

CONSUMER CYCLICAL EQUITY RESEARCH

VICOM LTD

SGX: WJP

Bloomberg: VCM:SP

ISIN code: SGXE86215543

Country: Singapore

Industry: CONSUMER CYCLICAL

27 March 2026

RECOMMENDATION: BUY

Current price: S\$1.79

Target price: S\$2.24

Issued shares: 354.6 million (31 December 2025)

Market capitalisation: S\$595.7 million

52-week range: S\$1.31 – S\$1.80

COMPANY DESCRIPTION

VICOM Ltd (“VICOM”) is Singapore’s leading provider of inspection and technical testing services. A pioneer in vehicle inspection, the company has expanded to offer a comprehensive range of services across mechanical, biochemical, civil engineering, and non-destructive testing fields, both in Singapore and the region.

SUMMARY

For FY2025 ended 31 December 2025, VICOM’s revenue rose by 40.1% to S\$167.4 million in FY2025 from S\$119.5 million in FY2024. The increase was mainly driven by the On-Board Unit (“OBU”) project, with VICOM installing more than 251,000 OBUs in FY2025, as well as strong demand in its non-vehicle testing business. Profit attributable to shareholders rose by 45.1% to S\$42.5 million in FY2025 from S\$29.3 million in FY2024. Basic & diluted Earnings Per Share (“EPS”) rose by 45.0% to 11.98 cents in FY2025 from 8.26 cents in FY2024. VICOM declared a Dividend Per Share (“DPS”) of 8.40 cents for FY2025.

RECOMMENDATION

VICOM’s revenue in FY2026 is projected to fall, following the substantial completion of OBU installations in FY2025. However, we expect the Jalan Papan facility which will be fully operational in H2 FY2026 to drive revenue growth in both the vehicle and non-vehicle testing business with expanded operational capacity for vehicle inspection and also housing new testing capabilities.

Based on the historical average P/E multiple of 21.54x and Trailing Twelve Months (“TTM”) diluted EPS of 11.98 cents, we estimate a target price of S\$2.58. Based on the historical average P/B multiple of 4.58x and Net Asset Value (“NAV”) per share of 45.47 cents, we estimate a target price of S\$2.08. Based on the historical average yield of 4.10% and current dividend yield of 4.69%, we estimate a target price of S\$2.05. By averaging the estimated target prices, we derive an overall target price of S\$2.24.

The overall target price of S\$2.24 represents an upside potential of 25.0% from the current share price of S\$1.79. We maintain this target despite the expected decline in FY2026 revenue, as the drop stems from the tapering of the one off OBU installation project rather than weakness in VICOM’s core business. With underlying fundamentals intact and the Jalan Papan facility expected to contribute meaningfully once operations begin in H2 FY2026, we believe the medium term growth outlook remains strong. This upside is further supported by catalysts such as the expansion of non-vehicle testing business, stronger-than-expected manufacturing & construction sector growth, and an easing of geopolitical tensions. Accordingly, we maintain a buy recommendation on VICOM. However, downside risks include an economic slowdown and rising geopolitical tensions.

PRICE PERFORMANCE



KEY FINANCIALS

Year ended 31 December	Revenue (S\$ million)	Earnings ⁽¹⁾ (S\$ million)	EPS ⁽²⁾ (cents)	P/E (x)	DPS (cents)	Dividend Yield (%)	NAV per share (S\$)	P/B (x)
2024 Actual	119.5	29.3	8.3	15.98	5.8	4.39%	0.4	3.32
2025 Actual	167.4	42.5	12.0	14.36	8.4	4.88%	0.5	3.78
2026 Projection	118.1	28.7	8.1	22.10	5.7	3.18%	-	-
2027 Projection	124.5	30.9	8.7	20.50	6.2	3.46%	-	-

Figures have been rounded. FY2026 & FY2027 P/E, P/B and dividend yield are based on the current share price of S\$1.79. FY2024 & FY2024 PE, PB and dividend yield are based on the share price after the release of their financial results (FY2024:S\$1.32, FY2025:S\$1.72).

⁽¹⁾ Profit after tax attributable to owners of the Company.

⁽²⁾ Earnings Per Share (basic & diluted).

Source: VICOM, FPA

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INDUSTRY OUTLOOK

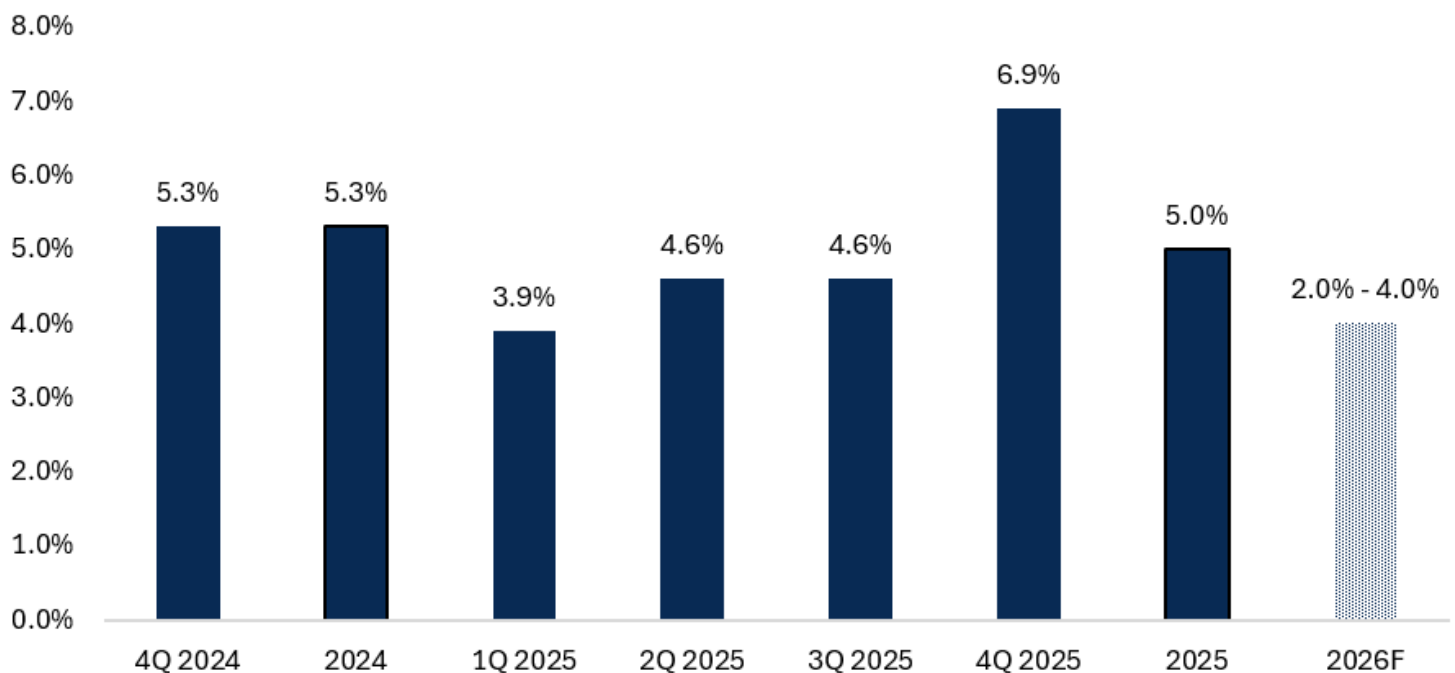
(I) SINGAPORE ECONOMY

On 10 February 2026, the Ministry of Trade and Industry (“MTI”) reported that the Singapore economy expanded by 5.0% in 2025, moderating from 5.3% in 2024, as shown in **Exhibit 1**. In Q4 2025, GDP grew 6.9% year-on-year (“y-o-y”), accelerating from 4.6% y-o-y in Q3 2025.

Growth in 2025 was driven primarily by the manufacturing, wholesale trade, and finance & insurance sectors. Within manufacturing, the electronics cluster saw robust expansion supported by strong AI-related electronics demand. The machinery, equipment & supplies segment within wholesale trade also recorded strong growth on the back of similar demand drivers. Meanwhile, the finance & insurance sector posted broad-based gains across all segments amid largely accommodative financial conditions.

In contrast, the food & beverage services sector contracted, partly due to weaker restaurant sales as consumers shifted their dining preferences.

Exhibit 1: Singapore Economic Y-o-Y Growth



Source: MTI, FPA

Looking ahead, MTI has revised Singapore’s 2026 GDP forecast upward from 1.0–3.0% to 2.0–4.0%. Complementing this, the Monetary Authority of Singapore’s (“MAS”) latest Quarterly Survey of Professional Forecasters projects GDP growth of 3.6% in 2026 and a growth of 2.5% in 2027. Separately, Maybank¹ Research has revised its Singapore GDP growth forecast to 3.4% for 2026, down from its earlier projection of 3.6%, citing risks arising from the ongoing Middle East conflict

¹ Maybank refers to Malayan Banking Berhad, a Malaysian universal bank with a market capitalisation of approximately MYR138.2 billion.

(II) VEHICLE POPULATION GROWTH

Recent policy signals suggest that Singapore's vehicle population may expand modestly in the coming years. In a [Channel NewsAsia](#) report, Acting Transport Minister Jeffrey Siow indicated on 4 February 2026 that improvements in traffic management under the Electronic Road Pricing ("ERP") 2.0 system may allow for gradual increases in the number of cars permitted on the road. According to the Ministry of Transport, the vehicle growth rate is currently set at zero for all categories except goods vehicles and buses, and this framework will remain in place until 31 January 2028.

Recent changes to the preferential additional registration fee ("PARF") rebate¹, as reported by [The Straits Times](#) and announced by Prime Minister Lawrence Wong during the 12 February 2026 Budget, are also expected to influence ownership behaviour. The PARF rebate will be reduced by 45 percentage points, and the cap will be lowered from S\$60,000 to S\$30,000. As a result, the residual value of newly registered cars will fall over their lifespan. This shift is likely to discourage early scrappage, narrow the cost gap between electric vehicles ("EVs") and internal-combustion engine vehicles, and reshape the used-car market. With a smaller rebate at deregistration, more owners may find it financially attractive to forfeit the PARF rebate and renew their Certificate of Entitlement ("COE") to continue using their existing vehicles.

