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If you have sold or transferred all your ordinary shares in DX (Group) plc, please forward this document as soon as possible to the stockbroker or other agent through whom you made the sale or transfer for transmission to the purchaser or transferee. **However those documents should not be forwarded to or sent into the United States, Canada, Australia, South Africa or Japan.** Any person (including, without limitation, custodians, nominees and trustees) who may have a contractual or legal obligation or may otherwise intend to forward this document to any jurisdiction outside the UK should seek appropriate advice before taking any action.

The Directors, whose names appear on page 9, accept responsibility for the information contained in this document, other than: (i) the recommendation in respect of Resolutions 3 and 6 set out in paragraph 15 of Part I of this document, for which only Ian Gray (as the Independent Director in respect of such recommendation) accepts responsibility; (ii) the recommendation in respect of Resolution 7 set out in paragraph 16 of Part I of this document, for which only Ian Gray and David Mulligan (as the Independent Directors in respect of such recommendation) accept responsibility; and (iii) information relating to Gatemore, for which only Gatemore accepts responsibility. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

Gatemore accepts responsibility for the information contained in this document relating to Gatemore. To the best of the knowledge and belief of Gatemore (who has taken all reasonable care to ensure that such is the case) the information contained in this document relating to Gatemore is in accordance with the facts and does not omit anything likely to affect the import of such information.

The London Stock Exchange plc has not itself examined or approved the contents of this document. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List and the AIM Rules are less demanding than those of the Official List.

DX (Group) plc

*(Incorporated and registered in England & Wales under the Companies Act 1985
with registered number 08696699)*

Approval of Waiver of Rule 9 of the Takeover Code

Cancellation and Redemption of Loan Notes

Placing, Subscription and Issue of New Ordinary Shares

Related Party Transactions

and

Notice of General Meeting

Your attention is drawn to the letter from Ronald Series, Executive Chairman of the Company, which includes recommendations that you vote in favour of the resolutions to be proposed at the General Meeting referred to in this document.

Notice of a General Meeting of DX (Group) plc, to be held at 9.00 a.m. at the office of finnCap, 60 New Broad Street, London EC2M 1JJ on 22 May 2018 is set out at the end of this document. The accompanying Form of Proxy for use in connection with the General Meeting should be completed and returned as soon as possible in

accordance with the instructions on it and, in any event, so as to reach the Company's registrars, Link Asset Services Limited, at The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, by 9.00 a.m. on 18 May 2018.

finnCap Ltd ("**finnCap**"), which is regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for DX (Group) plc in connection with the proposals in this document as its nominated adviser, and will not be responsible to anyone other than DX (Group) plc for providing the protections afforded to customers of finnCap nor for providing advice in relation to the proposals in this document nor any other matter in relation to the contents of this document. The responsibilities of finnCap as DX (Group) plc's nominated adviser for the purposes of the AIM Rules are owed solely to the London Stock Exchange plc and are not owed to DX (Group) plc or any Director of DX (Group) plc or any other person. No representation or warranty, express or implied, is made by finnCap or any of its directors, officers, employees or agents as to any of the contents of this document.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	3 May 2018
Latest time and date for receipt of Form of Proxy	9.00 a.m. on 18 May 2018
Record Date	Close of business on 18 May 2018
General Meeting	9.00 a.m. on 22 May 2018
Loan Note Settlement, Admission and commencement of dealings in the New Ordinary Shares	8.00 a.m. on 23 May 2018
Settlement of New Ordinary Shares in CREST	8.00 a.m. on 23 May 2018

If any of the details contained in the timetable above should change, the revised times and dates will be notified by means of an announcement through a Regulatory Information Service.

Admission and commencement of dealings in the New Ordinary Shares is conditional upon, *inter alia*, the approval of certain Resolutions to be proposed at the General Meeting.

All references are to London time unless stated otherwise.

KEY STATISTICS

Existing Issued Share Capital	200,525,500
Aggregate Nominal Value of Loan Notes	£24.815 million
Issue price of the Cancellation Shares issued to Cancellation Loan Note Holders other than Lloyd Dunn	7.41 pence
Issue price of the Cancellation Shares issued to Lloyd Dunn	8.5 pence to 12.0 pence
Fundraising Price for the Placing Shares and the Subscription Shares	8.5 pence
Number of Cancellation Shares to be issued	between 304,242,576 and 322,257,281
Number of Placing Shares to be issued	48,647,060
Number of Subscription Shares to be issued	7,382,352
Total number of New Ordinary Shares to be issued*	between 360,271,988 and 378,286,693
Total number of Ordinary Shares in issue on Admission**	between 560,797,488 and 578,812,193
Market capitalisation on Admission at the Fundraising Price**	between £47.7 million and £49.2 million
New Ordinary Shares as a percentage of the Enlarged Issued Share Capital**	up to 65.4%

* assuming completion of the Loan Note Settlement and the Fundraising

** assuming completion of the Loan Note Settlement and the Fundraising and no other new Ordinary Shares being issued

DEFINITIONS

“Act”	the Companies Act 2006
“acting in concert”	shall have the meaning ascribed thereto in the Takeover Code
“Additional Risk Fee”	the fee in the amount of 5 per cent. of the Tranche 1 amounts subscribed for by holders of the Tranche 1 Loan Notes, totalling £0.815 million
“Admission”	admission of the New Ordinary Shares to trading on AIM in accordance with the AIM Rules
“AIM”	the AIM market operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies published by the London Stock Exchange
“Business Day”	a day (other than a Saturday, Sunday or public holiday) when banks in the City of London are open for business
“Cancellation”	the cancellation of the Loan Notes issued to the Cancellation Loan Note Holders
“Cancellation Deed”	the Loan Note Deed of Release and Cancellation dated 3 May 2018 pursuant to which the Cancellation will be effected
“Cancellation Loan Note Holders”	the Loan Note Holders other than the Redemption Loan Note Holders
“Cancellation Shares”	the minimum of 304,242,576 and maximum of 322,257,281 new Ordinary Shares to be issued to the Cancellation Loan Note Holders in consideration for the Cancellation
“Circular”	this document
“Company” or “DX”	DX (Group) plc
“Directors” or the “Board”	the Directors of the Company whose names are set out on page 9 of this document, each a “Director”
“DTR”	the FCA’s Disclosure and Transparency Rules
“Enlarged Issued Share Capital”	between 560,797,488 and 578,812,193 Ordinary Shares
“Existing Issued Share Capital”	200,525,500 Ordinary Shares
“finnCap”	finnCap Ltd, nominated adviser to the Company
“Form of Proxy”	the form of proxy accompanying this document for use at the GM
“FCA”	the Financial Conduct Authority in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 (as amended from time to time)
“Fundraising”	together, the Placing and the Subscription
“Fundraising Price”	8.5 pence per Placing Share
“Gatmore”	Gatmore Capital Management LLP, a company registered in the United Kingdom with company number OC346366
“Gatmore LLC”	Gatmore Capital Management LLC, a limited liability company registered in the United States of America

“GCM Partners II”	GCM Partners II LP, a special purpose vehicle domiciled in Guernsey, managed by Gatemore
“GM” or “General Meeting”	the general meeting of the Company convened for 9.00 a.m. at the office of finnCap, 60 New Broad Street, London EC2M 1JJ on 22 May 2018 by the Notice of GM and any adjournment thereof
“Group”	the Company and its subsidiaries
“Independent Director”	means Ian Gray for the purposes of Resolutions 3 and 6, and Ian Gray and David Mulligan for the purposes of Resolution 7 and references to “Independent Director” and “Independent Directors” shall be construed accordingly
“Independent Shareholders”	Shareholders of the Company other than Gatemore, Ronald Series, Lloyd Dunn, Russell Black and Paul Goodson
“Link Asset Services”	a trading name of Link Asset Services Limited, Registrars to the Company
“Loan Notes”	together, the Tranche 1 Loan Notes and the Tranche 2 Loan Notes, which carry a coupon of 8 per cent. per annum and are convertible into Ordinary Shares at a price of 10.0 pence per Ordinary Share
“Loan Note Holders”	Gatemore, Hargreave Hale, Lloyd Dunn, Ronald Series, Russell Black, Paul Goodson and Charles Skinner
“Loan Note Instrument”	the Company’s Loan Note instrument dated 19 October 2017
“Loan Note Settlement”	together, the Cancellation and the Redemption
“London Stock Exchange”	London Stock Exchange plc
“New Ordinary Shares”	together, the Cancellation Shares, the Placing Shares and the Subscription Shares
“Notice of GM”	the notice of the GM set out at the end of this document
“Ordinary Shares”	ordinary shares of £0.01 each in the capital of the Company
“Panel”	the Panel on Takeovers and Mergers
“Participating Directors”	Ronald Series, Lloyd Dunn, Russell Black and Paul Goodson (together the “Participating Directors”), who subscribed for £5.25 million of Tranche 1 Loan Notes on 19 October 2017
“Performance Share Plan”	the share incentive plan established in December 2017 under which awards of Ordinary Shares, the vesting of which is subject to performance conditions, can be made to selected employees of the Company
“Placees”	the placees subscribing for Placing Shares pursuant to the Placing
“Placing”	the proposed placing of the Placing Shares by finnCap, as sole broker and agent for the Company
“Placing Agreement”	the conditional placing agreement dated 3 May 2018 between finnCap and the Company, details of which are set out in paragraph 5 of Part III of this document
“Placing Shares”	the 48,647,060 new Ordinary Shares to be allotted on the terms of the Placing Agreement

“Recovery Award”	the initial award made to Ronald Series and Lloyd Dunn pursuant to the Performance Share Plan to provide an incentive to deliver the Turnaround Plan
“Recovery Award Shares”	the shares allotted pursuant to the Recovery Award subject to a share price performance measure
“Redemption”	the redemption of the Loan Notes issued to the Redemption Loan Note Holders
“Redemption Loan Note Holders”	Ronald Series, Russell Black and Paul Goodson
“Remuneration Committee”	the Company’s remuneration committee, consisting of Paul Goodson and Russell Black
“Resolutions”	the resolutions set out in the Notice of GM, each a “Resolution”
“Restricted Share Award”	the nominal cost share awards made to Paul Goodson and Russell Black on 21 December 2017 with an exercise price of 1 pence per share
“Shareholders”	holders of Ordinary Shares
“Subscribers”	Ronald Series, Russell Black, Paul Goodson, David Mulligan and James Hayward
“Subscription”	the subscription by the Subscribers for Subscription Shares at the Fundraising Price
“Subscription Shares”	the 7,382,352 new Ordinary Shares to be allotted in connection with the Subscription
“Takeover Code”	the City Code on Takeovers and Mergers
“Tranche 1 Loan Notes”	the £16.3 million of loan notes issued under the Loan Note Instrument on 19 October 2017, together with the Additional Risk Fee of £0.815 million, in total £17.115 million
“Tranche 2 Loan Notes”	the £7.7 million of loan notes issued under the Loan Note Instrument on 21 December 2017
“Transaction”	together, the Loan Note Settlement and the Fundraising
“Turnaround Plan”	the Board’s future strategy for the Group, as outlined in the Company’s interim results announcement for the six months ended 31 December 2017 dated 29 March 2018
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“Waiver”	the waiver by the Panel of any requirement under Rule 9 of the Takeover Code for Gatemore to make a general offer to Shareholders that would otherwise arise as a result of the Transaction
“Waiver Resolution”	the ordinary resolution to approve the Waiver, which is set out at Resolution 7 of the Notice of GM and is required to be passed on a poll at the GM by a simple majority of Independent Shareholders

PART I

LETTER FROM THE EXECUTIVE CHAIRMAN

DX (Group) plc

(Incorporated and registered in England and Wales with company number 08696699)

Directors

Ronald Series (*Executive Chairman*)
Lloyd Dunn (*Chief Executive Officer*)
David Mulligan (*Chief Financial Officer*)
Paul Goodson (*Non-Executive Director*)
Russell Black (*Non-Executive Director*)
Ian Gray (*Non-Executive Director*)

Registered Office

Ditton Park
Riding Court Road,
Datchet, Slough,
England,
SL3 9GL

3 May 2018

Dear Shareholder,

1. Introduction

As outlined in the Company's interim results announcement for the six months ended 31 December 2017 dated 29 March 2018, the Board proposes to strengthen the balance sheet of the Company. The Board now intends to implement this proposal through two steps as follows:

- the Loan Note Settlement, which is the Cancellation of certain Loan Notes and, in the case of the Redemption Loan Note Holders, the Redemption of certain other Loan Notes, and
- the Fundraising to raise gross proceeds of approximately £4.76 million through a Placing to raise gross proceeds of £4.135 million, and the Subscriptions by the Subscribers to raise approximately £0.627 million.

