

**NATIONAL EXPRESS UK LIMITED
STRATEGIC REPORT**

The Directors present their Strategic Report for the year ended 31 December 2022.

The Directors, in preparing this Strategic Report, have complied with section 414C of the Companies Act 2006.

Review of business and outlook and principal activities

The principal activity of the Company is to provide information, communication and technology management services to UK group companies and manage contracts with third parties and external suppliers who provide technology supplies and support.

The Directors consider the results for the year and the future prospects of the Company to be satisfactory.

The Directors expect the principal activities of the Company to remain the same for the foreseeable future. Subsequent to the year end, in January 2023 all of the Company's employees were transferred to another Group company, National Express UK Central Services Limited. As such the Company will have no employees from 2023 onwards. The Company will continue to enter into and manage IT contracts with third parties and external suppliers for UK group companies going forward and will therefore continue to trade as before.

Results for the year

The loss for the year before taxation was £634,000 (2021: loss of £212,000). The loss for the year and the adverse movement from 2021 was predominantly driven by the fact that during the year Company management became aware that certain IT equipment purchased in both previous financial years and the current financial year was not under the control of the Company and that no evidence of existence could be found for certain assets capitalised onto the balance sheet. The amounts relating to previous financial years was not material and thus all amounts relating to this have been expensed in the current year. This resulted in a £205,000 loss on disposal of tangible and intangible assets in the current year, as disclosed in note 4.

A loss of £565,000 (2021: loss of £737,000) was transferred to reserves. The loss transferred to reserves in the prior year included a deferred tax asset write-off of £525,000, due to uncertainty as to whether sufficient taxable profits would be generated by the Company in future years.

Net liabilities at 31 December 2022 were £241,000 (2021: net assets of £324,000) with the reduction in reserves driven wholly by the loss after taxation in the year as described above.

Key performance indicators

As the Company provides services wholly to other companies in the wider group, its key performance indicators are internal metrics, which were agreed, developed and then tracked throughout 2022.

The results for the 2022 year were as follows:

| Business Area | Metric | 2022 result | 2022 target |
|----------------------|-------------------------------------|--------------------|--------------------|
| UK Service Desk | Calls Answered | 86% | 80% |
| UK Service Desk | Average Answer Time | 29 seconds | 40 seconds |
| IT Service | First Call Resolution | 81% | 75% |
| IT Service | Incident Compliance | 90% | 90% |
| IT Service | Service Request Compliance | 84% | 80% |
| IT Service | Changes Success | 99% | 99% |
| Customer Service | Customer Satisfaction | 92% | 85% |
| UK Coach | Website Uptime | 99% | 99% |
| UK Coach | Ticket Vending Machine Uptime | 99% | 97.9% |
| UK Bus | On Vehicle Ticketing Availability | 100% | 99.9% |
| Data Centre | Data Centre System Back Ups | 100% | 98% |
| Architecture | Rough Order of Magnitude Completion | 100% | 90% |

S172 statement

This statement is made in accordance with section 414CZA Companies Act 2006 (as amended).

In accordance with their duties under section 172(1) Companies Act 2006, the Company's Directors have collectively, and individually, acted in a way that they consider, in good faith, promotes the success of the Company for the benefit of its members as a whole.

In doing so they have had regard for all of the factors specified in s.172(1)(a) to (f) Companies Act 2006 and given due attention and prominence to each of these factors, as demonstrated below:

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(a) *The likely consequences of any decision in the long term*

As part of providing IT management services to other Group companies, the Company is involved in key decision making for the long term including building and reviewing business cases for long term technology solutions, procurement and the delivery of the Group's IT strategy.

All major projects undertaken or started in 2022 were based on long term strategic objectives and transformation of business activities by enabling digital transformation such as the new Driver Compliance Tool which will combine and digitise multiple safety & operations processes across the UK divisions. The tool launched in 2022 and has extensive roadmaps to bring together multiple streams of functionality.

(b) *The interests of the Company's employees*

The Company would not be able to provide the service that it is able to without the diligence and hard work of its employees, who work in a number of different functional areas, including cyber security, systems architecture, application development, desktop support, service desk, and infrastructure.

