of the listing process.

Top Glove will also continue to integrate sustainability into its daily business operations, all the more during these challenging times. Top Glove's achievements and ongoing good work in the Environmental, Social and Governance (ESG) space include the following:

a. Achieved Top 10% in the Global Health Care Equipment & Supplies industry on the Dow Jones Sustainability Index

A testament to its sustainability leadership in the industry, Top Glove maintained its inclusion on the prestigious Dow Jones Sustainability Indices (DJSI) 2021 under the Emerging Markets category for the third year running. It is among the top 10% in the global Health Care Equipment & Supplies industry category globally in the S&P Global Corporate Sustainability Assessment as at the score date of 12 November 2021. It is also the only Malaysian healthcare manufacturing company, as well as one of three (3) healthcare industry companies to be included on this year's DJSI under the Emerging Markets category.

b. Pledge by Top Glove Board of Directors and Senior Leadership in support of United Nations Guiding Principles on Business and Human Rights

To commemorate Human Rights Day 2021 which falls on 10 December 2021 and is themed *EQUALITY: Reducing Inequalities, Advancing Human Rights*, the Top Glove Board of Directors and its senior leadership team on 8 December 2021 pledged their support of the United Nations Guiding Principles (UNGP) on Business and Human Rights, demonstrating the Group's deepening commitment to protecting and respecting human rights, based on an internationally accepted framework and guidelines in relation to labour practices.

c. Launch of Zero Harm on Mental Health programme

In an effort to promote mental wellness and break the stigma around mental health within a corporate setting, Top Glove launched its inaugural Zero Harm on Mental Health programme on 10 October 2021, in conjunction with World Mental Health Day. Together with the Company's existing Zero Harm and Safety Health Emergency Preparedness Programme introduced in 2019, this provides a comprehensive safety and wellness action plan for Top Glove employees aimed at creating a supportive, respectful and inclusive environment at the workplace.

d. Memorandum of Understanding (MOU) with Ministry of Education Malaysia to Support Local TVET Graduates

On 18 November 2021, Top Glove signed a MOU with the Ministry of Education (MOE) Malaysia, marking the start of a 5-year cooperation to support the development of Technical and Vocational Education and Training (TVET) in the country.

e. Human Resources Accolades

Firmly entrenching the Company as an employer of choice to its 22,000 strong workforce, Top Glove emerged Winner at the GRADUAN Brand Awards 2021 in the category of Malaysia's Most Preferred Employers (Manufacturing industry), while attaining an overall ranking of Top 4 amongst Malaysia's Most Preferred Employers of The Year. The Company was also honoured at the Graduates' Choice Awards 2022 where it was voted Most Preferred Graduate Employer and crowned Champion under the Manufacturing (Rubber) category. Additionally, it garnered 7 awards across 6 categories at the HR Excellence Awards 2021.

f. Donations and Community Support

Top Glove Foundation continued to undertake charitable work and render community support on an ongoing basis, with its recent initiatives including flood relief, donation of laptops and sponsorship of surgical procedures.

16. Commentary on prospects and targets (continued)

Top Glove anticipates the business environment will be challenging in the immediate term, as competition continues to intensify amidst moderating glove demand. Nonetheless, the Company remains cautiously optimistic on its industry outlook, given that global demand for gloves as an essential item will continue to grow steadily at a rate of more than 10% per annum even after the pandemic recedes.

As the world learns to live with COVID while managing the emergence of new strains, and glove usage in the medical sector in developing countries continues to increase, glove demand is expected to be stronger, which will help offset the growth in supply.

17. Variance of actual profits from forecast profits

Not applicable as no profit forecast was issued.

18. Taxation

	Quarter Ended	
	30 Nov 2021	**30 Nov 2020**
	RM'000	**RM'000**
Income tax		
Current quarter/year	46,903	663,806
Over provision in respect of prior years	0	(62)
Deferred tax	9,569	33,664
	56,472	697,408

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.

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 2021
	RM'000
Withdrawal of money market funds	717,449
Investment in debt securities	22,896
Disposal of debt securities	4,914

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

The Company had on 26 February 2021 announced the following proposals:
(i) Proposed issuance of new shares;
(ii) Proposed amendments; and
(iii) Proposed dual primary listing of the ordinary shares in Top Glove on the Main Board of the HKEX.

The application for the proposed listing of Top Glove on the HKEX which had a validity period of 6 months had lapsed on 26 August 2021.

Subsequently, the Company had re-submitted the application to the HKEX and Bursa Securities on 28 October 2021 and 29 October 2021 respectively. On 8 December 2021, the Company had received shareholder approval of its resolutions pertaining to the proposed issuance of new shares and the proposed constitution amendments at its Extraordinary General Meeting (EGM) to facilitate the proposed listing.

