



Top Glove Corporation Bhd

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PRESS RELEASE

For Immediate Release

TOP GLOVE DELIVERS HIGHEST SALES VOLUME GROWTH POST PANDEMIC

- *Sales Volume maintains upward momentum amidst sustained order inflow, soaring 91% in 4QFY2024 compared to 4QFY2023 and rising 19% in FY2024 versus FY2023*
- *Group confident of a return to profitability in FY2025*

Shah Alam, Thursday, 10 October 2024 Top Glove Corporation Bhd or “Top Glove” today announced its financial results for the Fourth Quarter (4QFY2024) and full financial year 2024 (FY2024) ended 31 August 2024, achieving its strongest Sales Volume (Glove Sales Quantity) growth since the peak of the pandemic in 2021, as it maintains an upward trend towards profitability.

For 4QFY2024, Top Glove delivered a robust performance despite persistent challenges in the business environment. The Group posted Sales Revenue of RM835 million, representing a 75% increase from 4QFY2023, and charted Profit After Tax of RM8 million, which is a substantial improvement of 102% year on year, supported by enhanced operational efficiency as well as land disposal gains. Sales Volume also saw exceptional growth of 91% versus 4QFY2023.

For FY2024, the Group registered Sales Revenue of RM2.52 billion, an uptick of 11% from FY2023. Loss After Tax which factored in gains from land disposal, reduced considerably to RM18 million, a commendable upsurge of 98% against FY2023. Meanwhile, the Group’s full year EBITDA turned positive at RM251 million, recording an improvement of 261% compared with FY2023. Sales Volume rose by 19% from FY2023.

The Group’s notably improved performance was attributed to increased Sales Volume as customers continued to replenish glove inventories, leading to higher utilisation rates and enhanced cost efficiency. The Group saw especially

strong growth in the U.S. where Sales Volume soared 120% quarter on quarter, which was further driven by the high number of foreign manufacturers' gloves being placed on the U.S. FDA's import alert list. With the impending imposition of high tariffs by the U.S. on China made medical gloves, the Group anticipates a greater increase in Sales Volume growth in the quarters to come.

The Group's bottom line for 4QFY2024 was affected by the sudden drastic weakening of the U.S. Dollar against the Ringgit. In response, the Group has revised its selling prices upwards, the effects of which will be realised from November 2024 onwards due to the time lag.

Raw material prices were mixed quarter on quarter, with average natural latex concentrate prices trending downward by 1% to RM6.61/kg, while average nitrile latex prices rose 8% to USD0.96/kg.

Mr Lim Cheong Guan, Managing Director of Top Glove remarked, "We are pleased that the Group's financial performance has improved significantly over the course of FY2024, bringing us closer to breaking even. Our full year EBITDA is positive while Sales Volume growth continues to be healthy. These are strong indicators of market resurgence and we are well positioned to ride the recovery wave. Our consistent progress has been driven by ongoing improvement initiatives, and with the continued support of our employees, the Group is confident we are well on the path to profitability and sustainable growth."

Rewarding Shareholders with 1-For-20 Bonus Issue of Warrants

The Group has proposed a bonus issue of up to 405,964,951 warrants on the basis of 1 warrant for every 20 existing Top Glove shares, subject to shareholders' approval at the upcoming AGM in January 2025. The warrants are exercisable anytime within 5 years from the date of issuance, the exercise price of which will be announced at a later date. The proposed bonus issue of warrants offers Top Glove shareholders the opportunity to increase their equity participation in the Group, by exercising the warrants at a predetermined price during the tenure of the warrants, rewarding loyal shareholders for their continued support. The exercise will also strengthen the Group's capital base, enabling it to raise additional funds without incurring additional interest expense, as compared to bank borrowings.

Sustainability Milestones

In July 2024, Top Glove successfully delivered its first shipment of natural rubber gloves to Europe fully traceable to their plantation origins, demonstrating the Group's commitment to full compliance with the EU Deforestation Regulation (EUDR), achieved ahead of the initial 30 December 2024 deadline.

