27 February 2023
AIM: DX.

DX (Group) plc
("DX" or "the Group" or "the Company")
A leading provider of delivery solutions,
including parcel freight, secure courier and logistics services

Interim Results for the 26 weeks ended 31 December 2022

Dividends resumed as Group continues to build revenue, profit and net cash
DX remains well-positioned for future growth

	H1 ended 31 Dec 2022	H1 ended 1 Jan 2022	**Change**	FY ended 2 Jul 2022
Revenue	**£231.3m**	£202.0m	**+15%**	£428.2m
EBITDA	**£25.5m**	£19.4m	**+31%**	£50.3m
Adjusted profit from operating activities[1]	**£11.6m**	£7.1m	**+63%**	£24.9m
Adjusted profit before tax[1]	**£9.2m**	£4.7m	**+96%**	£20.2m
Adjusted profit per share[1]	**1.3p**	0.8p	**+63%**	2.9p
Dividend declared per share	**0.5p**	-	**+0.5p**	Nil
Cash and cash equivalents	**£36.4m**	£14.5m	**+151%**	£27.0m
Cash flow from operating activities	**£27.7m**	£10.7m	**+159%**	£36.5m
Statutory measures				
Reported profit from operating activities	**£11.5m**	£5.7m	**+102%**	£22.1m
Reported profit before tax	**£9.1m**	£3.3m	**+176%**	£17.4m
Reported profit per share – basic	**1.3p**	0.5p	**+160%**	2.4p

[1]*The Group uses alternative performance measures ("APMs") to measure performance. See notes 2 and 11 to the financial information for details of APMs used, including reconciliations of these APMs to IFRS reported measures.*

Financial Key Points

- Revenue up 15% to £231.3m; higher contributions from both divisions, driven by new business wins, price increases and strong customer service levels
- Adjusted profit from operating activities[1] up 63% to £11.6m (H1 2022: £7.1m)
- Operating margin increased to 5.0% (H1 2022: 3.6%); target remains 7.5% - 10.0%
- Strong operating cash flow, driven by improved profitability and reduction in working capital
- Cash of £36.4m at 31 December 2022 (H1 2022: £14.5m) reflects strong operating cash flows and is stated after increased capital expenditure
- Capital expenditure of £4.6m (H1 2022: £3.2m) on new depots, parcel-handling equipment, new electric vehicles and IT, as three-year £20-£25m investment programme continues

Capital Allocation

- Dividend payments resume with interim dividend of 0.5p per ordinary share declared today, in line with the Capital Allocation Policy published in September 2022
- £2.7m expended on the cash settlement of share options, thereby reducing the number of ordinary shares that would otherwise have been issued

Operational Key Points

- **DX Freight division:**
  - Revenue up 15% to £137.1m (H1 2022: £119.1m)

- Profit from operating activities up 56% to £16.2m (H1 2022: £10.4m)
- Operating margin improved to 11.8% (H1 2022: 8.7%)
- 1-Man revenue up by 19% to £106.4 million, driven by improved business mix, price increases and high levels of customer service
- Logistics/2-Man revenue up by 4% to £30.7m, helped by new contract commencements
- Two new depots opened, at Paisley and West Bromwich, and Plymouth depot expanded

- **DX Express division:**
  - Revenue up 14% to £94.2m (H1 2022: £82.9m)
  - Profit from operating activities up 31% to £8.0m (H1 2022: £6.1m)
  - Operating margin improved to 8.5% (H1 2022: 7.4%)
  - Parcels revenue up by 20% to £76.7m
  - Document Exchange and Mail revenue decreased as expected by 8% to £17.5m
  - Two new depots opened at Basildon and Plymouth

Outlook

- On 31 January 2023 Paul Ibbetson, Managing Director of DX Freight, was appointed as the Group's Chief Executive Officer. Accordingly, Mark Hammond relinquished his executive role to become Non-executive Chairman
- The Board remains confident that the Group is well-positioned to meet its targets for the financial year despite the economic headwinds

Paul Ibbetson, Chief Executive Officer of DX (Group) plc, commented:

"The Group performed strongly, with both divisions contributing higher revenue and expanded margins. Trading was helped by the easing of customer supply chain and labour market pressures.

"We are also pleased to return to the dividend list after six years. It reflects the success of our turnaround and growth plans, which commenced in 2018, as well as our confidence in the Group's future prospects.

"We are now in the second year of our £20-£25 million capital investment plan, which supports our growth ambitions and will help to drive further operational improvements and margin gains. Trading to date in the second half, traditionally our stronger period, is in line with expectations, and we believe that despite economic headwinds, the Group is well-placed to meet its targets for the financial year."

Notes

The Group accounts for its operations on a '4-5-4 weekly' basis, which reflects its cost base and operations. The current financial year, which ends on 1 July 2023, comprises 52 weeks of trading. The period to 31 December 2022 is from 3 July 2022 to 31 December 2022 (26 weeks), and the comparative period was from 4 July 2021 to 1 January 2022 (26 weeks). The year ended 2 July 2022 comprised 52 weeks. Future financial years will comprise 52 weeks or occasionally 53 weeks in order to keep the year-end date as close as possible to 30 June.

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This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the company's obligations under Article 17 of MAR.

INTERIM STATEMENT

INTRODUCTION

Trading

Trading over the first half of the financial year ending 1 July 2023 was strong. Revenue increased by 15% to £231.3 million (H1 2022: £202.0 million) and adjusted profit before tax rose by 96% to £9.2 million (H1 2022: £4.7 million).

