



1ST ANNUAL GENERAL MEETING / 29 SEPTEMBER 2026

MSWG Questions & Responses

Questions raised by the Minority Shareholders Watch Group via its letter dated 23 September 2026

OPERATIONAL & FINANCIAL MATTERS

MSWG QUESTION

1. The Group's revenue has declined from RM371 million in FY2024 to RM221 million in FY2025 and RM168 million in FY2026, while profit before tax has fallen from RM40.4 million to RM33.4 million and then to RM1.7 million.
 - (a) The Group expects demand momentum to improve in FY2027 (page 9 of AR 2026). What revenue growth target is management working towards for FY2027?
How much of the targeted revenue is already supported by secured contracts versus new tenders or potential orders?

ANSWER

- The commentary on page 9 of the Annual Report 2026 is qualitative management outlook on expected demand momentum in the Trusted Identification market. The Group does not publish financial forecasts, projections or a specific revenue growth figure. Chapter 9 of the ACE Market Listing Requirements does not require such guidance, but imposes continuing obligations once it is given — reporting accountant review of the bases and assumptions (Rule 9.35(2)), quarterly commentary and a Board opinion on achievability (Appendix 9B), and announcement of any deviation of 10% or more (Rule 9.19(35)).
- FY2027 revenue is expected to be substantially underpinned by the Group's existing contracts, complemented by new tenders. By way of historical reference, FY2026 revenue of RM167.7 million was derived largely from ongoing Trusted Identification engagements across Africa, Malaysia, Asia and Oceania, including the long-term concession arrangements in Senegal, Guinea and the Solomon Islands. The Group is not in a position to quantify the FY2027 split between secured contracts and new tenders, as doing so would in effect convey a revenue projection.

OPERATIONAL & FINANCIAL MATTERS

MSWG QUESTION

1(b) Given the significant decline in PBT margin from 10.9% in FY2024 to just 1.0% in FY2026, what PBT margin does management target over the next two to three years? What specific actions are you taking to improve profit margins?

ANSWER

- Consistent with the position on revenue guidance, the Group does not publish a specific profit before tax margin target for the next two to three years. Chapter 9 of the ACE Market Listing Requirements does not require such guidance, but a published target would carry continuing obligations — substantiation of its bases and assumptions, quarterly commentary on progress, and announcement of any material deviation.
- By way of context, FY2026 profit before tax of RM1.7 million 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, which is addressed in Question 2.
- On margin improvement, the Group will continue to leverage its extensive customer network to actively pursue new growth opportunities in both international and domestic markets, and to maintain a disciplined focus on cost optimisation, so that the Group remains competitive in a challenging business environment and delivers sustainable growth.

OPERATIONAL & FINANCIAL MATTERS

MSWG QUESTION

2. The Group recognised an interest award of RM14 million arising from a litigation case in FY2026.

Could management explain the nature of the case and the amount of the underlying claim? Are there any remaining or potential financial exposures arising from this matter?

ANSWER

- The matter arises from a claim commenced in December 2023 by Tec D Distribution (Malaysia) Sdn. Bhd. against IRIS Information Technology Systems Sdn. Bhd. and IRIS Corporation Berhad for an outstanding sum of RM30,139,099 together with late payment interest, in relation to the supply of hardware, software and services for the National Integrated Immigration System (NIISe) Project. The case is disclosed in full in Note 31(ii) on page 145 and page 146 of the Annual Report 2026.
- On 25 May 2026 the High Court entered judgment against IRIS Information Technology Systems Sdn. Bhd. for RM30,139,099, together with interest and costs of RM80,000, and dismissed the claim against IRIS Corporation Berhad with costs of RM40,000. A Notice of Appeal was filed on 3 June 2026 and an application for stay of execution remains pending before the Court.
- The interest award of approximately RM14.0 million recognised in FY2026, referred to in Question 1(B), reflects the interest awarded under that judgment to date. The Group's ultimate exposure will depend on the outcome of the appeal, and the position is disclosed in Note 31(ii) to the financial statements.

CORPORATE GOVERNANCE MATTERS

MSWG QUESTION

3. Dato' Dr Abu Talib Bin Bachik and Haji Hussein Bin Ismail have both served as Independent Directors for more than nine years.
- Given their extended tenure, what is the Board's plan and timeline for identifying suitable replacements?
 - Has the Board considered re-designating these long-serving Independent Directors as non-independent Directors in line with good corporate governance practices?

ANSWER

- The Nominating Committee keeps the composition of the Board, including succession considerations, under regular review, having regard to the mix of skills, experience and perspectives required to support the Group's business direction.
- Under the ACE Market Listing Requirements, the tenure of an Independent Director is limited to a cumulative period of not more than twelve (12) years in a listed issuer and its group of corporations. Upon reaching that limit, the director must resign or be re-designated as a Non-Independent Director.
- An Independent Director who has served a cumulative period of more than nine (9) years may be retained as an Independent Director, subject to the assessment and recommendation of the Nomination Committee, and the Board recommending with strong justification for shareholders' approval at the AGM via a two-tier voting process.
- As disclosed in the Corporate Governance Report FY2026, the Nomination Committee has assessed and recommended the retention of Dato' Abu Talib Bin Bachik and Haji Hussein Bin Ismail as Independent Non-Executive Directors, based on their ability to exercise independent judgement and express unbiased views, their familiarity with the Group's operations and their fulfilment of the independence criteria under the ACE Market Listing Requirements. Both abstained from deliberations on their own independence. Accordingly, the Board has no intention of re-designating them as Non-Independent Directors at this juncture.

SUSTAINABILITY MATTERS

MSWG QUESTION

4. Total energy consumption increased 2.5% in FY2026 despite the Group's rooftop solar system generating 291.3 MWh of renewable electricity.
- What was the main reason for the increase?
 - What measurable target has IRIS set for reducing energy intensity per unit of production or revenue over the next three years?

ANSWER

- As disclosed in the Sustainability Statement, total energy consumption in FY2026 was 5,285.62 MWh, a marginal increase of 2.5% over FY2025 (5,159.14 MWh) and still well below the 6,388.22 MWh recorded in FY2024. The marginal increase arose notwithstanding the lower revenue for the year, as a significant portion of the Group's energy use is base load from its facilities, equipment and production readiness, which does not move in proportion to revenue in any given year.
- The rooftop solar photovoltaic system installed in FY2025 supplied 291.304 MWh of clean electricity directly to our operations in FY2026, reducing reliance on grid electricity. The Group continues to pursue energy-efficient production processes and facilities management as part of its environmental stewardship commitments.
- IRIS currently reports total energy consumption but has not yet disclosed a formal three-year energy-intensity target based on production output or revenue. To improve the relevance and comparability of our reporting, we will establish a FY2027 baseline for energy intensity per unit of production rather than relying solely on energy per RM of revenue, because product selling prices and product mix can vary significantly. IRIS will establish and disclose a target during FY2027.