



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 THIRD QUARTER ENDED 31 MAY 2022

	Current Quarter Ended	Corresponding Quarter Ended	Current Year To Date	Corresponding Year To Date
	31 May 2022	31 May 2021	31 May 2022	31 May 2021
	RM'000	RM'000	RM'000	RM'000
Revenue	1,464,644	4,162,744	4,498,061	14,286,559
Operating expenses	(1,468,284)	(1,609,532)	(4,177,713)	(4,979,995)
Other operating income	45,109	50,644	94,514	106,892
Profit from operations	41,469	2,603,856	414,862	9,413,456
Finance costs	(1,045)	(1,057)	(3,063)	(3,091)
Share of results of an associate	(2,035)	707	(2,291)	2,799
Profit before tax	38,389	2,603,506	409,508	9,413,164
Taxation	(9,114)	(539,080)	(75,525)	(2,059,775)
Profit net of tax	29,275	2,064,426	333,983	7,353,389
Profit attributable to:				
Owners of the parent	15,292	2,036,165	288,558	7,262,927
Holder of Perpetual Sukuk	12,397	12,662	38,416	38,407
Non controlling interests	1,586	15,599	7,009	52,055
	29,275	2,064,426	333,983	7,353,389
Earnings per share attributable to owners of the parent, sen:				
Basic	0.19	25.44	3.60	90.22
Diluted	0.19	25.42	3.60	90.14

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 THIRD QUARTER ENDED 31 MAY 2022**

	Current Quarter Ended	Corresponding Quarter Ended	Current Year To Date	Corresponding Year To Date
	31 May 2022	31 May 2021	31 May 2022	31 May 2021
	RM'000	RM'000	RM'000	RM'000
Profit net of tax	29,275	2,064,426	333,983	7,353,389
Other comprehensive income :				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Net movement on debt securities at fair value through other comprehensive income	(3,579)	2,440	(9,815)	1,339
Foreign currency translation differences of foreign operations	11,331	4,464	14,157	7,796
Cash flow hedge	0	0	0	2,690
Other comprehensive income, net of tax	7,752	6,904	4,342	11,825
Total comprehensive income	37,027	2,071,330	338,325	7,365,214
Total comprehensive income attributable to:				
Owners of the parent	23,029	2,043,700	293,122	7,275,230
Holder of Perpetual Sukuk	12,397	12,662	38,416	38,407
Non controlling interests	1,601	14,968	6,787	51,577
	37,027	2,071,330	338,325	7,365,214

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.

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(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2022**

	Unaudited as at 31 May 2022 RM'000	Audited as at 31 Aug 2021 RM'000
ASSETS		
Non current assets		
Property, plant and equipment	4,447,407	3,958,715
Right-of-use assets	207,876	210,649
Investment property	231,895	227,400
Investment in an associate	10,778	13,069
Deferred tax assets	15,374	17,073
Biological assets	915	574
Investment securities: Unquoted investments	392	392
Intangible assets	1,006,160	1,008,795
	5,920,797	5,436,667
Current assets		
Inventories	744,519	1,144,705
Trade and other receivables	407,418	566,299
Other current assets	93,827	118,174
Current tax asset	302,216	5,803
Derivative financial instruments	306	2,411
Investment securities: Debt securities	249,788	306,622
Investment securities: Money market funds	265,638	1,323,297
Cash and bank balances	488,256	878,446
	2,551,968	4,345,757
Total assets	8,472,765	9,782,424
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables	597,944	692,361
Contract liabilities	244,274	737,627
Loans and borrowings	333,408	312,704
Lease liabilities	3,291	5,542
Income tax payable	100,677	450,023
Derivative financial instruments	93	230
	1,279,687	2,198,487
Net current assets	1,272,281	2,147,270
Non current liabilities		
Loans and borrowings	107,355	146,002
Lease liabilities	15,812	18,127
Deferred tax liabilities	200,729	191,200
Provisions	8,570	8,448
	332,466	363,777
Total liabilities	1,612,153	2,562,264
Net assets	6,860,612	7,220,160
Equity attributable to owners of the parent		
Share capital	1,842,189	1,841,654
Treasury shares	(1,413,274)	(1,413,274)
Retained earnings	5,103,627	5,342,360
Other reserves	111,896	101,663
	5,644,438	5,872,403
Perpetual Sukuk	1,175,694	1,295,262
Non controlling interests	40,480	52,495
Total equity	6,860,612	7,220,160
Total equity and liabilities	8,472,765	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.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 MAY 2022**

