GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION AND ANALYSIS

Dear Valued Shareholders,

The year under review (financial year ended 31 March 2026, "FY2026") marked a year of transition and recalibration for IRIS Group Berhad ("IRIS"). During the year, the Group initiated an internal reorganisation exercise on 18 April 2025, involving the Proposed Share Exchange between the shareholders of IRIS Corporation Berhad ("ICB") and IRIS, and the Proposed Transfer of Listing Status from ICB to IRIS (collectively referred to as the "Internal Reorganisation"). The Internal Reorganisation was completed on 7 January 2026, resulting in IRIS assuming the listing status of ICB, with ICB becoming a wholly-owned subsidiary of IRIS. This strategic move establishes a more effective corporate structure to support the Group's future growth.

Following the Internal Reorganisation, IRIS now functions as the holding company, enhancing the Group's flexibility in capital allocation, strategic planning, and execution of new business initiatives and partnerships. The streamlined structure enables clearer delineation of business segments, facilitating improved operational efficiency, more disciplined resource deployment, and strengthened risk management. It also allows IRIS to incubate and scale new business streams independently, while preserving the stability and performance of our core operations.

FY2026 was characterised by an exceptionally challenging and turbulent operating environment, driven by persistent global uncertainties, escalating geopolitical tensions, and intensifying competition within the Trusted Identification ("Trusted ID") industry. These factors combined to create significant and sustained headwinds across the Group's key markets, resulting in heightened pricing pressures, increased project execution risks, and a more unpredictable business landscape.

Despite the headwinds experienced during the year, the Group maintained its focus on delivering secure and innovative Trusted ID solutions, while continuing to strengthen its operational capabilities, financial resilience, and organisational foundations in preparation for future growth. Against this challenging backdrop, IRIS recorded a revenue of RM167.7 million compared to RM221.0 million in FY2025, mainly due to lower volume deliveries of ePassports and eID cards.

In FY2026, IRIS continued to embed Environmental, Social and Governance ("ESG") principles into our operations and remains firmly committed to sustainability as a core pillar of our long-term strategy. The Group achieved further progress in our sustainability journey, maintaining a 3-Star ESG rating in FTSE4Good Bursa Malaysia Index ("F4GBM") and improving its score from 3.2 to 3.6. Developed by global index provider FTSE Russell, the F4GBM Index serves as a benchmark for Malaysian companies that demonstrate leading ESG practices.

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This improvement reflects continued advancement in:

Environmental stewardship and resource management

Social responsibility and stakeholder engagement

Governance frameworks and ethical business practices

As part of our climate action strategy, our rooftop solar photovoltaic ("PV") system, which was installed in FY2025, continues to generate renewable energy at our headquarters. During FY2026, the system supplied 291.304 MWh of clean electricity directly to our operations, reducing our reliance on grid-supplied electricity generated from fossil fuels, lowering energy costs and supporting national initiatives to accelerate the adoption of renewable energy and a low-carbon economy.

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Guided by the principles of good corporate governance and ethical business conduct, the Board of Directors provides oversight of the Group's ESG agenda and continues to reinforce the importance of accountability, transparency and integrity across all aspects of our operations and stakeholder engagements. In this respect, in FY2026, the Board further strengthened its governance structure through the separation of the former Audit & Risk Management Committee ("ARMC") into two dedicated Board committees, namely the Audit Committee and the Risk Management and Sustainability Committee ("RMSC"). The formation of the RMSC enhances Board-level oversight of the Group's risk management, sustainability and ESG matters, ensuring that these areas receive focused attention and are integrated into the Group's strategic decision-making and long-term value creation agenda.

To uphold these standards and mitigate risks, the Group continuously reviews and strengthens its governance framework. During FY2026, all key governance policies were updated to align with the latest Bursa Malaysia requirements and best practices. These include the Anti-Bribery and Anti-Corruption Policy, No Gift Policy, Whistleblowing Policy, Sustainability Policy and Fit and Proper Policy. Recognising the increasing importance of data governance and privacy protection, the Group also introduced a new Personal Data Protection Act ("PDPA") Policy to strengthen the management, protection and security of personal information.

