

CHAIRMAN'S STATEMENT

The Year

Our vehicle testing business remained robust in 2024. We inspected a total of 525,108 vehicles, increasing our market share to 72.9 percent. In addition, as one of the Authorised Partners appointed by the Land Transport Authority (LTA), we have installed 77,000 On-Board Units (OBUs) so far as part of the ERP 2.0 exercise in 2024.

The manufacturing sector, the key industry served by our non-vehicle testing business, saw subdued sentiment in the first half of 2024, affecting our performance marginally. Fortunately, this sector rebounded in the second half of the year, bolstered partly by the upturn in the global electronics cycle, resulting in satisfactory results for our non-vehicle testing business for the year overall.

We continued to invest in and grow our core strengths and businesses, as well as in the new facilities required to support growth. Construction of the new Jalan Papan integrated

testing centre is under way and is expected to be ready in 1H 2026. The new and larger space will enable us to house a larger vehicle inspection centre to meet the growing demand expected in the western part of Singapore, and also bring new testing capabilities on stream for the non-vehicle testing business.

As part of our multi-year growth strategy, we have continued to focus on:

1. **Extending current testing capabilities**

With the growing concerns around PFAS, otherwise known as "forever chemicals" that have been linked to numerous negative effects on human health, we have developed and taken to market a new testing service to detect such contamination in the environment and food chains.

We now offer Polymerase Chain Reaction (PCR) tests to support the bio-surveillance of emerging diseases such as SARS-CoV, Zika and mPox viruses in wastewater.

We have also developed a new capability to test the resilient modulus of soil and aggregate materials. Resilient modulus is an essential pavement design parameter, used in the design of special pavements like runways. This capability allows us to secure key airfield projects at Changi.



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2. Looking into technological growth areas we are not yet in

In the push for electrification, the government is targeting to deploy 60,000 Electric Vehicle Charging Systems (EVCS) nationwide by 2030. We have collaborated with key partners to set up new capabilities to inspect and maintain these EVCS, opening a new area of business.

3. Enhancing our knowledge and expertise

We continue to invest in the constant upskilling and cross-training of our employees; our vehicle inspectors are trained to inspect electric vehicles safely, and selected groups trained to install, commission, and maintain OBUs. For our non-vehicle testing business, we had also trained several groups of employees in new testing capabilities such as Fatigue testing and analysis, and the new Matrix-assisted laser desorption ionisation time-of-flight mass spectrometer, which allows us to identify micro-organisms such as bacteria and fungi.

4. Deepening customer engagement

We continue to develop new user interfaces to enhance customer experience. This includes various new online booking and payment services, and better back-end support services like e-logistic booking services to deliver and collect customer samples. In addition, we deployed new AI-powered chatbots to respond to enquiries more efficiently and shorten the response time to our customers.

Financial Results

Our financial results remain strong. Group revenue increased by \$7.6 million to \$119.5 million, and operating profit grew by 4.8% to \$34.6 million. As a result, net profit attributable to shareholders increased by 6.1% to \$29.3 million.

The Directors have recommended a final dividend of 3.00 cents per share, in line with the dividend policy of 70 percent of net profit attributable to shareholders.

Corporate Governance

VICOM was ranked 22nd out of 477 listed companies in Singapore in the annual Singapore Governance and Transparency Index 2024,

attaining a score of 94, which well surpasses the average score of 69.3 among listed companies.

VICOM also won the Gold Award for the Best Annual Report, and Bronze Awards for the Best Managed Board and for the Best Investor Relations by the Singapore Institute of Directors.

The Year Ahead

2025 will be a busy year for the vehicle testing business with the full scale installation of the OBU project.

The growth outlook for the construction and manufacturing sector in Singapore remains positive. With some \$47 billion to \$53 billion in construction contracts expected to be awarded in 2025, as compared to the estimated \$44 billion in contracts in 2024, testing demand for the construction sector will increase. The electronics cluster is also projected to continue its expansion, supported by strong demand for semiconductor chips in end-markets such as personal computers as well as smartphones amidst the PC refresh cycle and rollout of artificial intelligence-capable devices. We expect the positive outlook for these two sectors to spur the growth of the non-vehicle testing services.

Barring unforeseen circumstances from global geopolitical tensions or headwinds, the Group is expected to perform satisfactorily in 2025.

Appreciation

I wish to sincerely thank the management and all our employees for their dedication, diligence, and hard work; as well as to express my deepest appreciation to the Union for their support and collaboration all these years. A special note of appreciation this year goes to the Board Sustainability Committee and the Sustainability team for clinching the Singapore Corporate Sustainability Award (Mid Cap category) at the Securities Investors Association (SIAS) Investors' Choice Awards.

We appreciate the ongoing support of our shareholders, and we look forward to another successful year ahead.

TAN KIM SIEW

CHAIRMAN
March 2025