

**Strategic report (continued)
For the Year Ended 31 December 2021**

FUTURE DEVELOPMENTS (continued)

The company has net current liabilities of £831,982,000 (2020: £411,846,000) and is currently dependent on the DB credit facility for daily access to the cash flows required to operate and to support the going concern assertion. As the terms of the company's agreement with DB do not provide explicit rights for immediate access to these funds on request and the facility is not formally committed for a specific period of time, and therefore could be withdrawn during the period of 12 months from the date of approval of the financial statements, the directors acknowledge that this indicates the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. However, the directors consider this risk to be highly improbable, as such action would contradict internal group policies and be inconsistent with past practice.

Since inception of the pooling arrangement, the company has never experienced any issues being able to draw upon its cash and available facility balances within the group cash pool to settle its liabilities as they fall due.

The directors acknowledge the uncertainty regarding immediate access to funds placed with DB, furthermore, as set out in the Deutsche Bahn AG ('DB') 31 December 2022 annual report, DB plans to divest the Arriva group which could result in a change in ownership of the company within 12 months of the date of approval of these financial statements. Should a change in ownership occur, the directors are unable to assess or control all scenarios for the company's future, including the intent and ability of any future owner to provide funding to the company and from the credit facility, indicate the existence of material uncertainties which may cast significant doubt about the company's ability to continue as a going concern and therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors have prepared the financial statements on a going concern basis as they have a reasonable expectation that the company will continue to have full and immediate access to its pooled credit facility balances with DB and that management actions over the assessment period will be sufficient to remain within its credit facility limit, such that adequate financing will remain in place and that the company will continue to have access to adequate financial and other resources to continue to operate for the foreseeable future.

The financial statements do not contain the adjustments that would arise if the company were unable to continue as a going concern.

SECTION 172 STATEMENT

Section 172 of the Companies Act 2006 requires directors of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this, section 172 requires directors to have regard to (amongst other matters) to:

- the likely consequences of any decisions in the long-term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the company.

As the sole shareholder of Arriva plc the Company is an investment holding company and is a wholly owned subsidiary of Deutsche Bahn AG. The directors of the Company aim to meet at least once in each financial year to discuss the matters that cannot be delegated under Companies Act 2006.

The directors work to promote the success of the Company, by considering the impact that their decisions may have on the Company, along with the Company's stakeholders. The issues and factors which have guided the directors' decisions are outlined in the 'Principal Risks and Uncertainties' section of this report.

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SECTION 172 STATEMENT (CONTINUED)

The Company's key stakeholders include, but are not limited to:

- Deutsche Bahn AG;
- Arriva plc; and
- Local communities in which the company is based.

Effective communication is integral to building stakeholder relationships. Understanding the Company's stakeholders and how they and their interests will impact the success of the Company over the long-term is a key part of the Board decision making.

During the financial year ended 31 December 2021 there were no principal decisions made which impacted the long-term success of the Company, or which had a significant effect on the Company's stakeholders.

At the end of the financial year ended 31 December 2021, as part of a wider project, the Arriva plc Board took the decision to refresh the Arriva group's vision and strategy with the aim of strengthening the group's relationships with clients and partners, growing the business and crucially achieving the Arriva group's higher ambition of having a neutral impact on the planet. This review was completed in early 2022.

The Arriva group's new vision is to 'help shape a future where passenger transport is the best choice'; a future where people choose to leave their cars at home and use the group's services, with less congestion on the roads, and cleaner air for the next generation.

The Arriva group's mission is to become 'the leading passenger transport partner across Europe' and its renewed purpose is to 'connect people and communities safely, reliably and sustainably, and to deliver these services in a better way, every day'.

The objective of the Arriva group's new values is that they will help to guide new ways of working and will help in achieving the group's mission and realising its vision. The values start with:

- caring passionately about colleagues, customers, clients and the planet;
- doing the right thing each and every day; and
- finding opportunities to make the difference in everything we do

This report was approved by the board on 5 July 2023 and signed on behalf of the Board.



I M Jago
Director