

National Express Limited Strategic Report (continued)

s.172(1) 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, not just to financial factors – denoted by the £ symbol – but also the factors specified in s.172(1)(a) to (f) Companies Act 2006 (the "Factors").

The table below explains why the Directors always have regard to the Factors in their decision-making:

Factor	Explanation of why the Directors have regard to this Factor
(a) <i>The likely consequences of any long-term decision</i> 	Our Vision, which is to be the world's premier shared mobility operator, is rooted in a belief that driving modal shift from cars to high quality mass transit is fundamental to a safe, green and prosperous future - means that we must make decisions for the long-term and that we must also consider the impacts of such long-term decisions as regards their ability to further and achieve our Vision. Further information about the Group's Vision, and how this has formulated our Purpose and is underpinned by our Values, is set out in the Directors' Report.
(b) <i>The interests of the Company's employees</i> 	Our employees and members of our wider workforce are our most valuable asset. They are the key to realising our Vision and achieving our Purpose. See the Directors' Report for information about how we engage with our employees to enable us to take their interests and views into account in decision-making.
(c) <i>The need to foster business relationships with stakeholders</i> 	Our customers are the heart of our business and we strive to earn their loyalty by providing safe, reliable and great value multi-modal services. We also foster strong relationships with other key stakeholders including our partner operators, central and local government and transport authorities, our regulators, industry groups and our other suppliers. See the Directors' Report for who our key stakeholders are and how we foster relationships with them to enable us to take their interests and views into account in decision-making.
(d) <i>The impact of the Company's operations on the community and environment</i> 	We play a vital role in the communities we serve by connecting the people who live in those communities with their work, leisure, family and friends. We are also focused on reducing the environmental impact of our operations. Per passenger, coach travel is less polluting than trains and vastly better than petrol and diesel cars. As such, modal shift (getting people out of cars and onto coaches) is the single most important thing we can do. Because of this, we take both the community and the environment into careful consideration in our decision-making.
(e) <i>Maintaining a reputation of high standards and business conduct</i> 	Our reputation is key. It underpins our ability to earn the loyalty of our customers and thereby to grow our business through increased commercial passenger journeys. The Company prides itself on being one of, if not the, safest transport service providers in the world. As a coach operator, we are also required to hold and maintain a PSV operator licence, pursuant to which we must meet a requirement of good repute. We will always therefore consider the importance of our reputation when making decisions.
(f) <i>Acting fairly between members of the Company</i> 	We are a wholly owned subsidiary and therefore have only one shareholder to whom we are accountable. That said, everything we do well benefits our sole shareholder, financially through the returns we generate and reputationally through the way we operate. We engage via monthly financial reporting, as well as regular forecasting, budgeting and ad hoc discussion. The Company also complies with appropriate directions as given by the parent company. See the Financial Statements for information on financial performance.

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The table below describes certain key decisions taken by the Directors of the Company during its financial year ended 31 December 2024 and how such Directors had regard (among other matters) to the Factors in relation to those decisions:

Key Board Decision	Factor(s)	Explanation of how the Directors have had regard to such Factors
<i>Full review of network design and capacity</i>		Network changes have been made to operations to better address seasonal business fluctuations and optimise profitability, whilst continuing to improve our customer offering and strengthen our market position. This resulted in a timetable relaunch and optimisation of network capacity in May and Sept, delivering significant run rate efficiency through the H2 2024 and into 2025.
<i>Investment in Stansted contract</i>		Investing in retaining key contracts secures the futures of our employees and allows us to invest in improving the travel experience for our customers, both in terms of security and comfort, helping the Company earn their loyalty. Investing in growth enables us to offer an improved, more efficient network to our customers.
<i>Continued relationship with trusted vehicle suppliers to ensure all new coaches are to most modern standard and meet all environmental standards</i>		These relationships ensure we can purchase vehicles for the most economic value and that all vehicles we operate are to the most modern standard in terms of emissions. In addition, maintaining a modern fleet ensures that customers are able to travel in comfort.

