

## ELECTRONIC TRANSMISSION DISCLAIMER

**IMPORTANT:** You must read the following disclaimer before continuing. This electronic transmission applies to the attached document, which comprises an AIM admission document (“**Admission Document**”) and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the Admission Document in relation to Electric Guitar plc (the “**Company**”). In accessing the Admission Document, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access. You acknowledge that this electronic transmission and the delivery of the Admission Document is confidential and intended for you only and you agree you will not forward, reproduce or publish this electronic transmission or the Admission Document or any part of it to any other person.

The Admission Document has been prepared, amongst other things, in connection with the proposed placing to certain institutional and professional investors and intermediaries (the “**Placing**”) of ordinary shares of £0.005 each in the capital of the Company (the “**Ordinary Shares**”) (the Ordinary Shares being made available for subscription in the Placing being, the “**Placing Shares**”), and admission of the entire issued share capital of the Company to trading on AIM, the market operated by London Stock Exchange plc (“**Admission**”).

The Placing is exempt from the requirement to produce an approved prospectus and accordingly no such prospectus has been prepared in connection with the Placing. The attached document has not been approved by the London Stock Exchange plc or the Financial Conduct Authority (“**FCA**”).

**NOTHING IN THIS ELECTRONIC TRANSMISSION OR THE ADMISSION DOCUMENT CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES REFERRED TO HEREIN HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. ACCORDINGLY, ANY FORWARDING, REDISTRIBUTION OR REPRODUCTION OF THE ADMISSION DOCUMENT IN WHOLE OR IN PART DIRECTLY OR INDIRECTLY IN, INTO OR WITHIN THE UNITED STATES OR ANY OTHER JURISDICTION IN OR INTO WHICH SUCH REDISTRIBUTION OR REPRODUCTION MAY BE UNLAWFUL IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.**

This electronic transmission and the Admission Document when delivered are intended for and only addressed to and directed at persons in member states of the European Economic Area (the “**EEA**”), other than the United Kingdom, who are “qualified investors” within the meaning of Article 2(e) of the Prospectus Regulation (Regulation (EU) 2017/1129) (“**Prospectus Regulation**”) (“**Qualified Investors**”). In addition, in the United Kingdom, this electronic transmission and the Admission Document are addressed to, and directed only at, Qualified Investors who (i) are persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”), (ii) are persons who are high net worth entities falling within Article 49(2)(a) to (d) of the Order, or (iii) are other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as “**Relevant Persons**”).

This electronic transmission and the Admission Document must not be acted on or relied on: (i) in the United Kingdom, by persons who are not Relevant Persons; and (ii) in any member state of the EEA, other than the United Kingdom, by persons who are not Qualified Investors. Any investment or investment activity to which this Admission Document relates is available only to Relevant Persons in the United Kingdom and Qualified Investors in any member state of the EEA other than the United Kingdom, and will be engaged in only with such persons.

**CONFIRMATION OF YOUR REPRESENTATION:** This electronic transmission and the Admission Document is delivered to you on the basis that you are deemed to have represented to Allenby Capital Limited (“**Allenby**”), Axis Capital Markets Limited (“**Axis**”) and the Company, that: (i) you are and, if relevant, you are acting on behalf of persons or entities located outside of the United States (as defined in Regulation S under the US Securities Act of 1933 (as amended)), Australia, Canada, Japan, New Zealand and the Republic of South Africa (together, **Restricted Jurisdictions**) (ii) if you are in any member state of the EEA,

you are a Qualified Investor (as defined in the Prospectus Regulation) and/or a Qualified Investor acting on behalf of Qualified Investors, to the extent you are acting on behalf of persons or entities in the EEA; (iii) if you are a person in the United Kingdom, you are a Relevant Person and/or a Relevant Person acting on behalf of Relevant Persons or Qualified Investors, to the extent that you are acting on behalf of persons or entities in the United Kingdom or EEA; (iii) the Placing Shares subscribed for by you in the Placing have not been subscribed for on a non-discretionary basis on behalf of, nor have they been subscribed for with a view to their offer or resale to, any person in circumstances which may give rise to an offer of any securities to the public other than their offer or resale in any member state of the EEA which has implemented the Prospectus Regulation to Qualified Investors or Relevant Persons in the UK; or (iv) if you are not in the United States and any other Restricted Jurisdiction, the UK or the EEA, you are an institutional investor into whose possession this electronic transmission and the Admission Document may lawfully be delivered in accordance with the laws of the jurisdiction in which you are located, without Allenby or the Company being required to take any further action in connection with such delivery.

**RESTRICTION:** Nothing in this electronic transmission constitutes, and may not be used in connection with, an offer of securities to any persons other than the specified categories of prospective investors described above and to whom it is directed and access has been limited so that it shall not constitute a general solicitation. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

You are reminded that you have received this electronic transmission and the Admission Document on the basis that you are a person into whose possession this Admission Document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Admission Document electronically or otherwise, to any other person. This Admission Document has been made available to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Company, Axis nor Allenby nor any of their respective affiliates accepts any liability or responsibility whatsoever in respect of any difference between the Admission Document distributed to you in electronic format and the hard copy version. By accessing this Admission Document, you consent to receiving it in electronic form.

You are responsible for protecting against viruses and other destructive items. Your receipt of this electronic transmission and the Admission Document is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Neither Allenby, Axis nor any of their respective affiliates accepts any responsibility whatsoever for the contents of the Admission Document or for any statement made or purported to be made by either of them, or on their behalf, in connection with the Company, Admission or the Ordinary Shares (including the Placing Shares). Allenby, Axis and their respective affiliates disclaim all and any liability whether arising in tort, contract or otherwise which it might otherwise have in respect of the Admission Document or any such statement. No undertaking, representation or warranty express or implied, is made by or given on behalf of Allenby, Axis or their respective affiliates as to the accuracy, fairness, completeness or sufficiency of the information set out in the Admission Document (or any part of it).

Allenby, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for the Company and no one else in connection with the Placing and the Admission. Allenby will not regard any other person (whether or not a recipient of this Admission Document) as their client in relation to the Placing and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for giving advice in relation to the Placing or any transaction or arrangement referred to in the Admission Document.

Axis, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for the Company and no one else in connection with the Placing. Axis will not regard any other person (whether or not a recipient of this Admission Document) as their client in relation to the Placing and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for giving advice in relation to the Placing or any transaction or arrangement referred to in the Admission Document.

The Ordinary Shares have not been and will not be registered under the Securities Act nor under the applicable securities laws of any State of the United States or any province or territory of Canada, Australia, New Zealand, South Africa or Japan. Accordingly, nothing in this electronic transmission or the Admission Document constitutes an offer for the sale or subscription of the Ordinary Shares in or into the United States, Canada, Australia, New Zealand, South Africa, Japan, or to any resident of the United States, Canada, Australia, New Zealand, South Africa or Japan. No public offering of securities is being made in the United States. The Ordinary Shares have not been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission or any other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the accuracy or adequacy of this Admission Document.

**IT IS THE RESPONSIBILITY OF ANY PERSONS IN POSSESSION OF THIS ADMISSION DOCUMENT AND ANY PERSONS WISHING TO APPLY FOR THE ORDINARY SHARES TO INFORM THEMSELVES OF, AND TO OBSERVE, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. ANY FAILURE TO COMPLY WITH THESE RESTRICTIONS MAY CONSTITUTE A VIOLATION OF THE SECURITIES LAWS OF SUCH JURISDICTIONS.**

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, or the action you should take, you are recommended immediately to seek your own financial advice from an independent financial adviser, such as a stockbroker, solicitor, accountant or other adviser who specialises in advising on the acquisition of shares and securities and is authorised under the Financial Services and Markets Act 2000 ("FSMA") (or, if you are a person outside the UK, a person otherwise similarly qualified in your jurisdiction).**

If you have sold or transferred, or sell or transfer before 8.00 a.m. on 1 May 2024, your entire holding of Ordinary Shares, please send this document (including the enclosed Form of Proxy) as soon as possible to the purchaser or transferee of those shares or to the stockbroker, bank or other agent through whom the sale or transfer was effected or is to be effected, for onward transmission to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into any jurisdiction in which such an act would constitute a violation of the relevant laws of such jurisdiction. If you have sold part only of your holding of Ordinary Shares, you should retain these documents.

This document should not be forwarded or sent in, into or from any Restricted Jurisdiction and persons outside the United Kingdom into whose possession this document may come, should inform themselves about and observe any applicable restrictions under the laws of the jurisdiction in which this document is received.

This document is an admission document drawn up in accordance with the AIM Rules for Companies and has been prepared in connection with the proposed application for admission of the issued and to be issued share capital of the Company to trading on AIM, a market operated by the London Stock Exchange plc. This document does not constitute an offer or any part of an offer of transferrable securities to the public within the meaning of section 102B of FSMA. Accordingly, this document does not constitute a prospectus within the meaning of section 85 of FSMA or otherwise, and has not been drawn up in accordance with the Prospectus Regulation Rules published by the Financial Conduct Authority ("FCA") and a copy has not been, and will not be, approved or filed with the FCA or any other competent authority.

The Company and each of the Existing Directors and Proposed Directors, whose names appear on page 18 of this document, accept responsibility, individually and collectively for the information contained in this document. To the best of the knowledge of the Company, the Existing Directors and the Proposed Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this document for which they take responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

**The Existing Ordinary Shares are admitted to the standard segment of the Official List maintained by the FCA (the "Official List") and to trading on the Main Market. Application will be made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM following the Resolutions being approved by Shareholders to coincide with the cancellation of the admission of the Existing Ordinary Shares to the standard segment of the Official List and to trading on the Main Market. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to London Stock Exchange plc on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers.**

London Stock Exchange plc has not itself examined or approved the contents of this document. The AIM Rules for Companies are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Ordinary Shares to the Official List. The Ordinary Shares will not be traded on any other recognised investment exchange and no applications in that regard have been made.

**The whole of the text of this document should be read. You should be aware that an investment in the Company involves a high degree of risk and prospective investors should carefully consider the section entitled "Risk Factors" in Part III of this document, which sets out certain risk factors relating to any investment in Ordinary Shares. All statements regarding the Company's business, financial position and prospects should be viewed in light of these risk factors.**

It is expected that Admission (as defined on page 9 of this document) will become effective and dealings on AIM will commence at 8.00 a.m. on 3 May 2024.

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# Electric Guitar PLC

*(Incorporated and registered in England & Wales with registration number 13288812)*

**Proposed acquisition of 3radical Limited  
Placing and Subscription of 62,987,410 new Ordinary Shares  
Cancellation of admission of the Existing Ordinary Shares to the standard segment of the  
Official List and to trading on the Main Market  
Admission of the Enlarged Share Capital to trading on AIM  
Amendments to the Articles of Association  
and  
Notice of General Meeting**

**Nominated Adviser and Joint Broker**  
**Allenby Capital Limited**

**Joint Broker**  
**Axis Capital Markets Limited**

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**A Notice convening a General Meeting of the Company to be held at the offices of BDB Pitmans LLP, One Bartholomew Close, London, EC1A 7BL at 9 a.m. on 1 May 2024 is set out at the end of this document.** The formal business of the General Meeting will only be to consider and vote upon the Resolutions set out in the Notice of General Meeting.

In line with corporate governance best practice and in order that any proxy votes of those shareholders who are not able to attend and to vote in person are fully reflected in the voting on the resolutions, the Chair of the meeting will direct that voting on all Resolutions set out in the Notice of General Meeting will take place by way of a poll. The final poll vote on each Resolution will be published immediately after the General Meeting via an RIS service and on the Company's website.

The enclosed Form of Proxy for use at the meeting should be completed and returned to the Company's registrars, Share Registrars Limited, 3 The Millennium Centre, Crosby Way, Farnham, Surrey GU9 7XX as soon as possible and to be valid must arrive not less than 48 hours (excluding any part of a day which is not a working day) before the time appointed for the meeting. The completion and return of a Form of Proxy will not preclude any shareholder from attending and voting in person at the General Meeting should they wish to do so.

Allenby Capital Limited (the Company's nominated adviser and joint broker) and Axis Capital Markets Limited (the Company's joint broker), both of which are authorised and regulated in the UK by the FCA, are acting for the Company in connection with the proposed Placing and Admission and will not be acting for any other person (including a recipient of this document) or otherwise be responsible to any person for providing the protections afforded to clients of Allenby Capital Limited or Axis Capital Markets Limited (as the case may be) or for advising any other person in respect of the proposed Placing and Admission or any transaction, matter or arrangement referred to in this document. Allenby Capital Limited's responsibilities as the Company's nominated adviser under the AIM Rules for Nominated Advisers and Axis Capital Markets Limited's responsibilities as the Company's joint broker under the AIM Rules for Companies are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or Proposed Director, or to any other person in respect of his decision to acquire Ordinary Shares in reliance on any part of this document without limiting the statutory rights of any person to whom this document is issued. No representation or warranty, express or implied, is made by Allenby Capital Limited or Axis Capital Markets Limited as to, and no liability whatsoever is accepted by Allenby Capital Limited or Axis Capital Markets Limited for the accuracy of any information or opinions contained in this document or for the omission of any material information from this document for which the Company and the Directors are solely responsible. Neither of Allenby Capital Limited or Axis Capital Markets Limited will be offering advice and will not otherwise be responsible for providing customer protections to recipients of this document in respect of any acquisition of Ordinary Shares.

Apart from the responsibilities and liabilities, if any, which may be imposed on Allenby Capital Limited and Axis Capital Markets Limited by the FSMA or the regulatory regime established thereunder, Allenby Capital Limited and Axis Capital Markets Limited do not accept any responsibility whatsoever for the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Ordinary Shares or the Placing and Admission. Allenby Capital Limited and Axis Capital Markets Limited accordingly disclaim all and any liability whether arising in tort, contract or otherwise (save as referred to above) in respect of this document or any such statement. Allenby Capital Limited and Axis Capital Markets Limited have not authorised the contents of any part of this document and no liability whatsoever is accepted by Allenby Capital Limited or Axis Capital Markets Limited for the accuracy of the information and the opinions contained in this document or for the omission of any material information from this document for which they are not responsible.

This document will be available for download (subject to certain restrictions relating to persons resident in Restricted Jurisdictions) from the date of publication on the Company's website, [www.electricguitarplc.com](http://www.electricguitarplc.com).

This document does not constitute an offer to buy or to subscribe for, or the solicitation of an offer to buy or subscribe for, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, the Ordinary Shares offered by this document have not been, and will not be, registered under the United States Securities Act of 1933 as amended (the "Securities Act") or qualified for sale under the laws of any state of the United States or under the applicable securities laws of any of Canada, Australia, the Republic of South Africa, or Japan and, subject to certain exceptions, may not be offered or sold, directly or indirectly, in the United States of America, Canada, Australia, the Republic of South Africa, or Japan, or to, or for the account or benefit of, any US persons (as such term is defined in Regulation S under the Securities Act) or to any national, resident or citizen of Canada, Australia, the Republic of South Africa or Japan. Neither this document nor any copy of it may be distributed, published, sent to or taken (by any means, including electronic submission) into the United States, Canada, Australia, the Republic of South Africa, or Japan or any other jurisdiction where to do so would be in breach of any applicable law and or regulation.

## NOTICE TO DISTRIBUTORS

Solely for the purposes of the product governance requirements of Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK Product Governance Requirements**”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the UK Product Governance Requirements) may otherwise have with respect thereto, the Ordinary Shares have been subject to a product approval process, which has determined that such Ordinary Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in the FCA Handbook Conduct of Business Sourcebook; and (ii) eligible for distribution through all permitted distribution channels (the “**Target Market Assessment**”). Notwithstanding the Target Market Assessment, distributors should note that: (a) the price of the Ordinary Shares may decline and investors could lose all or part of their investment; (b) the Ordinary Shares offer no guaranteed income and no capital protection; and (c) an investment in the Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Fundraising (as defined on page 11 of this document). Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Brokers will only procure investors who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of Chapter 9A or 10A respectively of the FCA Handbook Conduct of Business Sourcebook; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Placing Shares. Each distributor is responsible for undertaking its own target market assessment in respect of the Placing Shares and determining appropriate distribution channels.

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (“**MiFID II**”); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures in the EEA (together, the “**MiFID II Product Governance Requirements**”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Ordinary Shares have been subject to a product approval process, which has determined that the Ordinary Shares are: (i) compatible with an end target market of: (a) retail investors, (b) investors who meet the criteria of professional clients and (c) eligible counterparties (each as defined in MiFID II); and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the “**MiFID II Target Market Assessment**”). Notwithstanding the MiFID II Target Market Assessment, distributors should note that: the price of the Ordinary Shares may decline and investors could lose all or part of their investment; the Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The MiFID II Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Fundraising. For the avoidance of doubt, the MiFID II Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Ordinary Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Ordinary Shares and determining appropriate distribution channels.

## OVERSEAS SHAREHOLDERS

This document does not constitute an offer to sell, or a solicitation to buy, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, this document is not, subject to certain exceptions, for distribution in or into the United States of America, Canada, Australia, the Republic of South Africa or Japan. The Ordinary Shares have not been nor will be registered under the United States Securities Act of 1933, as amended, nor under the securities legislation of any state of the United States or any province or territory of Canada, Australia, the Republic of South Africa, Japan or in any country, territory or possession

where to do so may contravene local securities laws or regulations. Accordingly, the Ordinary Shares may not, subject to certain exceptions, be offered, sold, taken up, delivered or transferred directly or indirectly in, into or from the United States of America, Canada, Australia, the Republic of South Africa, Japan or to any national, citizen or resident of the United States of America, Canada, Australia, the Republic of South Africa or Japan. The distribution of this document in certain jurisdictions may be restricted by law. No action has been taken by the Company or by Allenby Capital Limited or Axis Capital Markets Limited that would permit a public offer of Ordinary Shares or possession or distribution of this document where action for that purpose is required. Persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, or any other securities commission or regulatory authority of the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Ordinary Shares nor have they approved this document or confirmed the accuracy or adequacy of the information contained in this document. There will be no public offer in the United States.

Holding Ordinary Shares may have implications for overseas shareholders under the laws of the relevant overseas jurisdictions. Overseas shareholders should inform themselves about and observe any applicable legal and/or regulatory requirements. It is the responsibility of each overseas shareholder to satisfy himself as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

#### **NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM**

This document constitutes a “financial promotion” for the purposes of section 21 of FSMA and, accordingly, its distribution in the United Kingdom is restricted. Neither Allenby Capital Limited nor Axis Capital Markets Limited nor any other person authorised by the FCA has approved or authorised the contents of this document for the purposes of section 21 of FSMA. Accordingly, this document is only being distributed to and is only directed at persons in the United Kingdom, and who are: (a) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”), (b) high net worth companies, unincorporated associations and other bodies falling within Article 49(2)(a) to (d) of the Order and (c) other persons to whom it may lawfully be communicated (all such persons together being “**relevant persons**”). The Ordinary Shares to be issued pursuant to the Placing and Subscription referred to in the document (the “**Fundraising Shares**”) are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such shares will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

#### **NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA**

This document is not a prospectus for the purposes of the Prospectus Directive (as defined below) in relation to each member state of the European Economic Area (the “**EEA**”) which has implemented the Prospectus Directive (each a “**Relevant Member State**”). This document has been prepared on the basis that any offers of Fundraising Shares will be made pursuant to an exemption under the Prospectus Directive from the requirement to produce a prospectus in connection with any offers of Fundraising Shares. Accordingly, any person making or intending to make any offer within the EEA of Fundraising Shares which is the subject of the offering contemplated in this document should only do so in circumstances in which no obligation arises for the Company, Allenby Capital Limited or Axis Capital Markets Limited to produce a prospectus for such offer. Neither the Company, Allenby Capital Limited nor Axis Capital Markets Limited has authorised, nor will any of them authorise, the making of any offer of the Fundraising Shares through any financial intermediary, other than offers made by Allenby Capital Limited and/or Axis Capital Markets Limited in connection with the Placing as contemplated by this document. The expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

## GENERAL NOTICE

This document has been drawn up in accordance with the AIM Rules for Companies and it does not comprise a prospectus for the purposes of the Prospectus Regulation Rules published by the FCA. It has been drawn up in accordance with the requirements of the Prospectus Regulation Rules only insofar as required by the AIM Rules for Companies and has not been delivered to the Registrar of Companies in England and Wales for registration.

