

## NATIONAL EXPRESS UK LIMITED STRATEGIC REPORT

The Directors present their Strategic Report for the year ended 31 December 2024.

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 group companies and manage contracts with third parties and external suppliers who provide technology supplies and support, via recharging those costs to other group companies.

### Results for the year

The loss for the year before taxation was £1,223,000 (2023: profit of £882,000). The loss for the year and the adverse movement from 2023 was predominantly driven by one off costs associated with cost reduction initiatives, under the Group wide Accelerate 1.0 and 2.0 savings programs.

A loss of £1,223,000 (2023: profit of £729,000) was transferred to reserves.

Net liabilities at 31 December 2024 were £735,000 (2023: net assets of £448,000) with the adverse movement reserves movement driven wholly by the loss 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

Throughout the year, the IT Service function maintained strong operational performance despite a reduction in headcount as a result of Group wide cost control initiatives, with a clear focus on maintaining service continuity and protecting core revenue channels. Efforts to minimise outages enabled colleagues to operate effectively, supporting day-to-day operations and business resilience. In parallel, the Digital team continued to develop functionality aimed at driving incremental revenue, with performance tracked through testing and data-led optimisation. Service improvement initiatives contributed to a year-on-year reduction in incidents, with major incidents reduced by more than 50% in the second half of the year. Looking ahead, work is progressing to refine KPIs and service level frameworks to ensure ongoing alignment with evolving business needs and value delivery.

### 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:

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

Execution of a digital and technology strategy that is explicitly aligned with the company's long-term ambitions for resilience, efficiency, and sustainable growth.

In line with this, we have taken a deliberate and forward-looking approach to all major technology investments, with a core focus on reducing our long-term cost to serve while improving service quality and operational scalability.

In the second half of 2024, our focus was on establishing a forward-looking technology roadmap that supports the long-term success of the company. Guided by the consolidation and modernisation of legacy platforms and the migration to cloud-native infrastructure—key enablers for accelerating business change in 2025. These initiatives were selected not only for their near-term benefits but also for their ability to deliver sustained cost efficiencies, improve operational resilience, and enhance our ability to respond to future business needs.

These decisions are made with a long-term lens, always aiming to enhance the Company's competitive position, support the needs of our stakeholders, and protect value for shareholders over time.

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

In 2024, a reduction in headcount was applied across the function as part of wider business restructuring. While necessary to align with operational priorities and financial sustainability, we acknowledge the impact this has had on our teams, and it further reinforces the need to support employees through ongoing change.

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Looking forward, it is essential that we focus on rebuilding confidence, stability, and capability within the function. With a UK centric Target Operating model to be in place for Q1 2025, it creates a clear and supportive environment for our remaining teams—providing greater clarity on roles, realistic workloads, and the tools they need to succeed. We must also invest in targeted upskilling and reskilling to ensure employees feel equipped and valued as we continue to modernise our platforms and adopt new technologies.

Continued monthly 'Town Hall' events throughout the year, cultivating open communication, active listening, and a renewed focus on wellbeing will be vital in restoring engagement and trust. We need to ensure that all employees not only understand the direction of travel but feel part of it.

Our long-term success depends on a motivated, skilled, and resilient workforce. As such, the interests of our people will remain a key factor in how we shape our digital roadmap and deliver sustainable change across the business.

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

We have continued to place strong emphasis on building and maintaining trusted relationships with our technology suppliers, strategic partners, and internal and external stakeholders. These relationships have been critical in navigating a year of significant change and maintaining continuity in delivery.

As we modernised our platforms and restructured aspects of our technology function, we relied heavily on key suppliers to remain flexible, responsive, and aligned with our evolving needs. Also exploring new avenues to scale, drive commercial effectiveness and grow capability.

Many rose to the challenge, and we recognise the value of open communication and shared accountability in achieving that. Strengthening these partnerships further—particularly with those supporting core infrastructure, application development, and security—remains a priority going forward, ensuring they are equipped to support us as we scale and innovate.

Throughout the period and continuing into the 2025 the technology function has been strengthening partnerships across business functions & divisions, ensuring that digital initiatives are not delivered in isolation but are co-created with those closest to our operations, customers, and frontline services.

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

We recognise as a function the important role technology plays in supporting the Company's environmental sustainability goals. One of the most significant commitments in this period has been our decision to transition from private cloud hosting to public cloud infrastructure.

This activity is not only aligned with our ambition to modernise and scale our technology capabilities, but it also represents a meaningful step toward reducing the environmental impact of our digital operations. Public cloud providers typically operate at much greater energy efficiency than traditional private data centres, leveraging advanced power management, optimised cooling systems, and a high utilisation of renewable energy sources across their global infrastructure.

By consolidating and migrating workloads to the public cloud, we expect to achieve a lower carbon footprint and reduce energy consumption. In parallel, we are reviewing our technology estate to retire redundant systems and streamline resource use, supporting a more sustainable and cost-effective operating model.

This shift reflects our ongoing commitment to ensuring that technology not only drives innovation and efficiency, but also contributes positively to the health of the environment and the communities in which we operate.

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

The function recognises that maintaining high standards of business conduct increasingly depends on how we manage cybersecurity, IT risk, and data integrity.

This year, we have prioritised strengthening our approach to cyber and operational IT risk, as these efforts are critical to protecting our data, systems, and reputation.

We are aligning to a suite of Group-wide IT standards and policies to ensure consistent, secure, and responsible technology practices across all divisions. These standards will help drive accountability, reduce risk, and promote a common approach to governance as the business continues to grow and transform.

By embedding security, transparency, and ethical principles into our digital operations, we support the Company's long-standing reputation as a trusted and responsible organisation.

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

The function fully supports the principle of acting fairly across all parts of the organisation. This is particularly important as we continue to modernise and centralise technology services while maintaining close alignment with divisional and business unit needs.

The Company's executive leadership includes the CEO and CFO with responsibility spanning all business units within the division, ensuring that strategic decisions are made with a cohesive, enterprise-level perspective rather than in isolation at the individual business unit level.

In support of this, our IT resources are organised as a centralised function, giving us the ability to allocate capacity fairly and transparently based on demand, urgency, and business impact. This model also allows us to scale resources flexibly across divisions, ensuring equitable access to skills, support, and investment.

Technology governance, investment planning, and delivery prioritisation are approached with fairness and transparency, ensuring that all parts of the Company benefit proportionately from shared platforms, innovation, and support. This reinforces our commitment to balanced, sustainable digital transformation across the enterprise.

**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 £328,000 at 31 December 2024 (2023: £203,000). 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 Binner  
Director  
01 July 2025