



## **Notice of General Meeting**

To be held on **Friday 15 December 2017 at 10.00 am**  
at the registered office of DX (Group) plc:

Ditton Park  
Riding Court Road  
Datchet  
Slough  
SL3 9GL

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to what action you should take, you are recommended to seek advice from your stockbroker, solicitor or other independent adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all of your shares in DX (Group) plc, please forward this document, together with the accompanying documents, as soon as possible either to the purchaser or transferee or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

28 November 2017

Dear Shareholder

## **General Meeting**

### **Introduction**

I am pleased to inform you that a General Meeting of DX (Group) plc (the Company) will be held at the Company's registered office at Ditton Park, Riding Court Road, Datchet, SL3 9GL on Friday, 15 December 2017 at 10.00 am (the Meeting).

The formal notice convening this Meeting (Notice) is set out on pages 4 to 5 of this document. Explanatory notes and further information on each of the resolutions to be considered at the Meeting appear on pages 6 to 12 of this document.

Accompanying the Notice is a Form of Proxy.

### **Action to be taken**

You are asked to complete and sign the enclosed Form of Proxy and return it, together with any power of attorney or other authority under which it is signed or certified by a notary or an office copy thereof in accordance with the instructions printed on it to Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent, BR3 4TU as soon as possible and, in any event, to arrive by no later than 10.00 am on 13 December 2017.

Alternatively, if you hold your ordinary shares in uncertificated form, you may use the CREST electronic proxy appointment service, details of which are set out in general note 9 to the Notice.

Completion and return of the Form of Proxy or appointment of a proxy through CREST does not prevent you from attending the Meeting and voting in person should you wish to do so.

### **Purpose of the Resolutions**

As set out in the announcement on 20 October 2017 of the Company's preliminary results for the Financial Year ended 30 June 2017, the Company has issued approximately £16.3 million of loan notes (Tranche 1 Loan Notes) and, subject to the relevant Resolutions being passed (and subject to certain other conditions), further loan notes in the amount of approximately £7.7 million (Tranche 2 Loan Notes) will be issued. The Tranche 1 Loan Notes and the Tranche 2 Loan Notes (together, Loan Notes) are constituted by an instrument dated 19 October 2017 (Loan Note Instrument).

Further, as set out in an announcement on 20 October 2017, certain changes were made to the membership of the Board. The Company has agreed to, amongst other things, establish a Performance Share Plan (PSP) for the executive directors and certain senior management of the Company on certain terms (more detail as to which is given in the Appendix to the Explanatory Notes to this Notice). The Company has also agreed to, amongst other things, award (on certain conditions) Paul Goodson and Russell Black, the new non-executive directors, a number of ordinary shares each (more detail as to which is given in the Appendix to the Explanatory Notes to this Notice) (Restricted Stock). The Company has agreed to establish the PSP and make the Restricted Stock awards to the non-executive directors (the PSP and the Restricted Stock awards together, the Incentives) before 1 January 2018.

The authorities to be granted under the Resolutions are necessary for the Company to comply with the terms of the Tranche 1 Loan Notes; necessary to allow the issue of the Tranche 2 Loan Notes; and necessary to allow the Incentives to be put in place, respectively.

If none, or not all, of the Resolutions are passed before 1 January 2018, the consequences could include some or all of the following:

- the Tranche 2 Loan Notes will not be issued and the Company will not receive the proceeds of the funding under them. The Board's view remains that, if this funding is not received, there is a material uncertainty as to the ability of the Company to continue operating as a going concern;
- the maturity of the Tranche 1 Loan Notes will shorten from 36 months to 18 months (or, if the failure to obtain the appropriate authority results in a breach of the terms of the Loan Notes, the Loan Notes will become immediately repayable (save as to a short grace period)), and the interest coupon payable in relation to the Loan Notes will double from 8 per cent. per annum to 16 per cent. per annum (with the additional interest compounding with the then existing principal amount outstanding on the Loan Notes each quarter); and
- the Incentives will not be put in place, with the risk that the Directors who have been appointed, on account of their specialist skills and experience, to lead the turnaround of the Company are not appropriately retained and incentivised within the Company and may terminate their appointment and, further, the Company may be in breach of its contracts with certain of its Directors and certain holders of the Loan Notes.

