COMFORTDELGRO CORPORATION LIMITED
(Company Registration No. 200300002K)
(Incorporated in the Republic of Singapore)

RESPONSES TO QUESTIONS FROM SHAREHOLDERS IN RELATION TO THE COMPANY'S 21st ANNUAL GENERAL MEETING TO BE HELD ON 26 APRIL 2024

ComfortDelGro Corporation Limited (the "**Company**" or "**CDG**") wishes to thank shareholders for submitting their questions in advance of the Company's 21st Annual General Meeting to be held on 26 April 2024 at 10.00 a.m. by way of electronic means and in person at Level 3, Summit 1 Room, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Singapore 039593.

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

BY ORDER OF THE BOARD
COMFORTDELGRO CORPORATION LIMITED

Angeline Joyce Lee Siang Pohr
Company Secretary
18 April 2024

ANNEX

QUESTIONS FROM SHAREHOLDERS

1 **Moving forward in 2024, what plans do we have for increasing revenue and adoption of ComfortDelGro app?**

What is CDG's long-term plan with its digital platform (CDG Zig), amid intense competition (especially Grab)? How can CDG scale-up and maintain competitiveness in taxi business?

We will continue to focus on boosting the CDG Zig app adoption through collaboration with partners such as financial institutions, airlines, and event organisers. We have also planned several targeted marketing campaigns in the next few months to further promote the app and increase the mindshare of CDG Zig among ride hail users.

Beyond ramping up awareness and app adoption, we will ensure that the tech stack of the CDG Zig dispatch system remains up-to-date to maintain and improve its usability and user-experience.

Collectively, the improved app adoption and usage should increase trip counts and revenue.

2 **Regarding ComfortDelGro's newly won rail & bus transport operating contracts (e.g. Auckland, Paris, Stockholm, New South Wales and Greater Manchester), what is the estimated annual working capital requirement for all of these new operations?**

Working capital requirements for successful tenders are not expected to be material to the Company's overall cash balances and available facilities as the newly awarded contracts were tendered on a gross cost model where the Company is paid a fee to operate the respective contracts.

For the new bus contracts awarded in Manchester, the Company will need to deploy new buses in late 2024 for commencement of service in January 2025. Funding will be arranged accordingly. Notwithstanding, such capital requirements are in the ordinary course of our business and are not considered material.

3 I noticed that our subsidiary SBS Transit has set aside a cash balance equivalent to 3 months of operating cash requirements. As ComfortDelGro's overseas business is operating in far more riskier markets (e.g. London), should our Board set aside more cash to tide through uncertainties? If not, why not?

SBS Transit operates both bus and rail contracts in Singapore compared to our overseas public transport operations which only operate public bus contracts on a gross cost model. As such, the working capital requirements for SBS Transit may be higher than those of our overseas operations.

The Company maintains adequate cash and available banking facilities in various group entities to be able to support the ongoing operations as well as new initiatives.

4 For our capital expenditure of overseas bus fleet replacement (e.g. London & Australia) which are funded by prevailing contracts,

a. Where is the reimbursement amount being reflected on our financial statements?

b. Are these reimbursements recognised as revenue on our income statement?

The capital expenditure for fixed assets related to public transport contracts is incorporated in the bid price submitted in the respective tender submissions. As such, any payments related to the capital expenditure from the authorities forms part of the Company's revenue in the statement of comprehensive income.

5 As a shareholder, I applaud ComfortDelGro's management in finally being aggressive to grow. Given that our recent acquisitions of CMAC Group & A2B Australia will require up to SGD 280 million of funding,

a. What is the percentage of these acquisitions that will be funded by debt? Can the CFO comment on the need to rely on debt financing when interest rates are so high nowadays?

b. I noticed almost 50% of our gross cash is on SBS Transit's balance sheet. Will ComfortDelGro be able to utilise this cash or should we rely more on debt financing?

The Company maintains a reasonable level of cash balances to ensure ongoing operations can continue. In addition to ongoing operations, cash balances will also be utilised for capital expenditure and investments with external debt taken up for any requirements over and above this.

Funding for the Company's recent acquisitions of CMAC Group in the UK and A2B Limited in Australia will mostly be funded by debt from the Company's various relationship banks, maintaining adequate working capital for the Company's operations. Financing costs are included in the Company's assessment of the acquisitions with planned repayments as appropriate in order to reduce financing costs accordingly.

As a separate listed entity, SBS Transit maintains an adequate cash balance to sustain its ongoing operations and working capital requirements. Coming out of the pandemic, SBS Transit prudently maintained a higher cash holding as the economic environment and rail ridership remained volatile. We understand the SBS Transit board and management regularly review the situation and consider measures to calibrate the company's cash holdings, if required.

6 I refer to a recent article from The Edge Singapore "ComfortDelGro heads towards a $6 billion electric dream".
To quote, "In April 2023, ComfortDelGro's then-chairman Lim Jit Poh said the company expects to spend $6 billion to replace the fleet of its ICE taxis and buses with EVs."

a. How will this capital expenditure be funded?

b. Will there any reimbursement from various transport authorities in each country?