These results reflect further excellent progress at DX Freight and an improved performance from DX Express, driven by increased volumes. Both divisions increased profitability, expanded operating margins, and secured healthy levels of net new business. We also managed cost pressures effectively. In addition, the strong first half performance was helped by an easing of the supply chain issues and labour market pressures experienced in the same period in the previous financial year.

We are now in the second year of our major three-year capital expenditure programme, which is expected to total £20-£25 million once completed. We invested £4.6 million of capital expenditure during the period (H1 2021: £3.2 million), funding four new depot openings, improvements to existing sites, additional parcel-handling equipment, and IT advancements. We also made good progress with the rollout of new electric vehicles across the fleet at both DX Freight and DX Express. A similar level of investment is expected in the second half, which will help to support growth and continued margin expansion.

The Board remains focused on driving growth in revenue, profitability and cash generation. This will be delivered by maintaining our emphasis on high customer service levels and our commercially disciplined approach to securing new business, and by implementing further operational improvements.

We are also very pleased to announce today an interim dividend of 0.5p per ordinary share. The reintroduction of the dividend marks a significant milestone in the transformation of the Group since 2018 when the business turnaround plan was started. It also reflects the Board's confidence in the ongoing growth prospects for DX.

Corporate Governance Inquiry and restoration of listing

On 20 September 2022, we reported the findings of a corporate governance inquiry and investigation, centred on an allegation of bribery. We also detailed the key measures we had taken or proposed to take in order to strengthen the Group's corporate governance and individual conduct. These measures are now substantially complete. On the same date, we published the Company's delayed 2021 Annual Report & Accounts, with the 2022 Annual Report published soon after in November 2022. The Company's ordinary shares were readmitted to trading on AIM on 19 October 2022 following their suspension on 4 January 2022.

On 10 February 2023, the Group received a legal claim from Tuffnells Parcels Express, in relation to confidential competitor information being obtained by DX in the past. Matters referred to in the claim are related to the investigation and corporate governance inquiry and its findings. As stated in our announcement of 13 February 2023, the Group intends to defend its position robustly and will respond to the claim in due course. With matters now subject to legal proceedings, the Company will not be providing further comment until the appropriate time.

FINANCIAL RESULTS

Total revenue for the 26 weeks to 31 December 2022 increased by 15% to £231.3 million (H1 2022: £202.0 million) and Group profitability markedly improved, with adjusted profit from operating activities rising by 63% to £11.6 million (H1 2022: £7.1 million) and adjusted profit before tax increasing by 96% to £9.2 million (H1 2022: £4.7 million).

Adjusted earnings per share was 63% higher year-on-year at 1.3p (H1 2022: 0.8p). The adjusted operating margin rose year-on-year to 5.0% compared with 3.6% for the first half of the previous financial year. We continue to target a Group operating margin of 7.5% - 10.0%, with the second half of our financial year traditionally providing a stronger operating margin than the first half.

These very encouraging results demonstrate the benefit of operational leverage across the Group, with improved business mix in DX Freight's 1-Man operation and growing Parcels activity in DX Express driving profitability and higher operating margins. The Group's overall performance was also underpinned by our high levels of customer service, which remained strong throughout the period.

In line with capital expenditure plans, we invested £4.6 million (H1 2022: £3.2 million) in the period. This follows the £6.2 million invested over the previous financial year. As previously mentioned, we are now in the second year of a three-year capital expenditure programme, which is expected to total in the region of £20-£25 million.

BALANCE SHEET

The Group has maintained a healthy balance sheet and continues to generate positive cash flows. This puts it in a strong position to continue to grow revenues, expand the depot network and capacity and enhance market share, despite the current economic uncertainties.

Net cash on 31 December 2022 was 151% higher year-on-year at £36.4 million (H1 2022: £14.5 million). This substantial improvement was driven by increased net cash generated from operating activities in the period of £27.7 million (H1 2022: £10.7 million, which included a £5.1m repayment of deferred VAT), which reflected both the increased profitability of the Group and a £5.3 million reduction in working capital. Cash flow funded capital expenditure, lease repayments and the cash settlement of share options, which was undertaken in order to reduce the number of ordinary shares that otherwise would have been issued ("Net Settlement").

Net assets at 31 December 2022 increased by 39% to £60.8m (1 January 2022: £43.6m).

DX FREIGHT

Revenue generated by the DX Freight division rose by 15% to £137.1 million (H1 2022: £119.1 million). Growth was principally driven by 1-Man, which increased revenue by 19% to £106.4 million, helped by an improved business mix, price increases and high levels of customer service. Revenue at Logistics/2-Man grew by 4% to £30.7 million (H1 2022: £29.4 million).

Profit from operating activities rose by 56% to £16.2 million (H1 2022: £10.4 million), and the division's operating margin increased to 11.8% from 8.7% in the comparative period in the prior year.

The division's performance benefitted from the changes made in the previous financial year to address market-wide disruption to the supply of drivers and warehouse labour, and customers' supply chain issues.

We continued to expand the delivery network, opening two new depots in September 2022, at Paisley in Scotland and at West Bromwich in the West Midlands. In December 2022, we expanded capacity at our existing depot in Plymouth by moving DX Express's activities to new premises. Enlarging the delivery network not only increases capacity, but also improves operational efficiency through reduced stem mileage. Customer service also benefits through greater proximity to customers.

In October 2022, we announced the launch of a three-year project to establish a fleet of electric vehicles for use in our partnership with IKEA. The initial fleet will comprise over 60 vehicles.

The strategy for DX Freight remains unchanged, which is to continue to expand its market share in irregular dimension and weight items ("IDW"), a growth segment of the parcel market, securing new business on profitable commercial terms. We will continue to grow Logistics/2-Man services by broadening its customer base, and have committed additional sales and operational resources to support this objective.

