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Earnz PLC
12 June 2025

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EARNZ plc

("**EARNZ**"or the "**Company**")

Posting of circular

and

Notice of General Meeting

EARNZ plc (AIM: EARN), an energy services company whose objective is to capitalise on the drive for global decarbonisation, announces that it has posted a circular to its shareholders (the "**Circular**") convening a general meeting which is to be held at 10.00 a.m. on 30 June 2025 (the "**General Meeting**").

The following has been extracted from the Part 1, the Chairman's Letter of the Circular, which will be available on the Company's website in due course atwww.EARNZplc.com.

Earlier today, the Company announced that it had entered into a conditional sale and purchase agreement to acquire the issued share capital of A&D Carbon Solutions LTD for a maximum total consideration of £2.8 million (the "**Acquisition**"). In addition, the Company announced the placing of 14,201,965 Placing Shares at 7.2 pence per share to raise approximately £1.023 million. The Placing Shares are expected to be allotted and issued on 17 June 2025. The proceeds from the Placing will be used for general working capital purposes and to fund the initial cash consideration for the Acquisition. Each of the Directors is participating in the Placing.

As Shareholders will be aware, on 29 August 2024, the Company completed the acquisitions of Cosgrove & Drew Ltd and South West Heating Services Ltd (together, the "**Previous Acquisitions**") for a total maximum consideration of £3.1 million and the share capital of the Group (as enlarged by the Previous Acquisitions) was re-admitted to trading on AIM. In the intervening period, the Company has sourced and considered various acquisition opportunities in the energy services sector, including a family-owned company based in the south of England whose owners signed non-binding heads of terms in October 2024. However, this did not subsequently result in the signing of a binding sale and purchase agreement. In [April] 2025, the Company entered into discussions with the owners of A&D in relation to the acquisition of the entire share capital of A&D. The Board expects that following the acquisition of A&D, for the year ending 31 December 2025 ("**FY25**"), the Enlarged Group will generate revenue of approximately £14.0 million and adjusted EBITDA of approximately £0.5 million (as set out in further detail below).

The purpose of this document is to provide Shareholders with further information on the Acquisition and the Placing (together, the "**Proposals**").This letter explains why the Board believes that the Proposals and the Company's intention to complete future acquisitions, as part of its 'buy and build' strategy (for which authority is being sought to issue further Ordinary Shares at the General Meeting), are in the best interests of the Company and its Shareholders as a whole, and why the Board therefore recommends that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting, as the Directors intend to do so in respect of their aggregate beneficial shareholdings representing approximately 13.09 per cent. of the Company's issued share capital.

1. Information on A&D Carbon Solutions LTD

Given the nature of its buy and build strategy, the Company has signed a conditional sale and purchase agreement (the "**SPA**"), with the vendors (the "**Vendors**") of A&D to acquire A&D's entire issued share capital for a maximum total consideration of £2.8 million. A&D operates across the country, with a particular focus in Wales, using a network of longstanding contractors as well as in-house staff, delivering whole building solutions for the decarbonisation agenda, including external wall insulation, cavity wall insulation, air source heat pumps and solar panels. A&D's focus is predominantly looking to improve residential properties' Energy Performance Certificate ("**EPC**") rating through accessing Government funding under various schemes. A&D sources its work from customers who manage large scale domestic retrofit projects, funded by UK Government decarbonisation funds, such as ECO4 and Warm Homes Social Housing Fund Waves 2 & 3, and has recently won a new significant customer that has been onboarded on the back of Wave 3. Its strong relationships with suppliers and sub-contractors and high quality of work drives repeat business.

A&D is a profitable and cash generative company whose figures historically have not been audited. The table below sets out summary unaudited historical financial information for the 3 years ended 31 July 2024 and 9 months ended 30 April 2025: -

£'000	**Unaudited Year ended 31 July 2022**	**Unaudited Year ended 31 July 2023**	**Unaudited Year ended 31 July 2024**	**Unaudited 9 months to 30 April 2025**
Revenue	**2,380**	**2,402**	**2,771**	**2,893**
Cost of sales	(1,176)	(1,477)	(1,714)	(1,718)
Gross profit	1,204	925	1,057	1,101
EBITDA	**439**	**204**	**455**	**216**
Profit before tax	432	181	410	163
Total profit after tax	445	189	321	122

Net Assets	**108**	**82**	**198**	**144**
Cash	**269**	**101**	**259**	**128**

2. Summary terms of the Acquisition

Under the terms of the SPA, the Company has, conditionally agreed to acquire A&D for a maximum total consideration of £2.8 million (debt/cash free) comprising:-

- initial consideration of £1.3 million to be satisfied by £0.84 million payable in cash on Completion, with an additional £0.2 million to be held in an escrow account (the "**Escrow**") and payable dependent on achieving EBITDA of £0.2 million for the period 1 June 2025 to 31 December 2025, and £0.26 million payable in Consideration Shares; and

- deferred consideration of up to £1.5 million to be satisfied 60% in cash and 40% in additional new Ordinary Shares which is payable subject to A&D achieving certain performance targets to be satisfied, details of which are set out below.