	← Attributable to owners of the parent →												
	Total equity RM'000	Total equity attributable to owners of the parent		Treasury shares RM'000	Non distributable			Cash flow hedge reserve RM'000	Other reserve RM'000	Fair value adjustment reserve RM'000	Distributable		Non controlling interests RM'000
to owners of the parent RM'000		Share capital RM'000	Foreign exchange reserve RM'000		Legal reserve RM'000	Share option reserve RM'000	Retained earnings RM'000				Perpetual sukuk RM'000		
9 months ended 31 May 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	0	12,726	1,844	5,342,360	1,295,262	52,495
Profit net of tax	333,983	288,558	0	0	0	0	0	0	0	0	288,558	38,416	7,009
Other comprehensive income/(loss)	4,342	4,564	0	0	14,379	0	0	0	0	(9,815)	0	0	(222)
Total comprehensive income/(loss)	338,325	293,122	0	0	14,379	0	0	0	0	(9,815)	288,558	38,416	6,787
Transactions with owners													
Issuance of ordinary shares pursuant to ESOS	497	497	497	0	0	0	0	0	0	0	0	0	0
Share options granted under ESOS	7,006	7,006	0	0	0	0	7,006	0	0	0	0	0	0
Transfer from share option reserve/ retained earnings/ tax incentive reserve	0	0	38	0	0	0	(2,699)	0	1,362	0	1,299	0	0
Distribution to holders of Perpetual Sukuk	(38,416)	0	0	0	0	0	0	0	0	0	0	(38,416)	0
Redemption of Perpetual Sukuk	(119,602)	(34)	0	0	0	0	0	0	0	0	(34)	(119,568)	0
Dividends on ordinary shares/ non controlling interests	(547,358)	(528,556)	0	0	0	0	0	0	0	0	(528,556)	0	(18,802)
Total transactions with owners	(697,873)	(521,087)	535	0	0	0	4,307	0	1,362	0	(527,291)	(157,984)	(18,802)
Closing balance at 31 May 2022	6,860,612	5,644,438	1,842,189	(1,413,274)	39,307	27,569	38,903	0	14,088	(7,971)	5,103,627	1,175,694	40,480
9 months ended 31 May 2021													
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	7,353,389	7,262,927	0	0	0	0	0	0	0	0	7,262,927	38,407	52,055
Other comprehensive income/(loss)	11,825	12,303	0	0	8,274	0	0	2,690	0	1,339	0	0	(478)
Total comprehensive income	7,365,214	7,275,230	0	0	8,274	0	0	2,690	0	1,339	7,262,927	38,407	51,577
Transactions with owners													
Issuance of ordinary shares pursuant to ESOS	56,829	56,829	56,829	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
Share options granted under ESOS	25,782	25,782	0	0	0	0	25,782	0	0	0	0	0	0
Transfer from share option reserve/ retained earnings/ tax incentive reserve	0	0	3,952	0	0	1,584	(4,175)	0	4,484	0	(5,845)	0	0
Purchase of treasury shares	(1,422,585)	(1,422,585)	0	(1,422,585)	0	0	0	0	0	0	0	0	0
Distribution to holders of Perpetual Sukuk	(38,407)	0	0	0	0	0	0	0	0	0	0	(38,407)	0
Dividends on ordinary shares/ non controlling interests	(4,037,096)	(4,033,510)	0	0	0	0	0	0	0	0	(4,033,510)	0	(3,586)
Total transactions with owners	(5,310,790)	(5,269,097)	165,168	(1,422,585)	0	1,584	21,607	0	4,484	0	(4,039,355)	(38,407)	(3,286)
Closing balance at 31 May 2021	8,245,307	6,876,888	1,840,872	(1,424,104)	52,823	11,672	26,926	0	12,258	1,339	6,355,102	1,295,262	73,157

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.