These policies form an integral part of the Group's Enterprise Risk Management and Sustainability ("ERMS") framework and reinforce our commitment to ethical conduct, regulatory compliance and responsible business practices. Through ongoing training, internal audits and stakeholder engagements, we strive to foster a culture of integrity and accountability across all levels of the organisation.

The Group remains committed to maintaining robust risk management frameworks, ensuring regulatory compliance and protecting stakeholder interests.

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GROUP FINANCIAL PERFORMANCE

On 7 January 2026, IRIS completed the Internal Reorganisation. As the Internal Reorganisation does not result in any change of economic substance of the Group, the comparative figures in the consolidated statement of comprehensive income are presented as if the Internal Reorganisation had been effected from the beginning of the earlier period presented.

In FY2026, IRIS operated amid a challenging global landscape characterised by renewed geopolitical tensions, persistent supply chain disruptions, and currency volatility. These headwinds were compounded by a slowdown in ePassport and eID card deliveries across several key overseas projects.

To navigate these conditions, the Group maintained a high degree of agility, exercised disciplined cost management, and strengthened operational resilience, enabling us to respond effectively to rapidly changing market dynamics.

Group Revenue	Profit Before Tax	Net Assets per Share
RM 167.7 million	RM 1.7 million	46.52 Sen
(FY2025 : RM221.0 million)	(FY2025 : RM33.4 million)	(FY2025 : 47.48 sen)

Despite a lower revenue base of RM167.7 million in FY2026, IRIS remained profitable at the pre-tax level, recording a Profit Before Tax ("PBT") of RM1.7 million, compared with RM33.4 million in FY2025. However, the Group recorded a Loss After Tax ("LAT") of RM3.7 million in FY2026, compared with a Profit After Tax ("PAT") of RM23.9 million in FY2025. The FY2026 performance was affected not only by the lower revenue base, but also by an interest award of approximately RM14.0 million recognised against the Group arising from a litigation case.

As a result of the LAT recorded in FY2026, the Group's Total Equity Attributable to Owners of the Company recorded a marginal decrease of 2% to RM379.5 million from RM387.3 million in FY2025. The Group's net assets per share stood at 46.52 sen, with gearing at 0.26% of equity, demonstrating the resilience of the Group's underlying fundamentals and the continued strength of its balance sheet.

Notwithstanding the challenging operating environment in FY2026, the Group's resilient balance sheet has enabled the Board to recommend a final single-tier dividend of 0.5 sen per ordinary share for FY2026, subject to shareholders' approval at the forthcoming Annual General Meeting.

Moving forward, IRIS is well-positioned to sustain its revenue base, supported by ongoing Trusted ID projects across Africa and Asia. The Group will continue to strengthen its Trusted ID business while actively driving cost optimisation initiatives to enhance operational efficiency and margin resilience.

In parallel, IRIS is pursuing new growth opportunities beyond Trusted ID, focusing on strategic ventures into selected new growth areas. These efforts are aimed at broadening revenue streams, reducing concentration risk, and unlocking additional value. Through a balanced approach of strengthening Trusted ID and expanding into new areas, we remain committed to delivering sustainable growth and long-term shareholder value.

Group Financial Summary FY2026

Summary of financial information	FY2026 RM'000	FY2025 RM'000	FY2024 RM'000	FY2023 RM'000	FY2022 RM'000
REVENUE	**167,662**	221,001	371,108	348,871	210,987
Profit before taxation	**1,661**	33,367	40,380	32,840	4,192
(Loss)/Profit after taxation	**(3,652)**	23,909	32,244	21,890	3,405
Total Equity attributable to owners of the Company	**379,501**	387,299	379,412	347,121	325,350
Current assets	**422,789**	433,357	447,436	330,915	280,000
Non-current assets	**164,234**	169,053	184,870	197,601	229,011
Total assets	**587,023**	602,410	632,306	528,516	509,011
Current liabilities	**198,457**	206,411	243,187	173,226	170,066
Non-current liabilities	**10,805**	10,406	11,570	10,011	15,447
Total liabilities	**209,262**	216,817	254,757	183,237	185,513
Net assets	**377,761**	385,593	377,549	345,279	323,498