No Ordinary Shares will be offered to the public in the United Kingdom prior to the publication of a prospectus relating to the Company which has been approved by the FCA, except that Ordinary Shares may be offered to the public at any time: (1) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation; (2) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation); or (3) in any other circumstances falling within section 86 of FSMA, provided that no such offer of Ordinary Shares shall result in a requirement for the publication of a prospectus pursuant to section 85 of FSMA.

For these purposes, the expression “an offer to the public” in relation to any offer of shares in the United Kingdom means a communication in any form and by any means presenting sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase or subscribe for such shares and the expression the “**UK Prospectus Regulation**” means Regulation (EU) 2017/1129 (as amended), as it forms part of domestic UK law by virtue of the European Union (Withdrawal) Act 2018.

## IMPORTANT INFORMATION

In deciding whether or not to invest in the Ordinary Shares, or in making any other investment decisions in respect of Admission, the Fundraising or the Acquisition, prospective investors should rely only on the information contained in this document. No person has been authorised to give any information or make any representations other than as contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Directors, Allenby Capital Limited or Axis Capital Markets Limited. Neither the delivery of this document nor any subscription or purchase made under this document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information contained herein is correct as at any time after its date.

Investment in the Company carries risk. There can be no assurance that the Company’s strategy will be achieved and investment results may vary substantially over time. Investment in the Company is not intended to be a complete investment programme for any investor. The price of Ordinary Shares and any income from Ordinary Shares can go down as well as up and investors may not realise the value of their initial investment. Potential investors should carefully consider whether an investment in Ordinary Shares is suitable for them in light of their circumstances and financial resources and should be able and willing to withstand the loss of their entire investment (see Part III “Risk Factors” of this document).

Potential investors contemplating an investment in Ordinary Shares should recognise that their market value can fluctuate and may not always reflect their underlying value. Returns achieved are reliant upon the performance of the Enlarged Group. No assurance is given, express or implied, that investors will receive back the amount of their investment in Ordinary Shares.

If you are in any doubt about the contents of this document, you should consult your stockbroker or your financial or other professional adviser. Investment in the Company is suitable only for financially sophisticated individuals and institutional investors who have taken appropriate professional advice, who understand and are capable of assuming the risks of an investment in the Company and who have sufficient resources to bear any losses which may result therefrom.

Potential investors should not treat the contents of this document or any subsequent communications from the Company, the Directors, Allenby Capital Limited or Axis Capital Markets Limited as advice relating to legal, taxation, investment or any other matters. Potential investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, or other disposal of Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Ordinary Shares that they might encounter; and (c) the income and other tax consequences that may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Ordinary Shares.



Potential investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

Investors who subscribe for or purchase Ordinary Shares in the Fundraising will be deemed to have acknowledged that: (i) they have not relied on Allenby Capital Limited, Axis Capital Markets Limited or any person affiliated with either of them in connection with any investigation of the accuracy of any information contained in this document for their investment decision; (ii) they have relied only on the information contained in this document; and (iii) no person has been authorised to give any information or to make any representation concerning the Company or the Ordinary Shares (other than as contained in this document) and, if given or made, any such other information or representation has not been relied upon as having been authorised by or on behalf of the Company, the Existing Directors, the Proposed Directors, Allenby Capital Limited or Axis Capital Markets Limited.

This document should be read in its entirety before making any investment in the Company.

### **FORWARD-LOOKING STATEMENTS**

Certain statements in this document are forward-looking statements. Forward-looking statements include all matters that are not current or institutional facts and appear in a number of places throughout this document. Words such as “expects”, “predicts”, “anticipates”, “may”, “should”, “will”, “intends”, “plans”, “believes”, “targets”, “seeks”, “estimates”, “aims”, “projects”, “pipeline” and variations of such words and similar expressions (including their negative or other variations) are intended to identify such forward-looking statements and expectations. These statements are not guarantees of future performance or the ability to identify and consummate investments and involve certain risks, uncertainties, outcomes of negotiations and due diligence and assumptions that are difficult to predict, qualify or quantify. These forward-looking statements are not based on historical facts but rather on the Existing Directors’ and the Proposed Directors’ expectations regarding the Enlarged Group’s future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Such forward-looking statements reflect the Directors’ current beliefs and assumptions and are based on information currently available to management. Forward-looking statements involve significant known and unknown risks and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including risks associated with vulnerability to general economic and business conditions, competition and other regulatory changes, actions by governmental authorities, the availability of capital markets, reliance on key personnel and other factors, many of which are beyond the control of the Company. These forward-looking statements are subject to, among other things, the risk factors described in Part III of this document. Although the forward-looking statements contained in this document are based upon what the Existing Directors and Proposed Directors believe to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. Potential investors should therefore not place undue reliance on forward-looking statements (which speak only as of the date of this document). No reliance should be put on any written or oral forward-looking statements that the Company, or persons acting on its behalf, may issue. Forward-looking statements contained in this document based on past trends or activities should not be taken as a representation that such trends or activities will continue in the future and no forward looking statement contained in this document should be relied upon as any representation, assurance or guarantee as to future events or results. The Company will comply with its obligations to publish updated information as required by FSMA, MAR and/or the AIM Rules for Companies or otherwise required by law and/ or by any regulatory authority, but otherwise assumes no obligation to publish any additional information. Subject to any requirement under applicable legislation or regulation, the Company will not (and expressly disclaims any undertaking or obligation) to update or publish any revisions to any forward-looking statements or other information, due to a change in its expectations or to reflect any events or change in circumstances occurring after the date of this document.

### **ROUNDING**

The financial information contained in this document, including that financial information presented in a number of tables in this document, has been subject to rounding adjustments. Therefore, the actual arithmetic total of the numbers in a column or row in a certain table may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in the tables in this document

reflect calculations based upon the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

## **MARKET, INDUSTRY AND ECONOMIC DATA**

Unless the source is otherwise identified, the market, industry, and economic and industry data and statistics in this document constitute the Existing Directors' and Proposed Directors' estimates, using underlying data from third parties. The Company has obtained market and economic data and certain industry statistics from internal reports, as well as from third party sources as described in the footnotes to such information. The Company confirms that all third party information set out in this document has been accurately reproduced and that, so far as the Company is aware and has been able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third party information has been used in this document, the source of such information has been identified.

Such third party information has not been audited or independently verified.

Statistics are subjective and judgmental.

Market and industry data are inherently predictive and speculative and is not necessarily reflective of actual market conditions. Statistics in such data are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market. The value of comparisons of statistics for different markets is limited by many factors, including: (i) the markets are defined differently; (ii) the underlying information was gathered by different methods; and (iii) different assumptions were applied in compiling the data. Consequently, the industry publications and other reports referred to above generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed and, in some instances, these reports and publications state expressly that they do not assume liability for such information. Specifically, neither Allenby Capital Limited nor Axis Capital Markets Limited have authorised the contents of, or any part of, this document and accordingly no liability whatsoever is accepted by Allenby Capital Limited or Axis Capital Markets Limited for the accuracy or completeness of any market or industry data which is included in this document.

## **NO INCORPORATION OF WEBSITES**

The contents of the Company's website (nor any other website whether or not accessible via hyperlinks from the Company's website) do not form part of this document and potential investors should not rely on them.

## **INTERPRETATION**

Certain terms used in this document are defined and certain technical and other terms used in this document are explained at the section of this document under the heading "Definitions" and "Glossary".

All times referred to in this document are, unless otherwise stated, references to London time.

All references to legislation in this document are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation or regulation shall include any amendment, modification, re-enactment or extension thereof.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

## **GOVERNING LAW**

Unless otherwise stated, statements made in this document are based on the law and practice currently in force in England and Wales and are subject to changes in such law and practice.

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## DEFINITIONS

<b>“2021 Admission”</b>	the admission of the Ordinary Shares to the standard segment of the Official List and to trading on the Main Market on 11 January 2022
<b>“2021 Placing”</b>	the placing of 40,000,000 Ordinary Shares at 3 pence per Ordinary Share pursuant to the 2021 Admission, as set out in the Company’s prospectus dated 24 December 2021
<b>“3radical”</b>	3radical Limited, a company incorporated in England and Wales with the company number 07872556
<b>“3radical Directors”</b>	David Eldridge and George Stavrinidis
<b>“3radical Group”</b>	3radical and its subsidiaries
<b>“3radical Voco”, “Voco” or the “Platform”</b>	3radical’s proprietary Software as a Service product, which enables interactive digital experiences to be configured and deployed across websites and Apps
<b>“Acquisition”</b>	the proposed acquisition by the Company of the entire issued and to be issued share capital of 3radical pursuant to the terms of the Acquisition Agreement and the Minority Agreements
<b>“Acquisition Agreement”</b>	the conditional agreement dated 15 April 2024 between the Company and the Principal Sellers relating to the acquisition of the entire issued and to be issued share capital of 3radical, details of which are set out in paragraph 10 (h) of Part VII of this document
<b>“Act”</b>	the Companies Act 2006 (as amended)
<b>“acting in concert”</b>	shall bear the meaning ascribed thereto in the Takeover Code
<b>“Admission”</b>	the admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules for Companies
<b>“Adviser Warrants”</b>	the 2,238,333 warrants over new Ordinary Shares to be issued, conditional on Admission, to Allenby Capital, under the terms of a warrant instrument dated 15 April 2024, details of which are set out in paragraph 10 (m) of Part VII of this document
<b>“AIM”</b>	the market of that name operated by the London Stock Exchange
<b>“AIM Rules”</b>	the AIM Rules for Companies and the AIM Rules for Nominated Advisers
<b>“AIM Rules for Companies”</b>	the rules which set out the obligations and responsibilities in relation to companies whose shares are admitted to AIM as published by the London Stock Exchange from time to time
<b>“AIM Rules for Nominated Advisers”</b>	the rules which set out the eligibility, obligations and certain disciplinary matters in relation to nominated advisers as published by the London Stock Exchange from time to time
<b>“Allant”</b>	Allant Group LLC, Inc., a reseller partner of 3radical in the US
<b>“Allenby Capital”</b>	Allenby Capital Limited, a company incorporated in England and Wales under company number 06706681, the Company’s nominated adviser and joint broker

<b>“Anglia Loan”</b>	the unsecured term loan facility of £215,000 made by Anglia Securities Limited, further details of which are set out in paragraph 10 (c) of Part VII of this document
<b>“APAC”</b>	the Asia-Pacific region
<b>“Articles”</b>	the current articles of association of the Company, further details of which are set out at paragraph 6 of Part VII of this document, and which will be amended as set out in resolution 5 of the Notice of General Meeting
<b>“Audit Committee”</b>	the audit committee of the Company duly authorised by the Board
<b>“Axis Capital Markets” or “Axis”</b>	Axis Capital Markets Limited, a company incorporated in England and Wales under company number 08133033, the Company’s joint broker
<b>“Axis Warrants”</b>	the 2,238,333 warrants over new Ordinary Shares to be issued, conditional on Admission, to Axis Capital Markets, under the terms of the warrant instrument dated 15 April 2024, details of which are set out in paragraph 10 (n) of Part VII of this document
<b>“Board”</b>	the directors of the Company as at the date of this document, whose names are set out on page 20 of this document
<b>“Broker Warrants”</b>	the Adviser Warrants, Axis Warrants and GIS Warrants
<b>“Cancellation”</b>	the cancellation of the admission of the Existing Ordinary Shares to the standard segment of the Official List and to trading on the Main Market
<b>“Committees”</b>	together the Audit Committee, Nomination Committee and Remuneration Committee
<b>“Company” or “Electric Guitar”</b>	Electric Guitar plc, a public limited company incorporated in England and Wales with registered number 13288812 whose registered office address is One Bartholomew Close, London, EC1A 7BL
<b>“Completion”</b>	completion of the sale and purchase of the entire issued and to be issued share capital of 3radical on Admission in accordance with the Acquisition Agreement, the Minority Agreements
<b>“Concert Party”</b>	David Eldridge, George Stavrinidis, Rebecca Trivella, Clive Armitage and certain other employees and shareholders of 3radical and their connected parties
<b>“Conversion Shares”</b>	the 4,655,420 new Ordinary Shares to be issued at the Issue Price to certain of the Directors, details of which are set out in paragraph 9 (e) and paragraph 9 (g) of Part VII of this document
<b>“Consideration Shares”</b>	the 61,184,843 new Ordinary Shares to be issued to the shareholders of 3radical on Completion, as consideration for the purchase of their shares in 3radical by the Company
<b>“CREST”</b>	the computerised settlement system to facilitate the transfer of title to shares in uncertificated form operated by Euroclear
<b>“CREST Manual”</b>	the rules governing the operation of CREST as published by Euroclear
<b>“CREST Regulations”</b>	Uncertificated Securities Regulations 2001 (S.1.2001 No.3755), including (i) any enactment or subordinate legislation which amends those regulations; and (ii) any applicable rules made under those

	regulations or such enactment or subordinate legislation for the time being in force
<b>“Directors”</b>	the Existing Directors and the Proposed Directors
<b>“EDA”</b>	the European Data Act
<b>“Enlarged Group”</b>	the Company and its subsidiaries following Completion
<b>“Enlarged Share Capital”</b>	the issued Ordinary Shares of the Company upon Admission comprising the Existing Ordinary Shares, the Fundraising Shares, the Loan Shares, the Conversion Shares, the Fee Shares and the Consideration Shares
<b>“Equity Settlement”</b>	the satisfaction of approximately £0.88 million of liabilities by the Company through the allotment and issue of the Conversion Shares, the Fee Shares and the Loan Shares
<b>“EU”</b>	the European Union
<b>“Euro” or “€”</b>	the Euro, the single currency of the European Union
<b>“Euroclear”</b>	Euroclear UK & International Limited, a company incorporated in England and Wales and the operator of CREST
<b>“Existing Directors”</b>	each of John Regan, John Hutchinson, Richard Horwood and Sarfraz Munshi
<b>“Existing Ordinary Shares”</b>	57,862,776 ordinary shares of £0.005 in the capital of the Company in issue as at the date of this document
<b>“Fee Shares”</b>	10,476,170 new Ordinary Shares to be issued by the Company at the Issue Price in satisfaction of £219,999.57 of fees payable by the Company and 3radical in connection with the Proposals as set out in paragraph 21(g) of Part VII of this document
<b>“FCA”</b>	the Financial Conduct Authority of the United Kingdom
<b>“Form of Proxy”</b>	the form of proxy accompanying this document for use by Shareholders at the General Meeting
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 of the United Kingdom, as amended including any regulations made pursuant thereto
<b>“Fundraising”</b>	the Placing and the Subscription
<b>“Fundraising Shares”</b>	the Placing Shares and the Subscription Shares
<b>“GIS”</b>	Global Investment Strategy UK Limited, a company incorporated in England and Wales under company number 04576299
<b>“GIS Warrants”</b>	the 2,238,333 warrants over new Ordinary Shares to be issued, conditional on Admission, to GIS, under the terms of the warrant instrument dated 15 April 2024, details of which are set out in paragraph 10 (o) of Part VII of this document
<b>“General Meeting”</b>	the general meeting of the Company to be held at the offices of BDB Pitmans LLP, One Bartholomew Close, London, EC1A 7BL at 9.00 a.m. on 1 May 2024
<b>“HMRC”</b>	His Majesty’s Revenue and Customs
<b>“IFRS”</b>	International Financial Reporting Standards as adopted by the United Kingdom

<b>“Interim Financial Information of the Company”</b>	the unaudited interim historical financial information of the Company for the six months ended 30 September 2022 and 30 September 2023, as set out in Appendix C of this document
<b>“Interim Financial Information of the 3radical Group”</b>	the unaudited interim historical financial information of the 3radical Group for the six months ended 30 September 2022 and 30 September 2023, as set out in Section C of Part IV of this document
<b>“Issue Price”</b>	2.1 pence per New Ordinary Share
<b>“Joint Brokers”</b>	Axis Capital Markets and Allenby Capital
<b>“Listing Rules”</b>	the Listing Rules of the FCA
<b>“Loan Shares”</b>	26,666,670 new Ordinary Shares to be issued at the Issue Price to Sanderson Capital Partners Limited and Anglia Securities Ltd pursuant to the repayment of: (i) £535,000 of certain loans and associated fees with Sanderson (details of which are set out in paragraph 10 (d), (e) and (f) of Part VII of this document) on Admission; and (ii) the repayment of £25,000 of the Anglia Loan (details of which are set out in paragraph 10 (c) of Part VII of this document)
<b>“Locked Box Accounts”</b>	the unaudited consolidated balance sheet of the 3radical Group as at the Locked Box Date
<b>“Locked Box Date”</b>	30 September 2023
<b>“Lock-in Deed”</b>	the conditional lock-in and orderly marketing deeds dated 15 April 2024 entered into between the Locked-in Persons, the Company, Allenby Capital and Axis Capital Markets described in paragraph 14 of Part I and paragraph 10 (k) of Part VII of this document
<b>“Lock-in Period”</b>	means the period of up to 24 months from Admission
<b>“Locked-in Persons”</b>	the Directors and certain other persons who on Admission will hold, in aggregate, 113,360,297 Ordinary Shares and will be subject to lock-in and orderly marketing arrangements described in paragraph 14 of Part I and paragraph 10 (k) of Part VII of this document
<b>“London Stock Exchange” or “LSE”</b>	London Stock Exchange plc
<b>“Main Market”</b>	the LSE’s main market for listed securities
<b>“MAR”</b>	the Market Abuse Regulation No. 596/2014 (as it forms part of domestic UK law pursuant to the European Union (Withdrawal) Act 2018)
<b>“Mastercard”</b>	a leading global technology company in the payments industry
<b>“Minority Agreements”</b>	the agreements, each dated 15 April 2024, relating to the acquisition of shares in 3radical between the Company and the shareholders of 3radical other than the Principal Sellers whose shares are to be acquired pursuant to the Acquisition Agreement, details of which are set out in paragraph 10 (h) of Part VII of this document
<b>“New Board”</b>	the directors of the Company from Admission, being each of John Hutchinson, John Regan, Richard Horwood and the Proposed Directors
<b>“New Ordinary Shares”</b>	together, the Fundraising Shares, the Loan Shares, the Conversion Shares, the Fee Shares and the Consideration Shares

<b>“New Warrants”</b>	the new warrants to be issued to Sarfraz Munshi, conditional on Admission, to subscribe for New Ordinary Shares at the Issue Price, details of which are set out in paragraph 10 (p) of Part VII of this document
<b>“Nomination Committee”</b>	the nomination committee of the Company duly authorised by the Board
<b>“Notice of General Meeting”</b> or the <b>“Notice”</b>	the notice convening the General Meeting set out at the end of this document
<b>“Official List”</b>	the Official List maintained by the FCA in its capacity as competent authority for the purposes of Part VI of FSMA
<b>“Ordinary Shares”</b>	ordinary shares of £0.005 each in the issued share capital of the Company
<b>“Panel”</b>	the UK Panel on Takeovers and Mergers
<b>“Placees”</b>	investors to whom Placing Shares are to be issued pursuant to the Placing
<b>“Placing”</b>	the conditional placing by Axis Capital Markets and Allenby Capital on behalf of the Company of the Placing Shares at the Issue Price pursuant to the Placing Agreement
<b>“Placing Agreement”</b>	the conditional agreement dated 15 April 2024 between (1) the Company, (2) the Directors, (3) Allenby Capital and (4) Axis Capital Markets relating to the Placing and Admission, details of which are set out at paragraph 11 of Part I and paragraph 10 (j) of Part VII of this document
<b>“Placing Shares”</b>	29,738,090 new Ordinary Shares to be issued at the Issue Price to the Placees pursuant to the Placing
<b>“Principal Sellers”</b>	David Eldridge, Rebecca Trivella, Aaron Shrimpton, Steve Rogers and George Stavrinidis
<b>“Proposals”</b>	the Acquisition, the Fundraising, the Equity Settlement, the proposed amendments to the Articles, the Cancellation and the Admission
<b>“Proposed Directors”</b>	each of Caroline Worboys, David Eldridge and Grahame Cook
<b>“Prospectus Regulation Rules”</b>	the prospectus regulation rules made by the FCA pursuant to section 73A of FSMA as amended from time to time
<b>“QCA”</b>	the Quoted Companies Alliance
<b>“QCA Code”</b>	The Corporate Governance Code published by the QCA in April 2018 and as amended from time to time
<b>“Registrar”</b>	Share Registrars Limited
<b>“Remuneration Committee”</b>	the remuneration committee of the Company duly authorised by the Board
<b>“Resolutions”</b>	the resolutions set out in the Notice of General Meeting
<b>“Restricted Jurisdiction”</b>	the United States of America, Canada, Australia, the Republic of South Africa and Japan or any other jurisdiction outside the United Kingdom where the distribution of this document and/or an offer to sell or issue, or the solicitation of an offer to subscribe for or buy, directly or indirectly, Fundraising Shares or other securities in the Company would contravene local securities laws or regulations