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(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
AS AT 31 MAY 2022**

	Current Year To Date Ended 31 May 2022 RM'000	Corresponding Year To Date Ended 31 May 2021 RM'000
Operating activities		
Profit before tax	409,508	9,413,164
Depreciation and amortisation	258,442	230,588
Other adjustments	21,835	(6,133)
Operating cash flows before changes in working capital	689,785	9,637,619
Changes in working capital		
Net changes in current assets	578,666	(951,790)
Net changes in current liabilities	(601,161)	79,600
Cash flows from operating activities	667,290	8,765,429
Interest paid	(3,063)	(3,575)
Income taxes paid	(708,772)	(458,046)
Net cash flows (used in)/generated from operating activities	(44,545)	8,303,808
Investing activities		
Withdrawal/(placement) of money market funds	1,057,658	(1,790,688)
Disposal/(purchase) of debt securities	21,428	(230,909)
Purchase of property, plant and equipment	(748,817)	(1,138,465)
Proceeds from disposal of property, plant and equipment	2,349	671
Interest received	18,540	46,160
Net decrease/(increase) in bank balances pledged with banks and monies held in debt service reserve account	547	(486)
Net cash flows generated from/(used in) investing activities	351,705	(3,113,717)
Financing activities		
Dividends paid on ordinary shares	(528,556)	(4,033,510)
Dividends paid on non controlling interests	(18,802)	(3,586)
Issuance of shares to non controlling interests	0	300
Proceeds from issuance of ordinary shares pursuant to ESOS	497	56,829
Purchase of treasury shares	0	(1,422,585)
Payment of principal portion of lease liabilities	(3,742)	(3,341)
Distribution paid to Perpetual Sukuk holders	(26,019)	(38,407)
Redemption of Perpetual Sukuk	(119,602)	0
Drawdown of loans and borrowings	6,041	45,178
Net cash flows used in financing activities	(690,183)	(5,399,122)
Net decrease in cash and cash equivalents	(383,023)	(209,031)
Effects of changes in foreign exchange rate	(6,620)	12,505
Cash and cash equivalents at 1 September 2021/2020	875,198	1,204,947
Cash and cash equivalents at 31 May 2022/2021	485,555	1,008,421

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 THIRD QUARTER ENDED 31 MAY 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 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 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 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 31 May 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 THIRD QUARTER ENDED 31 MAY 2022 (CONTINUED)

6. Changes in debts and equity securities

- a) During the financial period ended 31 May 2022, a total of 241,200 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 May 2022 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	241,200	535
As at 31 May 2022	8,207,105,234	1,842,189

- b) As at the end of the financial year to date under review, of the total 8,207,105,234 issued and fully paid ordinary shares, 199,913,800 ordinary shares are held as treasury shares by the Company.
- c) During the financial period ended 31 May 2022, the Company's 100% owned subsidiary, TG Excellence Berhad has redeemed and cancelled an aggregate RM120 million nominal value of Perpetual Sukuk under the Shariah principle of Wakalah Bi Al-Istithmar. As at 31 May 2022, the net nominal value of Perpetual Sukuk was RM1.18 billion.

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 May 2022.

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)
2022 (First single tier)	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 THIRD QUARTER ENDED 31 MAY 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.