The Board believes it is in the long-term interests of the Company and Shareholders to strengthen the Company's balance sheet in order that the Company can continue to provide its customers with quality services and to compete for and attract new customers within both the public and private sectors.

Loan Note Settlement

It is proposed that the Company will issue a minimum of 304,242,576 and a maximum of 322,257,281 Cancellation Shares to the Cancellation Loan Note Holders. The issue price per Cancellation Share issued to all of the Cancellation Loan Note Holders other than Lloyd Dunn shall be 7.41 pence per Cancellation Share, which was the closing mid-market price of an Ordinary Share on 28 March 2018 (being the date on which agreement in principle was reached between the Company and the Cancellation Loan Note Holders).

The issue price per Cancellation Share issued to Lloyd Dunn shall be the closing mid-market price of an Ordinary Share on the last dealing day prior to Admission (which dealing day is expected to be the date of the General Meeting on 22 May 2018), provided that the issue price per Cancellation Share issued to Lloyd Dunn shall not in any event be less than the Fundraising Price, and shall not exceed 12 pence per Cancellation Share.

The Cancellation is conditional upon, *inter alia*, the passing of Resolutions 1, 4 and 7 at the General Meeting, notice of which is set out at the end of this document.

Alongside the Cancellation, the Loan Notes held by the Redemption Loan Note Holders will be redeemed for £262,500 in cash pursuant to the Redemption in accordance with the terms of the Loan Notes (as amended by the Cancellation Deed). The Redemption Loan Note Holders, being Ronald Series, Paul Goodson and Russell Black, will direct the Company to apply the proceeds they are entitled to receive pursuant to the Redemption in paying up their Subscription Shares in full.

Following the Cancellation and the Redemption (which are together referred to in this document as the “Loan Note Settlement”), no Loan Notes will remain in issue, and the Company will owe no further amounts, nor be subject to any other obligations in connection with the Loan Notes, other than in respect of accrued interest (which will be paid in cash shortly after completion of the Loan Note Settlement).

Fundraising

On 3 May 2018, DX announced that it had conditionally raised gross proceeds of approximately £4.1 million by the issue of 48,647,060 Placing Shares at the Fundraising Price. The Fundraising Price of 8.5 pence per Placing Share represents a discount of approximately 11.5 per cent. to the closing mid market price of an Ordinary Share of 9.6 pence on 2 May 2018, being the date immediately prior to the announcement of the Placing.

Alongside the Placing, the Company will issue 7,382,352 Subscription Shares to the Subscribers at the Fundraising Price to raise gross proceeds of approximately £0.7 million.

The Fundraising is expected to raise gross proceeds of approximately £4.8 million.

The issue of the Placing Shares and the Subscription Shares is conditional upon, *inter alia*, the passing of Resolutions 1, 2, 4, 5 and 7 at the General Meeting, notice of which is set out at the end of this document.

Rule 9 Waiver

On Admission, when the Loan Note Settlement and the issue of New Ordinary Shares becomes effective, Gatemore will be interested in a total of 204,378,538 Ordinary Shares representing between 35.3 per cent. and 36.4 per cent. (depending on the number of Cancellation Shares issued to Lloyd Dunn) of the Company’s Enlarged Issued Share Capital. Should only the Cancellation complete, Gatemore’s subsequent shareholding would represent between 39.1 per cent. and 40.5 per cent. of the Enlarged Issued Share Capital. In the absence of a waiver of the obligations under Rule 9 of the Takeover Code, this would require Gatemore to make a general offer to Shareholders. The Panel has agreed to grant a waiver of such obligation provided the Waiver Resolution (Resolution 7) is approved at the General Meeting on a poll by Independent Shareholders.

The purpose of this document is as follows:

- to outline the reasons for, and to explain the terms of the Loan Note Settlement and the issue of the Cancellation Shares;
- to outline the reasons for, and to explain the terms of the Fundraising and the issue of the Placing Shares and the Subscription Shares;
- to explain why the Directors believe that the Loan Note Settlement and the Fundraising are in the best interests of the Company and its Shareholders as a whole;
- to provide further detail in relation to the Waiver Resolution and the implications for Shareholders of the obligations under Rule 9 of the Takeover Code being waived; and
- to recommend that Shareholders vote in favour of all of the Resolutions to be proposed at the forthcoming General Meeting to be held at 9.00 a.m. on 22 May 2018 at the office of finnCap, 60 New Broad Street, London EC2M 1JJ.

2. Background to and reasons for the Transaction

DX was admitted to trading on AIM in February 2014 with a market capitalisation of approximately £200 million. Since then there has been a progressive deterioration in its performance, which the Board believes reflects the historic strategy and execution of that strategy by the previous board of directors. Results for the six months to 31 December 2017 reflected a further challenging period for DX. Ronald Series (Executive Chairman), Lloyd Dunn (Chief Executive Officer), Russell Black (Non-Executive Director) and Paul Goodson (Non-Executive Director) were appointed to the Board in October 2017. Ronald Series, Lloyd Dunn, Russell Black and Paul Goodson invested a total of £5.25 million in the Loan Notes at that time.

Turnaround Plan

Following a detailed review of the Group's activities, the Board announced the Turnaround Plan alongside the Group's interim results announcement for the six months ended 31 December 2017 dated 29 March 2018.

The Turnaround Plan comprises a broad range of initiatives, including the following:

DX Freight Division

DX Freight comprises the following three services:

DX 1-Man	a national and international, next-day delivery service, specialising in irregular dimensions and weight items ("IDW"). These items are generally unsuitable for fully automated conveyor systems. DX 1-Man also provides services for the regular parcels market;
DX 2-Man	a home delivery service for large items, weighing up to 150kg; and
DX Logistics	comprehensive logistics solutions, including warehouse management and operation of customer-liveried vehicles and uniformed personnel.

The Board believes that the key issues with the DX Freight division are:

- a lack of accountability and responsibility at depot level;
- its pricing structure;
- operations and sales;
- inefficient networks and operating at volumes below operational capacity;
- DX 2-Man being part of the DX 1-Man operational structure, which the Board believes has led to operational inefficiencies; and
- inefficient management information systems.

To rectify the performance of DX Freight, the Board is undertaking the following measures:

- responsibility and accountability is being devolved to the depots for key performance drivers;
- management incentives will be introduced;
- a new sales and commercial policy has been introduced, supported by a new central commercial team, including:
 - a new competitive pricing policy; and
 - investment in the sales team;
- a review of measurement metrics (weighing and cubing) and the introduction of new policies;
- the regional structure is being reorganised, resulting in the number of management regions increasing from three to five:
 - operational improvements are being made at Willenhall hub and within the depot structure; and
 - review of trunking matrix and fleet configuration;
- the merger of DX 2-Man with Logistics; and
- planned investment in the Group's IT infrastructure.

DX Express Division

DX Express comprises the following four services:

DX Exchange	a private members B2B mail and parcel delivery network, of c. 4,000 exchanges across the UK and Ireland, operating primarily in the legal, financial and public sectors;
DX Secure	a secure B2C delivery service with customers including HMPO, central government and major banks;

DX Courier	a next-day, fully tracked, B2B delivery service, primarily to branch networks, high streets, industrial areas and government premises; and
DX Mail	a low cost, second-class mail alternative, primarily operating in finance and insurance.

The Board believes the key issues with the DX Express division are:

- continuing volume decline in DX Exchange market, with ongoing revenues declining on a fixed cost network;
- a lack of leadership and accountability at service centres, including a lack of innovation and product offerings;
- weak sales structure and lack of commercial accountability;
- the service being operated as a combined network, which has had an impact on service and performance levels and an inefficient centralised trunking network; and
- legacy IT systems impacting on Group performance.

To improve the performance of DX Express, the Board is undertaking the following measures:

- devolving responsibility and accountability to the service centres;
- management incentives will be introduced;
- changing the regional management structure from three to four regions and reviewing the trunking matrix;
- restructuring the sales team, supported by a central commercial team and the new role of national sales director;
- to focus on DX Exchange to separate it from DX Secure and DX Courier;
- to merge the DX Secure and DX Courier networks onto one platform with a simplified pricing strategy and to develop new specialist markets for these business areas; and
- to investment in increased automation.

Loan Note Settlement

On 9 October 2017 the Company announced its intention to issue Loan Notes with conditional conversion rights to raise total gross proceeds of £24.0 million. These were duly issued in two tranches on 19 October 2017 for £16.3 million of Tranche 1 Loan Notes (approximately £17.115 million including the Additional Risk Fee), and on 21 December 2017 for £7.7 million of Tranche 2 Loan Notes. The Loan Notes were issued to enable repayment of the Company's then bank term loan, and to address the then working capital shortfall, capital expenditure and restructuring costs whilst the Company's business model was reviewed by the Board.

The Board believes that it is in the best long-term interests of the Company and its Shareholders to strengthen the Company's balance sheet via the Loan Note Settlement and the Fundraising, which is expected to provide a strong and stable capital structure for the implementation of the Turnaround Plan, and to save the Company the future interest payments of 8 per cent per annum. of the principal amount of the Loan Notes amounting to approximately £2 million per annum. The Board believes the commitment of the Loan Note Holders to support the Company in the Loan Note Settlement is a positive sign of their belief in the future of the business. The Board also believes a strengthened balance sheet will enable the Company to continue providing its customers with quality services, and to compete for, and attract, new customers within both the public and private sectors. On 22 December 2017 the Group agreed a new £25.0 million invoice discounting facility through to 19 December 2019, further supporting the balance sheet and Shareholder value as a whole.

3. The Loan Note Instrument

The subscribers of the Tranche 1 Loan Notes were GCM Partners II (on behalf of Gatemore) and the Participating Directors. Tranche 2 Loan Notes were issued principally to Hargreave Hale acting as investment manager for Marlborough Special Situations Fund ("Hargreave Hale"). The Tranche 1 and Tranche 2 Loan Notes have a maturity date of 19 October 2020 and accrue interest at 8 per cent. per annum from date of issue, payable annually in arrears. In addition the Tranche 1 Loan Note Holders (being Gatemore and the Participating Directors)

were entitled to the Additional Risk Fee, which has been added to the principal of the Tranche 1 Loan Notes, resulting in a total aggregate Tranche 1 Loan Note principal of £17.115 million.