<b>“Sanderson Loan”</b>	the facility agreement with Sanderson Capital Partners Limited for £600,000 referred to in paragraph 10 (e) of this Part VII of this document
<b>“Sellers”</b>	the holders of shares in the capital of 3radical to be acquired by the Company pursuant to the Acquisition
<b>“Share Dealing Policy”</b>	the policy on share dealings adopted by the Company as more particularly described in paragraph 17 of Part I of this document
<b>“Shareholder”</b>	a holder of Ordinary Shares or New Ordinary Shares, as the context requires
<b>“Share Options”</b>	options to acquire new Ordinary Shares granted from time to time pursuant to the Share Plans
<b>“Share Plans”</b>	the Electric Guitar plc 2024 Employee Incentive Plan and the Electric Guitar plc 2024 Consultant Incentive Plan details of which are set out in paragraph 17 of Part VII of this document
<b>“Sterling” or “£”</b>	Pound sterling, the legal currency of the UK
<b>“Subscribers”</b>	the persons entering into the Subscription Letters
<b>“Subscription”</b>	the conditional subscription for the Subscription Shares at the Issue Price by the Subscribers pursuant to the Subscription Letters
<b>“Subscription Letters”</b>	the letters dated between 27 March 2024 and 12 April 2024 between the Company and each Subscriber pursuant to which each such Subscriber has agreed to subscribe for Subscription Shares
<b>“Subscription Shares”</b>	the 33,249,320 New Ordinary Shares to be allotted and issued at the Issue Price pursuant to the Subscription Letters
<b>“Takeover Code”</b>	the UK City Code on Takeovers and Mergers issued by the Panel as amended from time to time
<b>“UK”</b>	the United Kingdom
<b>“Uncertificated” or “in uncertificated form”</b>	recorded on the register of Ordinary Shares as being held in uncertificated form in CREST, and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
<b>“United States” or “US”</b>	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia and all other areas subject to its jurisdiction
<b>“US\$”</b>	United States dollar, the lawful currency of the United States of America
<b>“Voco Solution Portal” or “VSP”</b>	a new version of Voco, which has a simpler user interface and more pre-configured and automated deployment, designed for customers wanting to deploy 3radical solutions quickly and with minimal support
<b>“Warrants”</b>	the A-Series Warrants, the B-Series Warrants, the Broker Warrants and the New Warrants, details of which are set out in paragraph 10 of Part VII of this document

## GLOSSARY

<b>“A/B testing”</b>	compares the performance of two versions of digital content to see which one appeals more to visitors/viewers
<b>“ad-network”</b>	a service that connects advertisers to websites and platforms, facilitating the buying and selling of advertising space, often using tracking, targeting and optimisation technologies
<b>“AI”</b>	artificial intelligence
<b>“APAC”</b>	Asia-Pacific
<b>“API”</b>	an application programming interface, being a set of rules and protocols for building and interacting with software applications, allowing different software systems to communicate with each other
<b>“App”</b>	short for application, a software programme designed to perform specific tasks for users, often running on mobile devices or computers
<b>“browser”</b>	a computer programme for displaying and navigating between web pages
<b>“CAGR”</b>	compound annual growth rate
<b>“Cookie”</b>	a small data file stored on a user’s computer by the web browser, used to remember information about the user’s visit and preferences
<b>“CRM”</b>	customer relationship management
<b>“Data Protection &amp; Digital Information (DPDI) Bill”</b>	the UK Data Protection & Digital Information (No.2) Bill aims to simplify GDPR compliance in lower-risk situations while maintaining high data protection standards, and it is expected to become law in 2024
<b>“D2C”</b>	direct to consumer
<b>“ESG”</b>	environmental, social and governance
<b>“First Party Data”</b>	data collected by a company through customer interactions with its own channels having gained that individuals consent
<b>“Flash Cookies”</b>	also known as Local Shared Objects (LSOs), a type of Cookie used by Adobe Flash Player to store information on a user’s computer often used in online advertising for tracking purposes because they are less likely to be deleted and can store more information than traditional Cookies
<b>“General Data Protection Regulation” or “GDPR”</b>	the General Data Protection Regulation (GDPR) is a regulation enacted by the European Union in 2018 to protect the privacy and personal data of EU citizens
<b>“Generative AI”</b>	a form of artificial intelligence technology that can produce various types of content, such as text, imagery or audio, using generative models
<b>“Internet Protocol”</b>	also referred to as ‘IP’, refers to a set of rules that govern how data is sent and received over the internet or similar networks.

<b>“Machine Learning”</b>	a branch of artificial intelligence where systems learn and improve from experience without being explicitly programmed
<b>“MAMAA”</b>	the five major technology companies: Meta, Amazon , Microsoft, Apple, and Alphabet (Google’s parent company). This acronym was introduced as a replacement for the older acronym “FAANG,” which stood for Facebook (now Meta), Apple, Amazon, Netflix, and Google
<b>“MarTech”</b>	marketing technology, referring to the software and tools used in digital marketing and advertising
<b>“Software as a Service” or “SaaS”</b>	a software licencing and delivery model in which software is licenced on a subscription basis and is centrally hosted
<b>“Third Party Cookies”</b>	a small data file created by an entity other than the website they are visiting placed on a user’s device by the website they are visiting, commonly used to track user behaviour across multiple sites in order to serve targeted advertising or gather user data for analysis
<b>“Third Party Data”</b>	information collected by an entity that does not have a direct relationship with the user whose data is being collected
<b>“UK GDPR”</b>	the United Kingdom’s version of the General Data Protection Regulation, a legal framework that sets guidelines for the collection and processing of personal information
<b>“UK-US data bridge”</b>	the UK-US data bridge that came into force on 12 October 2023, which aims to streamline and facilitate the smooth transfer of personal data between the UK and the US
<b>“Unique Identifiers”</b>	codes or numbers assigned to uniquely distinguish an individual, entity, object, or data set in a specific context
<b>“XML”</b>	Extensible Markup Language, a text-based format used for storing and transporting structured data across different systems and platforms
<b>“Zero Party Data”</b>	data that individuals have intentionally and proactively provided to the collector of that data

## ALTERNATIVE PERFORMANCE MEASURES

In relation to the reporting of certain financial information within this document, the Board has adopted various Alternative Performance Measures. Alternative Performance Measures are financial measures of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in IFRS, being the applicable financial reporting framework in respect of the Company and 3radical. The Board believes that the Alternative Performance Measures contained within this document assist in providing additional useful information on the underlying trends, performance and financial position of the Company and 3radical.

The Alternative Performance Measures contained within this document are unaudited. The Alternative Performance Measures contained within this document may not be directly comparable with other companies' Alternative Performance Measures, including those in the Company's industry. In order to make a proper assessment of the financial performance of the Company's and 3radical's business, prospective investors should read the document as a whole and not rely solely on the Alternative Performance Measures, which should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measurements. The Alternative Performance Measures used within this document relate to past performance. Past performance is not an indication of future results. The following Alternative Performance Measures are used throughout this document:

### **"Adjusted EBITDA"**

Adjusted EBITDA is defined as EBITDA, less the additional administrative expenses incurred in anticipation of the Acquisition, Fundraising and Admission. A reconciliation of Adjusted EBITDA to the audited operating profit of the Company and 3radical is set out in paragraph 8 of Part I of this document.

### **"EBITDA"**

EBITDA is defined as 'earnings before interest, tax, depreciation and amortisation'. A reconciliation of EBITDA to the audited operating profit of the Company and 3radical is set out in paragraph 8 of Part I of this document.

## DIRECTORS, SECRETARY AND ADVISERS

<b>Existing Directors</b>	John Christopher Hutchinson – <i>Non-Executive Chair</i> John Patrick Regan – <i>Chief Executive Officer</i> Richard Jonathan Horwood – <i>Chief Operating Officer</i> Sarfraz Niaz Munshi – <i>Non-Executive Director</i>
<b>Proposed Directors</b>	David Justin Eldridge – <i>Non-Executive Director</i> Grahame David Cook – <i>Independent Non-Executive Director</i> Caroline Buchanan Worboys (née Johnston) – <i>Independent Non-Executive Director</i>
<b>Company Secretary</b>	Benjamin David Lister
<b>Registered office</b>	One Bartholomew Close London, EC1A 7BL
<b>Website</b>	<a href="http://www.electricguitarplc.com">www.electricguitarplc.com</a>
<b>Nominated Adviser and Joint Broker to the Company</b>	<b>Allenby Capital Limited</b> 5 St Helen's Place London, EC3A 6AB
<b>Joint Broker to the Company</b>	<b>Axis Capital Markets Limited</b> 52 Lime Street London, EC3M 7AF
<b>Solicitors to the Company</b>	<b>BDB Pitmans LLP</b> One Bartholomew Close London, EC1A 7BL
<b>Solicitors to 3radical</b>	<b>Ashfords LLP</b> 1 New Fetter Lane London, EC4A 1AN
<b>Solicitors to the Nominated Adviser and Joint Brokers</b>	<b>Shoosmiths LLP</b> 1 Bow Churchyard London, EC4M 9DQ
<b>Reporting Accountants to the Company</b>	<b>PKF Littlejohn LLP</b> 15 Westferry Circus Canary Wharf London, E14 4HD
<b>Auditors to the Company</b>	<b>Johnsons Financial Management Limited</b> 1-2 Craven Road Ealing London, W5 2UA
<b>Financial PR</b>	<b>Yellow Jersey PR Limited</b> Thanet House 231-232 Strand London, WC2R 1DA
<b>Registrars</b>	<b>Share Registrars Limited</b> 3 The Millennium Centre Crosby Way Farnham Surrey GU9 7XX

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication and posting to Shareholders of this document and the Form of Proxy	15 April 2024
Latest time and date for receipt of votes by Proxy and receipt of electronic proxy appointments via the CREST system	9.00 a.m. on 29 April 2024
General Meeting	9.00 a.m. on 1 May 2024
Cancellation of listing on the Official List (standard segment) and trading on the Main Market	7.30 a.m. on 3 May 2024
Completion of Acquisition*	8.00 a.m. on 3 May 2024
Admission effective and dealings in the Enlarged Share Capital commence*	8.00 a.m. on 3 May 2024
Expected date for CREST accounts to be credited in respect of New Ordinary Shares to be held in uncertificated form*	3 May 2024
Dispatch of definitive share certificates in respect of New Ordinary Shares, where applicable*	within 14 days of Admission

\* Assuming the Resolutions are passed at the General Meeting.

All future times and/or dates referred to in this document are subject to change at the absolute discretion of the Company and Allenby Capital, and if any of the above times or dates should change, the revised times and/or dates will be notified by an announcement on a regulatory information service. All references to times in this document are to London times.

## FUNDRAISING AND ADMISSION STATISTICS

Number of Existing Ordinary Shares in issue as at the date of this document	57,862,776
Issue Price	2.1 pence
Number of Fundraising Shares	62,987,410
Number of New Ordinary Shares issued pursuant to the Equity Settlement	41,798,260
Number of Consideration Shares	61,184,843
Enlarged Share Capital	223,833,289
Fundraising Shares as a percentage of the Enlarged Share Capital	28.14 per cent.
Equity Settlement as a percentage of the Enlarged Share Capital	18.67 per cent.
Consideration Shares as a percentage of the Enlarged Share Capital	27.34 per cent.
Gross proceeds of the Fundraising	£1.32 million
Estimated net proceeds of the Fundraising	£0.42 million
Anticipated market capitalisation of the Company on Admission at the Issue Price	£4.70 million
ISIN	GB00BN11T727
SEDOL	BN11T72
LEI code	894500943SA9KY5T9V86
AIM symbol	ELEG

## PART I

### LETTER FROM THE CHAIR OF ELECTRIC GUITAR PLC

# ELECTRIC GUITAR PLC

*(Incorporated and registered in England and Wales with registered number 13288812)*

#### *Directors*

John Christopher Hutchinson – *Non-Executive Chair*  
John Patrick Regan – *Chief Executive Officer*  
Richard Jonathan Horwood – *Chief Operating Officer*  
Sarfraz Niaz Munshi – *Non-Executive Director*

#### *Registered Office*

One Bartholomew Close  
London  
EC1A 7BL

15 April 2024

*To all holders of Existing Ordinary Shares and, for information only, to holders of warrants over Ordinary Shares*

Dear Shareholder,

**Proposed acquisition of 3radical Limited**  
**Placing and Subscription of 62,987,410 new Ordinary Shares**  
**Cancellation of admission of the Existing Ordinary Shares to the standard segment of the**  
**Official List and to trading on the Main Market**  
**Admission of the Enlarged Share Capital to trading on AIM**  
**Amendments to the Articles of Association**  
**and**  
**Notice of General Meeting**

#### **1. Introduction**

The Board is pleased to inform Shareholders that final terms have been agreed for the proposed Acquisition of the entire issued and to be issued share capital of 3radical, a marketing technology company for consumer data acquisition and audience engagement solutions. The total consideration for the Acquisition is £1,284,882 based on Locked Box Accounts and is subject to customary adjustments for any financial "leakage" (excluding permitted leakage) from 3radical to the Sellers during the period from the Locked Box Date until Completion. The consideration is to be satisfied by the issue of the Consideration Shares on Admission.

The Company's strategy, as outlined at the time of its admission to the standard segment of the Official List, is to seek acquisitions in the digital media sector and to act as a consolidator and operator in the digital marketing and advertising market, focused principally on First Party Data solutions. The Existing Directors believe that the Acquisition represents a significant opportunity as it not only aligns with the Company's stated strategy, but also brings a quality product, management team and business which the Existing Directors believe provides significant growth potential.

The Acquisition amounts to a reverse takeover under the Listing Rules and therefore the Acquisition is conditional, *inter alia*, on the approval by Shareholders of the Resolutions to be proposed at the General Meeting, which is being convened for 9.00 a.m. on 1 May 2024, notice of which is set out at the end of this document.

In addition to the Acquisition, the Company announced on 15 April 2024 that it has conditionally raised approximately £1.32 million before expenses, pursuant to the Placing and Subscription at the Issue Price, alongside approximately £0.88 million in liabilities being satisfied through the Equity Settlement. The net proceeds of the Fundraising will provide the Enlarged Group with a strengthened balance sheet and additional working capital to enable it to invest in the growth of 3radical and implement the strategy of the Enlarged Group.

Alongside the Acquisition and the Fundraising, the Company is seeking the admission of the Enlarged Share Capital to trading on AIM and the cancellation of the admission of the Existing Ordinary Shares to the standard segment of the Official List and to trading on the Main Market immediately prior to Admission.

The Company is also seeking certain amendments to its Articles, details of which are set out in resolution 5 of the Notice of General Meeting.

The Proposals are conditional upon, *inter alia*, the Resolutions being passed at the General Meeting and Admission. Shareholders should note that the Resolutions required to enable the Proposals to occur are inter-conditional and, consequently, if any of the Resolutions to be proposed at the General Meeting relating to the Proposals are not passed, the Acquisition, the Fundraising, the Equity Settlement and Admission will not occur and the Existing Ordinary Shares will continue to be admitted to the Official List and to trading on the Main Market. In such event, proposals will be put to Shareholders as to the continuation and future strategy of the Company. If the Resolutions are approved at the General Meeting and the other conditions set out in the Acquisition Agreement and the Placing Agreement are met, it is expected that the Acquisition, Fundraising, Cancellation and Admission will become effective, and dealings in the Enlarged Share Capital will commence on AIM, on or around 3 May 2024. Further details of the General Meeting are set out in paragraph 20 of this Part I.

The Existing Directors consider the Acquisition to be an excellent opportunity for the Company and in the best interests of the Company and Shareholders as a whole. Accordingly, the Existing Directors recommend unanimously that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting.

**The purpose of this document is to provide details of the Acquisition, the Fundraising and Admission and to explain why the Existing Directors believe that the Proposals are in the best interests of the Company and Shareholders as a whole and to recommend that Shareholders vote in favour of all the Resolutions at the General Meeting. The Existing Directors have irrevocably undertaken to vote in favour of all the Resolutions in respect of their beneficial holdings of Ordinary Shares, comprising in aggregate 7,341,000 Ordinary Shares (being 12.69 per cent. of the Existing Ordinary Shares). In addition, certain other Shareholders have irrevocably undertaken to vote in favour of the Resolutions in respect of their beneficial holdings of Ordinary Shares, comprising in aggregate 25,065,000 Ordinary Shares (being 43.32 per cent. of the Existing Ordinary Shares). The Notice of General Meeting, which has been convened for 9.00 a.m. on 1 May 2024, is set out at the end of this document.**

**You should read the whole of this document, which comprises an Admission Document prepared under the AIM Rules for Companies, and your attention is drawn in particular to the risk factors set out in Part III of this document.**

## **2. Background to Electric Guitar**

Electric Guitar was incorporated in March 2021 as a special purpose acquisition company to seek acquisitions in the digital media sector and with the intention to act as a consolidator and operator in the digital marketing and advertising market.

Electric Guitar was formed by a team of digital, data, content and technology entrepreneurs with a 30-year track record of founding, acquiring and growing successful businesses in the data, digital and media sectors. It was admitted to the standard segment of the Official List and trading on the Main Market in January 2022 to acquire and grow such businesses, with a view specifically to creating a world-class enterprise delivering the technology and data that marketers need to build meaningful consumer connections in the post-Cookie, 'People First' world.

The Company will continue this strategy after the Acquisition and Admission, seeking to identify and invest in businesses capable of gathering and exploiting data to maximise marketing return on investment through targeting, connected experiences, optimisation, measurement and attribution.



### **3. Market background**

#### **Summary**

The advertising and marketing industries have been disrupted by a number of structural changes, including digital privacy legislation, Generative AI and changes in consumer expectations, as further detailed below.

Before the advent of the internet, advertisers and marketers would reach their target audience by airing advertisements on television or radio at certain times of the day, publishing them in newspapers and magazines that their audience might read, or using billboards in places where their audience would see them.

With the global reach of the internet and its extensive use for social media and purchasing activity, advertisers and marketers now use digital advertising to gain access to users of personal computers and mobile devices such as smartphones. This includes publishing promotional material through online platforms such as social media, search engines, websites, in App, and any other format that can be accessed digitally. Digital advertisements work by using internet-based advertising tools to research, manage, track, analyse, and improve online advertising campaigns. Many of these advertising tools use Third Party Data harvested by Third Party Cookies to help them identify and target customers.

The broad drift of consumer viewing away from historic media channels such as broadcast television, radio, newspapers and magazines, to web-based services has led to traditional marketing and advertising channels giving way to insights-driven targeting, based around data collected from individual users' web browsing activities. This is reflected in advertising spending habits. Global digital advertising spend already represents over 50 per cent. of the overall advertising market. In 2023, approximately 67 per cent. of all spending was projected to be on digital advertising, rising to approximately 74 per cent. in 2027, an increase from a forecast of approximately US\$602 billion in 2023 to approximately US\$871 billion in 2027.