Separately (and unrelated to the passing of the Resolutions), if security is not granted before 1 January 2018 in accordance with the terms of the Loan Notes to secure the Company's obligations thereunder, the interest coupon payable in relation to the Loan Notes will increase by 8 per cent. per annum (in addition to any increase referred to above, and compounding on a similar basis).

The amount to be received by the Company pursuant to the allotment of equity securities (of which authority to allot is being sought pursuant to Resolutions 1, 2 and 3 and the disapplication of pre-emption rights is being sought in Resolutions 4, 5 and 6) is as follows:

- the allotment of shares subject to and conditional upon the conversion of the Tranche 1 Loan Notes is a maximum amount of £23,320,790.50 which will be satisfied (on the conversion of the Tranche 1 Loan Notes) by the release of the liability of the Company in respect of the amounts due under the Tranche 1 Loan Notes;
- the allotment of shares subject to and conditional upon the conversion of the Tranche 2 Loan Notes is a maximum amount of £9,699,782.40 which will be satisfied (on the conversion of the Tranche 2 Loan Notes) by the release of the liability of the Company in respect of the amounts due under the Tranche 2 Loan Notes; and
- the allotment of shares subject to and conditional upon the terms of the Incentives, a maximum amount of £936,584.52.

The Directors consider that the amounts to be received by the Company as set out above in respect of the conversion of the Loan Notes represents a price per share which has been commercially negotiated between the Company and the holders of the Loan Notes as a term of the Loan Note Instrument. The Directors note that the amount to be received by the Company in respect of the shares to be issued pursuant to the Incentives is equal to the nominal value of such shares; and this represents a discount of 90% to the closing price of the shares (10p per share) on 23 November 2017 (being the latest practicable date prior to the publication of this document). The Directors consider that this is an acceptable level of discount on the basis that the Incentives, pursuant to which such shares may be issued at nominal value, are expected to deliver additional benefits to the Company, as a result of the performance targets agreed with certain directors, and the future managers of the Company, pursuant to the Incentives.

**Recommendation of the Independent Director**

I am the independent director of the Company in relation to the proposed Resolutions (as the other members of the Board are holders of Tranche 1 Loan Notes and beneficiaries of the Incentives).

For the reasons set out further above, I consider that all of the Resolutions to be put to the Meeting are in the best interests of the Company and its shareholders and are most likely to promote the success of the Company for the benefit of its shareholders as a whole. I recommend that you vote in favour of all of the proposed Resolutions as each of the Directors (to the extent they are able) intend to do in respect of their own beneficial holdings.

Yours faithfully

**Ian Gray**  
Director

# Notice of General Meeting

Notice is hereby given that a General Meeting (the **Meeting**) of DX (Group) plc (the **Company**) will be held at Ditton Park, Riding Court Road, Datchet, SL3 9GL on 15 December 2017 at 10.00 am for the following purposes:

You will be asked to consider and vote on the resolutions below. Resolutions 1 to 3 will each be proposed as ordinary resolutions and Resolutions 4 to 6 will each be proposed as a special resolution.

## Resolutions

*Ordinary business (each to be proposed as an ordinary resolution)*

### **Resolution 1 to authorise the directors to allot equity securities in respect of the conversion of the Tranche 1 Loan Notes**

That 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 £2,332,079.05 (233,207,905 ordinary shares of £0.01 each) in connection with the granting of Rights to convert securities into shares in the Company in relation to the Tranche 1 Loan Notes (as defined in the Notice of the Meeting at which this Resolution is proposed), and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter.