The Additional Risk Fee reflects the additional risk which the Tranche 1 Loan Note Holders were exposed to at the time of their subscription for the Tranche 1 Loan Notes, arising due to the fact that the Loan Note Instrument was entered into before the Loan Note security arrangements had been implemented. All of the Loan Notes are convertible into Ordinary Shares, at the election of the subscribers to the Loan Notes up to the maturity date, at a price of 10 pence per Ordinary Share.

The Loan Note Holders and their entitlements are as follows:

<i>Tranche</i>	<i>Loan Note Holder</i>	<i>Loan Note principal value (£)</i>	<i>New Ordinary Shares issued pursuant to the Cancellation</i>
1	Gatmore [†]	11,602,500	156,578,947
1	Lloyd Dunn [‡]	5,250,000	between 43,750,000 and 61,764,705
1	Ronald Series [‡]	105,000	–
1	Paul Goodson [‡]	52,500	–
1	Russell Black [‡]	105,000	–
2	Hargreave Hale [†]	7,500,000	101,214,574
2	Charles Skinner [†]	200,000	2,699,055
	TOTAL	24,815,000	between 304,242,576 and 322,257,281

[†]Denotes a Cancellation Loan Note Holder, whose Loan Notes will be cancelled pursuant to the Cancellation

[‡]Denotes a Redemption Loan Note Holder, whose Loan Notes will be redeemed for cash pursuant to the Redemption in accordance with the terms of the Loan Notes (as amended by the Cancellation Deed)

Pursuant to the Cancellation, the Board proposes to cancel:

- (i) the Tranche 1 Loan Notes held by the Cancellation Loan Note Holders (inclusive of the Additional Risk Fee); and
- (ii) the Tranche 2 Loan Notes held by the Cancellation Loan Note Holders, by issuing the Cancellation Shares.

The issue price per Cancellation Share issued to all of the Cancellation Loan Note Holders other than Lloyd Dunn shall be 7.41 pence per Cancellation Share, which was the closing mid-market price of an Ordinary Share on 28 March 2018 (being the last Business Day immediately prior to the announcement on 29 March 2018 of the Company's results for the six months ended 31 December 2017 and the date when the Cancellation Loan Note Holders and the Company agreed in principle to the Cancellation).

The issue price per Cancellation Share issued to Lloyd Dunn shall be the closing mid-market price of an Ordinary Share on the last dealing day prior to Admission (which dealing day is expected to be the date of the General Meeting on 22 May 2018), provided that the issue price per Cancellation Share issued to Lloyd Dunn shall not in any event be less than 8.5 pence, being the Fundraising Price, and shall not exceed 12 pence per Cancellation Share.

Pursuant to the Loan Note Settlement, accrued interest up until 22 May 2018 of £1,063,041 million will be paid to the Loan Note Holders in cash and there will be no payment made in lieu of forgone interest. Accordingly, as a consequence of the Loan Note Settlement, the Company will not be liable to pay approximately £2.0 million per annum of interest payments that would otherwise be due if the Loan Note Settlement were not to proceed.

Following the Loan Note Settlement and payment of the accrued interest, no Loan Notes will remain in issue, and the Company will owe no further amounts, nor be subject to any other obligations in connection with, the Loan Notes.

4. The Fundraising

As detailed above, the Board has formulated the Turnaround Plan to address the Group's underperformance, in particular its loss-making Freight division, volume decline within the Group's Exchange business and poorly allocated investment in IT systems and estate.

In formulating the Turnaround Plan the Board has identified a need for additional funding, which will assist it in achieving its objectives to improve the Group's performance and return it to sustainable, profitable growth within its current, planned timeframes. Further details of the Turnaround Plan are contained in the Company's interim results announcement for the six months ended 31 December 2017 dated 29 March 2018.

The net proceeds of the Fundraising, alongside the Company's existing resources, will *inter alia*, provide capital for the Group to:

- expand its sales capabilities;
- open new depots and so improve the efficiency of the Group's networks;
- improve IT systems;
- separate the DX Express networks;
- assist with working capital requirements; and
- redeem £262,500 of the Loan Notes, the proceeds of which certain Directors will direct the Company to apply in paying up their Subscription Shares in full.

The Fundraising Price of 8.5 pence per Placing Share and Subscription Share represents a discount of approximately 11.5 per cent. to the closing price of an Ordinary Share of 9.6 pence on 2 May 2018 (being the latest practicable date prior to the announcement of the Transaction).

In setting the Fundraising Price, the Directors have considered the price at which new Ordinary Shares need to be offered to investors to ensure the success of the Fundraising and have held discussions with a number of investors who have agreed to subscribe for the new Ordinary Shares at the Fundraising Price. In structuring the Fundraising, the Directors have had regard, *inter alia*, to the costs of alternative fundraising mechanisms and current market conditions and the level of the Company's share price. After considering these factors, the Directors have concluded that the Fundraising is the most suitable option available to the Company and its Shareholders.

Pursuant to the Fundraising, 48,647,060 Placing Shares have been conditionally placed with certain institutional and other investors, and 7,382,352 Subscription Shares have been conditionally subscribed for by the Subscribers, subject to, *inter alia*, the passing of Resolutions 1, 2, 4, 5 and 7 at the General Meeting.

The Subscribers are investing in the Subscription as follows:

Subscriber	Role	Number of Subscription Shares	Value of Subscription Shares at the Fundraising Price
Ronald Series	Executive Chairman	1,235,294 ¹	£104,999.99
David Mulligan	Chief Financial Officer	2,352,941	£199,999.99
James Hayward	Interim Chief Financial Officer	588,235	£49,999.98
Paul Goodson	Non-Executive Director	1,500,000 ²	£127,500.00
Russell Black	Non-Executive Director	1,705,882 ³	£144,999.97

¹ includes the investment of £104,999.99 due to Ronald Series from the Cancellation to subscribe for 1,235,294 Subscription Shares

² includes the investment of £52,500 due to Paul Goodson from the Cancellation to subscribe for 617,647 Subscription Shares

³ includes the investment of £104,999.99 due to Russell Black from the Cancellation to subscribe for 1,235,294 Subscription Shares

The Placing is to be effected pursuant to the Placing Agreement. The Subscription is to be effected pursuant to subscription letters entered into with each of the Subscribers. Further details of both the Placing Agreement and the subscription letter which each Subscriber has entered into can be found in paragraph 5 of Part III of the Circular.

The Board is, as always, mindful that unexpected events, including operational outcomes or events outside the Board's control, may result in the proceeds of the Fundraising being deployed in a different manner to that set out above or on a different timescale to that currently envisaged.

5. City Code on Takeovers and Mergers

The Transaction gives rise to certain considerations under the Takeover Code. Brief details of the Panel, the Takeover Code and the protections they afford to Shareholders are described below.

The Takeover Code is issued and administered by the Panel. The Takeover Code applies to all takeover and merger transactions, however effected, where the offeree company is, *inter alia*, a centrally controlled and managed public company resident in the United Kingdom (and to certain categories of private limited companies). The Company is a United Kingdom incorporated public company whose Ordinary Shares are admitted to trading on AIM, and its Shareholders are therefore entitled to the protections afforded by the Takeover Code.

Pursuant to Rule 9 of the Takeover Code, any person who acquires, whether by a series of transactions over a period of time or not, an interest (as defined in the Takeover Code) in shares which (taken together with shares in which he is already interested and in which persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares (a “Rule 9 Offer”).

Similarly, when any person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of such voting rights, a Rule 9 Offer will normally be required if a further interest in shares is acquired by any such person or any person acting in concert with him.

A Rule 9 Offer must be in cash and at the highest price paid for any interest in shares of the Company by the person required to make the offer or any person acting in concert with him within the 12 months prior to the announcement of the offer.

The Company’s largest Shareholder, Gatemore, is currently interested in 47,799,591 Ordinary Shares, representing approximately 23.8 per cent. of the voting rights in the Company. Gatemore also holds Loan Notes which are convertible into new Ordinary Shares.

The Loan Note Settlement, if completed, would lead to Gatemore acquiring interests in 156,578,947 Ordinary Shares in addition to their existing shareholding of 47,799,591 Ordinary Shares, such that they would be interested in a total of 204,378,538 Ordinary Shares representing between 35.3 and 36.4 per cent. of the Enlarged Issued Share Capital. Should only the Cancellation complete, Gatemore’s subsequent shareholding would represent between 39.1 per cent. and 40.5 per cent. of the Enlarged Issued Share Capital, being in excess of 30 per cent. of the Enlarged Issued Share Capital. Accordingly, without a waiver the obligations under Rule 9 of the Takeover Code, Gatemore (and any party acting in concert with it) would be obliged to make a Rule 9 Offer.

The Company has therefore applied to the Panel for a waiver of Rule 9 of the Takeover Code in order to permit the Transaction to proceed without triggering an obligation on the part of Gatemore to make a Rule 9 Offer.

Further details on Gatemore are set out in paragraph 6 of Part III of this document.

Dispensation from the requirement to make a general offer under the Takeover Code

Under Note 1 on the Notes on the Dispensations from Rule 9 of the Takeover Code, the Panel will normally waive the requirement for a Rule 9 Offer if, *inter alia*, the shareholders of the company who are independent of the person who would otherwise be required to make an offer, and any person acting in concert with him, pass a resolution approving such a waiver.

The Panel has agreed to waive the obligation to make a Rule 9 Offer that would otherwise arise on Gatemore, as a result of the Transaction and subsequent issue of the New Ordinary Shares, subject to approval on a poll by the Independent Shareholders of Resolution 7 as set out in the Notice of GM.

Shareholders should note that, following the Transaction, Gatemore will not be entitled to increase its interest in the voting rights of the Company without incurring a further obligation to make a Rule 9 Offer (unless a further dispensation from this requirement has been obtained from the Panel in advance).

6. Gatemore's potential interest in Ordinary Shares following the Transaction

Assuming Gatemore makes no disposals of Ordinary Shares and the Company issues no further Ordinary Shares prior to the completion of the Transaction, Gatemore's total interest immediately following Admission would be 204,378,538 Ordinary Shares, representing between 35.3 and 36.4 per cent. of the Enlarged Issued Share Capital.

Completion of the Fundraising is conditional upon completion of the Cancellation but the Cancellation is not conditional upon completion of the Fundraising. Accordingly, should only the Cancellation complete, on the same assumptions as above, Gatemore's subsequent shareholding would be 204,378,538 Ordinary Shares, representing between 39.1 per cent. and 40.5 per cent. of the Enlarged Issued Share Capital.

The intentions of Gatemore

Gatemore does not intend to make a general offer for the Company. Gatemore has confirmed to the Company that it is not proposing, following the increase in the percentage interest in Ordinary Shares as a result of the Transaction, to seek any change in the composition of the Board or to the general nature or any other aspect of the Group's business or strategy.

Gatemore has also confirmed it has no intention to make any changes in relation to:

- the future of the Group's businesses;
- any planned investment in research and development;
- the continued employment of the Group's employees and management, including any material change in conditions of employment or balance of skills and functions;
- the location of the Group's places of business, headquarters and headquarter functions;
- employer contributions into the Group's pension schemes, the accrual of benefits for existing members and the admission of new members;
- any redeployment of the fixed assets of the Group as a result of such proposals; and
- the maintenance of any existing trading facilities for the relevant securities of the Group.

The proposed participation by Gatemore in the Transaction is in the ordinary course of Gatemore's business and is not expected to have any material effect on its future business or any material financial impact.

7. Current Trading and Outlook

The following text is extracted from the Group's interim statement, which was released on 29 March 2018.