In addition, the US, UK and EU identity, data, technology and services segment (including spending on identifying the market audience, data (including First Party Data) and data analytics) – an area of focus of the Company – is projected to grow at a CAGR of 8.3 per cent. between 2022 and 2026 and is estimated to be worth US\$51 billion in 2023.

The Directors believe that the combination of growth and disruption are causing the marketing environment to become more challenging for large incumbent service providers, who can be expected to continue focusing on defending their existing high margin business of mediating between marketers and consumers, rather than risk cannibalising it through technology-enabled automated personalisation, favouring nimbler, technology-oriented businesses.

#### **Third Party Cookies**

Third Party Cookies track individual user activity across multiple websites, building up a large amount of information on browsing behaviour over a period of time. A major use of this information is to serve, target and personalise digital advertising.

Cookies were first used in the 1990s for personalising website content, when there was little consideration of the impact they might have on an individual's privacy. Since then, online ad-networks which rely heavily on Cookies to collect and sell Third Party Data to advertisers have proliferated, with several becoming globally significant gateways between product and service providers and their customers. According to online research firm Statista, it was projected that Google/Alphabet has a 39 per cent. share of digital advertising spend in the US, followed by Facebook/Meta with 18 per cent. and Amazon with 7 per cent. Google claims that the Google Display Network reaches 90 per cent. of all internet users, whilst Facebook claims it reaches 2.9 billion users, which is approximately 50 per cent. of all internet users. As such, these platform operators have, and continue to gather, enormous quantities of data on consumers.

#### **Digital privacy legislation**

Efforts to protect digital privacy by regulating online surveillance by ad-networks and other organisations have developed in the EU and UK through the General Data Protection Regulation, and in multiple states in the US led by the California Consumer Privacy Act ("CCPA") and are now under discussion at federal level. Data protection legislation in the APAC region is also undergoing significant change, with most of the mature economies expected to amend or create laws to align with the EU.

### *Data Control In the UK*

Generally, personal data under the GDPR and the UK GDPR is any kind of information that can be directly or indirectly related to a living individual and therefore directly identify the data subject or reverse engineered to identify the data subject. This includes anything from names, email addresses, social security numbers, device identifier, Internet Protocol (“IP”) addresses, browser specifications, search history and Unique Identifiers (“UID”). Most Cookies contain a UID which is stored on a user’s browser after a website visit and so are governed by GDPR and UK GDPR.

In the UK, the Information Commissioner’s Office (“ICO”) monitors adherence to the UK GDPR and the Data Protection Act 2018 (DPA). UK GDPR is the retained EU law version of GDPR as it forms part of UK law. The principles of UK GDPR are set out below under the heading “Data control in the EU”.

The DPA 2018 sets out the framework for data protection law in the UK and sits alongside and supplements the UK GDPR.

In addition, the Privacy and Electronic Communications Regulations 2003 (“PECR”) applies specifically to privacy and electronic communications, and the rules (for example, user consent) take precedence over the UK GDPR. PECR also covers the use of similar technologies for storing or accessing information, such as Flash Cookies and device fingerprinting.

Currently UK GDPR requires websites to obtain user consent before activating Cookies that will process personal data. The current UK legislation is being updated by the UK Data Protection and Digital Information (No.2) Bill which aims to simplify UK GDPR compliance in lower-risk situations such as direct marketing. As of the date of this document, it has passed through its third reading. It is currently at the House of Lords where it has been introduced and is under consideration, and is expected to become law in 2024.

### *Data control in the EU*

In the EU, the use of Cookies and trackers on websites is regulated by the GDPR and Privacy and Electronic Communications (EC Directive) Regulations 2003, which are law in all EU member states. The GDPR governs the processing of personal data of individuals inside the EU, and most Cookies today collect personal data from users when they visit websites. The GDPR requires websites to obtain user consent before activating Cookies that will process personal data. Websites are not allowed to activate Cookies and trackers that process personal data unless the user has first consented to it, unless the Cookies can be deemed strictly necessary for the basic functions of the website.

In February 2022 a landmark European ruling against the Internet Advertising Bureau (“IAB”) (the industry body for digital advertising) declared that the majority of Cookie-based digital advertising practices are ‘illegal’. The IAB has since responded with a series of appeals, but the implications of this judgment are expected to be far reaching. Discussion around this judgment is ongoing. However, privacy legislation has continued to evolve towards a new privacy-centric data environment in the last year.

On 7 March 2024, in response to the appeals submitted by the IAB, The European Court of Justice ruled that IAB Europe’s advertising model falls under GDPR jurisdiction. This ruling emphasises the need for stricter consent requirements, increased transparency, and has potential impacts on real-time bidding in digital advertising. Whilst the exact implications of this ruling remain to be seen, this decision underscores the need for explicit user consent for data processing, including the use of Third Party Cookies, and is likely to further shift focus towards First Party Data and privacy-friendly advertising technologies.

The European Data Act (“EDA”) became law on 11 January 2024. This is designed to sit alongside the GDPR, amongst other initiatives. The EDA creates a privacy-centric framework to allow businesses to share data.

### *Data control in the US*

In the US, the use of Cookies and the processing of personal information is not regulated on a federal level as it is in the EU by the GDPR. Instead, some states have their own set of laws governing personal information collection and digital privacy, while other states have no real protection for users.

In the US, the most extensive data protection legislation relating to Cookie control is the CCPA. This took effect in January 2020 and only applies to the state of California. The CCPA grants consumers the right to

request disclosure of the categories and specific pieces of personal information that a business has collected on them. It also grants consumers the right to request deletion, as well as the right to opt out of having their data sold to third parties. The CCPA requires that users are informed about the Cookies in operation on a website, what kind of personal information they collect and for what purposes. The CCPA also requires websites to inform users of the third parties with whom they share their personal information. Other states in the United States are looking to follow California's lead. Nevada has passed its online privacy amendment, and proposals in New York and Washington, D.C. appear to be gaining momentum.

In 2023, five new state-level data privacy acts came into force in Virginia, Colorado, Connecticut, Utah, and California. In 2024, additional regulations are expected in Texas, Oregon, and Montana. The California Privacy Rights Act (CPRA) builds off the California Consumer Privacy Act (CCPA), creating a dedicated agency for enforcement and clarifying consumer rights regarding personal data. Also in 2023, the American Data Privacy and Protection Act was proposed in the US House of Representatives and is still under review. If enacted, it could harmonise data protection regulations throughout the US, thereby simplifying the present system of varying state laws.

The UK-US data bridge came into force on 12 October 2023. This arrangement simplifies the transfer of data from the UK to the US and it enables UK citizens to access a redress mechanism if they believe their data has been accessed unlawfully by US authorities. The UK-US bridge is not reciprocal. US companies transferring data to the UK must comply with UK legislation.

On 28 February 2024 President Biden issued an executive order focused on safeguarding personal and sensitive information, including geolocation data and certain kinds of personally identifiable information (PII).

#### *Data Control in APAC*

Data protection legislation in the APAC region is undergoing significant changes. Throughout 2024, privacy laws in the region are expected to have grown significantly since 2021. Several key jurisdictions, including China, Thailand, Indonesia, and Sri Lanka, have either adopted or are in the process of implementing comprehensive privacy laws. India and Vietnam are also thought likely to introduce significant privacy laws. Mature jurisdictions like Australia, Japan, Korea, New Zealand, and Singapore are amending their laws to align more closely with European privacy rules.

#### **Web browsers**

As early as 2013, concern around Third Party Cookies emerged and two web browsers, Safari and Firefox, took action to block them. As of August 2023 these two accounted for approximately 23 per cent. of the web browser market. In January 2020, Google announced plans to follow suit by planning to phase out support for Third Party Cookies in their browser, Chrome, with the intention of doing this within two years. As of January 2024, Google started restricting Third Party Cookies by default for 1 per cent. of Chrome users. This is part of a testing phase, with plans to ramp up to 100 per cent. of users from Q3 2024, subject to addressing any remaining competition concerns of the UK's Competition and Markets Authority (CMA).

As of August 2023 Chrome accounted for approximately 64 per cent. of the global web browser market, which means that, by the end of 2024, around 87 per cent. of internet users are expected to be using browsers which block Third Party Cookies on the basis that Safari, Firefox and Chrome's share of the web browser market remains constant.

This rapid and substantial change to the digital marketing industry is impacting a broad range of businesses, including brands advertising products and services online, ad-networks, data vendors, publishers, social media, media buyers, and news organisations that populate the web with such advertisements.

#### **Advertising data accessibility**

As a result of structural changes such as changes in legislation and consumer attitudes, and blocking of Third Party Cookies, a large portion of consumer data previously accessible to marketers is now held and controlled by Microsoft, Alphabet (Google), Meta (Facebook), Apple and Amazon (together known as MAMAA), who between them receive 67 per cent. of advertising revenue. As a result of the increased focus on privacy, these organisations are increasingly restricting the way in which advertisers can access this data. Whilst targeting is still possible within the MAMAA platforms, marketers are now forced to rely on MAMAA

to measure campaign effectiveness and provide undisclosed campaign optimisation created by opaque Machine Learning driven processes. This has led to concerns about transparency and lack of control.

### **Generative AI**

The use and capabilities of Generative AI, such as ChatGPT, are rapidly expanding. The ability to automate content creation, generate and implement media plans autonomously, and replace traditionally people-oriented services like campaign account management, is already hastening the shift to data-driven, personalised marketing. It is therefore expected that rather than a traditional “scatter gun” or “one-size fits all” approach, brands will have to deliver much more varied content driven by exponentially more data points that Generative AI creates, and they will have to obtain and make sense of the data in order to capitalise on it.

However, because much of the data controlled by MAMAA is highly relevant for personalisation, the rapid increase of the use of Generative AI in marketing has increased advertisers’ concerns about data access. As Generative AI is increasingly adopted to drive personalisation, and as Generative AI in marketing is particularly reliant on this type of data, MAMAA will have more potential to control how brands communicate with their customers.

### **Structural change: marketers are shifting their strategies towards ‘People First’ marketing**

In the Company’s chosen sphere of interest – digital marketing and advertising – the Directors believe that the market has been disrupted and continues to be disrupted by a number of structural changes, including the following:

- **Legislation:** The privacy landscape has changed significantly due to the introduction of the GDPR in the UK and EU and other privacy regulations, and consequential actions taken by MAMAA to retain consumer data for themselves. Alphabet’s move to ‘depreciate’ Google’s Third Party Cookies – once integral to online advertising – further fuels this disruption, with, as previously stated, around 87 per cent. of these Cookies expected to be blocked by the end of 2024. The significance of this is that the MAMAA companies have superior consumer insight compared to that of advertisers and marketers.
- **Generative AI:** Generative AI’s ability to personalise content offers the potential of true one-to-one marketing at scale, which is a huge opportunity for marketers to understand their consumers better. However, it requires the right data for this to work, and much of that is increasingly controlled by MAMAA. This adds to already existing concerns about the extent of MAMAA’s control of data.
- **Consumer expectations:** Consumers, whilst expressing concerns about data harvesting (only 33 per cent. believe advertisers use their data responsibly), also expect greater personalisation from advertisers. 86 per cent. of consumers say data privacy is a growing concern, but at the same time 71 per cent. expect companies to deliver personalised interactions.

The aforementioned changes to the privacy landscape have made Third Party Data more difficult to access. Simultaneously, Generative AI has made data-driven one-to-one marketing more accessible, and consumers are concerned about both privacy and restricting access to their data, as well as wanting more personalised experiences that require access to their personal data.

As a result of these changes, business leaders, particularly CEOs and Chief Marketing Officers (CMOs), are recognising the need for ‘People First’ marketing: a trusted, mutually beneficial relationship with consumers to directly access their data in exchange for more personalised experiences. They are shifting their marketing strategies to reflect a greater emphasis on the use of transparently collected First Party Data to support two-way interactions, tailored dialogues and engaging relationships, which offer a value exchange between consumers who want a personalised experience and advertisers who need access to their data. This contrasts with the traditional process of high frequency advertisements broadcast to high volume audiences in the hope that a message will sink in.

This shift is evident in the growing emphasis on more meaningful engagement with consumers: 69 per cent. of business leaders are increasing their investment in personalisation despite economic headwinds; 78 per cent. of businesses consider First Party Data to be the most valuable source of data for personalisation; 49 per cent. of CMOs prioritise more meaningful engagement with consumers; 60 per cent. of CMOs plan to increase spend on acquiring First Party Data; and 79 per cent. of marketers are prioritising tracking online behaviour as necessary for success.

## Conclusion

Digital advertising spending is forecast to increase to US\$871 billion by 2027, but the challenging macroeconomic environment, coupled with the evolving regulatory environment, the transformative power of new technologies, and the dynamic landscape of consumer behaviour, mean that innovation and adaptation are critical to success. The Directors believe that the marketing environment is becoming more complicated for large incumbent service providers, favouring nimbler, technology-oriented businesses.

## 4. Information on 3radical

Led by an experienced team of marketing technology professionals, 3radical has created and proven a Software as a Service (SaaS) platform, 3radical Voco, which enables organisations to engage individuals and request their data directly, using progressive and interactive digital experiences, at scale. This data can be critical for marketing and for providing a compelling customer experience, optimising communications, designing products and services and, ultimately, driving revenues.

The Directors believe that the 3radical Voco platform, which creates meaningful engagement with consumers and collects First Party Data, is well positioned to capitalise on the market disruption and consequent strategic shift in marketing processes described in paragraph 3 above. The Platform is already deployed by some major brands in the UK, US and APAC.

The Directors also believe that Voco Solution Portal (VSP), a development of 3radical Voco which has entered beta testing and is expected to be commercially launched during the summer of 2024, will enhance 3radical's ability to grow revenue through new business.

Details on the business and operations of 3radical are set out in Part II of this document (Information on 3radical Limited).

## 5. Reasons for the Acquisition

The Existing Directors believe the Acquisition represents an excellent first step in implementing the Company's stated strategy in the digital marketing and advertising sector. The Existing Directors believe the Acquisition is an opportunity to create a global platform from which to build a data-centric business, capitalising on disruption in the digital advertising market driven by increased emphasis on data privacy, the removal of Cookies in 2024, increased consumer demand for engaging, personalised and connected brand experiences, and the advent of Generative AI.

The Existing Directors believe that the key benefits of the Acquisition are as follows:

- **Strategic positioning:** The Acquisition will position the Enlarged Group for the next stage of its development by further raising its profile and enhancing shareholder value. By utilising 3radical's technology, the Acquisition provides the Enlarged Group with a platform for future growth, thereby potentially attracting other acquisition opportunities and wider pools of capital.
- **Accelerating market opportunity:** The need for First Party Data solutions has become increasingly urgent for marketers, as not only are the Third Party Cookies that have enabled consumer targeting disappearing from their toolkits, but Generative AI is rapidly creating expectations of much more personalised consumer conversations. The Existing Directors believe 3radical provides an excellent basis for solving these marketing challenges.
- **Experienced management:** 3radical has an experienced and long-standing management team who have developed the 3radical Voco engagement technology platform. Under the guidance of the experienced New Board, and as part of a group focused entirely on delivering the development and growth of businesses in data, digital and media, the Existing Directors believe that this team will thrive.
- **Opportunities to leverage the 3radical business:** 3radical's technology will complement the products and services of other potential acquisition targets.
- **Footprint in EMEA, APAC and US:** creating a global business is key to maximising future growth. 3radical has established client relationships in the US, across Europe, and in APAC via its office in Singapore, and this offers an excellent opportunity to grow in these markets and to introduce future acquisitions to global markets.

The Existing Directors believe that under the guidance of the New Board, and as part of the Enlarged Group with access to complementary management expertise and strategies, as well as additional sales and marketing resources, the development of 3radical's business will accelerate.

## **6. Principal terms of the Acquisition**

Under the terms of the Acquisition Agreement, the Company has conditionally agreed to acquire the entire issued and to be issued share capital of 3radical for a total consideration of £1,284,882 based on the Locked Box Accounts subject to customary adjustments for any financial "leakage" (excluding permitted leakage) from 3radical to the Sellers, during the period from the Locked Box Date until Completion. The consideration for the Acquisition will be satisfied by the issue of the Consideration Shares to the Sellers on Admission.

Completion is subject to, *inter alia*, the passing at the General Meeting of the Resolutions, there not having been any material adverse change in relation to either 3radical or the Company since the date of the Acquisition Agreement and Admission having occurred. The conditions to the Acquisition Agreement must be satisfied or waived on or before 15 May 2024 or such other date as may be agreed by the Company and the Sellers' representative.

The Acquisition Agreement contains customary warranties and indemnities from the Principal Sellers in favour of the Company subject to certain limitations, in particular as to the maximum amounts which may be claimed. The Company has taken out warranty and indemnity insurance of up to £1,284,882 to provide additional protection in respect of any claims that may arise under such warranties and indemnities.

The Minority Agreements are conditional on Completion and are subject to the provisions of the Acquisition Agreement relating to the Locked Box Accounts, including certain adjustments for any financial "leakage" (excluding permitted leakage) from 3radical to the Sellers during the period from the Locked Box Date until Completion.

Application will be made to the London Stock Exchange for the Consideration Shares to be admitted to trading on AIM. Admission of the Consideration Shares is expected to become effective on 3 May 2024. The Consideration Shares will be issued fully paid and, following allotment, will rank in full for all dividends or other distributions hereafter declared, made or paid on the Ordinary Shares of the Company and will rank *pari passu* in all other respects with all other New Ordinary Shares and Existing Ordinary Shares in issue on Admission.

Further details of the Acquisition Agreement and the Minority Agreements are set out in paragraph 10 (h) of Part VII of this document.

## **7. Strategy of the Enlarged Group**

### ***Structural shift***

As the advertising market adjusts to the privacy-centric environment, business leaders are evolving their marketing to reflect a 'People First' focus on valued consumers, rather than relying on commoditised data to continually attract new audiences.

The Company's strategy therefore continues to be to capitalise on this structural disruption in the marketing industry. The Company will invest in becoming a leading provider of First Party Data solutions for the marketing and advertising industry, aiming to make it the provider of choice, both for marketers seeking solutions to gain First Party Data and then realise the value of it, and for technology developers looking to secure and enhance the future of their businesses.

The Company will continue to seek acquisitions that offer not only complementary technologies to those provided by 3radical, but also access to additional clients, geographical markets and verticals. The key acquisition criteria Electric Guitar will consider include:

- operating in segments where opportunities exist to develop or expand digital media and/or data services revenues;
- existing high-quality clients;

- complementary or supplementary management and/or technology to existing businesses within the Enlarged Group;
- companies that provide the foundation or platform for a scalable business which generates substantial and sustainable free cash flow over time;
- the ability to grow with additional capital and/or be replicated in other markets;
- having a sustainable competitive advantage or a unique selling proposition, arising from a product or service that is in high demand;
- the potential for near-term cash flow and development success and a significant return for Shareholders; and
- being able to be funded adequately to deliver a realistic plan of achieving credible milestones and significant growth opportunities for Shareholders.

This approach is coupled with a belief by the Directors that relatively high interest rates are leaving many growth-oriented technology companies with less access to the capital they need, resulting in lower expected valuations by their founders and investors, and creating more opportunities for the Company to acquire complementary technology businesses at more attractive valuations.

In conjunction with this, the Directors believe that the Company's quoted shares may represent a more attractive form of consideration than a straight cash exit, as sellers of businesses will not only be gaining access to the benefits of complementary and experienced management, growth capital and operational synergies, but also the opportunity for the equity consideration they receive to increase in value over time to levels reflecting their aspirations as these benefits are realised.

### **Commercial Strategy**

- *Sales and marketing*

On Completion, the Company has an extensive and detailed plan to invest in marketing resources to support sales and sales pipeline generation. This will include, but not be limited to, website utilisation, advertising, and exhibiting at industry events. The Company will investigate the needs of specific market sectors and create tailored product offerings designed to appeal to verticals such as retail, e-commerce and financial services. Potential opportunities include vertical specific measurement and analysis dashboards, vertical specific experiences, and integration with vertical specific platforms such as Shopify for e-commerce.

