

## NATIONAL EXPRESS UK LIMITED STRATEGIC REPORT

The Directors present their Strategic Report for the year ended 31 December 2021.

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.

### Results for the year

The loss for the year before taxation was £212,000 (2020: loss of £102,000). A loss of £737,000 (2020: loss of £10,000) was transferred to reserves. The loss transferred to reserves 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, given the underlying loss (before exceptional costs) made in 2021.

Net assets at 31 December 2021 were £324,000 (2020: £1,061,000) with the reduction in reserves driven wholly by the loss after taxation in the year.

### Key performance indicators

As the Company provides services wholly to other companies in the National Express Group, its key performance indicators are internal metrics, which were agreed, developed and then tracked throughout 2021.

The results for the 2021 year were as follows:

Business Area	Metric	2021 result	2021 target
UK Service Desk	Calls Answered	85%	80%
UK Service Desk	Average Answer Time	36 seconds	45 seconds
Customer Service	Customer Satisfaction	90%	85%
UK critical IT systems & infrastructure (website & ticketing)	Uptime	99%	99%

### 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*

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 2021 were based on long term strategic objectives and transformation of business activities by enabling digital transformation such as Engineering Asset Management which is a multi-year project that will inevitably provide a fully digital way of working for drivers and engineers, replacing manual tasks.

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**(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 pandemic the Company maintained constant engagement with all its employees with weekly staff engagement and collaboration. Teams are encouraged to work collaboratively together to deliver both ongoing services and major change programmes in support of other Group companies whilst predominately working remotely. Frontline workers remained in the Company offices throughout the pandemic with very strict health & safety rules assessed, implemented and maintained throughout.

**(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 National Express 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.

Whilst in normal times being onsite and having a clear governance model helps support successful delivery of the key priorities, during 2021 this was predominately managed remotely. Also during the same time managing the Companies largest IT supplier, Vodafone, to successfully implement the transitional phase of an outsourced IT services hosting contract and the delivery of a replacement Wide Area Network solution from Vodafone to all NX UK locations throughout the pandemic. Adapting both internally and externally during uncertain times with positive outcomes.

**(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.

The Company is committed to ensuring that the impact on the environment is minimised wherever possible and during 2021 all of the old technology from the transitioned data centre services were donated to a local charity to refurbish and resell within the market rather than going to landfill.

**(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 2021 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.

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

Being a wholly owned subsidiary, the Company has a sole shareholder, National Express 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 works closely with the wider Group to take advantage both technically and commercially of IT initiatives already deployed or progressing elsewhere. In 2021 a new Asset Management contract was signed for the same technology solution already deployed in Alsa in Spain, and also leveraged this contract for our North American business. Additionally our UK contract for security services with Imperva providing Distributed Denial of Service and other website related security services was leveraged within Spain and North America.