"Results for the six months to 31 December 2017 reflected another challenging period for DX. The Group generated total revenues of £146.6 million (2016: £142.7 million) for the six months, with DX Freight contributing £67.4 million and DX Express £79.2 million. Group operating costs (excluding depreciation, amortisation and exceptional items) increased by £12.2 million or 8.8% to £151.0 million (2016: £138.8 million). The increase substantially related to costs within DX Logistics arising from higher revenues. Group earnings before interest, taxation, depreciation, amortisation and exceptional items ("EBITDA") was a £4.4 million loss (2016: earnings of £3.9 million), with DX Freight generating a loss of £10.9 million and DX Express contributing a profit of £7.5 million. Plc costs accounted for the balance of £1 million. The loss is mainly accounted for by volume attrition at DX Exchange, which has a largely fixed cost base, a reduction in volumes at DX Express, lower average prices at DX 1-Man and increased costs. Depreciation and amortisation (of developed software and acquired intangible assets) decreased by £0.5 million to £3.6 million against the comparative period (2016: £4.1 million). The Group's loss before tax and exceptional items was £9.0 million (2016: loss of £0.5 million). Exceptional items in the first half amounted to £5.1 million (2016: £28.8 million) and largely comprised the impairment of certain development assets, principally those relating to the merging of IT systems as part of the "OneDX" integration programme, which have been stopped or reworked, following the commencement of the turnaround. The loss from operating activities after exceptional items was £13.1 million against a loss of £29.0 million in the comparative period. This has resulted in equity, as shown in our balance sheet, of £2.1 million at the end of the period. Net debt excluding the Loan Notes stood at £2.1 million at 31 December 2017 (2016: £18.4 million); including the Loan Notes, net debt was £25.6 million (2016: £18.4 million).

“DX has a strong culture of customer service, and the Company has established highly attractive propositions in certain market segments, including in: secure delivery services, where it provides market-leading levels of security; 1-Man delivery operations for IDW; and in logistics, where DX is well-positioned for growth in the sector. These fundamental strengths will support the turnaround process.

“Trading conditions remain challenging, but the Group is already seeing encouraging signs that the turnaround plans are gaining traction. Net new business in February and March 2018 at DX Freight has been at a higher monthly level than at any point in the last 12 months. The Board expects the benefits of our turnaround initiatives to continue to build through the year and into 2019.”

8. Impact of the Transaction on Recovery Awards and Restricted Share Awards

On 21 December 2017, the Recovery Awards and the Restricted Share Awards were granted on the terms summarised for Shareholders in the appendix to the notice of meeting for the Company’s general meeting on 15 December 2017.

The Transaction will have the following impact on the Recovery Awards and Restricted Share Awards:

- the absolute number of Ordinary Shares subject to the Recovery Awards and Restricted Share Awards will be increased to maintain the participants’ relative percentage Restricted Share Award holdings (by reference to the percentage of the Existing Issued Share Capital which the Recovery Award Shares represented when they were granted on 21 December 2017); and
- the share price performance targets for the Recovery Awards will be amended so that the target for the maximum vesting is changed from 50.0 pence per Ordinary Share to 40.0 pence per Ordinary Share. The threshold share price vesting target of 12.5 pence per Ordinary Shares will not be amended.

The rationale for these amendments is as follows:

- the terms of the Recovery Awards and the Restricted Share Awards provided for the number of Ordinary Shares under award to be increased to maintain the participants’ percentage holdings of Recovery Award Shares in the event of a conversion of the Loan Notes. The issue of the Cancellation Shares in connection with the Loan Note Settlement is, in the opinion of the Remuneration Committee, sufficient to trigger this provision;
- the adjustment to the share price target for maximum vesting is being made to reflect the additional dilution resulting from the issue of the Cancellation Shares as opposed to the dilution originally envisaged from the conversion of the Loan Notes into Ordinary Shares. Whilst it was not envisaged to amend the share price targets for the Recovery Awards as a consequence of the conversion of the Loan Notes, the Remuneration Committee has concluded that the altered circumstances resulting from the Loan Note Settlement make an adjustment appropriate in order to appropriately incentivise key employees; and
- the changes to the share price targets have been made on the basis that a share price target of 40.0 pence per Ordinary Share is not materially less difficult to satisfy than the original target would have been in the event of conversion of the Loan Notes into Ordinary Shares rather than the proposed Loan Note Settlement.

In addition to the above, the number of Ordinary Shares subject to the Recovery Awards will also be adjusted to take into account the impact of the Fundraising.

Resolutions 3 and 6 confirm the Board’s authority to issue sufficient Ordinary Shares at the maturity of the Recovery Awards and the Restricted Share Awards in respect of the above.

The total number of Shares over which all Recovery Awards (including compensatory awards in respect of the transfer of Employers’ NICs) are granted will not exceed 15 per cent. of the issued share capital of the Company from time to time (and, as further diluted by the awards under the PSP).

9. General Meeting

The Directors do not currently have authority to allot all of the New Ordinary Shares and, accordingly, the Board is seeking the approval of Shareholders to allot the New Ordinary Shares at the General Meeting. In addition, the Panel's waiver of Rule 9 of the Takeover Code has been granted subject to the Independent Shareholders approving the Waiver Resolution on a poll at the General Meeting.

A notice convening the General Meeting, which is to be held at at 9.00 a.m. on 22 May 2018 at the office of finnCap, 60 New Broad Street, London EC2M 1JJ, is set out at the end of this document. At the General Meeting, the following Resolutions will be proposed:

- Resolution 1, which is conditional on the passing of Resolution 7 and is an ordinary resolution to authorise the Directors to allot relevant securities in connection with the Cancellation up to an aggregate nominal amount of £3,222,572.81, being equal to 322,257,281 new Ordinary Shares (i.e. the number of Cancellation Shares);
- Resolution 2, which is conditional on the passing of Resolution 1 and is an ordinary resolution to authorise the Directors to allot relevant securities in connection with the Fundraising up to an aggregate nominal amount of £560,294.12 being equal to 56,029,412 new Ordinary Shares (i.e. the number of Placing Shares and Subscription Shares);
- Resolution 3, which is conditional on the passing of Resolution 1 and is an ordinary resolution to authorise the Directors to allot relevant securities pursuant to the Recovery Awards and/or Restricted Share Awards up to a maximum aggregate nominal amount of £848,487.6, being equal to 8,484,876 new Ordinary Shares (i.e. the maximum number of new Ordinary Shares which would be capable of being issued pursuant to the Recovery Awards and/or Restricted Share Awards, assuming all of the New Ordinary Shares are issued pursuant to the Transaction);
- Resolution 4, which is conditional on the passing of Resolution 1 and is a special resolution to authorise the Directors to issue and allot up to 322,257,281 new Ordinary Shares pursuant to the Cancellation on a non-pre-emptive basis;
- Resolution 5, which is conditional on the passing of Resolution 2 and is a special resolution to authorise the Directors to issue and allot up to 56,029,412 new Ordinary Shares pursuant to the Fundraising on a non-pre-emptive basis;
- Resolution 6, which is conditional on the passing of Resolution 3 and is a special resolution to authorise the Directors to issue and allot up to 8,484,876 new Ordinary Shares pursuant to the Recovery Awards and/or Restricted Share Awards on a non-pre-emptive basis; and
- Resolution 7, which is an ordinary resolution to approve the Panel's waiver of Rule 9 of the Takeover Code. Resolution 7 will be taken on a poll of the Independent Shareholders only, and must be approved on a poll by the Independent Shareholders who together represent a simple majority of the issued Ordinary Shares held by the Independent Shareholders being voted (whether in person or by proxy) at the General Meeting.

The authorities to be granted pursuant to Resolutions 1, 2, 4 and 5 will expire on the date falling 12 months, and Resolutions 3 and 6 on the date falling 5 years from the date of the passing of the Resolutions (unless renewed, varied or revoked by the Company before or on that date) and would be in addition to the Directors' authorities to allot relevant securities and dis-apply statutory pre-emption rights granted at the Company's general meeting held on 8 December 2017.

For the avoidance of doubt, completion of the Fundraising is conditional upon completion of the Cancellation but the Cancellation is not conditional upon completion of the Fundraising.

10. Action to be taken

A Form of Proxy for use in connection with the GM is also enclosed. Whether or not you intend to be present at the GM, you are asked to complete and return the Form of Proxy in accordance with the instructions thereon as soon as possible and, in any event, so that it is received not later than 48 hours before the time of the GM. The completion and return of the Form of Proxy will not preclude you from attending the GM and voting in person if

you so wish. Please return the Form of Proxy to Link Asset Services Limited, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF.

11. Irrevocable Undertakings

The Company has received the following irrevocable undertakings from the following Directors to vote in favour of Resolutions 1, 2, 4 and 5 in respect of the following number of Ordinary Shares:

<i>Name</i>	<i>Aggregate number of Ordinary Shares voted in favour</i>	<i>% of Existing Issued Share Capital</i>
Ronald Series	180,000	0.09%
Lloyd Dunn	2,020,000	1.01%
Russell Black	225,000	0.11%

The Company has received irrevocable undertakings from Ian Gray to vote in favour of Resolutions 1 to 7 inclusive in respect of 250,000 Ordinary Shares, representing 0.12 per cent. of the Existing Issued Share Capital.

Gatmore has irrevocably undertaken to vote in favour of Resolutions 1 to 6 inclusive in respect of Ordinary Shares in which they are interested, amounting to, in aggregate, 47,799,591 Ordinary Shares representing approximately 23.8 per cent. of the Existing Issued Share Capital.

Certain other Shareholders have irrevocably undertaken to vote in favour of the Resolutions in respect of Ordinary Shares in which they are interested, as follows:

<i>Resolution</i>	<i>Aggregate number of Ordinary Shares voted in favour</i>	<i>% of Existing Issued Share Capital</i>	<i>% of Independent Shareholders</i>
1	82,556,733	41.17%	N/A
2	82,556,733	41.17%	N/A
3	80,131,733	39.96%	N/A
4	82,556,733	41.17%	N/A
5	82,556,733	41.17%	N/A
6	80,131,733	39.96%	N/A
7	32,332,142	16.12%	21.51%

12. Related Party Transactions

12.1 Gatmore is a substantial Shareholder in DX, holding approximately 23.8 per cent. of the voting rights of the Company and, as such, Gatmore is considered to be a related party of the Company as defined by the AIM Rules. The issue to Gatmore of 156,578,947 new Ordinary Shares pursuant to the Cancellation therefore constitutes a related party transaction pursuant to AIM Rule 13. The Independent Directors, having consulted with the Company's nominated adviser, finnCap, consider that the terms of the issuance to Gatmore of the 156,578,947 new Ordinary Shares pursuant to the Cancellation are fair and reasonable insofar as the Shareholders are concerned.

12.2 Ronald Series, David Mulligan, Paul Goodson and Russell Black are Directors of the Company and as such are considered to be related parties of the Company as defined by the AIM Rules. Their participation in the Subscription therefore constitutes a related party transaction pursuant to AIM Rule 13. The Independent Director, having consulted with the Company's nominated adviser, finnCap, considers that the participation of Ronald Series, David Mulligan, Paul Goodson and Russell Black in the Subscription is fair and reasonable insofar as the Shareholders are concerned.

12.3 Ronald Series, Lloyd Dunn, Paul Goodson and Russell Black are Directors of the Company and as such are considered to be related parties of the Company as defined by the AIM Rules. The issue of Cancellation Shares to Lloyd Dunn and the payment of cash to the Redemption Loan Note Holders, pursuant to the Redemption therefore constitute related party transactions pursuant to AIM Rule 13. The Independent Directors, having consulted with the Company's nominated adviser, finnCap, consider that the issue of the Cancellation Shares to Lloyd Dunn, and the Redemption of the Loan Notes held by the Redemption Loan Note Holders are fair and reasonable insofar as the Shareholders are concerned.