Health and Safety

The safety of customers, employees and the general public is key to the Company's operations and during 2024 our enhanced focus on safety continued.

Health & wellbeing continues to play a key part of our health & safety culture with key focus on workplaces and resource availability. We operate our Employee Assistance Programme (EAP), as well running targeted campaigns through communications.

Further discussion on corporate responsibility, including Health & Safety and Environment, in the context of the group as a whole can be found in the Mobico Annual Report & Accounts for the year ended 2024.

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Environment

The Company has been profiled in order to establish environmental risk, legal obligations, impacting activities, measurement and monitoring opportunities, and tenancy arrangements to determine the overall environmental impact for each site. We have developed an environmental management system for continual improvements which is being rolled out to all sites.

Synergies have been established and are continually reviewed within the current health and safety management system to embed environmental management.

The company seeks to mitigate against climate change and poor local air quality by effectively managing the fuel and resources that it uses. Environmental targets which are based on the above are then set with the aim of minimising the company's impact upon the Environment, and improving resource efficiency.

Principle risks and uncertainties

The Company is subject to internal and external risk factors. External risks include general economic conditions, climate change, fuel costs and political/regulatory changes. Internal risks include failure of internal controls and employee retention.

Economic conditions – Revenue for the Company may be affected by lower passenger demand. Decline in economic conditions, very high inflation rates, high energy prices and cost of living crisis all potentially impact demand for travel. This is managed through proactive cost control, revenue management systems and the careful economic modelling of new and existing contracts.

Climate change – Widespread events such as extreme weather can interrupt operations and cause revenue loss. This is managed through emergency and continuity plans.

Fuel costs – Fuel costs constitute a high proportion of the costs of National Express Limited and consequentially, to the extent that price increases cannot be passed on to the customers, increases in fuel costs will affect profitability, in order to mitigate this we hedge our fuel.

Political/regulatory changes – Changes to government policy, funding regimes or the legal and regulatory framework may result in structural market changes or impact the Company's operations in terms of reduced profitability, increased costs and/or a reduction in operational flexibility or efficiency. The Company mitigates this risk by constant monitoring of the political landscape and focuses on effective stakeholder management and operational excellence.

Internal controls – Lack of internal controls could impact the profitability of the Company. The Company mitigates this risk by close monitoring of balance sheet and cash controls and continuous investment in organisational and technical measures to protect data.

Employee retention – Lack of management talent/leadership skills could inhibit growth. Shortages in drivers and other key staff can disrupt operations and lead to wage cost inflation. This is managed by strong focus on people/talent management and recruitment/retention.

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Principle risks and uncertainties (continued)

Technology cyber-attack – a major cyber security attack could lead to loss of access to systems and/or data resulting in loss of revenue, data compromise involving a loss of customer information could result in reputational damage and significant remedial costs or a breach of the UK Data Protection Act (DPA) could result in a regulatory investigation and financial losses. Management of this risk is in the form of a cyber security strategy led by an experienced team that is aligned with the threat landscape, ongoing investment in education of staff on cyber awareness as a first line of defence and investment in organisational and technical measures to protect data assets and improve defences against cyber breaches.

Current and future digitalisation investment - Consumer preferences are shifting towards digital booking, payment, and real-time tracking, while dynamic pricing models or subscription models offer alternative revenue structures that may disrupt traditional fare structures. Failure to develop applications and digital channels that meet these increasing expectations could affect profitability, customer satisfaction and the business' ability to capitalise on valuable customer data to enable commercial initiatives.

Reliance on 3rd party distribution channels - increasing reliance on a small number of major third party distributors who could stop selling or raise commissions to an uneconomic level there is a potential material impact on profitability. The Company mitigates this risk by focusing on effective stakeholder management and maintaining diversity of network.

The Directors evaluate the above risks and the results are discussed at management level prior to being presented to the Board.

Further discussion of these risks and uncertainties, in the context of the Group as a whole, is provided in the Business Review of the Mobico Group PLC Annual Report & Accounts for the year ended 2024.

Approved and authorised for issue by the board of directors.



N R Miles
Director
02 May 2025

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