DX EXPRESS

Revenue at DX Express increased by 14% to £94.2 million (H1 2022: £82.9 million). This result reflected the expansion of the Parcels service, which increased revenue by 20% to £76.7 million (H1 2022: £63.9 million) from healthy levels of new business. Parcels' growth more than offset expected revenue erosion at Document Exchange and Mail, which decreased by 8% to £17.5 million (H1 2022: £19.0 million). Profit from operating activities increased by 31% to £8.0 million (H1 2022: £6.1 million), and operating margin rose to 8.5% (H1 2022: 7.4%), benefiting from operational leverage.

We continue to expand DX Express' network and opened two new depots, at Basildon in Essex in November 2022 and at Plymouth in Devon in December 2022. As with DX Freight, this will help to drive improvements in delivery productivity and operational efficiency and, by being closer to customers, the division is also able to provide an enhanced level of service.

Document Exchange and Mail remains a very important service for the delivery of documents in the legal sector, with our pre-9.00 a.m. dedicated delivery service being a valued component of the service. The launch of the Digital Document Exchange in the previous financial year has broadened our offering and provides members with easy access to our wider delivery services.

We continue to invest in the IT platform for DX Express and around 25% of the division's activity is now managed on the new tracking application. This has enhanced the consumer experience and provides improved management data to support timely decision-making. We expect the full transition of the division's Parcels activity onto the new application to be completed over the remainder of this calendar year.

The opportunity for DX Express remains significant in a very large market for small parcels. Our strategy is to continue to diversify the division's revenue, building on its historic strength in documents and small packets by expanding the Parcels activity. These results demonstrate that, as DX Express grows, efficiencies from operational leverage will lead to margin expansion. We expect to grow Parcels' market share from its current relatively low base by continuing to provide reliable and secure, next-day deliveries, backed by high levels of local customer service. We remain focused on taking advantage of this significant market opportunity.

CENTRAL SERVICES

Central overheads for the period (including the share-based payments charge) increased to £12.7 million (H1 2022: £10.8 million, including £0.8 million of exceptional items). This included the one-off recognition of £1.5 million of payroll-related costs arising from Board Director departures, in particular Employer's National Insurance calculated on the potential gain on the exercise of share options under the Performance Share Plan, which otherwise would have been accounted for in future periods related to the Directors' service.

We expended an additional £0.9 million on IT-related costs in the period to support the development of new IT platforms and address legacy systems. Legal costs are also up slightly year-on-year driven by the timing of property transactions.

CAPITAL ALLOCATION

The Group previously announced details of its capital allocation policy, which has the following priorities:

- *Investment for organic growth:* the Board intends to continue its focus on driving organic growth across the business, and will continue to invest in new depots, operational equipment and IT systems to support the growth of the existing depot network in line with previously announced plans. Current requirements are forecast at £8-10 million per annum;

- *Regular returns to shareholders*: following reinstatement the Board intends to maintain a progressive dividend policy that will take into account growth in earnings and cash generation. It will seek to maintain dividend cover of between two- and three-times adjusted earnings per share through the economic cycle and to ensure that dividend payments are funded by operating free cash flow. (Adjusted earnings per share comprise earnings adjusted for amortisation of any acquired intangibles, exceptional items and share-based payment charges, including related tax where applicable). Further details on dividends for the financial year are set out below;

- *Strategic investments:* the Board will consider selective property investment to support the Group's operations and the acquisition of operating businesses that are accretive to earnings and which support growth over the long term; and

- *Other returns to shareholders:* the Board is committed to ensuring that the balance sheet remains efficient. Given the relatively high operational leverage of the business, it will maintain a positive cash balance. As and when appropriate, it will return surplus capital to shareholders in the form of special dividends or share buy-backs.

Recommencement of dividend

In line with its commitment to establishing regular returns to shareholders, the Board is recommencing the payment of dividends in the current financial year and is pleased to confirm today an interim dividend of 0.5p per ordinary share for the current financial year.

The interim dividend will be paid on 31 March 2023 to shareholders on the register at 10 March 2023. The ex-dividend date is 9 March 2023. As previously disclosed, it is the Board's intention to pay a total dividend for the full year of 1.5p.

Net Settlement of share options

During the period, the Company took the decision to reduce the number of Ordinary Shares to be issued in respect of the exercise of options under the Performance Share Plan 2017 (the "PSP"), equal to the tax liability that arises in connection with any exercise. The exercise of options became an entitlement to receive a reduced number of Ordinary Shares (the "Adjusted Award") and a cash amount (the "Cash Amount") equal to the value of the number of Ordinary Shares by which the options are reduced. The Company ensured that the Cash Amount was paid directly to HMRC to discharge the tax liability that arises as a result of the exercise.

£2.7 million was expended in the period on Net Settlement of options being exercised. A further £5.5 million has been spent in the second half of the year up to the date of this report.

BOARD CHANGES

On 31 January 2023, we were delighted to announce the appointment of Paul Ibbetson, Managing Director of DX Freight, as the Group's Chief Executive Officer. With his appointment, Mark Hammond, Executive Chairman, who joined the Board on 15 November 2022, relinquished his executive role to become Non-executive Chairman.

Paul joined DX in November 2017 as a senior member of the incoming turnaround team and has over 25 years' senior experience in the freight, parcels and logistics sectors. He led the DX Freight division as its Managing Director and was instrumental in its transformation to profitability, cash generation and growth from its prior position of substantial losses. Paul previously worked at Tuffnells Parcel Express until June 2016, having played an important role in its successful turnaround and subsequent sale to Connect Group in 2014. Before that, he worked at Target Parcels Express for 10 years in senior management roles and at Business Post for seven years.