Except the above mentioned, there were no other corporate proposals not announced or outstanding as at 30 November 2021.

22. Derivative financial instruments

	As at 30 November 2021	
	Contract/Notional Amount RM'000	**Fair Value RM'000**
Forward currency contracts		
• Derivative financial liabilities	135,978	869

As at 30 November 2021, the Group held forward contracts designated as hedges of expected future sales to customers for which the Group has firm commitments. Forward currency contracts used to hedge the Group's sales are denominated in USD for which firm commitments existed at the reporting date, extending to May 2022.

During the year to date ended 30 November 2021, the Group recognised a loss of RM3,047,000 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 2021, 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)	605,848	0	0	605,848
• Debt securities (quoted outside Malaysia)	214,081	0	0	214,081
Financial liabilities at fair value through profit or loss				
• Derivative financial instruments	0	(869)	0	(869)
Financial assets at fair value through other comprehensive income				
• Debt securities (quoted outside Malaysia)	102,201	0	0	102,201

24. Group loans and borrowings

The Group loans and borrowings as at 30 November 2021 were as follows:

	As at 30 Nov 2021 RM'000	As at 30 Nov 2020 RM'000
Current		
Secured		
Term loan	0	2,140
	0	2,140
Unsecured		
Bank borrowings	264,638	279,481
Term loan	40,913	4,119
	305,551	283,600
Total current borrowings	305,551	285,740
Non-current		
Secured		
Term loan	0	3,551
	0	3,551
Unsecured		
Term loan	133,501	144,585
	133,501	144,585
Total non-current borrowings	133,501	148,136

Summary of all loans and borrowings:

		Foreign Currency Denominated '000	RM'000		Foreign Currency Denominated '000	RM'000
	USD	20,806	87,938	USD	12,400	50,456
	RM	3,750	3,750	RM	18,477	18,477
	THB	0	0	THB	91,060	12,238
	EUR	54,479	260,334	EUR	53,729	261,064
	JPY	2,340,770	87,030	JPY	2,340,770	91,641
Total loans and borrowings			439,052			433,876
Exchange rate RM to USD1.00			4.2265			4.0690
Exchange rate RM to THB1.00			0.1254			0.1344
Exchange rate RM to EUR1.00			4.7753			4.8698
Exchange rate RM to JPY1.00			0.0372			0.0392

25. Notes to the Statement of Comprehensive Income

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

	Quarter Ended 30 Nov 2021 RM'000
Interest income	8,546
Other income including investment income	10,188
Gain on disposal of debt securities	698
Fair value loss on foreign exchange contracts	(3,047)
Interest expense	(1,077)
Depreciation and amortisation	(83,606)
Foreign exchange gain	15,119

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

The Board of Directors is pleased to declare a first single tier dividend of 1.2 sen per ordinary share amounting to approximately RM96 million, payable on 10 January 2022.

28. Earnings per share

	Quarter Ended 30 Nov 2021	Quarter Ended 30 Nov 2020
Profit attributable to owners of the parent (RM'000)	185,718	2,357,785
Basic		
Weighted average number of ordinary shares in issue ('000)	8,008,147	8,124,287
Basic earnings per share (sen)	2.32	29.02
Diluted		
Weighted average number of ordinary shares in issue ('000)	8,008,147	8,124,287
Effect of dilution from:		
Share options ('000)	2,829	14,085
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	8,010,976	8,138,372
Diluted earnings per share (sen)	2.32	28.97

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PRESS RELEASE

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

For Immediate Release

CHALLENGING TIMES WITH OPPORTUNITIES AHEAD

Shah Alam, Friday, 10 December 2021 Top Glove Corporation Bhd or "Top Glove" today announced its financial results for the First Quarter ended 30 November 2021 (1QFY2022), navigating a challenging landscape to commence its new financial year 2022 with positive expectation.

Financial Performance

For 1QFY2022, the Group achieved Sales Revenue of RM1.58 billion and Profit After Tax of RM202 million, while Sales Volume (Quantity Sold) was flattish as it transitions closer to pre COVID levels, compared with the previous financial quarter. The Group's net cash position as at 30 November 2021 stood at RM1.06 billion.

The softer performance was mainly attributed to normalising average selling prices (ASPs) and glove demand following mass vaccine rollout on a global scale, while customers remained cautious on replenishing orders. In addition, raw material costs reduced at a much slower pace in comparison to glove ASPs, thereby impacting Profit.

However, the surplus in glove supply will likely be offset in part, by the steady and consistent growth in global glove demand. Glove demand which continues to be driven by strong market fundamentals, was already growing at a rate of 10% yearly pre COVID and is expected to increase further even after the pandemic recedes, on the back of heightened glove usage and hygiene awareness. In addition, the Group is gradually regaining its exports from Malaysia to the U.S., which is expected to improve Sales Volume in the quarters to come.

