

EXECUTIVE CHAIRMAN'S MANAGEMENT DISCUSSION AND ANALYSIS

Dear Valued Stakeholders,

Despite the challenges presented by the new business landscape and the global economic, social, and geopolitical volatility, IRIS has remained strong, robust and resilient as a key player in Trusted ID (Identification) products and solutions. From our humble beginnings in 1994, the Group has grown from strength to strength with our dedicated, diligent and resilient team collaborating with partners and suppliers to successfully deliver IRIS products and solutions to our customers around the world.

As we celebrate our 30 years anniversary, we are pleased to announce that the Group achieved Profit After Tax (PAT) of RM32.2 million in FY2024, a 47% increase compared to FY2023 PAT of RM21.9 million. The increase in PAT is due to higher revenue and disciplined cost management.

Through unwavering dedication, tenacity and a relentless pursuit of excellence, IRIS has successfully navigated challenges, adapted to changing political factors and managed business risks for the past 30 years.

In FY2024, the Group continued its relentless focus on ensuring the health, safety and wellbeing of our employees, manage cash flow by implementing prudent cost-saving measures and ensure business sustainability.

The Group endeavours to create a safe, healthy and trusting environment for our employees to motivate productivity and performance. Our Fire Safety Organisation (FSO) and Safety, Health, and Environment (SHE) teams are both equipped to handle emergencies and establish SHE guidelines for our work environment. During the year, numerous company-wide employee engagement activities were organised including a first aid training where employees learned about safety in the workplace and steps to take during an emergency. First aid training is important to enhance employee safety and health as a fast response can make a difference between life and death, particularly in incidences of choking, cardiac arrest, poisoning or anaphylactic shock.

Cost-saving measures continued to be a core focus in FY2024 to further improve our cash flow, productivity and efficiency. Our strategic initiatives encompassed a focus on enhancing manufacturing processes, reducing infrastructure expenses through the integration of cloud technology, streamlining the supply chain, and augmenting resource efficiency.

On the Environmental, Social and Governance (ESG), the Group is determined to maintain its responsible business leadership and raising its ESG compliance. In FY2024, we established the IRIS Sustainability Steering Committee to set our ESG strategy and the IRIS Sustainability Working Group to implement and monitor the ESG initiatives. Both committees ensure IRIS will manage our environmental impact, include more sustainable business practices and implement a good governance and performance culture to ensure we create positive impacts for all our stakeholders.

We also continue to manage our environmental responsibilities systematically via ISO 14001:2015 Environmental Management System (EMS) certification which includes the management of energy, water and waste. We have installed solar panels on our building rooftop to minimise the Group's carbon footprint by generating our own green power. By harnessing renewable energy, our rooftop solar will lower conventional energy consumption and mitigate greenhouse gas emissions.

PROFIT AFTER TAX

RM
32.2
million

+47%

in FY2024, a 47%
increase compared to
FY2023 PAT of RM21.9
million

EXECUTIVE CHAIRMAN'S MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

As part of our ESG strategy, the Board recognises that we must uphold our commitment to practice the highest governance, integrity and ethical standards as trust and transparency are crucial to operating a robust business and creating sustainable value for all. The Group continues to enforce the Anti-Bribery and Anti-Corruption Policy, No Gift Policy, Whistleblowing Policy and Fit and Proper Policy to enhance business integrity and strengthen corporate governance.

GROUP FINANCIAL PERFORMANCE

In FY2024, our unwavering focus on delivering electronic Identification (eID) cards and ePassports for overseas projects, and smart cards in Malaysia, paid off resulting in revenue of RM371.1 million, a 6% increase compared to RM348.9 million in FY2023. The Group's Profit Before Tax (PBT) recorded a 23% increase to RM40.4 million in FY2024 as compared to RM32.8 million in FY2023 while post-tax margin increased to 9% in FY2024 as compared to 6% in FY2023.

We have strengthened our financial position as a result of better revenue and post-tax margin. In addition, the Group's Total Equity Attributable to the Owners of the Company improved by 9% to RM379.4 million from RM347.1 million in FY2023.

