

## CONSUMER CYCLICAL EQUITY RESEARCH

## VICOM LTD

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Country: Singapore

Industry: CONSUMER CYCLICAL

14 November 2025

**RECOMMENDATION: BUY**

Current price: S\$1.63

Target price: S\$2.17

Issued shares: 354.6 million (30 June 2025)

Market capitalisation: S\$581.5 million

52-week range: S\$1.22 – S\$1.70

## 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 the nine months ended 30 September 2025 (Q1-Q3 FY2025), VICOM's revenue rose by 28.4% to S\$111.5 million in the first three quarters of FY2025 from S\$86.8 million in the first three quarters of FY2024 mainly due to the ERP 2.0 on-board unit ("OBU") installation project and strong demand in the non-vehicle testing business. Operating profit rose by 23.8% to S\$31.0 million in the first three quarters of FY2025 from S\$25.1 million in the first three quarters of FY2024. Profit attributable to shareholders of the company rose by 21.5% to S\$25.4 million in the first three quarters of FY2025 from S\$20.9 million in the first three quarters of FY2024. Basic & diluted Earnings Per Share ("EPS") rose by 21.5% to 7.18 cents in the first three quarters of FY2025 from 5.91 cents in the first three quarters of FY2024. In H1 FY2025, VICOM declared a Dividend Per Share ("DPS") of 3.10 cents.

## RECOMMENDATION

VICOM's position as a market leader in the vehicle inspection space, holding over 72.9% market share in FY2024, provides a stable and recurring revenue base. Beyond its core business, VICOM is expanding its non-vehicle testing segment through its subsidiary SETSCO Service Pte Ltd ("SETSCO"), with the Jalan Papan facility expected to commence operations in H1 FY2026 and planned to house additional laboratories to drive growth. Additionally, the ongoing OBU installation project has already boosted revenue, and we expect it to continue contributing through H2 FY2025 and H1 FY2026 until completion. With this outlook, we anticipate healthy business fundamentals and EPS growth, which may suggest that VICOM could be undervalued at its current share price of S\$1.63.

Using the average valuation metrics at the current share price of S\$1.63 and the all-time high share price of S\$2.37, we estimate VICOM's share price through three approaches. Based on the average P/E multiple of 26.74x and Trailing Twelve Months ("TTM") EPS of 8.67 cents, we estimate a target price of S\$2.32. Based on the average P/B multiple of 5.50x and NAV per share of 40.94 cents in H1 FY2025, we estimate a target price of \$2.25. Based on the average dividend yield of 3.15% and TTM DPS of 6.10 cents, we estimate a target price of S\$1.94. By averaging the estimated target prices, we derive an overall target price of S\$2.17.

The target price of S\$2.17, represents an upside potential of 33.1% from its current share price of S\$1.63.

The upside potential of 33.1% could be further supported by catalysts such as the continued expansion of SETSCO's non-vehicle testing services, potential increases in inspection fees, and a possible easing of U.S. tariffs. Thus, the upside potential warrants a buy recommendation. However, there are risks to our target, including a broader economic slowdown and potential implementation of U.S. sectoral tariff.

## KEY FINANCIALS

	Revenue	Earnings <sup>(1)</sup>	EPS <sup>(2)</sup>	P/E	DPS	Dividend Yield	NAV per share	P/B
Year ended 31 December	(S\$ million)	(S\$ million)	(cents)	(x)	(cents)	(%)	(S\$)	(x)
2023 Actual	111.9	27.6	7.8	18.64	5.5	3.79%	0.4	3.93
2024 Actual	119.5	29.3	8.3	15.98	5.8	4.39%	0.4	3.32
<b>2025 Projection</b>	153.3	38.6	10.9	14.97	7.7	4.69%	-	-
<b>2026 Projection</b>	142.3	37.0	10.4	15.61	7.4	4.51%	-	-

Figures have been rounded. P/E, P/B and dividend yield are based on the current share price of S\$1.63. FY2023 & FY2024 PE, PB and dividend yield are based on the share price after the release of their financial results.

<sup>(1)</sup> Profit after tax attributable to owners of the Company.

<sup>(2)</sup> Earnings Per Share (basic & diluted).

Source: VICOM, FPA

## PRICE PERFORMANCE



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## COMPANY OVERVIEW

### (I) CORPORATE PROFILE

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.

VICOM is also a listed subsidiary of ComfortDelGro Corporation (“CDG”). 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 both in Singapore and internationally.

### (II) OPERATIONS

#### Vehicle testing business:

VICOM’s vehicle testing business involves regularly inspecting vehicles to ensure that they comply with the Land Transport Authority’s (“LTA”) standards. This periodic inspection regime ensures that owners maintain their vehicles regularly to meet roadworthiness and emission standards, thus minimising vehicular breakdowns and road accidents. The frequency of inspections is shown in **Exhibit 1**.

#### Exhibit 1: Frequency of Vehicle Inspections

Type of Vehicle	Age of vehicle		
	Below 3 years	3 to 10 years	> 10 years
Motorcycle/Scooter	NIL	Annually	Annually
Car	NIL	Every 2 years	Annually
Tuition Car	Annually	Annually	Annually
Taxi <sup>1</sup>	Annually <sup>2</sup>	6-monthly	N.A.
Chauffeured Private Hire Car	Annually	Annually	6-monthly <sup>2</sup>
Omnibus <sup>1</sup>	6-monthly	6-monthly	6-monthly
All Other Buses <sup>1</sup>	Annually	Annually	6-monthly
Goods Vehicle	Annually	Annually	6-monthly
Trailer	Annually	Annually	Annually

<sup>(1)</sup> Taxis and buses installed with compressed natural gas (“CNG”) or bi-fuel CNG systems must have their systems checked every 3 months. <sup>(2)</sup> From 1 January 2025, all taxis below 3 years old will be required to undergo annual periodic inspections, instead of the previous 6-monthly periodic inspection frequency. All Chauffeured Private Hire Cars above 10 years old will be required to undergo 6-monthly periodic inspections, instead of the previous annual periodic inspection frequency. Source: ONEMOTORING, FPA

In FY2024, VICOM inspected a total of 525,108 vehicles, an increase from 520,895 in FY2023. The company's overall market share in the vehicle inspection business rose slightly to 72.9% in FY2024, up from 72.6% in FY2023. The number of vehicles inspected by VICOM over the last five years is shown in **Exhibit 2**.

**Exhibit 2: Number of Vehicles Inspected (FY2020 – FY2024)**

	FY2020	FY2021	FY2022	FY2023	FY2024
Number of vehicles inspected	493,520	523,639	534,840	520,895	525,108
Market share	75.2%	74.7%	73.0%	72.6%	72.9%

Source: VICOM, FPA

VICOM owns six of the eight vehicle inspection centres in Singapore as shown in **Exhibit 3**. VICOM had another inspection centre under its subsidiary JIC Inspection Services Pte Ltd ("JIC Inspection Services") in Ang Mo Kio but the tenure for that premise has ended in February 2025 according to VICOM's 2024 Annual Report ("AR").

The remaining two are operated by STA, a subsidiary of ST Engineering.

**Exhibit 3: Vehicle Inspection Centres in Singapore**

Vehicle Inspection Centres	Owned by
JIC Inspection Services (Pioneer)	VICOM
VICOM Inspection Centre (Bukit Batok)	
VICOM Inspection Centre (Changi)	
VICOM Inspection Centre (Kaki Bukit)	
VICOM Inspection Centre (Sin Ming)	
VICOM Inspection Centre (Yishun)	
STA Inspection (Boon Lay)	ST Engineering
STA Inspection (Sin Ming)	

Source: ONEMOTORING, FPA

VICOM also provides emission testing under its VICOM Emission Test Laboratory ("VETL") to provide a range of testing services pertaining to vehicle emissions and fuel efficiency.

On 21 December 2022, VICOM announced that SETSCO (VICOM's non-vehicle testing arm) had been awarded the tender for the lease of a land parcel situated at Jalan Papan. The tender price of the land was S\$7 million, with a site area of 12,400 square meters and lease term of 20 years. The land will be used to build an integrated testing centre serving both vehicle and non-vehicle segments. The Jalan Papan site is expected to replace the JIC Inspection Centre in Pioneer in H1 FY2026, with the management planning a seamless transition, such that the Pioneer site would cease once the Jalan Papan facility is ready to commence operations.

In a media release dated 21 February for the H2 FY2024 results, VICOM noted that the integrated testing centre at Jalan Papan is expected to be ready in H1 FY2026.

**Non-vehicle testing business:**

SETSCO Services Pte Ltd (“SETSCO”), a wholly owned subsidiary of VICOM, serves as the company’s non-vehicle testing arm. It provides a comprehensive range of services including testing, inspection, calibration and certification. SETSCO’s offices are shown in **Exhibit 4**.

**Exhibit 4: Location of SETSCO Centres**

SETSCO Centres	Location
SETSCO Services Pte Ltd	531 Bukit Batok Street 23, Singapore
SETSCO Consultancy International Pte Ltd	
SETSCO-An Security Pte Ltd	20, Changi North Crescent, Singapore
SETSCO Aerospace Testing Centre	
SETSCO Services (M) Sdn Bhd	31, Jalan Industri Mas 12, Puchong, Selangor, Malaysia

Source: SETSCO, FPA

The Jalan Papan site acquired by SETSCO (as referenced on page 4) will be used to build laboratories to support the future growth of SETSCO’s non-vehicle testing business.

In VICOM’s 2024 AR, VICOM noted that its non-vehicle testing business experienced varied performance across the different sectors. While job volume increased in the robust construction sector, the manufacturing sector was affected by subdued sentiment in H1 FY2024.

SETSCO plays a critical role in ensuring quality, safety, and compliance across sectors such as construction, aerospace, marine, oil & gas, aerospace, marine, food, pharmaceutical, healthcare, petrochemical, electronics, environmental, construction, building & facilities. Its capabilities span mechanical and civil engineering testing, biological & chemical analysis, non-destructive testing (“NDT”), environmental monitoring, and calibration services. The company also offers technical consultancy and professional training, supporting clients in meeting regulatory standards and industry best practices.

For example, SETSCO tests construction materials to ensure that they meet industry standards. It secured significant contracts in the construction sector, including the Changi East project and long-term core and shell works at Changi Airport, connecting Terminal 2 with the broader airport infrastructure. The construction materials testing team also expanded its footprint by securing sand and aggregate testing contracts for HDB projects and proactively acquiring water tightness testing contracts for windows.

Beyond traditional testing services, SETSCO continues to innovate by integrating digital platforms and expanding into emerging areas such as electric vehicle infrastructure and green energy solutions. Its recent involvement in Southeast Asia’s largest public electric vehicle (“EV”) fast-charging hub at Jalan Papan, in partnership with Keppel’s Volt, highlights its commitment to supporting sustainable development.

**Other services:**

In addition to its core testing services, VICOM offers motor insurance through a partnership with DirectAsia<sup>1</sup>.

The company is also authorised by LTA to install the new ERP 2.0 on-board units (“OBU”) in vehicles, this operation commenced in December 2023. During VICOM’s Annual General Meeting (“AGM”) held on 23 April 2025, the CEO shared that VICOM’s market share for OBU installations was estimated to exceed 40%. He also noted that the entire OBU rollout is expected to be completed in H1 FY2026. Importantly, there is no cost to vehicle owners for the installation, as the Singapore government compensates VICOM at a fixed rate per unit installed.

In Q1 FY2025, VICOM installed 53,000 OBUs; in Q2 FY2025, 71,000 OBUs; and in Q3 FY2025, 78,000 OBUs. For FY2024, the company installed a total of 77,000 OBUs.

**(III) SUBSTANTIAL SHAREHOLDERS’ SHAREHOLDINGS**

The substantial shareholders are summarised in **Exhibit 5**.

**Exhibit 5: Substantial Shareholders**

Substantial shareholders	Direct interest		Deemed interest		Total interest		As at
	No. of shares	%	No. of shares	%	No. of shares	%	
ComfortDelGro Corporation Limited	237,760,000	67.1%	-	-	237,760,000	67.1%	03 Mar '25

Source: VICOM, FPA

CDG, the parent company of VICOM, holds the largest total interest of 67.1% in VICOM as at 3 March 2025.

Approximately 32.9% of the issued ordinary shares of the company are held by the public.

<sup>1</sup> DirectAsia is an insurance provider that is regulated and licensed by the Monetary Authority of Singapore (“MAS”).

## INDUSTRY OUTLOOK

### (I) SINGAPORE ECONOMY

On 14 October 2025, the Ministry of Trade and Industry (“MTI”) announced that Singapore’s economy grew by 2.9% year-on-year (“y-o-y”) in Q3 2025, moderating from the 4.5% y-o-y growth in Q2 2025 as shown in **Exhibit 6**. According to a Straits Times article, the Q3 2025 growth estimate exceeded expectations, outperforming economists’ forecast of 2% growth in a Bloomberg<sup>1</sup> poll. The article highlighted that a construction boom, generous fiscal support and falling interest rates helped cushion the economy from the impact of U.S. tariffs and a slump in exports.

#### **Exhibit 6: Singapore GDP Growth (y-o-y)**

	3Q24	4Q24	2024	1Q25	2Q25	3Q25*
Percentage change over corresponding period of previous year						
<b>Overall GDP</b>	5.7	5.0	4.4	4.1	4.5	<b>2.9</b>

\*Q3 FY2025 y-o-y growth is based on advance estimates

Source: MTI

On a quarter-on-quarter (“q-o-q”) seasonally adjusted basis, the Singapore economy expanded by 1.3% q-o-q, slightly slower than the 1.5% q-o-q growth in Q2 2025 as shown in **Exhibit 7**.

#### **Exhibit 7: Singapore GDP Growth (q-o-q, seasonally adjusted)**

	3Q24	4Q24	2024	1Q25	2Q25	3Q25*
Quarter-on-quarter growth rate, seasonally adjusted						
<b>Overall GDP</b>	3.0	0.5	4.4	-0.5	1.5	<b>1.3</b>

\*Q3 FY2025 q-o-q growth is based on advance estimates

Source: MTI

The Monetary Authority of Singapore (“MAS”) in its macroeconomic review on 14 October 2025 and noted that Singapore’s economic growth is expected to moderate from its above-trend pace in the coming quarters as activity normalises in trade-related sectors. However, ongoing global investments in AI are expected to provide support to the domestic manufacturing sector. Meanwhile, growth in construction and financial services should be bolstered by infrastructure investment and accommodative financial conditions, respectively.

In line with this outlook, MAS anticipates a gradual slowdown in GDP growth, consistent with external developments. The September 2025 Survey of Professional Forecasters, also conducted by MAS, reflects this sentiment with the median forecast for GDP growth at 2.4% in 2025, easing further to 1.9% in 2026, suggesting a return to near-trend growth.

<sup>1</sup> Bloomberg is a financial software, data and media company.

**(II) VEHICLE DEMAND & SALES**

VICOM's vehicle testing business involves the inspection of all types of vehicles, from motorcycles to cars to buses. Therefore, it is important to monitor vehicle demand to assess the company's revenue trajectory.

As shown in **Exhibit 8**, the motor vehicle population consisting of cars, buses, and motorcycles, etc. has generally remained stagnant. This is largely due to the Vehicle Quota System ("VQS") implemented by the Singapore government, which caps the number of new vehicles that can be registered. The VQS effectively controls vehicle population growth, given Singapore's limited road space.

**Exhibit 8: Total Motor Vehicle Population in Singapore (2023 – September 2025)**

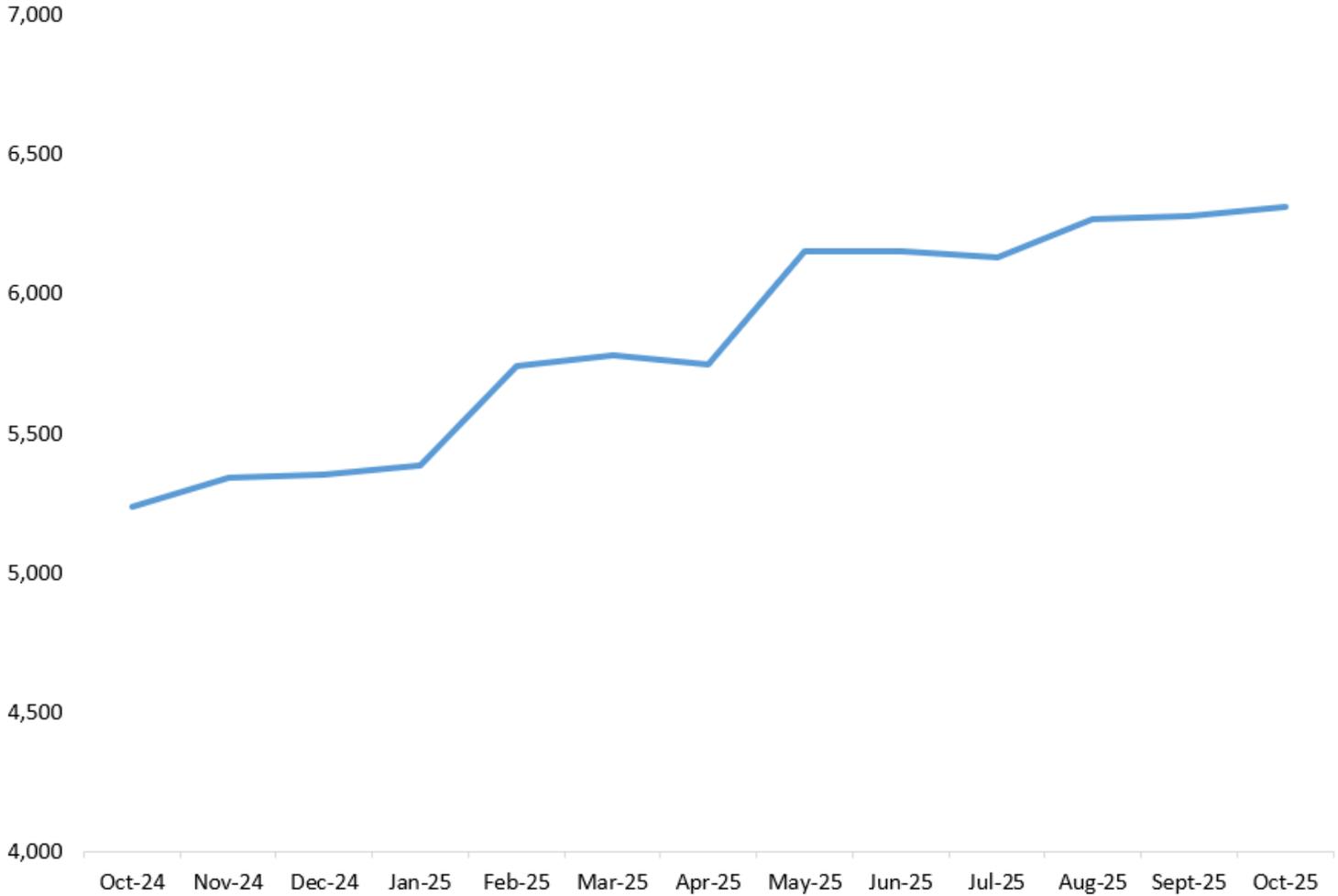
As at End of Period	Total	Cars	Private Hire Cars <sup>2</sup>	Taxis	Buses	Goods & other vehicles	Motorcycles
2023	996,732	572,014	81,754	13,620	18,249	167,103	143,992
2024	1,007,094	569,956	90,383	13,117	18,698	167,057	147,883
2025 (Sep)	1,010,363	567,384	93,972	12,213	18,775	167,083	150,936
2024 (Jan)	995,796	570,701	82,118	13,485	18,300	167,161	144,031
2024 (Feb)	995,193	569,932	82,503	13,436	18,332	167,007	143,983
2024 (Mar)	995,409	569,150	83,103	13,376	18,380	167,036	144,364
2024 (Apr)	995,746	568,325	83,802	13,396	18,400	166,998	144,825
2024 (May)	996,465	568,050	84,413	13,330	18,426	166,991	145,255
2024 (Jun)	998,869	569,158	85,097	13,436	18,461	167,009	145,708
2024 (Jul)	1,000,576	569,963	85,881	13,343	18,499	166,789	146,101
2024 (Aug)	1,001,755	570,327	86,453	13,352	18,573	166,749	146,301
2024 (Sep)	1,003,126	570,479	87,174	13,389	18,623	166,898	146,563
2024 (Oct)	1,003,130	569,807	87,845	13,218	18,612	166,804	146,844
2024 (Nov)	1,004,411	569,528	88,900	13,087	18,644	166,941	147,311
2024 (Dec)	1,007,094	569,956	90,383	13,117	18,698	167,057	147,883
2025 (Jan)	1,006,283	568,493	90,882	13,000	18,735	167,088	148,085
2025 (Feb)	1,007,429	568,527	91,446	12,941	18,751	167,244	148,520
2025 (Mar)	1,008,318	568,463	92,019	12,846	18,737	167,462	148,791
2025 (Apr)	1,008,319	568,070	92,515	12,662	18,735	167,359	148,978
2025 (May)	1,008,989	568,010	92,972	12,465	18,738	167,357	149,447
2025 (Jun)	1,009,499	567,941	93,396	12,346	18,759	167,287	149,770
2025 (Jul)	1,010,286	567,898	93,966	12,261	18,746	167,389	150,026
2025 (Aug)	1,010,085	567,399	94,179	12,189	18,757	167,219	150,342
2025 (Sep)	1,010,363	567,384	93,972	12,213	18,775	167,083	150,936

Source: LTA

To register a vehicle, buyers must first bid for a Certificate of Entitlement ("COE"), which grants the right to own and use a vehicle for 10 years. The LTA regularly announces the COE quotas for each vehicle category. This system ensures that the vehicle population remains within manageable limits and does not grow unchecked.