Over time, as cars with lower PARF rebates become more common, it may become increasingly economical for motorists to keep their vehicles beyond the 10-year mark.

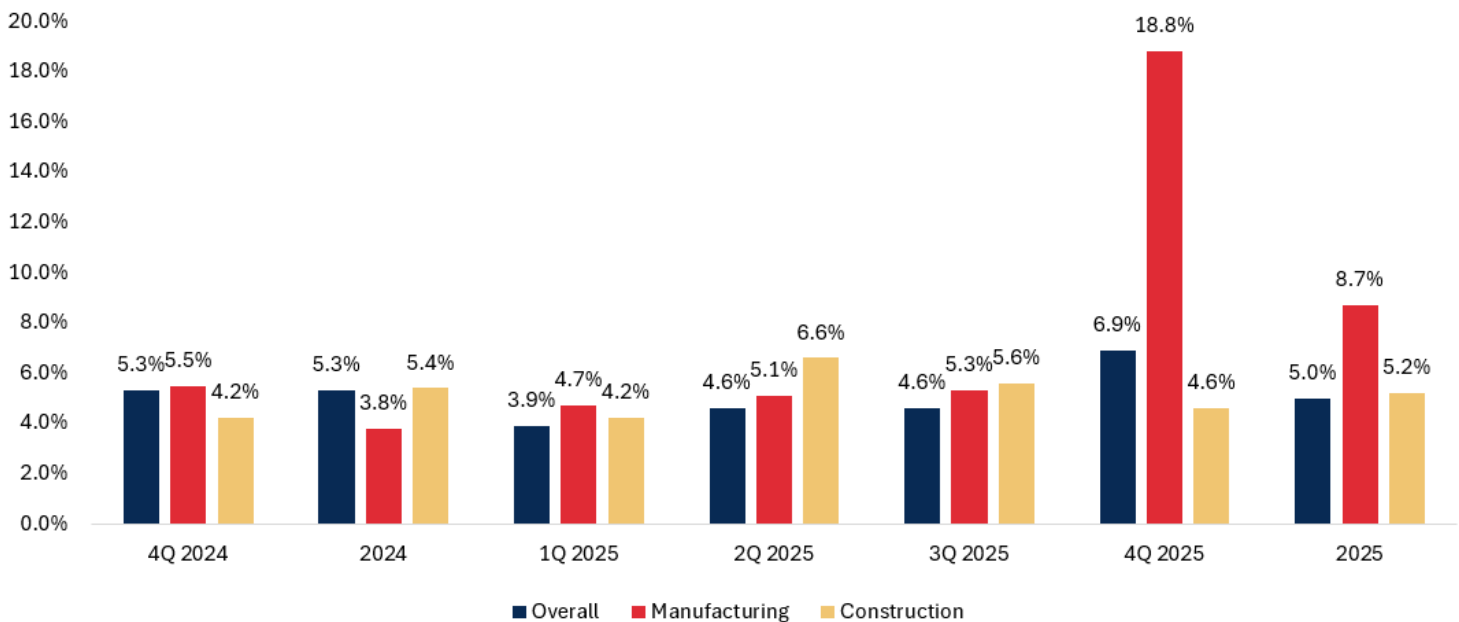
¹ The PARF rebate, which applies to cars and taxis, is the amount car owners receive for deregistering their vehicles by the 10-year mark. PARF was introduced in 1975 to encourage the early deregistration of older, more polluting cars and to maintain a younger vehicle population. The earlier car owners deregister vehicles before the 10-year COE expires, the higher the rebate.

(III) MANUFACTURING & CONSTRUCTION SECTOR

According to MTI, Singapore's manufacturing sector expanded by 18.8% y-o-y in Q4 2025, accelerating from 5.3% y-o-y in Q3 2025 as shown in **Exhibit 2**. The strong performance was underpinned by output growth across all clusters except general manufacturing. Notably, the electronics cluster surged 25.1% y-o-y in Q4 2025, driven by stronger-than-expected AI-related demand for semiconductors, servers, and server-related products. The biomedical manufacturing cluster also grew by 45.9% y-o-y in Q4 2025, supported by higher-than-expected production of a key high-value active pharmaceutical ingredient. For the full year, the manufacturing sector grew 8.7%, up from 3.8% in 2024.

The construction sector grew 4.6% y-o-y in Q4 2025, easing from 5.6% y-o-y in Q3 2025, as both public and private sector output continued to expand. For the full year, the sector registered growth of 5.2%, marginally lower than the 5.4% recorded in 2024.

Exhibit 2: Singapore Manufacturing & Construction Growth (y-o-y)



Source: MTI, FPA

Looking ahead, MTI expects the manufacturing sector's positive momentum to continue into 2026. The electronics cluster is projected to expand at a faster-than-previously-expected pace, supported by robust semiconductor demand from the data-centre end market amid the ongoing AI investment cycle. This uplift is also expected to spill over into the precision engineering cluster.

In the construction sector, the Building Construction Authority ("BCA") projects total construction demand in 2026 to range between S\$47 billion and S\$53 billion, broadly in line with the S\$50.5 billion recorded in 2025. Sustained demand is expected to be driven by major upcoming project awards, including additional packages for the Changi Airport Terminal 5 development, the Marina Bay Sands Integrated Resort expansion, the new Tengah General and Community Hospital, as well as extensions to the Downtown Line 2 and Thomson-East Coast Line MRT networks. Construction output is similarly projected to rise to between S\$43 billion and S\$46 billion, supported by robust ongoing activity following consistently high contract awards since 2023.

The MAS's latest Quarterly Survey of Professional Forecasters projects manufacturing to grow by 4.3% in 2026, while construction is expected to expand by 5.0% in 2026.

RECENT SHARE PRICE DEVELOPMENTS

Over the past year, VICOM Ltd's ("VICOM") share price rose by 32.6% to S\$1.79 on 27 March 2026 from S\$1.35 on 27 March 2025 as shown in **Exhibit 3**.

Exhibit 3: Share Price Performance (Past Year)



Source: Investing.com, FPA

On 2 April 2025, U.S. President Trump announced universal & "reciprocal tariffs" on U.S. trading partners. Share price fell by 3.0% to S\$1.31 on 9 April 2025 from S\$1.35 on 2 April 2025.

On 8 May 2025, VICOM released its Q1 FY2025 business update. Revenue rose by 18.9% to S\$33.3 million in Q1 FY2025 from S\$28.0 million in Q1 FY2024. Profit after tax rose by 7.4% to S\$7.5 million in Q1 FY2025 from S\$6.9 million in Q1 FY2024. Share price rose by 0.7% to S\$1.38 on 15 May 2025 from S\$1.37 on 8 May 2025.

On 21 July 2025, MAS announced the appointment of the first batch of asset managers under the S\$5 billion Equity Market Development Programme ("EQDP"). MAS plans to place an initial amount of S\$1.1 billion for management with these managers to improve the liquidity in the bourse. Since the announcement, the share price has risen by 7.6% to S\$1.69 on 28 July 2025 from S\$1.57 on 21 July 2025.

On 11 August 2025, VICOM released its H1 FY2025 results. Revenue rose by 24.1% to S\$69.9 million in H1 FY2025 from S\$56.3 million in H1 FY2024. Profit after tax rose by 10.1% to S\$15.7 million in H1 FY2025 from S\$14.3 million in H1 FY2024. Share price fell by 0.6% to S\$1.58 on 18 August 2025 from S\$1.59 on 11 August 2025.

On 10 October 2025, U.S. President Trump announced that he would impose an additional 100% tariff on China and export controls on "any and all critical software" beginning 1 November 2025. These planned tariffs would raise import taxes on Chinese goods to 130%. Share price fell by 1.2% to S\$1.59 on 17 October 2025 from S\$1.61 on 10 October 2025.

On 30 October 2025, VICOM announced that SETSCO Services Pte Ltd (“SETSCO”) has entered into a joint venture with QAV Technologies Sdn. Bhd. (“QAV”) to expand SETSCO’s testing services for the electrical and electronics manufacturing sector in Penang, Malaysia. The joint venture company is called Setsco QAV Technologies Sdn. Bhd (“SETSCO QAV”). The current issued and paid-up share capital of the joint venture company is RM7,200,000 (approximately S\$2,188,800), of which 49% is owned by SETSCO and the remaining 51% owned by QAV. Share price remained unchanged at S\$1.60.

On 10 November 2025, VICOM released its Q3 FY2025 business update. Revenue rose by 36.4% to S\$41.6 million in Q3 FY2025 from S\$30.5 million in Q3 FY2024. Profit after tax rose by 44.4% to S\$10.0 million in Q3 FY2025 from S\$6.9 million in Q3 FY2024. Share price rose by 2.5% to S\$1.63 on 14 November from S\$1.59 on 10 November.

On 20 February 2026, VICOM released its full-year FY2025 results. Revenue rose by 40.1% to S\$167.4 million in FY2025 from S\$119.5 million in FY2024. Profit after tax rose by 44.3% to S\$42.8 million in FY2025 from S\$29.6 million in FY2024. VICOM proposed a final dividend of 5.30 cents per share, bringing total dividends for FY2025 to 8.40 cents. Share price rose by 2.9% to S\$1.77 on 27 February 2026 from S\$1.72 on 20 February 2026.

On 28 February 2026, the U.S. and Israel launched an attack on Iran that killed Supreme Leader Ayatollah Ali Khamenei, marking a major escalation and catalysing the current Middle East conflict. Share price fell by 1.1% to S\$1.75 on 6 March 2026 from S\$1.77 on 27 February 2026. However, the share price has since recovered to S\$1.79 as at 27 March 2026.