This authority shall (1) be in addition to any and all existing authorities granted in the last annual general meeting of the Company or any authority to be granted in the next annual general meeting of the Company, (2) be in addition to any other authority granted pursuant to the other Resolutions passed at this Meeting, and (3) shall expire on the fifth anniversary of the date 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 conversion of the Tranche 2 Loan Notes**

That 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 £969,978.24 (96,997,824 ordinary shares of £0.01 each) in connection with the granting of Rights to convert securities into shares in the Company in relation to the Tranche 2 Loan Notes (as defined in the Notice of the Meeting at which this Resolution is proposed), and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter.

This authority shall (1) be in addition to any and all existing authorities granted in the last annual general meeting of the Company or any authority to be granted in the next annual general meeting of the Company, (2) be in addition to any other authority granted pursuant to the other Resolutions passed at this Meeting, and (3) shall expire on the fifth anniversary of the date 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 Incentives**

That 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 £936,584.52 (93,658,452 ordinary shares of £0.01 each) in connection with the Incentives (as defined in the Notice of the Meeting at which this Resolution is proposed), and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter.

This authority shall (1) be in addition to any and all existing authorities granted in the last annual general meeting of the Company or any authority to be granted in the next annual general meeting of the Company, (2) be in addition to any other authority granted pursuant to the other Resolutions passed at this Meeting, and (3) shall expire on the fifth anniversary of the date 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 business (each to be proposed as an special resolution)*

**Resolution 4 to disapply the statutory pre-emption rights in relation to the allotment of equity securities pursuant to the conversion of the Tranche 1 Loan Notes**

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:

- (a) in connection with an offer of such securities by way of rights, or other pre-emptive offer, to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any relevant territory, or the requirements of any regulatory body or stock exchange; and
- (b) otherwise than pursuant to (a) above up to a maximum aggregate nominal amount of £2,332,079.05 (233,207,905 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 subscribe for or convert securities into shares to be granted after such expiry and the Directors may allot equity securities or grant rights to subscribe for or convert securities into shares 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 pursuant to the conversion of the Tranche 2 Loan Notes**

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:

- (a) in connection with an offer of such securities by way of rights, or other pre-emptive offer, to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any relevant territory, or the requirements of any regulatory body or stock exchange; and
- (b) otherwise than pursuant to (a) above up to a maximum aggregate nominal amount of £969,978.24 (96,997,824 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 subscribe for or convert securities into shares to be granted after such expiry and the Directors may allot equity securities or grant rights to subscribe for or convert securities into shares 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 Incentives**

That, subject to and conditional upon Resolution 3 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 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:

- (a) in connection with an offer of such securities by way of rights, or other pre-emptive offer, to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any relevant territory, or the requirements of any regulatory body or stock exchange; and
- (b) otherwise than pursuant to (a) above up to a maximum aggregate nominal amount of £936,584.52 (93,658,452 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 subscribe for or convert securities into shares to be granted after such expiry and the Directors may allot equity securities or grant rights to subscribe for or convert securities into shares in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

By order of the Board

**Zoe Pepper**  
Company Secretary DX (Group) plc

Ditton Park  
Riding Court Road  
Datchet SL3 9GL  
28 November 2017

# Explanatory Notes to the Notice of General Meeting

## **Resolutions 1, 2 and 3: Authority to allot securities (ordinary resolutions)**

The authority sought by these three resolutions is for the shareholders to grant the Directors authority under section 551 of the Act to allot shares or to grant rights to subscribe for shares in the Company. This authority is stated to be in addition to any other authorities granted previously (including the authority proposed to be granted at the Company's annual general meeting which is scheduled for 8 December 2017).

