

RNS Number : 8994N

Alteration Earth PLC

27 November 2024

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

Posting of Circular and General Meeting Notice

The Company is today issuing a shareholder circular ("Circular") convening, and explaining the reasons for, a general meeting of the Company ("General Meeting") to consider and, if thought fit, approve the following proposed measures:

- Acquisition by the Company of the issued share capital and warrants of Pri0r1ty AI plc (to be re-registered as Pri0r1ty AI Limited) (the "Target")
- Directors' powers to allot ordinary shares
- Appointment of new directors to the board of the Company
- Disapplication of pre-emption rights
- Change of name to Pri0r1ty Intelligence Group PLC
- Adoption of new articles of association

The above matters are expected to take effect on or shortly before completion of the Acquisition of the Target (as detailed under the heading *Introduction* below). Completion of the Acquisition remains conditional on a number of matters as outlined in the Circular including completion of the Fundraise (as detailed under the heading *Fundraise* below).

The Circular also contains notice of the General Meeting convened for 13 December 2024 at which the above measures are to be considered.

The explanatory letter from Matthew Beardmore, Director of ALTE, which forms part of the Circular, sets out the Directors' reasoning for the Acquisition (as defined in the Circular). The Circular is a detailed document, and shareholders are urged to read it carefully in full. Extracts from the Circular are provided below.

Introduction

I am writing to inform you that the board of directors ("Board" or "Directors") is seeking Shareholder approval for the proposed acquisition by the Company of the entire issued and to be issued share capital and warrants of Pri0r1ty AI plc (to be re-registered as

PriOr1ty AI Limited) (the "Target"), which comprises a reverse takeover ("RTO") for the purposes of the UK Listing Rules, substantially on the terms and subject to the conditions set out in the Share Purchase Agreement (as defined in the Circular) (the "Acquisition"), and certain ancillary matters relating to the Acquisition (together, the "Proposals").

The purpose of the Circular is to explain the background to and the reasons for the Acquisition. The Circular also sets out the Proposals and why the Directors consider the Acquisition to be in the best interests of the Company and Shareholders as a whole and why the Directors recommend that you vote in favour of the resolutions to approve the Proposals ("Resolutions"). The approval of the Resolutions by Shareholders is required to enable the Acquisition to be completed.

Background to and reasons for the Proposals

As announced by the Company on 27 June 2024, the Company entered non-binding heads of terms to acquire the entire issued and to be issued share capital and warrants of the Target in consideration for an issue of new shares in the Company. Whilst the necessary work required to complete the Acquisition is well progressed, the Acquisition remains subject to legal, financial and other due diligence, including completion of the Fundraise (as defined in the Circular), and the signing of the Share Purchase Agreement.

The Target 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. The Target has built a digital agent for automated business processes, whose underlying technology is PriOr1ty Advisor, a bespoke AI-powered advisory bot that uses Deep Learning and can engage investors, customers or stakeholders either on a website, Instant Messenger (IM) or email server.

The Board believes the Target is well positioned to take advantage of the burgeoning AI sector, specifically targeting SMEs with growth services leveraging AI technology. The addressable market is substantial, considering the vast number of SMEs in the UK and globally. In the UK alone, there are over 5.6 million SMEs, with 743,000 new businesses created in 2022. This number is indicative of a vibrant entrepreneurial ecosystem and represents a significant opportunity. The potential for business growth within this market is further underscored by the broader economic impact of AI. PwC estimates that AI could contribute US\$15.7 trillion to the global economy by 2030, highlighting the transformative potential of AI technologies across various sectors.

It is the Board's view that the Target's focus on providing AI-driven growth services to SMEs positions it well within this expansive market. The Target's offerings are designed to be scalable, future-proof, and inclusive, making advanced AI tools accessible to

businesses regardless of their size, sector, or growth stage. This approach not only democratizes access to AI but also addresses a critical need for cost-effective growth solutions among SMEs. By offering a suite of AI-powered services and potentially removing the need for expensive advisers or new hires, the Target intends to tap into the demand for efficient, technology-driven business growth solutions. The growing number of businesses and the increasing recognition of AI's economic potential suggest a vast addressable market and substantial growth opportunities for the Target.

Fundraise

As part of the RTO, it is proposed that the Company will seek the voluntary cancellation of the admission of its shares to the Official List and to trading on the London Stock Exchange's main market for listed securities and will instead seek admission of its enlarged share capital to trading on AIM ("Admission"). Alongside the RTO and Admission, the Company intends to undertake an equity fundraising to raise gross proceeds of between £1-2 million (the "Fundraise"). To raise such proceeds, the Company intends to issue new ordinary shares at a price per share to be determined in a marketing roadshow.

