

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of AT Systematization Berhad ("ATS" or the "Company"), I hereby present the Annual Report and Audited Financial Statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 March 2022 ("FY2022").

Overview

Following the economic downturn in 2020 due to the COVID-19 pandemic, the Malaysian economy rebounded in 2021 with positive growth of 3.1% against (5.6%) the year before. According to the Bank Negara Malaysia, support was mainly derived from an improvement in domestic demand as economic activity normalised amid the easing of containment measures under the National Recovery Plan. The economic growth which recorded last year was also boosted by recovery in the labour market, continued policy support and solid external demand arising from the continued upcycle in global technology. All economic sectors saw an increase in growth, driven by the services and manufacturing sectors

Financial Highlights

For the full FY2022, the Group's revenue stood at RM78.13 million, reflecting 153% surge from RM30.93 million in the preceding FY2021. The increase was driven by contribution from the glove segment following the completion of the Group's maiden glove manufacturing plant in Chemor, Perak and the higher sales from the fabrication segment, notably an increase in orders from textile customers and contract manufacturers.

Despite significant improvement in the Group's revenue, the Group continues to face challenges, including a higher cost environment owing to industry-wide supply chain pressures, normalisation of glove demand and share of losses from the associates. These factors together with impairment losses suffered on the Group's assets have affected the Group's bottom line, resulting in the Group posting a net loss on a full year basis. However, by capitalising the fund-raising exercises implemented in previous financial years, the Group was able to retain a manageable financial position, with gearing of 0.24 times as at 31 March 2022 to weather the future.



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Key Corporate Development

Having completed a number of corporate exercises in FY2021 including rights issue with warrants, diversification into the glove business, and completion of private placements, the Group's main focus in FY2022 was to ensure the timely execution of the proposals under the respective corporate exercises and to ensure funds utilisation to support sustainable growth of the Group's operations. Among the Group's notable achievements was the receipt of a notification letter from the United States Food and Drug Administration in relation to the 510(k) premarket notification clearance, which provides for the potential to ship and market the Group's nitrile examination gloves to the United States.

Outlook

The Malaysian economy is expected to improve further going forward, with growth projected to be between 5.3% and 6.3% in 2022. The economic recovery seen in 2021 is anticipated to gain even greater momentum in 2022, underpinned by several factors including continued expansion in external demand, full upliftment of containment measures, reopening of international borders and further improvement in labour market conditions. The external sector will continue to be supported by global demand, with gross exports projected to grow by 10.9% in 2022 as compared to 26% in 2021. Strong demand from major trade partners for electrical and electronic products amid the continued technology up-cycle and 5G infrastructure rollouts globally will provide support to manufacturing, investment and exports.

However, these projections for growth of the Malaysian economy are subject to challenges such as the developments surrounding COVID-19, slower-than-expected rollout of public infrastructure projects, more persistent labour shortages, supply chain disruptions, higher inflation and the repercussions of the ongoing Russia Ukraine conflict. We are thus maintaining a cautious outlook on the Group for the year ahead, with prospects remaining uncertain in light of these challenges.

Appreciations

Lastly, on behalf of the board of ATS, I would like to thank our shareholders for their continuous support and trust in us over the years. The Board expresses its heartfelt gratitude to the management and staff of the Group for their commitment towards attaining the economic sustainability of the Group despite the challenges faced during the height of the COVID-19 pandemic. A note of appreciation is also extended to our valued customers, business associates, government authorities, bankers and suppliers.

And to the Board, I wish to thank all of you for the dedication you have shown in discharging your duties in leading and guiding the Group.

The Board and I look forward to achieving greater heights of success with the current leadership and to continue adding value to our shareholders.

Yours sincerely,

Dato' Nik Ismail bin Dato' Nik Yusoff

Chairman

27 July 2022