



Top Glove Corporation Bhd

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PRESS RELEASE

For Immediate Release

GOOD 2QFY22 SALES VOLUME GROWTH COMPARED WITH 1QFY22 DESPITE CHALLENGING ENVIRONMENT

Sales Volume to U.S. soars 220% from September 2021

Shah Alam, Wednesday, 9 March 2022 Top Glove Corporation Bhd or “Top Glove” today announced its financial results for the Second Quarter ended 28 February 2022 (2QFY2022), delivering steady volume growth despite the challenging business landscape, as the industry transitions to an endemic stage.

Financial Performance

For 2QFY2022, the Group achieved Sales Revenue of RM1.45 billion and Profit After Tax of RM102 million, and the Group is pleased to note that Sales Volume (Quantity Sold) registered strong growth compared with 1QFY2022.

On a half yearly basis, 1HFY2022 Sales Revenue amounted to RM3.03 billion while Profit After Tax registered at RM305 million.

The softer financial performance came on the back of normalising average selling prices (ASPs) which are moving closer to pre pandemic levels. Raw material prices were generally on a downward trend, decreasing at a slower pace than ASPs, which resulted in margin compression. The Group also had to contend with increases in other operating costs including utilities, manpower and chemical costs; as well as intensifying competition, with the new glove supply causing pricing pressure in light of the successful Covid 19 vaccine rollout globally.

Notably, the Group’s 2QFY2022 results still surpass its pre pandemic financial performance. The Group has

anticipated this adjustment and is well prepared for a more challenging period ahead as it transitions towards an “old normal” scenario. Despite challenges encountered in 2QFY2022, Sales Volume has shown a marked improvement in comparison with 1QFY2022, following the resumption of regular glove restocking activity by customers, and as ASPs approach pre pandemic levels. Moreover, the Group’s sales to U.S. are well on the path to recovery since September 2021, with Sales Volume to the U.S. market growing sharply by 220% to date. In September 2021, sales to the U.S. comprised 4% of total Group global sales and by February 2022, sales to the U.S. had grown to contribute 13% towards total Group global sales. In tandem, the Group’s production utilisation increased from 60% in September 2021 to 73% in February 2022.

Dato’ Lee Kim Meow, Managing Director of Top Glove observed, “For the past 2 years, we have been accustomed to delivering exceptional results. While our 2QFY2022 results are not as robust as we would like them to be, this is to be expected as the pandemic recedes and it is part of the business cycle. Having been in the glove business for 31 years, we have seen many such cycles and our experience has prepared us well to go through this one.”

“What is important for us now is to continue to focus on quality and efficiency, improve, innovate, invest in R&D, leverage advanced technology/digitalisation and recruit more good talents, while deepening our commitment to sustainability. With all these in place and our good balance sheet position, I believe we are well able to navigate this challenging period and emerge stronger.”

As at 28 February 2022, the Group maintained a net cash position of RM656 million and net assets of RM6.95 billion

Corporate Developments

In light of the current supply situation, the Group will remain cautious and scale back on its expansion plans for the interim. The Group will however, continue to monitor the situation closely and stands ready to reinstate expansion plans as required when demand eventually picks up.

Today, 9 March 2022, the Group appointed 2 new Independent Non Executive Directors (INEDs) to its Board namely, Dato’ Kong Sooi Lin and Dr Ngo Get Ping. Top Glove is confident that the varied experience and expertise the new INEDs bring will enhance board strength and be instrumental in advancing the Group’s ambitious growth agenda.

With an enhanced commitment to Environmental, Social and Governance or "ESG" considerations, Top Glove continues to lead the way in terms of exemplary sustainability practices, garnering the following recognitions and accolades:

1. First time inclusion S&P Global’s Sustainability Yearbook 2022 alongside global leaders with an Industry Mover distinction

In February 2022, Top Glove was for the first time included in S&P Global’s Sustainability Yearbook, which is one of the world’s most comprehensive publications providing in depth analysis on corporate sustainability. It was accorded an Industry Mover distinction, which is given only to companies within the top 15% of each industry participating in the S&P Global Corporate Sustainability Assessments (CSA), who have achieved a minimum improvement of 5% in their S&P Global ESG Score and have accomplished the strongest improvement in their industry.

2. First time inclusion among global leaders in 2022 Bloomberg Gender Equality Index

Top Glove was recognised for its outstanding performance in the area of gender reporting and measures to advance gender equality in the workplace, placing among 20 companies globally under the Industrials category with an above average industry score.

3. Advocating women at the workplace

With robust human capital policies and practices that champion equal opportunities for gainful employment, learning and development, and career advancement, the Group has become an employer of choice to some 22,000 employees, a significant proportion of which comprises women. Women participation on Top Glove's Board is at 38% and the Group currently also boasts a commendable 52:48 ratio of women to men in leadership positions (managers and above).

Outlook

The business environment is anticipated to be challenging and competitive in the immediate term, as the pandemic gradually comes under control. The additional glove supply and ensuing pricing/margin pressure may in turn result in industry consolidation, as part of the business cycle. Nonetheless, taking a positive view of the situation, Top Glove is confident that even in the hardest of times, opportunity still abounds and maintains that the long term industry outlook is promising.

“Glove demand will still continue to grow steadily, albeit not at the accelerated but unsustainable pace during the pandemic. This challenging period is temporary and we will continue to focus on maintaining our strong foundation by staying mentally, physically and financially healthy. This will position us to weather the tough times and capitalise on good opportunities which are sure to come again”, Dato' Lee 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, 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 9 March 2022
Number of Factories	49 factories (42 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 sterilisation 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