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PRESS RELEASE

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

For Immediate Release

REMAINING STEADFAST IN CHALLENGING TIMES

Shah Alam, Thursday, 16 March 2023 Top Glove Corporation Bhd or “Top Glove” today announced its financial results for the Second Quarter ended 28 February 2023 (2QFY2023), taking the challenging environment in stride and maintaining a positive long term outlook.

For 2QFY2023, the Group’s results were largely flattish against 1QFY2023, with Sales Revenue of RM618 million and Loss After Tax of RM155 million, while there was an improvement in Sales Volume (Quantity Sold) as compared with the preceding quarter.

On a half yearly basis, 1HFY2023 Sales Revenue amounted to RM1.25 billion with Loss After Tax of RM313 million.

The Group’s financial performance continued to be impacted by headwinds which have weighed heavily on the glove industry. Destocking activity persisted, driven by excess customer inventory, resulting in a softer order book. Aggravating the situation was the ongoing glove oversupply situation, combined with a lack of customer urgency to place orders in light of shorter delivery times from lower manufacturer utilisation. Meanwhile, rising production costs which the Group was unable to share out with customers owing to moderating ASPs, also contributed to the muted financial results.

The Group notes that customers’ glove inventory levels are moving closer to normality. However, while sales have started to pick up, not all orders received will prove feasible due to lower price points. As the glove industry faces losses coupled with escalating costs, the industry has started to revise selling prices upward from February 2023, which is a necessary step towards the industry’s eventual recovery and sustainability.

Mr Lim Cheong Guan, Managing Director of Top Glove observed, “The glove industry has been experiencing an extremely challenging past one year. Owing to the perfect storm of rebalancing demand and supply, coupled with softer ASPs and cost increases, the financial results delivered will not be representative of the company’s or industry’s actual potential. However, this is a temporary phase we will have to weather after 2 years of elevated pandemic driven glove demand.”

“To mitigate effects of the headwinds encountered, we continue to implement efficiency enhancement and cash conservation initiatives aimed at driving recovery and improving our bottom line, while increasing ASPs to offset rising costs”, continued Mr Lim.

The challenging and competitive business landscape is expected to endure through 2023. However, the Group takes a long term view of industry prospects, which are still promising.

Mr Lim asserted, “We are under no illusion and remain mindful that the market will continue to equilibrate in the near term. Nonetheless, we believe that the glove industry will recover in due course as its fundamentals remain robust and unchanged.”

“We believe that it will be a matter of time before our results are more reflective of the glove industry’s potential. In the meantime, we continue to be committed to ensuring the well being of both our people and our business, while delivering value to our stakeholders”, Mr Lim concluded.

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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 Top 100 Index, FBM Emas Index, FBM Hijrah Syariah Index, FBM Emas Syariah Index and the Dow Jones Sustainability Indices (DJSI) for Emerging Markets. 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 16 March 2023
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

	<ul style="list-style-type: none"> • 1 face mask factory • 1 gamma sterilisation 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	13,000