13. Independence

As holders of Loan Notes, Ronald Series, Lloyd Dunn, Russell Black and Paul Goodson are interested in the Cancellation, and are therefore deemed not to be independent for the purposes of making a recommendation to Shareholders on Resolution 7 proposed in respect of the Cancellation. As such, Ronald Series, Lloyd Dunn, Russell Black and Paul Goodson will not be allowed to vote at the General Meeting on Resolution 7.

Gatmore, as a holder of Loan Notes and as the proposed beneficiary of the Waiver Resolution, will not be allowed to vote at the General Meeting on Resolution 7.

The Takeover Code requires the Independent Directors to obtain competent independent advice regarding the merits of the Transaction, which is subject to the Waiver Resolution, the controlling position which it will create and the effect which it will have on Shareholders generally. finnCap, as the Company's nominated adviser, and as a party independent of Gatmore, has provided advice to the Independent Directors in this regard and in so doing, has taken into account the Independent Directors' commercial assessments.

For the avoidance of doubt, there are no relationships between the Independent Director and Gatmore. Gatmore has no relationships (personal, financial and commercial), arrangements and/or understandings with any of the Shareholders or any person who is, or is presumed to be, acting in concert with any such Shareholder.

14. Recommendation – Resolutions 1, 2, 4 and 5

The Directors are satisfied that the terms of the Loan Note Settlement and the Fundraising are fair and reasonable and are in the best interests of the Company and its Shareholders as a whole. Accordingly the Directors, having been so advised by finnCap, unanimously recommend that all Shareholders vote in favour of Resolutions 1, 2, 4 and 5 as they have irrevocably undertaken to do in respect of their holding of Ordinary Shares in the Company, representing approximately 1.33 per cent. of the Existing Issued Share Capital.

15. Recommendation – Resolutions 3 and 6

As current and/or future beneficiaries of the Recovery Awards and/or Restricted Share Awards, Ronald Series, Lloyd Dunn, Russell Black, Paul Goodson and David Mulligan are deemed not to be independent for the purposes of making a recommendation to Shareholders on Resolutions 3 and 6.

As a result the independent Director in respect of Resolutions 3 and 6 is Ian Gray, who, having been so advised by finnCap, is satisfied that Resolutions 3 and 6 are fair and reasonable and are in the best interests of the Company and its Shareholders as a whole. Accordingly Ian Gray recommends that Shareholders vote in favour of Resolutions 3 and 6 as he has irrevocably undertaken to do in respect of his holding of Ordinary Shares, representing approximately 0.125 per cent. of the Existing Issued Share Capital.

16. Recommendation – Resolution 7

As Loan Note Holders, Ronald Series, Lloyd Dunn, Russell Black and Paul Goodson are deemed not to be independent for the purposes of making a recommendation to Shareholders on Resolution 7. As a result the independent Directors in respect of Resolution 7 are David Mulligan and Ian Gray, who, having been so advised by finnCap, are satisfied that Resolution 7 is fair and reasonable and in the best interests of the Company and the Independent Shareholders as a whole. In so doing, finnCap has taken into account the Independent Directors' commercial assessments. Accordingly Ian Gray and David Mulligan recommend Independent Shareholders vote in favour of Resolution 7, as Ian Gray has irrevocably undertaken to do in respect of his holding of Ordinary Shares, representing approximately 0.125 per cent. of the Existing Issued Share Capital.

The Loan Note Settlement and the Fundraising are conditional, *inter alia*, upon the passing of the Resolutions at the General Meeting. Shareholders should be aware that if the Resolutions are not approved at the General Meeting by the Shareholders or the Independent Shareholders (as applicable), the Loan Note Settlement and the Fundraising will not proceed.

Yours faithfully

Ronald Series
Executive Chairman

PART II

FINANCIAL INFORMATION

Financial information on DX

The following information is incorporated by reference into this document pursuant to Rule 24.15 of the Takeover Code and is available free of charge on the Company's website at www.DXdelivery.com. A Shareholder may request a copy of such information in hard copy form (hard copies will not be provided unless requested). Hard copies may be requested by written request to David Mulligan at the Company's registered office, or by calling +44 20 3178 6378 between 8.30 a.m. and 5.30 p.m. Monday to Friday (except UK public holidays):

- the Interim Results of the Company for the six month period ended 31 December 2017;
- the Annual Report and Accounts of the Company for the year ended 30 June 2017;
- the Annual Report and Accounts of the Company for the year ended 30 June 2016; and
- the Annual Report and Accounts of the Company for the year ended 30 June 2015.

All reports referenced above can be found at the following website address:
<https://www.DXdelivery.com/investor/reports-and-results/>

Paragraph 7 of Part I of this document contains a update on current trading. The Company's Annual Report and Accounts listed above contain the Company's audited consolidated financial statements for the financial years ended 30 June 2017, 30 June 2016 and 30 June 2015, together with the audit report in respect of each year.

<i>Information incorporated by reference to this document</i>	<i>Reference Document</i>	<i>Page number</i>
For the Six Months ended 31 December 2017		
Interim Results announcement	Announcement dated 29 March 2018	
For the year ended 30 June 2017		
Independent Auditors' report to the members	Annual Report 2017	27
Consolidated statement of comprehensive income for the year ended 30 June 2017	Annual Report 2017	31
Consolidated statement of changes in equity for the year ended 30 June 2017	Annual Report 2017	34
Consolidated statement of financial position at 30 June 2017	Annual Report 2017	32
Consolidated statement of cash flows for the year ended 30 June 2017	Annual Report 2017	36
Notes to the consolidated financial statements	Annual Report 2017	38
For the year ended 30 June 2016		
Independent Auditors' report to the members	Annual Report 2016	38
Consolidated statement of comprehensive income for the year ended 30 June 2016	Annual Report 2016	39
Consolidated statement of changes in equity for the year ended 30 June 2016	Annual Report 2016	42
Consolidated statement of financial position at 30 June 2016	Annual Report 2016	40
Consolidated statement of cash flows for the year ended 30 June 2016	Annual Report 2016	44
Notes to the consolidated financial statements	Annual Report 2016	45
For the year ended 30 June 2015		
Independent Auditors' report to the members	Annual Report 2015	40
Consolidated statement of comprehensive income for the year ended 30 June 2015	Annual Report 2015	41
Consolidated statement of changes in equity for the year ended 30 June 2015	Annual Report 2015	44
Consolidated statement of financial position at 30 June 2015	Annual Report 2015	42
Consolidated statement of cash flows for the year ended 30 June 2015	Annual Report 2015	46
Notes to the consolidated financial statements	Annual Report 2015	47

Financial Information on Gatemore

The following information is incorporated by reference into this document pursuant to Rule 24.15 of the Takeover Code and is available free of charge on the Company's website at www.DXdelivery.com. A Shareholder may request a copy of such information in hard copy form (hard copies will not be provided unless requested). Hard copies may be requested by written request to David Mulligan at the Company's registered office, or by calling +44 20 3178 6378 between 8.30 a.m. and 5.30 p.m. Monday to Friday (except UK public holidays):

- annual accounts for the year ended 31 December 2016
- annual accounts for the year ended 31 December 2015

All reports referenced above can be found at the following website address:

<https://www.DXdelivery.com/investor/shareholder-centre/>

There has been no material change in the trading or financial position of Gatemore or in the scope of its business since 31 December 2016.

PART III

ADDITIONAL INFORMATION

Information on the Company

1. Principal Activity of the Group

The principal activity of the Group continues to be the provision of delivery solutions, including parcel freight, secure, courier and logistics services throughout the UK and Ireland.

2. Responsibility

The Directors, whose names appear on page 9, accept responsibility for the information contained in this document, other than: (i) the recommendations in respect of Resolutions 3 and 6 set out in paragraph 15 of Part I of this document, for which only Ian Gray (as the Independent Director in respect of such recommendation) accepts responsibility; (ii) the recommendation in respect of Resolution 7 set out in paragraph 16 of Part I of this document, for which only Ian Gray and David Mulligan (as the Independent Directors in respect of such recommendation) accept responsibility; and (iii) information relating to Gatemore, for which only Gatemore accepts responsibility. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

To the best of the knowledge and belief of Gatemore (who has taken all reasonable care to ensure that such is the case) the information contained in this document relating to Gatemore is in accordance with the facts and does not omit anything likely to affect the import of such information.

Directors

Ronald Series	<i>(Executive Chairman)</i>
Lloyd Dunn	<i>(Chief Executive Officer)</i>
David Mulligan	<i>(Chief Financial Officer)</i>
Paul Goodson	<i>(Non-Executive Director)</i>
Russell Black	<i>(Non-Executive Director)</i>
Ian Gray	<i>(Non-Executive Director)</i>

3. Interest and dealings of Directors

- (a) At the close of business on 2 May 2018 (being the latest practicable date prior to the publication of this document) the interests in voting rights (within the meaning of chapter 5 of the DTR) of the Directors and their respective families (as defined in the AIM Rules) all of which are beneficial unless otherwise stated and of connected persons within the meaning of the Act, in the issued Ordinary Shares as at the date of this document the existence of which is known to, or could, with reasonable diligence, be ascertained by the Directors, together with the percentages which such interests represent of the Ordinary Shares in issue are as follows:

<i>Director</i>	<i>Number of issued Ordinary Shares</i>	<i>Percentage of Existing Issued Share Capital</i>
Ronald Series	180,000	0.09%
Lloyd Dunn	2,020,000	1.01%
David Mulligan	–	–
Paul Goodson	–	–
Russell Black	225,000	0.11%
Ian Gray	250,000	0.12%
Total	2,675,000	1.33%

- (b) At the close of business on 2 May 2018 (being the latest practicable date prior to the publication of this document) the Directors and their immediate families, related trusts and persons connected with them listed below, held the following options over Ordinary Shares:

<i>Director</i>	<i>Number of options</i>	<i>Date of Grant</i>	<i>Exercise Price</i>	<i>Exercise Period</i>
Ronald Series	8,169,000	21 Dec 2017	£0.01	Between the fourth and tenth anniversary of the Grant Date
Lloyd Dunn	15,171,000	21 Dec 2017	£0.01	Between the fourth and tenth anniversary of the Grant Date
Paul Goodson	291,750	21 Dec 2017	£0.01	Between the fourth and tenth anniversary of the Grant Date
Russell Black	291,750	21 Dec 2017	£0.01	Between the fourth and tenth anniversary of the Grant Date
Total	23,923,500			

- (c) The maximum percentage interest in Ordinary Shares of each of the Directors if the maximum possible number of New Ordinary Shares are issued under the Transaction will be:

<i>Director</i>	<i>Number of Ordinary Shares</i>	<i>Number of Ordinary Shares issued for the Cancellation</i>	<i>Number of Ordinary Shares subscribed for in the Fundraising</i>	<i>Maximum percentage interest in Ordinary Shares following Transaction</i>
Ronald Series	180,000	–	1,235,294	0.25%
Lloyd Dunn	2,020,000	Up to 61,764,705	–	11.02%
David Mulligan	–	–	2,352,941	0.42%
Paul Goodson	–	–	1,500,000	0.26%
Russell Black	225,000	–	1,705,882	0.33%
Ian Gray	250,000	–	–	0.04%
Total	2,675,000	Up to 61,764,705	6,794,117	11.8%

- (d) There have been no dealings (including borrowing or lending) for value in relevant securities by the Directors (or their immediate families, related trusts or persons connected with them) during the period of 12 months preceding the date of this document, save for:

