

CHAIRMAN'S STATEMENT

The Year

2025 was a very good year for VICOM.

The highlight of the year was the part VICOM played in the Land Transport Authority (LTA) ERP 2.0 migration exercise. We installed more than 251,000 On-Board Units (OBUs) during the year, the highest among the four Authorised Partners appointed by LTA. This underscores the trust Singaporean motorists place in the VICOM brand.

We also maintained market leadership in our traditional vehicle inspection business. We inspected 519,088 vehicles, achieving 72.3% market share despite the closure of our Ang Mo Kio Inspection Centre due to lease expiry.

Our non-vehicle testing business also delivered good results despite earlier concerns that economic turbulence might have impact on demand from our customers. This was because growth in Singapore's manufacturing and construction sectors remained strong, resulting in increased demand for our testing services. Demand was particularly buoyant in the electronics cluster, driven by companies producing Artificial Intelligence-related semiconductors, servers and server-related products. Additionally, many businesses accelerated supply chain de-risking activities in response to uncertainties arising from tariffs, further boosting testing demand.

Progress in Strategies

In furtherance of our strategy to find new technological growth areas that we were not yet in, we made our first foray into Electrical



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and Electronics product testing through a joint venture with QAV Technologies, an established Malaysian testing-services provider.

This new SETSCO QAV facility offers a comprehensive suite of testing capabilities, including Electromagnetic Compatibility & Radio Frequency testing, Electrical Safety and Energy Efficiency testing, Over-the-Air antenna measurement and Acoustic and Reverberation measurement.

This joint venture, servicing the manufacturing and high-tech hub of Penang, not only diversifies our revenue streams but broadens our presence in Malaysia beyond our existing services in the construction sector there.

In furtherance of our strategy to extend our current testing capabilities, we strengthened service offerings for high-growth sectors such as medical devices, consumer electronics and industrial equipment. We introduced Climatic Simulating and Testing to evaluate product durability, reliability, and functionality under extreme environmental conditions.

We attained accreditations for IPX8, which represents the highest standard for water immersion testing. This enables us to validate product integrity under customised conditions. Additionally, we now conduct Rough Handling and Performance tests, especially for the flourishing wearable devices market.

Finally, we expanded our certification capabilities into the area of Sustainability – we are now able to certify operators of Meetings, Incentives, Conferences, Exhibitions (MICE), tourism and public events to ISO 20121: Sustainable Event Management System.

Financial Results

Group revenue increased by \$47.9 million to \$167.4 million, with the increase mainly due to the OBU installation project. However, as this is a one-off occurrence, there will be a corresponding decrease in 2026 with the majority of OBU installations completed in 2025.

As a result of the one-off increase in revenue, operating profit rose to \$51.8 million, an 49.7% increase from 2024. The Directors have recommended a final dividend of 5.30 cents per share, in line with our dividend policy of 70% of net profit attributable to shareholders.

Corporate Governance

VICOM was ranked 14th out of 467 listed companies in Singapore in the annual Singapore Governance and Transparency Index 2025, up from 22nd position last year. We attained a score of 99.2, far exceeding the average score of 70.9.

The Year Ahead

One focus in the coming year will be to leverage the new integrated testing hub at Jalan Papan that will become fully operational in the second half of 2026. We aim to attract new motorists for vehicle inspection while better serving existing ones from the previous Pioneer site.

This hub will also serve as a platform for future growth as we will use the expanded space to introduce additional advanced testing capabilities.

However, at the same time, we will have to navigate the economic and geopolitical headwinds facing companies in Singapore that might impact demand for our services.

Appreciation

I wish to express my gratitude to the management and our employees for their commitment and resilience. I also wish to thank the Union for their unwavering support, and for conferring upon us the May Day Award. My congratulations go to the Board Sustainability Committee for winning the Singapore Corporate Sustainability Award (Mid Cap category) again at the Securities Investors Association (SIAS) Investors' Choice Awards.

On behalf of the Board, I would like to extend a special thanks to Professor Victor Shim Phiau Wui and Ms June Seah Lee Kiang who are retiring after nine years of dedicated service. Professor Shim served as Chairman of the Board Technology Committee since its inception, while Ms Seah chaired the Board Sustainability Committee, also since its inception. We have benefited immensely from their wisdom and counsel that respectively helped VICOM grow new technological capabilities, and achieve the level of sustainability for VICOM to win the Sustainability Award twice in a row!

We thank our shareholders for their continued trust and support and remain committed to delivering long-term value for our shareholders in the year ahead.

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CHAIRMAN
March 2026