On 24 October 2025, LTA announced that the COE quota will be 18,984 for the November 2025 to January 2026 period, representing a 1.5% increase from the 18,701 COEs available in the previous quarter (August 2025 to October). This upward adjustment aligns with LTA’s broader initiative to inject up to 20,000 additional COEs across vehicle categories from February 2025 onwards. The gradual increase in quotas is shown in **Exhibit 9**.

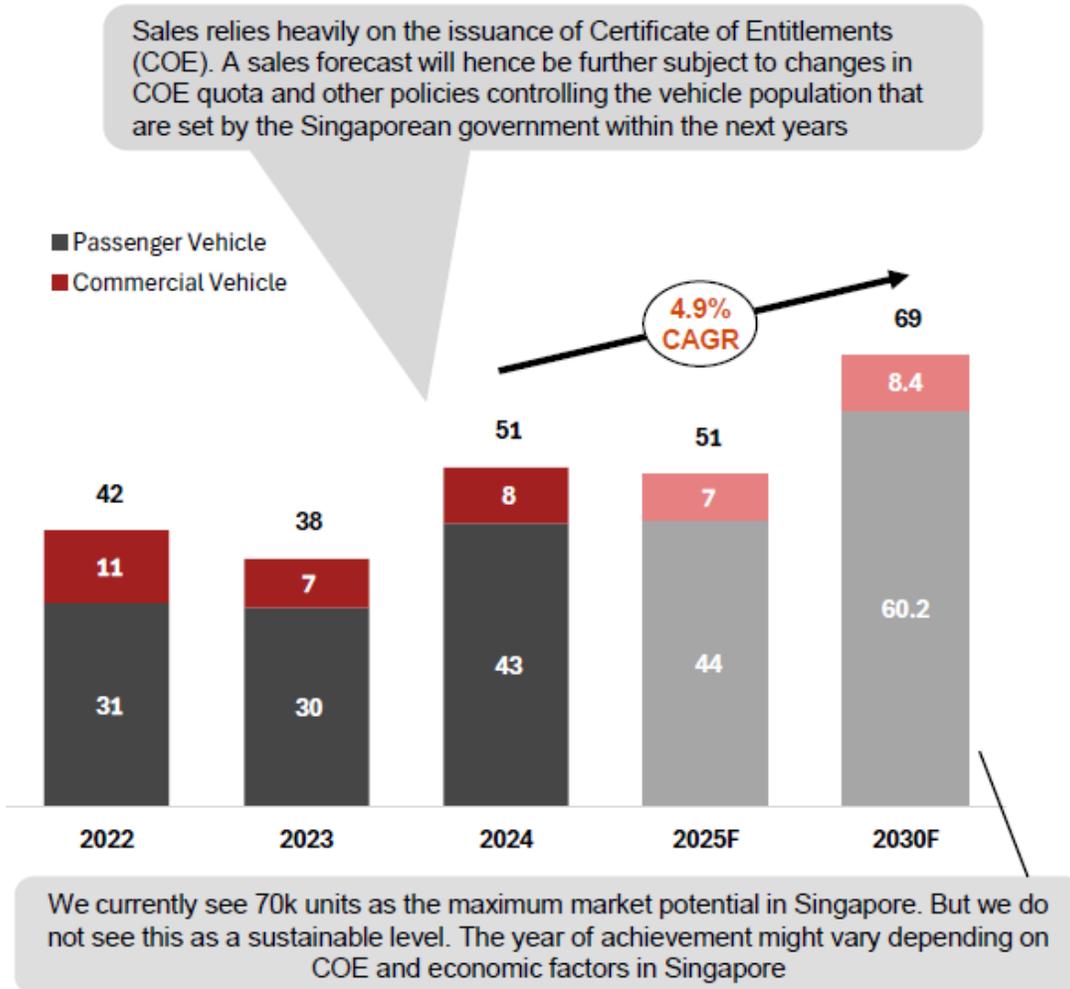
**Exhibit 9: Monthly COE Quotas (October 2024 – October 2025)**



Source: LTA, FPA

PwC<sup>1</sup> in February 2025 issued a report titled “Overview of the ASEAN-6 Automotive Market”. According to the report, sales of light vehicles are projected to grow at a Compounded Annual Growth Rate (“CAGR”) of 4.9% from 2024 to 2030, as shown in **Exhibit 10**. This growth is driven by factors such as increased issuance of COEs, a growing EV market maturity, and government incentives supporting electrification. However, this upward trend may be constrained by the government’s “car-lite” strategy, restrictions on COE volume growth, and additional fees imposed on premium vehicles.

**Exhibit 10: Singapore’s Light Vehicle Sales (‘000 Units), (2022 – 2030F)**



Source: PwC

Given the steady nature of Singapore’s vehicle landscape, largely shaped by government initiatives, we expect VICOM’s vehicle inspection business to grow in line with overall market trends.

<sup>1</sup> PwC is a multinational professional services firm based in UK; it is one of the big four accounting firms.

**(III) MANUFACTURING & CONSTRUCTION SECTOR**

In the H1 FY2025 financial statements, the company noted in its performance review that higher revenue in H1 FY2025 was also attributed to an increase in testing volume from the manufacturing and construction sector. As such we look to the performance of the sector to determine VICOM's revenue outlook from its non-vehicle testing segment.

According to MTI, the manufacturing sector's growth was flat on a y-o-y basis in Q3 2025, slowing from the 5.0% y-o-y expansion in Q2 2025. Growth was weighed down by output declines in the biomedical manufacturing and general manufacturing clusters, even as output in the other manufacturing clusters expanded.

Construction sector grew by 3.1% y-o-y in Q3 2025, moderating from the 6.2% y-o-y growth in Q2 2025. Growth in Q3 2025 was supported by an increase in both public and private sector construction output.

**Exhibit 11: Singapore Manufacturing & Construction Growth (y-o-y)**

	3Q24	4Q24	2024	1Q25	2Q25	3Q25*
Percentage change over corresponding period of previous year						
Overall GDP	5.7	5.0	4.4	4.1	4.5	2.9
Goods Producing Industries	9.8	6.5	4.2	4.5	4.8	0.6
Manufacturing	11.2	7.4	4.3	4.8	5.0	0.0
Construction	5.6	4.4	4.5	4.3	6.2	3.1

\*Q3 FY2025 y-o-y growth is based on advance estimates

Source: MTI

Manufacturing sector grew by 6.1% q-o-q in Q3 2025, a turnaround from the 0.7% q-o-q contraction in Q2 2025.

Construction sector contracted by 1.2% q-o-q in Q3 2025, a turnaround from the 6.5% q-o-q growth in Q2 2025.

**Exhibit 12: Singapore GDP Growth (q-o-q, seasonally adjusted)**

	3Q24	4Q24	2024	1Q25	2Q25	3Q25*
Quarter-on-quarter growth rate, seasonally adjusted						
Overall GDP	3.0	0.5	4.4	-0.5	1.5	1.3
Goods Producing Industries	9.0	0.0	4.2	-4.3	0.6	4.3
Manufacturing	11.7	0.0	4.3	-5.1	-0.7	6.1
Construction	1.9	0.3	4.5	-2.5	6.5	-1.2

\*Q3 FY2025 y-o-y growth is based on advance estimates

Source: MTI

In MTI's Q2 2025 Economic Survey, the report noted that the manufacturing sector is expected to weaken in the coming quarters due to U.S. tariff measures dampening global demand. However, bright spots remain in transport engineering, driven by a shift toward higher value-added aircraft maintenance, repair & overhaul works, as well as precision engineering supported by continued capital investment from semiconductor firms producing AI-related chips. Statista<sup>1</sup> projects output in the manufacturing industry to grow at a CAGR of 2.46% from 2025 to 2029.

Separately, an article published by the Singapore Business Review<sup>2</sup> reported that Maybank<sup>3</sup> projects a 6% growth in the construction sector in 2025, fuelled by a post-pandemic housing backlog and approximately S\$100 billion worth of major infrastructure projects, including Changi Terminal 5, Tuas Mega Port, integrated resort expansions, new MRT lines, the North-South Corridor viaduct, and the Deep Tunnel Sewerage System. Falling interest rates are also reviving private residential land sales, further supporting the sector. Looking ahead, Maybank forecasts further growth of 7% in 2026, followed by 5% in 2027.

As such, we expect SETSCO's non-vehicle testing segment to benefit from rising construction activity, as more construction work requires more testing to ensure that materials used meet industry standards and are safe. However, growth may be tempered by uncertainty in the manufacturing sector amid ongoing global trade tensions.

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<sup>1</sup> Statista is a business intelligence platform that provides data and market research.

<sup>2</sup> The Singapore Business Review is a business magazine that provides daily news about the Singaporean business landscape.

<sup>3</sup> Maybank is a Malaysian bank; it has a market capitalisation of approximately MYR 119.5 billion.

## RECENT SHARE PRICE DEVELOPMENTS

Over the past year, VICOM's share price rose by 22.6% to S\$1.63 on 14 November 2025 from S\$1.32 on 13 November 2024 as shown in **Exhibit 13**.

### Exhibit 13: Share Price Performance (Past Year)



Source: *Investing.com, FPA*

On 13 November 2024, VICOM released its Q3 FY2024 business update. Revenue rose by 12.0% to S\$30.5 million in Q3 FY2024 from S\$27.3 million in Q3 FY2023. Profit after tax rose by 4.1% to S\$6.9 million in Q3 FY2024 from S\$6.7 million in Q3 FY2023. However, share price fell by 0.8% to S\$1.31 on 20 November 2024 from S\$1.32 on 13 November 2024.

On 21 February 2025, VICOM released its full-year FY2024 results. Revenue rose by 6.8% to S\$119.5 million in FY2024 from S\$111.9 million in FY2023. Profit after tax rose by 5.7% to S\$29.6 million in FY2024 from S\$28.0 million in FY2023. Share price rose by 1.5% to S\$1.34 from S\$1.32.

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 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.

## FINANCIAL ANALYSIS

In this section, we will provide a review of VICOM's financial performance.

### (I) FINANCIAL REVIEW

#### Revenue:

Revenue for inspection & testing services rose by 25.4% to S\$67.8 million in H1 FY2025 from S\$54.1 million in H1 FY2024 as shown in **Exhibit 14**. This growth was driven by higher revenue from the OBU project, as well as increased testing volumes from the manufacturing and construction sectors.

Rental income fell by 3.1% to S\$1.1 million in H1 FY2025 from S\$1.2 million in H1 FY2024. Income from others segment fell by 15.5% to S\$0.9 million in H1 FY2025 from S\$1.0 million in H1 FY2024. Total revenue rose by 24.1% to S\$69.9 million in H1 FY2025 from S\$56.3 million in H1 FY2024.

#### **Exhibit 14: Revenue (H1 FY2024 vs H1 FY2025)**

S\$'000	Actual		H1 FY2024 vs H1 FY2025	
	H1 FY2024 (ended 30 Jun)	H1 FY2025 (ended 30 Jun)	Absolute Change	Change (%)
Inspection & testing services	54,094	67,838	13,744	25.41%
Rental income	1,173	1,137	(36)	(3.07%)
Others	1,037	876	(161)	(15.53%)
<b>Total Revenue</b>	<b>56,304</b>	<b>69,851</b>	<b>13,547</b>	<b>24.06%</b>

Source: VICOM, FPA

On 10 November 2025, VICOM released its Q3 FY2025 business update. Revenue rose by 28.4% to S\$111.5 million in the first three quarters of FY2025 from S\$86.8 million in the first three quarters of FY2024 as shown in **Exhibit 15**. This is mainly contributed by the OBU installation project and strong demand in the non-vehicle testing business.

#### **Exhibit 15: Revenue (Q1-Q3 FY2024 vs Q1-Q3 Months FY2025)**

S\$'000	Actual		FY2024 vs FY2025	
	First 9 months FY2024 (ended 30 Sep)	First 9 months FY2025 (ended 30 Sep)	Absolute Change	Change (%)
Revenue	86,836	111,497	24,661	28.40%

Source: VICOM, FPA

Between FY2020 and FY2024, VICOM's revenue grew steadily from S\$86.5 million to S\$119.5 million as shown in **Exhibit 16**. In FY2021, revenue rose by 16.7% to S\$100.9 million, driven by a strong recovery from the COVID-19 pandemic. This rebound led to increased demand for VICOM's services, particularly in the non-vehicle testing segment, which is closely tied to the recovery of the construction, marine & offshore, oil & gas, and manufacturing sectors. The vehicle testing business also expanded, supported by new regulations requiring all private hire vehicles ("PHVs") to undergo annual inspections.

In FY2022, revenue increased by 7.4% to S\$108.3 million, reflecting continued economic recovery and stronger demand for non-vehicle testing services. However, in FY2023, growth slowed to 3.3%, with revenue reaching S\$111.9 million. This was largely due to economic headwinds, including a 4.3% year-on-year contraction in the manufacturing sector, which negatively impacted the non-vehicle testing business.

In FY2024, revenue grew by 6.8% to S\$119.5 million. The vehicle testing segment remained robust throughout the year. Although the non-vehicle testing business faced subdued demand in H1 FY2024 due to weak manufacturing sentiment, the sector rebounded in H2 FY2024, supported in part by an upturn in the global electronics cycle.

#### Exhibit 16: Revenue (FY2020 – FY2024)

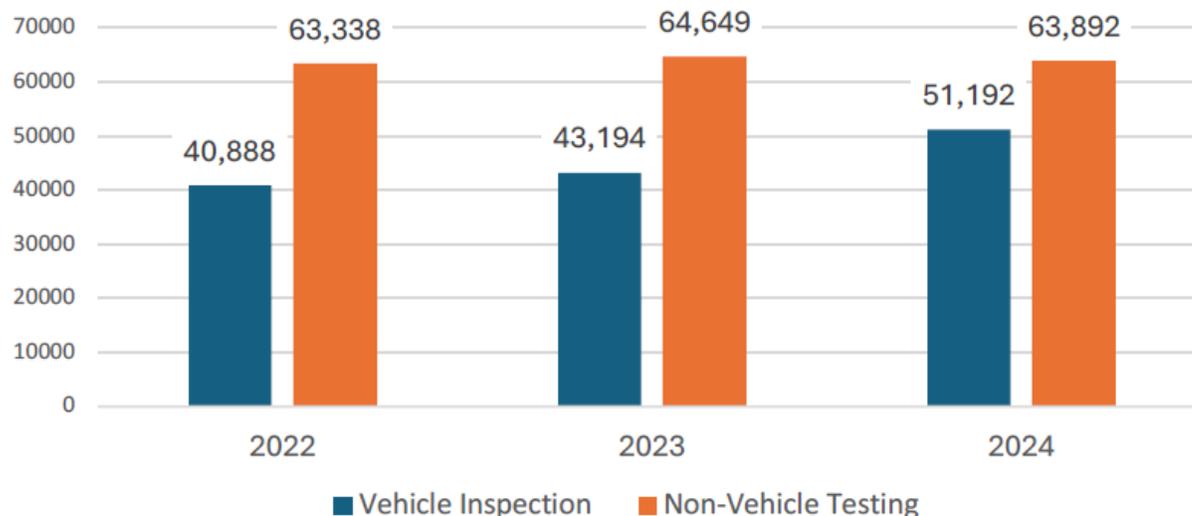
S\$'000	Actual				
	FY2020	FY2021	FY2022	FY2023	FY2024
Inspection & testing services	81,797	96,802	104,226	107,843	115,084
Rental income	2,549	2,214	2,260	2,356	2,326
Others	2,106	1,876	1,818	1,704	2,072
<b>Total Revenue</b>	<b>86,452</b>	<b>100,892</b>	<b>108,304</b>	<b>111,903</b>	<b>119,482</b>
<i>Growth</i>		16.70%	7.35%	3.32%	6.77%

Source: VICOM, FPA

A report by Corporate Monitor<sup>1</sup> has broken down the revenue between the two segments (vehicle testing & non-vehicle testing) as shown in **Exhibit 17**. Percentage contribution from the vehicle testing segment grew to 44.5% in FY2024 from 39.2% in FY2022. Whereas percentage contribution from the non-vehicle testing segment fell to 55.5% in FY2024 from 60.8% in FY2022 as revenue struggled to grow.

#### Exhibit 17: Breakdown of VICOM's Inspection & Testing Services Revenue (FY2022 – FY2024)

### Vehicle vs Non-Vehicle Revenue (S\$000')



S\$'000	FY2022		FY2023		FY2024	
	Revenue	Contribution (%)	Revenue	Contribution (%)	Revenue	Contribution (%)
Vehicle testing	40,888	39.23%	43,194	40.05%	51,192	44.48%
Non-vehicle testing	63,338	60.77%	64,649	59.95%	63,892	55.52%
<b>Inspection &amp; testing services</b>	<b>104,226</b>	<b>100.00%</b>	<b>107,843</b>	<b>100.00%</b>	<b>115,084</b>	<b>100.00%</b>

Source: Corporate Monitor, VICOM, SETSCO's ACRA 2022 – 2024, FPA

<sup>1</sup> Corporate Monitor is a non-profit research firm established to encourage better performance of companies, particularly companies listed on the Singapore Stock Exchange.

**Operating costs:**

Total operating costs rose by 29.1% to S\$50.9 million in H1 FY2025 from S\$39.5 million in H1 FY2024 as shown in **Exhibit 18**.

**Exhibit 18: Operating Profit (H1 FY2024 vs H1 FY2025)**

S\$'000	Actual		H1 FY2024 vs H1 FY2025	
	H1 FY2024 (ended 30 Jun)	H1 FY2025 (ended 30 Jun)	Absolute Change	Change (%)
Revenue	56,304	69,851	13,547	24.06%
Operating cost				
Staff costs	(25,196)	(27,943)	(2,747)	10.90%
Depreciation & amortisation	(4,240)	(4,215)	25	(0.59%)
Contract services	(1,680)	(9,577)	(7,897)	470.06%
Materials & consumables	(1,672)	(2,001)	(329)	19.68%
Premises costs	(1,179)	(1,093)	86	(7.29%)
Repair & maintenance costs	(932)	(1,135)	(203)	21.78%
Utilities & communication costs	(1,798)	(1,896)	(98)	5.45%
Other operating costs	(2,769)	(3,078)	(309)	11.16%
Total operating costs	(39,466)	(50,938)	(11,472)	29.07%
<b>Operating profit</b>	<b>16,838</b>	<b>18,913</b>	<b>2,075</b>	<b>12.32%</b>
<i>Operating margin</i>	<i>29.91%</i>	<i>27.08%</i>	-	-

Source: VICOM, FPA

Staff costs rose by 10.9% to S\$27.9 million in H1 FY2025 from S\$25.2 million in H1 FY2024 in line with higher revenue.

Depreciation & amortisation fell by 0.6% to S\$4.22 million in H1 FY2025 from S\$4.24 million in H1 FY2024.

Contract services rose by 470.1% to S\$9.6 million in H1 FY2025 from S\$1.7 million in H1 FY2024 due to the increase in OBU installations which resulted in higher OBU subcontractor fees.

Materials & consumables rose by 19.7% to S\$2.0 million in H1 FY2025 from S\$1.7 million in H1 FY2024 in line with higher revenue.

Premises costs fell by 7.3% to S\$1.1 million in H1 FY2025 from S\$1.2 million in H1 FY2024. This fall could have been attributed to the cessation of JIC's Ang Mo Kio Inspection centre (as referenced on page 4).

Repair & maintenance costs rose by 21.8% to S\$1.1 million in H1 FY2025 from S\$0.9 million in H1 FY2024 in line with higher revenue.

Utilities & communication costs rose by 5.5% to S\$1.9 million in H1 FY2025 from S\$1.8 million in H1 FY2024.

Other operating costs, which include a range of business-related expenditures such as administrative, operational, and project specific expenses, rose by 11.2% to S\$3.1 million in H1 FY2025 from S\$2.8 million in H1 FY2024. The increase was primarily driven by higher insurance and associated costs arising from the OBU project.