FINANCIAL ANALYSIS

In this section, we will provide a review of VICOM financial performance for the full year ended 31 December 2025 (FY2025).

(I) FINANCIAL REVIEW

Revenue:

Revenue for inspection & testing services rose by 41.9% to S\$163.3 million in FY2025 from S\$115.1 million in FY2024 as shown in **Exhibit 4**. The increase was mainly driven by the On-Board Unit (“OBU”) project with VICOM installing more than 251,000 OBUs in FY2025. Revenue growth was also supported by the strong performance of VICOM’s non-vehicle testing subsidiary, SETSCO, which delivered good results despite economic uncertainty. Sustained growth in Singapore’s manufacturing and construction sectors continued to drive demand for its testing services, with particularly strong momentum in the electronics cluster on the back of AI-related activity.

Rental income fell by 3.4% to S\$2.2 million in FY2025 from S\$2.3 million in FY2024. Revenue from Others segment fell by 8.5% to S\$1.9 million in FY2025 from S\$2.1 million in FY2024.

Exhibit 4: Revenue (FY2024 vs FY2025)

S\$'000	Actual		FY2024 vs FY2025	
	FY2024 (ended 31 Dec)	FY2025 (ended 31 Dec)	Absolute Change	Change (%)
Inspection & testing services	115,084	163,264	48,180	41.87%
Rental income	2,326	2,247	(79)	(3.40%)
Others	2,072	1,896	(176)	(8.49%)
Total Revenue	119,482	167,407	47,925	40.11%

Source: VICOM, FPA

VICOM’s revenue from FY2021 to FY2025 is summarised in **Exhibit 5**.

Exhibit 5: Revenue (FY2021 – FY2025)

S\$'000	Actual				
	FY2021	FY2022	FY2023	FY2024	FY2025
Inspection & testing services	96,802	104,226	107,843	115,084	163,264
Rental income	2,214	2,260	2,356	2,326	2,247
Others	1,876	1,818	1,704	2,072	1,896
Total Revenue	100,892	108,304	111,903	119,482	167,407
<i>Growth</i>		7.35%	3.32%	6.77%	40.11%

Source: VICOM, FPA

Operating profit:

Operating profit rose by 49.7% to S\$51.8 million in FY2025 from S\$34.6 million in FY2024 as shown in **Exhibit 6**. Operating margin also improved to 31.0% in FY2025 from 29.0% in FY2024.

Exhibit 6: Operating Profit (FY2024 vs FY2025)

S\$'000	Actual		FY2024 vs FY2025	
	FY2024 (ended 31 Dec)	FY2025 (ended 31 Dec)	Absolute Change	Change (%)
Revenue	119,482	167,407	47,925	40.11%
Operating cost				
Staff costs	(53,040)	(57,246)	(4,206)	7.93%
Depreciation & amortisation	(8,547)	(8,488)	59	(0.69%)
Contract services	(5,971)	(28,532)	(22,561)	377.84%
Materials & consumables	(3,722)	(4,013)	(291)	7.82%
Premises costs	(2,270)	(2,215)	55	(2.42%)
Repair & maintenance costs	(2,090)	(2,543)	(453)	21.67%
Utilities & communication costs	(3,708)	(3,778)	(70)	1.89%
Impairment of goodwill	-	(2,057)	(2,057)	n.m.
Other operating costs	(5,510)	(6,718)	(1,208)	21.92%
Total operating costs	(84,858)	(115,590)	(30,732)	36.22%
Operating profit	34,624	51,817	17,193	49.66%
<i>Operating margin</i>	<i>28.98%</i>	<i>30.95%</i>	-	-

Source: VICOM, FPA

Staff costs rose by 7.9% to S\$57.2 million in FY2025 from S\$53.0 million in FY2024. The increase was driven by manpower requirements for the OBU project.

Depreciation & amortisation fell by 0.7% to S\$8.49 million in FY2025 from S\$8.55 million in FY2024.

Contract services rose by 377.8% to S\$28.5 million in FY2025 from S\$6.0 million in FY2024, largely due to costs associated with the OBU project.

Materials & consumables rose by 7.8% to S\$4.0 million in FY2025 from S\$3.7 million in FY2024.

Premises costs fell by 2.4% to S\$2.22 million in FY2025 from S\$2.27 million in FY2024.

Repair & maintenance costs rose by 21.7% to S\$2.5 million in FY2025 from S\$2.1 million in FY2024.

Utilities & communication costs rose by 1.9% to S\$3.8 million in FY2025 from S\$3.7 million in FY2024.

There was an impairment of goodwill amounting to S\$2.1 million in FY2025, recognised following a review of the recoverable value of a cash-generating unit.

Other operating costs rose by 21.9% to S\$6.7 million in FY2025 from S\$5.5 million in FY2024.

VICOM's operating profit from FY2021 to FY2025 is summarised in **Exhibit 7**.

Exhibit 7: Operating Profit (FY2021 – FY2025)

S\$'000	Actual				
	FY2021	FY2022	FY2023	FY2024	FY2025
Revenue	100,892	108,304	111,903	119,482	167,407
Operating cost					
Staff costs	(45,362)	(49,895)	(52,385)	(53,040)	(57,246)
Depreciation & amortisation	(7,249)	(7,268)	(7,894)	(8,547)	(8,488)
Contract services	(2,928)	(2,851)	(2,367)	(5,971)	(28,532)
Materials & consumables	(2,831)	(3,168)	(3,598)	(3,722)	(4,013)
Premises costs	(1,923)	(1,894)	(2,002)	(2,270)	(2,215)
Repair & maintenance costs	(1,772)	(1,787)	(1,985)	(2,090)	(2,543)
Utilities & communication costs	(1,795)	(3,227)	(3,074)	(3,708)	(3,778)
Impairment of goodwill	-	-	-	-	(2,057)
Other operating costs	(6,056)	(5,564)	(5,548)	(5,510)	(6,718)
Total operating costs	(69,916)	(75,654)	(78,853)	(84,858)	(115,590)
Operating profit	30,976	32,650	33,050	34,624	51,817
<i>Operating margin</i>	<i>30.70%</i>	<i>30.15%</i>	<i>29.53%</i>	<i>28.98%</i>	<i>30.95%</i>

Source: VICOM, FPA

Profit before tax:

Interest expense rose by 6.7% to S\$0.92 million in FY2025 from S\$0.87 million in FY2024 as shown in **Exhibit 8**.

Interest income fell by 41.7% to S\$1.1 million in FY2025 from S\$1.9 million in FY2024.

Profit before tax rose by 45.7% to S\$52.0 million in FY2025 from S\$35.7 million in FY2024.

Exhibit 8: Profit before Tax (FY2024 vs FY2025)

S\$'000	Actual		FY2024 vs FY2025	
	FY2024 (ended 31 Dec)	FY2025 (ended 31 Dec)	Absolute Change	Change (%)
Operating profit	34,624	51,817	17,193	49.66%
Interest expense	(866)	(924)	(58)	6.70%
Interest income	1,938	1,129	(809)	(41.74%)
Profit before tax	35,696	52,022	16,326	45.74%

Source: VICOM, FPA

We compare the effective interest rates for interest expense and interest income. The effective interest rate on total lease liabilities was 2.71% in FY2025, compared with 2.72% in FY2024 as shown in **Exhibit 9**. For interest income, the effective interest rate fell to 1.95% in FY2025 from 3.19% in FY2024, in line with global interest rate cuts.

Exhibit 9: Effect Interest Rates for Interest Expense & Interest Income

S\$'000	Actual		FY2024 vs FY2025	
	FY2024 (ended 31 Dec)	FY2025 (ended 31 Dec)	Absolute Change	Change (%)
Interest expense	(866)	(924)	(58)	6.70%
Total lease liabilities	31,880	34,100	2,220	6.96%
<i>Effective interest rate</i>	2.72%	2.71%	-	-
Interest income	1,938	1,129	(809)	(41.74%)
Cash & cash equivalents	60,705	57,902	(2,803)	(4.62%)
<i>Effective interest rate</i>	3.19%	1.95%	-	-

Note: Total lease liabilities = current lease liabilities + non-current lease liabilities

Source: VICOM, FPA

VICOM's profit before tax from FY2021 to FY2025 is summarised in **Exhibit 10**

Exhibit 10: Profit before Tax (FY2021 – FY2025)

S\$'000	Actual				
	FY2021	FY2022	FY2023	FY2024	FY2025
Operating profit	30,976	32,650	33,050	34,624	51,817
Interest expense	(871)	(848)	(866)	(866)	(924)
Interest income	269	749	1,886	1,938	1,129
Profit before tax	30,374	32,551	34,070	35,696	52,022

Source: VICOM, FPA

Profit after tax:

Profit after tax rose by 44.3% to S\$42.8 million in FY2025 from S\$29.6 million in FY2024 as shown in as shown in **Exhibit 11**.

Exhibit 11: Profit after Tax (FY2024 vs FY2025)

S\$'000	Actual		FY2024 vs FY2025	
	FY2024 (ended 31 Dec)	FY2025 (ended 31 Dec)	Absolute Change	Change (%)
Profit before tax	35,696	52,022	16,326	45.74%
Tax expense	(6,074)	(9,266)	(3,192)	52.55%
Profit after tax	29,622	42,756	13,134	44.34%
<i>Calculated tax rate</i>	<i>(17.02%)</i>	<i>(17.81%)</i>	-	-

Source: VICOM, FPA

VICOM's profit after tax from FY2021 to FY2025 is summarised in **Exhibit 12**.

Exhibit 12: Profit after Tax (FY2021 – FY2025)

S\$'000	Actual				
	FY2021	FY2022	FY2023	FY2024	FY2025
Profit before tax	30,374	32,551	34,070	35,696	52,022
Tax expense	(5,138)	(5,990)	(6,056)	(6,074)	(9,266)
Profit after tax	25,236	26,561	28,014	29,622	42,756
<i>Calculated tax rate</i>	<i>(16.92%)</i>	<i>(18.40%)</i>	<i>(17.78%)</i>	<i>(17.02%)</i>	<i>(17.81%)</i>

Source: VICOM, FPA

Profit attributable to shareholders of the company:

Profit attributable to shareholders of the company rose by 45.1% to S\$42.5 million in FY2025 from S\$29.3 million in FY2024 as shown in **Exhibit 13**.

