



Top Glove Corporation Bhd

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PRESS RELEASE

For Immediate Release

TOP GLOVE DELIVERS SIGNIFICANTLY IMPROVED 3QFY2024 PERFORMANCE

3QFY2024 Profit After Tax jumps 255% to RM62 million

Shah Alam, Wednesday, 19 June 2024 Top Glove Corporation Bhd or “Top Glove” today announced its financial results for the Third Quarter ended 31 May 2024 (3QFY2024), emerging from a protracted period of industry wide glove demand/supply imbalance, to deliver a substantially stronger performance as it moves closer to breakeven.

For 3QFY2024, the Group registered Sales Revenue of RM637 million, an increase of 16% quarter on quarter and 20% year on year. Its operational losses reduced to RM34 million in 3QFY2024 from a loss of RM59 million in 2QFY2024, representing a 42% improvement. Meanwhile, Sales Volume which had been growing since 4QFY2023 continued its upward trend, rising 13% versus 2QFY2024, reflecting the Group’s steady recovery. The Group also achieved a Profit After Tax of RM62 million, up 255% compared with the preceding quarter and 152% higher than the corresponding quarter in FY2023. The improved profitability factors in gains from the disposal of excess land.

On a 9 months basis, for 9MFY2024, the Group posted Sales Revenue of RM1.68 billion, marginally lower compared with 9MFY2023; while recording a significantly

narrower Loss After Tax of RM26 million, a 94% improvement versus 9MFY2023.

Raw material prices for 3QFY2024 were on an uptrend quarter on quarter, with the average natural latex concentrate price up by 20% to RM6.77/kg, while the average nitrile latex price rose 16% to USD0.89/kg.

The Group's more robust performance was driven primarily by stronger glove demand as customers replenished their glove inventories having cleared excess stocks. The resultant higher utilisation coupled with ongoing quality and cost optimisation measures also positively impacted the bottom line. Although raw material costs escalated in 3QFY2024, the Group successfully reduced its cost of production through multiple improvement initiatives. Moreover, with growing glove demand, the Group was able to share out some of the cost increases with customers through upward revisions in average selling prices (ASPs). In addition, the sale of excess land served to strengthen the Group's profit and cash flow position, in line with a key objective of the Top Glove Turnaround Plan (T6).

Mr Lim Cheong Guan, Managing Director of Top Glove remarked, "We are pleased to have seen a return to black this quarter as the glove industry turns a corner. This is largely attributed to improving glove demand as customers' orders resume, alongside intensive efforts to level up our quality and cost efficiency, as well as gains from the sale of excess land. We remain deeply appreciative of our colleagues whose good efforts and commitment have been instrumental in accelerating our recovery."

Reflecting its enduring commitment to sustainability, Top Glove garnered a highly commendable score in its ESG Risk Rating by Sustainalytics, ranking number 1 out of 643 companies in the Healthcare industry, number 1 out of 58 companies in the Medical sub industry and number 91 out of 16,215 companies across all industries, on a global scale as at 19 June 2024. Headquartered in Amsterdam, Sustainalytics is a leading independent environmental, social and corporate governance (ESG) research, ratings and analytics firm which rates the sustainability of listed companies based on their ESG performance.

Moreover, Top Glove remains committed to ensuring it fully meets the new obligations under the European Union Deforestation Regulation (EUDR), which come into effect on 30 December 2024. The Group's compliance journey is on track and progressing well, with the first batch of EUDR compatible natural rubber gloves targeted to ship by July 2024.

Additionally, Top Glove was honoured with the Platinum Trusted Brand Award in the Hygiene/Disposable Gloves category at the consumer vote-based Reader's Digest Malaysian Trusted Brand 2024 awards, for the second consecutive year. The Company outperformed its competitors significantly by 25% in terms of total votes, achieving the highest average score across 6 key attributes: trustworthiness and credibility, quality, value, understanding of customer needs, innovation, and social responsibility.

As of 18 June 2024, Top Glove was also included in Fortune magazine's prestigious

inaugural Southeast Asia 500 list, which ranks the largest companies in the region by their FY2023 revenue.

Towards a more sustained recovery for both the glove industry and Malaysian economy, the Group also hopes for more clarity and consistency with regard to the implementation of foreign worker policy, which will enable corporates to better plan worker intake in line with manpower requirements.

Poised for a Comeback: Brighter Days Ahead

Supported by consistent improvements in its performance from quarter to quarter, Top Glove remains optimistic about industry prospects. As the industry recovers, the Group foresees the upward momentum will accelerate for Malaysian glove manufacturers with the high number of foreign manufacturers' gloves being included on the U.S. Food and Drug Administration (FDA)'s import alert list. Top Glove also anticipates amplified business opportunities in the U.S. market following the U.S. government's impending imposition of steeply increased tariffs on medical gloves from China, making it unfeasible for Chinese glove manufacturers to continue exporting to the U.S. Customers from the U.S. are expected to start moving away from outsourcing orders to China ahead of year 2026 when tariffs take effect, and Top Glove as a major glove exporter to the U.S. is optimally positioned to capture more market share from the potential trade diversion.

Mr Lim said, "Top Glove has successfully navigated a highly challenging business environment to deliver considerably diminished operational losses in 3QFY2024. Our efforts resulted in a stronger foundation and more refined operational strategies. We have emerged stronger, leaner and more efficient; and are well placed to reclaim our market share and regain our leadership position."

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. Top Glove has 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 19 June 2024
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Number of Factories	48 factories (41 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 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	11,000