**Operating profit:**

As a result, operating profit rose by 12.3% to S\$18.9 million in H1 FY2025 from S\$16.8 million in H1 FY2024 and operating margin fell to 27.1% in H1 FY2025 from 29.9% in H1 FY2024 as shown in **Exhibit 18**.

Operating costs rose by 30.3% to S\$80.5 million in the first three quarters of FY2025 from S\$61.8 million in the first three quarters of FY2024 as shown in **Exhibit 19**. The rise was due to higher fees and raw materials in relation to the OBU project. As a result, operating profit rose by 23.8% to S\$31.0 million in the first three quarters of FY2025 from S\$25.1 million in the first three quarters of FY2024, and operating margin fell to 27.8% from 28.9%.

**Exhibit 19: Operating Profit (Q1- Q3 FY2024 vs Q1-Q3 FY2025)**

S\$'000	Actual		FY2024 vs FY2025	
	First 9 months FY2024 (ended 30 Sep)	First 9 months FY2025 (ended 30 Sep)	Absolute Change	Change (%)
Revenue	86,836	111,497	24,661	28.40%
Operating costs	(61,763)	(80,465)	(18,702)	30.28%
<b>Operating profit</b>	<b>25,073</b>	<b>31,032</b>	<b>5,959</b>	<b>23.77%</b>
<i>Operating margin</i>	<i>28.87%</i>	<i>27.83%</i>	-	-

Source: VICOM, FPA

Comparing across FY2020 – FY2024, operating profit rose to S\$34.6 million in FY2024 from S\$29.3 million in FY2020 as shown in **Exhibit 20**.

Although operating profit has grown, operating margin has fallen to 29.0% in FY2024 from 33.9% in FY2020. In the recent AGM on 23<sup>rd</sup> April 2025, the CEO mentioned that the margins for the non-vehicle testing segment had not returned to pre-2020 levels as the business had become highly competitive. Inflationary pressures and staff costs had also increased which put pressure on margins.

**Exhibit 20: Operating Profit (FY2020 – FY2024)**

S\$'000	Actual				
	FY2020	FY2021	FY2022	FY2023	FY2024
Revenue	86,452	100,892	108,304	111,903	119,482
Operating cost					
Staff costs	(35,784)	(45,362)	(49,895)	(52,385)	(53,040)
Depreciation & amortisation	(7,334)	(7,249)	(7,268)	(7,894)	(8,547)
Contract services	(2,405)	(1,795)	(3,227)	(2,367)	(5,971)
Materials & consumables	(2,074)	(2,831)	(3,168)	(3,598)	(3,722)
Premises costs	(1,684)	(2,928)	(2,851)	(3,074)	(3,708)
Repair & maintenance costs	(1,625)	(1,923)	(1,894)	(2,002)	(2,270)
Utilities & communication costs	(1,242)	(1,772)	(1,787)	(1,985)	(2,090)
Other operating costs	(4,977)	(6,056)	(5,564)	(5,548)	(5,510)
Total operating costs	(57,125)	(69,916)	(75,654)	(78,853)	(84,858)
<b>Operating profit</b>	<b>29,327</b>	<b>30,976</b>	<b>32,650</b>	<b>33,050</b>	<b>34,624</b>
<i>Growth</i>		<i>5.62%</i>	<i>5.40%</i>	<i>1.23%</i>	<i>4.76%</i>
<i>Operating margin</i>	<i>33.92%</i>	<i>30.70%</i>	<i>30.15%</i>	<i>29.53%</i>	<i>28.98%</i>

Source: VICOM, FPA

**Profit before tax:**

Finance costs rose by 3.7% to S\$0.45 million in H1 FY2025 from S\$0.44 million in H1 FY2024 as shown in **Exhibit 21**.

Interest income fell by 26.6% to S\$0.76 million in H1 FY2025 from S\$1.03 million in H1 FY2024 due to a weak interest rate environment.

Profit before tax rose by 10.2% to S\$19.2 million in H1 FY2025 from S\$17.4 million in H1 FY2024.

**Exhibit 21: Profit before Tax (H1 FY2024 vs H1 FY2025)**

S\$'000	Actual		H1 FY2024 vs H1 FY2025	
	H1 FY2024 (ended 30 Jun)	H1 FY2025 (ended 30 Jun)	Absolute Change	Change (%)
Operating profit	16,838	18,913	2,075	12.32%
Finance costs	(435)	(451)	(16)	3.68%
Interest income	1,030	756	(274)	(26.60%)
<b>Profit before tax</b>	<b>17,433</b>	<b>19,218</b>	<b>1,785</b>	<b>10.24%</b>

Source: VICOM, FPA

We compare the effective interest rates for finance costs and interest income. The effective interest rate for total lease liabilities fell to 1.33% in H1 FY2025 from 1.38% in H1 FY2024 as shown in **Exhibit 22**. Similarly, effective interest rate for interest income fell to 1.36% in H1 FY2025 from 1.84% in H1 FY2024, this fall is consistent with global interest rate cuts.

**Exhibit 22: Effect Interest Rates for Finance Costs & Interest Income**

S\$'000	Actual		H1 FY2024 vs H1 FY2025	
	H1 FY2024 (ended 30 Jun)	H1 FY2025 (ended 30 Jun)	Absolute Change	Change (%)
Finance costs	(435)	(451)	(16)	3.68%
Total lease liabilities	31,431	33,979	2,548	8.11%
<i>Effective interest rate</i>	<i>1.38%</i>	<i>1.33%</i>	-	-
Interest income	1,030	756	(274)	(26.60%)
Cash & cash equivalents	55,899	55,633	(266)	(0.48%)
<i>Effective interest rate</i>	<i>1.84%</i>	<i>1.36%</i>	-	-

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

Source: VICOM, FPA

Comparing across FY2020 – FY2024, profit before tax rose to S\$35.7 million in FY2024 from S\$29.4 million in FY2020 as shown in **Exhibit 23**.

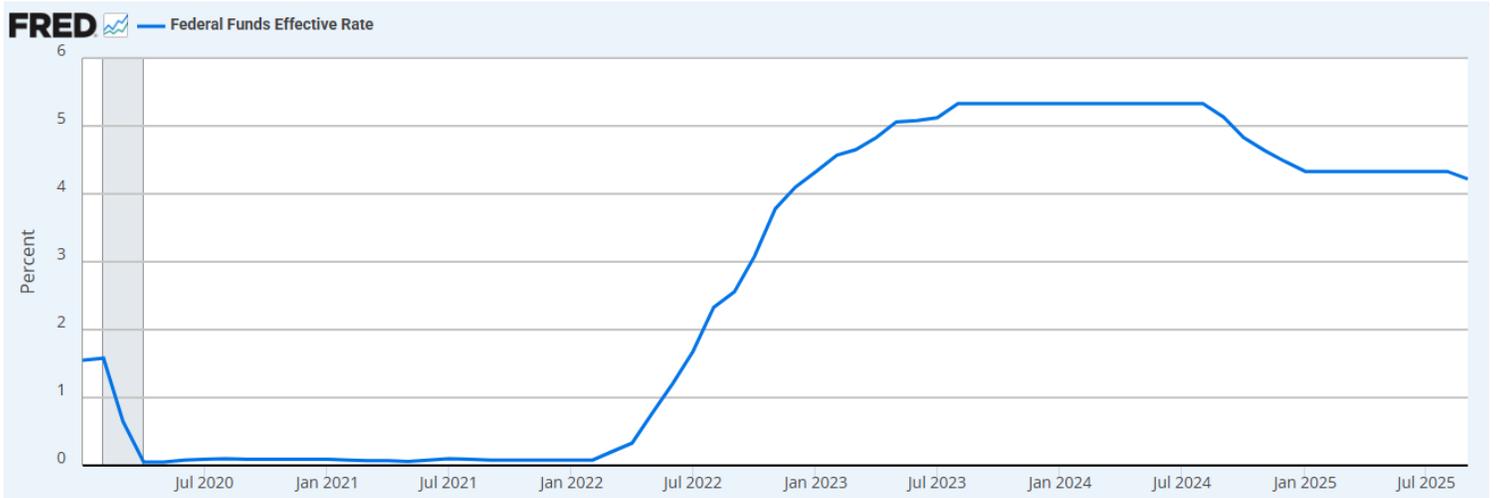
Finance costs have remained largely stable over the years, while interest income was higher in FY2023 and FY2024, reflecting the U.S. interest rates as shown in **Exhibit 24**.

**Exhibit 23: Profit before Tax (FY2020 – FY2024)**

S\$'000	Actual				
	FY2020	FY2021	FY2022	FY2023	FY2024
Operating profit	29,327	30,976	32,650	33,050	34,624
Finance costs	(899)	(871)	(848)	(866)	(866)
Interest income	948	269	749	1,886	1,938
<b>Profit before tax</b>	<b>29,376</b>	<b>30,374</b>	<b>32,551</b>	<b>34,070</b>	<b>35,696</b>
<i>Growth</i>		3.40%	7.17%	4.67%	4.77%

Source: VICOM, FPA

**Exhibit 24: U.S. Federal Funds Effective Rate (2020 – 2025)**



Note: Shaded areas indicate U.S. recessions

Source: Board of Governors of the Federal Reserve System

**Profit after tax:**

Profit after tax rose by 10.1% to S\$15.7 million in H1 FY2025 from S\$14.3 million in H1 FY2024 as shown in **Exhibit 25**.

**Exhibit 25: Profit after Tax (H1 FY2024 vs H1 FY2025)**

S\$'000	Actual		H1 FY2024 vs H1 FY2025	
	H1 FY2024 (ended 30 Jun)	H1 FY2025 (ended 30 Jun)	Absolute Change	Change (%)
Profit before tax	17,433	19,218	1,785	10.24%
Tax expense	(3,179)	(3,530)	(351)	11.04%
<b>Profit after tax</b>	<b>14,254</b>	<b>15,688</b>	<b>1,434</b>	<b>10.06%</b>
<i>Calculated tax rate</i>	<i>(18.24%)</i>	<i>(18.37%)</i>	-	-

Source: VICOM, FPA

Profit after tax rose by 21.3% to S\$25.7 million in the first three quarters of FY2025 from S\$21.2 million in the first three quarters of FY2024 as shown in **Exhibit 26**.

**Exhibit 26: Profit after Tax (Q1-Q3 FY2024 vs Q1-Q3 FY2025)**

S\$'000	Actual		FY2024 vs FY2025	
	First 9 months FY2024 (ended 30 Sep)	First 9 months FY2025 (ended 30 Sep)	Absolute Change	Change (%)
Profit after tax	21,182	25,693	4,511	21.30%

Source: VICOM, FPA

Comparing across FY2020 to FY2024, profit after tax has risen consistently to S\$29.6 million in FY2024 from S\$25.0 million in FY2020 as shown in **Exhibit 27**.

**Exhibit 27: Profit after Tax (FY2020 – FY2024)**

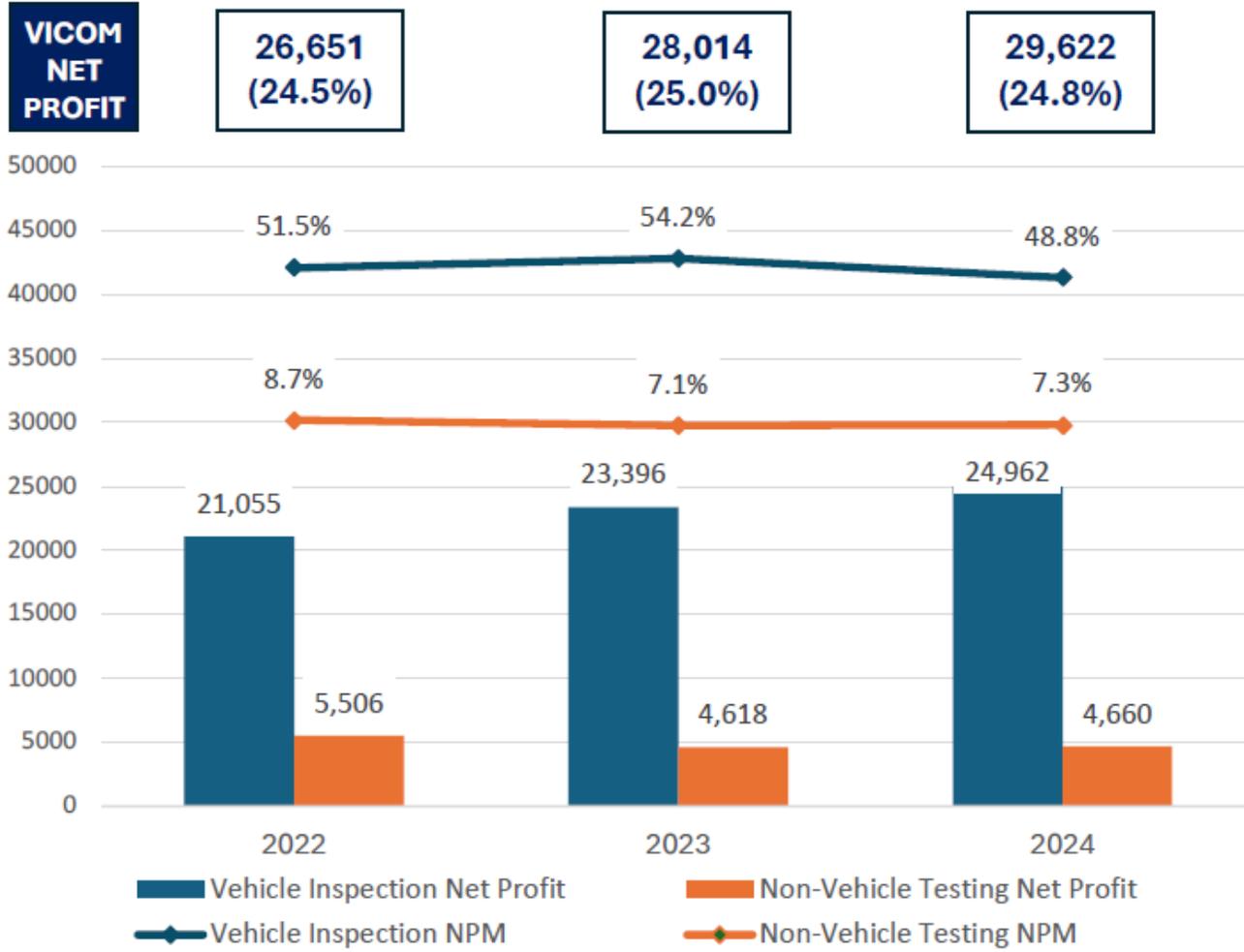
S\$'000	Actual				
	FY2020	FY2021	FY2022	FY2023	FY2024
Profit before tax	29,376	30,374	32,551	34,070	35,696
Tax expense	(4,400)	(5,138)	(5,990)	(6,056)	(6,074)
<b>Profit after tax</b>	<b>24,976</b>	<b>25,236</b>	<b>26,561</b>	<b>28,014</b>	<b>29,622</b>
<i>Calculated tax rate</i>	<i>(14.98%)</i>	<i>(16.92%)</i>	<i>(18.40%)</i>	<i>(17.78%)</i>	<i>(17.02%)</i>

Source: VICOM, FPA

The report by Corporate Monitor also provided a breakdown of net profit between VICOM's vehicle testing and non-vehicle testing segments, as shown in **Exhibit 28**. Despite contributing a smaller share of total revenue (as referenced on **Exhibit 17**), the vehicle testing business consistently delivers higher net profit margins compared to the non-vehicle testing segment. Furthermore, net profit from the non-vehicle testing business has declined from S\$5.5 million in FY2022 to S\$4.7 million in FY2024, reflecting margin pressures in that segment.

**Exhibit 28: Vehicle Testing vs Non-Vehicle Net Profit & Net Profit Margin (FY2022 – FY2024)**

**Vehicle vs Non-Vehicle Net Profit & NPM (\$'000')**



Source: Corporate Monitor, VICOM, SETSCO's ACRA 2022-2024

**Profit attributable to shareholders of the company:**

Profit attributable to shareholders of the company rose by 10.2% to S\$15.6 million in H1 FY2025 from S\$14.1 million in H1 FY2024 as shown in **Exhibit 29**.

**Exhibit 29: Profit Attributable to Shareholders (H1 FY2024 vs H1 FY2025)**

S\$'000	Actual		H1 FY2024 vs H1 FY2025	
	H1 FY2024 (ended 30 Jun)	H1 FY2025 (ended 30 Jun)	Absolute Change	Change (%)
Profit after tax	14,254	15,688	1,434	10.06%
Less: Non-controlling interests	138	137	(1)	(0.72%)
<b>Profit attributable to shareholders of the company</b>	<b>14,116</b>	<b>15,551</b>	<b>1,435</b>	<b>10.17%</b>

Source: VICOM, FPA

Profit attributable to shareholders of the company rose by 21.5% to S\$25.4 million in the first three quarters of FY2025 from S\$20.9 million in the first three quarters of FY2024 as shown in **Exhibit 30**.

**Exhibit 30: Profit Attributable to Shareholders (Q1-Q3 FY2024 vs Q1-Q3 FY2025)**

S\$'000	Actual		FY2024 vs FY2025	
	First 9 months FY2024 (ended 30 Sep)	First 9 months FY2025 (ended 30 Sep)	Absolute Change	Change (%)
Profit after tax	21,182	25,693	4,511	21.30%
Less: Non-controlling interests	243	247	4	1.65%
<b>Profit attributable to shareholders of the company</b>	<b>20,939</b>	<b>25,446</b>	<b>4,507</b>	<b>21.52%</b>

Source: VICOM, FPA

**Earnings per share (“EPS”):**

Basic & diluted EPS rose by 10.2% to 4.39 cents in H1 FY2025 from 3.98 cents in H1 FY2024 as shown in **Exhibit 31**.

**Exhibit 31: EPS (H1 FY2024 vs H1 FY2025)**

S\$'000	Actual		H1 FY2024 vs H1 FY2025	
	H1 FY2024 (ended 30 Jun)	H1 FY2025 (ended 30 Jun)	Absolute Change	Change (%)
Profit attributable to shareholders of the company	14,116	15,551	1,435	10.17%
Weighted average number of ordinary shares ('000)	354,568	354,568	-	-
<b>Basic EPS (cents)</b>	<b>3.98</b>	<b>4.39</b>	<b>0.40</b>	<b>10.17%</b>
<b>Diluted EPS (cents)</b>	<b>3.98</b>	<b>4.39</b>	<b>0.40</b>	<b>10.17%</b>

Source: VICOM, FPA

Basic & diluted EPS rose by 21.5% to 7.18 cents in the first three quarters of FY2025 from 5.91 cents in the first three quarters of FY2024 as shown in **Exhibit 32**.

**Exhibit 32: EPS (Q1-Q3 FY2024 vs Q1-Q3 FY2025)**

S\$'000	Actual		FY2024 vs FY2025	
	First 9 months FY2024 (ended 30 Sep)	First 9 months FY2025 (ended 30 Sep)	Absolute Change	Change (%)
Profit attributable to shareholders of the company	20,939	25,446	4,507	21.52%
Weighted average number of ordinary shares ('000)	354,568	354,568	-	-
<b>Basic EPS (cents)</b>	<b>5.91</b>	<b>7.18</b>	<b>1.27</b>	<b>21.52%</b>
<b>Diluted EPS (cents)</b>	<b>5.91</b>	<b>7.18</b>	<b>1.27</b>	<b>21.52%</b>

Source: VICOM, FPA

**Dividend per share (“DPS”):**

On 11<sup>th</sup> August 2025, VICOM declared an interim dividend of 3.10 cents per share for H1 FY2025. Notably, in FY2021, VICOM issued a special dividend of 2.0 cents to commemorate its 40<sup>th</sup> anniversary.

VICOM's dividend schedule is shown in **Exhibit 33**.

**Exhibit 33: DPS Schedule (FY2020 – FY2025)**

S\$ cents	Actual					
	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Interim dividend	-	3.04	3.32	2.75	2.80	3.10
Final dividend	6.22	3.24	3.32	2.75	3.00	NA
Special dividend	-	2.00	-	-	-	NA
<b>DPS</b>	<b>6.22</b>	<b>8.28</b>	<b>6.64</b>	<b>5.50</b>	<b>5.80</b>	<b>3.10</b>

Note: Dividends announced in their respective FYs.

Source: VICOM, FPA

From FY2020 to FY2022, VICOM maintained a dividend policy of distributing 90% of its profits to shareholders as shown in **Exhibit 34**. In FY2023, the Board of directors at VICOM announced a reduction in payout ratio from 90% to 70%, in view of the capital expenditure (“CAPEX”) required for expansion plans, which includes the development of Jalan Papan.

In FY2021, VICOM's payout ratio reached 118%, due to the special dividend issued to commemorate its 40<sup>th</sup> anniversary. This one-off payment resulted in an unusually high payout ratio for that year.