Signifying its ongoing commitment to sustainability and corporate responsibility, the Group received an 'A' in the MSCI ESG Ratings in July 2024, which is an improvement over its 'BBB' rating in 2023 and marks its highest achievement since its initial participation in 2019. The MSCI ESG Ratings measures a company's management of financially relevant ESG risks and opportunities, with assessments carried out based on publicly available information.

In September 2024, the Group also released the results of a Life Cycle Assessment (LCA) which evaluates the environmental impact of a product throughout its entire life cycle, from raw material extraction to disposal. The LCA which was carried out on Top Glove's conventional nitrile powder free gloves and biodegradable nitrile powder free gloves, revealed that carbon emissions for its biodegradable nitrile powder free gloves were 8.3% lower than that of its conventional nitrile gloves, reflecting Top Glove's continual efforts to reduce its environmental footprint and advance sustainability in its product offerings. More information on the LCA results is available here: <https://www.topglove.com/single-press-release-en?id=633&title=top-glove-releases-industry-leading-life-cycle-assessment-results-for-nitrile-gloves>

Additionally, Top Glove was awarded the EcoVadis Sustainability Bronze Medal for the 2nd year running, with a 12% improvement in scoring from 2023, placing it amongst the top 19% of all companies and industries evaluated at the time of publication in September 2024. In terms of the Company's EcoVadis Carbon Scorecard, Top Glove's carbon management performance also improved, transitioning to an advanced level for 2024 from an intermediate level in 2023. This recognition reflects the Group's effectiveness to consistently meet sustainability criteria including environmental impact, labour and human rights, ethics and sustainable procurement outlined in the methodology adopted by EcoVadis, a globally trusted provider of business sustainability ratings headquartered in Paris with a network of over 130,000 rated companies.

Top Glove also garnered the *Overall Excellence Award* at the National Corporate Governance & Sustainability Awards (NACGSA) 2024 in September 2024, ranking #7 amongst the 20 winners of this prestigious accolade and standing out amongst the 854 listed companies in Malaysia which were assessed by the Minority Shareholders Watch Group (MSWG). This win highlights the Company's unwavering commitment to corporate governance and sustainability and its continuous efforts to uphold industry leading standards.

Positioned for Profitability

As recovery for the glove industry continues to gain traction, the Group anticipates continual improvement in sales orders in line with more positive demand supply dynamics. Moreover, glove sales to the U.S., which have already been increasing exponentially, are expected to receive an additional boost with the United States Trade Representative (USTR)'s recent announcement of impending tariff increases for Chinese medical gloves from the current 7.5% to 50% effective January 2025, and to 100% by January 2026.

To ensure the Group is well positioned to meet the rapidly returning glove demand, installation of advanced production lines, which had been temporarily halted due to oversupply, will resume at Top Glove's newer factories. However, the Group maintains a cautiously optimistic approach for capacity expansion plans in light of the volatile business environment which can be affected by geopolitical factors. The Group's long term outlook for the glove industry remains optimistic, as gloves are an essential, single use item in the healthcare industry, for which there is no viable replacement to date.

Mr Lim stated, "We are pleased to have concluded our financial year 2024 on a positive note. We are now on the final leg of our recovery journey and certain of turning profitable within the new Financial Year 2025, as glove orders continue their uptrend. The Group has every confidence in the long term prospects for the glove industry whose fundamentals are intact and robust, and looks forward to far better times ahead."

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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 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 October 2024
Number of Factories	47 factories (41 in Malaysia, 5 in Thailand and 1 in Vietnam) comprising: <ul style="list-style-type: none">• 36 glove factories• 2 latex concentrate plants• 3 chemical factories• 1 gamma sterilisation factory• 1 glove former factory• 2 packaging material factories• 1 dental dam factory• 1 face mask factory
Number of Marketing Offices	7 (Malaysia, USA, Germany, Brazil, China, Thailand and Vietnam)
Number of Glove Production Lines	784
Glove Production Capacity	95 billion pieces per annum
Number of Employees	11,600