9 months ended 31 May 2022

	Malaysia RM'000	Thailand RM'000	China RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<u>Revenue</u>						
External sales	3,895,340	356,381	24,287	222,053	0	4,498,061
Intersegment sales	133,409	366,852	134	123	(500,518)	0
Total Revenue	4,028,749	723,233	24,421	222,176	(500,518)	4,498,061
<u>Result</u>						
Segment profit/(loss)	337,931	98,955	(4,699)	(17,325)	0	414,862
Finance cost	(1,065)	(489)	0	(1,509)	0	(3,063)
Share of result of an associate	(2,291)	0	0	0	0	(2,291)
Profit before tax						409,508
<u>Assets</u>						
Segment assets	5,700,346	748,012	194,925	494,953	1,334,529	8,472,765
Intangible assets	1,006,160	0	0	0	0	1,006,160
<u>Liabilities</u>						
Segment liabilities	995,320	83,035	7,780	224,612	301,406	1,612,153

- 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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MAY 2022 (CONTINUED)

12. Contingent liabilities

A nominal amount of RM441 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 RM773 million.

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS

14. Review of performance

A comparison of Top Glove's performance for the third quarter ended 31 May 2022 ("3QFY2022") and the 9 months year to date 31 May 2022 ("9MFY2022") with the corresponding period last financial year is as follows:

	3QFY2022	3QFY2021	Variance	9MFY2022	9MFY2021	Variance
	RM'mil	RM'mil	%	RM'mil	RM'mil	%
Revenue	1,465	4,163	(65)	4,498	14,287	(69)
Operating profit	41	2,604	(98)	415	9,414	(96)
Profit before interest and tax	35	2,588	(99)	394	9,371	(96)
Profit before tax	38	2,604	(99)	410	9,413	(96)
Profit after tax	29	2,064	(99)	334	7,353	(95)
Profit attributable to owners of the parent	15	2,036	(99)	289	7,263	(96)

For 3QFY2022, the Group achieved Sales Revenue of RM1.47 billion and Profit After Tax of RM29 million. On a 9 month basis, Sales Revenue amounted to RM4.5 billion while Profit After Tax registered at RM334 million. This is in contrast to the exceptionally strong performance in the corresponding periods of FY2021 when the pandemic was at its peak, during which time demand and average selling prices were at an all-time highs and operating costs were lower.

As the pandemic transitions into an endemic, the industry has been experiencing the effects of the normalisation in terms of demand and average selling price. The resulting softer performance has occurred amidst a convergence of headwinds, with production cost moving upward due to global inflation and as the Russia Ukraine conflict driving up crude oil prices. Additionally, the Group contended with increases in natural gas and electricity tariffs, as well as minimum wage implementation which came into effect 1 May 2022. The escalating costs resulted in margin compression, as the Group was unable to fully pass cost through amidst the ongoing oversupply situation. However, average selling prices (ASPs) are declining at a far slower pace which will help cushion the cost impact going forward.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 31 MAY 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	9MFY2022 (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	4,498
EBITDA	198	288	365	197	298	311	302	442	525	489	694	687	2,421	10,285	652
EBITDA margin	14%	19%	18%	10%	13%	13%	13%	18%	18%	14%	16%	14%	33%	63%	15%
PBT	135	222	305	145	241	242	216	363	442	393	523	424	2,166	10,034	410
PBT margin	10%	15%	15%	7%	10%	11%	10%	15%	15%	12%	12%	9%	30%	61%	9%
Taxation	27	54	55	30	34	39	32	82	80	54	90	56	377	2,210	76
PAT	108	168	250	115	207	203	184	281	362	339	433	368	1,789	7,824	334
PAT margin	8%	11%	12%	6%	9%	9%	8%	11%	13%	10%	10%	8%	25%	48%	7%

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MAY 2022 (CONTINUED)

15. Comparison of quarterly financial results with preceding quarter

	3QFY2022 RM'mil	2QFY2022 RM'mil	Variance %
Revenue	1,465	1,449	1
Operating profit	41	113	(64)
Profit before interest and tax	35	107	(67)
Profit before tax	38	112	(66)
Profit after tax	29	102	(72)
Profit attributable to owners of the parent	15	88	(83)

For 3QFY2022, the Group's Sales Revenue was RM1.47 billion while Profit After Tax was RM29 million, with the softer performance attributed to factors as per the explanation in Note 14. Against a highly challenging backdrop, the Group achieved a 6% improvement in Sales Volume compared with the preceding quarter, due mainly to the recovery in sales to the USA from Malaysia and other regions. The sales to the USA from Malaysia, continue to show increasing trend in 3QFY2022 being 8% higher than 2QFY2022.