**Exhibit 34: Payout Ratio (FY2020 – H1 FY2025)**

S\$ cents	Actual					
	FY2020	FY2021	FY2022	FY2023	FY2024	H1 FY2025
Basic EPS	6.91	6.99	7.38	7.78	8.26	4.39
DPS	6.22	8.28	6.64	5.50	5.80	3.10
<i>Payout ratio</i>	90.01%	118.45%	89.97%	70.69%	70.22%	70.62%

Note: Payout ratio = DPS/EPS

Source: VICOM, FPA

VICOM's financial performance for H1 FY2024 and H1 FY2025 are summarised in **Exhibit 35**.

**Exhibit 35: Financial Performance (H1 FY2024 vs H1 FY2025)**

S\$'000	Actual		H1 FY2024 vs H1 FY2025	
	H1 FY2024 (ended 30 Jun)	H1 FY2025 (ended 30 Jun)	Absolute Change	Change (%)
Revenue	56,304	69,851	13,547	24.06%
Staff costs	(25,196)	(27,943)	(2,747)	10.90%
Depreciation & amortisation	(4,240)	(4,215)	25	(0.59%)
Contract services	(1,680)	(9,577)	(7,897)	470.06%
Materials & consumables	(1,672)	(2,001)	(329)	19.68%
Premises costs	(1,179)	(1,093)	86	(7.29%)
Repair & maintenance costs	(932)	(1,135)	(203)	21.78%
Utilities & communication costs	(1,798)	(1,896)	(98)	5.45%
Other operating costs	(2,769)	(3,078)	(309)	11.16%
Total operating costs	(39,466)	(50,938)	(11,472)	29.07%
<b>Operating profit</b>	<b>16,838</b>	<b>18,913</b>	<b>2,075</b>	<b>12.32%</b>
Finance costs	(435)	(451)	(16)	3.68%
Interest income	1,030	756	(274)	(26.60%)
<b>Profit before tax</b>	<b>17,433</b>	<b>19,218</b>	<b>1,785</b>	<b>10.24%</b>
Tax expense	(3,179)	(3,530)	(351)	11.04%
<b>Profit after tax</b>	<b>14,254</b>	<b>15,688</b>	<b>1,434</b>	<b>10.06%</b>
Less: Non-controlling interest	138	137	(1)	(0.72%)
<b>Profit attributable to shareholders of the company</b>	<b>14,116</b>	<b>15,551</b>	<b>1,435</b>	<b>10.17%</b>
<b>Number of ordinary shares ('000)</b>	<b>354,568</b>	<b>354,568</b>	-	-
<b>Basic EPS (cents)</b>	<b>3.98</b>	<b>4.39</b>	<b>0.40</b>	<b>10.17%</b>
<b>Diluted EPS (cents)</b>	<b>3.98</b>	<b>4.39</b>	<b>0.40</b>	<b>10.17%</b>
<b>DPS (cents)</b>	<b>2.80</b>	<b>3.10</b>	<b>0.30</b>	<b>10.71%</b>
<b>Payout ratio</b>	<b>70.33%</b>	<b>70.68%</b>	-	-

Source: VICOM, FPA

## FINANCIAL PROJECTIONS

In this section, we will be providing our projections for VICOM's revenue, earnings and dividend distribution for FY2025 & FY2026.

### (I) REVENUE PROJECTION

We assume that the y-o-y growth in Q4 FY2025 will be 28.16%, the average from Q1 FY2025 to Q3 FY2025. Thus, we project that revenue in Q4 2025 to be S\$41.8 million as shown in **Exhibit 36**:

$$\begin{aligned} \text{Projected Q4 FY2025 revenue} &= \text{Q4 FY2024 revenue} \times (1 + 28.16\%) \\ &= \text{S\$32.6 million} \times (1 + 28.16\%) \\ &= \text{S\$41.8 million} \end{aligned}$$

#### **Exhibit 36: VICOM Revenue (H1 FY2022 – H2 FY2025)**

S\$'000	Actual							Forecast	
	Q1 FY2024	Q2 FY2024	Q3 FY2024	Q4 FY2024	Q1 FY2025	Q2 FY2025	Q3 FY2025	Q4 FY2025	
Revenue	28,045	28,259	30,532	32,646	33,347	36,504	41,646	41,839	
y-o-y growth					18.91%	29.18%	36.40%	28.16%	

Source: VICOM, FPA

FY2025 revenue is thus projected as follows:

$$\begin{aligned} \text{Projected FY2025 revenue} &= \text{S\$33.3 million} + \text{S\$36.5 million} + \text{S\$41.6 million} + \text{\$41.8 million} \\ &\approx \text{S\$153.3 million} \end{aligned}$$

To project FY2026 revenue, we first derived quarterly estimates based on the OBU installation timeline. LTA has indicated that nationwide installation will be completed by end-2026, while VICOM expects the project to conclude by H1 FY2026 (as referenced on page 6). Assuming installation activity remains steady and is completed in H1 FY2026, we forecast Q1 & Q2 FY2026 OBU installations to be approximately 78,000 units each, consistent with Q4 FY2025 levels. Accordingly, revenue for Q1 & Q2 FY2026 is projected at S\$41.8 million per quarter as shown in **Exhibit 37**.

#### **Exhibit 37: Projected Revenue and Number of OBUs installed in Q1 & Q2 FY2026**

S\$'000	Actual							Forecast			
	Q1 FY2024	Q2 FY2024	Q3 FY2024	Q4 FY2024	Q1 FY2025	Q2 FY2025	Q3 FY2025	Q4 FY2025	Q1 FY2026	Q2 FY2026	
Revenue	28,045	28,259	30,532	32,646	33,347	36,504	41,646	41,839	41,839	41,839	
Number of OBUs installed	42,000			35,000	53,000	71,000	78,000	78,000	78,000	78,000	

Source: VICOM, FPA

With the Jalan Papan site scheduled to become operational in Q3 & Q4 FY2026, we anticipate revenue growth during those quarters, albeit below the levels projected for Q1 & Q2 FY2026 as OBU project completes. Our forecast applies a weighted average y-o-y growth rate of 4.82% as shown in **Exhibit 38**, derived from sector growth assumptions: vehicle testing (4.9% from PwC; as referenced on page 10), manufacturing (2.5% from Statista; as referenced on page 12), and construction (7.0% from Maybank; as referenced on page 12). We assigned a 50% weight to vehicle growth, assuming that vehicle inspection will contribute half of VICOM's total revenue. The remaining 50% is allocated to non-vehicle testing, split evenly between manufacturing growth and construction growth.

**Exhibit 38: Weighted Average Growth Rate for Q3 & Q4 FY2026**

	Growth rate	Weights	Contribution
Vehicle	4.90%	50.00%	2.45%
Manufacturing	2.46%	25.00%	0.62%
Construction	7.00%	25.00%	1.75%
<b>Weighted average growth rate</b>			<b>4.82%</b>

Source: FPA, Maybank, Statista, PwC

This y-o-y growth rate is applied to Q3 and Q4 FY2023 revenue, used as a proxy for periods without OBU installation, as the project only commenced in FY2024. Accordingly, we project revenue for Q3 & Q4 FY2026 to be S\$29.1 million and S\$29.5 million respectively as shown in **Exhibit 39**.

**Exhibit 39: Projected Revenue in Q3 & Q4 FY2026**

S\$'000	Actual		Forecast	
	Q3 FY2023	Q4 FY2023	Q3 FY2026	Q4 FY2026
Revenue	27,758	28,122	29,095	29,476
y-o-y growth			4.82%	4.82%

Source: VICOM, FPA

FY2026 revenue is thus projected as follows:

$$\begin{aligned} \text{Projected FY2026 revenue} &= \text{S\$41.8 million} + \text{S\$41.8 million} + \text{S\$29.1 million} + \text{S\$29.5 million} \\ &\approx \text{S\$142.3 million} \end{aligned}$$

Revenue projections for FY2025 & FY2026 are summarised in **Exhibit 40**

**Exhibit 40: Projected Revenue for FY2025 & FY2026**

S\$'000	Actual			Forecast	
	FY2022	FY2023	FY2024	FY2025	FY2026
Revenue	108,304	111,903	119,482	153,336	142,250

Source: VICOM, FPA

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

We assume that staff costs will remain at H1 FY2025 levels in H2 FY2025. Based on this assumption, we project staff costs for H2 FY2025 to be S\$27.9 million, as shown in **Exhibit 41**.

**Exhibit 41: Projected Staff Costs in H2 FY2025**

S\$'000	Actual						Forecast	
	H1 FY2022	H2 FY2022	H1 FY2023	H2 FY2023	H1 FY2024	H2 FY2024	H1 FY2025	H2 FY2025
Staff costs	(24,720)	(25,175)	(26,602)	(25,783)	(25,196)	(27,844)	(27,943)	(27,943)

Source: VICOM, FPA

Staff costs for FY2025 are thus projected as follows:

$$\begin{aligned} \text{Projected FY2025 staff costs} &= \text{S\$27.9 million} + \text{S\$27.9 million} \\ &\approx \text{S\$55.9 million} \end{aligned}$$

We assume staff costs in FY2026 will remain at FY2025 levels, as VICOM has indicated that there would be no change in staff costs despite the closure of the Pioneer site and commencement of Jalan Papan (as referenced on page 4), with staff redeployed from Pioneer to the new facility.

Accordingly, we project staff costs for FY2026 to be S\$55.9 million, as shown in **Exhibit 42**.

**Exhibit 42: Projected Staff Costs for FY2025 & FY2026**

S\$'000	Actual			Forecast	
	FY2022	FY2023	FY2024	FY2025	FY2026
Staff costs	(49,895)	(52,385)	(53,040)	(55,886)	(55,886)

Source: VICOM, FPA

**Depreciation & amortisation:**

We expect depreciation & amortisation to remain at H1 FY2025 levels in H2 FY2025 as shown in **Exhibit 43**.

**Exhibit 43: Projected Depreciation & Amortisation in H2 FY2025**

S\$'000	Actual						Forecast	
	H1 FY2022	H2 FY2022	H1 FY2023	H2 FY2023	H1 FY2024	H2 FY2024	H1 FY2025	H2 FY2025
Depreciation & amortisation	(3,572)	(3,696)	(3,724)	(4,170)	(4,240)	(4,307)	(4,215)	(4,215)

Source: VICOM, FPA

Depreciation & amortisation for FY 2025 is thus projected as follows:

$$\begin{aligned} \text{Projected FY2025 depreciation \& amortisation} &= \text{S\$4.2 million} + \text{S\$4.2 million} \\ &= \text{S\$8.4 million} \end{aligned}$$

For FY2026 we project it to remain at FY2025 levels, even though there will be a rise in depreciation due to the Jalan Papan site, we expect it to be offset by cessation of the JIC Inspection Services centre in Pioneer (as referenced on page 4).

Projections for depreciation & amortisation in FY2025 & FY2026 are summarised in **Exhibit 44**

**Exhibit 44: Projected Depreciation & Amortisation for FY2025 & FY2026**

S\$'000	Actual			Forecast	
	FY2022	FY2023	FY2024	FY2025	FY2026
Depreciation & amortisation	(7,268)	(7,894)	(8,547)	(8,430)	(8,430)

Source: VICOM, FPA

**Contract services costs:**

In H1 FY2025, contract services costs rose to S\$9.6 million, primarily due to higher subcontractor fees associated with the ongoing OBU installation project (as referenced on page 17). Given that the project is still in progress, we anticipate contract services costs to remain elevated in H2 FY2025. To estimate this, we calculate contract services as a percentage of revenue. In H1 FY2025, this percentage was calculated to be 13.7%. Assuming this proportion holds, we project contract services costs to be S\$11.4 million in H2 FY2025, as shown in **Exhibit 45**.

**Exhibit 45: Projected Contract Services in H2 FY2025**

S\$'000	Actual						Forecast	
	H1 FY2022	H2 FY2022	H1 FY2023	H2 FY2023	H1 FY2024	H2 FY2024	H1 FY2025	H2 FY2025
Revenue	53,331	54,973	55,880	56,023	56,304	63,178	69,851	83,485
Contract services	(1,460)	(1,391)	(1,156)	(1,211)	(1,680)	(4,291)	(9,577)	(11,446)
% of revenue	(2.74%)	(2.53%)	(2.07%)	(2.16%)	(2.98%)	(6.79%)	(13.71%)	(13.71%)

Source: VICOM, FPA

Contract services costs for FY2025 are projected as follows:

$$\begin{aligned} \text{Contract services in FY2025} &= \text{Contract services in H1 FY2025} + \text{Contract services in H2 FY2025} \\ &= \text{S\$9.6 million} + \text{S\$11.4 million} \\ &\approx \text{S\$21.0 million} \end{aligned}$$

Before projecting FY2026 contract services, we first analysed the cost composition. Starting from FY2024, we assume contract services comprise two components: “OBU subcontractor fees” and “other contracting fees”. This assumption is based on VICOM’s disclosure that the increase in H1 FY2025 contract services was driven by higher OBU subcontractor fees (as referenced on page 17). As such, we know that OBU subcontractor fees falls under contract services costs.

To estimate the share of other contracting fees, we referenced FY2022 and FY2023, periods without OBU-related costs. During these years, other contracting fees averaged 2.37% of revenue. Applying this proportion to FY2024 results in an estimated S\$2.8 million for other contracting fees.

OBU subcontractor fees for FY2024 can be calculated by taking the total contract services and deducting it by other contracting fees. We derive OBU subcontract fees for FY2024 to be S\$3.1 million as shown in **Exhibit 46**.

$$\begin{aligned} \text{OBU subcontractor fees in FY2024} &= \text{Contract services in FY2024} - \text{Other contracting fees in FY2024} \\ &= \text{S\$6.0 million} - \text{S\$2.8 million} \\ &\approx \text{S\$3.1 million} \end{aligned}$$

**Exhibit 46: Contract Services Costs Breakdown (FY2022 – FY2024)**

S\$'000	Actual		
	FY2022	FY2023	FY2024
Other contracting fees	(2,851)	(2,367)	(2,836)
<i>% revenue</i>	<i>(2.63%)</i>	<i>(2.12%)</i>	<i>(2.37%)</i>
OBU subcontractor fees	-	-	(3,135)
<b>Total contract services</b>	<b>(2,851)</b>	<b>(2,367)</b>	<b>(5,971)</b>

Source: VICOM, FPA

We then carried this 2.37% assumption forward into FY2025 and FY2026, applying it to each year’s revenue. This results in projected other contracting fees of S\$3.6 million for FY2025 and S\$3.4 million for FY2026. We can then derive the OBU subcontractor fees for FY2025 as follows:

$$\begin{aligned} \text{OBU subcontractor fees in FY2025} &= \text{Contract services in FY2025} - \text{Other contracting fees in FY2025} \\ &= \text{S\$21.0 million} - \text{S\$3.6 million} \\ &= \text{S\$17.4 million} \end{aligned}$$

OBU subcontractor fees for FY2025 are estimated to be S\$17.4 million. In FY2026 we project that 156,000 OBUs will be installed (as referenced in **Exhibit 37**), therefore we project FY2026 subcontractor fee using the formula as follows:

$$\begin{aligned} \text{OBU subcontractor fees for FY2026} &= \text{OBU subcontractor fees in FY2025} \times \frac{\text{Number of OBUs installed in FY2026}}{\text{Number of OBUs installed in FY2025}} \\ &= \text{S\$17.4 million} \times \frac{156,000 \text{ OBUs}}{280,000 \text{ OBUs}} \\ &= \text{S\$9.7 million} \end{aligned}$$

We project OBU subcontractor fees in FY2026 to be S\$9.7 million. Using this information we can calculate the projected contract services for FY2026.

$$\begin{aligned} \text{Contract services in FY2026} &= \text{Other contracting fees in FY2026} + \text{OBU subcontractor fees in FY2026} \\ &= \text{S\$3.4 million} + \text{S\$9.7 million} \\ &\approx \text{S\$13.1 million} \end{aligned}$$

Contract services for FY2025 and FY2026 are projected to be S\$21.0 million and S\$13.1 million respectively as shown in **Exhibit 47**.

#### **Exhibit 47: Projected Contract Services for FY2025 & FY2026**

S\$'000	Actual			Forecast	
	FY2022	FY2023	FY2024	FY2025	FY2026
Other contracting fees	(2,851)	(2,367)	(2,836)	(3,640)	(3,377)
% revenue	(2.63%)	(2.12%)	(2.37%)	(2.37%)	(2.37%)
OBU subcontractor fees	-	-	(3,135)	(17,383)	(9,685)
<b>Total contract services</b>	<b>(2,851)</b>	<b>(2,367)</b>	<b>(5,971)</b>	<b>(21,023)</b>	<b>(13,062)</b>

Source: VICOM, FPA

#### **Materials & consumables costs:**

We assume that materials & consumables costs as a percentage of revenue for H2 FY2025 will be 3.1%, the average from H1 FY2022 to H1 FY2025. Thus, we project that materials & consumables costs will be S\$2.5 million in H2 FY2025 as shown in **Exhibit 48**.

#### **Exhibit 48: Projected Materials & Consumables in H2 FY2025**

S\$'000	Actual						Forecast	
	H1 FY2022	H2 FY2022	H1 FY2023	H2 FY2023	H1 FY2024	H2 FY2024	H1 FY2025	H2 FY2025
Revenue	53,331	54,973	55,880	56,023	56,304	63,178	69,851	83,485
Materials & consumables	(1,573)	(1,595)	(1,766)	(1,832)	(1,672)	(2,050)	(2,001)	(2,548)
% of revenue	(2.95%)	(2.90%)	(3.16%)	(3.27%)	(2.97%)	(3.24%)	(2.86%)	(3.05%)

Source: VICOM, FPA

Materials & consumables costs for FY2025 are calculated as follows:

$$\begin{aligned} \text{Materials \& consumables costs in FY2025} &= \text{S\$2.0 million} + \text{S\$2.5 million} \\ &= \text{S\$4.5 million} \end{aligned}$$

Materials & consumables costs for FY2025 are projected to be S\$4.5 million. We calculated materials & consumables costs as a percentage of revenue, which came out to 3.0% for FY2025. We then applied the same 3.0% proportion to our FY2026 revenue forecast to project materials & consumables for that year. Accordingly, materials & consumables is projected to be S\$4.2 million in FY2026 as shown in **Exhibit 49**.

#### **Exhibit 49: Projected Materials & Consumables for FY2025 & FY2026**

S\$'000	Actual			Forecast	
	FY2022	FY2023	FY2024	FY2025	FY2026
Revenue	108,304	111,903	119,482	153,336	142,250
Materials & consumables	(3,168)	(3,598)	(3,722)	(4,549)	(4,220)
% of revenue	(2.93%)	(3.22%)	(3.12%)	(2.97%)	(2.97%)

Source: VICOM, FPA

#### **Premises costs:**

For H2 FY2025 we project that premises costs will remain at H1 FY2025 levels as shown in **Exhibit 50**.

#### **Exhibit 50: Projected Premises Costs in H2 FY2025**

S\$'000	Actual						Forecast	
	H1 FY2022	H2 FY2022	H1 FY2023	H2 FY2023	H1 FY2024	H2 FY2024	H1 FY2025	H2 FY2025
Premises costs	(964)	(930)	(985)	(1,017)	(1,179)	(1,091)	(1,093)	(1,093)

Source: VICOM, FPA

Premises costs for FY2025 are calculated as follows:

$$\begin{aligned} \text{Premises costs in FY2025} &= \text{S\$1.1 million} + \text{S\$1.1 million} \\ &= \text{S\$2.2 million} \end{aligned}$$

We expect premises costs in FY2026 to remain at FY2025 levels. VICOM has indicated that the closure of the Pioneer site will not reduce overall premises costs, as these will be reflected in expenses for the Jalan Papan facility.

Thus, premises costs for FY2025 & FY2026 are projected to be S\$2.2 million as shown in **Exhibit 51**.

#### **Exhibit 51: Projected Premises Costs for FY2025 & FY2026**

S\$'000	Actual			Forecast	
	FY2022	FY2023	FY2024	FY2025	FY2026
Premises costs	(1,894)	(2,002)	(2,270)	(2,186)	(2,186)

Source: VICOM, FPA

**Repair & maintenance costs:**

We assume that repair & maintenance costs as a percentage of revenue in H2 FY2025 will be 1.7%, the average from H1 FY2022 to H1 FY2025. Thus, we project that repair & maintenance costs will be S\$1.4 million in H2 FY2025 as shown in **Exhibit 52**.

