

**NATIONAL EXPRESS UK LIMITED
STRATEGIC REPORT**

The Directors present their Strategic Report for the year ended 31 December 2023.

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

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, via recharging those costs to other UK group companies.

Results for the year

The profit for the year before taxation was £882,000 (2022: loss of £634,000). The profit for the year and the favourable movement from 2023 was predominantly driven by operating cost savings from cost reduction initiatives, which included cancellation or deferral of IT expenditure, and reduced usage charges under some of the key IT contracts, driven by a significant Group-wide organisational change programme.

The loss for the prior year of £634,000 was partly one-off in nature, being driven by the fact that during the prior year Company management became aware that certain IT equipment purchased was not under the control of the Company and that no evidence of existence could be found for certain assets previously capitalised onto the balance sheet, which resulted in a £205,000 loss on disposal of tangible and intangible assets in the prior year.

A profit of £729,000 (2022: loss of £565,000) was transferred to reserves.

Net assets at 31 December 2023 were £488,000 (2022: net liabilities of £241,000) with the improvement in the reserves position driven wholly by the profit after taxation in the year as described above.

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

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 2023.

The results for the 2023 year were as follows:

Business Area	Metric	2023 result	2023 target
UK Service Desk	Calls Answered	87%	80%
UK Service Desk	Average Answer Time	34 seconds	45 seconds
IT Service	First Call Resolution	81%	75%
IT Service	Incident Compliance	88%	90%
IT Service	Service Request Compliance	83%	80%
IT Service	Changes Success	99%	99%
Customer Service	Customer Satisfaction	94%	85%
UK Coach	Website Uptime	100%	99%
UK Coach	Ticket Vending Machine Uptime	98.2%	97.9%
UK Bus	On Vehicle Ticketing Availability	100.0%	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.

During 2023 the Group-wide organisational change programme had a specific Design Technology work stream, to seek efficiencies and cost savings across the Group. All decisions made were based on long term strategic objectives; for example securing multi-year savings through contract renewals and renegotiations.

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

From the start of 2023, all of the Company's employees were transferred to another Group company, National Express UK Central Services Limited. As such the Company had no employees from 2023 onwards.

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

During the prior 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 provided 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. 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 2023 the Company assisted in launching a new UK Bus website, which has resulted in improved conversion rates and hence driving incremental revenues. The needs and requirements of the end customer is always paramount, and IT enhancements are often driven by the need to meet changing customer expectations. For example, during the year Apple Pay as a payment method was successfully launched and rolled out within the UK Coach division.

(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 several 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.

With the exception of the Incident Compliance KPI, which missed its target, in 2023 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 2023 there was a One Team project involving Head Office refits and relocations for both individual sites managed by other UK companies and the Company and wider Group's own head office.

Principal risks and uncertainties

Credit risk

The Company's principal financial assets and receivables are 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 £203,000 at 31 December 2023 (2022: £575,000). 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



I M Binner
Director
22 July 2024