Exhibit 13: Profit Attributable to Shareholders (FY2024 vs FY2025)

S\$'000	Actual		FY2024 vs FY2025	
	FY2024 (ended 31 Dec)	FY2025 (ended 31 Dec)	Absolute Change	Change (%)
Profit after tax	29,622	42,756	13,134	44.34%
Less: Non-controlling interests	338	273	(65)	(19.23%)
Profit attributable to shareholders of the company	29,284	42,483	13,199	45.07%

Source: VICOM, FPA

VICOM's profit attributable to shareholders from FY2021 to FY2025 is summarised in **Exhibit 14**.

Exhibit 14: Profit Attributable to Shareholders (FY2021 – FY2025)

S\$'000	Actual				
	FY2021	FY2022	FY2023	FY2024	FY2025
Profit after tax	25,236	26,561	28,014	29,622	42,756
Less: Non-controlling interests	460	377	413	338	273
Profit attributable to shareholders of the company	24,776	26,184	27,601	29,284	42,483

Source: VICOM, FPA

Earnings per share (“EPS”):

Basic & diluted EPS rose by 45.1% to 11.98 cents in FY2025 from 8.26 cents in FY2024 as shown in **Exhibit 15**.

Exhibit 15: EPS (FY2024 vs FY2025)

S\$'000	Actual		FY2024 vs FY2025	
	FY2024 (ended 31 Dec)	FY2025 (ended 31 Dec)	Absolute Change	Change (%)
Profit after tax	29,622	42,756	13,134	44.34%
Less: Non-controlling interests	338	273	(65)	(19.23%)
Profit attributable to shareholders of the company	29,284	42,483	13,199	45.07%
Weighted average number of ordinary shares ('000)	354,568	354,568	-	-
Basic & diluted EPS (cents)	8.26	11.98	3.72	45.07%

Source: VICOM, FPA

VICOM's EPS from FY2021 to FY2025 is summarised in **Exhibit 16**.

Exhibit 16: EPS (FY2021 – FY2025)

S\$ cents	Actual				
	FY2021	FY2022	FY2023	FY2024	FY2025
Basic & diluted EPS	6.99	7.38	7.78	8.26	11.98

Source: VICOM, FPA

Dividend per share (“DPS”):

On 20 February 2026, VICOM declared a final dividend of 5.30 cents per share for FY2025. Total dividends for FY2025 amounted to 8.40 cents per share.

VICOM's dividend schedule is shown in **Exhibit 17**.

Exhibit 17: DPS Schedule (FY2021 – FY2025)

S\$ cents	Actual				
	FY2021	FY2022	FY2023	FY2024	FY2025
Interim dividend	3.04	3.32	2.75	2.80	3.10
Final dividend	3.24	3.32	2.75	3.00	5.30
Special dividend	2.00	-	-	-	-
DPS	8.28	6.64	5.50	5.80	8.40

Note: Dividends announced in their respective FYs.

Source: VICOM, FPA

According to VICOM's 2025 Annual Report (“AR”), the company's dividend policy is to pay out at least 70% of profit attributable to shareholders. The policy takes into account the long-term objective of maximising shareholder value, the availability of cash and retained earnings, projected capital expenditure, and growth opportunities. The company declares dividends on a semi-annual basis.

A summary of VICOM's payout ratio between FY2021 and FY2025 is shown in **Exhibit 18**.

Exhibit 18: Payout Ratio (FY2021 – FY2025)

S\$ cents	Actual				
	FY2021	FY2022	FY2023	FY2024	FY2025
Basic & diluted EPS	6.99	7.38	7.78	8.26	11.98
DPS	8.28	6.64	5.50	5.80	8.40
<i>Payout ratio</i>	<i>118.45%</i>	<i>89.97%</i>	<i>70.69%</i>	<i>70.22%</i>	<i>70.12%</i>

Note: Payout ratio = DPS/EPS

Source: VICOM, FPA

VICOM's financial performance for FY2024 and FY2025 are summarised in **Exhibit 19**.

Exhibit 19: Financial Performance (FY2024 vs FY2025)

S\$'000	Actual		FY2024 vs FY2025	
	FY2024 (ended 31 Dec)	FY2025 (ended 31 Dec)	Absolute Change	Change (%)
Revenue	119,482	167,407	47,925	40.11%
Staff costs	(53,040)	(57,246)	(4,206)	7.93%
Depreciation & amortisation	(8,547)	(8,488)	59	(0.69%)
Contract services	(5,971)	(28,532)	(22,561)	377.84%
Materials & consumables	(3,722)	(4,013)	(291)	7.82%
Premises costs	(2,270)	(2,215)	55	(2.42%)
Repair & maintenance costs	(2,090)	(2,543)	(453)	21.67%
Utilities & communication costs	(3,708)	(3,778)	(70)	1.89%
Impairment of goodwill	-	(2,057)	(2,057)	n.m.
Other operating costs	(5,510)	(6,718)	(1,208)	21.92%
Total operating costs	(84,858)	(115,590)	(30,732)	36.22%
Operating profit	34,624	51,817	17,193	49.66%
Interest expense	(866)	(924)	(58)	6.70%
Interest income	1,938	1,129	(809)	(41.74%)
Profit before tax	35,696	52,022	16,326	45.74%
Tax expense	(6,074)	(9,266)	(3,192)	52.55%
Profit after tax	29,622	42,756	13,134	44.34%
Less: Non-controlling interest	338	273	(65)	(19.23%)
Profit attributable to shareholders of the company	29,284	42,483	13,199	45.07%
Number of ordinary shares ('000)	354,568	354,568	-	-
Basic & diluted EPS (cents)	8.26	11.98	3.72	45.04%
DPS (cents)	5.80	8.40	2.60	44.83%
Payout ratio	70.22%	70.12%	-	-

Source: VICOM, FPA

(II) CAPITAL MANAGEMENT

VICOM's total assets rose by 18.6% to S\$250.4 million in FY2025 from S\$211.2 million in FY2024. The increase was driven by higher current assets of S\$4.0 million and higher non-current assets of S\$35.2 million. The rise in non-current assets was mainly due to an increase of S\$37.5 million in vehicles, premises, and equipment, and an increase of S\$0.2 million in deferred tax assets, partially offset by a decrease of S\$2.0 million in goodwill and a S\$0.5 million decline in financial assets measured at fair value through other comprehensive income. The increase in current assets was primarily attributable to a S\$5.0 million rise in trade receivables and a S\$1.8 million increase in other receivables and prepayments, offset by a S\$2.8 million decrease in cash and cash equivalents.

VICOM's total liabilities rose by 26.1% to S\$86.6 million in FY2025 from S\$68.7 million in FY2024. The increase was mainly due to higher trade and other payables of S\$12.0 million, tax liabilities of S\$3.7 million, and lease liabilities of S\$2.2 million.

Total equity rose by 14.9% to S\$163.8 million in FY2025 from S\$142.5 million in FY2024. The increase was mainly driven by profits generated from operations of S\$42.8 million and the addition of non-controlling interests of S\$1.1 million upon the consolidation of a new subsidiary, partially offset by dividend payments of S\$22.2 million (the breakdown for dividend payments, extracted from the FY2025 AR is shown in **Exhibit 20**).

Exhibit 20: Payment of Dividends in FY2025

	Attributable to shareholders of the Company						Non-controlling interests \$'000	Total equity \$'000
	Share capital (Note 18) \$'000	Other reserves (Note 19) \$'000	Foreign currency translation reserve \$'000	Accumulated profits \$'000	Total \$'000			
Group								
At 1 January 2025	36,284	4,875	(89)	99,700	140,770	1,743	142,513	
Profit for the year	–	–	–	42,483	42,483	273	42,756	
Other comprehensive income	–	(482)	97	–	(385)	45	(340)	
Total comprehensive income for the year	–	(482)	97	42,483	42,098	318	42,416	
<u>Contribution by and distributions to shareholders</u>								
Payment of dividends (Note 30)	–	–	–	(21,629)	(21,629)	(619)	(22,248)	
Issuance of shares to non-controlling interests	–	–	–	–	–	1,117	1,117	
Total contribution by and distributions to shareholders	–	–	–	(21,629)	(21,629)	498	(21,131)	
At 31 December 2025	36,284	4,393	8	120,554	161,239	2,559	163,798	

Source: VICOM

A summary of VICOM's balance sheet is shown in **Exhibit 21**.

Exhibit 21: Summary of VICOM's Balance Sheet (FY2024 vs FY2025)

S\$'000	Actual		FY2024 vs FY2025	
	FY2024 (ended 31 Dec)	FY2025 (ended 31 Dec)	Absolute Change	Change (%)
Total assets	211,209	250,406	39,197	18.56%
Total liabilities	68,696	86,608	17,912	26.07%
Total equity / net assets	142,513	163,798	21,285	14.94%
Equity attributable to shareholders of the company	140,770	161,239	20,469	14.54%
Equity attributable to non-controlling interests	1,743	2,559	816	46.82%
No. of issued shares ('000)	354,568	354,568	-	-
NAV per share (S\$ cents)	39.70	45.47	5.77	14.53%

Source: VICOM, FPA

FINANCIAL PROJECTIONS

In this section, we will be providing our projections for VICOM's revenue, earnings and dividend distribution for FY2026 & FY2027.

(I) REVENUE PROJECTION

VICOM has indicated that revenue from its vehicle testing segment is expected to decline in FY2026 as OBU installation activity tapers off. The surge in FY2025 was driven by more than 251,000 OBU installations, compared with 77,000 units in FY2024. According to The Straits Times, 93% of Singapore-registered vehicles—about 930,000 units—have already been fitted with an OBU, ahead of the mandatory requirement from 1 January 2027, when Singapore transitions to the ERP 2.0 system. With most of the vehicle population already equipped, installation volumes are expected to fall sharply in FY2026. The Land Transport Authority (“LTA”) has also stated that it is on track to complete the installation exercise in 2026.