The purpose of Resolution 1 and Resolution 2 is to grant the Directors of the Company the requisite authority to allot shares to the holders of convertible loan notes pursuant to, and conditional upon the terms of the Loan Note Instrument. Pursuant to the Loan Note Instrument, the Company created £24,000,000 of Loan Notes (as may be increased for interest in accordance with the Loan Note Instrument) with conditional conversion rights. The Loan Notes are convertible into fully paid shares at the conversion price calculated in accordance with the Loan Note Instrument (which is 10p per share, subject to adjustment in accordance with the Loan Note Instrument upon the occurrence of certain events). A holder of Loan Notes may require some or all of those Loan Notes to be converted into shares at any time before they are due for redemption (and in certain circumstances, after that date). Therefore:

- The purpose of Resolution 1 is to grant the Directors of the Company the requisite authority to allot shares to the holders of the Tranche 1 Loan Notes on the conversion of the Tranche 1 Loan Notes pursuant to, and conditional upon the terms of the Loan Note Instrument.
- The purpose of Resolution 2 is to grant the Directors of the Company the requisite authority to allot shares to the holders of the Tranche 2 Loan Notes on the conversion of the Tranche 2 Loan Notes pursuant to, and conditional upon the terms of the Loan Note Instrument.

The purpose of Resolution 3 is to grant the Directors of the Company the requisite authority to allot shares to the relevant executive directors, certain senior management and the non-executive directors of the Company pursuant to and conditional upon the terms of the Incentives. The Appendix to these Explanatory Notes contains a summary of certain terms of the Incentives.

If the shareholders vote in favour of all three of these resolutions, the Directors will have the authority to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company up to an aggregate maximum nominal amount of £4,238,641.81 (423,864,181 ordinary shares of £0.01 each) (representing approximately 211.4% of the Company's share capital on a fully diluted basis).

This amount represents the expected maximum aggregate amount of shares which the terms of the Loan Notes and the Incentives may require to be allotted.

The authorities granted pursuant to Resolutions 1, 2 and 3 will expire on the fifth anniversary of the date of the respective Resolution (unless previously renewed, varied or revoked by the Company in general meeting).

## **Resolutions 4, 5 and 6: Disapplication of statutory pre-emption rights (special resolutions)**

Under Section 561 of the Act, if the Directors wish to allot any of the unissued shares or grant rights over shares or sell treasury shares for cash (other than pursuant to an employee share scheme) they must in the first instance offer them to existing shareholders in proportion to their holdings. These resolutions are seeking to authorise the Directors (pursuant to Section 571 of the Act) to disapply the statutory pre-emption provisions and to allot ordinary shares of up to an aggregate nominal amount of £4,238,641.81 (423,864,181 ordinary shares of £0.01 each) otherwise than on a pro rata basis pursuant to the authority sought pursuant to Resolutions 1, 2 and 3 as set out above.

The purpose of Resolution 4 is to grant the Directors of the Company authority to disapply the statutory pre-emption rights so that they may allot shares to the holders of the Tranche 1 Loan Notes pursuant to, and conditional upon the terms of the Loan Note Instrument, otherwise than on a pro rata basis pursuant to the authority to allot sought in Resolution 1.

The purpose of Resolution 5 is to grant the Directors of the Company authority to disapply the statutory pre-emption rights so that they may allot shares to the holders of the Tranche 2 Loan Notes pursuant to, and conditional upon the terms of the Loan Note Instrument, otherwise than on a pro rata basis pursuant to the authority to allot sought in Resolution 2.

The purpose of Resolution 6 is to grant the Directors of the Company authority to disapply the statutory pre-emption rights so that they may allot shares to the relevant executive directors, certain senior management and non-executive directors of the Company pursuant to and conditional upon the terms of the Incentives otherwise than on a pro rata basis pursuant to the authority to allot sought in Resolution 3.

This aggregate amount represents the expected maximum aggregate amount of shares which the terms of the Loan Notes and the Incentives may require be allotted otherwise than on a pre-emptive basis.

The authorities granted pursuant to Resolutions 4, 5 and 6 will expire on the fifth anniversary of the date of the respective Resolution (unless previously renewed, varied or revoked by the Company in general meeting).

**General notes:**

1. Only those members registered on the Company's register of members at Close of Business on 13 December 2017 or, if this 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 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 Meeting and you should have received a Form of Proxy with this Notice. 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 Meeting and voting in person. If you have appointed a proxy and attend the 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 Meeting to represent you. Details of how to appoint the Chairman of the 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 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 4TU; and received by Link Asset Services no later than 10.00 am on 13 December 2017.
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 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 10.00 am on 13 December 2017. 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.