- *Dedicated sales and marketing staff*

3radical has been preserving capital by largely relying on resellers for sourcing new customers, whilst focusing its own resources on signing up those new customers and providing sales and deployment support. On Completion, the Company plans to create a sales team dedicated exclusively to sourcing business which is anticipated to scale with the success of the Enlarged Group.

Sales and marketing will also complement the anticipated roll out of VSP, a version of the Platform with a simpler user interface, designed to appeal not only to marketing teams in larger organisations, but also to a new target market of agencies, marketing departments of enterprises and large SMEs wanting to deploy 3radical solutions quickly and with minimal support. Further information on VSP is provided in paragraph 3 of Part II of this document.

- *Client Development*

#### Standard Clients

By freeing up the existing team from the responsibility for sourcing new business, the Company will enable them to focus more on existing clients and grow client revenue further. Additionally, following Completion, the Company intends to invest in more dedicated account management and customer success resource over time, to grow existing clients and support new clients as the business grows. The Company will also seek opportunities for 3radical to cross-sell products from a suite of offerings gained via future acquisitions and investments.

#### Marquee clients

In addition to investing in developing the current sales pipeline, the Company intends to identify and target high-value prospects which each have the potential to provide greater revenues to 3radical. The Directors believe that their industry expertise and relationships, in combination with those of the existing 3radical management team, will enable the Company to extend the existing product offering to encompass data hosting and related services, and thereby increase the revenue potential from clients, with data hosting also typically creating longer term client relationships.

- *Product development*

In addition to supporting 3radical's existing product development plan, the Directors believe that their wide sector expertise will inform further product development in partnership with 3radical's management and third parties, enabling 3radical to capitalise on the shift in the market, and to complement future acquisitions and investments. On Completion, the Company will therefore seek opportunities to invest in the following areas of development:

#### Generative AI

Generative AI is disrupting both advertising and the development process. The Company will investigate product development both internally and with third parties to capitalise on the use of Generative AI to enhance the existing product development strategy.

#### Data asset

3radical has collected a GDPR-compliant dataset which consists of approximately 0.5 billion anonymised engagement interactions and associated data. Independent due diligence has determined that "the 3radical data asset contains high quality interaction stream data". This gives the Company confidence that this dataset is suitable for monetising in a number of ways including the use of Machine Learning to develop AI algorithms which could enable the prediction and understanding of the ways in which consumers are engaging with 3radical Voco.

- *Measurement and tracking*

The Company intends to partner with providers of Cookie-free measurement and tracking to enable 3radical to deliver to clients a wider analysis of the behaviour of engaged and non-engaged website traffic.

- *Leveraging partners in the US and APAC*

The Company intends to engage in joint marketing and other initiatives with its partners in the US and APAC to accelerate their success. As VSP comes to market the Directors believe this will open the opportunity for further partnerships across all regions.

## 8. Financial Information

### ***The Company***

The following summary of the audited financial information relating to the Company for the period from incorporation on 24 March 2021 to 31 March 2022 and the financial year ended 31 March 2023 has been extracted without material adjustment from the Company's annual report and accounts which are contained in Appendix A and Appendix B of this document. The summary financial information below for the six months ended 30 September 2023 has been extracted without material adjustment from the Company's unaudited half year report which is contained in Appendix C of this document. These documents are also available on the Company's website at [www.electricguitarplc.com/results-reports-and-presentations/](http://www.electricguitarplc.com/results-reports-and-presentations/). **In order to make a proper assessment of the financial performance of the Enlarged Group's business, prospective investors should read this document as a whole and not rely solely on the summarised information in this section.**



	<i>Audited</i> <i>Year ended</i> <i>31 March</i> <i>2022</i> <i>£'000</i>	<i>Audited</i> <i>Year ended</i> <i>31 March</i> <i>2023</i> <i>£'000</i>	<i>Unaudited</i> <i>Six months</i> <i>ended</i> <i>30 September</i> <i>2023</i> <i>£'000</i>
<i>Summary Statement of Comprehensive Income</i>			
Revenue	–	–	–
Operating (loss)	(245)	(544)	(178)
<b>Total comprehensive (loss)</b>	<b>(245)</b>	<b>(538)</b>	<b>(591)</b>
	<i>Audited</i> <i>As at</i> <i>31 March</i> <i>2022</i> <i>£'000</i>	<i>Audited</i> <i>As at</i> <i>31 March</i> <i>2023</i> <i>£'000</i>	<i>Unaudited</i> <i>As at</i> <i>30 September</i> <i>2023</i> <i>£'000</i>
<i>Summary Statement of Financial Position</i>			
Non-current assets	–	–	–
Current assets	1,028	521	188
<b>Total assets</b>	<b>1,028</b>	<b>521</b>	<b>188</b>
Equity	992	455	(136)
Non-current liabilities	–	–	–
Current liabilities	36	66	324
<b>Total equity and liabilities</b>	<b>1,028</b>	<b>521</b>	<b>188</b>

### **3radical**

Part IV of this document contains audited consolidated historical financial information of 3radical for the three years ended 31 March 2023 and the unaudited interim financial information of 3radical for the six month periods ended 30 September 2022 and 30 September 2023.

The following summary of the audited financial information relating to 3radical's activities for each of the three years to 31 March 2023 has been extracted without material adjustment from the financial information on 3radical set out in Section B of Part IV of this document. The following financial information for the six month period to 30 September 2023 has been extracted from the unaudited interim financial information of 3radical set out in Section C of Part IV of this document. **In order to make a proper assessment of the financial performance of the Enlarged Group's business, prospective investors should read this document as a whole and not rely solely on the summarised information in this section.**

	<i>Audited</i> <i>Year ended</i> <i>31 March</i> <i>2021</i> <i>£'000</i>	<i>Audited</i> <i>Year ended</i> <i>31 March</i> <i>2022</i> <i>£'000</i>	<i>Audited</i> <i>Year ended</i> <i>31 March</i> <i>2023</i> <i>£'000</i>	<i>Unaudited</i> <i>Six months</i> <i>ended</i> <i>30 September</i> <i>2023</i> <i>£'000</i>
<i>Summary Statement of Comprehensive Income</i>				
Revenue	600	619	710	259
Gross profit	410	474	498	163
<i>Gross margin</i>	68.3%	76.6%	70.1%	62.9%
Operating (loss)	(1,742)	(1,709)	(1,045)	(615)
(Loss) before tax	(1,764)	(1,712)	(1,050)	(615)
<b>Total comprehensive (loss)</b>	<b>(1,691)</b>	<b>(1,555)</b>	<b>(1,108)</b>	<b>(568)</b>

	<i>Audited</i> <i>As at</i> <i>31 March</i> <i>2021</i> <i>£'000</i>	<i>Audited</i> <i>As at</i> <i>31 March</i> <i>2022</i> <i>£'000</i>	<i>Audited</i> <i>As at</i> <i>31 March</i> <i>2023</i> <i>£'000</i>	<i>Unaudited</i> <i>Six months</i> <i>ended</i> <i>30 September</i> <i>2023</i> <i>£'000</i>
<i>Summary Statement of Financial Position</i>				
Non-current assets	4	5	2	1
Current assets	596	565	365	354
<b>Total assets</b>	<u>600</u>	<u>570</u>	<u>367</u>	<u>355</u>
Equity	88	157	32	35
Non-current liabilities	–	–	–	–
Current liabilities	512	413	335	320
<b>Total equity and liabilities</b>	<u>600</u>	<u>570</u>	<u>367</u>	<u>355</u>

### **Non-IAS Information**

#### *EBITDA*

The 3radical financial information set out in Part IV Section B “Historical Financial Information of 3radical Limited” of this document includes certain financial measures that are not defined or recognised under IAS, including EBITDA. EBITDA is defined by 3radical as “earnings before interest, tax, depreciation and amortisation”. EBITDA for each of the three years ended 31 March 2021, 31 March 2022 and 31 March 2023 and the unaudited six-month periods ended 30 September 2022 and 30 September 2023 is as follows:

	<i>Audited</i> <i>Year ended</i> <i>31 March 2021</i> <i>£'000</i>	<i>Audited</i> <i>Year ended</i> <i>31 March 2022</i> <i>£'000</i>	<i>Audited</i> <i>Year ended</i> <i>31 March 2023</i> <i>£'000</i>	<i>Unaudited</i> <i>Six months</i> <i>ended</i> <i>30 September</i> <i>2022</i> <i>£'000</i>	<i>Unaudited</i> <i>Six months</i> <i>ended</i> <i>30 September</i> <i>2023</i> <i>£'000</i>
Operating (loss)	(1,742)	(1,709)	(1,044)	(284)	(615)
<i>Add back/ (deduct):</i>					
Interest in operating expenses			(3)		
Depreciation	5	5	8	2	1
Unrealised foreign exchange	(41)	18	(291)	(568)	105
<b>EBITDA</b>	<u>(1,778)</u>	<u>(1,686)</u>	<u>(1,330)</u>	<u>(850)</u>	<u>(509)</u>

#### *Adjusted EBITDA*

During the six-month period ended 30 September 2023, 3radical incurred certain administrative expenses in anticipation of the Acquisition, Fundraising and Admission. Had the decision to undertake the Acquisition, Fundraising and Admission not been taken by 3radical, then such expenditure would not have been incurred. During the six-month period ended 30 September 2022, 3radical received payment of funds which were provided for in the prior year as bad debt. This recovery has been excluded in the calculation of Adjusted EBITDA for the six-month period ended 30 September 2022.

Adjusted EBITDA is therefore defined as EBITDA, less the additional administrative expenses incurred in anticipation of the Acquisition, Fundraising and Admission and recovery of bad debts provided for in prior periods.

Unaudited Adjusted EBITDA for the six-month periods ended 30 September 2022 and 30 September 2023 is as follows:

	<i>Unaudited</i> <i>Six months ended</i> <i>30 September</i> <i>2022</i> <i>£'000</i>	<i>Unaudited</i> <i>Six months ended</i> <i>30 September</i> <i>2023</i> <i>£'000</i>
EBITDA	(850)	(509)
<i>(Deduct)/add back:</i>		
Non-recurring expenditure	<u>(41)</u>	<u>135</u>
<b>Adjusted EBITDA</b>	<b><u><u>(891)</u></u></b>	<b><u><u>(374)</u></u></b>

### **Enlarged Group**

An unaudited pro-forma statement of net assets of the Enlarged Group is contained in Part V of this document to illustrate the effect of the Acquisition, Fundraising, Equity Settlement and Admission on the Company, as if the Acquisition, Fundraising, Equity Settlement and Admission had completed at the most recent balance sheet date of 30 September 2023.

## **9. Current trading and prospects**

### **The Company**

The Company has continued to trade as a Special Purpose Acquisition Company since it was listed on the standard segment of the Official List in January 2022.

In April 2023, the Company expanded its Board by the appointment of Richard Horwood, an experienced corporate financier and media-tech entrepreneur and manager, to help it continue to seek out and investigate potential acquisitions, and he has since been appointed Chief Operating Officer. This led to its agreeing non-binding heads of terms on 6 July 2023 to acquire 3radical. The Company then progressively engaged a series of advisers to assist it in the detailed due diligence of 3radical, as well as the proposed transfer of its listing to AIM, with a view to facilitating the proposed Acquisition and Fundraising.

On 1 September 2023, the Company appointed experienced chartered accountant Ben Lister as Chief Financial Officer.

On 27 October 2023, the Company secured a £250,000 loan facility from its largest shareholder, Sanderson Capital Partners Limited, to help fund it to complete the proposed Acquisition, £200,000 of which is drawn and the final £50,000 is now being drawn down. On 26 March 2024, the Company entered into an additional facility agreement with Sanderson Capital Partners Limited, supplementing a term sheet signed on 11 March 2024, for the provision of a £600,000 loan facility to the Company conditional on, *inter alia*, Completion and Admission, which may be utilised later this year. Details of these arrangements are set out in paragraphs 10 (d) and 10 (e) of Part VII of this document.

On 24 November 2023, the Company announced its interim results for the six months to 30 September 2023, which are set out in Appendix C of this document.

### **3radical**

Following a restructuring in late 2022 to reduce costs and seek to bring the business closer to break even pending further investment, whilst maintaining the benefit of 3radical's prior investment in the US market, the business has been:

- focusing on developing its channel partnerships in the US with Allant and in APAC with Mastercard in order to bring 3radical's capabilities to their customers and prospects; and
- developing VSP – which retains the core capabilities of the existing platform but offers a simpler configuration process enabling clients to directly deploy their own campaigns and experiences, or make adjustments as necessary, without deferring to 3radical.

The full benefit of the cost reductions is reflected in the cost base from the start of the financial year ended 31 March 2024, with operational costs (excluding FX and any one-time costs) for the six months to 30 September 2023 (as shown by the Interim Financial Information of the 3radical Group) halving to £0.6 million from £1.2 million in the same period in the financial year ended 31 March 2023.

Revenue for the six month period to 30 September 2023, shown by the Interim Financial Information of the 3radical Group, reduced to £0.3 million from £0.4 million for the comparative period in the previous financial year.

The reduction in net revenues has resulted in part from the transition from direct sales in the US to indirect sales through Allant where the revenue recognised by 3radical is moving to be net of partner commission, while also reducing operating costs. There has also been some attrition in the customer base as a result of issues within those customers' own businesses. In addition, 3radical has been operating with extremely limited sales, marketing and account management functions following the restructuring which will continue until Completion.

The second half of the financial year ended 31 March 2024 has also seen a reduction in year on year revenue resulting from these factors. However, in the second half of the financial year ended 31 March 2024, the reseller partnerships with Allant has started to yield new client wins, including two new proof of concept clients in the US. In addition, 3radical has had success increasing the value of some existing client relationships, such as the addition of Jewson as a brand to a pre-existing relationship in September 2023; and contracts have been renewed with Lions Club/RKD in the US and Saint Gobain in the UK, with a new contract recently signed with returning UK client, Essilor. Both Allant and Mastercard have built promising pipelines of future business to take forward into the new financial year.

The unaudited Adjusted EBITDA loss (which excludes FX and one-time costs) for the six month period to 30 September 2023 reduced to £0.4 million (H1 FY23: £0.9 million). The second half of the financial year ended 31 March 2024 has continued to see the benefit of cost savings, with the full year Adjusted EBITDA loss also expected to be lower than the prior year.

Looking forward, VSP has entered beta testing and is expected to launch commercially during the summer of 2024. Positive feedback on the product has already been received. The relationships with Allant and Mastercard and the strength of their pipelines, increased investment and expertise in sales and marketing from Electric Guitar, and market developments driving the move to First Party Data, underpin the Directors' view that 3radical is well positioned to grow in the new financial year and beyond.

## **10. Directors and senior management**

### **(a) Existing Directors**

#### **John Hutchinson** (aged 62) – *Non-Executive Chair*

John Hutchinson is an experienced Non-Executive Director and founder of businesses. He has maintained his career as a corporate lawyer for more than 30 years alongside his external business activities.

In 2005 he became Chair of Intavent Limited, a medical devices company, overseeing realisation of value for its shareholders over two years as the company wound up its UK activities. In 2007 he was part of a team that set up Epi-V, a private equity fund investing in technologies for the oil and gas industry. In 2012 he became managing partner of the fund, responsible for over £110 million of transactions. In 2015 he was asked to take over as managing partner of Pitmans LLP, where he oversaw the reorganisation of the firm's management team and took the firm into a merger in 2018, creating a more than £50 million turnover law firm, BDB Pitmans LLP. John is currently managing partner of BDB Pitmans LLP.

John has been on the boards of several innovative and growth orientated technology companies. Examples include SafeToNet Limited, a company safeguarding children globally online, and Flodatix Limited, a private equity backed multi-phase flow metering company using unique technology in the oil and gas sector.

John has a degree from the University of Victoria in Canada.

**John Regan** (aged 54) – *Chief Executive Officer*

John is a serial entrepreneur with 30 years' experience of the advertising industry, including over 25 years of experience in data privacy and marketing data analytics. He started his career selling classified advertisements for the Daily Telegraph in 1991, before moving into radio advertising for Independent Radio Sales, part of Katz Communications.

In 1998, he founded Cognisance Ltd, one of the first independent marketing analysis businesses in the UK, which he sold to Diversified Agencies UK Holdings Ltd (formerly Lopex plc), a subsidiary of Havas Advertising S.A, the French multinational advertising and public relations company. It became part of EHS Brann.

John then co-founded his second and third businesses, namely Absolute Intuistic Limited, trading as AI Data Intelligence, and Intuistic Limited, which were bought out by Communis Plc in 2008. AI Data Intelligence specialised in the use of advanced analytics to optimise direct mail campaigns for large clients including Royal Bank of Scotland, Lloyds TSB and Vodafone. Following the sale, John spent two years as a director on the acquisitions team of Communis Data Limited (part of the Communis Plc group). In 2019 he founded the advertising technology business Mymyne Limited, which continues to research digital privacy and digital advertising.

John has a BA(Hons) degree in Social Policy and Administration from Portsmouth University.

**Richard Horwood** (aged 66) – *Chief Operating Officer*

Richard joined the Company in 2023 and has been an innovator in media and technology for some 30 years, after careers in investment banking and law. Having started out as a solicitor in private practice, he joined Hill Samuel Bank's corporate finance department in 1985 before becoming head of M&A at securities house Smith New Court in 1990.

Recruited to create and run the Mirror Group's TV business in 1993, his 300-strong division comprised a network of national and local broadcasters, an independent production company, a premium rate telephone service provider, and an airtime sales house.

In 2001 Richard bought, refinanced and ran technology company Vio, later adding AdSEND in America, turning them into a world market leader in print advertising online delivery solutions. Living in New York for two years, he was instrumental in establishing AdsML as the global XML specification for managing print advertising workflows.

After returning to the UK, in 2010 he partnered with Sony and three major local media companies to bid for the London TV franchise. Since then, Richard has been actively involved in independent video production, neighbourhood planning, and charitable activities.

Richard is currently the Non-Executive Chair of recruitment agency, Retail Human Resources PLC, and of The Local Digital Company, a specialist in online video production. He is also an investor in businesses ranging from frozen food delivery to GP practice administration.

Richard has an LLB (Hons) degree in law from Bristol University and passed the Solicitors Finals at the College of Law, Guildford.

**Sarfraz Munshi** (aged 33) – *Non-Executive Director*

Sarfraz has over nine years of experience in the financial industry. In 2013 Sarfraz began working in stockbroking, managing and advising hedge funds and high and ultra-high net worth clients in markets including but not limited to the UK, Hong Kong, Australia, Canada and US.

In 2015 Sarfraz became an investment manager and partner at Sanderson Capital Partners Limited, a family office, successfully funding, investing and exiting in numerous listed investments. Sarfraz has also invested in numerous private equity deals including in the technology, oil & gas and biotech sectors.

Sarfraz has a first class degree in economics from the University of Nottingham.

Sarfraz will cease to be a Director on Admission.

(b) **Proposed Directors**

**David Eldridge** (aged 55) – *Non-Executive Director*

David established his first company aged 14, to market the software he wrote, which won first prize in a BBC National Competition. Roles at Shell and GB Group were followed in 1997 by the co-founding of Alterian plc, where David led its IPO in 2000 and its development to become a recognised leader in the marketing platform space. He is a co-founder of 3radical and was its CEO until 2020 and has since been its Chair. Featured in BtoB Magazine's "Who's who in BtoB" and Data Strategy's "Power 50 in Data", David sits on the board of several high growth tech companies.

David has a first class BSc (Hons) degree in business & management studies from Salford University.

**Grahame Cook** (aged 66) – *Independent Non-Executive Director*

Grahame is an experienced public company non-executive director, with over 20 years' experience as an audit and risk committee Chair. Grahame's background is in investment banking, with 20 years' experience of M&A, equity capital markets and corporate advisory. Grahame started his career at Arthur Andersen, where he qualified as a chartered accountant.

Grahame has sat on a number of technology and technology rich healthcare company boards, both listed and unlisted. Grahame currently serves as the Senior Independent Director and chair of the Audit, Risk and Valuations Committee at Molten Ventures plc, as well as a non-executive director of Advanced Medical Solutions Group plc and Minoan plc.