Given this, we project that vehicle testing revenue will normalise toward FY2023 levels as OBU-related contributions decline (OBU installation only began in December 2023). With most vehicles already fitted with OBUs and installations expected to taper off, we anticipate little to no OBU activity in FY2026. However, we expect non-vehicle testing revenue to continue expanding, supported by ongoing growth in the manufacturing and construction sectors and by VICOM's new integrated testing hub at Jalan Papan, which will become fully operational in H2 FY2026 and add new testing capabilities and capacity.

Our revenue forecast for inspection & testing services in FY2026 applies a weighted-average growth rate of 5.61%, as shown in **Exhibit 22**, based on our underlying assumptions. After vehicle testing revenue normalises to FY2023 levels, we assume it will subsequently grow in line with GDP forecast of 3.6% (as referenced on page 3), supported by the additional operational capacity provided by the Jalan Papan hub. For non-vehicle testing, we project growth in line with the manufacturing and construction sectors, which expanded by 8.7% and 5.2% in 2025 (as referenced on page 5). We use these sectoral benchmarks as we expect the Jalan Papan facility to enhance non-vehicle testing capabilities, potentially driving outsized growth in this segment. We assigned a 40.05% weight to vehicle testing and 59.95% to non-vehicle testing based on FY2023's revenue breakdown, as noted in our initiation report (dated November 2025). The 59.95% allocated to non-vehicle testing is split evenly between manufacturing and construction.

Exhibit 22: Weighted Average Growth Rate for Inspection & Testing Services Revenue in FY2026

	Growth rate	Weights	Contribution
Vehicle testing	3.60%	40.05%	1.44%
Non-vehicle testing			
Manufacturing	8.70%	29.98%	2.61%
Construction	5.20%	29.98%	1.56%
Weighted average growth rate			5.61%

Source: FPA, MAS

We apply this weighted-average growth rate of 5.61% to our FY2023 inspection & testing services revenue to forecast FY2026 inspection & testing services revenue as follows:

$$\begin{aligned}
 \text{Inspection \& testing services revenue for FY2026} &= \text{Inspection \& testing services revenue for FY2023} \times \text{Growth rate} \\
 &= \$\$107.8 \text{ million} \times (1+5.61\%) \\
 &\approx \$\$113.9 \text{ million}
 \end{aligned}$$

For FY2027, we expect the 5.61% growth momentum to be sustained as the Jalan Papan facility transitions into steady-state operations, as follows:

$$\begin{aligned} \text{Inspection \& testing services revenue for FY2027} &= \text{Inspection \& testing services revenue for FY2026} \times \text{Growth rate} \\ &= \text{S\$113.9 million} \times (1+5.61\%) \\ &= \text{S\$120.3 million} \end{aligned}$$

We project inspection & testing services revenue to decline to S\$113.9 million in FY2026 before rising to S\$120.3 million in FY2027. For rental income, we forecast S\$2.3 million in both FY2026 and FY2027, based on the average of the past three years. For the Others income segment, we likewise project S\$1.9 million in FY2026 and FY2027, based on the average of the past three years.

Total revenue is projected to be S\$118.1 million in FY2026 and S\$124.5 million in FY2027.

Our revenue projections are summarised in **Exhibit 23**.

Exhibit 23: Projected Revenue for FY2026 and FY2027

S\$'000	Actual			Forecast	
	FY2023	FY2024	FY2025	FY2026	FY2027
Inspection & testing services	107,843	115,084	163,264	113,891	120,279
Rental income	2,356	2,326	2,247	2,310	2,310
Others	1,704	2,072	1,896	1,891	1,891
Total Revenue	111,903	119,482	167,407	118,092	124,479

Source: VICOM, FPA

(II) EARNINGS PROJECTION**Staff costs:**

For FY2025, staff costs rose to S\$57.2 million due to the OBU project. As the project winds down in FY2026, we assume staff costs will amount to 46.8% of revenue in both FY2026 and FY2027, consistent with the levels observed in FY2023.

As such, we project staff costs to be S\$55.3 million in FY2026 and S\$58.3 million in FY2027 as shown in **Exhibit 24**.

Exhibit 24: Projected Staff Costs for FY2026 & FY2027

S\$'000	Actual			Forecast	
	FY2023	FY2024	FY2025	FY2026	FY2027
Staff costs	(52,385)	(53,040)	(57,246)	(55,282)	(58,272)
% of revenue	(46.81%)	(44.39%)	(34.20%)	(46.81%)	(46.81%)

Source: VICOM, FPA

Depreciation & amortisation:

We assume depreciation & amortisation for FY2026 and FY2027 will remain at S\$8.5 million, the same level as in FY2025.

Projections for depreciation & amortisation in FY2026 and FY2027 are summarised in **Exhibit 25**

Exhibit 25: Projected Depreciation & Amortisation for FY2026 & FY2027

S\$'000	Actual			Forecast	
	FY2023	FY2024	FY2025	FY2026	FY2027
Depreciation & amortisation	(7,894)	(8,547)	(8,488)	(8,488)	(8,488)

Source: VICOM, FPA

Contract services costs:

For FY2025, contract services rose to S\$28.5 million due to higher subcontractor fees related to the OBU project. As the project winds down in FY2026, we assume contract services will amount to 2.1% of revenue in both FY2026 and FY2027, consistent with the levels observed in FY2023.

As such, we project contract services to be S\$2.5 million in FY2026 and S\$2.6 million in FY2027 as shown in **Exhibit 26**.

Exhibit 26: Projected Contract Services for FY2026 & FY2027

S\$'000	Actual			Forecast	
	FY2023	FY2024	FY2025	FY2026	FY2027
Contract services	(2,367)	(5,971)	(28,532)	(2,498)	(2,633)
% of revenue	(2.12%)	(5.00%)	(17.04%)	(2.12%)	(2.12%)

Source: VICOM, FPA

Materials & consumables costs:

We assume that materials & consumables will be 3.22% of revenue in FY2026 and FY2027, consistent with the levels observed in FY2023.

As such, we project materials & consumables to be S\$3.8 million in FY2026 and S\$4.0 million in FY2027 as shown in **Exhibit 27**.

Exhibit 27: Projected Materials & Consumables for FY2026 & FY2027

S\$'000	Actual			Forecast	
	FY2023	FY2024	FY2025	FY2026	FY2027
Materials & consumables	(3,598)	(3,722)	(4,013)	(3,797)	(4,002)
% of revenue	(3.22%)	(3.12%)	(2.40%)	(3.22%)	(3.22%)

Source: VICOM, FPA

Premises costs:

We assume premises costs for FY2026 and FY2027 will remain at S\$2.2 million, the same level as in FY2025.

Projections for premises costs are summarised in **Exhibit 28**.

Exhibit 28: Projected Premises Costs for FY2026 & FY2027

S\$'000	Actual			Forecast	
	FY2023	FY2024	FY2025	FY2026	FY2027
Premises costs	(2,002)	(2,270)	(2,215)	(2,215)	(2,215)

Source: VICOM, FPA

Repair & maintenance costs:

We assume that repair & maintenance costs will be 1.77% of revenue in FY2026 and FY2027, consistent with the levels observed in FY2023.

As such, we project repair & maintenance costs to be S\$2.1 million in FY2026 and S\$2.2 million in FY2027 as shown in **Exhibit 29**.

Exhibit 29: Projected Repair & Maintenance Costs for FY2026 & FY2027

S\$'000	Actual			Forecast	
	FY2023	FY2024	FY2025	FY2026	FY2027
Repair & maintenance costs	(1,985)	(2,090)	(2,543)	(2,095)	(2,208)
% of revenue	(1.77%)	(1.75%)	(1.52%)	(1.77%)	(1.77%)

Source: VICOM, FPA

Utilities & communication costs:

We assume that utilities & communication costs will be 2.75% of revenue in FY2026 and FY2027, consistent with the levels observed in FY2023.

As such, we project utilities & communication costs to be S\$3.2 million in FY2026 and S\$3.4 million in FY2027 as shown in **Exhibit 30**.

Exhibit 30: Projected Utilities & Communication Costs for FY2026 & FY2027

S\$'000	Actual			Forecast	
	FY2023	FY2024	FY2025	FY2026	FY2027
Utilities & communication costs	(3,074)	(3,708)	(3,778)	(3,244)	(3,419)
% of revenue	(2.75%)	(3.10%)	(2.26%)	(2.75%)	(2.75%)

Source: VICOM, FPA

Impairment of goodwill:

In FY2025, there was an impairment of goodwill amounting to S\$2.1 million. We assume this was a one-off expense and therefore project no impairment of goodwill in FY2026 and FY2027.

Other operating costs:

We assume that other operating costs will be 4.96% of revenue in FY2026 and FY2027, consistent with the levels observed in FY2023.

As such, we project other operating costs to be S\$5.9 million in FY2026 and S\$6.2 million in FY2027 as shown in **Exhibit 31**.

Exhibit 31: Projected Other Operating Costs for FY2026 & FY2027

S\$'000	Actual			Forecast	
	FY2023	FY2024	FY2025	FY2026	FY2027
Other operating costs	(5,548)	(5,510)	(6,718)	(5,855)	(6,171)
% of revenue	(4.96%)	(4.61%)	(4.01%)	(4.96%)	(4.96%)

Source: VICOM, FPA

Operating profit:

Operating profit is projected to be S\$34.6 million in FY2026 and S\$37.1 million in FY2027 as shown in **Exhibit 32**.

