



23 August 2024

Dillistone Group Plc

("Dillistone", the "Company" or the "Group")

Trading update and Fund Raising

Dillistone Group PLC, the AIM quoted supplier of software for the international recruitment industry, provides a trading update and is pleased to announce that it has agreed to raise GBP300,000 through the issue of convertible loan notes ("Loan Notes") and £60,000 through the issue of new ordinary shares (the "New Ordinary Shares") (together the "Fund Raising").

The Group announced, on 12 June 2024, that its market remained challenging and, if anything, had softened further in the second quarter. This softness has continued into the third quarter.

Today, however, the Group is pleased to confirm that the results for the six months ended 30 June 2024 are likely to be in line with management expectations, which would equate to a significant improvement in operational profitability, compared to the first half in the previous year. The business was again operationally cash generative in the period.

The Board considers the Fund Raising to be a prudent course of action in case the Group's markets continue to be challenging for an extended period. The proceeds from the issue of the Loan Notes and the New Ordinary Shares will therefore be used to provide the Group with additional working capital.

The Loan Notes, which will be drawn down fully in one tranche when required by the Company, will be provided by Mike Love, the former Chairman of Dillistone, and each of the current Directors (together "Noteholders") of the Company as follows:

Giles Fearnley	£60,000
Jason Starr	£90,000
Ian Mackin	£30,000
Steven Hammond	£15,000
Paul Mather	£15,000
Simon Warburton	£15,000
Julie Pomeroy	£5,000
Mike Love	£70,000

The Loan Notes carry an interest coupon of 9.85 per cent pa over their maximum term of 48 months, with a conversion price of 14.0 pence per new Dillistone ordinary share, representing a premium over the current price of 55.6%. Interest will be payable quarterly in arrears and will be satisfied in cash. Various rights are built into the agreement for early repayment or conversion.

The issue of the Loan Notes to the Directors constitutes a related party transaction under AIM Rule 13. As each of the Directors is participating in the Loan Notes and therefore there is no independent Director for this purpose, Zeus Capital Limited, the Company's nominated advisor, considers that the terms of the Loan Notes are fair and reasonable in so far as Dillistone shareholders are concerned.

The 750,000 New Ordinary Shares are being subscribed at 8 pence each by a new independent shareholder. The New Ordinary Shares will, when issued, be credited as fully paid and will rank *pari passu* in all respects with existing ordinary shares, including the right to receive all dividends and other distributions declared, made or paid after their date of issue. It is expected that admission of these shares to trading on AIM will take place on 29 August 2024.

Following Admission, the total number of Ordinary Shares in the capital of the Company in issue will be 20,418,021 with voting rights. This figure may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company's share capital pursuant to the Financial Conduct Authority's Disclosure Guidance and Transparency Rules.

Giles Fearnley, Chairman of Dillistone Group Plc, commented: *"In a challenging climate, we are pleased that we expect to report positive results in H1. This additional cash injection, supported by every current Board member along with our former Chairman, Dr Mike Love, and a new, independent shareholder shows our confidence in the business. It provides working capital to support trading and will also facilitate the release of significant product updates that we expect to see later in the year.*

"As and when the recruitment industry recovers, the Group will be well positioned to take advantage."

This announcement contains inside information for the purposes of Article 7 of the UK version of Regulation (EU) No 596/2014 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended ("MAR"). Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

The person responsible for arranging the release of this announcement on behalf of the Company is Ian Mackin, Finance Director of the Company.

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Notes to Editors:

Dillistone Group Plc is a leader in the supply and support of software and services to the recruitment industry. Dillistone operates through the Ikiru People (www.IkiruPeople.com) brand.

The Group develops, markets and supports the Talentis, FileFinder, Infinity, Mid-Office, ISV and GatedTalent products.

Dillistone was admitted to AIM, a market operated by the London Stock Exchange plc, in June 2006.

Learn about our products:

Talentis Software: <https://www.talentis.global/recruitment-software/>

Voyager Software: <https://www.voyagersoftware.com>

GatedTalent Services: <https://www.talentis.global/optimization-services/>

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