



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

**RESPONSES TO QUESTIONS FROM SHAREHOLDERS
IN RELATION TO THE COMPANY’S 44th ANNUAL GENERAL MEETING**

VICOM Ltd (the “**Company**”) wishes to thank shareholders for submitting their questions in advance of the Company’s 44th Annual General Meeting which will be convened and held on Wednesday, 23 April 2025 at 10.00 a.m. by way of electronic means and in person at the Auditorium, ComfortDelGro Headquarters, 205 Braddell Road, Singapore 579701.

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

**BY ORDER OF THE BOARD
VICOM LTD**

Angeline Joyce Lee Siang Pohr
Cher Ya Li Sheryl
Company Secretaries

17 April 2025

Questions from Shareholders

Q1 I just have one question to ask. I see that VICOM's share price has been falling from a high of \$2.00 plus in 2020 to current price of \$1.36, representing more than 30% drop. This is despite the reported increase in revenue and profit to shareholders over the years. May I know whether the management has any plan to bolster the share price up?

A1 Setting aside the years affected by economic uncertainties arising from Covid-19, the share price has generally tracked the dividend paid out, which corresponds to a yield of about 4%.

Several years ago, the Company had a significant accumulated surplus. The Board at that time decided to progressively return to shareholders surplus that was not earmarked for specific use. The return of this surplus was completed four years ago. Two years ago, VICOM had to revise its dividend policy to a lower payout of at least 70% of net profit attributable to shareholders, to meet cash flow needs, such as the ongoing development of the new Jalan Papan facility. Consequently, VICOM's share price appears to have tracked the lower level of dividends.

Therefore, in answer to the question, there is no easy way to bolster the share price even if we desire to do so. We could increase dividends beyond what the bottom-line profit allows, but this would put the Company into a financially unsustainable situation, to the detriment of future returns. Instead, the Company will strive to keep improving its profitability, and thus enhance the share price, assuming business sentiment and the economic situation remain stable. VICOM will continue to review its cash flow needs, and pay out to shareholders cash surpluses that are not required for business expansion, as with past practice.

Q2 Since the profit attributable to shareholders in FY2024 is 29.3M i.e. the highest since 2020 why is the final dividend per share not the highest since policy is to pay-out 70% of profit attributable to shareholders? I understand the total dividend of 5.8 cents is higher than 2023 but why not increase the dividend pay-out above 3 cents? If management is preserving cash for prudent purposes, can management explain how do they intend to redeploy the cash in VICOM?

A2 Please see the response to Q1 above.

- Q3** (a) Under page 93 of the recent annual report, I noticed there were a number of testing centres whose leases are expiring in less than a year such as No. 511 Bukit Batok Street 23, No. 20 Changi North Crescent, No. 531 Bukit Batok Street 23 and No. 15 Ang Mo Kio Street 63. Please advise if the group intends to renew the leases for these premises.
- (b) In the event that the leases for all these premises are to be extended, what are the renewal costs involved and will this have a significant impact on earnings per share and dividend pay-out?
- (c) Can you please share on the revenue proportion between the vehicle and non-vehicle testing segment for the recent financial year?
- A3** (a) The Group intends to renew the leases for all the centres mentioned, except for No. 15 Ang Mo Kio Street 63.
- (b) As the renewal costs for the various premises can only be finalised upon confirmation of the agreements with the relevant authorities, we are unable to comment on the impact at this point in time.
- (c) It is not in the interest of the Group to disclose specific revenue proportions between the vehicle and non-vehicle testing businesses, as the non-vehicle testing business in particular, operates in a highly competitive market against many other service providers.
- Q4** I understand that VICOM is investing about \$45M in the Jalan Papan facility. However, I am not able to find this kind of numbers in the financial reports 2022, 2023 and 2024. When I look under the cashflow statements, I also don't see any significant uptick in the investing numbers. What am I missing? Is the Jalan Papan investment not paid for yet? Can you provide the payment schedule?
- A4** The investment in Jalan Papan was not fully reflected in the financial reports as payments for the construction follow the construction milestones. Based on the current construction progress, the bulk of the payments will be disbursed in 2025 and the rest in 2026.
- Q5** What is the Company's dividend policy for FY2025?
- A5** The Company's 2025 dividend policy will continue that adopted in 2024, with a commitment to pay out at least 70% of net profit attributable to shareholders as dividends.
- Q6** (a) What is the estimated capex for FY2025?
- (b) How does the company intend to grow the vehicle testing business i.e. revenue / margin growth? What is the management's outlook for the vehicle and non-vehicle testing business over the next 2-3 years?
- (c) Could the management provide details on the financial assets (Note 11)?

A6 (a) Capital expenditure is estimated to be \$50 million for the financial year ending 31 December 2025, the bulk of which will be payment for development of the Jalan Papan site and the rest to support existing business requirements.

(b) Demand for vehicle testing and related work is expected to be strong in the immediate future, bolstered by the full-scale installation of On-Board Units (OBU) for Electronic Road Pricing (ERP) 2.0.

Demand for non-vehicle testing will generally track Singapore's economic outlook. It is expected to increase in the short term because of improvement in activity in the manufacturing sector, as well as strong growth in the construction sector. However, in view of recent geopolitical and trade tensions, we will have to monitor developments closely for any potential impact.

(c) The financial assets recorded under Note 11 of the financial statements for the financial year ended 31 December 2024 relate to the Company's investment in Foretellix, a company founded in 2010 and headquartered in Israel. Foretellix develops solutions related to Autonomous Vehicle testing and compliance. This investment helps the Company keep up with technological developments in this area.