Exhibit 32: Projected Operating Profit for FY2025 & FY2026

S\$'000	Actual			Forecast	
	FY2023	FY2024	FY2025	FY2026	FY2027
Revenue	111,903	119,482	167,407	118,092	124,479
Operating cost					
Staff costs	(52,385)	(53,040)	(57,246)	(55,282)	(58,272)
Depreciation & amortisation	(7,894)	(8,547)	(8,488)	(8,488)	(8,488)
Contract services	(2,367)	(5,971)	(28,532)	(2,498)	(2,633)
Materials & consumables	(3,598)	(3,722)	(4,013)	(3,797)	(4,002)
Premises costs	(2,002)	(2,270)	(2,215)	(2,215)	(2,215)
Repair & maintenance costs	(1,985)	(2,090)	(2,543)	(2,095)	(2,208)
Utilities & communication costs	(3,074)	(3,708)	(3,778)	(3,244)	(3,419)
Impairment of goodwill	-	-	(2,057)	-	-
Other operating costs	(5,548)	(5,510)	(6,718)	(5,855)	(6,171)
Total operating costs	(78,853)	(84,858)	(115,590)	(83,473)	(87,410)
Operating profit	33,050	34,624	51,817	34,618	37,069
<i>Operating margin</i>	<i>29.53%</i>	<i>28.98%</i>	<i>30.95%</i>	<i>29.31%</i>	<i>29.78%</i>

Source: VICOM, FPA

Interest expense:

We assume total lease liabilities will remain unchanged in FY2026 and FY2027. The effective interest rate is also projected to remain at 2.71% in both years.

Consequently, interest expense is projected to be S\$0.92 million in FY2026 and FY2027 as shown in **Exhibit 33**.

Exhibit 33: Projected Finance Costs for FY2025 & FY2026

S\$'000	Actual	Forecast	
	FY2025	FY2026	FY2027
Total lease liabilities	34,100	34,100	34,100
Interest expense	(924)	(924)	(924)
<i>Effective interest rate</i>	<i>(2.71%)</i>	<i>(2.71%)</i>	<i>(2.71%)</i>

Note: Total lease liabilities = current lease liabilities + non-current lease liabilities

Source: VICOM, FPA

Interest income:

On 18 March 2026, the Federal Reserve (“Fed”) held interest rates steady at 3.50%–3.75%. In the Summary of Economic Projections released by the U.S. Federal Open Market Committee (“FOMC”) in March 2026, the median federal funds rate projection was projected to be 3.25%–3.50% by end-2026 and 3.00%–3.25% by end-2027.

However, Wall Street firms hold differing views on the policy path ahead. J.P. Morgan¹ Global Research expects the Fed to keep interest rates on hold for the rest of 2026 and forecasts a 0.25% rate hike in Q3 2027, which would bring the federal funds rate to 3.75%–4.00%. We adopt J.P. Morgan’s interest rate forecast in our assumptions.

A summary of the projected federal funds rate (“Fed Funds Rate”) is shown in **Exhibit 34**, and we have also included our estimate that the 2027 rate hike will occur in July (within Q3 2027).

Exhibit 34: Estimated Federal Funds Rate

	Lower bound	Upper bound	Average Rate		Lower bound	Upper bound	Average Rate		Lower bound	Upper bound	Average Rate
Jan 2025	4.25%	4.50%	4.38%	Jan 2026	3.50%	3.75%	3.63%	Jan 2027	3.50%	3.75%	3.63%
Feb 2025	4.25%	4.50%	4.38%	Feb 2026	3.50%	3.75%	3.63%	Feb 2027	3.50%	3.75%	3.63%
Mar 2025	4.25%	4.50%	4.38%	Mar 2026	3.50%	3.75%	3.63%	Mar 2027	3.50%	3.75%	3.63%
Apr 2025	4.25%	4.50%	4.38%	Apr 2026	3.50%	3.75%	3.63%	Apr 2027	3.50%	3.75%	3.63%
May 2025	4.25%	4.50%	4.38%	May 2026	3.50%	3.75%	3.63%	May 2027	3.50%	3.75%	3.63%
Jun 2025	4.25%	4.50%	4.38%	Jun 2026	3.50%	3.75%	3.63%	Jun 2027	3.50%	3.75%	3.63%
Jul 2025	4.25%	4.50%	4.38%	Jul 2026	3.50%	3.75%	3.63%	Jul 2027	3.75%	4.00%	3.88%
Aug 2025	4.25%	4.50%	4.38%	Aug 2026	3.50%	3.75%	3.63%	Aug 2027	3.75%	4.00%	3.88%
Sept 2025	4.00%	4.25%	4.13%	Sept 2026	3.50%	3.75%	3.63%	Sept 2027	3.75%	4.00%	3.88%
Oct 2025	3.75%	4.00%	3.88%	Oct 2026	3.50%	3.75%	3.63%	Oct 2027	3.75%	4.00%	3.88%
Nov 2025	3.75%	4.00%	3.88%	Nov 2026	3.50%	3.75%	3.63%	Nov 2027	3.75%	4.00%	3.88%
Dec 2025	3.50%	3.75%	3.63%	Dec 2026	3.50%	3.75%	3.63%	Dec 2027	3.75%	4.00%	3.88%
2025	-	-	4.21%	2026	-	-	3.63%	2027	-	-	3.75%

Source: Federal Reserve Bank of St. Louis, FPA estimates

We then calculated the proportion of decline it could have on the Fed Funds Rate as shown in **Exhibit 35**.

Exhibit 35: Forecasted Average Fed Funds Rate for FY2026 & FY2027

	FY2025	FY2026	FY2027
Average Fed Funds Rate	4.21%	3.63%	3.75%
<i>Proportion of (decline)/increase</i>	-	(13.86%)	3.45%

Source: US Federal Reserve, FPA

¹ J.P. Morgan is a global investment bank.

We assume VICOM's effective interest rate will move in line with any changes in the Fed Funds Rate. We then estimate cash & cash equivalents for FY2026 and FY2027. Cash balances are expected to increase over this period, as no major capital expenditure is anticipated once Jalan Papan facility becomes fully operational in H2 FY2026.

We derive this by adding projected earnings and subtracting expected dividend payments for each year. As a simplifying assumption, we use operating profit as a proxy for net profit. Dividend payments are then estimated by applying VICOM's stated payout ratio of 70% to operating profit. The resulting balance represents the annual increase in retained cash, which we add to the prior year's cash & cash equivalents to arrive at our projected cash balance.

Our cash & cash equivalents projections are summarised in **Exhibit 36**.

Exhibit 36: Projected Cash & Cash Equivalents in FY2026 and FY2027

S\$'000	Forecast	
	FY2026	FY2027
Cash & cash equivalents at beginning of period	57,902	68,287
Add: Operating profit	34,618	37,069
Less: Dividend payment <i>(70% of operating profit)</i>	24,233	25,949
Cash & cash equivalents at the end of period	68,287	79,408

Source: VICOM, FPA

As such, interest income is projected to be S\$1.15 million in FY2026 and S\$1.38 million in FY2027 as shown in **Exhibit 37**.

Exhibit 37: Forecasted Interest Income for FY2026 & FY2027

S\$'000	Actual	Forecast	
	FY2025	FY2026	FY2027
Cash & cash equivalents	57,902	68,287	79,408
Interest income	1,129	1,147	1,380
<i>Effective interest rate</i>	1.95%	1.68%	1.74%
<i>Proportion of decline</i>		(13.86%)	3.45%

Source: VICOM, FPA

Profit before tax:

As a result, profit before tax is projected to be S\$34.8 million in FY2026 and S\$37.5 million in FY2027 as shown in **Exhibit 38**.

Exhibit 38: Forecasted Profit Before Tax for FY2026 & FY2027

S\$'000	Actual			Forecast	
	FY2023	FY2024	FY2025	FY2026	FY2027
Operating profit	33,050	34,624	51,817	34,618	37,069
Interest expense	(866)	(866)	(924)	(924)	(924)
Interest income	1,886	1,938	1,129	1,147	1,380
Profit before tax	34,070	35,696	52,022	34,841	37,525

Source: VICOM, FPA

Profit after tax:

We assume a tax rate of 17% for FY2026 and FY2027, in line with Singapore's corporate income tax rate. Profit after tax is projected to be S\$28.9 million in FY2026 and S\$31.1 million in FY2027 as shown in **Exhibit 39**.

Exhibit 39: Forecasted Profit after Tax for FY2026 & FY2027

S\$'000	Actual			Forecast	
	FY2023	FY2024	FY2025	FY2026	FY2027
Profit before tax	34,070	35,696	52,022	34,841	37,525
Tax expense	(6,056)	(6,074)	(9,266)	(5,923)	(6,379)
<i>Effective tax rate</i>	<i>(17.78%)</i>	<i>(17.02%)</i>	<i>(17.81%)</i>	<i>(17.00%)</i>	<i>(17.00%)</i>
Profit after tax	28,014	29,622	42,756	28,918	31,146

Source: VICOM, FPA

Profit attributable to shareholders of the company:

We assume that profit attributable to Non-Controlling Interests ("NCI") as a percentage of profit after tax, will remain at 0.64% in FY2026 and FY2027, consistent with FY2025 levels. After deducting profit attributable to NCI from profit after tax, we project profit attributable to shareholders of the company to be S\$28.7 million in FY2026 and S\$30.9 million in FY2027 as shown in Exhibit 40.

Exhibit 40: Projected Profit Attributable to Shareholders of the Company for FY2025 & FY2026

S\$'000	Actual			Forecast	
	FY2023	FY2024	FY2025	FY2026	FY2027
(A) Profit attributable to Non-Controlling Interests ("NCI")	413	338	273	185	199
(B) Profit after tax	28,014	29,622	42,756	28,918	31,146
A as a % of B	1.47%	1.14%	0.64%	0.64%	0.64%
Profit after tax	28,014	29,622	42,756	28,918	31,146
Less: Profit attributable to NCI	413	338	273	185	199
Profit attributable to shareholders of the company	27,601	29,284	42,483	28,733	30,947

Source: VICOM, FPA

EPS:

We assume the number of ordinary shares for FY2026 & FY2027 to be 354,568,000, based on the number of ordinary shares at the end of FY2025 as stated in the financial statements. Accordingly, we project basic & diluted EPS to be 8.10 cents in FY2026 and 8.73 cents in FY2027 as shown in **Exhibit 41**.

