



Top Glove Corporation Bhd

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PRESS RELEASE

For Immediate Release

SETTING FOOT ON THE PATH TO RECOVERY

- *Top Glove delivers improved 4QFY2023 performance as it looks forward to better days ahead*
- *Positive EBITDA and cashflow from operations for 4QFY2023 achieved*

Shah Alam, Friday, 6 October 2023 Top Glove Corporation Bhd or “Top Glove” today announced its financial results for the Fourth Quarter (4QFY2023) and full financial year 2023 (FY2023) ended 31 August 2023, demonstrating resilience as it embarks on its course to recovery.

Amidst a highly challenging and volatile business environment, the Group delivered a better performance for 4QFY2023, achieving Sales Revenue of RM476 million. Following a review of the Group’s assets towards strengthening cost competitiveness, a Loss After Tax of RM454 million was recorded, after incorporating a one off impairment on goodwill, property, plant and equipment amounting to RM389 million which has no impact on cashflow. Excluding impairment, the Group’s 4QFY2023 performance would have improved with a narrower Loss After Tax of RM65 million. Meanwhile, the Group’s 4QFY2023 EBITDA and cashflow from operations were positive, as the glove industry progresses towards recovery from a protracted period of demand supply imbalance.

For FY2023, the Group posted Sales Revenue of RM2.26 billion and Loss After Tax of RM887 million. Excluding impairment, the full financial year’s Loss After Tax would have amounted to RM498 million.

The Group's improved 4QFY2023 financial performance as compared to earlier quarters within FY2023 was attributed to ongoing quality and cost optimisation initiatives, driven by the Top Glove Turnaround Plan. These included streamlining its production facilities, which saw the Group leveraging newer and more efficient factories while temporarily ceasing operations at some of its factories, thereby saving operation, utilities and manpower cost. The Group continued to focus on securing orders which generated positive cashflow and better margins, and Sales Volume eased slightly quarter on quarter. ASPs were also reduced slightly while raw material prices trended downwards, enabling the Group to balance sharing out cost savings with customers and preserving margins to offset fixed costs.

“Our 4QFY2023 performance is encouraging against the uncertain environment which continues to impact the glove industry. This is largely the result of our Turnaround Plan and we will continue to pursue the strategies outlined towards regaining lost ground and expediting our recovery”, remarked Mr Lim Cheong Guan, Managing Director of Top Glove.

“Looking ahead, the Group believes that inventory build up from the pandemic is very close to bottoming out following lower glove demand over the past 2 years. Conversely, glove consumption has increased post pandemic on the back of elevated levels of hygiene and health awareness. With this, we believe that glove demand will pick up gradually going forward”, Mr Lim observed.

The Group also highlighted challenges faced in relation to the high cost of heat energy from natural gas, rendering Malaysian rubber glove manufacturers less competitive than other rubber glove producing countries which have lower energy costs. In light of this, the Group suggests that rather than exporting this natural resource, it would be more beneficial to make natural gas available at a competitive price to Malaysian manufacturers. This will serve to encourage the growth of downstream activities, creating employment opportunities and business growth for supporting industries, while enhancing export value and increasing the inflow of foreign income.

Challenges notwithstanding, the Group garnered multiple accolades over the course of FY2023, reflecting an unwavering commitment to delivering value across the stakeholder spectrum. Top Glove maintained its inclusion on the **Dow Jones Sustainability Index** for the 5th year running, ranking amongst the top 3% of companies on the prestigious index; while for the **FTSE4Good ESG Ratings**, it delivered an improved ESG score which elevated it to rank amongst the top 13% companies on the index. Additionally, Top Glove earned triple honours at the esteemed **Prime Minister's Hibiscus Award 2021/2022** in June 2023 with the *Gold award in the Special Project Category* alongside another 2 awards for *Notable Achievement in Environmental Performance*, while also winning an award for the *Distinguished Social & Community Care Award in the Company of the Year (Manufacturer: Rubber Gloves) category* at the **Sustainability & CSR Malaysia Awards 2023** in July 2023.

Over the quarters ahead, the Group's focus will be on improving the performance of its core glove business, particularly through quality and cost enhancement initiatives as well as innovation, to better meet the evolving needs of its customers. The Group maintains a positive industry outlook as gloves are an essential, single use item in the healthcare, industrial and F&B sectors with no viable replacement, a strong indication of continual demand growth for gloves. It also notes an encouraging uptrend in glove demand.

“We believe the mid to long term prospects for the glove sector remain promising. We are already seeing an uptick in Sales Volume month to month which indicates our customers’ glove inventory is close to being depleted. As the oversupply situation also continues to ease, we look forward to seeing global glove demand resuming its projected 8% to 10% growth per annum eventually and better times ahead”.

“Top Glove remains wholly committed to delivering high quality products at an efficient cost to our customers, while implementing sustainable business practices. The Group will continue to improve and innovate; and we are confident of getting through this challenging period, as we move forward onto recovery and beyond”, 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 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 6 October 2023
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 gamma sterilisation factory • 1 glove former factory • 2 packaging material factories • 1 dental dam factory • 1 condom factory • 1 face mask factory
Number of Marketing Offices	7 (Malaysia, USA, Germany, Brazil, China, Thailand and Vietnam)

Number of Glove Production Lines	788
Glove Production Capacity	95 billion pieces per annum
Number of Employees	10,700