For FY2024, Trusted ID achieved a higher revenue of RM369.1 million as compared to FY2023 revenue of RM344.2 million driven by increased delivery of ePassports and eID cards. PBT for the division increased by 64% to RM 63.9 million as compared to PBT of RM38.9 million in FY2023.

The Sustainable Development division posted revenue of RM2 million and Loss After Tax (LAT) of RM2.6 million in FY2024 as compared to FY2023 revenue of RM4.7 million and PAT of RM22.8 million. This non-core business division's performance is mainly attributable to contribution from the closure of past completed projects.

The Group will continue to focus on strengthening its Trusted ID business to ensure sustainable future revenue and profit growth by improving IRIS suite of products and solutions, managing risks effectively and optimising costs.

Moving forward, the Group is expected to continue to derive revenues from its on-going Trusted ID projects in Africa and Asia regions. The Group will also continue its relentless efforts to expand its market share domestically and globally by pursuing new business opportunities.

GROUP REVENUE



a 6% increase
compared to RM348.9
million in FY2023

TRUSTED ID PROFIT BEFORE TAX



a 64% increase
compared to PBT of
RM38.9 million in
FY2023.

EXECUTIVE CHAIRMAN'S MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Group Financial Summary 2024

Summary of financial information	FY2024 RM'000	FY2023 RM'000	FY2022 RM'000	FY2021 RM'000	FY2020 RM'000
REVENUE	371,108	348,871	210,987	106,618	229,587
Profit/(Loss) before taxation	40,380	32,840	4,192	[9,569]	18,393
Profit/(loss) after taxation	32,244	21,890	3,405	[12,865]	9,974
Total Equity attributable to owners of the company	379,412	347,121	325,350	314,123	282,557
Current assets	447,436	330,915	280,000	234,353	247,772
Non-current assets	184,870	197,601	229,011	229,532	236,547
Total assets	632,306	528,516	509,011	463,885	484,319
Current liabilities	243,187	173,226	170,066	152,957	193,154
Non-current liabilities	11,570	10,011	15,447	19,504	29,464
Total liabilities	254,757	183,237	185,513	172,461	222,618
Net assets	377,549	345,279	323,498	291,424	261,701

KEY RATIO	Basis					
Pre-tax profit/(loss) margin	(%)	10.88%	9.41%	1.99%	-8.98%	8.01%
Post-tax profit/(loss) margin	(%)	8.69%	6.27%	1.61%	-12.07%	4.34%
Basic earnings/(loss) per share	(sen)	3.95	2.68	0.44	[1.48]	1.84
Net assets per ordinary share attributable to owners of the Company	(sen)	46.51	42.56	39.88	40.80	38.60
Total borrowings to equity ratio	(%)	0.89	0.81	2.31	5.97	11.06

Note: The Basic earnings/(loss) per share and Net assets per ordinary shares for FY2023, FY2022, FY2021 and FY2020 have been restated to reflect the retrospective adjustment arising from consolidation of shares which was completed on 25 March 2024

STRENGTHENING TRUSTED ID

For the past 30 years, IRIS has delivered more than 106.5 million passports and more than 183.4 million eIDs and driving license cards around the world. Our successful journey is the outcome of clear and consistently implemented strategies and aligned goals that guide us in our daily work.

Since international travel has returned to normalcy after the pandemic, there has been an increase in demand for Automated Border Control (ABC) and ePassport solutions. Emergen Research projected that the global ABC market would reach USD6.74 billion by 2032. According to International Air Transport Association (IATA), world passengers will increase by 3.8% per year on average, resulting in over 4 billion additional passenger journeys in

2043 compared to 2023. ABC has emerged as a solution to speed up the border control process to enhance the traveller experience of passengers around the world.

In tandem with ABC market, Future Market Insights projected that the ePassport market will expand at a strong CAGR (Compound Annual Growth Rate) of 22.4%. The market is anticipated to cross revenue of USD383.2 billion by 2033.

eID market is also increasing and is expected to reach USD40 billion by the end of 2030 with a CAGR of 15% according to Verified Market Reports. The need for safe and trustworthy identification techniques has grown as the world moves more and more toward a digital paradigm; this has led to the expansion and significance of the eID market.

