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Alteration Earth PLC
27 June 2024

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27 June 2024

Alteration Earth PLC ("ALTE" or the "Company")

Heads of Terms Signed and Proposed Acquisition

Further to the announcement made on 24 June 2024, the Board is pleased to provide this further update. As mentioned in the aforesaid announcement, whilst the Board was disappointed that the proposed acquisition of Verdant Earth Technologies Limited could not be progressed, the Board has been actively exploring other potential acquisition opportunities, including in a different sector of the market.

The Board is pleased to announce that, yesterday, it entered non-binding heads of terms to acquire the entire issued share capital of PRIOR1TY AI PLC, an unquoted public limited company incorporated in England and Wales ("**PRIOR1TY**") in consideration for an issue of new shares in the Company (the "**Proposed Acquisition**"). The Proposed Acquisition is subject to legal, financial and other due diligence and entry into a legally binding share purchase agreement ("**SPA**"). As no binding agreement has yet been reached, the Company cannot guarantee that the Proposed Acquisition will proceed to completion.

About PRIOR1TY

PRIOR1TY is an artificial intelligence (AI) driven, data powered software as a service (SaaS) solution that aims to help businesses at various stages of their journey by creating efficiency through technology. Its objective is to assist SMEs by providing a combination of services derived from deep learning, data architecture and AI models.

PRIOR1TY is building a digital agent for automated business processes, whose underlying technology is Priority Advisor, a bespoke AI-powered advisory bot that uses Deep Learning and can engage investors, customers or stakeholders either on a website, IM or email server. It will collect data on customer interactions to enrich the language model and build community interest maps that power content creation and additional support services.

PRIOR1TY will have multiple product lines in four different verticals: governance, financing, brand management and marketing; each product will be driven by a custom artificial intelligence bot that is built and trained specifically for each customer.

Background to the Proposed Acquisition

The Company has, following recent discussions, entered non-binding heads of terms with PRIOR1TY for the acquisition of 100% of the issued share capital of PRIOR1TY, to be satisfied by the issue of new ordinary shares in the capital of the Company. Assuming the Proposed Transaction is completed, the aggregate transaction value is expected to be comprised of £12.5 million, £10 million of which would be attributed to the PRIOR1TY selling shareholders and £2.5 million of which would be attributed to the residual value retained by the ALTE shareholders. It is anticipated that, in conjunction with the

Proposed Acquisition, there will be an equity financing to fund the future working capital requirements of the enlarged group.

The Proposed Acquisition, if completed, will result in the shareholders of PRIOR1TY having an 80% interest in the enlarged group.

Concurrent with the Proposed Acquisition, the Company intends to seek to cancel the admission of its ordinary shares to the standard segment of the Official List and to cease trading on the London Stock Exchange's Main Market for listed securities (the "**Main Market**") and to apply for the admission of the ordinary shares to trading on the AIM market ("**AIM**") of the London Stock Exchange ("**AIM Admission**"), the Directors having concluded that AIM is a more appropriate market for the enlarged group. As no final decision has been made regarding the AIM Admission, specifically given that the Company has not discussed its intentions with or otherwise met any prospective nominated adviser ("**Nomad**") or broker (the appointment of whom would be required so the Company could satisfy the AIM Rules for Companies ("**AIM Rules**")) and no Nomad has been able to assess the enlarged group's suitability for AIM, the Company cannot guarantee that the AIM Admission will occur.

The Proposed Acquisition and the AIM Admission are conditional on, amongst other things:

1. obtaining the necessary regulatory approvals and any other consents and waivers as may be required including (but not limited to) the approval of ALTE shareholders, if deemed necessary, for ALTE to acquire a target company in a sector other than clean technology and/or clean, green and renewable energy;
 2. the parties satisfactorily completing legal, financial and commercial due diligence;
 3. the parties agreeing, signing and exchanging a legally binding SPA;
 4. the parties passing the necessary resolutions at their respective shareholder meetings to approve the Proposed Acquisition and the AIM Admission (to the extent required);
 5. ALTE appointing a Nomad for the purpose of the AIM Rules and such Nomad confirming the enlarged group's eligibility for AIM;
 6. subject to point 5 above, ALTE publishing an AIM admission document and such document complying with the AIM Rules; and
 7. subject to point 5 above, the AIM Admission becoming effective,
- (1 through 7 (inclusive), the "**Conditions**").

It is currently expected that should the Proposed Acquisition proceed and subject to satisfaction of the Conditions, the Proposed Acquisition will complete and readmission of the enlarged share capital of the Company (whether on the Main Market or on AIM) will become effective by no later than 31 January 2025.

At this stage, there can be no guarantee that the Proposed Acquisition will complete nor as to the final terms of the Proposed Acquisition. Further announcements and updates will be made in due course.

Matthew Beardmore, Director of ALTE, said: "*We believe the emergence and development of AI systems for business improvement and efficiency will be a key growth sector, and we are pleased to have secured an opportunity in this space. The PRIOR1TY team has identified a clear market need and developed a commercially viable product that provides scalable and adaptive*

solutions powered by AI. We look forward to continuing to work with them in the hope that we can conclude a successful transaction for the benefit of our shareholders."

Enquiries

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