The proceeds of the Fundraise are principally expected to be used to:

- launch a comprehensive marketing programme to attract new customers;
- grow sales and client delivery teams;
- provide general working capital for the enlarged group; and
- meet the transactional costs and expenses.

Proposed Name Change

As part of the special business of the General Meeting, a special resolution will be proposed to change the name of the Company to "Priority Intelligence Group PLC" ("Proposed Name Change"). The reason for the Proposed Name Change is simply to reflect the Target business and its associated brand. Use of the word "Group" demonstrates that the Company will become the parent of a group of companies.

The notice of General Meeting sets out details of, and seeks approval for, the Proposed Name Change as well as the other ordinary and special business of the General Meeting.

New Articles

The existing articles of association of the Company are suitable for a company whose securities are admitted to the Official List and to trading on the Main Market. When they were adopted by the Company, it was envisaged that the Company would complete a reverse takeover and seek to maintain the admission of its shares on the Official List

and seek the readmission of its enlarged issued share capital to trading on the Main Market.

Given the Company's intention to seek the admission of its enlarged issued share capital to trading on AIM, the Board proposes that the Company adopt new articles of association with effect from Admission (the "New Articles"). The New Articles contain provisions which are more suited for a company whose securities are admitted to trading on AIM.

A copy of the New Articles will be posted to shareholders together with the Circular.

General Meeting

Set out at the end of the Circular is a notice convening the General Meeting to be held at 10:00 a.m. on 13 December 2024 at the offices of Keystone Law at 48 Chancery Lane, London WC2A 1JF.

Resolutions 1 to 7 are being proposed as ordinary resolutions and require approval by a majority of the votes cast (by persons present in person or by proxy) at the General Meeting for the Resolutions to be passed. Resolutions 8 to 11 are being proposed as special resolutions and require approval by not less than three-quarters of the votes cast (by persons present in person or by proxy) at the General Meeting for the Resolutions to be passed. The Resolutions are inter-conditional on each other, meaning they all need to be passed for them to become effective. The RTO will not proceed unless all the Resolutions are passed.

The Resolutions being proposed at the General Meeting are as follows:

Resolution 1 - An ordinary resolution to authorise the Company to complete the Acquisition, substantially on the terms of and subject to the conditions set out in the Share Purchase Agreement (as amended or modified from time to time).

Resolution 2 - An ordinary resolution to authorise Directors to exercise all powers of the Company to allot the Consideration Shares and the Fundraise Shares and grant warrants over shares in respect of the Consideration Warrants, the Broker Warrants, the Nomad Warrants and certain other warrants (as more fully particularised in the Resolution).

Resolution 3 - An ordinary resolution to authorise the Directors to allot shares in the Company and grant rights to subscribe for or to convert any security into shares of the Company, otherwise than pursuant to Resolution 2, up to an aggregate nominal amount equal to 50 per cent. of the enlarged issued share capital of the Company as at Admission.

Resolution 4 - An ordinary resolution to appoint James Sheehan as a Director of the Company with effect from Admission.

Resolution 5 - An ordinary resolution to appoint Daniel Maling as a Director of the Company with effect from Admission.

Resolution 6 - An ordinary resolution to appoint Philip Adler as a Director of the Company with effect from Admission.

Resolution 7 - An ordinary resolution to appoint Karen Lewis-Hollis as a Director of the Company with effect from Admission.

Resolution 8 - A special resolution to approve the disapplication of pre-emption rights in relation to the shares in the capital of the Company proposed to be allotted pursuant to the authority given in Resolution 2.

Resolution 9 - A special resolution to approve the disapplication of pre-emption rights in relation to the shares in the capital of the Company that may be allotted pursuant to the authority given in Resolution 3.

Resolution 10 - A special resolution to approve, conditional on Admission, the change of the Company's name to "Pri0r1ty Intelligence Group PLC".

Resolution 11 - A special resolution to adopt, conditional on Admission, the revised articles of association produced to the Meeting be approved and adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association of the Company.

A copy of the Circular, which includes the General Meeting notice, is available on the Company's website in the "Publications" section (see "Circulars and Notices" tab) of the Investors section and is accessible by visiting: <https://www.altearthplc.com/publications/>

For further information, please visit www.altearthplc.com or contact:

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