<i>Party</i>	<i>Date</i>	<i>Transaction</i>	<i>No. of Ordinary Shares</i>	<i>Price per Ordinary Share (pence)</i>
Ian Gray	3 January 2018	Share Purchase	250,000	9.45

- (e) Save in respect of the interests set out above, none of the Directors or any persons connected with them (within the meaning of Rule 3 of the DTR) has any interest, beneficial or non-beneficial, in Ordinary Shares.
- (f) So far as the Directors are aware, as at 2 May 2018 (being the latest practicable date prior to the publication of this document) the only persons who are directly or indirectly interested (within the meaning of Chapter 5 of the DTR) in 3 per cent. or more of the Ordinary Shares are as follows:

Name of Shareholder	Number of Ordinary Shares	Percentage of Issued Ordinary Share Capital
Gatmore Capital Management LLP	47,799,591	23.84%
Ruffer LLP	15,613,276	7.79%
Hargreaves Lansdown Asset Management	13,554,502	6.76%
Chelverton Asset Management Limited	8,775,000	4.38%
Hargreave Hale Limited	8,410,341	4.19%
Downing LLP	7,330,000	3.66%
Barclays Wealth and Investment Management (UK) Limited	6,362,762	3.17%
Interactive Investor Sharedealing Limited	6,297,407	3.14%

Save as set out in the tables in paragraphs 3(a) and 3(b) of Part III of this document, and save in respect of those Directors whose interest in Loan Notes is set out in the table in paragraph 3 of Part I of this document, during the 12 months ended 2 May 2018 (being the latest practicable date prior to the posting of this document), neither the Company, nor any of the Directors nor any member of their immediate families or related trusts, owns or controls or (in the case of the Directors and their families or related trusts) is interested directly or indirectly in, or has rights to subscribe for, or has any short position in Gatmore or any interest or security which is convertible into, or exchangeable for, rights to subscribe for and options in respect of, and derivatives referenced to, any of the foregoing or has dealt in any such interests or securities in the 12 months before the latest practicable date before the posting of this document.

Neither the Company, nor the Directors, nor any person acting in concert with the Directors has borrowed or lent any Ordinary Shares, or any securities convertible into, or exchangeable for rights to subscribe for and options in respect of, and derivatives referenced to, any Ordinary Shares.

As at 2 May 2018 (being the latest practicable date prior to the posting of this document), and so far as is known to Gatmore, no persons acting in concert with Gatmore (other than the Directors, in respect of which information is disclosed in paragraph 3 of this Part III) were interested in Ordinary Shares, other than in the capacity of an exempt principal trader.

4. Directors' Service Agreements, Letters of Appointment, Remuneration and Fees

The services of the Directors are provided to the Group under the following agreements:

4.1 Ronald Series

Under his service agreement with the Company, Ronald Series (Executive Chairman) is entitled to receive an annual salary of £240,000 per annum, reviewable on an annual basis. Mr Series' employment is terminable by 12 months' notice given by either party. The Company may terminate Mr Series' employment immediately without notice, or by making a payment to him in lieu of his basic salary, in circumstances such as gross misconduct, fraud, dishonesty or personal bankruptcy. Mr Series is entitled to participate in a discretionary bonus scheme, under which the Board may award Mr. Series bonus payments of up to 100 per cent. of his salary. He is also entitled to participate in the Group's life assurance and private medical insurance schemes, and receives a car and communications allowance of £10,000 per annum. His service agreement includes standard summary termination provisions and post termination restrictive covenants which apply for a period of twelve months following the termination of his employment.

4.2 **Lloyd Dunn**

Under his service agreement with the Company, Lloyd Dunn (Chief Executive Officer) is entitled to receive an annual salary of £300,000 per annum, reviewable on an annual basis. Mr Dunn's employment is terminable by 12 months' notice given by either party. The Company may terminate Mr Dunn's employment immediately without notice, or by making a payment to him in lieu of his basic salary, in circumstances such as gross misconduct, fraud, dishonesty or personal bankruptcy. Mr Dunn is entitled to participate in a discretionary bonus scheme, under which the Board may award Mr. Dunn bonus payments of up to 100 per cent. of his salary. He is also entitled to participate in the Group's life assurance and private medical insurance schemes, and receives a car allowance of £18,000 per annum. His service agreement includes standard summary termination provisions and post termination restrictive covenants which apply for a period of twelve months following the termination of his employment.

4.3 **David Mulligan**

David Mulligan (Chief Financial Officer) was appointed to the board with effect from the 9 April 2018. Under his service agreement with the Company, Mr Mulligan is entitled to receive an annual salary of £200,000 per annum, reviewable on an annual basis. Mr Mulligan's employment is terminable by 6 months' notice given by either party. The Company may terminate Mr Mulligan's employment immediately without notice, or by making a payment to him in lieu of his basic salary, in circumstances such as gross misconduct, fraud, dishonesty or personal bankruptcy. Mr Mulligan is entitled to participate in a discretionary bonus scheme, under which the Board may award Mr. Mulligan bonus payments of up to 50 per cent. of his salary. He is also entitled to participate in the Group's life assurance and private medical insurance schemes, and receives a car allowance of £10,000 per annum. His service agreement includes standard summary termination provisions and post termination restrictive covenants which apply for a period of six months following the termination of his employment.

4.4 **Paul Goodson**

Paul Goodson (Non-Executive Director) was appointed to the board with effect from 19 October 2017 for a term of three years from that date. The number of days Mr Goodson will be required to spend on Company business is two days per month, including attendance at 12 Board meetings each year, the Company's annual general meeting and periodic meetings of both the Remuneration Committee (which Mr. Goodson chairs) and the Audit Committee (which Mr. Goodson is currently appointed to). The annual fee payable to Mr Goodson is £42,000, plus an additional daily rate as agreed from time to time in respect of any days spent by Mr. Goodson performing his duties which are in addition to those referred to above. The notice period for either the Company or Mr Goodson to terminate the appointment is three months.

4.5 **Russell Black**

Russell Black (Non-Executive Director) was appointed to the board with effect from 19 October 2017 for a term of three years from that date. The number of days Mr Black will be required to spend on Company business is two days per month, including attendance at 12 Board meetings each year, the Company's annual general meeting and periodic meetings of the Nomination and Remuneration Committees (which Mr. Black is currently appointed to). The annual fee payable to Mr Black is £42,000, plus an additional daily rate as agreed from time to time in respect of any days spent by Mr. Black performing his duties which are in addition to those referred to above. The notice period for either the Company or Mr Black to terminate the appointment is three months.

4.6 **Ian Gray**

Ian Gray (Non-Executive Director) was appointed to the board with effect from 1 July 2017 for a term of three years from that date. Mr Gray is required to attend 12 Board meetings each year, the Company's annual general meeting and periodic meetings of the Audit Committee (which Mr. Gray chairs). The annual fee payable to Mr Gray is £42,000. The notice period for either the Company or Mr Gray to terminate the appointment is three months.

From time to time Non-Executive directors may perform other duties for the Company in relation to specific projects, for which they are remunerated on a case-by-case basis. In particular, prior to being appointed as a

Non-Executive Director on 1 July 2017, Ian Gray entered into a contract to provide certain services to the Company under a consultancy agreement which was terminated (with one month's notice) prior to the appointment of the other members of the new Board on 13 October 2017.

Other than as disclosed in paragraph 4 above:

- 4.7 there are no service contracts between any of the Directors and the Company or any of its subsidiaries;
- 4.8 no Director is entitled to commission or profit sharing arrangements;
- 4.9 no service contract or letter of appointment of any Director has been entered into or amended within the period of six months prior to the date of this Circular save for in the case of David Mulligan, who was appointed as a Director with effect from 9 April 2018 and whose appointment terms are summarised in paragraph 4.3 of this Part III; and
- 4.10 other than statutory compensation and payment in lieu of notice, no compensation is payable by the Company or any of its subsidiaries to any Director upon early termination of their appointment.

5. Agreements relating to the Fundraising

Placing Agreement

On 3 May 2018, the Company and finnCap entered into the Placing Agreement in connection with the Placing. Pursuant to the Placing Agreement, finnCap has agreed to use its reasonable endeavours to place the Placing Shares with prospective Placees. finnCap's obligations under the Placing Agreement in respect of the Placing Shares is conditional, *inter alia*, on: (a) Shareholder approval of Resolutions 1, 2, 4, 5 and 7; (b) none of the warranties contained in the Placing Agreement being untrue, inaccurate or misleading as at the date of the Placing Agreement and at all times before and at the date of Admission; (c) the Company allotting, subject only to Admission, the Placing Shares in accordance with the Placing Agreement; (d) Admission taking place not later than 8.00 a.m. on 23 May 2018 or such later date as the Company and finnCap may otherwise agree but not being later than 8.00 a.m. on 5 June 2018; and (e) there having been since the date of the Placing Agreement no development or event which will or is likely to have a material adverse effect on the Company (or of its subsidiaries).

The Placing Agreement contains warranties and indemnities from the Company in favour of finnCap together with provisions which enable finnCap to terminate the Placing Agreement in certain circumstances prior to Admission including circumstances where any warranties are found to be untrue or inaccurate in any material respect.

finnCap is entitled, at any time before Admission, to terminate the Placing Agreement by giving notice to the Company in certain circumstances. Following Admission, the Placing Agreement is not capable of rescission or termination. Under the Placing Agreement, the Company has agreed to pay finnCap certain fees and commissions.

Subscription letters between the Company and the Subscribers

On 3 May 2018 each of the Subscribers entered into separate subscription letters with the Company in connection with the Subscription. Pursuant to each subscription letter, the Company has agreed to allot and issue the relevant number of Subscription Shares to the relevant Subscriber. The Subscribers have each requested and authorised the Company to enter their names in the Company's register of members as holders of the Subscription Shares and to send them share certificates in respect of the same.

In the case of the Redemption Loan Note Holders, the Subscription is subject to and conditional, *inter alia*, upon the issue of the Cancellation Shares, and the Redemption having taken place. On satisfaction of this condition, the Company will apply the money due to each of the Redemption Loan Note Holders under the Redemption for the purposes of discharging the relevant Subscriber's obligation to the Company to pay the total Fundraising Price for his Subscription Shares.

In the case of the Subscribers who are not Redemption Loan Note Holders, the Subscription is subject to and conditional upon Admission. Within three Business Days of this condition being satisfied, each Subscriber undertakes to pay to the Company the total Fundraising Price for his Subscription Shares.

6. Information on Gatemore

Summary

Gatemore is a multi-asset manager and investment advisor to pension funds and private clients. Gatemore has offices in London and Paris and has approximately £700 million assets under management. Gatemore's flagship fund, the Gatemore Multi-Asset Fund, launched in September 2015, has approximately £180 million assets under management. Gatemore also manages over £500 million of bespoke portfolios comprising a mix of internally and externally managed funds and direct investments.

In September 2015, Gatemore launched a UK small cap activist strategy to take concentrated stakes in listed companies which are underperforming, often due to governance, management or strategy. Gatemore allocates assets to this strategy opportunistically from its MAF and bespoke portfolios.

Gatemore first invested in the Company in September 2016, and continued to build its position through 2017. Gatemore is presently the largest Shareholder, with 47,799,591 shares comprising 23.84 per cent. of the Issued Share Capital.

Further information on Gatemore can be found at <http://www.gatemore.com/>

Directors

Liad Meidar	Managing Partner & Chief Investment Officer
Mark Hodgson	Managing Director, UK
Wadad Cortas	Managing Director, Global Head of Research

Incorporation and registered office

Gatemore was incorporated on 15 June 2009, and its registered office is at 33 Cavendish Square, London, W1G 0PW, company number OC346366.