**Exhibit 52: Projected Repair & Maintenance Costs in H2 FY2025**

S\$'000	Actual							Forecast	
	H1 FY2022	H2 FY2022	H1 FY2023	H2 FY2023	H1 FY2024	H2 FY2024	H1 FY2025	H2 FY2025	
Revenue	53,331	54,973	55,880	56,023	56,304	63,178	69,851	83,485	
Repair & maintenance costs	(853)	(934)	(977)	(1,008)	(932)	(1,158)	(1,135)	(1,426)	
% of revenue	(1.60%)	(1.70%)	(1.75%)	(1.80%)	(1.66%)	(1.83%)	(1.62%)	(1.71%)	

Source: VICOM, FPA

Repair & maintenance costs for FY2025 are calculated as follows:

$$\begin{aligned} \text{Repair \& maintenance costs in FY2025} &= \text{S\$1.1 million} + \text{S\$1.4 million} \\ &= \text{S\$2.5 million} \end{aligned}$$

Repair & maintenance costs for FY2025 are projected to be S\$2.5 million. We calculated repair & maintenance costs as a percentage of revenue, which came out to 1.7% for FY2025. We then applied the 1.7% proportion to our FY2026 revenue forecast to project repair & maintenance costs for that year. Accordingly, repair & maintenance costs are projected to be S\$2.4 million in FY2026 as shown in **Exhibit 53**.

**Exhibit 53: Projected Repair & Maintenance Costs for FY2025 & FY2026**

S\$'000	Actual			Forecast	
	FY2022	FY2023	FY2024	FY2025	FY2026
Revenue	108,304	111,903	119,482	153,336	142,250
Repair & maintenance costs	(1,787)	(1,985)	(2,090)	(2,561)	(2,376)
% of revenue	(1.65%)	(1.77%)	(1.75%)	(1.67%)	(1.67%)

Source: VICOM, FPA

**Utilities & communication costs:**

We assume that utilities & communication costs as a percentage of revenue in H2 FY2025 will be 2.9%, the average from H1 FY2022 to H1 FY2025. Thus, we project that utilities & communication costs will be S\$2.4 million in H2 FY2025 as shown in **Exhibit 54**.

**Exhibit 54: Projected Utilities & Communication in H2 FY2025**

S\$'000	Actual							Forecast	
	H1 FY2022	H2 FY2022	H1 FY2023	H2 FY2023	H1 FY2024	H2 FY2024	H1 FY2025	H2 FY2025	
Revenue	53,331	54,973	55,880	56,023	56,304	63,178	69,851	83,485	
Utilities & communication costs	(1,530)	(1,697)	(1,432)	(1,642)	(1,798)	(1,910)	(1,896)	(2,431)	
% of revenue	(2.87%)	(3.09%)	(2.56%)	(2.93%)	(3.19%)	(3.02%)	(2.71%)	(2.91%)	

Source: VICOM, FPA

Utilities & communication costs for FY2025 are calculated as follows:

$$\begin{aligned} \text{Utilities \& communication costs in FY2025} &= \text{S\$1.9 million} + \text{S\$2.4 million} \\ &= \text{S\$4.3 million} \end{aligned}$$

Utilities & communication costs for FY2025 are projected to be S\$4.3 million. We assume utilities & communication costs as a percentage of revenue in FY2026 will be 2.9%, the average from FY2022 to FY2025. Thus, we project that utilities & communication costs will be S\$4.1 million as shown in **Exhibit 55**.

#### **Exhibit 55: Projected Utilities & Communication Costs for FY2025 & FY2026**

S\$'000	Actual			Forecast	
	FY2022	FY2023	FY2024	FY2025	FY2026
Revenue	108,304	111,903	119,482	153,336	142,250
Utilities & communication costs	(3,227)	(3,074)	(3,708)	(4,327)	(4,144)
% of revenue	(2.98%)	(2.75%)	(3.10%)	(2.82%)	(2.91%)

Source: VICOM, FPA

#### **Other operating costs:**

We assume other operating costs as a percentage of revenue in H2 FY2025 will be 4.48%, the average from H1 FY2022 to H1 FY2025. Thus, we project that other operating costs will be S\$4.0 million in H2 FY2025 as shown in **Exhibit 56**.

#### **Exhibit 56: Projected Other Operating Costs in H2 FY2025**

S\$'000	Actual							Forecast	
	H1 FY2022	H2 FY2022	H1 FY2023	H2 FY2023	H1 FY2024	H2 FY2024	H1 FY2025	H2 FY2025	
Revenue	53,331	54,973	55,880	56,023	56,304	63,178	69,851	83,485	
Other operating costs	(2,135)	(3,429)	(2,661)	(2,887)	(2,769)	(2,741)	(3,078)	(4,033)	
% of revenue	(4.00%)	(6.24%)	(4.76%)	(5.15%)	(4.92%)	(4.34%)	(4.41%)	(4.83%)	

Source: VICOM, FPA

Other operating costs for FY2025 are calculated as follows:

$$\begin{aligned} \text{Other operating costs in FY2025} &= \text{S\$3.1 million} + \text{S\$4.0 million} \\ &= \text{S\$7.1 million} \end{aligned}$$

Other operating costs for FY2025 are projected to be S\$7.1 million. We calculated other operating costs as a percentage of revenue, which came out to 4.6% for FY2025. We then applied the same 4.6% proportion to our FY2026 revenue forecast to project other operating costs for that year. Accordingly, other operating costs are projected to be S\$6.6 million in FY2026 as shown in **Exhibit 57**.

#### **Exhibit 57: Projected Other Operating Costs for FY2025 & FY2026**

S\$'000	Actual			Forecast	
	FY2022	FY2023	FY2024	FY2025	FY2026
Revenue	108,304	111,903	119,482	153,336	142,250
Other operating costs	(5,564)	(5,548)	(5,510)	(7,111)	(6,597)
% of revenue	(5.14%)	(4.96%)	(4.61%)	(4.64%)	(4.64%)

Source: VICOM, FPA

**Operating profit:**

Operating profit is projected to be S\$47.3 million in FY2025 and S\$45.3 million in FY2026 as shown in **Exhibit 58**.

**Exhibit 58: Projected Operating Profit for FY2025 & FY2026**

S\$'000	Actual			Forecast	
	FY2022	FY2023	FY2024	FY2025	FY2026
Revenue	108,304	111,903	119,482	153,336	142,250
Operating cost					
Staff costs	(49,895)	(52,385)	(53,040)	(55,886)	(55,886)
Depreciation & amortisation	(7,268)	(7,894)	(8,547)	(8,430)	(8,430)
Contract services	(2,851)	(2,367)	(5,971)	(21,023)	(13,062)
Materials & consumables	(3,168)	(3,598)	(3,722)	(4,549)	(4,220)
Premises costs	(1,894)	(2,002)	(2,270)	(2,186)	(2,186)
Repair & maintenance costs	(1,787)	(1,985)	(2,090)	(2,561)	(2,376)
Utilities & communication costs	(3,227)	(3,074)	(3,708)	(4,327)	(4,144)
Other operating costs	(5,564)	(5,548)	(5,510)	(7,111)	(6,597)
Total operating costs	(75,654)	(78,853)	(84,858)	(106,073)	(96,900)
<b>Operating profit</b>	<b>32,650</b>	<b>33,050</b>	<b>34,624</b>	<b>47,263</b>	<b>45,349</b>
<i>Growth</i>		1.23%	4.76%	36.50%	(4.05%)
<i>Operating margin</i>	30.15%	29.53%	28.98%	30.82%	31.88%

Source: VICOM, FPA

**Finance costs:**

We projected finance costs for H2 FY2025 to be S\$433,000, the average from H1 FY2022 to H1 FY2025 as shown in **Exhibit 59**.

**Exhibit 59: Projected Finance Costs in H2 FY2025**

S\$'000	Actual							Forecast
	H1 FY2022	H2 FY2022	H1 FY2023	H2 FY2023	H1 FY2024	H2 FY2024	H1 FY2025	H2 FY2025
Finance costs	(426)	(422)	(428)	(438)	(435)	(431)	(451)	(433)

Source: VICOM, FPA

Finance costs for FY2025 are calculated as follows:

$$\begin{aligned} \text{Finance costs in FY2025} &= \text{S\$451,000} + \text{S\$433,000} \\ &= \text{S\$884,000} \end{aligned}$$

We assume finance costs for FY2026 to remain at FY2025 levels. Thus, finance costs for FY2025 & FY2026 are projected to be S\$884,000 as shown in **Exhibit 60**.

**Exhibit 60: Projected Finance Costs for FY2025 & FY2026**

S\$'000	Actual	Forecast		
	H1 FY2025	H2 FY2025	FY2025	FY2026
Finance costs	(451)	(433)	(884)	(884)

Source: VICOM, FPA

**Interest income:**

On 29<sup>th</sup> October 2025, the Federal Reserve cut rates by 25 basis points to a range of 3.75%-4.00%. Goldman Sachs<sup>1</sup> projects another cut in December and two 25 basis point cuts in March and June 2026 to a terminal rate of 3-3.25%.

We calculated the average federal funds rate for H2 FY2025 and FY2026 based on our own estimates, assuming one additional cut in December 2025 and one in June 2026 as shown in **Exhibit 61**.

**Exhibit 61: Estimated Fed Funds Rate for H2 FY2025 & FY2026**

	Upper bound	Lower bound	Average Rate
<b>H1 FY2025</b>	4.25%	4.50%	4.38%
July	4.25%	4.50%	4.38%
August	4.25%	4.50%	4.38%
<b>September</b>	4.00%	4.25%	4.13%
<b>October</b>	3.75%	4.00%	3.88%
November	3.75%	4.00%	3.88%
<b>December</b>	3.50%	3.75%	3.63%
<b>H2 FY2025</b>	-	-	<b>4.04%</b>
<b>FY2025</b>	-	-	<b>4.21%</b>
January	3.50%	3.75%	3.63%
February	3.50%	3.75%	3.63%
March	3.50%	3.75%	3.63%
April	3.50%	3.75%	3.63%
May	3.50%	3.75%	3.63%
<b>June</b>	3.25%	3.50%	3.38%
July	3.25%	3.50%	3.38%
August	3.25%	3.50%	3.38%
September	3.25%	3.50%	3.38%
October	3.25%	3.50%	3.38%
November	3.25%	3.50%	3.38%
December	3.25%	3.50%	3.38%
<b>FY2026</b>	-	-	<b>3.48%</b>

Source: FPA estimates

<sup>1</sup> Goldman Sachs is a global investment bank.

We then calculated the proportion of decline it could have on the Fed Funds Rate as shown in **Exhibit 62**.

**Exhibit 62: Forecasted Average Fed Funds Rate for FY2025 & FY2026**

	H1 FY2025	H2 FY2025	FY2026
Average Fed Funds Rate	4.38%	4.04%	3.48%
<i>Proportion of decline</i>	-	(7.62%)	(13.92%)

Source: US Federal Reserve, FPA

To project interest income, we first estimate cash & cash equivalents. We project cash & cash equivalents to decline further in Q4 FY2025 as VICOM completes its remaining CAPEX commitments. At the 2024 AGM, VICOM indicated that FY2025 CAPEX is expected to total approximately S\$50 million, primarily for the Jalan Papan site and other business support requirements. Based on this guidance, we have prepared a CAPEX schedule as shown in **Exhibit 63**.

**Exhibit 63: CAPEX Schedule for FY2025**

S\$'000	Q1 FY2025	Q2 FY2025	Q3 FY2025	Q4 FY2025	FY2025
CAPEX	6,370	6,887	12,303	24,440	50,000

Source: VICOM, FPA

In H2 FY2025, we project cash & cash equivalents to decline. Our projections in H2 FY2025 assume operating cash flow of S\$19.5 million (*Q3 FY2025 cash from operating activities* × 2 = S\$9.75 million × 2 = S\$19.5 million; based on Q3 FY2025 results), CAPEX of S\$36.7 million (*Q3 + Q4 FY2025 CAPEX* = S\$12.3 million + S\$24.4 million = S\$36.7 million), and dividend payment of S\$11.0 million based on Q3 FY2025 results.

Cash & cash equivalents at the end of H2 FY2025 are calculated as follows:

$$\begin{aligned}
 \text{Cash \& cash equivalents at the end of H2 FY2025} &= \text{Cash \& cash equivalents at the beginning of H2 FY2025} + \text{Cash from operating} \\
 &\quad \text{activities in H2 FY2025} - \text{CAPEX in H2 FY2025} - \text{Dividend payments in H2 FY2025} \\
 &= \text{S\$55.6 million} + \text{S\$19.5 million} - \text{S\$36.7 million} - \text{S\$11.0 million} \\
 &= \text{S\$27.4 million}
 \end{aligned}$$

Cash & cash equivalents are projected to be S\$27.4 million at the end of H2 FY2025.

In FY2026, cash balances should recover following the full payment for the Jalan Papan site. Our projections in FY2026 assume operating cash flow of S\$34.9 million (*using FY2024 cash from operating activities as a proxy*), CAPEX of S\$6.5 million (*using FY2022 as a proxy when spending was primarily for equipment purchases*), and dividend payments of S\$22.0 million (*annualized from dividend payments in H2 FY2025* = S\$11.0 million × 2 = S\$22.0 million).

Cash & cash equivalents at the end of FY2026 are calculated as follows:

$$\begin{aligned}
 \text{Cash \& cash equivalents at the end of FY2026} &= \text{Cash \& cash equivalents at the beginning of FY2026} + \text{Cash from operating} \\
 &\quad \text{activities in FY2026} - \text{CAPEX in FY2026} - \text{Dividend payments in FY2026} \\
 &= \text{S\$27.4 million} + \text{S\$34.9 million} - \text{S\$6.5 million} - \text{S\$22.0 million} \\
 &\approx \text{S\$33.9 million}
 \end{aligned}$$

Cash & cash equivalents are projected to be S\$33.9 million at the end of FY2026.

Our projections for cash & cash equivalents are summarised in **Exhibit 64**.

**Exhibit 64: Projected Cash & Cash Equivalents in H2 FY2025 & FY2026**

S\$'000	Forecast	
	H2 FY2025	FY2026
Cash & cash equivalents at beginning of period	55,633	27,406
Add: Cash from operating activities	19,508	34,943
Less: CAPEX	36,743	6,500
Less: Dividends	10,992	21,984
Cash & cash equivalents at the end of period	27,406	33,865

Source: VICOM, FPA

We assume VICOM's effective interest rate will decline in line with any reduction in the Fed Funds rate as shown in **Exhibit 62**. As such, interest income for H2 FY2025 and FY2026 is projected to be S\$344,000 and S\$732,000 respectively, as shown in **Exhibit 65**.

**Exhibit 65: Forecasted Interest Income for FY2025 & FY2026**

S\$'000	Actual	Forecast	
	H1 FY2025	H2 FY2025	FY2026
Interest income	756	344	732
Cash & cash equivalents	55,633	27,406	33,865
<b>Effective interest rate (annualised)</b>	<b>2.72%</b>	<b>2.51%</b>	<b>2.16%</b>
<i>Proportion of decline</i>		<i>(7.62%)</i>	<i>(13.92%)</i>

Source: VICOM, FPA

Interest income for FY2025 is calculated as follows:

$$\begin{aligned} \text{Interest income in FY2025} &= \text{S\$756,000} + \text{S\$344,000} \\ &= \text{S\$1.1 million} \end{aligned}$$

Interest income for FY2025 is projected to be S\$1.1 million.

**Profit before tax:**

As a result, profit before tax for FY2025 & FY2026 is projected to be S\$47.5 million and S\$45.2 million respectively as shown in Exhibit 66.

**Exhibit 66: Forecasted Profit Before Tax for FY2025 & FY2026**

S\$'000	Actual	Forecast		
	H1 FY2025	H2 FY2025	FY2025	FY2026
Operating profit	18,913	28,350	47,263	45,349
Finance costs	(451)	(433)	(884)	(884)
Interest income	756	344	1,100	732
<b>Profit before tax</b>	<b>19,218</b>	<b>28,261</b>	<b>47,479</b>	<b>45,197</b>

Source: VICOM, FPA

**Profit after tax:**

We assume a tax rate of 17% for H2 FY2025 & FY2026, in line with Singapore's corporate income tax rate. Profit after tax is projected to be S\$39.1 million in FY2025 and S\$37.5 million in FY2026 as shown in Exhibit 67.

**Exhibit 67: Forecasted Profit after Tax for FY2025 & FY2026**

S\$'000	Actual	Forecast		
	H1 FY2025	H2 FY2025	FY2025	FY2026
Profit before tax	19,218	28,261	47,479	45,197
Tax expense	(3,530)	(4,804)	(8,334)	(7,683)
<i>Effective tax rate</i>	<i>18.37%</i>	<i>17.00%</i>	<i>17.55%</i>	<i>17.00%</i>
<b>Profit after tax</b>	<b>15,688</b>	<b>23,457</b>	<b>39,145</b>	<b>37,513</b>

Source: VICOM, FPA

**Profit attributable to shareholders of the company:**

We assume that profit attributable to Non-Controlling Interests ("NCI") as a percentage of net profit in FY2025 & FY2026 to be 1.34%, the average from FY2022 to FY2024. After deducting profit attributable to NCI from profit after tax, we project that profit attributable to shareholders of the company will be S\$38.6 million in FY2025 and S\$37.0 million in FY2026 as shown in **Exhibit 68**.

**Exhibit 68: Projected Profit Attributable to Shareholders of the Company for FY2025 & FY2026**

S\$'000	Actual			Forecast	
	FY2022	FY2023	FY2024	FY2025	FY2026
(A) Profit attributable to Non-Controlling Interests ("NCI")	377	413	338	526	505
(B) Profit after tax	26,561	28,014	29,622	39,145	37,513
<b>A as a % of B</b>	<b>1.42%</b>	<b>1.47%</b>	<b>1.14%</b>	<b>1.34%</b>	<b>1.34%</b>
Profit after tax	26,561	28,014	29,622	39,145	37,513
Less: Profit attributable to NCI	377	413	338	526	505
<b>Profit attributable to shareholders of the company</b>	<b>26,184</b>	<b>27,601</b>	<b>29,284</b>	<b>38,618</b>	<b>37,009</b>

Source: VICOM, FPA

Profit attributable to shareholders of the company for H2 FY2025 was derived by subtracting the profit attributable to shareholders in H1 FY2025 from the full-year FY2025 figure. Accordingly, the profit attributable to shareholders in H2 FY2025 is S\$23.1 million, as shown in **Exhibit 69**.

$$\begin{aligned} \text{Profit attributable to shareholders in H2 FY2025} &= \text{Profit attributable to shareholders in FY2025} - \text{Profit attributable to shareholders in H1 FY2025} \\ &= \text{S\$38.6 million} - \text{S\$15.6 million} \\ &\approx \text{S\$23.1 million} \end{aligned}$$

**Exhibit 69: Projected Profit Attributable to Shareholders of the Company in H2 FY2025**

S\$'000	Actual		Forecast	
	H1 FY2025	H2 FY2025	FY2025	FY2026
Profit attributable to shareholders of the company	15,551	23,067	38,618	37,009

Source: VICOM, FPA

**EPS:**

We assume the number of ordinary shares for FY2025 & FY2026 to be 354,568,000, based on the number of ordinary shares at the end of H1 FY2025 as stated in the financial statements. Accordingly, we project basic & diluted EPS to be 10.89 cents in FY2025 and 10.44 cents in FY2026 as shown in **Exhibit 70**.

**Exhibit 70: Forecasted EPS for FY2025 & FY2026**

S\$'000	Actual	Forecast		
	H1 FY2025	H2 FY2025	FY2025	FY2026
Profit attributable to shareholders of the company	15,551	23,067	38,618	37,009
Number of ordinary shares ('000)	354,568	354,568	354,568	354,568
Basic & diluted EPS (cents)	4.39	6.51	10.89	10.44

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 24). For H2 FY2025, we assume a payout ratio of 70%, and we expect this ratio to remain unchanged in FY2026.

Thus, we project DPS of 7.65 cents in FY2025 and 7.35 cents in FY2026 as shown in **Exhibit 71**.

**Exhibit 71: Forecasted DPS for FY2025 & FY2026**

S\$ cents	Actual	Forecast		
	H1 FY2025	H2 FY2025	FY2025	FY2026
Basic & diluted EPS	4.39	6.51	10.89	10.44
Dividend	3.10	4.55	7.65	7.35
Payout ratio	70.68%	70.00%	70.27%	70.42%

Source: VICOM, FPA

Our projections are summarised in **Exhibit 72**.