# **Explanatory Notes to the Notice of General Meeting** continued

15. Except as provided above, members who have general queries about the Meeting should use the following means of communication (no other methods of communication will be accepted): [LegalandRegulatory@thedx.co.uk](mailto:LegalandRegulatory@thedx.co.uk).
16. You may not use any electronic address provided either in this Notice or any related documents (including the Chairman's letter 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 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 Company's General Meeting.



# Appendix to Explanatory Notes to the Notice of General Meeting

## **A summary of the principal features of the proposed PSP**

### **Introduction: purpose of the new PSP and Recovery Awards**

The Performance Share Plan (“PSP”) is being established as a share plan under which awards of shares, the vesting of which is subject to performance conditions, can be made to selected employees of DX (Group) Plc, including the Chairman and the Executive Directors.

The PSP has been designed following consultation with the Company’s largest shareholders, and the initial awards to be made under the PSP (“Recovery Awards”) are designed to provide an appropriate incentive for the new management team at DX (Group) plc to deliver a turnaround in the Company. Accordingly, the terms of the PSP have been specifically settled to take account of the Loan Notes which, assuming their conversion rights are exercised, will have an impact on the Company’s issued share capital and, also on awards made under the PSP.

### **Operation**

The Remuneration Committee of the Board of directors of the Company (the “Committee”) will supervise the operation of the PSP.

### **Eligibility**

Any employee (including an executive director but excluding any non-executive director) of the Company and any of its subsidiaries will be eligible to participate in the PSP at the discretion of the Committee.

### **Grant of awards**

The Committee may grant an award in one of two forms:

- (i) nil or nominal cost options, where a participant can decide when to exercise his/her award over ordinary shares in the Company (“Shares”) during a limited period of time after it has vested; or
- (ii) a conditional award, where a participant will receive free Shares on the vesting of his/her award.

The Committee may normally grant awards within six weeks following: (i) the Company’s announcement of its results for any period; (ii) the Company’s annual general meeting; or (iii) the lifting of restrictions on dealing in Shares that prevented grant of awards under (i) or (ii). The Committee may also grant awards when there are exceptional circumstances which the Committee considers justifies the granting of awards, and this includes the ability to make the proposed Recovery Awards either: (i) within six weeks following the 15 December 2017 Company General Meeting, and (2) following the appointment of any individual (if later).

No awards will be granted after the tenth anniversary of the 15 December 2017 General Meeting.

No payment will be required for the grant of an award. Awards are not transferable (other than to the participant’s personal representatives in the event of death). Any benefits obtained under the PSP are not pensionable.

### **Proposed Recovery Awards - Limits**

It is expected that Recovery Awards will be made to the Chief Executive and the Chairman after the 15 December 2017 General Meeting.

These Recovery Awards are anticipated to be made over material numbers of shares:

- (i) Chief Executive – approximately 13 million Shares
- (ii) Chairman – approximately 7 million Shares

In addition, as the individuals will bear the obligation for the payment of employers’ National Insurance Contributions when the Recovery Awards are exercised, the numbers of Shares in the Recovery Awards will be further “grossed up” by c.16.7% to compensate the holders of Recovery Awards for this transfer of liability.

Additional Recovery Awards may be made to selected senior executives, provided that 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% of the issued share capital of the Company from time to time (and, as further diluted by the awards under the PSP).

### **PSP Awards other than Recovery Awards - Limits**

The PSP may be used in the future to make further awards which are not Recovery Awards to Executive Directors or selected senior managers. However, before making such awards the Company will consult with its largest shareholders to agree an available “pool” of available Shares for any such awards.

