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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