KEY RATIO	Basis					
Pre-tax profit margin	(%)	**0.99%**	15.10%	10.88%	9.41%	1.99%
Post-tax (loss)/profit margin	(%)	**(2.18%)**	10.82%	8.69%	6.27%	1.61%
Basic (loss)/earnings per share	(sen)	**(0.44)**	2.91	3.95	2.68	0.44
Net assets per ordinary share attributable to owners of the Company	(sen)	**46.52**	47.48	46.51	42.56	39.88
Total borrowings to equity ratio	(%)	**0.26**	0.48	0.89	0.81	2.31

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

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STRENGTHENING TRUSTED ID

During FY2026, the global Trusted ID industry underwent rapid transformation, driven by aggressive Mergers and Acquisitions ("M&A") and increasing technological convergence across identity, cybersecurity, and biometric solution providers. This consolidation has led to the emergence of larger, well-capitalised competitors with broadened capabilities and integrated solution offerings, intensifying competitive pressures globally.

Against this backdrop, IRIS focused on strengthening our Trusted ID business by leveraging our proven expertise, strong delivery track record, and extensive experience. As the inventor of the world's first ePassport and the first multi-application eID card, IRIS has long been synonymous with innovation in Trusted ID. Our brand promise—Bringing Solutions to Life—continues to underpin how we design, develop, and deliver high-assurance solutions as a trusted technology partner to governments and enterprises worldwide.

The Group continued to invest in the enhancement of our Trusted ID solutions portfolio to address evolving customer requirements and maintain competitiveness. Key initiatives included the incorporation of Post-Quantum Cryptography ("PQC") into IRIS's backend systems to reinforce long-term cybersecurity readiness, as well as the adoption of Artificial Intelligence ("AI") technologies.

In addition, IRIS continues to actively participate in key industry platforms, including ID4Africa, a prominent annual international industry exhibition. These engagements serve as strategic avenues for IRIS to expand its pipeline of opportunities, strengthen relationships with existing clients, and enhance brand visibility within an increasingly competitive landscape.

Participation in such forums enables IRIS to stay abreast of evolving industry trends, technological advancements, and regulatory developments, while gaining valuable market intelligence. This continuous engagement supports our ability to respond proactively to market shifts, reinforcing our agility, relevance, and readiness to capture opportunities in the rapidly evolving Trusted ID market.

IRIS remains focused on ensuring timely project delivery, maintaining product quality, and sustaining long-term client relationships across its global operations. During FY2026, the Group continued to deliver ePassports and inlays to key markets, including Guinea, India, Senegal, and the Solomon Islands, demonstrating our ability to execute consistently despite a challenging operating environment.

Key initiatives included the incorporation of Post-Quantum Cryptography ("PQC") into IRIS's backend systems to reinforce long-term cybersecurity readiness, as well as the adoption of Artificial Intelligence ("AI") technologies.

As an Intergraf-certified security printer and supplier, IRIS is well-positioned to deliver secure, International Civil Aviation Organisation ("ICAO")-compliant ePassports tailored to specific customer requirements. We work closely with our clients to integrate the latest technological advancements and security design innovations, ensuring that our ePassport solutions remain robust, future-ready, and aligned with evolving global standards.

In addition, IRIS continued to supply various forms of identification cards to countries including Bhutan, Canada, Malaysia and Senegal. Building on our established track record of quality, reliability, and execution excellence, we expanded our global footprint from 34 to 35 countries in FY2026 and secured a new contract with Niger for the supply of ePassports and eIDs.

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These achievements underscore the Group's continued ability to sustain customer trust, expand market reach, and deliver mission-critical identity solutions, positioning IRIS to capture growth opportunities in the global Trusted ID industry.