Mark Hammond has over 25 years' commercial and financial experience and has been a member of the Institute of Chartered Accountants of Scotland since 1991. He was co-founder and manager of a private equity fund, Caird Capital LLP, having previously worked for Bank of Scotland Corporate as Head of Integrated Finance. He is the Senior Independent Director of Genuit Group plc, and a Non-executive Director of Chaffin Holdings Limited. He was previously a Non-executive Director of Tuffnells Parcel Express Limited, until its sale to Connect Group plc and a Non-executive Director of David Lloyd Leisure Group Limited.

Jon Kempster and Mike Russell joined the Group as independent Non-executive Directors in July 2022. Both are highly experienced executives with senior financial and commercial experience. As previously announced, we will be appointing a third independent Non-executive Director in due course.

Four Directors stood down from the Board in the period. Lloyd Dunn resigned as Chief Executive Officer on 6 September 2022, Ronald Series, Executive Chairman, retired on 15 November 2022, and Non-executives, Liad Meidar and Russell Black, left the Board on 19 October 2022.

CURRENT TRADING AND PROSPECTS

We are encouraged by the Group's performance in the first half of this financial year, and in particular by the strong profit and margin growth at both DX Freight and DX Express.

We expect to make further progress in the second half of the financial year, both financially and strategically through our investment plans. The second half typically generates a greater proportion of annual earnings and cash flow than the first half.

Trading in the second half of the financial year to date is in line with our expectations, and we have a healthy pipeline of opportunities. While we expect economic headwinds, the Board remains confident that the Group is on track to meet its expectations for the financial year.

Looking further ahead, we see significant scope to drive the Group's ongoing growth and development. Today's reinstatement of the dividend is a demonstration of the Board's confidence in DX's future prospects as well as its robust financial position, which remains well-supported by strong cash generation, and net cash.

Mark Hammond, Chairman
Paul Ibbetson, Chief Executive Officer

FINANCIAL REVIEW

Revenue of £231.3 million for the first half was 15% ahead of the comparable period in the prior year (H1 2022: £202.0 million). Both divisions contributed to this increase, with 1-Man driving strong growth in the DX Freight division, while at the DX Express division, growth in Parcels more than off-set expected decline at Document Exchange and Mail.

Adjusted profit from operating activities for the period improved by £4.5 million to a profit of £11.6 million (H1 2022: £7.1 million) as a result of the productivity efficiency and revenue improvements undertaken by management.

Net cash at 31 December 2022 was £36.4 million (1 January 2022: net cash of £14.5 million) and operating cash flow inflow for the period was £27.7 million (H1 2022: £10.7 million).

	26 weeks ended 31 December 2022 £m	26 weeks ended 1 January 2022 £m	**Change £m**
Revenue	**231.3**	202.0	**29.3**
Operating costs before depreciation, amortisation, exceptional items and share-based payments charge	**(205.8)**	(182.6)	**(23.2)**
EBITDA[1]	**25.5**	19.4	**6.1**
Depreciation	**(13.5)**	(11.8)	**(1.7)**
Amortisation of software and development costs	**(0.3)**	(0.3)	**-**
Share-based payments charge – SAYE award shares	**(0.1)**	(0.2)	**0.1**
Adjusted profit from operating activities[1]	**11.6**	7.1	**4.5**
Share-based payments charge – PSP award shares	**(0.1)**	(0.6)	**0.5**
Exceptional costs	**-**	(0.8)	**0.8**
Reported profit from operating activities	**11.5**	5.7	**5.8**
Finance costs	**(2.4)**	(2.4)	**-**
Profit before tax	**9.1**	3.3	**5.8**

[1] See notes 2 and 11 for details of alternative performance measures ("APMs") used, including reconciliations of APMs to IFRS reported measures.

Revenue by segment

A breakdown of Group revenue is shown below and further commentary on each Division's performance is provided in the Interim Statement.

	26 weeks ended 31 December 2022 £m	26 weeks ended 1 January 2022 £m	**Change £m**
DX Freight	**137.1**	119.1	**18.0**
DX Express	**94.2**	82.9	**11.3**
Total revenue	**231.3**	202.0	**29.3**

Net assets

A summary of the Group's net assets is set out below:

	31 December 2022 £m	1 January 2022 £m	2 July 2022 £m
Non-current assets	**155.9**	145.9	145.3
Current assets excluding cash and cash equivalents	**40.5**	34.3	44.6
Cash and cash equivalents	**36.4**	14.5	27.0
Current liabilities	**(76.4)**	(67.0)	(74.9)
Non-current liabilities	**(95.6)**	(84.1)	(86.6)
Net assets	**60.8**	43.6	55.4

The increase in net assets since the period ended 2 July 2022 represents the profit for the period and change in equity relating to share-based payment transactions.

Cash flow and net cash

Cash flow:	**26 weeks ended 31 December 2022 £m**	26 weeks ended 1 January 2022 £m	**Change £m**
EBITDA[1]	**25.5**	19.4	**6.1**
Exceptional items	**-**	(0.8)	**0.8**
Movement in working capital – deferred payments	**-**	(5.1)	**5.1**
Movement in working capital	**5.3**	(0.1)	**5.4**
Interest paid	**(2.4)**	(2.4)	**-**
Tax paid – net	**(0.7)**	(0.3)	**(0.4)**
Net cash generated in operating activities	**27.7**	10.7	**17.0**
Capital expenditure	**(4.6)**	(3.2)	**(1.4)**
Net increase in cash before financing activities	**23.1**	7.5	**15.6**
Lease repayments	**(11.0)**	(9.8)	**(1.2)**
Share options exercised	**(2.7)**	-	**(2.7)**
Net increase/(decrease) in cash	**9.4**	(2.3)	**11.7**

Net cash:	**31 December 2022 £m**	1 January 2022 £m	2 July 2022 £m
Cash and cash equivalents	**36.4**	14.5	27.0
Net cash[1]	**36.4**	14.5	27.0

[1] See notes 2 and 11 for details of alternative performance measures ("APMs") used, including reconciliations of APMs to IFRS reported measures.