Share Capital

Gatemore's interests in Ordinary Shares are held by GCM Partners II LP. Gatemore has two partners, a corporate entity based in the US, Gatemore Capital Management LLC, and an individual, Liad Meidar, who resides in the UK. Liad Meidar also has ultimate control of Gatemore Capital Management LLC. Gatemore acts as the investment manager to GCM Partners II LP.

Ultimate ownership of Gatemore

Gatemore is 100 per cent. owned by Liad Meidar, Managing Partner and Chief Investment Officer of Gatemore, and his wife.

As Managing Partner and Chief Investment Officer, Liad Meidar oversees portfolio management including the direct investments of Gatemore. Prior to founding Gatemore in 2005, Liad was a Founder and Principal at Felix Partners, a financial advisory firm based in New York advising family offices on private investments. Prior to that he was Founder and CEO of i5 Digital, a technology company incubator based in Seattle, and CEO of Ubarter.com, a publicly-traded online business also based in Seattle. Liad began his career in New York in leveraged finance at BT Alex Brown, the investment banking division of Bankers Trust (Deutsche Bank). Liad has extensive experience as a board member of companies undergoing turnarounds. The first was at Jazz Technologies, a publicly-traded semiconductor wafer foundry based in Newport, California which was acquired by Tower Semiconductor. The second was at MAG Industrial Automation Systems, a privately-held global machine tool builder with dual headquarters in USA and Germany.

7. Relationship between Gatemore, the Directors and the Shareholders

There are no relationships (personal, financial or commercial), arrangements or understandings between Gatemore and any of the Directors.

Gatemore has no relationships (personal, financial and commercial), arrangements and understandings with any of the Shareholders or any person who is, or is presumed to be, acting in concert with any such Shareholder.

Neither Gatemore nor any person acting in concert with them have entered into agreements, arrangements or understandings (including any compensation arrangement) with any of the Company's Directors, recent Directors, Shareholders, recent Shareholders or any other person interested or recently interested in existing Ordinary Shares which are connected with or dependent upon the outcome of the Transaction.

8. Interests of Gatemore in the Company

8.1 For the purposes of this paragraph, references to:

- (a) **"acting in concert"** has the meaning attributed to it in the Takeover Code;
- (b) **"connected persons"** means in relation to a Director, those persons whose interests in Ordinary Shares the Director would be required to disclose pursuant to Part 22 of the Act and related regulations and includes any spouse, civil partner, infants (including step children), relevant trusts and any company in which a Director holds at least 20 per cent. of its voting capital;
- (c) **"dealing"** or **"dealt"** includes:
 - (i) acquiring or disposing of relevant securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities, or of general control of relevant securities;
 - (ii) taking, granting, acquiring, disposing of, entering into, closing out, terminating, exercising (by either party) or varying an option (including a traded option contract) in respect of any relevant securities;
 - (iii) subscribing or agreeing to subscribe for relevant securities;
 - (iv) exercising or converting, whether in respect of new or existing relevant securities, any relevant securities carrying conversion or subscription rights;
 - (v) acquiring, disposing of, entering into, closing out, exercising (by either party) of any rights under, or varying, a derivative referenced, directly or indirectly, to relevant securities;
 - (vi) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and
 - (vii) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has sought a position;
- (d) **"derivatives"** include any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security;
- (e) **"disclosure date"** means 2 May 2018 (being the being the latest practicable date prior to the publication of this document);
- (f) **"disclosure period"** means the period of 12 months ending on the disclosure date;
- (g) a person having an **"interest"** in relevant securities includes where a person:
 - (i) owns securities;

- (ii) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to securities or has general control of them;
 - (iii) by virtue of any agreement to purchase, option or derivative, has the right or option to acquire
 - (iv) securities or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
 - (v) is party to any derivative whose value is determined by reference to the prices of securities and which results, or may result, in his having a long position in them;
- (h) “**relevant securities**” means Ordinary Shares, or any securities convertible into, or exchangeable for, rights to subscribe for and options (including traded options) in respect of, and derivatives referenced to, any Ordinary Shares; and
- (i) “**short position**” means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

8.2 At the close of business on 2 May 2018 (being the latest practicable date prior to the publication of this document) the interests of Gatemore (and the interests of persons connected with it (within the meaning of section 252 of the Act)) in the Existing Issued Share Capital are as follows:

<i>Name</i>	<i>Number of issued Ordinary Shares</i>	<i>Percentage of issued Ordinary Shares</i>
Gatemore Capital Management LLP	47,799,591	23.8%

8.3 Save as set out in paragraph 8.2 above, at the close of business on 2 May 2018 (being the latest practicable date prior to the publication of this document) neither Gatemore or its directors, (and persons connected with it (within the meaning of section 252 of the Act)) held any relevant securities in the Company.

8.4 During the period of 12 months preceding the date of this document there have been no dealings for value in relevant securities by Gatemore (and persons connected (within the meaning of section 252 of the Act)) other than as follows:

(i)

<i>Party</i>	<i>Date</i>	<i>Transaction</i>	<i>No. of Ordinary Shares</i>	<i>Price per Ordinary Share (p)</i>
GCM Partners II LP	23/05/17	Purchase	20,052,550	17.0
GCM Partners II LP	22/08/17	Purchase	5,000,000	8.23

(ii) On 19 October 2017, Gatemore invested £11.6 million in Tranche 1 Loan Notes, which mature on 19 October 2020. The Loan Notes carry a coupon of 8 per cent, per annum and are convertible into Ordinary Shares at a price of 10.0 pence per Ordinary Share. Save for the above, none of Gatemore, its directors or associated persons held any options over Ordinary Shares.

8.5 Save as disclosed in paragraph 8.4 of this Part III, as at the disclosure date, neither Gatemore, nor its directors, its connected persons or any parties acting in concert with Gatemore owns or controls or (in the case of its directors or connected persons) is interested directly or indirectly in, or has borrowed or lent, has rights to subscribe for, or has any short position in, any relevant securities, nor has any such person dealt in any relevant securities.

- 8.6 Save as disclosed in paragraph 3 of this Part III, as at the disclosure date, neither the Directors nor any member of their immediate families or related trusts (so far as the Directors are aware having made due enquiry), nor any person acting in concert with the Directors is interested directly or indirectly in, or has borrowed or lent, has rights to subscribe for, or has any short position in, any relevant securities, nor has any such person dealt in any relevant securities.
- 8.7 As at the disclosure date, neither the Company, nor any of the Directors nor any member of their immediate families or related trusts, owns or controls or (in the case of the Directors and their families or related trusts) is interested directly or indirectly in, or has rights to subscribe for, or has any short position in Gatemore or any interest or security which is convertible into, or exchangeable for, rights to subscribe for and options in respect of, and derivatives referenced to, any of the foregoing or has dealt in any such interests or securities in the 12 months before 2 May 2018 (being the latest practicable date prior to the publication of this document).
- 8.8 As at the disclosure date, neither the Company, nor the Directors, nor any person acting in concert with the Directors has borrowed or lent any relevant securities.
- 8.9 As at the disclosure date, and so far as is known to the Company, no persons acting in concert with the Company (other than the Directors, in respect of which information is disclosed in paragraph 6 of this part III) were interested in Ordinary Shares, other than in the capacity of an exempt principal trader.

9. Material change

There has been no significant change in the financial or trading position of the Company subsequent to the publication on 29 March 2018 of the interim financial statements of the Company for the six months ended 31 December 2017.

10. Middle Market Quotations

The following table sets out the middle market quotations for an Ordinary Share, as derived from the AIM Appendix of the Daily Official List of the London Stock Exchange, for the first Business Day of each of the six months immediately preceding the date of this document and for 2 May 2018 (being the latest practicable date prior to the publication of this document):

<i>Date</i>	<i>Price per Ordinary Share</i>
1 December 2017	9.50p
2 January 2018	8.65p
1 February 2018	9.06p
5 March 2018	7.20p
4 April 2018	8.24p
1 May 2018	9.14p
2 May 2018	9.60p

11. Material contracts

Cancellation Deed

The Cancellation Deed, entered into by the Company, DX Network Services Limited and the Loan Note Holders regulates the Loan Note Settlement (which is described in more detail in paragraph 1 of Part 1 above). It provides for the release of the Company and DX Network Services Limited from all covenants, liabilities and obligations to it under and in connection with the Loan Note Instrument. Gatemore Capital Management LLP (as security agent for the Loan Note Holders) has, in connection with the Cancellation Deed, entered into a deed of release of the security from which the Loan Note Holders benefit.

Placing Agreement and Subscription letters

Please see the summaries in paragraph 5 of this Part III in relation to the terms of the Placing Agreement and the form of Subscription letter which will be entered into with finnCap and each of the Subscribers respectively in connection with the Fundraising.

Other Material Contracts

As detailed in this Circular the Company issued Loan Notes on 19 October 2017 and 15 December 2017 which are proposed to be cancelled and redeemed under the terms of the Loan Note Settlement as part of the Transaction. The terms on which the Loan Notes were issued are summarised in paragraph 3 of Part I of this document.

As disclosed in the Annual Report for the financial year ended 30 June 2017, as part of its refinancing the Group entered into a £22.0 million invoice discounting facility with HSBC up to 30 September 2018 with an interest rate of LIBOR plus 3.50 per cent., replacing the revolving credit facility with HSBC which was terminated during 2017. This invoice discounting facility was refinanced on 22 December 2017 and replaced with a new facility provided by BNP Paribas Commercial Finance. The facility agreed was a £25.0 million invoice discounting facility up to 22 December 2019 with an interest rate of LIBOR plus 1.95 per cent., and a £0.2 million annual fixed charge.

The Company also entered into various contracts and other arrangements during the course of 2017 as part of its discussions with John Menzies plc on the potential reverse takeover of its distribution division. As previously disclosed to the market, these discussions aborted in August last year and accordingly all such contracts and arrangements were terminated in accordance with their terms.

Save for the above, neither the Company nor any members of the Group have entered into any material contracts (being contracts entered into otherwise than in the ordinary course of business) within the two years preceding the date of this document.

12. finnCap has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name and its advice to the Directors in the form and context in which they are included.
13. Gatmore has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which they are included.
14. No agreement, arrangement or understanding (including any compensation arrangement) exists between Gatmore and any of the Directors, or recent directors, Shareholders or recent Shareholders having any connection with or dependence upon the proposals set out in this document.
15. No agreement, arrangement or understanding exists whereby Ordinary Shares, and on Admission, any New Ordinary Shares held by Gatmore will be transferred to any other party.
16. The Directors' intentions regarding the continuance of the Group's business and its intentions regarding the continued employment of its employees and those of its subsidiaries will not be altered on completion of the Transaction. The Directors have confirmed that there will be no change in the Group's corporate strategy or in its dividend policy following the completion of the Transaction.
17. As at the close of business on 2 May 2018 (being the latest practicable date prior to the publication of this document), finnCap was short 268,751 Ordinary Shares.
18. During the 12 months preceding the date of this document, finnCap has been dealing for value in relevant securities, acting as market maker and trading as principal.

19. Obtaining hard copies of information incorporated by reference

You may request a hard copy of any information incorporated into this document by reference by contacting DX (Group) plc, between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday on 020 3178 6378 from within the UK or +44 20 3178 6378 if calling from outside the UK. It is important that you note that unless you make such a request, a hard copy incorporated into this document by reference will not be sent to you.