According to Future Market Insights, the global ePassport market is expected to grow at a compound annual growth rate ("CAGR") of approximately 21.3% from 2026 to 2036, expanding from USD86.2 billion to approximately USD593.0 billion. This growth is driven by structural shifts in global identity management, including the integration of biometric technologies, digital identity frameworks, and automated border control systems.

Parallel to this growth in ePassport market, Global Growth Insights estimated the global Digital ID solutions market to grow at a CAGR of approximately 15.7%, increasing from USD45.2 billion in 2026 to approximately USD168.1 billion by 2035. This growth is driven by accelerating digital transformation initiatives, rising cybersecurity concerns, and increasing adoption of identity verification technologies across government and enterprise sectors.

In Malaysia, IRIS continued to support long-standing customers such as Touch 'n Go, Petron, and Genting, supplying premium-quality smart cards that seamlessly integrate technology with strong visual appeal. These enduring partnerships reflect our commitment to delivering consistent quality, reliability, and innovation, while strengthening long-term customer relationships and supporting our customers' evolving branding and engagement strategies.

Supported by a broad and versatile range of smart card offerings—including LED cards, transparent cards, environmentally friendly wooden cards, loyalty and payment cards—IRIS is well-equipped to meet the dynamic requirements of today's enterprises. Each solution is engineered to deliver a balance of durability, security, and aesthetic innovation, enabling customers to elevate user engagement, strengthen brand differentiation, and enhance operational performance.

"In Malaysia, IRIS continued to support long-standing customers such as Touch 'n Go, Petron, and Genting, supplying premium-quality smart cards that seamlessly integrate technology with strong visual appeal."

IRIS Smart ID Document Readers continued to gain strong traction in the domestic market, with adoption across a wide range of industries including banking, healthcare, insurance, money services, legal services, and retail. This broad-based uptake reflects the reliability, versatility, and relevance of our devices in addressing the evolving identity verification needs of both public and private sector clients. Importantly, these devices carry the Malaysian Communications and Multimedia Commission ("MCMC") certification label, signifying compliance with stringent national safety, quality, and regulatory standards.

Through ongoing collaboration and a customer-centric approach, we continue to nurture enduring partnerships while driving repeat business and long-term value across our smart cards and Smart ID Document Readers portfolios.

Building on the Trusted ID market growth and strong market reception for our solutions, the Group expects continued demand momentum into FY2027. These developments are anticipated to contribute positively to the Group's revenue growth, as IRIS scales our deployments, strengthens our domestic and international presence, and capitalises on emerging opportunities in Trusted ID solutions.

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CORPORATE DEVELOPMENTS

I would like to report on the following corporate development exercise:

1 Internal Reorganisation by way of a members scheme of arrangement under Section 366 of the Companies Act, 2016

On 18 April 2025, IRIS Corporation Berhad ("ICB") announced that it intends to implement the Internal Reorganisation through the Scheme of Arrangement under Section 366 of the Companies Act, 2016. The Company and ICB had on even date entered into the Scheme Agreement to undertake the following corporate proposals:

(i) Proposed Share Exchange which entails the proposed exchange of 815,727,624 ICB Shares, representing the entire issued share capital of ICB, with 815,727,624 the Company's Shares on the basis of 1 new Company Share for every 1 existing ICB Share; and

(ii) Proposed Transfer of Listing Status which entails the proposed assumption of the listing status of ICB by the Company and the admission of the Company to and withdrawal of ICB from the Official List of Bursa Securities with the listing and quotation of all the Company Shares on the ACE Market of Bursa Securities,

(collectively referred to as the "**Internal Reorganisation**").

On 21 November 2025, the High Court has approved the Internal Reorganisation by way of a members scheme of arrangement under Section 366 of the Companies Act, 2016 for the Internal Reorganisation.

On 5 January 2026, proposed Share Exchange was completed.

On 7 January 2026, proposed Transfer of Listing was completed.

Accordingly, the Internal Reorganisation has been completed on 7 January 2026.