Net cash at 31 December 2022 was £36.4 million, an increase of £21.9 million since the period ended 1 January 2022. The increase was driven by the increased operating profit offset by capital expenditure, lease repayments and the exercise of share options. Net cash generated from operating activities was £27.7 million (H1 2022: £10.7 million), helped by improvements in working capital management of £5.3m, whilst capital expenditure was £4.6 million, resulting in a net increase in cash before financing activities of £23.1 million for the period (H1 2022: £7.5 million). The net cash generated from operating activities in the prior period included £5.1m repayment of deferred VAT.

Working capital decreased by £5.3 million in the period, mainly due to a reduction in receivables.

Interest paid in the period was £2.4 million, the same as in the prior year (H1 2022: £2.4 million).

Tax paid for the period was £0.7 million (H1 2022: £0.3 million), consisting of instalments on account for the Group's UK and Irish operations.

Capital expenditure for the period was £4.6 million (H1 2022: £3.2 million), consisting principally of investment in IT and operational equipment as well as property and security improvements.

As detailed in the interim statement above, £2.7 million was expended in the period on the Net Settlement of options that were exercised. A further £5.5 million has been spent in the second half of the financial year up to the date of this report.

David Mulligan, Chief Financial Officer

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the period ended 31 December 2022

	Notes	**26 weeks ended 31 Dec 2022 £m**	26 weeks ended 1 Jan 2022 £m	52 weeks ended 2 Jul 2022 £m
Revenue	3	**231.3**	202.0	428.2
Operating costs		**(219.8)**	(196.3)	(406.1)
Profit from operating activities		**11.5**	5.7	22.1
Analysis of results from operating activities:				
EBITDA		**25.5**	19.4	50.3
Depreciation and amortisation		**(13.8)**	(12.1)	(25.0)
Share-based payments charge (SAYE)		**(0.1)**	(0.2)	(0.4)
Share-based payments charge (PSP)		**(0.1)**	(0.6)	(1.2)
Exceptional items	5	**-**	(0.8)	(1.6)
Profit from operating activities		**11.5**	5.7	22.1
Finance costs	6	**(2.4)**	(2.4)	(4.7)
Profit before tax		**9.1**	3.3	17.4
Tax expense		**(1.6)**	(0.3)	(3.4)
Profit for the period		**7.5**	3.0	14.0
Other comprehensive expense		**-**	-	-
Total comprehensive expense for the period		**7.5**	3.0	14.0
Profit per share (pence):				
Basic	7	**1.3**	0.5	2.4
Diluted	7	**1.2**	0.5	2.2
Adjusted	7	**1.3**	0.8	2.9

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

	Notes	**31 Dec 2022 £m**	1 Jan 2022 £m	2 Jul 2022 £m
Non-current assets				
Property, plant and equipment		**16.7**	13.6	14.5
Right-of-use asset	12	**103.3**	93.4	94.2
Intangible assets and goodwill		**31.2**	31.4	31.1
Deferred tax assets		**4.7**	7.5	5.5
Total non-current assets		**155.9**	145.9	145.3
Current assets				
Trade and other receivables		**40.5**	34.3	44.6
Cash and cash equivalents		**36.4**	14.5	27.0
Total current assets		**76.9**	48.8	71.6
Total assets		**232.8**	194.7	216.9
Equity				
Share capital		**5.8**	5.7	5.7
Share premium		**25.2**	25.2	25.2
Retained earnings		**29.8**	12.7	24.5
Total equity		**60.8**	43.6	55.4
Non-current liabilities				
Lease liabilities	13	**87.5**	78.7	79.6
Provisions		**8.1**	5.4	7.0
Total non-current liabilities		**95.6**	84.1	86.6
Current liabilities				
Trade and other payables		**41.4**	35.7	40.7
Current tax payable		**0.2**	-	0.4
Lease liabilities	13	**22.3**	20.4	20.7
Deferred income		**8.6**	8.1	10.2
Provisions		**3.9**	2.8	2.9
Total current liabilities		**76.4**	67.0	74.9
Total liabilities		**172.0**	151.1	161.5
Total equity and liabilities		**232.8**	194.7	216.9

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period ended 31 December 2022

	Share capital £m	Share premium £m	Retained earnings £m	Total £m
At 3 July 2021	5.7	25.2	8.9	39.8
Profit for the period	-	-	3.0	3.0
Other comprehensive expense	-	-	-	-
Share-based payment transactions	-	-	0.8	0.8
At 1 January 2022	**5.7**	**25.2**	**12.7**	**43.6**
Profit for the period	-	-	11.0	11.0
Other comprehensive expense	-	-	-	-
Share-based payment transactions	-	-	0.8	0.8
At 2 July 2022	**5.7**	**25.2**	**24.5**	**55.4**
Profit for the period	-	-	7.5	7.5
Other comprehensive expense	-	-	-	-
Share-based payment transactions	-	-	0.2	0.2
Exercise of share options	0.1	-	(2.8)	(2.7)
Tax credit on exercise	-	-	0.4	0.4
At 31 December 2022	**5.8**	**25.2**	**29.8**	**60.8**

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
For the period ended 31 December 2022