A&D will be acquired on a debt free/cash free basis with normalised working capital. The Vendors have agreed to enter into lock-in agreements for 2 years (1 year lock in and 1 year orderly market) following each issue of the new Ordinary Shares.

The deferred consideration will become payable on A&D delivering agreed EBITDA targets to be satisfied in two tranches as follows:-

- **Year 1**- £15.96 (**Y1 Multiplier**) for every £1 by which A&D's EBITDA for the period from 1 July 2025 to 30 June 2026 exceeds £446,500 plus any balance in the Escrow (divided by the Y1 Multiplier), up to a maximum of £750,000 plus any balance in the Escrow of which 60% shall be payable in cash and 40% in new Ordinary Shares (at the prevailing share price at the time of issue);

- **Year 2 -**£15 (**Y2 Multiplier**) for every £1 by which A&D's EBITDA for the period from 1 July 2026 to 30 June 2027 exceeds £490,000, plus any balance in the Escrow (divided by the Y2 Multiplier), up to a maximum of £750,000 plus any balance in the Escrow of which 60% shall be payable in cash and 40% in new Ordinary Shares (at the prevailing share price at the time of issue).; and

- **Year 3**- £15 (**Y3 Multiplier**) for every £1 by which A&D'S EBITDA for the period from 1 July 2027 to 30 June 2028 exceeds £510,000 up to a maximum of the balance in the Escrow (if any).

Each of the directors of A&D will receive performance based share options to the value of £0.50 for each £1 of additional EBITDA achieved over the performance targets set out above, up to a maximum total value of £100,000 in aggregate (£50,000 each) in each of Year 1 and Year 2 following Completion.

3. Directorate Changes

Immediately following Completion, Peter Smith will be appointed as Group CEO, I will become Non-Executive Chair, and John Charlton will resign as a director of the Company but will remain as Company Secretary.

Peter Smith was most recently CEO of Sureserve Group PLC, a formerly AIM quoted business, specialising in Compliance & Energy Services, which was sold to private equity in July 2023. Prior to that he was CFO, joining the business in July 2019. He has a background in finance, particularly in regulated industries, including Mitie, OCS, Balfour Beatty, and British Gas. He holds a Henley MBA and ACMA. He is also a Freeman of the City of London and a Liveryman of the Worshipful Company of Plumbers.

4. Current Trading and Prospects

The Company expects to publish its audited full year results for the financial year ended 31 December 2024 ("**FY24**") later this month, The Previous Acquisitions became part of the Group with effect from 1 September 2024. In Q1 2025, the Group traded ahead of budget and generated positive adjusted EBITDA.

As at the date of this document, the Directors consider that each of the Previous Acquisitions is on track to achieve its target earnout performance for the first year following its acquisition and therefore the respective vendors should receive their year 1 deferred consideration.

The Board expects that following the acquisition of A&D, for FY25 the Enlarged Group will generate revenue of approximately £14.0 million and adjusted EBITDA of approximately £0.5 million. In addition, the Board expects that in Q4 2025 the Enlarged Group's annualised run rate will be revenue of approximately £17.0 million and adjusted EBITDA of approximately £1.0 million. Furthermore, the Board expects that the Enlarged Group will be operating cashflow positive in Q4 2025. The Board estimates that A&D will contribute £2.5 million of revenue and £0.2 million of adjusted EBITDA to the Enlarged Group in FY25.

5. Details of the Placing

The Company has raised approximately £1.023 million (before expenses) by means of the Placing of the Placing Shares at 7.2 pence per Placing Share.. The Placing Price of 7.2 pence per Placing Share is a premium of 125 per cent. to the closing middle market price of 3.2 pence per Existing Share on 11 June 2025, being the last business day prior to the date of this document.

If the Placing completes on the basis set out in this document, the Placing Shares will represent approximately 11.83 per cent. of the Enlarged Share Capital(including the issue of the Consideration Shares).

The Placing Agreement

Pursuant to the terms of the Placing Agreement, Shore Capital Stockbrokers, as agent for the Company, has conditionally agreed to use its reasonable endeavours to procure subscribers for the Placing Shares. The Placing has not been underwritten.

The Placing Agreement contains normal warranties (in relation to, *inter alia*, the accuracy of the information in this document and other matters relating to the Company, its subsidiaries and its business) and indemnities given by the Company to Shore Capital as well as market standard rights of termination. The Company will pay Shore Capital commission in respect of those Placing Shares placed by it.