# Appendix to Explanatory Notes to the Notice of General Meeting continued

## **Vesting of Recovery Awards and Performance Conditions**

Recovery Awards shall be subject to a Share Price performance measure as follows:

| <b>3-4-5 Year Share Price target</b> | <b>% of Recovery Award that Vests</b>                |
|--------------------------------------|--|
| Less than 12.5p                      | 0%   |
| 12.5p                                | 25%  |
| Between 12.5p and 50p                | Pro-rata on straight-line basis between 25% and 100% |
| 50p                                  | 100%   |

The Share Price target will be tested at each of the third, fourth and fifth anniversaries of the making of the Recovery Awards, and on each occasion the Share Price measurement is to be based on the 30 day average share price prior to the test date. Achievement of a Share Price measurement on a later test date which is greater than the achieved measurement on a previous test date will result in additional vesting of the Recovery Award in accordance with the above table.

In addition to the Share Price targets stated above, the Committee must be satisfied with overall financial performance to allow any vesting of Recovery Awards on any occasion.

Recovery Awards for which the Share Price target is attained at any test date will vest 12 months later (being the fourth, fifth and sixth anniversaries of the award date) provided that the participant is still a director or employee in the Company's group at that time.

For ease of calculation, the Committee may choose to align all Share Price test dates for participants to those for the Recovery Awards granted to the Chief Executive and the Chairman.

An award in the form of an option will normally remain exercisable until the tenth anniversary of the date of grant.

The Committee may allow awards to be settled in cash (in whole or part) where the Committee considers it appropriate to do so.

For future awards which are not Recovery Awards, the Committee may impose such performance conditions as it considers appropriate which must be satisfied before any such award will vest.

A performance condition may be altered if circumstances or events are such that the Committee, acting fairly and reasonably, considers that it would be appropriate to do so. Any altered performance condition shall not be materially less difficult to satisfy than the original performance condition.

## **Specific features of Recovery Awards related to the Loan Notes**

Recovery Awards will reflect the commercial impact of the Loan Notes in the following ways:

- The exercise of the conversion rights under the Loan Notes (whether in whole or in part) on any occasion will not result in adjustment of the Share Price targets for Recovery Awards as described above;
- The exercise of the conversion rights under the Loan Notes (whether in whole or in part) will result in proportionate increases in the number of Shares within Recovery Awards to maintain participants' percentage award holdings (by reference to the percentage of issued share capital which these awards represented at the date when the first Recovery Awards are granted after the 15 December 2017 General Meeting);
- If less than 50% of the conversion rights under the Loan Notes have been exercised by the first Share Price test date at the third anniversary of the award date of the Recovery Awards, the first Share Price test date will be 3.5 years from the award date of the Recovery Awards (rather than 3 years from the grant, although any performance vested shares from this assessment may still vest on the fourth anniversary of the award date).

## **Orderly Marketing**

It shall be a term and condition of an individual's participation in the PSP that all dealings in shares to be acquired from the PSP shall only be by arrangement with the Company's nominated broker from time to time, and failure to comply will entitle the Company to apply the malus and clawback provisions of PSP as considered appropriate by the Committee.

## **Payment on account of dividends**

Unless the Committee decides otherwise prior to the normal vesting date, a participant will receive a payment (in Shares or cash), on or shortly following vesting of his conditional share award or exercise of his option, of an amount equivalent to the dividends that would have been paid on the Shares vested under the award between the time when the award was granted and the time when it vested (and assuming reinvestment in Shares on the relevant ex dividend dates).

### **Leaving employment**

As a general rule, an award will lapse upon a participant leaving the employment of the Company's group. However, if before the vesting of an award a participant ceases to be a director or employee within the Company's group by reason of death, injury, ill-health or disability, statutory redundancy, retirement with the agreement of his or her employer, the sale of the participant's employing business by the group or other circumstances which the Committee determines in its discretion, then the award will be retained and may vest on the normal vesting date to the extent determined by the performance conditions measured over the full performance period, unless determined otherwise by the Committee.

The Committee may, at its discretion, allow awards to vest in such circumstances at the time of cessation of employment, in which case awards would normally be subject to the performance conditions as measured over the shorter period to the date of cessation of employment.