	Notes	**26 weeks ended 31 Dec 2022 £m**	26 weeks ended 1 Jan 2022 £m	52 weeks ended 2 Jul 2022 £m
Cash generated from operations	9	**30.8**	13.4	42.1
- Interest paid		**(2.4)**	(2.4)	(4.7)
- Tax paid – net		**(0.7)**	(0.3)	(0.9)
Net cash generated from operating activities		**27.7**	10.7	36.5
Cash flows from investing activities				
Acquisition of property, plant and equipment		**(4.2)**	(2.8)	(5.6)
Software and development expenditure		**(0.4)**	(0.4)	(0.6)
Net cash used in investing activities		**(4.6)**	(3.2)	(6.2)
Net increase in cash before financing activities		**23.1**	7.5	30.3
Cash flows from financing activities				
Lease repayments		**(11.0)**	(9.8)	(20.1)
Share options exercised		**(2.7)**	-	-
Net cash used in financing activities		**(13.7)**	(9.8)	(20.1)
Net increase/(decrease) in cash and cash equivalents		**9.4**	(2.3)	10.2
Cash and cash equivalents at beginning of period		**27.0**	16.8	16.8
Cash and cash equivalents at end of period		**36.4**	14.5	27.0

NOTES TO THE FINANCIAL INFORMATION

1 General information

DX (Group) plc is incorporated in England and domiciled in the United Kingdom. The address of its registered office is Ditton Park, Riding Court Road, Datchet, Slough, SL3 9GL. The registered number of the Company is 08696699.

The condensed interim financial statements were approved by the Board of Directors on 26 February 2023.

2 Basis of preparation

The condensed consolidated interim financial information has been prepared in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting and the Disclosure and Transparency Rules of the UK's Financial Services Authority, which are applicable to DX (Group) plc. The accounting policies applied in these condensed interim financial statements are the same as those set out in the annual report and accounts for the period ended 2 July 2022.

The Group accounts for its operations on a '4-5-4 weekly' basis, which reflects its cost base and operations. The current financial year which ends on 1 July 2023 comprises 52 weeks of trading. The period to 31 December 2022 is from 3 July 2022 to 31 December 2022 (26 weeks), and the comparative period was from 4 July 2021 to 1 January 2022 (26 weeks). The year ended 2 July 2022 comprised 52 weeks.

Future financial years will comprise 52 weeks or occasionally 53 weeks in order to keep the year-end date as close as possible to 30 June.

The half year results for the current and comparative period are unaudited. The information for the period ended 2 July 2022 does not constitute statutory consolidated financial statements as defined in section 434 of the Companies Act 2006. The annual report and accounts for that year has been filed with the Registrar of Companies and the audit opinion on those accounts was unmodified.

The financial statements have been prepared on a going concern basis, which the Directors consider to be appropriate as they are confident the Group and the Company will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements.

The Group has prepared trading and cash flow forecasts for a period up to 29 June 2024, which have been reviewed and approved by the Board. The forecasts included a base case and a reverse stress test scenario.

The Group also has in place a £20.0 million invoice discounting facility provided by Barclays Bank plc, which was not drawn at the year end. Interest is charged at Bank of England Base Rate plus 1.95%.

On the basis of these forecasts and the invoice discounting facility, and after a detailed review of trading, financial position, assessing the impact of any potential material disruption to the business and cash flow models, the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The preparation of financial information in conformity with IAS 34 requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual events ultimately may differ from those estimates.

The Group use alternative performance measures ("APMs") to measure performance. These APMs are applied consistently from one period to the next, and the Directors believe that this information is important for the shareholders as it allows them to understand the difference between the reported results and the trading performance excluding certain non-cash charges and other items that are not expected to recur. Details of the APMs used by the Group along with reconciliations to the respective IFRS reported measures are shown in note 11.

3 Revenue

In the following table, revenue is disaggregated by service. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (see note 4).

	26 weeks ended 31 Dec 2022 £m	26 weeks ended 1 Jan 2022 £m	52 weeks ended 2 Jul 2022 £m
DX Freight			
1-Man	**106.4**	89.7	195.5
Logistics/2-Man	**30.7**	29.4	61.4
Total DX Freight	**137.1**	119.1	256.9
DX Express			
Parcels	**76.7**	63.9	135.3
Exchange and Mail	**17.5**	19.0	36.0
Total DX Express	**94.2**	82.9	171.3
Total revenue	**231.3**	202.0	428.2

4 Segment information

26 weeks ended 31 December 2022:	**DX Freight £m**	**DX Express £m**	**Central £m**	**Total £m**
Revenue	**137.1**	**94.2**	**-**	**231.3**
Costs before overheads	**(107.4)**	**(78.7)**	**-**	**(186.1)**
Profit before overheads	**29.7**	**15.5**	**-**	**45.2**
Overheads	**(3.7)**	**(4.1)**	**(11.9)**	**(19.7)**
EBITDA	**26.0**	**11.4**	**(11.9)**	**25.5**
Depreciation and amortisation	**(9.8)**	**(3.4)**	**(0.6)**	**(13.8)**
Share-based payments charge	**-**	**-**	**(0.2)**	**(0.2)**
Results from operating activities	**16.2**	**8.0**	**(12.7)**	**11.5**
Finance costs	**-**	**-**	**(2.4)**	**(2.4)**
Profit/(loss) before tax	**16.2**	**8.0**	**(15.1)**	**9.1**
Tax	**-**	**-**	**(1.6)**	**(1.6)**
Profit/(loss) for the period	**16.2**	**8.0**	**(16.7)**	**7.5**