**Exhibit 72: Forecasted Financial Performance for FY2025 & FY2026**

S\$'000	Actual			Forecast	
	FY2022	FY2023	FY2024	FY2025	FY2026
Revenue	108,304	111,903	119,482	153,336	142,250
Staff costs	(49,895)	(52,385)	(53,040)	(55,886)	(55,886)
Depreciation & amortisation	(7,268)	(7,894)	(8,547)	(8,430)	(8,430)
Contract services	(2,851)	(2,367)	(5,971)	(21,023)	(13,062)
Materials & consumables	(3,168)	(3,598)	(3,722)	(4,549)	(4,220)
Premises costs	(1,894)	(2,002)	(2,270)	(2,186)	(2,186)
Repair & maintenance costs	(1,787)	(1,985)	(2,090)	(2,561)	(2,376)
Utilities & communication costs	(3,227)	(3,074)	(3,708)	(4,327)	(4,144)
Other operating costs	(5,564)	(5,548)	(5,510)	(7,111)	(6,597)
Total operating costs	(75,654)	(78,853)	(84,858)	(106,073)	(96,900)
<b>Operating profit</b>	<b>32,650</b>	<b>33,050</b>	<b>34,624</b>	<b>47,263</b>	<b>45,349</b>
Finance costs	(848)	(866)	(866)	(884)	(884)
Interest income	749	1,886	1,938	1,100	732
<b>Profit before tax</b>	<b>32,551</b>	<b>34,070</b>	<b>35,696</b>	<b>47,479</b>	<b>45,197</b>
Tax expense	(5,990)	(6,056)	(6,074)	(8,334)	(7,683)
<b>Profit after tax</b>	<b>26,561</b>	<b>28,014</b>	<b>29,622</b>	<b>39,145</b>	<b>37,513</b>
Less: Non-controlling interest	377	413	338	526	505
<b>Profit attributable to shareholders of the company</b>	<b>26,184</b>	<b>27,601</b>	<b>29,284</b>	<b>38,618</b>	<b>37,009</b>
Number of ordinary shares ('000)	354,568	354,568	354,568	354,568	354,568
Basic EPS (cents)	7.38	7.78	8.26	10.89	10.44
Diluted EPS (cents)	7.38	7.78	8.26	10.89	10.44
DPS (cents)	6.64	5.50	5.80	7.65	7.35
Payout ratio	89.97%	70.69%	70.22%	70.27%	70.42%

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 73**.

**Exhibit 73: Peer Comparison Analysis**

Company	Currency	Stock Symbol	Price (S\$) as at 14 Nov '25	Market Cap (S\$ million)	Diluted EPS (cents) <sup>(1)</sup>	P/E	DPS (cents) <sup>(2)</sup>	Dividend Yield (%)	NAV per share (S\$) <sup>(3)</sup>	P/B
VICOM	SGD	WJP	1.630	581.49	8.67	18.80	6.10	3.74%	0.41	3.98
<b>Peer companies:</b>										
LMS Compliance <sup>(4)</sup>	SGD	LMS	0.390	53.53	1.57	24.91	1.10	2.82%	0.09	4.14
ComfortDelGro Corporation	SGD	C52	1.460	3,185.14	10.21	14.30	8.16	5.59%	1.21	1.21
<b>Peer average:</b>						<b>19.61</b>		<b>4.20%</b>		<b>2.68</b>

(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 1:0.3137 at 14 November 2025 from Yahoo Finance.

Source: SGX Stock Screener, respective companies, FPA

**(a) P/E multiple**

Based on the results in **Exhibit 73**, VICOM is currently trading at a P/E multiple of 18.80x which is lower than the peer average P/E multiple of 19.61x. This suggests that VICOM is undervalued at the current share price. Adopting a relative valuation approach, we estimate a target price of S\$1.70 if VICOM is to trade at the peer average P/E of 19.61x as follows:

$$\begin{aligned}
 \text{Estimated target price (P/E multiple)} &= \text{Peer average P/E} \times \text{TTM diluted EPS} \\
 &= 19.61 \times \text{S\$}0.0867 \\
 &\approx \text{S\$}1.70
 \end{aligned}$$

The estimated target price of S\$1.70 represents an upside potential of 4.3% from the current share price of S\$1.63.

**(b) P/B multiple**

Based on the results in **Exhibit 73**, VICOM is currently trading at a P/B multiple of 3.98x which is higher than the peer average P/B multiple of 2.68x. This suggests that VICOM is overvalued at the current share price. Adopting a relative valuation approach, we estimate a target price of S\$1.10 if VICOM is to trade at the peer average P/B of 2.68x as follows:

$$\begin{aligned}
 \text{Estimated target price (P/B multiple)} &= \text{Peer average P/B} \times \text{NAV per share} \\
 &= 2.68 \times \text{S\$}0.41 \\
 &\approx \text{S\$}1.10
 \end{aligned}$$

The estimated target price of S\$1.10 represents a downside potential of 32.8% from the current share price of S\$1.63.

**(c) Dividend yield**

Based on the results in **Exhibit 73**, VICOM's current dividend yield of 3.74% is less attractive than the peer average yield of 4.20%. This suggests that VICOM is overvalued at the current share price. Adopting a relative valuation approach, we estimate a target price of S\$1.45 if VICOM is to trade at the peer average yield of 4.20% as follows:

$$\begin{aligned} \text{Estimated target price (Dividend yield)} &= \frac{\text{Current yield}}{\text{Peer average yield}} \times \text{Current share price} \\ &= \frac{3.74\%}{4.20\%} \times \text{S\$1.63} \\ &\approx \text{S\$1.45} \end{aligned}$$

The estimated target price of S\$1.45 represents a downside potential of 11.0% from the current share price of S\$1.63.

**(d) Target price**

From our analysis, VICOM seems to be overvalued in terms of its P/B multiple and dividend yield but undervalued in terms of its P/E multiple. By averaging our target prices based on P/E multiple, P/B multiple and dividend yield, we derive an overall target price of S\$1.415 as follows:

$$\begin{aligned} \text{Target price} &= \frac{1}{3} \times [\text{Estimated target price (P/E multiple)} + \text{Estimated target price (P/B multiple)} + \\ &\quad \text{Estimated target price (Dividend yield)}] \\ &= \frac{1}{3} \times [\text{S\$1.70} + \text{S\$1.10} + \text{S\$1.45}] \\ &\approx \text{S\$1.415} \end{aligned}$$

The overall target price of S\$1.415 represents a downside potential of 13.2% from the current share price of S\$1.63.

**(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 – H1 FY2025) as shown in **Exhibit 74**.

**Exhibit 74: Historical Share Price and Valuation Metrics**

Period	Results release date	Share price (\$) <sup>(1)</sup>	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
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
<b>Maximum</b>					<b>29.08x</b>			<b>4.54%</b>			<b>5.91x</b>
<b>Minimum</b>					<b>16.22x</b>			<b>3.49%</b>			<b>3.38x</b>
<b>Average (excl. values ≤ 0)</b>					<b>22.29x</b>			<b>4.03%</b>			<b>4.66x</b>

<sup>(1)</sup> 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 74**, VICOM's historical average P/E multiple was 22.29x which is higher than its current P/E multiple of 18.80x. This suggests that VICOM is undervalued at the current share price. Based on the historical average P/E multiple of 22.29x and TTM diluted EPS of 8.67 cents, we estimate a target price of S\$1.93 as follows:

$$\begin{aligned} \text{Estimated Target Price} &= \text{Historical Average P/E} \times \text{TTM diluted EPS} \\ &= 22.29 \times \text{S\$}0.0867 \\ &= \text{S\$}1.93 \end{aligned}$$

The target price of S\$1.93 represents an upside potential of 18.6% from the current share price of S\$1.63.

**(b) P/B multiple**

As shown in **Exhibit 74**, VICOM's historical average P/B multiple was 4.66x which is higher than its current P/B multiple of 3.98x. This suggests that VICOM is undervalued at the current share price. Based on the historical average P/B multiple of 4.66x and NAV per share of 40.94 cents in H1 FY2025, we estimate a target price of S\$1.91 as follows:

$$\begin{aligned} \text{Estimated Target Price} &= \text{Historical Average P/B} \times \text{NAV per share} \\ &= 4.66 \times \text{S\$}0.4094 \\ &= \text{S\$}1.91 \end{aligned}$$

The target price of S\$1.91 represents an upside potential of 17.0% from the current share price of S\$1.63.

**(c) Dividend yield**

As shown in **Exhibit 74**, VICOM's historical average dividend yield was 4.03%, which is more attractive than its current yield of 3.74%. This suggests that VICOM is overvalued at the current share price. Based on the historical average dividend yield of 4.03% and current yield of 3.74%, we estimate a target price of S\$1.51 as follows:

$$\begin{aligned} \text{Estimated Target Price} &= \frac{\text{Current yield}}{\text{Historical average yield}} \times \text{Current share price} \\ &= \frac{3.74\%}{4.03\%} \times \text{S\$}1.63 \\ &= \text{S\$}1.51 \end{aligned}$$

The target price of S\$1.51 represents a downside potential of 7.1% from the current share price of S\$1.63.

**(d) Target price**

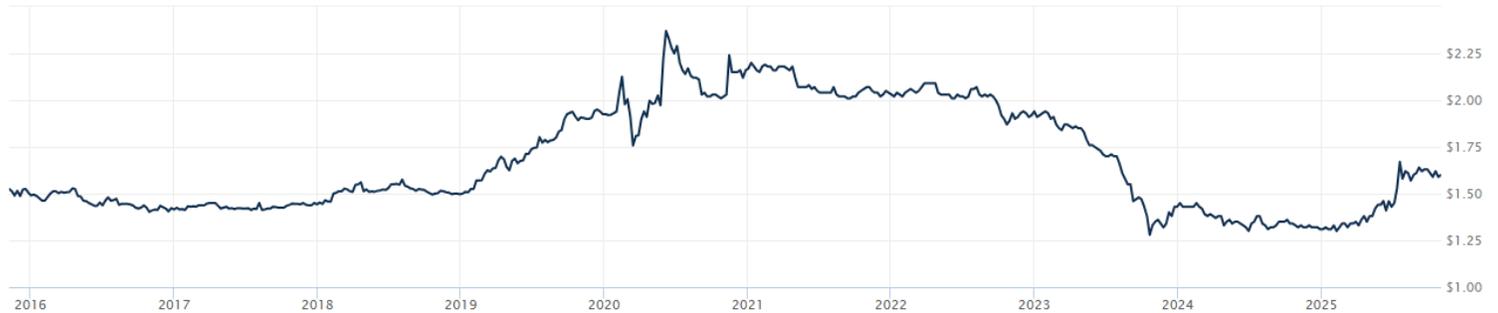
From our analysis, VICOM seems to be undervalued in terms of its historical average P/E and P/B multiple. However, VICOM may be overvalued in terms of its historical average yield. By averaging our estimated target prices based on historical average P/E multiple, P/B multiple and dividend yield, we derive a target price of S\$1.78 as follows:

$$\begin{aligned}\text{Target price} &= \frac{1}{3} \times [\text{Estimated target price (Historical P/E multiple)} + \text{Estimated target price (Historical P/B} \\ &\quad \text{multiple)} + \text{Estimated target price (Historical dividend yield)}] \\ &= \frac{1}{3} \times [\text{S\$1.93} + \text{S\$1.91} + \text{S\$1.51}] \\ &= \text{S\$1.78}\end{aligned}$$

The target price of S\$1.78 represents an upside potential of 9.5% from the current share price of S\$1.63.

**(III) HISTORIC SHARE PRICES**

VICOM's current valuation appears compelling when benchmarked against historic high valuation. At its peak share price of S\$2.37 on 12 June 2020 as shown in **Exhibit 75**, VICOM traded at a trailing P/E of 34.69x, P/B of 7.03x and dividend yield of 2.56% significantly above current multiples of 18.80x, 3.98x and 3.74% as shown in **Exhibit 76**. This indicates that VICOM could be undervalued at the current share price.

**Exhibit 75: VICOM's Historical Share Price**

Source: Wall Street Journal

**Exhibit 76: VICOM's Historical High Valuation Metrics Compared with Current Valuation Metrics & Historical Average**

Date	Share price (S\$)	TTM EPS (cents)	P/E multiple	TTM DPS (cents)	Dividend yield	Payout ratio (TTM)	NAV per share (cents)	P/B multiple
14 Nov '25 (Current share price)	1.63	8.67	18.80x	6.10	3.74%	70.36%	40.94	3.98x
12 Jun '20 (Historic high share price)	2.37	6.83	34.69x	6.07	2.56%	88.84%	33.72	7.03x

Source: VICOM, Yahoo! Finance, FPA

**(a) P/E multiple**

By averaging the current P/E multiple of 18.80x and the historic high P/E multiple of 34.69x, we derive an average P/E multiple of 26.74x. Based on this average P/E multiple of 26.74x and TTM EPS of 8.67 cents, we estimate a target price of S\$2.32 as follows:

$$\begin{aligned}
 \text{Estimated Target Price} &= \text{Average P/E} \times \text{TTM EPS} \\
 &= \frac{1}{2} \times (18.80 + 34.69) \times \text{S\$}0.0867 \\
 &= \text{S\$}2.32
 \end{aligned}$$

The target price of S\$2.32 represents an upside potential of 42.3% from the current share price of S\$1.63.

**(b) P/B multiple**

By averaging the current P/B multiple of 3.98x and the historic high P/B multiple of 7.03x, we derive an average P/B multiple of 5.50x. Based on this average P/B multiple of 5.50x and NAV per share of 40.94 cents in H1 FY2025, we estimate a target price of S\$2.25 as follows:

$$\begin{aligned}\text{Estimated Target Price} &= \text{Average P/B} \times \text{NAV per share} \\ &= \frac{1}{2} \times (3.98 + 7.03) \times \text{S\$}0.4094 \\ &= \text{S\$}2.25\end{aligned}$$

The target price of S\$2.25 represents an upside potential of 38.3% from the current share price of S\$1.63.

**(c) Dividend yield**

By averaging the current dividend yield of 3.74% and historic high dividend yield of 2.56%, we derive an average dividend yield of 3.15%. Based on this average dividend yield of 3.15% and current yield of 3.74%, we estimate a target price of S\$1.94 as follows:

$$\begin{aligned}\text{Estimated Target Price} &= \frac{\text{Current yield}}{\text{Average yield}} \times \text{Current share price} \\ &= \frac{3.74\%}{(3.74\% + 2.56\%) \div 2} \times \text{S\$}1.63 \\ &= \text{S\$}1.94\end{aligned}$$

The target price of S\$1.94 represents an upside potential of 18.7% from the current share price of S\$1.63.

**(d) Target price**

By averaging our estimated target prices based on average P/E multiple, P/B multiple and dividend yield, we derive a target price of S\$2.17 as follows:

$$\begin{aligned}\text{Target price} &= \frac{1}{3} \times [\text{Estimated target price (Average P/E multiple)} + \text{Estimated target price (Average P/B multiple)} + \text{Estimated target price (Average dividend yield)}] \\ &= \frac{1}{3} \times [\text{S\$}2.32 + \text{S\$}2.25 + \text{S\$}1.94] \\ &= \text{S\$}2.17\end{aligned}$$

The target price of S\$2.17 represents an upside potential of 33.1% from the current share price of S\$1.63.

## POTENTIAL CATALYSTS

### (I) NEW ACQUISITIONS TO EXPAND THE NON-VEHICLE TESTING BUSINESS

VICOM has been actively expanding its non-vehicle testing arm through strategic partnerships and acquisitions. On 1 August 2023, SETSCO acquired a 70% stake in An Security Pte. Ltd., a cybersecurity testing and consultancy firm. This acquisition enables SETSCO to expand its testing service offerings in this sector. The company has since been renamed Setsco-An Security Pte. Ltd.

More recently, on 30 October 2025, SETSCO formed a joint venture with QAV to enhance its testing services for the electrical and electronics manufacturing sector in Penang, Malaysia.

These initiatives demonstrate VICOM's commitment to growing its non-vehicle testing segment. As VICOM continues to expand its capabilities through acquisitions and partnerships, we expect this to drive revenue growth.

### (II) PRICE HIKES

According to The Business Times, VICOM has raised its car inspection fees multiple times over the past two decades. Fees increased from S\$54 in 2001 to S\$58 in 2007, followed by a 10.7% hike to S\$64.20 in 2017. The most recent revision was in 2022, when fees rose by 5% to S\$67.41, in response to inflation.

It has now been nearly three years since the last price adjustment, suggesting the possibility of another hike. If implemented, this could drive revenue growth. For reference, the 5% increase in FY2022 led to a 5.6% rise in vehicle inspection revenue to S\$43.2 million in FY2023 from S\$40.9 million in FY2022 (as referenced on page 16). Therefore, any future fee revision would likely serve as a catalyst for revenue.

### (III) UNWINDING OF U.S. TARIFFS

Recent developments in U.S.–China trade relations suggest a potential easing of tariffs. On 10 October 2025, President Trump announced sweeping new levies and export controls targeting Chinese imports. However, a trade truce was reached on 30 October, with both sides agreeing to scale back tariffs and restrictions. By 5 November, China suspended retaliatory tariffs of up to 15%, while maintaining a reduced 10% levy.

China's decision to retain partial tariffs signals its intent to keep negotiating leverage. Should tariffs continue to unwind, we expect a rebound in global trade activity, particularly in the manufacturing and construction sectors. This would directly benefit VICOM's non-vehicle testing arm, SETSCO, by driving demand for industrial testing services, ultimately supporting revenue growth.

## INVESTMENT RECOMMENDATION

VICOM's position as a market leader in the vehicle inspection space, holding over 72.9% market share in FY2024, provides a stable and recurring revenue base. Beyond its core business, VICOM is expanding its non-vehicle testing segment through its subsidiary SETSCO, with the Jalan Papan facility expected to commence operations in H1 FY2026 and planned to house additional laboratories to drive growth. Additionally, the ongoing OBU installation project has already boosted revenue, and we expect it to continue contributing through H2 FY2025 and H1 FY2026 until completion. With this outlook, we anticipate healthy business fundamentals and EPS growth, which may suggest that VICOM could be undervalued at its current share price of S\$1.63.

Using the average valuation metrics at the current share price of S\$1.63 and the all-time high share price of S\$2.37, we estimate VICOM's share price through three approaches. Based on the average P/E multiple of 26.74x and TTM EPS of 8.67 cents, we estimate a target price of S\$2.32. Based on the average P/B multiple of 5.50x and NAV per share of 40.94 cents in H1 FY2025, we estimate a target price of \$2.25. Based on the average dividend yield of 3.15% and TTM DPS of 6.10 cents, we estimate a target price of S\$1.94. By averaging the estimated target prices, we derive an overall target price of S\$2.17 as follows:

$$\begin{aligned}
 \text{Target price} &= \frac{1}{3} \times [\text{Estimated target price (Average P/E multiple)} + \text{Estimated target price (Average P/B multiple)} + \text{Estimated target price (Average dividend yield)}] \\
 &= \frac{1}{3} \times [S\$2.32 + S\$2.25 + S\$1.94] \\
 &= S\$2.17
 \end{aligned}$$

The overall target price of S\$2.17 represents an upside potential of 33.1% from the current share price of S\$1.63.

The upside potential of 33.1% could be supported by catalysts such as the continued expansion of SETSCO's non-vehicle testing services, potential increases in inspection fees, and a possible easing of U.S. tariffs. Thus, the upside potential warrants a buy recommendation.

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

## RISKS TO TARGET PRICE

### (I) ECONOMIC SLOWDOWN

The MAS has noted that economic growth is expected to moderate in the coming quarters as activity normalises in trade-related sectors (as referenced on page 7). If trade tensions and geopolitical risks escalate, this could trigger a sharper slowdown in the broader economy.

Given that VICOM's non-vehicle testing business is closely tied to economic activity, a downturn would likely reduce demand for testing services amid slower development and industrial activity. Consequently, this segment could see a decline in revenue, posing a downside risk to VICOM's overall performance.

### (II) RISKS FROM U.S. SECTORAL TARIFFS

On 28 October 2025, Prime Minister Lawrence Wong stated that Singapore's discussions with the U.S. on sectoral tariffs, particularly for semiconductors and pharmaceuticals, remain at an early stage. While the proposed 100% tariffs on branded pharmaceutical products have been put on hold, the U.S. has yet to clarify its stance on semiconductor tariffs. Both sectors are key exports for Singapore, with pharmaceuticals accounting for approximately 13% of domestic exports to the U.S.

If the U.S. proceeds with sectoral tariffs, it could significantly impact Singapore's manufacturing sector, especially in semiconductors and pharmaceuticals. This would likely dampen industrial activity and, in turn, reduce demand for non-vehicle testing services provided by SETSCO, posing a downside risk to revenue.

## CORPORATE GOVERNANCE

### (I) BOARD OF DIRECTORS

As at 1 June 2025, the Board comprises 10 directors:

- Dr Tan Kim Siew: Chairman (Independent Non-Executive)
- Mr Cheng Siak Kian: Deputy Chairman (Non-Independent Non-Executive)
- Mr Sim Wing Yew: Director (Non-Independent Executive & CEO)
- Professor Karina Yew-Hoong Gin: Director (Independent Non-Executive)
- Professor Ooi Beng Chin: Director (Non-Independent Non-Executive)
- Ms June Seah Lee Kiang: Director (Independent Non-Executive)
- Professor Shim Phiau Wui, Victor: Director (Independent Non-Executive)
- Mr Soh Chung Hian, Daniel: Director (Independent Non-Executive)
- Ms Tan Poh Hong: Director (Independent Non-Executive)
- Ms Wong Yoke Woon: Director (Independent Non-Executive)

Dr Tan Kim Siew was appointed to the Board on 1 May 2018. He is the Chairman and an Independent Non-Executive Director of VICOM. He is also the Chairman of the Nominating & Remuneration Committee and a member of both the Technology Committee and the Sustainability Committee. He is also an Independent Non-Executive Director of SBS. Dr Tan is presently a Senior Consultant in the Ministry of Finance. Dr Tan holds a Bachelor of Arts (Honours) (Engineering Tripos) with Distinction in Electronics Engineering and a Doctor of Philosophy (Engineering) from the University of Cambridge, United Kingdom.