For 3QFY2022, the average natural latex concentrate price rose 17% quarter on quarter to RM6.50/kg. Meanwhile, the average nitrile latex price was USD1.11/kg, 3% lower compared with 2QFY2022.

16. Commentary on prospects and targets

In consideration of the moderating demand, the Group has deferred and reduced its major CAPEX for the immediate term, as it continues to align its expansion plans with market conditions.

In keeping with the Group's steadfast commitment to Environmental, Social and Governance or "ESG" considerations, Top Glove will be launching its Sustainability Policy (Policy), which articulates its key focus areas and goals across the sustainability spectrum through FY2025. Developed in consultation with various stakeholders, including investors, nongovernmental organisations and analysts, the Policy serves as a guide to ethical and responsible sourcing and procurement for the Group as well as its supply chain. Significantly, by FY2025, Top Glove has committed to setting a target year by which to achieve its Net Zero Carbon aspirations. The Group also aims to attain 70% traceability to natural rubber plantations by FY2025.

Top Glove expects the challenging business environment to persist in the near term, but emphasises the situation is a temporary setback.

The Group also recognises that challenges are part of doing business and has successfully weathered several such cycles since commencing operations 31 years ago.

Top Glove believes that the outlook for the glove industry is still promising as gloves remain an essential item in the healthcare sector. Glove demand will keep growing with increased usage from emerging markets where the glove consumption base is relatively low, coupled with higher levels of hygiene and health consciousness in a post pandemic era. Meanwhile, the Group also sees great potential for further growth in sales to the USA.

17. Variance of actual profits from forecast profits

Not applicable as no profit forecast was issued.

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18. Taxation

	Quarter Ended		Year To Date Ended	
	31 May 2022 RM'000	31 May 2021 RM'000	31 May 2022 RM'000	31 May 2021 RM'000
Income tax				
Current quarter/year (Over)/ under provision	(8,783)	513,387	71,119	2,040,040
in respect of prior year	(8,152)	18,994	(8,129)	18,932
Deferred tax	26,049	6,699	12,512	803
Real property gain tax	0	0	23	0
	<u>9,114</u>	<u>539,080</u>	<u>75,525</u>	<u>2,059,775</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.

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 May 2022 RM'000	31 May 2022 RM'000
Investment in money market funds	295,442	603,025
Withdrawal of money market funds	295,442	1,660,683
Investment in debt securities	14,414	57,886
Disposal of debt securities	4,564	79,314

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 28 April 2022 announced the proposed listing of the Company on the HKEX ("HKEX Listing Application") had lapsed on 28 April 2022 as the listing application has a validity of 6 months under the HKEX Listing Rules. Following the lapse of the HKEX, the listing application approved by Bursa Securities on 10 November 2021 has also lapsed accordingly.

Except the above mentioned, there were no other corporate proposals not announced or outstanding as at 31 May 2022.

22. Derivative financial instruments

	As at 31 May 2022	
	Contract/Notional Amount RM'000	Fair Value RM'000
Forward currency contracts		
• Derivative financial assets	77,045	306
• Derivative financial liabilities	11,388	(93)

As at 31 May 2022, 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 September 2022.