**Caroline Worboys (née Johnston)** (aged 63) – *Independent Non-Executive Director*

Caroline brings a wealth of experience in the data industry. After selling her data business to News International, Caroline went on to consolidate and lead the post-sales growth of their data-centric businesses as CEO of BroadSystem, and their future evolution post its second sale to Callcredit Information Group. After Callcredit was sold to private equity, Caroline headed Wunderman Data and Insights in Europe and then globally, based in their New York office.

Caroline has also served as Chief Operating Officer and founder at Outra Ltd, a data specialist focused on multi-channel marketing, customer targeting and granular segmentation, until 2021.

Caroline was Chair of the IDM (the Institute of Data & Marketing) for over 10 years, is on the board of the DM Trust and has been Deputy Chair of the DMA (the Data & Marketing Association) for nearly two years.

(c) **Senior management**

**Ben Lister** (aged 41) – *Chief Financial Officer*

Ben is a chartered accountant and chartered tax adviser, having qualified with Deloitte in 2008. He held a number of senior finance and operational roles at Lloyd's Register from 2011 to 2018, before joining Fox Networks Group as Finance Director in 2018. Prior to joining Electric Guitar in September 2023, Ben held the position of UK Financial Controller at The Engine Group and was key in selling the business to Next 15 plc in March 2022 and subsequently reorganising and integrating the business into Next 15 architecture.

**Rebecca Trivella** (aged 51) – *Commercial Director of 3radical*

Rebecca is an experienced commercial leader of regional, EMEA and worldwide sales with deep knowledge of working across data and analytics, MarTech and Software as a Service (SaaS).

She is a successful and skilled leader, with over 25 years' experience gained across a range of organisations and market sectors. Rebecca has built teams, developed existing teams and been responsible for revenue from both direct and indirect routes to market. She has experience of working in a variety of organisations, ranging from start-ups to global companies, including ACNielsen, IRI, Alterian plc, SDL and most recently, data science consulting firm, Mango Solutions. Rebecca joined 3radical in 2020.

## 11. The Fundraising and Equity Settlement

Axis Capital Markets and Allenby Capital as agents for the Company pursuant to the Placing Agreement have conditionally placed 29,738,090 Placing Shares with investors at the Issue Price to raise approximately £0.62 million and Subscription Letters have been received pursuant to the Subscription making conditional application for 33,249,320 Subscription Shares at the Issue Price to raise £0.70 million, in each case before expenses. Neither the Placing nor the Subscription has been underwritten by the Joint Brokers.

The Fundraising Shares represent approximately 28.14 per cent. of the Enlarged Share Capital and on issue will raise gross proceeds for the Company of £1.32 million (before estimated expenses of £1.3 million (of which £0.4 million has been paid). On Admission, the Company will have a market capitalisation of approximately £4.7 million at the Issue Price.

The Placing and the Subscription are conditional upon Admission and the Placing Agreement becoming unconditional in all other respects and not being terminated by 8.00 a.m. on 3 May 2024 or such later date (being no later than 8.00 a.m. on 15 May 2024) as the Company and the Joint Brokers may agree. The Placing Agreement contains provisions entitling the Joint Brokers to terminate the Placing in certain customary circumstances prior to Admission becoming effective. If this right is exercised, the Placing and Subscription will lapse and Admission will not occur and any monies received in respect of the Placing and Subscription will be returned to investors without interest.

As part of the Fundraising certain of the Directors have agreed to subscribe for Ordinary Shares at the Issue Price as follows:

<i>Name</i>	<i>Number of New Ordinary Shares</i>
Richard Horwood	1,296,960
John Regan	4,952,380
David Eldridge	1,904,760

The Fundraising Shares will be issued credited as fully paid and will, on Admission, rank pari passu in all respects with the Existing Ordinary Shares and the other New Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on the Enlarged Share Capital after Admission.

Further details of the Placing Agreement and Subscription Letters are set out in paragraphs 10 (j) and 10 (i) of Part VII of this document.

### **Equity Settlement**

Certain of the Directors have agreed to accept Conversion Shares in satisfaction of accrued salary and bonuses due as follows:

<i>Name</i>	<i>Number of Conversion Shares</i>
John Hutchinson	3,214,280
Richard Horwood	1,441,140

Sanderson Capital Partners Limited, which has lent (i) £200,000 to the Company, and another £50,000 which is currently being drawn; and (ii) £75,000 to 3radical (which loan will be assumed by the Company at Completion), has agreed to accept 25,476,190 Loan Shares at the Issue Price in satisfaction in full of these loans and all associated facility fees, drawdown fees and legal fees, and in satisfaction of facility fees, drawdown fees and legal fees associated with the Sanderson Loan, which, in aggregate, total £535,000. Details of the loan agreements for these loans are set out in paragraphs 10 (d), 10 (e) and 10 (f) of Part VII of this document.

Anglia Securities Limited, which has provided the Anglia Loan and of which £125,000 has been drawn, has agreed to accept 1,190,480 Loan Shares at the Issue Price in satisfaction of £25,000 of the loan. Details of the Anglia Loan are set out in paragraph 10 (c) of Part VII of this document.

10,476,170 Fee Shares will be issued by the Company at the Issue Price on Admission in satisfaction of approximately £220,000 of fees payable by the Company and 3radical in connection with the Proposals as set out in paragraph 21(g) of Part VII of this document.

The Conversion Shares, Loan Shares and Fee Shares will be issued credited as fully paid and will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares and the other New Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on the Enlarged Share Capital after Admission.

## 12. Use of Fundraising proceeds

The net proceeds of the Fundraising will provide the Enlarged Group with a strengthened balance sheet and additional working capital to enable it to invest in the growth of 3radical and implement the strategy of the Enlarged Group, as well as to repay up to £190,000 (plus accrued but unpaid interest) of the Anglia Securities loan referred to in paragraph 10 (c) of Part VII of this document. The strategy of the Enlarged Group will be achieved through, *inter alia*, having a stronger balance sheet, the further development and commercialisation of the 3radical Voco technology and services, and through developing the Company's evolving pipeline of acquisitions and investments. Investment will initially be focused on the following areas:

- **Sales and marketing:** An immediate focus will be investment in sales and marketing resources for 3radical. 3radical's success to date has been with limited investment and resource in sales and marketing, most recently relying on resellers for sourcing new customers. The Enlarged Group will invest in direct sales and marketing resources, with a focus on promoting the Voco Solution Portal, which is scheduled for launch during the summer of 2024, as well as to win additional sales of the existing 3radical Voco solution directly from new customers.
- **Generative AI:** Investment will be made in exploring and developing solutions utilising Generative AI. Generative AI excels at one-to-one conversations with masses of individuals and therefore has the potential to replace incumbent mass-produced digital advertising, with an impact, the Directors believe, similar in significance to how classified print advertising was superseded by online search engines. It could also offer considerable efficiencies in other marketing functions. The Enlarged Group will utilise existing software tools in the market to build AI-fueled solutions for marketers, whether as value-added capabilities of the 3radical Voco platform, or as new products in collaboration with third parties. Early testing of AI integration into 3radical Voco has shown promising results with 3radical's development team being able to recreate the look and feel of a customer site faster, potentially saving the customer success team significant time when configuring enterprise level new solutions. In the short term, the Enlarged Group plans to research the use of AI to further tailor gaming experiences according to customer specifications.
- **Data Asset:** 3radical has collected a dataset consisting of approximately 0.5 billion interactions. As at the date of this document, due diligence has established that this dataset is likely to be valuable for developing an AI powered product. Investment will be made in exploring this potential and developing this product.

## 13. Admission and CREST

Application will be made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will take place, and that dealings in the Enlarged Share Capital on AIM will commence, on or around 8.00 a.m. on 3 May 2024.

The Articles permit the holding of Ordinary Shares under the CREST system and therefore from Admission, settlement of transactions in the Ordinary Shares may take place within the CREST system, if any Shareholder so wishes. CREST is a paperless settlement system in the United Kingdom enabling securities to be evidenced otherwise than by a certificate and to be transferred otherwise than by a written instrument. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

## 14. Lock-In Deeds

Pursuant to the Lock-in Deeds, certain Locked-in Persons (comprising the Directors (excluding Caroline Worboys, Grahame Cook and Sarfraz Munshi) and certain employees and other shareholders of the Enlarged Group) owning a total of 96,611,223 Ordinary Shares on Admission, representing approximately 43.16 per cent. of the Enlarged Share Capital, have agreed that, subject to certain exceptions, they will not dispose of any Ordinary Shares held by them at Admission during the period of 12 months from the date of Admission. In addition, for a further 12 months from the first anniversary of Admission they have each agreed



with Allenby Capital and Axis Capital Markets not to dispose of any Ordinary Shares held by them at Admission except in accordance with certain orderly market principles set out in the Lock-in Deeds.

In addition, certain other Locked-in Persons owning a total of 15,298,329 Ordinary Shares on Admission, representing approximately 6.83 per cent. of the Enlarged Share Capital, have agreed that, subject to certain exceptions, they will not dispose of any Ordinary Shares held by them at Admission during the period of six months from the date of Admission. In addition, for a further 12 months from the end of such six month restriction, they have each agreed with Allenby Capital and Axis Capital Markets not to dispose of any Ordinary Shares held by them at Admission except in accordance with certain orderly market principles set out in their Lock-in Deeds.

One other Locked-in Person owning a total of 1,450,745 Ordinary Shares on Admission, representing approximately 0.65 per cent. of the Enlarged Share Capital, has agreed for a period of 24 months from the date of Admission not to dispose of Ordinary Shares held by him except in accordance with certain orderly market principles set out in his Lock-in Deed.

The circumstances in which Locked-in Persons may dispose of Ordinary Shares during the Lock-In Period, include where a Locked-in Person who is a Seller is required to pay any tax liability arising as a result of their being unable to claim EIS tax relief or the withdrawal of such relief due to the Acquisition and/or such person is required to pay any tax or other liability incurred by them in connection with their exercise of a relevant option to acquire shares in 3radical prior to Admission (including any liability incurred by them with respect to the price to be paid by them on the exercise of the option). Additionally, where a Locked-in Person is a Director, such Locked-in Person may dispose of Ordinary Shares during the Lock-In Period if he or she is required to pay any amount to the Joint Brokers in respect of any claim brought against them under the terms of the Placing Agreement and in the case of Richard Horwood and Ben Lister may dispose of Ordinary Shares during the Lock-in Period to satisfy any tax liability arising as a result of receiving Consideration Shares.

Further details of the Lock-in Deeds are set out in paragraph 10 (k) of Part VII of this document.

## **15. Share options and warrants**

The Directors recognise the importance of the Company's ability to recruit, incentivise and retain its key employees. Therefore, the Directors believe that certain employees should be given the opportunity to participate in share incentive arrangements to align them with the success of the Company going forward.

The Enlarged Group intends to adopt the Share Plans at Admission. It is anticipated that Share Options over a total of 32,455,827 new Ordinary Shares will be granted to certain Directors and employees pursuant to the Electric Guitar plc 2024 Employee Incentive Plan on Admission, exercisable at the Issue Price. The interests of the Directors in Share Options to be granted under the Electric Guitar plc 2024 Employee Incentive Plan are set out in paragraph 9(b) of Part VII of this document. Further details of the Share Plans are set out in paragraph 17 of Part VII of this document.

As at the date of this document the Company has issued and are outstanding:

- 3,494,910 A-Series Warrants, all of which will be surrendered with effect from Admission; and
- 1,157,256 B-Series Warrants issued and outstanding, all of which will be exercisable from Completion for a period of 3 years, at 4.5 pence per share.

In exchange for the surrender of the A-Series Warrants on Admission:

- John Regan and Richard Horwood will be granted EMI options over the same number of Ordinary Shares as their A-Series Warrants and with the same vesting terms but with an exercise price per share equal to the Issue Price;
- John Hutchinson will be granted options under the Consultant Plan over the same number of Ordinary Shares as his A-Series Warrants and with the same vesting terms but with an exercise price per share equal to the Issue Price; and
- Sarfraz Munshi will receive New Warrants over 205,991 Ordinary Shares exercisable at the Issue Price for a period of 3 years from Admission.

Conditional on Admission, the Company has also granted the Broker Warrants. Further details of the Broker Warrants, the New Warrants and the Share Plans are set out in paragraphs 10 and 17 of Part VII of this document.

## **16. Dividend policy**

The primary purpose of the Fundraising is to provide growth capital with which to fund and accelerate the continuing expansion and development of the Enlarged Group's business and to pursue future acquisitions and further investments. Accordingly, it is not expected that the Company will declare a dividend in the near term. The payment of dividends will only be recommended by the New Board at such time as it considers it commercially prudent to do so, having regard to the availability of distributable profits and the funds required to finance the continuing working capital requirements and future growth of the Enlarged Group.

## **17. Corporate governance**

The Board recognises the importance of sound corporate governance and intends to adopt, with effect from Admission, the QCA Code insofar as they consider the QCA Code to be appropriate given the Company's size, board structure, stage of development and resources. Details of how the Company complies with the QCA Code is set out in Part VI of this document, as well as details of the Committees.

### ***Share Dealing Code***

With effect from Admission, the Company will operate its Share Dealing Policy, which is compliant with Article 19 of UK MAR and Rule 21 of the AIM Rules for Companies. The Share Dealing Policy will apply to any person discharging managerial responsibility, including the Directors, and the senior management and any closely associated persons and applicable employees.

The Share Dealing Policy imposes restrictions beyond those that are imposed by law (including by the FSMA, UK MAR and other relevant legislation) and its purpose is to ensure that persons discharging managerial responsibility and persons connected with them do not abuse, and do not place themselves under suspicion of abusing, price-sensitive information that they may have or be thought to have, especially in periods leading up to an announcement of both financial results. The Share Dealing Policy sets out a notification procedure which is required to be followed prior to any dealing in the Company's securities.

### ***Anti-bribery policy***

The Company has adopted an anti-bribery and corruption policy designed to ensure that the business of the Enlarged Group is conducted in an honest and ethical manner. The policy applies to all persons working for the Enlarged Group in any capacity and sets out detailed guidance on the kind of behaviour that may amount to bribery and which the Company will treat as unacceptable. Primary responsibility for implementing the policy rests with the Non-Executive Chair.

## **18. Takeover Code**

The Takeover Code applies to the Company. Under Rule 9 of the Takeover Code ("**Rule 9**"), any person who acquires an interest in shares which, taken together with shares in which that person or any person acting in concert with that person is interested, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code is normally required to make an offer to all the remaining shareholders to acquire their shares.

Similarly, when any person, together with persons acting in concert with that person, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of the voting rights of the company, an offer will normally be required if such person or any person acting in concert with that person acquires a further interest in shares which increases the percentage of shares carrying voting rights in which that person is interested.

An offer under Rule 9 must be made in cash at the highest price paid by the person required to make the offer, or any person acting in concert with such person, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

The Company has agreed with the Panel that David Eldridge and George Stavrinidis (the directors of 3radical), Rebecca Trivella (Commercial Director of 3radical), Clive Armitage (former director and consultant of 3radical) and certain other employees and shareholders of 3radical and their connected parties are acting in concert for the purposes of the Takeover Code, in relation to 3radical. Following Admission, the members of the Concert Party will be interested in 19,104,227 Ordinary Shares in aggregate, representing 8.54 per cent. of the total voting rights of the Company. In addition, it is intended that certain members of the Concert Party should be granted 2,238,333 Share Options on Admission. If those Share Options are exercised in full (and assuming that no other person converts any convertible securities or exercises any options or any other right to subscribe for shares in the Company and no other Ordinary Shares are issued), the members of the Concert Party would then be interested in 21,342,560 Ordinary Shares in aggregate, representing approximately 9.44 per cent. of the then total voting rights of the Company. A table showing the interests in shares of the members of the Concert Party on Admission and following the exercise of Share Options is set out below.

<i>Name of Concert Party shareholder</i>	<i>Immediately following Admission</i>		<i>Following exercise of Share Options*</i>			
	<i>No. of Ordinary Shares</i>	<i>Percentage of Enlarged Share Capital</i>	<i>No. of Share Options</i>	<i>Percentage of Enlarged Share Capital</i>	<i>No. of Ordinary Shares</i>	<i>Percentage of Enlarged Share Capital</i>
David Eldridge	5,418,360	2.42%	2,238,333	1.00%	7,656,693	3.39%
George Stavrinidis	3,516,604	1.57%	–	–	3,516,604	1.57%
Rebecca Trivella	1,840,831	0.82%	–	–	1,840,831	0.82%
Clive Armitage	558,824	0.25%	–	–	558,824	0.25%
Others	7,769,608	3.47%	–	–	7,769,608	3.47%
<b>Total</b>	<b>19,104,227</b>	<b>8.54%</b>	<b>2,238,333</b>	<b>1.00%</b>	<b>21,342,560</b>	<b>9.50%</b>

\* assuming the exercise of all Share Options held by the Concert Party and that no other person converts any convertible securities or exercises any options or any other right to subscribe for shares in the Company and no other Ordinary Shares are issued.

## 19. Taxation

Your attention is drawn to paragraph 20 of Part VII of this document. These details are intended only as a general guide to the current tax position under UK law. If an investor is in any doubt as to their tax position, they should consult their own independent financial adviser immediately.

## 20. General Meeting

Set out at the end of this document is a notice convening the General Meeting. A Form of Proxy for use by Shareholders in connection with the General Meeting has been sent to Shareholders with this document.

The Resolutions to be proposed at the General Meeting are, in summary, as follows:

1. To approve the Acquisition.
2. To authorise the Directors to allot and issue the Fundraising Shares, the Consideration Shares, the Conversion Shares, the Fee Shares, the Loan Shares, the Broker Warrants, the New Warrants and new Ordinary Shares pursuant to any future conversion of the Sanderson Loan.
3. To authorise the Directors to allot shares up to an aggregate nominal amount of £373,055.48, being approximately one third of the Enlarged Share Capital.
4. To disapply the pre-emption provisions of section 561 of the Act, to allow the Directors to issue the Fundraising Shares for cash pursuant to the Placing and Subscription, to issue the Loan Shares, the Fee Shares, the Conversion Shares and new Ordinary Shares pursuant to any future conversion of the Sanderson Loan and to issue the Broker Warrants and the New Warrants conferring rights to subscribe in cash for Ordinary Shares.
5. To disapply the pre-emption provisions of section 561 of the Act, to allow the Directors to issue equity securities (other than as referred to in paragraph 4 above) in relation to any rights issue or open offer and otherwise up to a maximum aggregate nominal amount of £111,916.64 (representing approximately 10 per cent. of the Enlarged Share Capital).

6. To allow the Directors to issue equity securities up to an additional 10 per cent. of the Enlarged Share Capital to be used for either an acquisition or specified capital investment and to make a follow on offer to existing holders of shares up to an aggregate nominal amount equal to 20 per cent. of such securities.

Shareholders appointing a proxy to vote on their behalf at the General Meeting are recommended to appoint the Chair of the General Meeting as their proxy. The Chair will vote all proxy votes at the meeting in accordance with shareholder instructions set out in completed Forms of Proxy.

A Form of Proxy is enclosed for use at the General Meeting. Shareholders can appoint a proxy by following the notes to the Notice of General Meeting and in the Form of Proxy.

The Resolutions will be put to a vote on a poll. This will result in a more accurate reflection of the views of Shareholders by ensuring that every vote is recognised. On a poll, each Shareholder has one vote for every Ordinary Share held.

Completed Forms of Proxy should be returned to Share Registrars Limited as soon as possible and, in any event, so as to be received by not later than 9.00 a.m. on 29 April 2024.

If a Shareholder holds their Ordinary Shares in uncertificated form in CREST, they may vote using the CREST Proxy Voting service in accordance with the procedures set out in the CREST Manual. Further details are also set out in the notes accompanying the Notice of General Meeting at the end of this document. Proxies submitted via CREST must be received by Share Registrars Limited by no later than 9.00 a.m. on 29 April 2024 (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).

