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VICOM LTD

(Company Registration No. 198100320K)
(Incorporated in the Republic of Singapore)
(the “**Company**”)

**RESPONSES TO QUESTIONS FROM SHAREHOLDERS AND
THE SECURITIES INVESTORS ASSOCIATION (SINGAPORE)
IN RELATION TO THE COMPANY’S 45TH ANNUAL GENERAL MEETING**

VICOM Ltd (the “**Company**”) wishes to thank shareholders and the Securities Investors Association (Singapore) (“**SIAS**”) for submitting their questions in advance of the Company’s 45th Annual General Meeting which will be convened and held on Wednesday, 22 April 2026 at 10.00 a.m. by way of electronic means and in person at Cassia Junior Ballroom, Level 3, Sands Expo & Convention Centre, 10 Bayfront Avenue, Singapore 018956.

Please refer to the Annex for our responses to the questions submitted by shareholders and the SIAS.

**BY ORDER OF THE BOARD
VICOM LTD**

Angeline Joyce Lee Siang Pohr
Cher Ya Li Sheryl
Company Secretaries

16 April 2026

Questions from Shareholders

Q1. What would be the expected capital expenditure for FY2026 compared to FY2025?

A1. The capital expenditure (“CAPEX”) for FY2026 is expected to be lower than that for FY2025 as the bulk of the construction expenditure for the Jalan Papan project was incurred in FY2025.

Q2. For non-vehicle testing, roughly in what proportion does the public sector and private sector contribute to the total revenue?

A2. The revenue for non-vehicle testing is predominantly contributed by the private sector, with only a small proportion derived from the public sector.

Q3. Last year, the Chairman shared that the significant increase in CAPEX for FY2025 was due to the new site, Jalan Papan. Do we expect the CAPEX to go back to the normal level in FY2026?

A3. CAPEX is expected to return to normal levels in FY2027, as carry-forward CAPEX relating to the Jalan Papan project will continue to be incurred in FY2026.

Q4. Noted there is an associate in Middle East? How is the impact by current Middle East conflict?

A4. There is no impact on the associate due to the current Middle East conflict, as the associate was set up in November 2010 and has been dormant since 2012.

Q5. With the strong cash generation in FY2025 and the completion of major ERP 2.0 activity, how does management prioritise capital allocation between dividends, expansion of testing capabilities, and potential acquisitions for FY2026?

A5. Supported by a healthy balance sheet, the VICOM Group is well positioned to expand its existing capabilities and invest in new opportunities as they arise. At the same time, shareholders can be assured of a minimum dividend payout of 70% of profits, in accordance with the Company’s dividend policy.

Q6. As electric vehicle (“EV”) adoption increases and vehicles become more complex, how does management expect inspection requirements, scope and margins to evolve over time?

A6. The inspection requirements are largely similar for EVs and Internal Combustion Engine (“ICE”) vehicles, with the key difference being the absence of emission testing for EVs. While margins for EV inspections are currently lower, they have the potential to improve should additional EV-specific testing requirements be incorporated as part of the inspection regime.

Q7. FY2025 results benefited significantly from ERP 2.0 OBU installations. How did the core vehicle testing segment perform in FY2025 if we excluded this contribution?

- A7. The core vehicle inspection segment has performed in line with the previous year. However, demand for emission testing in the specialised laboratory declined, due mainly to fewer ICE vehicles being registered during the year.
- Q8. Given that OBU installations have contributed to recent performance, what are the Company's key growth drivers post-OBU, and how is management positioning VICOM to capture new opportunities?"**
- A8. Growth for the VICOM Group will be driven primarily by SETSCO, given the inherent limitations on the Company's growth under Singapore's car-light policy. The new Jalan Papan building, expected to be fully operational from the second half of 2026, will enable SETSCO to deepen its capabilities and move into higher value, specialised testing segments.

Questions from SIAS

- Q1. For the financial year ended 31 December 2025, revenue increased to \$167.4 million, supported by a one-time contribution from the OBU installation project. The \$47.9 million increase in revenue translated into a \$17.2 million rise in operating profit to \$51.8 million.**

In the core vehicle testing business, the group inspected 519,088 vehicles, achieving a market share of 72.3%. The group's market share has trended down from over 75% to 72.3%, notwithstanding that inspection volumes have fluctuated over the period.

- **2019: 74.0%**
- **2020: 75.2% (493,520 inspections)**
- **2021: 74.7% (523,639 inspections)**
- **2022: 73% (534,840 inspections)**
- **2023: "over 72%" (520,895 inspections)**
- **2024: 72.9% (525,108 inspections)**
- **2025: 72.3% (519,088 inspections)**

- Q1(i) Can management elaborate on the reasons for the decline in market share in vehicle testing? As the market leader, how does the board ensure continued competitive discipline and mitigate the risk of complacency? What targeted strategic initiative is management implementing to stabilise and regain market share?**

- A1(i) The decline in market share is largely due to the competitor's aggressive pricing to corporate fleet owners. In addition, we have reduced our inspection centres from seven to six, upon the expiry of lease of the Ang Mo Kio centre in January 2025. As the market leader, our strategy is to not engage in a price war as it will hurt margins. Instead, management has prioritised better customer experience by having on-line bookings and e-payment options, including an Express service. This is a better option compared to chasing market share at the expense of overall profitability.

