



# GATEMORE

26 October 2022

## **Gatemore requisitions EGM to replace Ron Series as Chairman of DX Group**

Gatemore Capital Management ("Gatemore"), a 20% shareholder in DX Group ("the Company" or "DX") announces that today it has served notice on the Company's Board to convene an Extraordinary General Meeting ("EGM") of DX shareholders, to vote down DX's Executive Chairman, Ron Series from his role and immediately replace him with Mark Hammond.

### Governance failings

Gatemore is deeply disappointed by Mr Series's handling of the corporate governance inquiry that, over the past year, has severely harmed investor perceptions of DX and resulted in:

- (i) the resignation of the Company's auditors
- (ii) an extraordinary delay of almost 12 months in the publication of the Company's annual reports and accounts for 2021
- (iii) the Company's shares being suspended from trading for over nine months (from 4 January 2022 through 18 October 2022)
- (iv) tremendous distractions for Management and the Board
- (v) approximately £1.3 million of expenses which we believe to have been excessive
- (vi) the resignations of three non-executive directors, the company secretary, and the chief executive officer who is credited with the extraordinary turnaround of the business.

Since the lifting of the trading suspension on 19 October 2022, the DX share price has fallen 29%, despite the exceptionally positive operating performance and cash generation of the business.

Mr Series must be held responsible for these failings, as well as the poor communication and lack of transparency to shareholders on the handling of the corporate governance inquiry and related cost to the Company, the delay to the audit, the distractions and numerous resignations.

Liad Meidar, Managing Partner at Gatemore, commented: "The removal of Mr Series and his replacement with Mr Hammond is the final step in closing the book on the corporate governance investigation that has cast a shadow over the tremendous operational and financial performance of DX over the past few years."

### Chairman replacement and the future of DX

Gatemore has identified Mark Hammond as an immediate replacement for Mr Series as Executive Chairman of DX. Mr Hammond has over 25 years of experience in executive and non-executive roles, including his current role as Senior Independent Director of Genuit Group PLC and his past role as Chairman of Tuffnells Parcels Express.

Mr Meidar continued: "Mr Hammond is best qualified to steer DX through the next phase of its journey, ensuring the right management team is in place and appropriately exploring strategic options. I am confident that his many years of logistics industry experience will be invaluable to DX

as it moves on from this prolonged period of turbulence and capitalises on its strong market position.”

DX continues to outperform management and market expectations:

- Revenue is expected to be £425m (+11% year-on-year) and EBIT £25m (+49% year-on-year) for the Financial Year ended 2 July 2022
- Net cash was £27m (+61% year-on-year) as at 2 July 2022
- Market consensus expects the Company to deliver £454m of revenue (+7% year-on-year) and £30m of EBIT (+22% year-on-year) for the Financial Year ended June 2023

*Note: Financials stated are reproduced from the Company’s trading update on 7 July 2022 and S&P Capital IQ as at 25 October 2022*

The financial and operational strength of the business, its balance sheet, and management’s confidence in the Company’s outlook is reflected in the recent announcement of the intention to implement a progressive dividend policy at an implied yield of 7% today.

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