EXECUTIVE CHAIRMAN'S MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

To capture these growing market opportunities, we have increased our participation in overseas and local industry events including ID4Africa, Identity Week Asia and CyberDSA Malaysia to meet with potential prospects, strengthen relationships with existing customers and increase IRIS brand visibility. These industry events help us keep a finger on the pulse of the latest industry trends and gain market insights to ensure IRIS stays relevant and competitive.

Smart devices market is another growth area that we are paying attention to. IRIS smart devices enhance the efficiency of businesses and organisations by swiftly and effortlessly scanning MyKad, minimising manual data input and automatically capturing accurate MyKad information. In FY2024, IRIS smart devices are well received domestically from banks, hospitals, insurance companies, money changers, legal firms and retail outlets.

IRIS has 30 years of experience and expertise in deploying Trusted ID solutions to 34 countries to date. We are not just suppliers; we are partners of growth to our clients around the world. We continue to keep clients at the core of everything that we do while cultivating long-term client relationships.

IRIS has been the sole supplier of ePassport solutions to Nigeria, Senegal and Guinea since 2003, 2007 and 2013 respectively and eID solutions to Tanzania and Senegal since 2011 and 2016. These long-term contracts reflect highly on IRIS' capabilities within the global Trusted ID industry and is a testament of confidence from international governments towards our expertise and experience.

In FY2024, IRIS continue to supply ePassports / Inlays to Guinea, India, Nigeria, Senegal and Solomon Islands. As a certified security printer and security supplier by Intergraf, IRIS has proven expertise in the development of secure and customised ICAO (International Civil Aviation Organisation) compliant ePassports. We collaborate with our customers to continuously enhance their ePassports by using the latest technologies and security design software.

We also continue to deliver various types of ID cards to Brunei, Bhutan, Canada, Malaysia, Senegal, Sri Lanka, Tanzania and Zanzibar. Based on a consistent and solid track record of delivering quality ID cards, IRIS secured new contracts to supply highly durable polycarbonate driving license ID cards to Sri Lanka and Arms cards to Royal Malaysian Police (PDRM). We were also awarded contracts extension to supply cards to Touch 'n Go for another 3 years and ID cards to Zanzibar.

We have renewed belief that our strategy and execution abilities position us well under existing competitive conditions. The Board and I are confident that we have the right blend of experiences, skills and backgrounds to support the management team in implementing our strategy to accelerate growth, remain competitive and support government's digital aspirations around the world.

Together, we are raring to go further towards providing Trusted ID solutions that are innovative, relevant, intelligent and secure.



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EXECUTIVE CHAIRMAN'S MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

CORPORATE DEVELOPMENTS

I would like to report on the following corporate developments exercise that were carried out during this financial year:

1. Disposal of 80% equity interest in subsidiary, IRIS Information Technology Systems Sdn Bhd

The company had on 10 Feb 2023 entered into a Shares Sale Agreement with Tass Tech Technologies Sdn Bhd ("TTSB"), a company incorporated in Malaysia, for the disposal of 80% equity interest in a wholly-owned subsidiary, namely IRIS Information Technology Systems Sdn Bhd ("IITS") for a total cash consideration of RM70,000,000-00 only ("Disposal Consideration").

The Proposed Disposal was initially expected to be completed in May 2024 upon TTTSB settled its Tranche 2 Payment which was due on 29 February 2024 and Tranche 3 Payment which is due on 31 May 2024 respectively.

However TTTSB had failed to make any settlement for Tranche 2 Payment on or before 29 February 2024. In view of that, the Company had on 15 April 2024 ("Effective Termination Date") elected to effectively terminate the SSA. Pursuant to SSA, the deposit of RM7,000,000 shall be forfeited on the Effective Termination Date.