## **21. Irrevocable undertakings**

The Company has received irrevocable undertakings from each of the Existing Directors (except Sarfraz Niaz Munshi who is not currently a shareholder) and certain other shareholders to vote in favour of the Resolutions (or procure to be done) in respect of their interests in Ordinary Shares (and those of their family and trusts), representing, in aggregate, approximately 43.32 per cent. of the Existing Ordinary Shares.

## **22. Further information**

Prospective investors should read the whole of this document, which provides additional information on the Company, the Enlarged Group and the Fundraising, and not rely on summaries or individual parts only. In particular, the attention of prospective investors is drawn to Part III which contains a summary of the risk factors relating to an investment in the Company.

## **23. Recommendation and action to be taken by Shareholders**

**The Existing Directors believe that the Proposals are in the best interests of Shareholders and the Company as a whole and therefore recommend that all Shareholders vote in favour of Resolutions as they have undertaken to do in respect of their own aggregate beneficial holdings of 7,341,000 Ordinary Shares, representing approximately 12.69 per cent. of the Existing Ordinary Shares.**

**In the event the Acquisition does not complete the Company would remain classified as a shell company and the Existing Ordinary Shares would remain listed on the Official List. The Company has expended a significant amount of its available cash resources on the due diligence and costs incurred in connection with the proposed acquisition of 3radical. Therefore, if the Acquisition does not complete, the Company will need to raise further working capital to enable the Company to continue as a going concern.**

Yours faithfully,

**John Hutchinson**  
*Chair*

## PART II

### INFORMATION ON 3RADICAL

#### 1. Introduction

Led by an experienced team of marketing technology professionals, 3radical has created and proven a Software as a Service platform, 3radical Voco, which enables organisations to engage individuals and request their data directly using progressive and interactive digital experiences, at scale. This data can be critical for marketing and for providing a compelling customer experience, optimising communications, designing products and services, and, ultimately, driving revenues.

The Existing Directors believe that 3radical Voco is well positioned to capitalise on the shift driven by data legislation, consumer sentiment and technology changes, which means that brands and businesses need to acquire data themselves rather than purchase it from third parties. Further details on the market opportunity are set out in paragraph 3 of Part I of this document.

Nearly £8 million has been invested in 3radical Voco and its scalability and robustness are proven by demanding clients across financial services, online gaming and e-commerce sectors, amongst others. The Platform is already deployed by some major brands in the UK, US and APAC.

A very large number of interactions with individuals have been delivered by 3radical Voco to date and approximately 0.5 billion interactions have been anonymised and streamed into a data asset which provides 3radical with a unique asset and insight into consumer behaviour to capitalise on.

#### 2. Background and history of 3radical

3radical was founded by David Eldridge, Michael Talbot and Timothy McCarthy (together, the “**Founders**”) in December 2011. The Founders had also been founders of Alterian plc, a cross channel campaign management software provider, where they were CEO, CTO and R&D Director respectively. Alterian plc was founded in 1997, listed on the Main Market of the London Stock Exchange in 2000 and was sold in 2012 to SDL plc following expansion into the US and APAC and completing and integrating a number of acquisitions.

The Founders believed that traditional marketing approaches were degrading in their effectiveness and that a way to reach consumers with individually targeted offers and incentives via their mobile phones would deliver greater engagement and response.

The original version of the 3radical product combined a mobile App including a series of games and requests (e.g., visit a store or website, buy a product) with rewards and a points system whereby rewards earned for carrying out requests could be used to signal status or for level ups in the games. This was powered by a Software as a Service campaign management and analytics software tool enabling brands to set up their requests and rewards within that software and monitor their effectiveness and optimise them.

In 2013 a first version of the 3radical product underwent trials in Singapore and 3radical’s Singapore subsidiary, 3radical Pte Limited, was established in May 2013. The first external finance was raised to support these trials from a variety of “angel investors”, with the business having been funded by its Founders to this point.

Data and insight gathered from the initial trials led to 3radical changing approach. The engagement mechanics included in the product did generate higher response and engagement rates than traditional approaches, but the main feedback was that brands were more interested in using the engagement mechanics included in the 3radical product directly with their own audience rather than taking part in an App where multiple brands provided content for the same audience.

The 3radical product was therefore modified to enable the creation and deployment of interactive digital experiences using a range of requests and rewards by a single brand. It was made commercially available in Singapore to capitalise on the interest created during the trial period and initial customers were signed up

in 2014, including DBS Bank, the largest consumer bank in Singapore which saw the opportunity to increase engagement with card offers using the 3radical mechanics.

In 2014 3radical Pty. Ltd was formed in Australia as a wholly owned subsidiary of 3radical and a small team hired to promote the Platform in that market. This was seen as a steppingstone to larger Western markets. In late 2014, Anytime Fitness was signed as an initial Australian customer.

Also, in late 2014 a small commercial team was hired in the UK to promote the Platform and initial UK customers began to be signed from summer 2015. 3radical was particularly successful in winning customers in the casual dining market in the UK, including Azzuri Group, Casual Dining Group and Mitchells and Butlers.

Throughout the development of the 3radical product, now named 3radical Voco, the Platform continued to receive substantial investment into the scalability, breadth of content, and the delivery of content to a range of channels beyond mobile applications (e.g. web browsers).

In 2019 the business carried out a strategic review and identified that the most valuable use case for the Platform was that it enabled brands to ask for data directly from individuals and for permission to use that data for marketing and other purposes. With the introduction of legislation such as the GDPR limiting how data could be gathered and shared, an increasing awareness amongst consumers of the value of their data and how it was being used and moves by technology firms such as Google to enable consumers to protect their privacy, the 3radical Directors believed that advertisers and marketers recognised that gathering data directly from individuals at scale was seen as a necessary solution. Interactive experiences delivered by the 3radical Voco platform, with its ability to use request and reward techniques to increase engagement and response, had successfully earned First Party Data for brands and customers using the Platform to date. The 3radical Directors therefore decided to focus on this use case, which it saw as a rapidly growing opportunity, and to launch it in the US market which was seen as the largest in the world for marketing data.

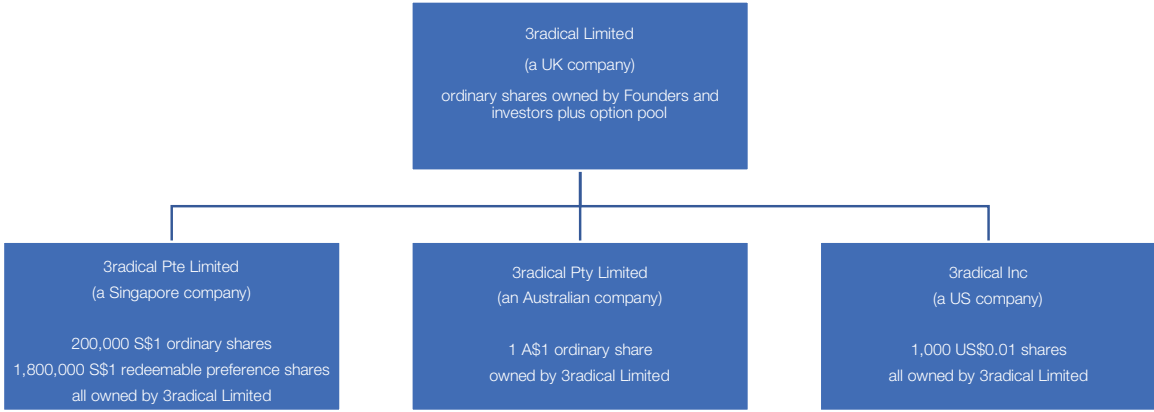
In March 2020, 3radical Inc was formed in the US as a wholly owned subsidiary of 3radical and a small team hired to promote 3radical Voco and its use to earn data. In order to support funding this strategy, resources were reduced in other markets.

COVID-19 had a material negative impact on the business, especially in the UK where a large portion of the revenue was from casual dining and in Singapore where a major customer cancelled the roll out of the Platform due to budget reductions. However, during the 2020 to 2022 period, 3radical revenue in the US began to build to replace lost revenue in other territories. There was significant interest in the First Party Data proposition and whilst, in common with other businesses, spend on First Party Data was slower to start than expected, customers were being won, including FKA Homedics, Giving Assistant and Kayser Roth. Over the period the board of 3radical considered ways to accelerate progress, including merging with complementary businesses, but did not identify any appropriate opportunities to progress to completion.

Following a review of the pace of progress and based on the then current funding environment, in Autumn 2022 the 3radical Directors decided to restructure 3radical to reduce costs and seek to bring the business closer to break even, whilst maintaining the benefit of the investment in the US market. Accordingly, the US team left the business in late 2022 and joined marketing services provider Allant, which became a 3radical reseller partner in the US, selling and supporting the Platform in the region for both new and existing customers in return for a margin on sales to these customers. Other cost saving measures were also implemented such as significantly reducing the marketing budget by c.80 per cent. during the six months ended 31 March 2023 compared to the six months ended 31 March 2022. Altogether, this reduced operating costs of 3radical by circa 50 per cent. for the period April to June 2023 compared to the same period in the prior year. 3radical also focused on developing sales partnerships as a route to market, including a partnership in APAC with Mastercard. Both the Allant and Mastercard partnerships have resulted in multiple new clients.

Given the investment of approximately £8 million into developing the Platform, 3radical has accumulated tax losses of approximately £6 million in the UK, £2 million in APAC and £2 million in the US, from which the Enlarged Group expects to be able to benefit in the future.

The corporate structure of 3radical is as follows:



**3. 3radical’s product and services – 3radical Voco**

3radical Voco is a proprietary SaaS platform that enables organisations to collect First Party Data, increase audience engagement and repeat visits, drive loyalty, and acquire customers. It does this by using digital experiences and gamification techniques, such as games, quizzes and surveys, to interact with audiences in a timely and relevant manner across various channels, incentivising them with rewards or other value in exchange for access to their data. This contrasts with the traditional covert methods of using Cookies to track users and acquire Third Party Data.

3radical Voco tailors the user experience in real-time based on user-provided information and any other information available to the Platform. To improve the quality and depth of the data gathered, it also uses progressive data capture, which collects First Party Data in stages rather than through lengthy questionnaires.

The Platform allows marketers to choose from a wide array of pre-designed experiences or create bespoke experiences which integrate through the 3radical Voco API.

3radical Voco is designed to support consumer journeys and First Party Data acquisition, adapting the experience as consumer needs evolve from acquisition and onboarding, to retention and loyalty.

**Key benefits of 3radical Voco**

- **Enterprise-level technology:** Built to handle the complexities and nuances of enterprise requirements, offering more than just simple, one-off experiences. This is validated by the roster of blue chip clients 3radical currently serves and has served.
- **Strategic integration:** Seamlessly integrates with existing campaigns and marketing technology to enhance engagement and data collection, making it suitable for long-term marketing campaigns rather than just tactical use cases.
- **Personalised experiences:** Utilises known information about individuals (e.g., customer or prospect status) to deliver a tailored experience. This differs from the one size fits all offerings of one-off solutions providers.
- **Campaign adaptive:** The experience adapts depending on the marketing campaign to which the consumer has responded, providing a more connected and consistent experience.
- **Multi-step engagement:** Offers experiences with multiple steps that adapt based on the individual’s interaction with the platform, encouraging long-term engagement.
- **First Party Data generation:** Specialises in generating valuable First Party Data, which is increasingly important in the digital advertising landscape.
- **Repeat engagement:** Designed to encourage users to engage with the platform repeatedly over a longer period, increasing lifetime value and First Party Data captured.
- **Beyond ‘no-code’:** Offers a more nuanced and powerful solution compared to simple ‘no-code’ or “off-the-shelf” platforms, making it ideal for businesses looking for a strategic tool.

- **Diverse engagement experiences:** Offers a wide range of interactive experiences like games, quizzes, puzzles and questionnaires and a wide variety of rewards like vouchers, points, competition entries and positions on leaderboards.
- **Adaptive experiences:** The Platform adjusts in real-time based on consumer input and other data available to the Platform, making each interaction more personalised.
- **Progressive data capture:** Utilises a staged approach to collecting First Party Data, avoiding the need for long questionnaires and enhancing data quality.
- **Speed to market:** Enables rapid deployment of marketing campaigns focused on First Party Data collection.
- **Cost-effective:** Significantly lower costs compared to custom content development for First Party Data collection.
- **Real-time flexibility:** Easy to modify content and tactics at any time to optimise First Party Data collection.
- **Template variety:** Provides a broad range of template tactics for quick implementation and First Party Data collection.
- **Optimisation support:** Includes A/B testing features to fine-tune content and consumer journeys for better First Party Data collection.
- **Enhanced engagement:** Compared to passive content, 3radical Voco significantly boosts response and engagement rates, accelerating First Party Data collection.

### **Capabilities and deployment of 3radical Voco**

Building on the extensive experience in the marketing technology industry that 3radical's founders gained during their 13 years at Alterian plc, and extensive real-world use by brands across the UK, APAC and US, 3radical Voco has a broad range of capability.

3radical has developed Voco with gamification and First Party Data at its core. As a comprehensive audience engagement and First Party Data solution, it provides organisations the ability to:

- obtain user traffic from a range of sources including email, web ads, social media, etc;
- serve users a variety of engaging games or surveys as per the brand's requirement;
- generate rewards including points, badges or vouchers, including cash value (e.g., a 10 per cent. off voucher/ £5 off etc.) or non-cash rewards (badges and achievements); and
- integrate rewards vouchers on Voco into the customer's systems allowing users to claim these rewards and the brand to better understand their users and serve their needs better with the earned data.

- **Experiences**

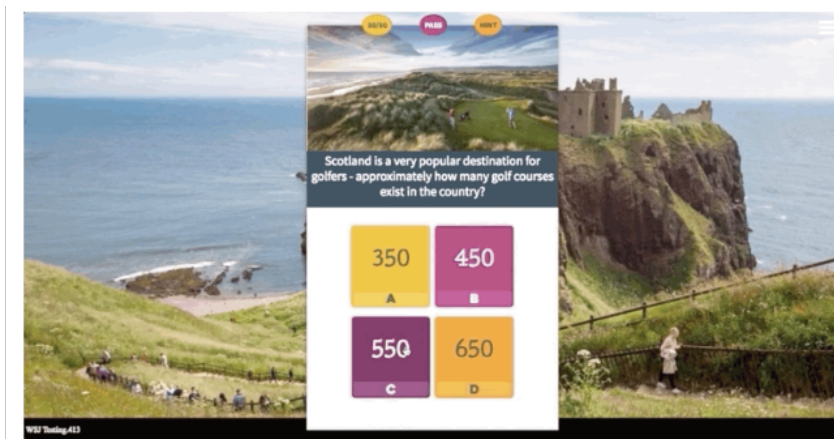
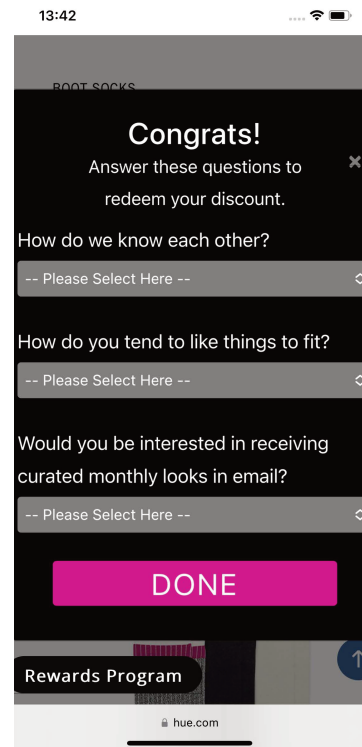
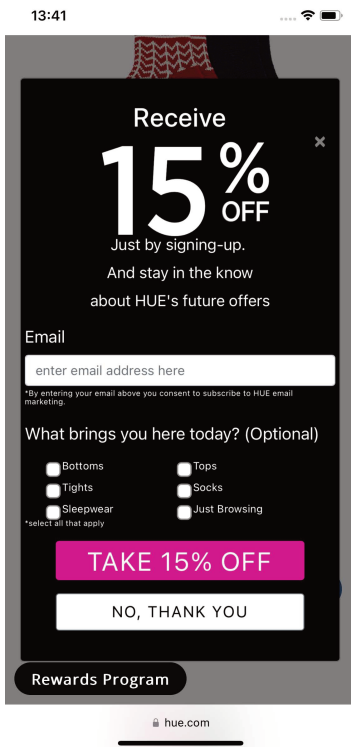
3radical Voco has an extensive library of digital "building blocks" for experiences to be designed and deployed by the Platform, ranging from very simple to highly complex. Interactive digital experiences and associated rewards can be created quickly and simply using the storyboard interface and pre-built wizards, but there is also the flexibility to incorporate multiple gamification techniques and therefore customers are not constrained by limited templated features.

Experiences that the Platform can deploy include:

- requests for action such as answer quizzes and surveys, visit a website, visit a store, share on social media, etc;
- engagement mechanics to encourage interaction such as single use game of chance (e.g., wheel of fortune and scratch cards), brain training games (e.g., sudoku, word search), repeat games (e.g., board game, snakes and ladders);
- reward mechanics such as vouchers, competitions, points (and a "shop" for redeeming these for vouchers), leader boards; and
- ways of tying these together, such as progress journeys (e.g., you are 60 per cent. of the way to a prize, next you need to do "x").



Some examples of the types of experiences and data collection techniques that 3radical Voco can deploy are shown below:



- **Delivery**

3radical Voco has multiple ways to deliver its interactive experiences to individuals in order to obtain data. The experience can be delivered in a stand alone microsite, within a frame on the brand's existing website, as an overlay on an existing website, within Apps, or by other such means. Some examples of how consumers reach the experiences are as follows:

- through clicking on online adverts which take the individual to a website with the content;
- by following links from voucher or coupon sites;
- through clicking on social media posts or adverts linking to 3radical content;
- by clicking through an email with a similar link;
- by visiting a brand's website where the content exists; and
- by using an application where 3radical content is embedded.

- **Integration and branding**

The Platform has the ability to integrate with other marketing technologies so that experiences and campaigns can be delivered at scale via a broad range of pre-existing digital channels (website, Apps, social channels) and are automatically optimised for engagement on mobile devices.

The look and feel of the experience is tailored to match the brands' guidelines and seamlessly integrate with their marketing.

Further, deployment of 3radical Voco is flexible and has little or no requirement for client technology personnel to be deployed.

- **Adaptive personalised consumer/user experiences**

A key feature that makes 3radical Voco successful is that it is able to deliver a different experience to each individual. The decision of what content an individual will receive is made in real time by the Platform, adjusting progressively to enhance response rates, and can be based not just on behaviour the individual exhibits within the experience, e.g., answers to questions in a survey, but other factors such as marketing segment codes or other information provided by the brand, location, time of day, weather – anything that the Platform can access.

Each unique journey is built from a collection of "tactics" of the Platform – games and other digital building blocks such as those set out above. Journeys can be linear or dynamic and will respond to a user's interactions to create their own unique experiences and presenting them with the next best piece of interactive content relevant to them.

- **Configuration**

Alongside the Platform, an experienced customer success team supports customers with configuration and optimisation of experiences. 3radical provides an initial customer and brand assessment and advice on the optimum campaign and solution to be deployed by the Platform, tailored to the brand's needs or client's objective. This in-house expertise continues to grow with the more experiences delivered. Over time, a range of best practice journeys has been developed within the Platform for common business objectives.

### **Data collection**

The Platform supports third party API connections for data management. Once engaging with an experience from the Platform, a substantial amount of data is collected on how an individual interacts with the content and answers to questions, and by engaging with the experience, permission is obtained for the brand to use that data. This data is then fed back into a brand's IT systems, such as CRM systems, customer data management platforms, email platforms, and other business intelligence tools, through a range of pre-built connectors for the brand to utilise.

Hosted on Amazon Web Services, shared instances of 3radical Voco are available locally in the US, UK, Singapore and Australia. This underpins both performance for local clients and the storage of data locally rather than across borders. Where required by customers, 3radical can rapidly deploy dedicated instances of 3radical Voco for clients who require this to meet their security requirements, although all current clients use the 3radical shared infrastructure.