Following the completion of the Internal Reorganisation, ICB is now a wholly-owned subsidiary of the Company.

NAVIGATING FY2027 and BEYOND

On 7 January 2026, I assumed the role of Group Managing Director and Non-Independent Executive Director of IRIS. It is a privilege to return to the Group and contribute to its next phase of growth and transformation. Drawing on my experience and understanding of the business, I am committed to working closely with our Board, management team, employees and stakeholders to enhance the Group's competitive position and create long-term value for our stakeholders.

As we enter FY2027, our priority is not only to strengthen our existing businesses but also to pursue new opportunities that leverage the Group's capabilities, innovation expertise and market presence. With a strengthened leadership team and clear strategic focus, we believe IRIS is well positioned to navigate an evolving business landscape and capture the next phase of growth.

Despite the considerable challenges faced in FY2026, IRIS remained resilient and continued to operate with discipline and focus. The year served as a critical stress test of the Group's operational capabilities, financial strength, and strategic direction. Through proactive cost management, disciplined execution, and ongoing organisational adjustments, the Group navigated the adverse conditions while strengthening its underlying fundamentals.

As a result, IRIS is emerging from this period more resilient, better structured, and well-positioned to capitalise on recovery opportunities. This is supported by several strengthening fundamentals, including an equity base of RM379.5 million, and improved balance sheet strength, with borrowings representing only 0.26% of equity. These indicators underscore the Group's enhanced financial resilience and capacity to support future growth initiatives.

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Including an equity base of RM 379.5 million and improved balance sheet strength, with borrowings representing only 0.26% of equity.

In parallel, the completion of the Internal Reorganisation, together with ongoing efforts to streamline operations, optimise cost structures, and sharpen strategic focus, has strengthened our operational agility and organisational alignment. The Internal Reorganisation is a strategic move to build a strong foundation for the Group's future growth.

As IRIS moves into FY2027, we remain committed to building a sustainable, resilient, and future-ready organisation. Central to this commitment is fostering a safe, inclusive, and empowering workplace that attracts and retains high-calibre talent, supports continuous learning, and promotes employee well-being. At the same time, IRIS will continue to advance key strategic initiatives aimed at optimising cost structures, strengthening governance standards, and embedding ESG principles across our operations. These efforts will support revenue diversification, enhance earnings visibility, and drive the creation of sustainable long-term value for our stakeholders.

NOTE OF APPRECIATION

I would like to express my heartfelt appreciation to Dr. Poh Soon Sim for his leadership and dedication during his tenure as Executive Chairman. Following his redesignation as Non-Executive Chairman of the Board on 7 January 2026, I am grateful for his continued guidance, strategic counsel and stewardship as we advance the Group's strategic and growth initiatives.

My sincere gratitude extends to my fellow Board members, the key management team and all employees of IRIS for their unwavering dedication, professionalism and resilience throughout FY2026. Despite a challenging operating environment, your commitment to excellence, innovation and execution has enabled IRIS to navigate uncertainties and continue building a strong foundation for the future.

I would like to thank all our shareholders and customers for their continued trust and confidence in IRIS. My deepest gratitude to our strategic partners and suppliers for their steadfast support, collaboration and shared commitment to our long-term vision. Your partnership has been instrumental in helping IRIS overcome challenges, pursue innovation and create sustainable value for all stakeholders.

As we enter FY2027, we do so with renewed confidence, a strengthened leadership team and a clear vision for the future. Building on the strong foundations established over the years, we are actively exploring and investing in new growth areas that complement our existing capabilities. These strategic ventures will enable the Group to unlock new opportunities, enhance resilience and create broader sources of value for our stakeholders.

As we embrace this new Group structure, we do so with confidence in our people, our capabilities and our future. Together with our employees, valued customers and strategic partners, we will continue to foster sustainable growth, pursue new opportunities and build a stronger, more resilient IRIS. We look forward to creating lasting value and achieving shared success in the years ahead.

DATO' POH YANG HONG
GROUP MANAGING DIRECTOR