

Media Contact:

Michelle Voon
wavoon@topglove.com.my
+603-3362 3098 (ext.2228)
+6016 668 8336



Investor Contact:

Mabel Tan
tanbs@topglove.com.my
+603-3362 3098 (ext. 2260)
+6012 355 8666

PRESS RELEASE

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

For Immediate Release

TOP GLOVE WEATHERING THE EFFECTS OF NORMALISATION

Group grows QoQ Sales Volume amidst challenging times

Shah Alam, Thursday, 9 June 2022 Top Glove Corporation Bhd or “Top Glove” today announced its financial results for the Third Quarter ended 31 May 2022 (3QFY2022), delivering quarter on quarter growth in Sales Volume, despite prevalent challenging market conditions amidst the normalising trend.

Financial Performance

For 9MFY2022, the Group posted Sales Revenue of RM4.50 billion and Profit After Tax of RM334 million. Meanwhile, Sales Revenue for 3QFY2022 amounted to RM1.47 billion and Profit After Tax registered RM29 million. Against a highly challenging backdrop, the Group achieved a 6% improvement in Sales Volume compared with the preceding quarter, attributed mainly to the recovery in sales to the USA from Malaysia as well as other regions.

The softer performance occurred amidst a convergence of headwinds, with production costs moving upward due to global inflation and as the Russia Ukraine conflict drove 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. Meanwhile, sales to the USA from Malaysia continue to trend higher in 3QFY2022, increasing by 8% compared with 2QFY2022, with great potential for further growth, which bodes well for the Group.

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 to 2QFY2022.

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.

Commenting on the Group's results, Dato' Lee Kim Meow, Managing Director of Top Glove said, "This is an extremely challenging time for the glove industry and this quarter's results are not reflective of our usual business performance, owing to the ongoing normalisation trend coupled with demand supply imbalance. However, we will press on and continue focusing on the fundamentals: delivering quality products at an efficient cost, a direction which remains our priority both in good and lean times. On this note, I also wish to express our profound appreciation to our people who have worked hard with a quality mindset, which will continue to move us forward through this difficult period."

Launch of Top Glove Sustainability Policy

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.

Outlook

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

Expressing optimism in prospects both for the Group and the sector, Dato' Lee remarked, "In business, we always take a long term view. Top Glove believes that the outlook for the glove industry is still promising as gloves remain an essential item in the healthcare sector. We are very confident that 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".

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

"As external factors are beyond our control, we continue to focus on internal factors, the most fundamental of which is staying fit and healthy, so that we remain sustainable through the toughest of times. This will enable us to prepare for better times ahead", 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 June 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