Mr Cheng Siak Kian was appointed to the Board on 1 January 2023. He is the Deputy Chairman and a Non-Independent Non-Executive Director of VICOM. He is also a member of the Nominating & Remuneration Committee and the Technology Committee. Concurrently, he is the Group CEO of CDG which is VICOM's parent company, and the Non-Executive Deputy Chairman of SBS. Mr Cheng holds a Bachelor of Electrical and Electronic Engineering (First Class Honours) from the University of Manchester, United Kingdom and a Master of Business Administration from the Massachusetts Institute of Technology, United States of America.

Mr Sim Wing Yew was appointed to the Board on 1 May 2012. He is the CEO and a Non-Independent Executive Director of VICOM. He is also a member of the Sustainability Committee and the Technology Committee. Mr Sim holds a Bachelor of Engineering (Hons) in Mechanical and Production Engineering from the Nanyang Technological University and a Master of Business Administration from the University of Hull, United Kingdom.

Professor Karina Yew-Hoong Gin was appointed to the Board on 1 November 2024. She is an Independent Non-Executive Director of VICOM. She is also a member of the Technology Committee. Professor Karina is a Professor in the Department of Civil and Environmental Engineering at the National University of Singapore ("NUS") and has been appointed Provost's Chair by NUS from 2025 to 2027. Professor Karina holds a Bachelor's degree in Civil Engineering from the University of Melbourne, Australia and a Master in Engineering from NUS. She also holds a Doctor of Science degree jointly awarded by the Massachusetts Institute of Technology and the Woods Hole Oceanographic Institution in the United States of America.

Professor Ooi Beng Chin was appointed to the Board on 1 January 2023. He is a Non-Independent Non-Executive Director of VICOM. He is also a member of the Technology Committee. Concurrently, he is an Independent Non-Executive Director of CDG. Professor Ooi is the Lee Kong Chian Centennial Professor of Computer Science at NUS. He also currently serves as a Director of MediLot as well as AIDigi Holdings Pte Ltd. Professor Ooi holds a Bachelor of Science (First Class Honours) and a Doctor of Philosophy from Monash University, Australia.

Ms June Seah Lee Kiang was appointed to the Board on 1 October 2017. She is an Independent Non-Executive Director of VICOM. She is a member of the Sustainability Committee and a member of the Audit & Risk Committee. Ms Seah is also a Director of SimplyGo Pte Ltd, a wholly owned subsidiary of the LTA. Ms Seah holds a Bachelor of Social Science Degree with Second Upper Honours in Economics from NUS.

Professor Shim Phiau Wui, Victor was appointed to the Board on 1 June 2017. He is an Independent Non-Executive Director of VICOM. Professor Shim is also the Chairman of the Technology Committee, a member of the Audit & Risk Committee and a member of the Sustainability Committee. Professor Shim was appointed a Professor at Ningbo University, China, in April 2022, and remains an (honorary) Emeritus Professor at NUS. He holds a Bachelor of Mechanical Engineering (First Class Honours) from the University of Auckland, New Zealand, a Master of Engineering from NUS, and a PhD from the University of Cambridge, United Kingdom.

Mr Soh Chung Hian, Daniel was appointed to the Board on 1 May 2018. He is an Independent Non-Executive Director of VICOM. He is also the Chairman of the Audit & Risk Committee and a member of the Nominating & Remuneration Committee. Mr Soh also serves as an independent director of Sunright Limited and Intraco Limited. He is also a member of the Board of Governors of Raffles Girls' School. Mr Soh holds a Bachelor of Accountancy from NUS and a Master of Business Administration from the International Centre of Management in the United Kingdom.

Ms Tan Poh Hong was appointed to the Board on 25 April 2019. She is an Independent Non-Executive Director of VICOM Ltd. She is the Chairman of the Sustainability Committee, a member of the Audit & Risk Committee and a member of the Nominating & Remuneration Committee. Ms Tan is an Independent Director on the Boards of Sheng Siong Group Limited, Centurion Corporation Limited, and AnnAik Limited, APAC Realty Ltd and OTS Holdings Limited. She is also a Board Member of Jilin Food Zone Pte Ltd and Vanguard Healthcare Pte Ltd. Ms Tan holds a Bachelor of Science (Honours) in Estate Management from NUS, and a Master of Business Administration (with distinction) from New York University, United States of America.

Ms Wong Yoke Woon was appointed to the Board on 21 May 2020. She is an Independent Non-Executive Director of VICOM. She is a member of both the Audit & Risk Committee and the Nominating & Remuneration Committee. Ms Wong is the Director of the National Trade Unions Congress' Administration and Research Unit ("NTUC-ARU") Operations Department. Ms Wong holds an Executive Masters in Business Administration from the Singapore Management University, a Bachelor of Social Sciences from NUS and Bachelor of Arts and Social Sciences from NUS. Ms Wong also holds a Professional Diploma in Employment Relations from the NUS-Extension and Ong Teng Cheong Institute and a Graduate Diploma in Personnel Management from the Singapore Institute of Management.

**Audit & Risk Committee:**

- Mr Soh Chung Hian, Daniel: Chairman (Independent Non-Executive Director)
- Ms June Seah Lee Kiang: Member (Independent Non-Executive Director)
- Professor Shim Phiau Wui, Victor: Member (Independent Non-Executive Director)
- Ms Tan Poh Hong: Member (Independent Non-Executive Director)
- Ms Wong Yoke Woon: Member (Independent Non-Executive Director)

**Nominating & Remuneration Committee:**

- Dr Tan Kim Siew: Chairman (Independent Non-Executive Director and Board Chairman)
- Mr Cheng Siak Kian: Member (Non-Independent Non-Executive Director and Deputy Board Chairman)
- Mr Soh Chung Hian, Daniel: Member (Independent Non-Executive Director)
- Ms Tan Poh Hong: Member (Independent Non-Executive Director)
- Ms Wong Yoke Woon: Member (Independent Non-Executive Director)

**Sustainability Committee**

- Ms Tan Poh Hong: Chairman (Independent Non-Executive Director)
- Ms June Seah Lee Kiang: Member (Independent Non-Executive Director)
- Mr Sim Wing Yew: Member (Non-Independent Executive Director and CEO)
- Professor Shim Phiau Wui, Victor: Member (Independent Non-Executive Director)
- Dr Tan Kim Siew: Member (Independent Non-Executive Director and Board Chairman)

**Technology Committee**

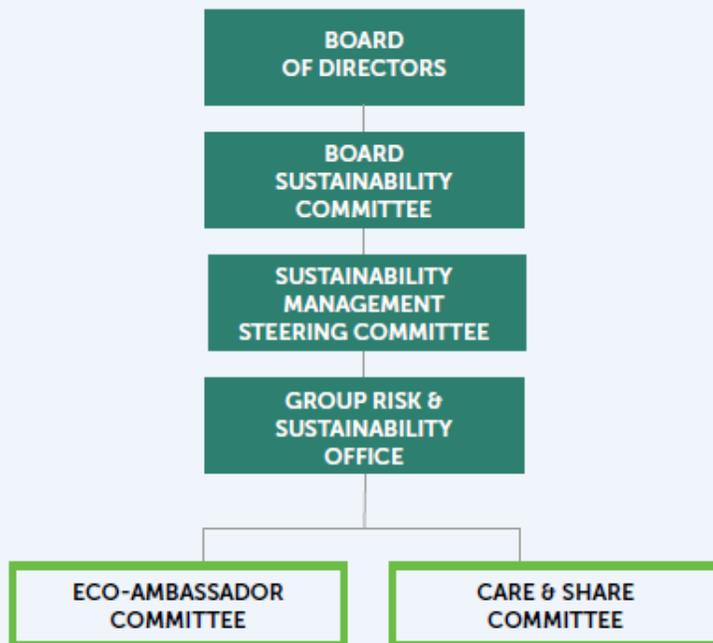
- Professor Shim Phiau Wui, Victor: Chairman (Independent Non-Executive Director)
- Mr Cheng Siak Kian: Member (Non-Independent Non-Executive Director and Deputy Board Chairman)
- Professor Karina Yew-Hoong Gin: Member (Independent Non-Executive Director)
- Professor Ooi Beng Chin: Member (Non-Independent Non-Executive Director)
- Mr Sim Wing Yew: Member (Non-Independent Executive Director and CEO)
- Dr Tan Kim Siew: Member (Independent Non-Executive Director and Board Chairman)

## SUSTAINABILITY INFORMATION

### Sustainability governance:

VICOM has a governance structure (as shown in **Exhibit 77**) in place to monitor and manage all ESG and climate-related risks while generating sustainable, economic growth, and development for the business. The Board takes overall responsibility, while the Sustainability Committee (“SC”) chaired by Ms June Seah, oversees the review, assessment, implementation and rectification of issues, strategies and targets pertaining to sustainability.

### Exhibit 77: VICOM’s Sustainability Governance Structure



Source: VICOM

The SC conducts bi-annual meetings to address ESG matters within the organisation and convenes on an ad-hoc basis when required. Meetings are held to identify, analyse, and review important external sustainability-related issues, and the relevant actions required to address any gaps for improvement.

Moreover, the SC aids in the rollout of ESG initiatives and is supported by VICOM’s Sustainability Management Committee, chaired by the CEO, Mr Sim Wing Yew, and comprising of VICOM’s senior management. VICOM’s Group Chief Risk & Sustainability Officer (“CRSO”) assumes overall responsibility in assessing and managing the relevant climate-related risks and opportunities.

The Sustainability Management Steering Committee informs the Board and SC on VICOM’s sustainability-related matters, reviews VICOM’s sustainability performance and tracks it against targets, and assesses climate-related risks and opportunities. Complementing these efforts, VICOM’s Eco-Ambassador committee facilitates the implementation of sustainability initiatives, underscoring the company’s commitment to continuously advance in ESG-related matters. To further embed sustainability across the organisation, VICOM has established a portal with relevant ESG newsletters, policies, environmental KPIs and other related information for its staff.

**Stakeholder engagement:**

The stakeholders play a crucial role in determining VICOM's objectives for sustainability and growth. As a result, the company respects its stakeholders' opinions and work to simultaneously satisfy their changing demands. How VICOM prioritises its stakeholders depends on their impact on VICOM's operations and VICOM's business effect has on them. The identified stakeholders and their priorities are listed below. VICOM also regularly communicates with important stakeholders via the various methods below.

VICOM's stakeholder engagement is shown in **Exhibit 78**.

**Exhibit 78: VICOM's Stakeholder Engagement**

STAKEHOLDERS	FORMS OF ENGAGEMENT	STAKEHOLDER PRIORITIES RAISED	OUR RESPONSE TO PRIORITIES
 <p><b>CUSTOMERS</b></p>	<ul style="list-style-type: none"> <li>Responding to daily client enquiries regarding services via corporate marketing email, chat bot and phone</li> <li>Conducting annual Customer Satisfaction Surveys to improve customer service and satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>General enquiries (pricing, report turnover, long queue time)</li> <li>Customer feedback on level of customer service</li> </ul>	<ul style="list-style-type: none"> <li>Timely response to general queries</li> <li>Using feedback to improve customer service</li> </ul>
 <p><b>EMPLOYEES</b></p>	<ul style="list-style-type: none"> <li>Bi-annual staff communication on the Code of Business Conduct</li> <li>Regular orientation for new hires on company policies, safety, and quality matters.</li> <li>Refresher safety training for all staff every four years</li> <li>Regular communication with all staff on company policies, protocols and other social initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Flexible work arrangements</li> <li>Company policies and protocols</li> <li>Feedback on level of staff satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>Policies and safety measures are regularly communicated and reiterated</li> </ul>
 <p><b>SHAREHOLDERS</b></p>	<ul style="list-style-type: none"> <li>Annual General Meetings</li> <li>Quarterly updates on the company's financial performance</li> </ul>	<ul style="list-style-type: none"> <li>Business strategies and upcoming plans</li> </ul>	<ul style="list-style-type: none"> <li>Provision of operational strategy</li> </ul>

Source: VICOM

**Exhibit 78: VICOM's Stakeholder Engagement**

STAKEHOLDERS	FORMS OF ENGAGEMENT	STAKEHOLDER PRIORITIES RAISED	OUR RESPONSE TO PRIORITIES
<b>SUPPLIERS</b> 	<ul style="list-style-type: none"> <li>Review of Supplier Code of Conduct to reflect our sustainability ambition.</li> <li>Work closely and communicate with our suppliers to ensure smooth delivery of purchased items that complies with ESG expectations.</li> <li>Supplier environmental and social screening assessment questionnaire</li> </ul>	<ul style="list-style-type: none"> <li>Pricing</li> <li>Delivery of products/ services</li> </ul>	<ul style="list-style-type: none"> <li>Timely communication on pricing concerns and delivery</li> </ul>
<b>REGULATORS</b> 	<ul style="list-style-type: none"> <li>Regular dialogue sessions and meetings with regulators including Land Transport Authority, National Environment Agency, Housing Development Board, Building &amp; Construction Authority</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory assessments</li> <li>Regulatory updates</li> <li>SGX listing requirements</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with regulatory updates and assessments</li> </ul>
<b>TRADE ASSOCIATIONS AND PROFESSIONAL BODIES</b> 	<ul style="list-style-type: none"> <li>Regular dialogues and meetings with trade associations and professional bodies on standards of compliance.</li> </ul>	<ul style="list-style-type: none"> <li>Compliance to standards</li> </ul>	<ul style="list-style-type: none"> <li>Regular updates on standards requirements for industry compliance</li> </ul>

Source: VICOM

**Materiality assessment:**

In FY2024, VICOM undertook a high-level materiality assessment review and refresh in alignment with the Global Reporting Initiative (“GRI”) 2021 Standards. In collaboration with an independent external consultant, VICOM assessed if there were any changes to the impacts of its business activities on the surrounding communities, environment, and economy. The assessment also considered emerging sustainability issues, along with industry and market demands, in determining the relevance and importance of existing material topics to the evolving sustainability landscape. Overall, VICOM’s material topics have not changed, as there were no significant changes within their operational landscape since the last reporting cycle.

Aside from the detailed impact materiality approach undertaken, VICOM is also currently considering sustainability issues from a financial materiality lens. This was initially done for their climate related risks and opportunities as they evaluated their financial materiality through a climate scenario analysis. Furthermore, VICOM also included financial considerations in their internal evaluation of sustainability issues and initiatives. Going forward, the company is evaluating the full adoption of a double materiality assessment approach in the coming year.

The key material topics are shown in **Exhibit 79**.

**Exhibit 79: FY2024 Materiality Assessment**

PILLAR	KEY MATERIAL TOPICS	MATERIAL SUB-TOPICS
 <p><b>ENVIRONMENTAL</b> Embracing and enhancing sustainable technology and Innovation; Advancing environmental stewardship and facilitating the transition towards sustainability</p>	Sustainability Transition	<ul style="list-style-type: none"> <li>• Climate change adaptation and mitigation</li> <li>• Climate-friendly mobility</li> </ul>
 <p><b>SOCIAL</b> Safeguarding the health, wellbeing and safety of our people, communities and the society</p>	Human Capital Responsibility	<ul style="list-style-type: none"> <li>• Occupational health and safety</li> <li>• Employee wellbeing and work-life balance</li> <li>• Human and labour rights</li> <li>• Employee training, upskilling and development</li> <li>• Diversity, anti-discrimination, inclusion, and equal opportunities</li> <li>• Talent attraction, retention, job opportunity creation</li> </ul>
 <p><b>GOVERNANCE AND ECONOMY</b> Upholding strong governance and ethical business conduct in our journey towards sustainable economic growth and innovation</p>	Public Health and Safety Service Quality and Customer Relationship Local Impact and Socioeconomic Contribution	
	Cybersecurity and Data Privacy Business and Operational Integrity	<ul style="list-style-type: none"> <li>• Compliance, ethical conduct, transparency, and accountability</li> <li>• Corporate governance</li> <li>• Responsible supply chain &amp; partnerships</li> </ul>
	Testing Integrity Innovation and Growth	<ul style="list-style-type: none"> <li>• Economic growth and new opportunities</li> <li>• Investment and innovation in services and operations               <ol style="list-style-type: none"> <li>i. Sustainable food systems</li> <li>ii. Sustainable building materials</li> </ol> </li> </ul>

Source: VICOM

**Sustainability framework:**

VICOM's Sustainability Framework consists of four pillars as shown in **Exhibit 80**. The company aligned its goals to the United Nations Sustainability Development Goals ("UN SDGs") to provide a comprehensive sustainability framework. The relevant UN SDG targets, as shown below are mapped to its key pillars, commitments and projects.

**Exhibit 80: VICOM's Sustainability Framework**



Source: VICOM

The UN SDGs are shown in **Exhibit 81**.

**Exhibit 81: UN SDGs**

PILLAR	KEY MATERIAL TOPICS	MATERIAL SUB-TOPICS	UN SDG TARGETS
<b>EMBRACING AND ENHANCING SUSTAINABLE TECHNOLOGY AND INNOVATION</b>  	Sustainability Transition	<ul style="list-style-type: none"> <li>Climate friendly mobility</li> <li>Climate change adaptation and mitigation</li> </ul>	<p>Target 13.2 – Integrate climate change measures into national policies, strategies, and planning</p> <p>Target 13.3 – Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning</p> <p>Target 12.7 – Promote public procurement practices that are sustainable, in accordance with national policies and priorities</p>

Source: VICOM

**Exhibit 81: UN SDGs**

PILLAR	KEY FOCUS AREA	MATERIAL TOPICS	UN SDG TARGETS
<p><b>ADVANCING ENVIRONMENTAL STEWARDSHIP AND FACILITATING THE TRANSITION TOWARDS SUSTAINABILITY</b></p>   	Resource Stewardship	<ul style="list-style-type: none"> <li>• Energy</li> <li>• Emissions and air quality</li> <li>• Water</li> <li>• Waste</li> </ul>	<p>Target 7.2 – By 2030, increase substantially the share of renewable energy in the global energy mix</p> <p>Target 7.a – By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil fuel technology, and promote investment in energy infrastructure and clean energy technology</p> <p>SDG Target 12.5 – By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse</p> <p>SDG Target Target 12.6 – Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle</p> <p>Target 13.2 – Integrate climate change measures into national policies, strategies, and planning</p>

Source: VICOM

**Exhibit 81: UN SDGs**

PILLAR	KEY FOCUS AREA	MATERIAL TOPICS	UN SDG TARGETS
<b>PRIORITISING OUR PEOPLE, COMMUNITIES AND THE SOCIETY WITH A RESPONSIBLE AND PHILANTHROPIC LENS</b>     	Human Capital Responsibility	<ul style="list-style-type: none"> <li>Occupational health and safety</li> <li>Employee wellbeing and work-life balance</li> <li>Human &amp; labour rights</li> <li>Employee training, upskilling &amp; development</li> <li>Diversity, anti-discrimination, inclusion, and equal opportunities</li> <li>Talent attraction, retention, job opportunity creation</li> </ul>	<p>SDG Target 4.4 – By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs, and entrepreneurship</p> <p>SDG Target 5.5 – Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life</p> <p>SDG Target 8.5 – By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</p> <p>SDG Target 8.7 – Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.</p> <p>SDG Target 8.8 – Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.</p>
	Public Health and Safety		
	Service quality and customer relationship		
	Local impact and socioeconomic contribution		

Source: VICOM

**Exhibit 81: UN SDGs**

PILLAR	KEY FOCUS AREA	MATERIAL TOPICS	UN SDG TARGETS
<b>UPHOLDING STRONG GOVERNANCE AND ETHICAL BUSINESS CONDUCT IN OUR JOURNEY TOWARDS SUSTAINABLE ECONOMIC GROWTH AND INNOVATION</b>      	Business and Operational Integrity	<ul style="list-style-type: none"> <li>• Compliance, ethical, conduct, transparency, and accountability</li> <li>• Corporate governance</li> <li>• Responsible supply chain and partnerships</li> </ul>	SDG Target 16.5 – Substantially reduce corruption and bribery in all their forms
	Testing Integrity Cybersecurity and Data privacy		
	Innovation and Growth	<ul style="list-style-type: none"> <li>• Economic growth and new opportunities</li> <li>• Investment and innovation in services and operations                             <ul style="list-style-type: none"> <li>i) Sustainable food systems</li> <li>ii) Sustainable building systems</li> </ul> </li> </ul>	SDG Target 9.4 – By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries acting in accordance with their respective capabilities

Source: VICOM

## (I) ENVIRONMENTAL

VICOM has demonstrated a strong commitment to environmental sustainability through a dual focus on sustainability transition and resource stewardship, aligning its operations with Singapore's Green Plan 2030 and global climate goals.