- Q1(ii) Management expects the new \$60 million, five storey, purpose-built integrated testing hub at Jalan Papan to be fully operational in the second half of 2026. How does this change the group's vehicle testing capacity? What specific synergies and new capabilities are expected?**

A1(ii) The new inspection centre at Jalan Papan features a better layout, longer ingress to accommodate vehicle queuing, increased inspection lanes and the latest test equipment, compared to the 30-year-old inspection centre at Pioneer. These enhancements deliver greater throughput efficiency and provide capacity headroom to support future growth.

Beyond vehicle inspection, the hub will also enable SETSCO, the non-vehicle testing arm of the VICOM Group, to deepen its capabilities and move into higher value, specialised testing segments.

In addition, the VICOM Group will derive ancillary income from the rental of workshop space and EV charging, strengthening the overall earnings base.

Q1(iii) In addition, the group recognised a \$(2.1) million impairment of goodwill relating to the vehicle inspection services cash generating unit (CGU). Based on management's assumptions, the recoverable amount of the CGU is lower than the carrying amount. What operational or financial factors led to the reduction in recoverable amount, and how should shareholders assess the outlook for this business segment?

A1(iii) The goodwill impairment of \$2.1 million is related to JIC Inspection Services Pte Ltd ("**JIC**"), a joint venture in which the Company owns 78%. JIC previously operated two vehicle inspection centres, one in Ang Mo Kio and the other in Pioneer. With the closure of the Ang Mo Kio centre following the expiry of lease in January 2025 and the relocation of the inspection centre at Pioneer to Jalan Papan in February 2026, there have been changes to both the operational and financial aspects of JIC's business. With one less operating centre, there is reduction in revenue. There is also an increase in cost as the rental is significantly higher at the new centre at Jalan Papan than at Pioneer. These changes will affect the profitability and near-term cash flow of JIC and hence from an accounting standpoint, it is necessary to update the discounted cash flow assumption and make a non-cash impairment to goodwill.

Q2. As noted in the chairman's statement, the group, through SETSCO, ventured into new technological growth areas via a joint venture with QAV Technologies. The joint venture has begun offering a range of testing services, including electromagnetic compatibility and radio frequency testing, electrical safety and energy efficiency testing, over-the-air antenna measurement, and acoustic and reverberation measurement.

Q2(i) Beyond capital contributions, can management elaborate on the group's specific contributions to the joint venture in terms of technical expertise, customer relationships, industry networks and operational capabilities? Conversely, what complementary strengths and capabilities does QAV Technologies bring to the partnership?

A2(i) Both SETSCO and QAV Technologies bring strong and complementary electrical and electronics technical expertise to the new joint venture, through the contributions of their respective technical specialists. In addition, both organisations have established extensive industry networks with electrical and electronics manufacturers across Malaysia and Singapore, which will significantly enhance the joint venture's prospects for success. Having a local partner such as QAV Technologies further improves cost effectiveness, shortens the time required to operationalise the joint venture, and enables more efficient navigation of local regulatory frameworks.

Q2(ii) As disclosed in Note 9 (Subsidiaries; pages 94 and 95), the new subsidiary¹, SETSCO QAV Technologies Sdn Bhd, has total assets of about \$2.2 million and generated revenue of \$25,000 in 2025. How does management intend to scale this business, including customer acquisition strategy, target segments and timeline to achieve commercial viability? What key performance indicators has the board set for this entity?

A2(ii) With the incorporation of SETSCO QAV Technologies Sdn Bhd, SETSCO now has new capabilities in electromagnetic interference (“**EMI**”) and electromagnetic compatibility (“**EMC**”) testing. Such capabilities would support business scaling and expansion of customer base in Penang and the surrounding regions. Customer acquisition will be driven by leveraging the combined industry networks of SETSCO and QAV Technologies. Target customer segments include large contract manufacturing firms and research and development organisations involved in the design of electrical and electronics components.

The Board has set both operational and financial targets for the joint venture. Following the setup phase in 2026, the business is expected to begin contributing to the VICOM Group from 2027.

Q2(iii) Can management provide greater clarity on the group’s exposure to semiconductors, including artificial intelligence-related products, servers and related infrastructure? How material are these segments today, and what growth potential does management see over the medium term?

A2(iii) The VICOM Group serves several multinational corporations in the semiconductor industry. While this is an important segment, it is not a major contributor, as the VICOM Group’s business is well diversified across a wide range of sectors, including construction, manufacturing, oil & gas, marine and offshore, and aerospace. Looking ahead, with the global acceleration in artificial intelligence adoption, the semiconductor industry is expected to experience strong growth over the medium term, which should provide positive opportunities for the VICOM Group.

Q3. Cash and cash equivalents stood at \$57.9 million as at year end. In 2023, the company revised its dividend payout policy from 90% to 70% to support the development of the Jalan Papan site.

Q3(i) With the current cash position and the completion of the Jalan Papan development, will the board be reviewing the dividend payout policy with a view to restoring the payout ratio to 90%? What conditions would need to be met before such a revision is considered appropriate?

A3(i) The current dividend policy is to distribute at least 70% of the profit and not a cap at 70%. The Board has reiterated in the past that the Company will return excess cash to shareholders after factoring in working capital and any expansion plans. This position still holds and the Board will review the dividend payout at the end of each financial year.

¹ The group owns 49% of the effective interest of the subsidiary, whose equity contribution was funded by cash of approximately \$1.1 million. The remaining 51% belonged to QAV who contributed cash of \$280,000 and fixed asset of \$837,000. Management has consolidated the 49% owned entity as the group has three of the five board seats, giving it the ability to influence operating and financial decisions.