During the year the Company maintained constant engagement with all its employees with events such as the quarterly 'All Hands' meetings which bring together all of the IT & Digital teams' employees. The events provide an opportunity for senior members of the IT team to provide updates on the IT and wider Group's key strategic aims and key planned activities. Senior stakeholders from within the wider UK businesses are also invited to provide updates on activity going on in other parts of the business so that employees feel engaged with the aims and objectives of the UK businesses. At these events 'Star Awards' are also given to employees who have made a significant contribution in order to recognise them for their work.

Subsequent to the year end, all of the Company's employees were transferred to another Group company, National Express UK Central Services Limited. As such the Company will have no employees from 2023 onwards. National Express UK Central Services Limited will continue the above activities going forward.

(c) *The need to foster the Company's business relationships with suppliers, customers and others*

The Company is reliant on the expertise, collaboration and hard work of its suppliers across various IT services. A number of key partners are essential to delivering those services and we work proactively with them via monthly service reviews meetings to make decisions in both of our interests.

Our main customers are the UK and German companies in the wider group. Where possible we are located as close to our main customers as is practical and as a key business partner, we have a seat at both the weekly operational meetings and monthly board meetings to ensure our services and priorities are fully aligned to key business objectives.

(d) *The impact of the Company's operations on the community and the environment*

Technology underpins the service the wider Group provides, with the website, mobile apps and ticketing technology vital to the Group's strategy. As a Company we are responsible for the upkeep and improvement to the customer-facing technology and every development and enhancement is to the benefit of the end customer.

For example during 2022 the UK Coach team launched a brand new payment gateway, which enabled many new payment options but also significantly improved the customer experience by embedding the functionality within the existing checkout flow. The improved payment flow reduced time to check out by 18%.

(e) *The desirability of the Company maintaining a reputation for high standards of business conduct*

The Company is relied upon by other companies in the Group to provide a high quality, agile and reliable service at all times. At the same time, the Company must remain a trusted and professional collaborator with its key suppliers and other stakeholders. Without maintaining high standards of business conduct the Company would not be able to do this. For the past 5 years, the IT processes and services we provide have been included in the external EFQM audits carried out by each of the UK companies. The European Foundation for Quality Management (EFQM) Excellence Model, is a self-assessment framework for measuring the strengths and areas for improvement of an organisation across all of its activities and our inclusion demonstrates the high standard held by the Company.

In 2022 the Company met/exceeded all of its KPIs for core IT service provision to the UK businesses which are reported weekly and monthly to ensure transparency. Please refer to the Key Performance Indicators section of the strategic report for further information.

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(f) The need to act fairly as between members of the Company

Being a wholly owned subsidiary, the Company has a sole shareholder, Mobico Group PLC. The Company always seeks to act in the best interests of both the sole shareholder and the wider Group, in order to assist in delivering the wider Group's aims and objectives.

Where possible the company includes multiple UK companies in projects that would have wider benefits. For example, in 2022 the Digital Trading Platform was rolled out to 9 UK company websites which has equipped the teams with fast, effective digital platforms to serve customers with virtually no external cost required.

Principal risks and uncertainties

Credit risk

The Company's principal financial assets and receivables with external parties and wholly owned subsidiaries of the Company's ultimate parent undertaking.

The Company's credit risk is primarily attributable to its trade and other debtors, amounting to £575,000 at 31 December 2022 (2021: £1,353,000). The amounts presented in the balance sheet are net of allowances for expected credit losses, and the position of the debtors is continually monitored.

Cyber security

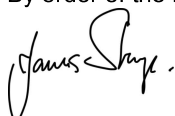
Risks in this area could arise from:

- 1) Major IT failure could disrupt operations
- 2) Data compromise involving a loss of customer information could result in reputational damage and significant remedial costs
- 3) Breach of the UK Data Protection Act and other related regulations could result in a regulatory investigation and financial losses

To mitigate against this, the Company and the wider group has the following mitigations and management actions in place:

- 1) Continuous investment in organisational and technical measures to protect data assets
- 2) A cyber security strategy aligned with the threat landscape
- 3) Regulatory compliance plans in place, tailored to each division's exposure (e.g. Data Protection Act in the UK)
- 4) A cyber insurance policy in place
- 5) Continuous improvement of our compliance programme with reviews from the second and third line, supported by external experts

By order of the Board



J Stamp

Director

25 April 2024