Is the heavy capital expenditure to electrify the company's fleet expected to impact earnings significantly in the years ahead?

Do the management foresee increase in capex due replacement of public transport to meet sustainability goals set by government that the company operate in?

As mentioned in the recent article in The Edge Singapore, the $6 billion estimated spend to replace all internal combustion engine (ICE) taxis and buses with electric vehicles (EV) is the Company's long-term expenditure which includes all general capital expenditure replacements and outlays over a period of 10 to 15 years.

As explained in our reply to Question 4 above, the capital expenditure for any fixed assets would be incorporated in the bid price submitted in the respective transport authorities' tender submissions and funded through the subsequent contracts. In this case, it would be the replacement EV buses.

The capital expenditure for hybrid or EV taxis is in line with ordinary course of business fleet replacement requirements consistent with previous years.

7 What is CDG's climate change strategy to reduce its carbon footprint, such as phasing out fossil fuel or switch to clean energy sources?

The Company is committed to mitigating and adapting to climate change by providing climate-friendly transport options and sustainable mobility services.

The Company's decarbonisation strategy is primarily based on transitioning our vehicular fleet to cleaner, low carbon transport solutions with the aim of reaching net zero emissions reduction targets by 2050 in line with Article 6 of the Paris Agreement. The Company is committed to emissions reduction targets which have been approved by the Science Based Targets initiative (SBTi) in 2022 and are consistent with reductions required to limit global warming to 1.5°C above pre-industrial levels, the most ambitious goal of the Paris Agreement. The Company's SBTi-validated targets aim for a 54.6% reduction in absolute Scope 1 and Scope 2 GHG emissions from operations, and a 61.2% reduction in absolute Scope 3 Category 3 (fuel- and energy-related activities) GHG emissions by 2032 from the baseline year 2019. Besides our focus on transitioning our vehicle fleet to cleaner energy vehicles, the Company continues to assess renewable energy options such as the installation of solar panels, optimising our operations to reduce resource consumption, and working with like-minded partners to expand sustainable mobility solutions.

8 Since the beginning of the year, oil price has risen to about US$90/bbl. Is this a concern to the company?

The Company's public bus contracts include indexation clauses for fuel expenses whereby revenue is adjusted based on movements in the price of fuel which would mitigate the majority of oil price movements. For any remaining exposure, the Company's enters into short term forward contracts in order to mitigate any near-term volatility.

9 Has the company's rail segment in Singapore normalised fully and achieved profitability in FY2023?

Singapore rail ridership recovered to approximately 90% of pre-COVID 19 ridership levels by the end of 2023 and has increased slightly in the first few months of 2024. As SBS Transit is the only listed public transport operator in Singapore, the Company cannot comment on the profitability of its rail segment due to commercial sensitivity.

10 What percentage of the company's taxi fleet in Singapore is idle or not hired out currently?

The Company's unhired rate for its Singapore taxi fleet typically stands at less than 5% of the total fleet.

11 **I am concerned about the declining number of taxis amid the competition from an increasing number of private-hire vehicles in Singapore. Are the company's efforts to counter or mitigate this structural decline in the taxi segment showing results?**

The Company's taxi fleet size has remained stable throughout 2023 with some other operators experiencing reductions in fleet. The Land Transport Authority of Singapore (LTA) is currently undergoing a detailed review of the Point-to-Point industry in Singapore covering both taxis and private hire vehicles. The Company will monitor the proposals and take them into account of the business plans relating to the private mobility group.

12 **Please explain why the operating profit in the UK/Ireland came in at only $3.9 million (1.4% of total operating profit) despite a revenue of $870.1 million (22.4% of total revenue) in FY2023 (pg. 16 & 17 of Annual Report). Can this be expected to improve in the year ahead?**

The Company's UK/Ireland operations were significantly impacted in 2022 from the effects of geopolitical events leading to increased inflation and elevated fuel prices, as well as national driver shortages affecting the UK in general. The impact from these factors lessened in 2023 with the UK returning to a profitable position for the year after experiencing a slight loss in 2022. UK Public Transport revenues and profits are expected to increase as contractual indexation mechanisms in place will partially compensate for previous cost increases, and contract renewals will be tendered at significantly higher service fees to cater for cost increases.

13 **Despite the marginal increase in revenue in public transport segment, the operation profit had decreased significantly. Can the management shed some light.**

Can the management explain the volatility of profit in public transport segment? How can the management better manage the volatility?

The Singapore Public Transport Services was affected from 2023 onwards by the full year impact of an amendment to the service fee payable by the LTA on 5 public bus contracts which was effective from 1 September 2022. Agreed as part of the transition of the Downtown Line to NRFF 2, the revised rate is benchmarked against recent bus tenders and is lower than the previous service fee.

The Australia Public Transport Services were successfully awarded regions 4, 12 and 14 contracts in New South Wales. The robust tendering process, which attracted keen competitive submissions from numerous operators, concluded in November 2022 with new contractual terms commencing from 2Q2023 at a revised rate which is lower than the current service fee.