On the transition front, VICOM is actively embedding climate-friendly mobility and clean energy solutions into its business model. In FY2024, the company added three electric vehicles ("EVs") to its fleet, bringing the total to five, as part of a roadmap to electrify half of its fleet by 2030 and achieve full electrification by 2040. This plan is aligned with CDG's Science Based Targets initiative ("SBTi") 1.5°C scenario, ensuring consistency with international decarbonisation pathways. VICOM also completed solar panel installations across all six premises, generating 1.79 MWh of renewable energy, enough to power approximately 400 four-room HDB flats annually. At certain sites, solar energy accounted for up to 40% of electricity needs, with surplus energy fed back into the grid to support national sustainability efforts.

To enable Singapore's EV adoption targets, VICOM expanded its service offerings to include EV charger inspection and commissioning, completing hundreds of preventive maintenance and testing operations in 2024. It also partnered with specialists to develop battery health-check capabilities for hybrid and electric vehicles, addressing emerging needs in the secondary EV market. These initiatives not only reduce emissions but also position VICOM as a key enabler of climate-friendly mobility.

Complementing these efforts, VICOM has strengthened its climate resilience through scenario analysis under the Task Force on Climate-related Financial Disclosures ("TCFD") framework. It identified physical and transition risks such as heatwaves, floods, and carbon pricing, and updated Business Continuity Plans to mitigate operational disruptions. Looking ahead, VICOM plans to enhance climate reporting in line with IFRS S2 standards, set absolute emissions reduction targets, and explore carbon credit mechanisms to offset residual emissions.

On resource stewardship, VICOM focuses on managing emissions, energy, water, and waste across its operations. In FY2024, Scope 1 emissions rose by 7.7% due to higher business volumes and inclusion of Malaysian operations, while Scope 2 emissions fell by 9.2%, driven by solar adoption and energy efficiency measures. The company has committed to reducing Scope 1 emissions by 25% by 2030 and 50% by 2040, and Scope 2 emissions by 15% by 2040, using 2022 as the baseline year.

Energy conservation remains a priority. VICOM implemented LED lighting, motion sensors, and time-controlled air-conditioning systems, alongside a heat recovery system at its Bukit Batok facility that delivered monthly savings equivalent to powering over 600 HDB flats. Solar installations further reduced reliance on grid electricity, and the company aims for a 15% energy reduction by 2040. Water consumption increased by 37.5% in 2024 due to expanded operations and new dormitory facilities, but VICOM introduced water-saving fittings and recycling systems in its laboratories. It also conducts water efficiency testing under Singapore's Water Efficiency Labelling Scheme ("WELS"), promoting sustainable consumer choices.

Waste management initiatives include strict disposal protocols for hazardous chemicals and electronic waste, complemented by recycling campaigns for paper and textiles. In 2024, VICOM recycled over 4,800 tonnes of materials, including concrete and steel samples, and organised a beach cleanup to raise environmental awareness. Future plans involve implementing additional waste reduction strategies and enhancing internal data controls for accurate reporting.

Looking forward, VICOM's environmental strategy is anchored in long-term commitments to decarbonisation, resource efficiency, and innovation. The company will continue electrifying its fleet, scaling renewable energy adoption, and expanding green service offerings such as EV battery testing and solar panel certification. Concurrently, VICOM aims to set comprehensive Scope 3 emissions targets, strengthen climate risk disclosures, and embed circular economy principles across its value chain. These efforts not only mitigate environmental risks but also create new revenue streams, reinforcing VICOM's role as a sustainability leader in Singapore's testing and inspection industry.

VICOM's environmental targets and performance are shown in **Exhibit 82**.

**Exhibit 82: VICOM's Environmental Targets and Performance in FY2024**

MATERIAL TOPICS	FY2024 PERFORMANCE & ACHIEVEMENTS	PROGRESS (ON TRACK/ FULFILLED)	SHORT, MEDIUM & LONG-TERM TARGETS
<p><b>SUSTAINABILITY TRANSITION</b></p> <ul style="list-style-type: none"> <li>Climate friendly mobility</li> <li>Climate change adaptation and mitigation</li> </ul> 	<ul style="list-style-type: none"> <li>Acquired 3 EVs</li> </ul>	On track	<ul style="list-style-type: none"> <li>Transition towards cleaner vehicle procurement</li> <li>Progressively transition half of VICOM's existing fleet of ICE vehicles to EVs by 2030, with the end goal of an entire green fleet by 2040</li> </ul>
<p><b>RESOURCE STEWARDSHIP</b></p> <ul style="list-style-type: none"> <li>Emissions<sup>3</sup> &amp; Air Quality</li> <li>Energy</li> <li>Waste</li> <li>Water</li> </ul> 	<ul style="list-style-type: none"> <li>Scope 1 emissions increased by 7.63% in 2024</li> <li>Scope 2 emissions decreased by 9.19% in 2024</li> <li>Diesel consumption has increased by 8% while petrol consumption has increased by 7.4% in 2024</li> <li>Electricity consumption decreased by 0.29% in 2024</li> <li>Waste increased by 12.1% in 2024</li> <li>Water increased by 37.5% in 2024</li> </ul>	On track	<ul style="list-style-type: none"> <li>VICOM will set absolute emissions reduction targets for our Scope 1 and Scope 2 emissions.</li> <li>Scope 1: From the newly established emissions baseline of 2022, VICOM set interim absolute GHG emissions targets of a 25% reduction by 2030 and 50% reduction by 2040</li> <li>Scope 2: From the newly established emissions baseline of 2022, VICOM set interim absolute GHG emissions targets of a 5% reduction by 2025, 10% reduction by 2030 and 15% reduction by 2040.</li> <li>Continue to explore renewable energy options for adoption in VICOM's business</li> <li>Implement waste reduction initiatives to minimise output of waste</li> <li>VICOM will also continue to commit to recycling or reusing waste wherever possible within its value chain</li> <li>Continue to implement water reduction initiatives and also continue to commit to recycling or reusing water wherever possible within its value chain</li> </ul>

Source: VICOM

## (II) SOCIAL

VICOM places strong emphasis on its social responsibility, prioritising the health, safety, and well-being of its employees while fostering diversity, inclusion, and community engagement. Occupational health and safety are a cornerstone of its operations. In FY2024, the company reported zero fatalities and zero high-consequence incidents, maintaining a lost-time injury rate of 0.44, well below Singapore's national average. VICOM adheres to ISO 45001:2018 standards and conducts regular audits, risk assessments, and safety walkabouts to identify hazards early. Programmes such as the Workplace Safety and Health Advocate initiative reinforce a proactive safety culture, while monthly safety committee meetings ensure continuous improvement. Employees are equipped with personal protective equipment, and near-miss reporting is actively encouraged to prevent recurrence. Beyond physical safety, VICOM promotes holistic well-being through discounted health screenings, medical benefits, and wellness programmes, including webinars on mental health and self-care. Flexible work arrangements and financial support schemes, such as the Advanced Monthly Annual Wage Supplement, further enhance employee welfare.

Talent development and retention remain central to VICOM's social strategy. In FY2024, employees received an average of 20.1 training hours, covering technical certifications, leadership development, and soft skills through platforms like LinkedIn Learning. VICOM also introduced supplementary learning modules on resilience, teamwork, and stress management, complementing its annual performance appraisal system. To strengthen its talent pipeline, VICOM partners with educational institutions such as the Institute of Technical Education ("ITE"), offering internships, career talks, and sponsoring book prizes for top graduates. These initiatives aim to attract young talent and support Singapore's workforce development goals. The company enforces a zero-tolerance policy for discrimination and upholds fair employment practices under Tripartite Alliance for Fair and Progressive Employment Practices ("TAFEP") guidelines and international labour standards. Diversity and inclusion are actively promoted, with women comprising 24% of the workforce and 40% of the Board, exceeding regulatory requirements. VICOM also ensures equitable remuneration structures and maintains zero reported cases of discrimination.

Beyond its internal commitments, VICOM actively engages with the community through its longstanding "Care and Share" programme. In FY2024, the company donated S\$72,000 and contributed over 564 volunteering hours to beneficiaries such as HCA Hospice Care, Willing Hearts, and Sunshine Welfare Action Mission Home. Initiatives included festive celebrations for seniors, monthly meal sponsorships, and participation in fundraising events like the HCA Walkathon and FairPrice Walk for Rice, which collectively contributed 999 bowls of rice to underprivileged families. VICOM also advocates for education and industry awareness by hosting tours for students from NTU, SIT, and ITE, providing insights into vehicle inspection and laboratory testing processes. These efforts reflect VICOM's commitment to uplifting vulnerable communities and nurturing future talent.

Looking ahead, VICOM aims to maintain zero workplace fatalities and high-consequence incidents, keep voluntary turnover below 20% by 2030, and increase annual training hours to 40 per employee by 2030. The company will continue enhancing diversity representation, expanding wellness programmes, and deepening community partnerships. Through these initiatives, VICOM demonstrates its dedication to creating a safe, inclusive, and socially responsible organisation while contributing positively to the broader community.

VICOM's social targets and FY2024 performance are shown in **Exhibit 83**.

**Exhibit 83: VICOM's Social Targets and Performance in FY2024**

MATERIAL TOPICS	FY2024 PERFORMANCE & ACHIEVEMENTS	PROGRESS (ON TRACK/ FULFILLED)	SHORT, MEDIUM & LONG-TERM TARGETS
<p><b>HUMAN CAPITAL RESPONSIBILITY</b></p> <ul style="list-style-type: none"> <li>Occupational health and safety</li> <li>Employee wellbeing &amp; work-life balance</li> <li>Talent attraction, retention and job opportunities</li> <li>Diversity, anti-discrimination, inclusion and equal opportunities</li> <li>Employee training, upskilling and development</li> <li>Human and labour rights</li> </ul> 	<ul style="list-style-type: none"> <li>Zero cases of work-related high-consequence safety incidents in 2024</li> <li>Zero cases of fatalities in 2024</li> <li>Lost-time injury rate of 0.44 in 2024 (below the national annualised workplace injury rate per 100,000 workers )</li> <li>Maintained Average Wellbeing Score in Employee Satisfaction Survey as 4.24</li> <li>100% of staff receive performance appraisals</li> <li>Training hours increased to 19.84 hours in 2024, up from 19.18 hours in 2023</li> <li>Voluntary turnover increased to 13.23% in 2024, up from 12.9% in 2023</li> <li>Ensured and maintained all targets relating to diversity, anti-discrimination, inclusion and equal opportunities, and human and labour rights</li> </ul>	Fulfilled	<ul style="list-style-type: none"> <li>VICOM has established the following short, medium, and long-term occupational health and safety targets:                             <ul style="list-style-type: none"> <li>Ensuring zero cases of work-related high-consequence safety incidents annually for FY2023 and beyond</li> <li>Maintaining zero cases of fatalities in FY2023 and beyond</li> <li>Lost-time injury rates below the national average</li> </ul> </li> <li>VICOM intends to continue its implementation of employee wellness events and initiatives such as webinars, presentations, and in-person socials.</li> <li>Continue to recognise the achievements of staff through existing initiatives and practices</li> <li>Continue to offer attractive benefits and development programs</li> <li>Keep voluntary turnover below 20% by 2030 and 15% by 2040.</li> <li>For FY2025 and beyond, VICOM has established the following short, medium, and long-term diversity and inclusion targets:                             <ul style="list-style-type: none"> <li>Maintain zero incidences of complaints relating to discrimination and equal opportunity</li> <li>Ensure an equitable remuneration structure based on work performance without gender bias</li> <li>Continued commitment to the United Nations Global Compact (UNGC), International Labour Organisation (ILO), TAFEP for fair employment practices</li> <li>Uphold diversity representation in the workplace in terms of gender, race, ability, and age amongst other backgrounds where possible and applicable</li> </ul> </li> </ul>
<p><b>PUBLIC HEALTH AND SAFETY</b></p> 	<ul style="list-style-type: none"> <li>Zero incidents of non-compliance relating to public health and safety</li> </ul>	Fulfilled	<ul style="list-style-type: none"> <li>Continue achieving zero incidents of non-compliance to demonstrate our commitment to ensuring public health and safety in the provision of our testing services</li> </ul>

Source: VICOM

**Exhibit 83: VICOM's Social Targets and Performance in FY2024**

MATERIAL TOPICS	FY2023 PERFORMANCE & ACHIEVEMENTS	PROGRESS (ON TRACK/ FULFILLED)	SHORT-, MEDIUM- & LONG-TERM TARGETS
<p><b>SERVICE QUALITY AND CUSTOMER RELATIONSHIP</b></p> 	<ul style="list-style-type: none"> <li>• SETSCO Customer Satisfaction Survey saw an improved score from 86.2% in 2023 to 91% in 2024</li> <li>• VICOM service quality and customer relationship awards for staff:               <ul style="list-style-type: none"> <li>○ Best Centre (Overall)</li> <li>○ Best TKE 'Technical Knowledge Examination' Score (Centre &amp; Individual)</li> <li>○ Best Customer Service (Centre &amp; Individual)</li> </ul> </li> </ul>	<p>Fulfilled</p>	<ul style="list-style-type: none"> <li>• For FY2025 and beyond, VICOM aims to improve its service quality and customer relationship through new and existing initiatives and practices</li> </ul>
<p><b>LOCAL IMPACT AND CSR</b></p> 	<ul style="list-style-type: none"> <li>• VICOM donated a total of S\$72,000 and yielded over 564 hours of volunteering by its employees</li> </ul>	<p>Fulfilled</p>	<ul style="list-style-type: none"> <li>• For FY2025 and beyond, VICOM aims to continue CSR initiatives and partnerships with organisations such as HCA Hospice Care, Willing Hearts, and SWAMI, amongst others</li> </ul>

Source: VICOM

### (III) GOVERNANCE

VICOM embeds strong governance and ethical business practices at the core of its operations, viewing them as essential for sustainable economic growth and innovation. The company integrates ESG considerations into its strategic planning and risk management processes, ensuring transparency, accountability, and compliance with all relevant regulations. Governance oversight is led by the Board of Directors, which maintains a high level of independence, 70% of directors are independent and non-executive, exceeding the requirements of the MAS Code and Singapore Stock Exchange (“SGX”) Listing Rules. Board diversity is actively promoted, with women comprising 40% of the Board as of FY2024. The Board meets at least four times annually to review financial and sustainability performance, and its responsibilities include approving material ESG topics, overseeing risk management frameworks, and ensuring alignment with international standards such as the Task Force on Climate-related Financial Disclosures (“TCFD”) and IFRS S2 climate reporting requirements. To strengthen ESG leadership, the Board established a dedicated SC, supported by the Group Risk and Sustainability Office and the Eco-Ambassador Committee, which drives sustainability initiatives and employee engagement.

Ethical conduct is enforced through a strict zero-tolerance policy for corruption, bribery, and anti-competitive behaviour. VICOM maintains ISO 37001:2016 Anti-Bribery Management System certification and conducts regular internal audits to ensure compliance. In FY2024, the company reported zero cases of non-compliance with laws and regulations, zero incidents of corruption, and zero breaches of anti-competitive practices. A robust Whistleblowing Policy provides employees and stakeholders with secure channels to report unethical behaviour, while tendering processes are fully digitalised under the ComPASS procurement system to enhance transparency and accountability. Financial authority limits and dual-approval requirements are in place to prevent fraud and misuse of funds. VICOM also enforces conflict-of-interest declarations for employees and directors, ensuring impartiality in decision-making.

Cybersecurity and data privacy are critical governance priorities. VICOM adheres to Singapore’s Personal Data Protection Act (“PDPA”) and holds the Data Protection Trustmark certification. Measures include annual cybersecurity awareness training for all employees, phishing simulations, and the implementation of advanced security systems such as Cloud Access Security Broker (“CASB”) and Security Information and Event Management (“SIEM”) tools. The company conducts annual IT business continuity tests and tabletop exercises to assess preparedness for cyber incidents. In FY2024, VICOM recorded zero data breaches or privacy violations, underscoring the effectiveness of its controls. A certified Data Protection Officer oversees compliance and risk mitigation, while internal audits ensure adherence to PDPA requirements.

To align governance with sustainability objectives, VICOM links executive remuneration to ESG performance through its Balanced Scorecard framework, where 25% of management bonuses are tied to sustainability targets. The company also embeds responsible supply chain practices, screening 100% of new suppliers on environmental and social criteria and maintaining zero cases of supplier non-compliance in FY2024. Supplier engagement is reinforced through the Supplier Code of Conduct, which mandates compliance with anti-corruption, labour rights, and environmental standards. VICOM’s Enterprise Risk Management framework further integrates climate-related risks into its overall risk inventory, supported by scenario analysis and business continuity planning to address potential disruptions from extreme weather events or regulatory changes.

Looking forward, VICOM aims to maintain high standards of transparency and ethics, ensure continued compliance with board independence requirements, and strengthen climate-related disclosures in line with IFRS S2 standards. The company will also explore internal carbon pricing mechanisms and expand ESG-linked performance metrics across its operations. These measures underscore VICOM’s commitment to integrity, accountability, and long-term value creation for stakeholders, positioning the company as a trusted leader in governance within Singapore’s testing and inspection industry.

VICOM's governance targets and FY2024 performance are shown in **Exhibit 84**.

**Exhibit 84: VICOM's Governance Targets and Performance in FY2024**

MATERIAL TOPICS	FY2023 PERFORMANCE & ACHIEVEMENTS	PROGRESS (ON TRACK/ FULFILLED)	SHORT-, MEDIUM- & LONG-TERM TARGETS
<b>RESPONSIBLE SUPPLY CHAIN</b> 	<ul style="list-style-type: none"> <li>Zero incidents of social or environmental non-compliance across our supply chain</li> </ul>	Fulfilled	<ul style="list-style-type: none"> <li>Maintain zero incidents of social or environmental non-compliance across the supply chain</li> <li>Uphold accountability, transparency, and ethical business conduct</li> </ul>
<b>TESTING INTEGRITY</b> 	<ul style="list-style-type: none"> <li>Zero cases of regulatory non-compliance resulting in suspension and revocation.</li> <li>Maintained ISO 37001:2016, Anti-Bribery Management System certification</li> </ul>	Fulfilled	<ul style="list-style-type: none"> <li>Maintain zero cases of regulatory non-compliance resulting in suspension and revocation</li> <li>Maintain a zero-tolerance policy for corruption and fraud</li> <li>Maintain testing standards and enforce integrity in VICOM's business operations and across all its stakeholders</li> </ul>
<b>CYBERSECURITY AND DATA PRIVACY</b> 	<ul style="list-style-type: none"> <li>Zero major cybersecurity breaches</li> </ul>	Fulfilled	<ul style="list-style-type: none"> <li>Maintain zero major cybersecurity breaches</li> <li>Continue to conduct internal audits to measure adherence to PDPA Policies</li> <li>Continuously solidify cybersecurity, data protection and privacy measures</li> </ul>
<b>INNOVATION AND GROWTH</b> <ul style="list-style-type: none"> <li>Economic growth and new opportunities</li> <li>Investment and innovation in services and operations</li> </ul> 	<ul style="list-style-type: none"> <li>Four new technologies/ capabilities were initiated in 2024 to bring in new revenue streams, expand existing capabilities or address problem statements</li> <li>12 operations automation projects were implemented in 2024 to drive productivity. These projects use technology to automate operations thereby reducing risk, lowering cost or creating value for customers.</li> </ul>	Fulfilled	<ul style="list-style-type: none"> <li>Continue exploring new ways to refine and reinvent service offerings through innovative solutions and ventures</li> <li>Seek out new opportunities to expand VICOM's testing and operational capabilities for economic growth and to enhance competitiveness</li> </ul>

Source: VICOM

**Exhibit 84: VICOM's Governance Targets and Performance in FY2024**

**BUSINESS AND OPERATIONAL INTEGRITY**

- Corporate governance
- Compliance, ethical conduct, transparency and accountability



	On track	
<ul style="list-style-type: none"> <li>• Ensured compliance with the board independence requirements as per SGX and MAS</li> <li>• Maintained a minimum of three female Board members</li> <li>• Maintained ISO 37001:2016, Anti-Bribery Management System certification</li> <li>• Zero cases of non-compliance to anti-competitive behaviour, bribery, and corruption</li> </ul>		<ul style="list-style-type: none"> <li>• Ensure compliance with the board independence requirements as per SGX and MAS</li> <li>• Maintain a minimum of three female Board members</li> <li>• Maintain a minimum of 30% female representation in the Management Team by 2030</li> <li>• Maintain high standards of transparency, accountability, ethics, and integrity across our operations</li> <li>• Maintain zero cases of non-compliance to anti-competitive behaviour, bribery, and corruption</li> </ul>

Source: VICOM

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