26 weeks ended 1 January 2022:	DX Freight £m	DX Express £m	Central £m	Total £m
Revenue	119.1	82.9	-	202.0
Costs before overheads	(98.4)	(68.7)	-	(167.1)
Profit before overheads	20.7	14.2	-	34.9
Overheads	(3.1)	(4.0)	(8.4)	(15.5)
EBITDA	17.6	10.2	(8.4)	19.4
Depreciation and amortisation	(7.2)	(4.1)	(0.8)	(12.1)
Share-based payments charge	-	-	(0.8)	(0.8)
Exceptional items	-	-	(0.8)	(0.8)
Results from operating activities	10.4	6.1	(10.8)	5.7
Finance costs	-	-	(2.4)	(2.4)
Profit/(loss) before tax	10.4	6.1	(13.2)	3.3
Tax	-	-	(0.3)	(0.3)
Profit/(loss) for the period	10.4	6.1	(13.5)	3.0

52 weeks ended 2 July 2022:	DX Freight £m	DX Express £m	Central £m	Total £m
Revenue	256.9	171.3	-	428.2
Costs before overheads	(202.9)	(142.4)	-	(345.3)
Profit before overheads	54.0	28.9	-	82.9
Overheads	(6.2)	(7.9)	(18.5)	(32.6)
EBITDA	47.8	21.0	(18.5)	(50.3)
Depreciation and amortisation	(16.7)	(6.5)	(1.8)	(25.0)
Share-based payments charge	-	-	(1.6)	(1.6)
Exceptional items	-	-	(1.6)	(1.6)
Results from operating activities	31.1	14.5	(23.5)	22.1
Finance costs	-	-	(4.7)	(4.7)
Profit/(loss) before tax	31.1	14.5	(28.2)	17.4
Tax	-	-	(3.4)	(3.4)
Profit/(loss) for the year	31.1	14.5	(31.6)	14.0

The Board of Directors is considered to be the chief operating decision maker ("the CODM"). The Group has two separate Divisions, DX Freight and DX Express. Whilst the CODM considers that assets and liabilities are reviewed on a Group basis, the profitability of these two Divisions is reviewed and managed separately. Given overheads are largely integrated, the EBITDA of the two Divisions above is shown before any allocation of certain central overheads between DX Freight and DX Express. Central overheads comprise costs relating to finance, legal, personnel, property, internal audit, IT, procurement and administrative activities that cannot be specifically allocated to an individual division. The CODM considers there to be only one material geographical segment, being the United Kingdom and the Republic of Ireland.

5 Exceptional Items

During the 2021 financial year and the subsequent period the Group had to address a corporate governance matter as described on pages 45 to 46 of the DX (Group) plc Annual Report and Accounts 2022. The investigation and inquiry costs related to that matter were mainly incurred in the year ended 2 July 2022.

	26 weeks ended 31 Dec 2022 £m	26 weeks ended 1 Jan 2022 £m	52 weeks ended 2 Jul 2022 £m
Exceptional items	**-**	0.8	1.6

6 Finance costs

	26 weeks ended 31 Dec 2022 £m	26 weeks ended 1 Jan 2022 £m	52 weeks ended 2 Jul 2022 £m
Interest on lease liabilities	**2.4**	2.4	4.7
Total finance costs	**2.4**	2.4	4.7

7 Earnings per share

The calculation of basic profit per share at 31 December 2022 is based on the profit after tax for the period and the weighted average number of shares in issue.

Adjusted earnings per share is calculated based on the profit after tax, adjusted for certain non-cash charges and other items which are not expected to recur. The Group does not adjust for share-based payments relating to the recently introduced SAYE scheme. Adjusted earnings per share represents an alternative performance measure. Further details about the use of alternative performance measures are detailed in notes 2 and 11.

Diluted earnings per share is calculated based on the weighted average number of shares in issue, adjusted for any potentially dilutive share options issued under the Group's share option programmes. Where there is an adjusted loss for the period, no adjustment is made for share options issued under the Group's share option programmes as these would reduce the loss per share.

	31 Dec 2022 £m	1 Jan 2022 £m	2 Jul 2022 £m
Profit for the period	**7.5**	3.0	14.0
Adjusted for:			
- Share-based payments charge – PSP share award	**0.1**	0.6	1.2
- Exceptional items	**-**	0.8	1.6
Adjusted profit for the period	**7.6**	4.4	16.8
	Million	Million	Million
Weighted average number of shares in issue	**583.2**	573.7	573.7
Potentially dilutive share options	**45.8**	95.6	71.5
Weighted average number of diluted ordinary shares	**629.0**	659.3	645.2
	Pence	Pence	Pence
Basic profit per share	**1.3**	0.5	2.4
Diluted profit per share	**1.2**	0.5	2.2
Adjusted profit per share	**1.3**	0.8	2.9

8 Loans and borrowings

The Group has a £20.0 million invoice discounting facility which can be terminated by either party at 3 months' notice. Drawings on the invoice discounting facility at 31 December 2022 were £nil (H1 2022: £nil).

9 Cash generated from operating activities

	26 weeks ended 31 Dec 2022 £m	26 weeks ended 1 Jan 2022 £m	52 weeks ended 2 Jul 2022 £m
Cash flows from operating activities			
Profit for the period	**7.5**	3.0	14.0
Adjustments for:			
- Depreciation	**13.5**	11.8	24.4
- Amortisation of intangible assets	**0.3**	0.3	0.6
- Finance costs	**2.4**	2.4	4.7
- Tax expense	**1.6**	0.3	3.4
- Loss on disposal of intangible assets	**-**	-	0.3
- Equity-settled share-based payment transactions	**0.2**	0.8	1.6
Net cash profit	**25.5**	18.6	49.0
Changes in:			
- Trade and other receivables	**4.1**	5.8	(4.7)
- Trade and other payables	**0.7**	(8.1)	(3.1)
- Deferred income	**(1.6)**	(3.3)	(1.2)
- Provisions	**2.1**	0.4	2.1
Net change in working capital	**5.3**	(5.2)	(6.9)
Cash generated from operations	**30.8**	13.4	42.1

10 Related-party transactions

The nature of other related-party transactions of the Group have not changed from those described in the annual report and accounts for the period ended 2 July 2022.