Exhibit 41: Forecasted EPS for FY2026 & FY2027

S\$'000	Actual			Forecast	
	FY2023	FY2024	FY2025	FY2026	FY2027
Profit attributable to shareholders of the company	27,601	29,284	42,483	28,733	30,947
Number of ordinary shares ('000)	354,568	354,568	354,568	354,568	354,568
Basic & diluted EPS (cents)	7.78	8.26	11.98	8.10	8.73

Source: VICOM, FPA

DPS:

VICOM's dividend policy is to pay out at least 70% of the profit attributable to shareholders of the company (as referenced on page 19). For FY2026 and FY2027, we assume a payout ratio of 70%.

Thus, we project DPS of 5.70 cents in FY2026 and 6.20 cents in FY2027 as shown in **Exhibit 42**.

Exhibit 42: Forecasted DPS for FY2026 & FY2027

S\$ cents	Actual			Forecast	
	FY2023	FY2024	FY2025	FY2026	FY2027
Basic & diluted EPS	7.78	8.26	11.98	8.10	8.73
Dividend	5.50	5.80	8.40	5.70	6.20
<i>Payout ratio</i>	70.65%	70.23%	70.11%	70.34%	71.04%

Source: VICOM, FPA

Our projections are summarised in **Exhibit 43**.

Exhibit 43: Forecasted Financial Performance for FY2026 & FY2027

S\$'000	Actual			Forecast	
	FY2023	FY2024	FY2025	FY2026	FY2027
Revenue	111,903	119,482	167,407	118,092	124,479
Staff costs	(52,385)	(53,040)	(57,246)	(55,282)	(58,272)
Depreciation & amortisation	(7,894)	(8,547)	(8,488)	(8,488)	(8,488)
Contract services	(2,367)	(5,971)	(28,532)	(2,498)	(2,633)
Materials & consumables	(3,598)	(3,722)	(4,013)	(3,797)	(4,002)
Premises costs	(2,002)	(2,270)	(2,215)	(2,215)	(2,215)
Repair & maintenance costs	(1,985)	(2,090)	(2,543)	(2,095)	(2,208)
Utilities & communication costs	(3,074)	(3,708)	(3,778)	(3,244)	(3,419)
Impairment of goodwill	-	-	(2,057)	-	-
Other operating costs	(5,548)	(5,510)	(6,718)	(5,855)	(6,171)
Total operating costs	(78,853)	(84,858)	(115,590)	(83,473)	(87,410)
Operating profit	33,050	34,624	51,817	34,618	37,069
Interest expense	(866)	(866)	(924)	(924)	(924)
Interest income	1,886	1,938	1,129	1,147	1,380
Profit before tax	34,070	35,696	52,022	34,841	37,525
Tax expense	(6,056)	(6,074)	(9,266)	(5,923)	(6,379)
Profit after tax	28,014	29,622	42,756	28,918	31,146
Less: Non-controlling interest	413	338	273	185	199
Profit attributable to shareholders of the company	27,601	29,284	42,483	28,733	30,947
Number of ordinary shares ('000)	354,568	354,568	354,568	354,568	354,568
Basic & diluted EPS (cents)	7.78	8.26	11.98	8.10	8.73
DPS (cents)	5.50	5.80	8.40	5.70	6.20
Payout ratio	70.65%	70.23%	70.11%	70.34%	71.04%

Source: VICOM, FPA

VALUATION ANALYSIS

(I) PEER COMPARISON ANALYSIS

We performed a peer comparison analysis to review how VICOM is faring against industry peers in terms of current valuation metrics. We selected peer companies that are like VICOM in terms of industry and business operations. Then, we compared VICOM against its peers in terms of P/E multiple, P/B multiple and dividend yield.

Below, we list the selected peer companies to compare with VICOM (along with a brief description of each company) as follows:

i. LMS Compliance Ltd. (“LMS”; SGX:LMS)

LMS is an established laboratory group with over 15 years of operational history and 3 accredited laboratories and 1 sales office across Malaysia, providing quality testing and certification services for customers across a gamut of industries, ranging from food, feed, fertilizer, pharmaceutical, medical devices, healthcare, industrial and Greentech.

ii. ComfortDelGro Corporation Ltd. (“CDG”; SGX:C52)

CDG is a multi-modal transport operator with diverse businesses including taxi, bus, rail, car rental & leasing, automotive engineering & maintenance services, vehicle inspection & testing, driver training, insurance brokerage, and outdoor advertising. CDG operates across Singapore and internationally in countries such as the UK, Australia, China, and Malaysia. Its listed subsidiaries on the Singapore Exchange include SBS Transit Ltd (“SBS”) and VICOM.

The results of our peer comparison analysis are shown in **Exhibit 44**.

Exhibit 44: Peer Comparison Analysis

Company	Currency	Stock Symbol	Price (S\$) as at 27 Mar '25	Market Cap (S\$ million)	Diluted EPS (cents) ⁽¹⁾	P/E	DPS (cents) ⁽²⁾	Dividend Yield (%)	NAV per share (S\$) ⁽³⁾	P/B
VICOM	SGD	WJP	1.790	595.67	11.98	14.94	8.40	4.69%	0.45	3.94
Peer companies:										
LMS Compliance ⁽⁴⁾	SGD	LMS	0.340	54.22	1.57	21.66	1.00	2.94%	0.12	2.94
ComfortDelGro Corporation	SGD	C52	1.450	3,228.48	10.62	13.65	8.50	5.86%	1.20	1.21
Peer average:			-	-	-	17.66	-	4.40%	-	2.08

(1) & (2) Trailing Twelve-Months ("TTM"). (3) Most recent financial statement. (4) Converted from Malaysian Ringgit ("MYR") to SGD using MYR to SGD exchange rate of 1:0.3210 at 27 March 2026 from Investing.com.

Source: SGX Stock Screener, respective companies, FPA

(a) P/E multiple

Based on the results in **Exhibit 44**, VICOM is currently trading at a P/E multiple of 14.94x which is lower than the peer average P/E multiple of 17.66x. This suggests that VICOM is undervalued at the current share price. Adopting a relative valuation approach, we estimate a target price of S\$2.12 if VICOM is to trade at the peer average P/E of 17.66x as follows:

$$\begin{aligned}
 \text{Estimated target price (P/E multiple)} &= \text{Peer average P/E} \times \text{TTM diluted EPS} \\
 &= 17.66 \times \text{S\$}0.1198 \\
 &\approx \text{S\$}2.12
 \end{aligned}$$

The estimated target price of S\$2.12 represents an upside potential of 18.2% from the current share price of S\$1.79.

(b) P/B multiple

Based on the results in **Exhibit 44**, VICOM is currently trading at a P/B multiple of 3.94x which is higher than the peer average P/B multiple of 2.08x. This suggests that VICOM is overvalued at the current share price. Adopting a relative valuation approach, we estimate a target price of S\$0.94 if VICOM is to trade at the peer average P/B of 2.08x as follows:

$$\begin{aligned}
 \text{Estimated target price (P/B multiple)} &= \text{Peer average P/B} \times \text{NAV per share} \\
 &= 2.08 \times \text{S\$}0.45 \\
 &\approx \text{S\$}0.94
 \end{aligned}$$

The estimated target price of S\$0.94 represents a downside potential of 47.3% from the current share price of S\$1.79.

(c) Dividend yield

Based on the results in **Exhibit 44**, VICOM's current dividend yield of 4.69% is more attractive than the peer average yield of 4.40%. This suggests that VICOM is undervalued at the current share price. Adopting a relative valuation approach, we estimate a target price of S\$1.91 if VICOM is to trade at the peer average yield of 4.40% as follows:

$$\begin{aligned} \text{Estimated target price (Dividend yield)} &= \frac{\text{Current yield}}{\text{Peer average yield}} \times \text{Current share price} \\ &= \frac{4.69\%}{4.40\%} \times \text{S\$1.79} \\ &\approx \text{S\$1.91} \end{aligned}$$

The estimated target price of S\$1.91 represents an upside potential of 6.6% from the current share price of S\$1.79.

(d) Target price

From our analysis, VICOM seems to be overvalued in terms of its P/B multiple but undervalued in terms of its P/E multiple and dividend yield. By averaging our target prices based on P/E multiple, P/B multiple and dividend yield, we derive an overall target price of S\$1.66 as follows:

$$\begin{aligned} \text{Target price} &= \frac{1}{3} \times [\text{Estimated target price (P/E multiple)} + \text{Estimated target price (P/B multiple)} + \\ &\quad \text{Estimated target price (Dividend yield)}] \\ &= \frac{1}{3} \times [\text{S\$2.12} + \text{S\$0.94} + \text{S\$1.91}] \\ &\approx \text{S\$1.66} \end{aligned}$$

The overall target price of S\$1.66 represents a downside potential of 7.5% from the current share price of S\$1.79.

(II) VALUATION ANALYSIS (BASED ON HISTORICAL P/E MULTIPLE, P/B MULTIPLE & YIELD)

We also performed a valuation analysis using VICOM's historical P/E multiple, P/B multiple and dividend yield over the past few years (H1 FY2021 – H2 FY2025) as shown in **Exhibit 45**.