Further mitigating the situation, raw material prices are on a downtrend quarter on quarter, with average natural latex concentrate prices weakening by 8% to RM5.09/kg. Meanwhile, nitrile latex prices decreased by 19% to USD1.79/kg and are expected to continue declining at a much higher percentage going forward.

Notwithstanding this, in keeping with its commitment to create value for the Company's approximately 138,000 public shareholders, Top Glove declared a dividend payment of 1.2 sen per ordinary share,

amounting to a total payout of RM96 million in line with the Company's dividend policy. The ex date for the dividend is 24 December 2021 while the payment date is 10 January 2022.

Dato' Lee Kim Meow, Managing Director of Top Glove observed, "The team's efforts to deliver these results against a challenging environment with headwinds, are to be commended. Having been in the glove industry for 30 years, we know this is part of the business cycle and have prepared for it. We have built up our reserves over the last 2 years which will enable us to go through leaner times and leverage any M&A opportunities which may arise".

"While times may be tough now, we are confident good times will come again. We believe even in the hardest of times, there is also opportunity, as long as we continue to stay healthy and maintain a positive expectation of the future," added Dato' Lee.

Corporate Developments

In light of the challenging business landscape, the Company will be cautious and defer its expansion plans to be in line with market trends and the demand supply situation. The Group's growth strategy will include a combination of organic expansion, inorganic expansion and strategic investments. By 31 December 2025, Top Glove is projected to have a total of 59 factories comprising 46 glove factories and 13 other factories, 1,486 glove production lines and a glove production capacity of 201 billion gloves per annum. The Group's organic expansion plans for 2022 to 2025 are detailed in *Appendix 1* on Page 5.

The Group is pleased and grateful to have received shareholder approval of its proposed resolutions at Top Glove's Extraordinary General Meeting (EGM) held on 8 December 2021, in support of the Company's dual primary listing on the Stock Exchange of Hong Kong (HKEX), the Company's application for which will now move onto the next stage of the listing process.

Top Glove will also continue to integrate sustainability into its daily business operations, all the more during these challenging times. Top Glove's achievements and ongoing good work in the Environmental, Social and Governance (ESG) space include the following:

a. *Achieved Top 10% in the Global Health Care Equipment & Supplies industry on the Dow Jones Sustainability Index*

   A testament to its sustainability leadership in the industry, Top Glove maintained its inclusion on the prestigious Dow Jones Sustainability Indices (DJSI) 2021 under the Emerging Markets category for the third year running. It is among the top 10% in the global Health Care Equipment & Supplies industry category globally in the S&P Global Corporate Sustainability Assessment as at the score date of 12 November 2021. It is also the only Malaysian healthcare

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f. Donations and Community Support

Top Glove Foundation continued to undertake charitable work and render community support on an ongoing basis, with its recent initiatives including flood relief, donation of laptops and sponsorship of surgical procedures.

Outlook

Top Glove anticipates the business environment will be challenging in the immediate term, as competition continues to intensify amidst moderating glove demand. Nonetheless, the Company remains cautiously optimistic on its industry outlook, given that global demand for gloves as an essential item will continue to grow steadily at a rate of more than 10% per annum even after the pandemic recedes.

As the world learns to live with COVID while managing the emergence of new strains, and glove usage in the medical sector in developing countries continues to increase, glove demand is expected to be stronger, which will help offset the growth in supply.

"While we have entered a challenging and competitive time in the glove industry, we are not deterred. Challenges are not within our control and the way to manage them well is to focus on internal factors. To this end, we will continue improving our quality and efficiency through R&D, enhancement programs and advanced technology, as we deepen our commitment to sustainability. Most importantly, we will ensure our foundation is strong by remaining mentally, physically and financially healthy, which will enable us to weather the tough times, do better and emerge stronger", Dato' Lee concluded.

###

Appendix 1: Top Glove's Organic Expansion Plans 2022 to 2025

Total Capacity by Calendar Year	**Number of Production Lines, Single Former (SF) lines**	**Capacity, pcs per annum**
Current: 37 glove factories	**812 SF Lines**	**100 bil**
Additional new capacity in CY2022	**78 SF Lines**	11 bil (+11%)
Total capacity 31 December 2022 : 40 glove factories	**890 SF Lines**	**111 bil**
Additional new capacity in CY2023	**174 SF Lines**	26 bil (+23%)
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Total capacity 31 December 2025: 46 glove factories	**1,486 SF Lines**	**201 bil**

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, FTSE Bursa Malaysia KLCI 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 10 December 2021
Number of Factories	48 factories (41 in Malaysia, 5 in Thailand, 1 in China and 1 in Vietnam) comprising: • 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
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	22,000