All transactions undertaken with related parties were undertaken at arms' length and on normal commercial terms.

11 Alternative performance measures ("APMs")

The Group uses APMs to measure performance. These APMs are applied consistently from one year to the next, and the Directors believe that this information is important for the shareholders as it allows them to understand the difference between the reported results and the trading performance excluding certain non-cash charges and other items that are not expected to recur. These measures are not defined by International Reporting Standards ("IFRS") and therefore may not be directly comparable to similar measures adopted by other companies. These alternative performance measures should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measures but provide useful information on the performance of the Group and underlying trends. Various measures of performance and profitability are industry standard and are used by shareholders and potential investors to compare performance with industry peers. The Group presents EBITDA, adjusted profit before tax ("adjusted PBT"), adjusted profit per share ("adjusted EPS") and adjusted profit from operating activities, which are calculated as the statutory measures stated before amortisation of acquired intangibles, any exceptional items and share-based payments charge, including related tax where applicable. The Group adjusts for share-based payments due to the one-off nature of the Recovery Awards in driving the turnaround of the business in the short term. The Group does not adjust for share-based payments relating to the recently introduced SAYE scheme. The Group also presents net cash/net debt, calculated as gross debt before debt issue costs and net of cash. The reconciliations between these APMs and the IFRS reported measures are shown in the locations detailed below:

APM	IFRS reported measure	Location of reconciliation
EBITDA	Profit from operating activities	Note 4
Adjusted PBT	Profit before tax	See below
Adjusted EPS	Profit per share	Note 7
Net cash/net debt	Net cash/net debt	Financial review section
Adjusted profit from operating activities	Profit from operating activities	Financial review section

The reconciliation of the adjusted profit before tax APM to the IFRS reported measure of profit before tax is shown below:

	31 Dec 2022 £m	1 Jan 2022 £m	2 Jul 2022 £m
Reported profit before tax	**9.1**	3.3	17.4
Adjusted for:			
- Share-based payments charge	**0.1**	0.6	1.2
- Exceptional items	**-**	0.8	1.6
Adjusted profit before tax	**9.2**	4.7	20.2

The £0.1m share-based payment charge above relates to the PSP awards charge. A £0.1m charge relating to the Group's SAYE scheme is not adjusted for.

12 Right-of-use assets

	Total £m
Net book value as at 3 July 2021	95.4
Additions	8.6
Disposal	(0.3)
Depreciation	(10.3)
Net book value as at 1 January 2022	**93.4**
Additions	11.5
Disposal	-
Depreciation	(10.7)
Net book value as at 2 July 2022	**94.2**
Additions	20.8
Disposal	(0.3)
Depreciation	(11.4)
Net book value as at 31 December 2022	**103.3**

13 Lease liabilities

Leases typically consist of leases for premises, vehicles and equipment such to support operations and to help service the Group's customers. Leases of land and buildings are usually subject to rent reviews at specified intervals and provide for the lessees to pay all insurance, maintenance and repair costs.

Maturity analysis – contractual undiscounted cash flows	31 Dec 2022 £m	1 Jan 2022 £m	2 Jul 2022 £m
Less than one year	26.6	24.1	25.5
One to five years	70.3	66.1	67.2
More than five years	31.0	26.8	28.3
Total undiscounted lease liabilities	**127.9**	**117.0**	**121.0**

	31 Dec 2022 £m	1 Jan 2022 £m	2 Jul 2022 £m
Current			
Lease liabilities	22.3	20.4	20.7
Non-current			
Lease liabilities	87.5	78.7	79.6
Lease liabilities included in the statement of financial position	**109.8**	**99.1**	**100.3**

The amounts charged to the income statement due to the practical expedients taken are shown below:

	31 Dec 2022		1 Jan 2022		2 Jul 2022	
	Property £m	Plant and equip-ment £m	Property £m	Plant and equip-ment £m	Property £m	Plant and equip-ment £m
Expense relating to short-term leases	0.3	-	0.3	-	0.6	-
Expense relating to low-value leases	-	0.4	-	0.3	-	0.8
	0.3	**0.4**	**0.3**	**0.3**	**0.6**	**0.8**

Forward-looking statements

This announcement may include certain forward-looking statements, beliefs or opinions, including statements with respect to DX's business, financial condition and results of operations. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "anticipates", "targets", "aims", "continues", "expects", "intends", "hopes", "may", "will", "would", "could" or "should" or, in each case, their negative or other various or comparable terminology. These statements are made by the DX Directors in good faith based on the information available to them at the date of this announcement and reflect the DX Directors' beliefs and expectations. By their nature these statements involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, developments in the global economy, changes in UK government policies, spending and procurement methodologies, and failure in health, safety or environmental policies.

No representation or warranty is made that any of these statements or forecasts will come to pass or that any forecast results will be achieved. Forward-looking statements speak only as at the date of this announcement and DX (Group) plc and its advisers expressly disclaim any obligations or undertaking to release any update of, or revisions to, any forward-looking statements in this announcement. No statement in the announcement is intended to be, or intended to be construed as, a profit forecast or to be interpreted to mean that earnings per DX (Group) plc share for the current or future financial years will necessarily match or exceed the historical earnings. As a result, you are cautioned not to place any undue reliance on such forward-looking statements.