Exhibit 45: Historical Share Price and Valuation Metrics

Period	Results release date	Share price (S\$) ⁽¹⁾	Diluted EPS (cents)	TTM EPS (cents)	P/E multiple	DPS (cents)	TTM DPS (cents)	Dividend yield	Payout ratio (TTM)	NAV per share (cents)	P/B multiple
H2 FY2025	20 Feb '26	1.77	7.59	11.98	14.77x	5.30	8.40	4.75%	70.12%	45.47	3.89x
H1 FY2025	11 Aug '25	1.58	4.39	8.67	18.22x	3.10	6.10	3.86%	70.36%	40.94	3.86x
H2 FY2024	21 Feb '25	1.34	4.28	8.26	16.22x	3.00	5.80	4.33%	70.22%	39.70	3.38x
H1 FY2024	07 Aug '24	1.35	3.98	7.84	17.22x	2.80	5.55	4.11%	70.79%	38.18	3.54x
H2 FY2023	21 Feb '24	1.42	3.86	7.79	18.23x	2.75	5.50	3.87%	70.60%	36.92	3.85x
H1 FY2023	11 Aug '23	1.61	3.93	7.62	21.13x	2.75	6.07	3.77%	79.66%	35.87	4.49x
H2 FY2022	21 Feb '23	1.90	3.69	7.39	25.71x	3.32	6.64	3.49%	89.85%	35.03	5.42x
H1 FY2022	11 Aug '22	2.03	3.70	7.30	27.81x	3.32	8.56	4.22%	117.26%	34.36	5.91x
H2 FY2021	21 Feb '22	2.03	3.60	6.98	29.08x	5.24	8.28	4.08%	118.62%	35.89	5.66x
H1 FY2021	11 Aug '21	2.04	3.38	7.55	27.02x	3.04	9.26	4.54%	122.65%	35.03	5.82x
Maximum					29.08x			4.75%			5.91x
Minimum					14.77x			3.49%			3.38x
Average (excl. values ≤ 0)					21.54x			4.10%			4.58x

⁽¹⁾ Share price based on seven days after results release date to account for price movements.

Source: VICOM, Yahoo! Finance, FPA

(a) P/E multiple

As shown in **Exhibit 45**, VICOM's historical average P/E multiple was 21.54x which is higher than its current P/E multiple of 14.94x. This suggests that VICOM is undervalued at the current share price. Based on the historical average P/E multiple of 21.54x and TTM diluted EPS of 11.98 cents, we estimate a target price of S\$2.58 as follows:

$$\begin{aligned} \text{Estimated Target Price} &= \text{Historical Average P/E} \times \text{TTM diluted EPS} \\ &= 21.54 \times \text{S\$}0.1198 \\ &= \text{S\$}2.58 \end{aligned}$$

The target price of S\$2.58 represents an upside potential of 44.2% from the current share price of S\$1.79.

(b) P/B multiple

As shown in **Exhibit 45**, VICOM's historical average P/B multiple was 4.58x which is higher than its current P/B multiple of 3.94x. This suggests that VICOM is undervalued at the current share price. Based on the historical average P/B multiple of 4.58x and NAV per share of 45.47 cents in H2 FY2025, we estimate a target price of S\$2.08 as follows:

$$\begin{aligned} \text{Estimated Target Price} &= \text{Historical Average P/B} \times \text{NAV per share} \\ &= 4.58 \times \text{S\$}0.4547 \\ &= \text{S\$}2.08 \end{aligned}$$

The target price of S\$2.08 represents an upside potential of 16.4% from the current share price of S\$1.79.

(c) Dividend yield

As shown in **Exhibit 45**, VICOM's historical average dividend yield was 4.10%, which is less attractive than its current yield of 4.69%. This suggests that VICOM is undervalued at the current share price. Based on the historical average dividend yield of 4.10% and current yield of 4.69%, we estimate a target price of S\$2.05 as follows:

$$\begin{aligned} \text{Estimated Target Price} &= \frac{\text{Current yield}}{\text{Historical average yield}} \times \text{Current share price} \\ &= \frac{4.69\%}{4.10\%} \times \text{S\$}1.79 \\ &= \text{S\$}2.05 \end{aligned}$$

The target price of S\$2.05 represents an upside potential of 14.4% from the current share price of S\$1.79.

(d) Target price

From our analysis, VICOM seems to be undervalued in terms of its historical average P/E, P/B multiple and dividend yield. By averaging our estimated target prices based on historical average P/E multiple, P/B multiple and dividend yield, we derive a target price of S\$2.24 as follows:

$$\begin{aligned}\text{Target price} &= \frac{1}{3} \times [\text{Estimated target price (Historical P/E multiple)} + \text{Estimated target price (Historical P/B} \\ &\quad \text{multiple)} + \text{Estimated target price (Historical dividend yield)}] \\ &= \frac{1}{3} \times [\text{S\$2.58} + \text{S\$2.08} + \text{S\$2.05}] \\ &= \text{S\$2.24}\end{aligned}$$

The target price of S\$2.24 represents an upside potential of 25.0% from the current share price of S\$1.79.

POTENTIAL CATALYSTS

(I) EXPANSION OF NON-VEHICLE TESTING BUSINESS

VICOM has been actively expanding its non-vehicle testing business through strategic partnerships and acquisitions. On 30 October 2025, SETSCO formed a joint venture with QAV to strengthen its testing capabilities for the electrical and electronics manufacturing sector in Penang, Malaysia. As noted in VICOM's FY2025 AR, this marks the company's first entry into electrical and electronics product testing. The new SETSCO-QAV facility offers a comprehensive suite of capabilities, including electromagnetic compatibility and radio-frequency testing, electrical safety and energy-efficiency testing, over-the-air antenna measurement, and acoustic and reverberation testing. The partnership also extends VICOM's presence in Malaysia beyond its existing construction-related testing services, enabling it to serve Penang's manufacturing and high-tech hub.

These initiatives underscore VICOM's commitment to scaling its non-vehicle testing segment. As the company continues to broaden its technical capabilities and geographic footprint through targeted partnerships and acquisitions, we expect this to be a meaningful driver of revenue growth.

(II) STRONGER-THAN-EXPECTED MANUFACTURING & CONSTRUCTION SECTOR GROWTH

In FY2025, VICOM reported that its non-vehicle testing business delivered strong results, supported by robust growth in Singapore's manufacturing and construction sectors, both of which outpaced overall GDP expansion. The stronger momentum in these sectors drove increased demand for testing services, and many businesses also accelerated supply chain de-risking activities in response to tariff-related uncertainties, which further lifted testing requirements.

If stronger-than-expected growth in the manufacturing and construction sectors occurs in FY2026, this is likely to boost demand for non-vehicle testing services, providing a tailwind for revenue growth.

(III) EASING OF GEOPOLITICAL TENSIONS

The ongoing Middle East conflict has created uncertainty for businesses and contributed to elevated oil prices. A reduction in geopolitical tensions would help stabilise energy costs and improve business confidence, particularly in the manufacturing and construction sectors. As activity in these sectors strengthens, demand for non-vehicle testing services is likely to increase, supporting VICOM's revenue outlook.

INVESTMENT RECOMMENDATION

VICOM's revenue in FY2026 is projected to fall, following the substantial completion of OBU installations in FY2025. However, we expect the Jalan Papan facility which will be fully operational in H2 FY2026 to drive revenue growth in both the vehicle and non-vehicle testing business with expanded operational capacity for vehicle inspection and also housing new testing capabilities.

Based on the historical average P/E multiple of 21.54x and TTM diluted EPS of 11.98 cents, we estimate a target price of S\$2.58. Based on the historical average P/B multiple of 4.58x and NAV per share of 45.47 cents, we estimate a target price of S\$2.08. Based on the historical average yield of 4.10% and current dividend yield of 4.69%, we estimate a target price of S\$2.05. By averaging the estimated target prices, we derive an overall target price of S\$2.24 as follows:

$$\begin{aligned}\text{Target price} &= \frac{1}{3} \times [\text{Estimated target price (Historical P/E multiple)} + \text{Estimated target price (Historical P/B} \\ &\quad \text{multiple)} + \text{Estimated target price (Historical dividend yield)}] \\ &= \frac{1}{3} \times [S\$2.58 + S\$2.08 + S\$2.05] \\ &= S\$2.24\end{aligned}$$

The overall target price of S\$2.24 represents an upside potential of 25.0% from the current share price of S\$1.79. We maintain this target despite the expected decline in FY2026 revenue, as the drop stems from the tapering of the one-off OBU installation project rather than weakness in VICOM's core business. With underlying fundamentals intact and the Jalan Papan facility expected to contribute meaningfully once operations begin in H2 FY2026, we believe the medium-term growth outlook remains strong. This upside is further supported by catalysts such as the expansion of non-vehicle testing business, stronger-than-expected manufacturing & construction sector growth, and an easing of geopolitical tensions. Accordingly, we maintain a buy recommendation on VICOM.

However, there are risks to our target price which we discuss on the next page.

RISKS TO TARGET PRICE

(I) ECONOMIC SLOWDOWN

The Organisation for Economic Co-operation and Development (“OECD”) highlighted in March 2026 that:

- Global GDP growth is projected to ease to 2.9% in 2026 before edging up to 3.0% in 2027
- The energy price surge and the unpredictable nature of the evolving conflict in the Middle East will raise costs and lower demand, offsetting the tailwinds from strong technology-related investment and production, lower effective tariff rates and the momentum carried over from 2025.
- G20 inflation is projected to be 1.2 percentage point higher than previously expected in 2026 at 4.0%, before easing to 2.7% in 2027 with an assumed fading of energy price pressures.
- A significant downside risk to the outlook is that persistent disruptions to exports from the Middle East that raise energy prices even further than assumed and aggravate shortages of key commodities, add to inflation and reduce growth.

Singapore’s external demand momentum has also shown signs of moderation, with non-oil domestic exports (“NODX”) growing by 4.0% y-o-y in February 2026, easing from 9.2% y-o-y growth in January 2026. While growth remains positive, further easing could occur should global conditions weaken further.

MTI currently forecasts Singapore’s GDP growth at 2.0–4.0% in 2026. If economic growth undershoots expectations, activity in key manufacturing and construction sectors could soften, leading to reduced demand for non-vehicle testing services. This would lower revenue from this segment and weigh on VICOM’s earnings.

(II) RISING GEOPOLITICAL TENSIONS

If the Middle East conflict prolongs longer than expected, this could lead to sustained high oil prices and significantly weaken business confidence, stifling growth and expansion plans. Such a slowdown would reduce demand for non-vehicle testing services, leading to lower revenue from this segment and dampening overall earnings.

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