2. Corporate Proposal by IRIS Corporation Berhad on Share Capital Reduction & Share Consolidation

On 1 March 2024, the High Court approved the resolution for the capital reduction, which entailed reduction of the issued share capital of Company pursuant to Section 116 of the Companies Act 2016. The credit of RM430,000,000 arising from capital reduction was used to eliminate the accumulated losses of the Company; and

On 25 March 2024, the Company completed its share consolidation exercise which involved every four (4) existing ordinary shares in the Company held by shareholders into one (1) consolidated share of the Company. Pursuant to the share consolidation, the total number of ordinary shares reduced from 3,262,910,862 units to 815,727,624 units.

3. Joint Venture between IRIS Tech Ventures Sdn Bhd and Aitken Spence International Pte Ltd

On 22 April 2024, IRIS Tech Ventures Sdn Bhd ("ITV"), a wholly owned subsidiary of IRIS, has entered into a Shareholders' Agreement ("SA") with Aitken Spence International PTE LTD, a company incorporated and existing under the laws of Singapore ("ASI"), which is a wholly owned subsidiary of AITKEN SPENCE PLC ("AS").

The joint venture started off with offshore company which carry out business as a service provider of outsourcing of business processes in the Colombo Port City Special Economic Zone in Sri Lanka.

The equity shareholding in the joint venture is equally held by the shareholders in the JV.

NAVIGATING CHALLENGES AHEAD

As the inventor of the world's first ePassport, world's first multi-application eID card and world's first Border Control eGate, IRIS' commitment to innovation has been at the heart of its growth. The company's brand promise "Bringing Solutions to Life" underlies how IRIS as a technology innovator and solutions integrator, conducts business.

Technologies like Artificial Intelligence (AI), Augmented Reality and Internet of Things (IoT) are increasingly prevalent and will fundamentally transform our lives. While not all technologies are applicable in highly regulated industries such as ePassport/eID, some of them are relevant. For example, we are beginning to see AI feature more prominently, from AI powered identity registration to futuristic gadgets that bridge the gap between human and machine interaction. Adoption of such technologies will reshape every business, including IRIS.

As the Group navigate the challenges ahead, it's important to adapt to these technological advancements. In addition to integrating them into our solution offerings, we established collaborative partnerships with global technology companies to ensure we keep abreast of these developments and position ourselves to take full advantage of these technologies to stay ahead of competition, deliver innovation for customers and build an optimal mix of products and solutions that meet the demand for digitalisation.

EXECUTIVE CHAIRMAN'S MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

We will continue our efforts to keep customers at the core of everything we do. The Group aims to further enhance its offerings, explore new market opportunities, and continue delivering exceptional value to our customers. For example, developing a unified backbone for our core solution, enhancing the User Interface (UI) and User Experience (UX) are some of the many ways we plan to increase the value of our solutions.

Moving into FY2025, we will continue with our prudent cost saving measures and focus on business sustainability. The Group will continue to develop a future-ready workforce, deliver customer-centric solutions and focus on sustainability to ensure that Economic, Environmental and Social (EES) considerations are integrated into the Group's business strategies. We will maintain all our ISO certifications, implement more sustainable business practices and create a safe, healthy and trusting environment for our employees to enhance productivity.

At IRIS, it's our vision to support governments and enterprises to make the world a safer, secure place and building a better tomorrow together. Our resilience, steadfastness and tenacity are driven by our ongoing strategy to create sustainable value to all our stakeholders. We are laser-focused on doing what we do best to move forward together into FY2025.

NOTE OF APPRECIATION

I would like to thank my esteemed colleagues on the Board, Key Management and IRIS Employees for their invaluable contributions towards achieving the Group's strong performance in FY2024.

My gratitude goes out to every valued shareholder for your patience, continuous support and confidence in the Group over the years.

My deepest appreciation to all our loyal customers, supportive partners and suppliers for their trust in our ability to ride out challenging times to emerge stronger. You have been integral to our success throughout this remarkable 30-year journey. This anniversary signifies not only the years of hard work and determination but also the immense potential that lies ahead as we continue to revolutionise the Trusted ID landscape and achieve greater things.

We look forward to many more years of mutual growth, success and shared achievements.

DR. POH SOON SIM
EXECUTIVE CHAIRMAN



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