In either case, there will also be a pro-rata reduction in the size of the award for the time that has elapsed up to the date of cessation compared to the vesting period (which for Recovery Awards will be 3 years) unless the Committee determines that it would be inappropriate to apply a pro-rata reduction in the particular circumstances.

Where an individual holding a vested award leaves the Company's employment, the individual will be able to exercise that vested award within 12 months of the date of cessation of employment, unless the reason for such cessation is the individual's misconduct in which case the award will lapse.

### **Corporate events**

In the event of a takeover, scheme of arrangement or winding up of the Company (not being an internal corporate reorganisation), all awards may vest early to the extent that the performance conditions have, in the opinion of the Committee, been satisfied at that time.

In the event of an internal corporate reorganisation, awards will be replaced by equivalent new awards over shares in a new holding company, unless the Committee decides that awards should vest on the same basis as described above.

Awards may also vest on the same basis if a demerger, special dividend or other similar event is proposed which, in the opinion of the Committee, would affect the market price of the Shares to a material extent.

### **Variation of capital**

In the event of any variation of the Company's share capital, or in the event of a demerger, payment of a special dividend or other similar event which materially affects the market price of the Shares, the Committee may make such adjustments as it considers appropriate to the number of Shares subject to an award and/or the exercise price payable (if any). For Recovery Awards, the exercise of conversion rights under the Loan Notes will allow for adjustments in the number of Shares subject to the Recovery Awards as detailed above.

### **Malus and Clawback**

The Committee retains a power to reduce the potential vesting of unvested awards (including to zero) (often referred to as 'malus') or to recoup the value of previously vested awards from an individual within 3 years of the date of vesting if it considers it appropriate to do so (often referred to as 'clawback').

The Committee may choose to exercise this power in circumstances of:

- a material misstatement of results;
- errors, or inaccurate or misleading information leading to incorrect vesting of awards;
- misconduct of the individual if sufficiently serious to permit summary dismissal;
- breach of "orderly marketing" (see Orderly Marketing section above);
- other circumstances which, in the Committee's opinion, have a significantly adverse impact on the Company's reputation (or would have if made public) to justify the operation of clawback.

In the circumstances of misconduct by the individual, the period for the potential operation of clawback is not limited to 3 years.

### **Participants' rights**

Awards will not confer any shareholder rights on participants until the awards have vested and the participants have received their Shares.

### **Rights attaching to Shares**

Any Shares allotted when an award vests (or for an award structured as an option, when it is exercised) will rank equally with all other Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

# Appendix to Explanatory Notes to the Notice of General Meeting continued

## Alterations

The Committee may alter the PSP or any terms of an award at any time in any respect. No alterations may be made to the material disadvantage of any participant or in respect of any rights already acquired by him (other than a change in any performance condition) without the consent of a majority of participants responding to any relevant request.

## Proposed Awards to Russell Black and Paul Goodson

Whilst not awarded under the terms of the PSP, it is proposed to make awards of “restricted stock” to Russell Black and Paul Goodson after the 2017 General Meetings. Such awards are not linked to performance and will have the following key features:

- The proposed awards to each individual represent awards over 0.12% of current issued share capital
- In line with awards to the Chairman and CEO, such awards will reflect the transfer of Employers’ National Insurance Contributions and the numbers of Shares will be further “grossed up” by c.16.7% to compensate the holders of the awards for this transfer of liability
- The “restricted stock” share awards will vest after 3 years, subject to continued service as a n Director
- Good leaver and change of control provisions similar to those for PSP awards (as described above) will apply
- The awards made will be counted towards the overall 15% of issued share capital from time to time available for Recovery Awards
- As for Recovery Awards, the exercise of the conversion rights under the Loan Notes (whether in whole or in part) will result in proportionate increases in the number of Shares within the “restricted stock” awards for the Non-executives which will maintain the individuals’ percentage award holdings (by reference to the percentage of issued share capital which these awards represented at the date when the first Recovery Awards are granted after the 15 December 2017 General Meeting).