During the year to date ended 31 May 2022, the Group recognised a loss of RM1,965,000 arising from changes in fair value of the forward currency contracts.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 31 MAY 2022 (CONTINUED)****23. Fair value hierarchy**

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

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – Inputs that are based on observable market data, either directly or indirectly

Level 3 – Inputs that are not based on observable market data

As at 31 May 2022, 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
• Debt securities (quoted outside Malaysia)	213,613	0	0	213,613
• Money market funds (quoted in Malaysia)	265,638	0	0	265,638
• Derivative financial instruments	0	306	0	306
Financial liabilities at fair value through profit or loss				
• Derivative financial instruments	0	(93)	0	(93)
Financial assets at fair value through other comprehensive income				
• Debt securities (quoted outside Malaysia)	36,175	0	0	36,175

24. Group loans and borrowings

The Group loans and borrowings as at 31 May 2022 were as follows:

	As at 31 May 2022 RM'000	As at 31 May 2021 RM'000
Current		
Secured		
Term loan	0	2,280
	<u>0</u>	<u>2,280</u>
Unsecured		
Bank borrowings	276,080	287,020
Term loan	57,328	26,595
	<u>333,408</u>	<u>313,615</u>
Total current borrowings	<u>333,408</u>	<u>315,895</u>
Non-current		
Secured		
Term loan	0	2,270
	<u>0</u>	<u>2,270</u>
Unsecured		
Term loan	107,355	164,678
	<u>107,355</u>	<u>164,678</u>
Total non-current borrowings	<u>107,355</u>	<u>166,948</u>

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
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24. Group loans and borrowings (continued)

Summary of all loans and borrowings:

	Foreign Currency Denominated '000	As at 31 May 2022 RM'000		Foreign Currency Denominated '000	As at 31 May 2021 RM'000
USD	22,925	100,310	USD	22,343	92,453
RM	1,875	1,875	RM	10,175	10,175
THB	55,000	7,042	THB	110,000	14,566
EUR	52,443	246,908	EUR	54,479	274,389
JPY	2,340,770	79,960	JPY	2,340,770	88,317
VDN	23,798,107	4,668	VDN	16,315,860	2,943
Total loans and borrowings		440,763			482,843
Exchange rate RM to USD1		4.3755			4.1380
Exchange rate RM to THB1		0.1280			0.1324
Exchange rate RM to EUR1		4.7043			5.0477
Exchange rate RM to JPY1		0.0342			0.0377
Exchange rate RM to VDN100		0.0189			0.0180

25. Notes to the Statement of Comprehensive Income

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

	Quarter Ended 31 May 2022 RM'000	Year To Date Ended 31 May 2022 RM'000
Interest income	4,149	18,540
Interest expense	(1,045)	(3,063)
Other income including investment income	17,037	38,153
Gain on disposal of debt securities	10	1,284
Realised foreign exchange gain/(loss)	3,457	(3,145)
Unrealised foreign exchange gain	19,899	36,537
Fair value gain/(loss) on foreign exchange contracts	557	(1,965)
Depreciation and amortisation	(88,991)	(258,442)

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 had on 10 December 2021, declared a first single tier interim dividend of 1.2 sen per ordinary share and paid on 10 January 2022, amounting to RM96 million for the first quarter ended 30 November 2021.

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

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 31 MAY 2022 (CONTINUED)****28. Earnings per share**

	Quarter Ended		Year To Date Ended	
	31 May 2022	31 May 2021	31 May 2022	31 May 2021
Profit net of tax attributable to owners of the parent (RM'000)	<u>15,292</u>	<u>2,036,165</u>	<u>288,558</u>	<u>7,262,927</u>
Basic				
Weighted average number of ordinary shares in issue ('000)	<u>8,008,245</u>	<u>8,004,609</u>	<u>8,008,190</u>	<u>8,050,398</u>
Basic earnings per share (sen)	<u>0.19</u>	<u>25.44</u>	<u>3.60</u>	<u>90.22</u>
Diluted				
Weighted average number of ordinary shares in issue ('000)	8,008,245	8,004,609	8,008,190	8,050,398
Effect of dilution from:				
Share options ('000)	<u>405</u>	<u>5,601</u>	<u>2,386</u>	<u>6,762</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>8,008,650</u>	<u>8,010,210</u>	<u>8,010,576</u>	<u>8,057,160</u>
Diluted earnings per share (sen)	<u>0.19</u>	<u>25.42</u>	<u>3.60</u>	<u>90.14</u>