20. Documents available on display

Copies of the following documents will be made available on display at the office of the Company at Ditton Park, Riding Court Road, Datchet, Slough SL3 9GL during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) and at the following website address www.DXdelivery.com from the date of posting of this document up to the date of the GM and at the place of meeting for 15 minutes prior to the meeting and during the meeting:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the audited consolidated accounts of the Company for the years ended 30 June 2015, 30 June 2016 and 30 June 2017;
- (c) the unaudited interim results of the Company for the six months ended 31 December 2017;
- (d) Director Service Agreements referred to in paragraph 4 of this Part III;
- (e) the placing agreement referred to in paragraph 5 of this Part III;
- (f) a pro forma subscription letter in the form summarised in paragraph 5 of this Part III;
- (g) the irrevocable undertakings referred to in paragraph 11 of Part I;
- (h) the consent letters from finnCap and Gatemore referred to in paragraphs 12 and 13 of Part III;
- (i) the material contracts referred to in paragraph 11 of this Part III; and
- (j) a copy of this document together with the Notice of GM.

NOTICE OF GENERAL MEETING

DX (GROUP) PLC

(Incorporated and registered in England and Wales with Company Number 08696699)

NOTICE IS HEREBY GIVEN that a General Meeting of DX (Group) plc (the “Company”) will be held at finnCap, 60 New Broad Street, London EC2M 1JJ on 22 May 2018 at 9.00 a.m. to consider and, if thought fit, to pass the resolutions set out below.

You will be asked to consider and vote on the resolutions below. Resolutions 1, 2 and 3 will each be proposed as ordinary resolutions and Resolutions 4, 5 and 6 will each be proposed as special resolutions. Resolution 7 will also be proposed as an ordinary resolution, but it may only be considered and voted on by the Independent Shareholders (as defined in the circular of which this Notice of General Meeting forms part).

Resolutions

Ordinary Resolutions

Resolution 1: to authorise the Directors to allot equity securities in respect of the Cancellation

That, subject to and conditional upon Resolution 7 being duly passed, pursuant to section 551 of the Companies Act 2006 (the Act), the Directors be and are hereby unconditionally authorised to exercise all the powers of the Company to allot equity securities (within the meaning of section 560 of the Act) in the Company and to grant rights to subscribe for or convert any security into shares in the Company (“Rights”) up to a maximum aggregate nominal amount of £3,222,572.8 (322,257,281 ordinary shares of £0.01 each) in connection with the Cancellation (as defined in the circular of which this Notice of General Meeting forms part).

This authority shall (1) be in addition to any and all existing authorities granted in the last annual general meeting and/or at the general meeting of the Company on 8 December 2017, or any authority to be granted in the next annual general meeting of the Company, (2) expire on the date falling 12 months after the date of the passing of this Resolution, but may be previously revoked or varied or renewed and so that the Company may, before such expiry, revocation or variation of this authority, make an offer or enter into any agreements which would or might require relevant securities to be allotted or Rights to be granted after such expiry, revocation or variation, and the Directors may allot relevant securities in pursuance of any such offer or agreement as if such authority had not expired or been revoked or varied.

Resolution 2: to authorise the Directors to allot equity securities in respect of the Fundraising

That, subject to and conditional upon Resolution 1 being duly passed, pursuant to section 551 of the Companies Act 2006 (the Act), the Directors be and are hereby unconditionally authorised to exercise all the powers of the Company to allot equity securities (within the meaning of section 560 of the Act) in the Company and to grant rights to subscribe for or convert any security into shares in the Company (“Rights”) up to a maximum aggregate nominal amount of £560,294.1 (56,029,412 ordinary shares of £0.01 each) in connection with the Fundraising (as defined in the circular of which this Notice of General Meeting forms part).

This authority shall (1) be in addition to any and all existing authorities granted in the last annual general meeting and/or at the general meeting of the Company on 8 December 2017, or any authority to be granted in the next annual general meeting of the Company, (2) expire on the date falling 12 months after the date of the passing of this Resolution but may be previously revoked or varied or renewed and so that the Company may, before such expiry, revocation or variation of this authority, make an offer or enter into any agreements which would or might require relevant securities to be allotted or Rights to be granted after such expiry, revocation or variation, and the Directors may allot relevant securities in pursuance of any such offer or agreement as if such authority had not expired or been revoked or varied.

Resolution 3: to authorise the Directors to allot equity securities in respect of the Recovery Awards and Restricted Share Awards

That, subject to and conditional upon Resolution 1 being duly passed, pursuant to section 551 of the Companies Act 2006 (the Act), the Directors be and are hereby unconditionally authorised to exercise all the powers of the Company to allot equity securities (within the meaning of section 560 of the Act) in the Company and to grant rights to subscribe for or convert any security into shares in the Company (“Rights”) up to a maximum aggregate nominal amount of £848,487.60 (8,484,876 ordinary shares of £0.01 each) in connection with the Recovery Awards and the Restricted Share Awards (as defined in the circular of which this Notice of General Meeting forms part), which authority is granted for the purpose of ensuring that the maximum number of shares which may be allotted under the Recovery Awards and the Restricted Share Awards will (upon such allotment and issue taking place and notwithstanding any allotment and issue of shares in connection with the Loan Note Settlement and/or the Fundraising), represent not less than 15 per cent. of the Enlarged Issued Share Capital (as defined in the circular of which this Notice of General Meeting forms part).

This authority shall (1) be in addition to any and all existing authorities granted in the last annual general meeting and/or at the general meeting of the Company on 8 December 2017, or any authority to be granted in the next annual general meeting of the Company, (2) expire on the date falling 5 years after the date of the passing of this Resolution but may be previously revoked or varied or renewed and so that the Company may, before such expiry, revocation or variation of this authority, make an offer or enter into any agreements which would or might require relevant securities to be allotted or Rights to be granted after such expiry, revocation or variation, and the Directors may allot relevant securities in pursuance of any such offer or agreement as if such authority had not expired or been revoked or varied.

Special Resolutions

Resolution 4: to disapply the statutory pre-emption rights in relation to the allotment of equity securities in respect of the Cancellation

That, subject to and conditional upon Resolution 1 above being duly passed, the Directors be and are hereby authorised pursuant to section 571 of the Act to allot equity securities (within the meaning of section 560 of the Act) in the capital of the Company for cash pursuant to the authority conferred by Resolution 1 above as if section 561(1) of the Act did not apply to such allotment, provided that this power shall be limited to the allotment of equity securities up to a maximum aggregate nominal amount of £3,222,572.8 (322,257,281 ordinary shares of £0.01 each).

This authority shall expire at such time as the authority conferred under Resolution 1 expires (unless previously renewed, varied or revoked by the Company in general meeting) save that the Company may before such expiry make an offer or enter into agreements which would or might require equity securities to be allotted or Rights to be granted after such expiry and the Directors may allot equity securities or grant Rights in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

Resolution 5: to disapply the statutory pre-emption rights in relation to the allotment of equity securities in respect of the Fundraising

That, subject to and conditional upon Resolution 2 above being duly passed, the Directors be and are hereby authorised pursuant to section 571 of the Act to allot equity securities (within the meaning of section 560 of the Act) in the capital of the Company for cash pursuant to the authority conferred by Resolution 2 above as if section 561(1) of the Act did not apply to such allotment, provided that this power shall be limited to the allotment of equity securities up to a maximum aggregate nominal amount of £560,294.1 (56,029,412 ordinary shares of £0.01 each).

This authority shall expire at such time as the authority conferred under Resolution 2 expires (unless previously renewed, varied or revoked by the Company in general meeting) save that the Company may before such expiry make an offer or enter into agreements which would or might require equity securities to be allotted or Rights to be granted after such expiry and the Directors may allot equity securities or grant Rights in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

Resolution 6: to disapply the statutory pre-emption rights in relation to the allotment of equity securities in respect of the Recovery Awards and Restricted Share Awards

That, subject to and conditional upon Resolution 3 being duly passed, the Directors be and are hereby authorised pursuant to section 571 of the Act to allot equity securities (within the meaning of section 560 of the Act) in the capital of the Company for cash pursuant to the authorities conferred by Resolution 3 above as if section 561(1) of the Act did not apply to such allotment, provided that this power shall be limited to the allotment of equity securities up to a maximum aggregate nominal amount of 848,487.6 (8,484,876 ordinary shares of £0.01 each).

This authority shall expire at such time as the authority conferred under Resolution 3 expires (unless previously renewed, varied or revoked by the Company in general meeting) save that the Company may before such expiry make an offer or enter into agreements which would or might require equity securities to be allotted or Rights to be granted after such expiry and the Directors may allot equity securities or grant Rights in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

Ordinary Resolution

Resolution 7: to approve the Panel's waiver of Rule 9 of the Takeover Code in respect of the Transaction

That, the waiver on the terms described under the heading "Dispensation from the requirement to make a general offer under the Takeover Code" contained in paragraph 5 of Part I of this document by the Panel of any requirement under Rule 9 of the Takeover Code for Gatemore to make a general offer to Shareholders as a result of the allotment and issue of New Ordinary Shares in connection with the Transaction be approved by the Independent Shareholders on a poll (where each of the "Panel", the "Takeover Code", "Gatmore", "Shareholders", the "Transaction", the "New Ordinary Shares" and the "Independent Shareholders" have the meanings defined in the circular of which this Notice of General Meeting forms part).

By order of the Board

David Mulligan
Company Secretary
DX (Group) plc
Ditton Park
Riding Court Road
Datchet SL3 9GL

3 May 2018

General notes:

1. Only those members registered on the Company's register of members at close of business on 18 May 2018 or, if the General Meeting is adjourned, at close of business on the day two days prior to the adjourned meeting, shall be entitled to attend, speak and vote at the General Meeting.
2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the General Meeting and you should have received a Form of Proxy with this Notice of GM. You can only appoint a proxy using the procedures set out in these notes and the notes to the Form of Proxy.

Appointment of a proxy does not preclude you from attending the General Meeting and voting in person. If you have appointed a proxy and attend the General Meeting in person, your proxy appointment will automatically be terminated.
3. A proxy does not need to be a member of the Company but must attend the General Meeting to represent you. Details of how to appoint the Chairman of the General Meeting or another person as your proxy using the Form of Proxy are set out in the notes to the Form of Proxy. If you wish your proxy to speak on your behalf at the General Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.
5. The notes to the Form of Proxy explain how to direct your proxy how to vote on each resolution, or withhold their vote.
6. To appoint a proxy using the Form of Proxy, the form must be completed and signed; sent or delivered to Link Asset Services at PXS1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF; and received by Link Asset Services no later than 9.00 am on 18 May 2018.

7. In the case of a member which is a company, the Form of Proxy must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
8. Any power of attorney or any other authority under which the Form of Proxy is signed (or a duly certified copy of such power or authority) must be included with the Form of Proxy.
9. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) of it by using the procedures described in the CREST Manual (available from <https://www.euroclear.com/site/public/EUI>). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
10. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by 9.00 am on 18 May 2018. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
11. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
12. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
13. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
14. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.
15. Except as provided above, members who have general queries about the General Meeting should use the following means of communication (no other methods of communication will be accepted):

legalandregulatory@thedx.co.uk
16. You may not use any electronic address provided either in this Notice of GM or any related documents (including the letter from the Executive Chairman and Form of Proxy) to communicate with the Company for any purposes other than those expressly stated. In particular, the telephone numbers, website and email addresses set out in this Notice of GM or proxy forms are not to be used for the purpose of serving information or documents on the Company, including the service of documents or information relating to proceedings at the General Meeting.

