

30 October 2023

Electric Guitar PLC

("Electric Guitar" or the "Company")

Provision of Loan Facility and Update on Financial Position

Electric Guitar PLC (LSE: ELEG) announces that on 27 October 2023, the Company entered into an agreement with Sanderson Capital Partners Limited ("Sanderson"), an 18.92% shareholder in Electric Guitar, for the provision of a loan facility to the Company (the "Agreement"). A summary of the key terms of the Agreement are set out below:

- Amount - £250,000, of which at least £150,000 will be satisfied by the issue of shares on the Repayment Date at a price equal to the price per share at which new ordinary shares are issued to investors on Admission
- Repayment Date - The earlier of six months or the successful admission of the Company's issued share capital to trading on AIM ("Admission")
- Facility Fee - £25,000 to be paid in cash on the Repayment Date
- Drawdown Fee - 10% on each tranche to be paid in cash on the Repayment Date
- Interest - Nil
- Security – Unsecured
- Drawdown – In three tranches on defined milestones prior to Admission

Further to the Company's recent annual report, the £1.2 million raised at IPO in January 2022 has allowed the Company to research suitable acquisition targets in line with its stated corporate strategy and funded ongoing running costs of the Company.

On 7 July 2023, the Company announced that it had identified 3radical Limited ("3radical") as an acquisition target in line with its corporate strategy and that it had agreed non-binding heads of terms on a reverse takeover of 3radical (the "Proposed Transaction"). The Company has been working on the Proposed Transaction since then, including the necessary due diligence and preparation to apply for the Company's ordinary shares to be admitted to trading on AIM, with a view to agreeing a definitive acquisition agreement and seeking shareholder approval by the end of the year. In so doing, the Company has incurred significant costs and the Company's cash position as at 30 September 2023 was £95,605. The loan facility has therefore been put in place by Sanderson to allow Electric Guitar to be able to fund the further transaction costs associated with the Proposed Transaction and provide working capital.

If the Proposed Transaction were not to complete, the Board would need to assess all options available to the Company.

The Agreement with Sanderson constitutes a material related party transaction for the purposes of DTR 7.3, due to Sanderson being a large shareholder of the Company at 18.92%, and was accordingly voted upon by the Directors (excluding Sarfraz Munshi, who is a partner of Sanderson and therefore not independent), and such independent Directors consider the material related party transaction in respect of the Agreement to be fair and reasonable from the perspective of the Company and its Shareholders who are not a related party.

For further information:

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