7. Use of Proceeds

The proceeds of the Placing will be used to: -

- satisfy the initial cash consideration payable for A&D; and
- provide working capital for the Enlarged Group.

8. Related Party Transactions

As set out above, each of the Directors is participating in the Placing. As Directors, my participation (and my associated parties) and that of John Charlton, Elizabeth Lake (and her spouse Peter Lake), Linda Main, Sandra Skeete and CEO designate, Peter Smith, in the Placing which, in aggregate, amounts to 3,652,774 Placing Shares are related party transactions pursuant to AIM Rule 13. As there are no independent Directors for this transaction, the Company's nominated adviser, Shore Capital and Corporate, considers that the terms of our participation in the Placing are fair and reasonable insofar as the Shareholders are concerned

Gresham House has agreed to subscribe for 3,472,222 Placing Shares. As at 11 June 2025, being the last business day prior to the date of this document, so far as the Company is aware, Gresham House holds 25,019,808 Existing Shares representing 24.48 per cent. of the Company's issued share capital. As such, Gresham House is a substantial shareholder of the Company and its participation in the Placing is also a related party transaction pursuant to AIM Rule 13. The Directors consider, having consulted with the Company's nominated adviser, Shore Capital and Corporate, that the terms of Gresham House's participation in the Placing are fair and reasonable insofar as the Shareholders are concerned.

9. Settlement and Trading

Application has been made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. It is expected that First Admission will become effective and that dealings in the Placing Shares will commence, at 8.00 a.m. on 17 June 2025. Application will be made to the London Stock Exchange for the Consideration Shares to be admitted to trading on AIM. It is expected that Second Admission will become

effective and that dealings in the Consideration Shares will commence, at 8.00 a.m. on or around 1 July 2025, subject to passing of the Resolutions at the General Meeting.

The New Ordinary Shares will, on each respective Admission, rank *pari passu* in all respects with the Existing Shares and will rank in full for all dividends and other distributions declared, made or paid on New Ordinary Shares after First Admission and Second Admission. Definitive share certificates in respect of the Placing Shares and the Consideration Shares will be despatched within 10 business days of the respective date of Admission.

10. General Meeting

The notice convening the General Meeting, to be held at the offices of Shore Capital, Cassini House, 57 St James's Street, London SW1A 1LD at 10.00 a.m. on 30 June 2025 to consider the Resolutions, is set out at the end of this document.

At the Shareholders meeting held on 29 October 2024, Shareholders granted Directors authority to allot equity securities up to an aggregate nominal amount of £4,400,000 (110,000,000 Ordinary Shares) as part of the Company's buy and build strategy, and for working capital purposes, with such authority to expire on the earlier of the date which is 18 months from the date of the passing of that resolution and the next annual general meeting of the company, unless renewed or varied.

Resolution 1, which will be proposed as an ordinary resolution, seeks to vary the 29 October 2024 resolution granting the Directors authority to allot equity securities up to an aggregate nominal amount of £4,400,000 such that such authority shall continue to apply for a period expiring on 30 June 2026 to enable the Company to execute its buy and build strategy (including, in particular, the acquisition of A&D).

Resolution 2, which will be proposed as a special resolution, seeks to authorise the Directors to allot the equity securities referred to in Resolution 1 otherwise than on a *pro rata* basis to existing Shareholders.

11. Action to be taken

The Form of Proxy for use in connection with the General Meeting should be completed, signed and returned as soon as possible and, in any event, so as to reach the Company's registrars, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, B62 8HD by no later than 10.00 a.m. on 26 June 2025 (or, if the General Meeting is adjourned, 48 hours (excluding any part of a day that is not a working day) before the time fixed for the adjourned meeting). Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting should they so wish.

Shareholders who hold their Existing Shares in uncertificated form in CREST may alternatively use the CREST Proxy Voting Service in accordance with the procedures set out in the CREST Manual as explained in the notes accompanying the Notice of General Meeting at the end of this document. Proxies submitted via CREST must be received by Neville Registrars Limited (ID 7RA11) by no later than 10.00 a.m. on 26 June 2025 (or, if the General Meeting is adjourned, 48 hours (excluding any part of a day that is not a working day) before the time fixed for the adjourned meeting). The appointment of a proxy using the CREST Proxy Voting Service will not preclude Shareholders from attending and voting in person at the General Meeting should they so wish.

12. Recommendation

The Directors consider the Proposals to be in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board unanimously recommends that you vote in favour of the Resolutions, as the Directors intend to do in respect of their beneficial holdings, which represent, in aggregate, approximately 13.09 per cent. of the Company's issued share capital.

All defined terms in this announcement are as set out in the Circular, unless the context requires otherwise.

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