First Party Data generated through the use of the Platform by clients belongs to the respective client, and they use this information typically to improve their customer understanding, personalise future communications to improve customer experience and inform product and service development.

### **Data Asset**

Where agreed with the client, 3radical anonymises interaction data generated through the use of 3radical Voco and consolidates and holds this in a central data store. This central data store now contains approximately half a billion anonymised data interactions which could have multiple uses going forward – including using AI to optimise requests and rewards presented through 3radical Voco, and benchmarking of performance for clients and others. To date this data asset has not been monetised.

### **Voco Solution Portal (VSP)**

3radical is currently in the advanced stages of developing a simplified, self-serve version of Voco called Voco Solution Portal (VSP). VSP is a comprehensive solution based on the current, proven 3radical Voco platform. VSP retains the core capabilities of the existing platform but offers a more user-friendly and simpler configuration process for commonly used “journeys” and experiences to enable 3radical’s customers to directly deploy their own campaigns and experiences on the Platform with minimal training, or make adjustments as necessary, without deferring to 3radical. Where more complex requirements exist, these can still be delivered using the current Platform and 3radical’s personnel as required.

VSP has entered beta testing and is expected to be rolled out commercially in the summer of 2024.

#### *Key benefits of VSP:*

- **Easily brought ‘in house’:** Enables clients to deploy campaigns independently, reducing reliance on 3radical’s team and providing clients with greater control.
- **Agency friendly:** Agencies can independently use VSP and combine it with other campaign strategies to provide a single point of contact for their clients.
- **Low friction entry point:** the Directors believe that the “plug-and-play” nature of VSP will provide 3radical with easier access to marketing teams and larger enterprise clients.
- **Simplified interface:** A user-friendly configuration process for creating and deploying common interactive experiences requiring no technical expertise
- **Robust enterprise features:** Retains the core capabilities of the existing Platform for more complex needs.
- **Expert assistance:** The 3radical team is available for support in deploying intricate experiences.
- **Progressive First Party Data capture:** Utilises a staged approach for enhanced data quality.
- **Wide accessibility:** The new interface makes the VSP platform accessible to a broader range of users, not just those with specialised skills and training.

#### *Target market for VSP:*

VSP makes 3radical Voco’s capabilities accessible to a broader range of users, making it a versatile option for various types of organisations. The Directors believe it is particularly well-suited for:

- **SMEs (small and medium-sized enterprises):** These businesses often lack the resources for extensive training or specialised teams to manage complex platforms. VSP offers a more accessible entry point for them to engage with their audience and collect First Party Data.
- **Marketing teams in larger organisations:** These teams frequently need to roll out campaigns quickly and efficiently. VSP’s streamlined interface allows for rapid deployment without the need for extensive technical support, making it a valuable tool for agile marketing strategies.

- **Agencies:** Agencies managing multiple client campaigns require a flexible yet powerful tool that can adapt to various needs. VSP's user-friendly interface and robust backend make it particularly suitable for delivering tailored audience engagement experiences.

The Directors believe that VSP fills a gap in the market, offering a powerful yet user-friendly solution for audience engagement and First Party Data collection. Additionally, VSP will reduce the customer support resource required within 3radical as well as providing a low friction entry point to enterprise clients.

#### 4. Research and development

Nearly £8 million has been invested in research and development to build the Platform to date. 3radical continues to develop proprietary technology that drives the 3radical Voco software platform and its features, as well as focusing on the development and launch of VSP in the summer of 2024.

3radical performs its research and development activities in-house using its UK and Singapore teams, and using contractors as necessary.

The Platform is hosted on Amazon Web Services (AWS) infrastructure, and is highly scalable, enabling customers to rapidly build interactive digital experiences (e.g., quizzes with prizes) and deploy these across websites and other channels.

3radical Voco is regularly penetration tested and evaluated by demanding enterprise clients for robustness and security, such as Mastercard.

#### 5. Revenue model

3radical obtains its revenue from four sources:

**Annual licence** - This is 3radical's preferred method for billing customers, with cash typically collected upfront at the start of the licence year, except for the US market which is principally billed monthly. The average value of a licence is £43,000 per annum<sup>1</sup> but can range from as low as £36,000 to as high as £97,000 annually and typically lasts for one year up to five years.

**Proof of concept (PoC)** - A PoC licence is offered to potential customers as a trial, with the aim of signing them up for an annual licence. The PoC licence lasts between one and six months and the average value ranges from £13,000 to £20,000 and includes services.

**One-off campaigns** - Some customers prefer to use Voco for one-off campaigns. During this period, the customer can be supported by 3radical's Customer Success team who can customise campaigns. The name "one-off" can be misleading as 3radical has customers who regularly opt for multiple campaigns each year on this basis. One off campaigns typically last up to three months and deal sizes are up to c. £30,000 and including services.

**Implementation** - A fee is charged to cover consultancy costs to configure Voco to meet the specific needs of the client. This fee ranges from £5,000 to £15,000.

The Directors believe revenue expansion opportunities arise from increased volume of data and users of Voco and adding brands or territories to a licence.

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<sup>1</sup> Based on the average annual revenue from the top 8 clients.

## 6. Customers and case studies

Current licence customers and multiple campaign users include the following:

<i>UK</i>	<i>US</i>	<i>Singapore</i>
Saint-Gobain (term licence)	Champion Petfoods (individual	DBS Bank/POSB (term licence)
Bally Gamesys (term licence)	campaign / POC licence)	Mastercard
Essilor (individual campaign licences)	Lions Club (term licence)	(individual campaign licences)
NSPCC (individual campaign licences)		

3radical Voco attracts interest from a broad spectrum of companies and brands. The Directors focus on and see particular opportunity in the retail, eCommerce, D2C and financial services sectors.

### Customer case studies

#### ***Essilor***

Essilor is one of the world's leading ophthalmic lens manufacturers and part of Essilor Luxottica, whose brands include Ray-Ban and Oakley. Essilor wanted to incentivise independent eyecare professionals to learn about their lenses and recommend them to their patients. It selected 3radical to deploy a digital promotion experience to foster engagement through vouchers, scratch cards, surveys and rewards across its lens brands: Transitions lenses, Varilux and Eyezen.

#### *The Challenge*

Traditionally Essilor's promotional campaigns were time consuming, ineffective, and faced operational challenges to execute. Essilor was looking to change its traditional paper-based promotion to a digital format for their customers, eye care professionals ("ECPs"), making it easy for ECPs to participate in promotions while also helping Essilor's product marketing team to manage the campaign more effectively.

Essilor had three main objectives for the campaign:

1. incentivise specific lens purchases;
2. capture data on branches to support the sales team; and
3. direct ECPs through to learning resources to learn more about the lenses.

#### *The Solution: deploying the 3radical Voco solution*

The ECPs received a voucher for every pair of lenses they recommended and dispensed to patients. This voucher led ECPs to a gamified micro-site, fully branded for the specific lens promotion and deployed by 3radical. From there the ECP was able to play a digital scratch card, giving them the opportunity to win an Amazon gift card or entries into a grand prize holiday draw. The ECP was also given the opportunity to win more prize draw entries by completing surveys, which focused on equipment, knowledge, product reception, priorities, and type of end clients. Furthermore, ECPs were offered links to training, as well as information via the Essilor website.

This data, previously difficult to obtain, was then fed back into Essilor's CRM system and made available to its sales and marketing team, enabling them to provide a better service and more relevant products to these ECPs.

#### *The Results: overwhelming success of 3radical's digital solution*

The game was played almost 26,000 times by approximately 1,200 unique users and created more than 5,300 research data points.

Results specifically related to the "Transitions" lenses campaigns showed:

- a 10 per cent. increase in sales for the lens brands;
- a 20 per cent. increase in the number of ECPs that engaged;
- a 37 per cent. increase in average number of website visits per day; and
- a 19 per cent. increase in scratch cards played.

Overall, the campaigns across the lens brands saw high engagement and increased purchase of lenses, validating Essilor's decision to switch from a paper-based promotion to 3radical's digitised solution using 3radical Voco.

## **Mediacorp**

Mediacorp is Singapore's largest content creator and national media network, operating a suite of TV channels, radio stations and multiple digital platforms.

### *The Challenge*

There are many challenges content creators face, and whilst Mediacorp reaches 98 per cent. of Singaporeans in multiple languages, it is still incredibly difficult to meet the constantly changing needs of consumers, earn their engagement, and get a better understanding of each reader.

In support of the 20<sup>th</sup> anniversary of TODAY, Singapore's national media network and largest content creator that is owned by Mediacorp, Mediacorp was seeking to drive new millennial users who enjoy a challenge and being intellectually stimulated to the website, as well its existing users. Additionally, TODAY could utilise this opportunity to better understand evolving readership preferences at a granular level.

Whilst Mediacorp and TODAY Online wanted to celebrate its 20<sup>th</sup> anniversary, market penetration wasn't as high as they would like. To attract new audiences to the site and to help build TODAY Online as 'the' mainstream media of choice for millennials, a fun short campaign was sought specifically designed to drive new users to the site, increase awareness and encourage repeat engagement over 20 days to inculcate a habit among new audiences.

### *The Solution*

To meet Mediacorp's requirements, a four-week gamified campaign on the TODAY Online website was launched. Users were invited to play a different game each week, with game play available from Monday to Friday three times a day. The games selected included Sudoku, Word Search, Trivia Quiz and Pairs Matching.

To encourage new users to the site the campaign was open to the public and promoted through TODAY Online's social channels. The first 20 winners from each day residing in Singapore were sent redemption codes for prize vouchers.

The 3radical team worked closely with Mediacorp to hit set milestones, monitor game plays and voucher redemptions, trigger promotional emails in a timely fashion, and successfully capture user details of the game winners.

### *The Results*

- **Self-permissioned data** – All unique users willingly provided their personal email address in a value exchange, with 24 per cent. of these winners providing additional data for prize redemption details.
- **Valuable insights** – Based on the data provided, Mediacorp can use the data collected to engage on a more personal level with their readers in the future.
- **Repeat engagement** – 63.77 per cent. of users played at least one game, and almost half of those users came back to play two or more games.
- **Behavioural insights** – Mediacorp now has behavioural insights in terms of when their users prefer to interact and what games saw greater engagement.

## **7. Sales and marketing**

The Board believes that there is substantial opportunity to develop direct sales of 3radical Voco through investment in sales and marketing, and to accelerate reseller partner relationships, particularly as a result of the Acquisition, which will bring additional management and investment capability.

3radical currently has very limited resources for sales and marketing and therefore the Board believes there is a substantial unrealised opportunity. There are two commercial staff members (one in the UK and one in Singapore) who deliver marketing campaigns, prospect for new customers, account manage existing

customers, and win and manage 3radical's reseller partner relationships. The UK commercial staff member also oversees the Customer Success team globally – the team which configures and implements 3radical Voco for customers. There is no marketing team and only very limited marketing activity, such as blog writing, which is outsourced to a B2B marketing agency. On 17 November 2023, conditional on Completion, 3radical entered into an agreement with Mymyne Limited (a company which is a related party to Electric Guitar), providing for substantially enhanced sales and marketing resources. A summary of the terms is set out in paragraph 16(b) of Part VII of this document.

Over the past year, a major area of focus of 3radical has been the development of reseller partnership relationships including with Allant in the US, and Mastercard in APAC. Both of these relationships have led to multiple customer wins.

Allant is a marketing service provider based in Chicago and which employs 3radical's former US team. The partnership maintains a US presence to continue maintaining and growing revenues for 3radical without the overhead of a US operation, with Allant receiving commission on software/support fees from sales and licences.

Mastercard is a partner of 3radical in APAC and is one of the world's largest payment processors. 3radical works with them to provide 3radical Voco to their customers and prospects.

As set out in paragraph 7 of Part I, following the Acquisition the expansion of sales and marketing will be a key focus for the Enlarged Group.

## **8. Competition**

Overall, the market is large, fragmented and in an early stage for First Party Data collection. In the Board's view, many of the traditional incumbent larger marketing agencies are seemingly slow to adapt to the technological change because they are reluctant to cannibalise existing revenue streams. However, the Board believes that the changes in the market described in this document will force the issue, providing an opportunity for 3radical to accelerate the growth of its presence and brand with its enterprise level 3radical Voco platform.

The Directors believe that competitors to 3radical fall broadly into two categories:

1. **One-off experiences:** companies who deliver simple, no-code, digital experiences, e.g., answer a survey for a reward, spin the wheel for a voucher; and
2. **Agency and in-house solutions:** marketing agencies/In-house departments creating interactive digital experiences as bespoke solutions.

### *Benefits of 3radical Voco vs one-off experiences*

When compared to one-off experiences, 3radical offers a broader library of different types of digital experiences as well as features which drive greater engagement, such as real time adaptation and progressive data capture. These benefits of Voco are detailed above in paragraph 3 of this Part II.

### *Benefits of 3radical vs Agency and In-House solutions*

Agency and In-House solutions tend to be more bespoke than the 'no-code' alternatives or one-off experiences. However, features such as real time adaptation and progressive data capture are difficult to replicate in a bespoke solution, and typically produce a one-off experience for a campaign, rather than the library of experiences which 3radical can produce. The cost effectiveness of one-off development is also a disadvantage compared to deploying already tried and tested and potentially superior solutions through Voco. These benefits of Voco are detailed above in paragraph 3 of this Part II.

## PART III

### RISK FACTORS

An investment in the Ordinary Shares is subject to a number of risks. Accordingly, prospective investors should consider carefully all of the information set out in this document and the risks attaching to such an investment, including, in particular, the risks described below (which are not set out in any order of priority), before making any investment decision in relation to the Ordinary Shares.

This document contains forward-looking statements which have been made after due and careful enquiry based on the expectations and assumptions of the Directors and which involve known and unknown risks and uncertainties, including the risk factors described in this Part III. Whilst the Directors believe that the expectations reflected in such forward-looking statements are reasonable, they may be affected by a number of variables which could cause actual results or trends to differ materially. Potential investors should not therefore place undue reliance on such forward looking statements in making any investment decision.

Save to the extent required by applicable law and the AIM Rules for Companies, the Company disclaims any obligation to update any forward-looking statements in this document to reflect future events or developments.

In the event that any of the circumstances identified in the risk factors referred to in this Part III were to materialise, the financial condition, results of operations and future prospects of the Enlarged Group could be adversely affected, and investors may lose all or part of their investment.

The risk factors described in this Part III do not purport to be an exhaustive list of all relevant risks, since the Enlarged Group's performance might be affected by other factors, including, in particular, changes in market and/or economic conditions or in legal, regulatory or tax requirements. Potential investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in the light of information in this document and their individual circumstances. An investment in the Ordinary Shares should only be made by those with the necessary expertise to evaluate fully that investment.

Given these uncertainties, potential investors are strongly recommended to consult an independent financial adviser authorised under FSMA (or, if a potential investor is a person outside the UK, a person otherwise similarly qualified in the relevant jurisdiction) who specialises in advising upon the acquisition of shares and other securities, before making a decision to invest.

In addition to the usual risks associated with an investment in a company, the Directors consider the following risk factors to be significant to potential investors.

#### **RISKS RELATING TO THE ENLARGED GROUP'S BUSINESS**

##### **System interruptions (including cyber-attacks) can make the Enlarged Group's Platform unavailable**

The Enlarged Group has in place robust procedures and controls to mitigate system interruptions in relation to the Enlarged Group's IT systems. In addition, 3radical is regularly required to be externally 'penetration tested' as part of the engagement process by existing and prospective clients. External penetration testing took place on 3radical's systems as recently as June 2023 with no issues noted. However, not all interruptions can be prevented, and any such interruptions may result in operational failures and may make the Enlarged Group's Platform temporarily unavailable, which in turn, may adversely affect the Enlarged Group's business. In addition, the Enlarged Group's IT systems rely, in part, on the services of third-party providers, which may experience system interruptions. Third-party providers may experience attempts to break into their IT systems and infrastructure, and third-party providers may not have the resources or technical sophistication to anticipate or prevent all types of attacks or to protect its users from the impact of such attacks. Any interruptions in the services provided by such third parties, which are outside the control of the Enlarged Group, would impact the operation of the Enlarged Group's business and potentially its results of operations, financial condition and/or prospects.



### **The loss of or a failure to hire and retain key personnel or a failure to maintain good relationships with the Enlarged Group's workforce could adversely affect the Enlarged Group's business**

The Enlarged Group's future success depends, in part, on its senior management team and long-standing senior employees, who possess a wealth of knowledge of the Enlarged Group's business, as well as experience within the Enlarged Group's industry. The loss of any members of senior management or long-standing employees, particularly those with specific knowledge of the business, could harm the Enlarged Group's business. The overall competence of the Enlarged Group's employees is important for the operation of the business and the Enlarged Group's successful development and growth. The Enlarged Group faces competition from competitors for qualified personnel and the Enlarged Group's success is therefore also dependent on its ability to attract, train, motivate and retain highly qualified individuals. In order to ensure that such qualified individuals are attracted and retained by the Enlarged Group, the Enlarged Group may have to offer increased compensation packages and other benefits which could lead to higher personnel costs, which accounted for c.74 per cent. of the 3radical's total operational costs in the financial year ended 31 March 2023.

### **Ability to retain key client relationships**

The Enlarged Group's revenue is materially dependent on a relatively small number of key clients and partnerships. In overseas markets, such as the US and APAC, the Enlarged Group is reliant on partnerships for sales. The loss of one or more of these key clients or partners could have a material adverse effect on the Enlarged Group's overall business revenues and profitability.

Furthermore, the Enlarged Group may generate fewer sales to/through these clients/partners for several reasons, including, but not limited to:

- reduced demand for customers' products and services, including as a result of cyclical downturns that disproportionately affect the sectors in which the Group operates;
- inability to secure licences, whether as a result of, *inter alia*, a failure to offer competitive terms or a customer's desire to diversify their supplier base;
- reduced or delayed customer requirements; and
- bankruptcy or insolvency of a customer.

Any of these factors could have a material adverse effect on the Enlarged Group's business, financial condition and results of operations.

### **Ability to develop and convert sales pipeline to won business**

The Enlarged Group's revenue is expected to grow through new customer engagement, which is a key part of its growth strategy. The Enlarged Group's ability to achieve this is subject to the sales team of the Enlarged Group and its reseller partners and sales and marketing agencies being able to successfully convert potential customer leads into contracts with members of the Enlarged Group. This could be affected by any economic downturn in the Enlarged Group's markets, competition, or failure to retain key sales staff or to recruit a sufficient number of quality sales people to drive growth.

### **Competition**

Despite the Enlarged Group's competitive advantages set out above, the marketing technology industry is competitive and the Enlarged Group's performance could be impeded if its competitors adopt aggressive pricing policies, offer more appealing products/services or adapt more quickly to changes in technology or customer preferences and trends. Competitors may possess greater financial resources, newer or better technology and materials, greater economies of scale, stronger brand recognition and customer loyalty and/or better entrenched relationships with customers as compared to the Enlarged Group, any of which may give them a competitive advantage over the Enlarged Group and could result in a loss of market share for the Enlarged Group. The Enlarged Group may be compelled to respond to such competitive pressures by lowering prices and/or increasing expenditures, leading to a decrease in its profit margins or free cash flow. Actions taken by the Enlarged Group's competitors and the Enlarged Group's response thereto may have a material adverse effect on its business, results of operations and financial condition. Likewise, the

Enlarged Group's failure to adapt to these or other changes in the competitive landscape could result in decreased revenue, lower profit margins and loss of market share, which would have a material adverse effect on the Enlarged Group's business, results of operations, financial condition and prospects.

### **Impact of loss of suppliers**

Whilst the Enlarged Group does not consider that any supplier is irreplaceable, the time and cost associated with finding an alternative supplier for any of the Enlarged Group's existing suppliers may be considerable. The Enlarged Group cannot guarantee that services and products delivered from third parties will remain of a high quality in the future and be provided without interruption. The loss of one or more suppliers may result in significant costs and time delay in delivering its services and have a material adverse effect on the Enlarged Group's operations and/or profitability.

### **The Enlarged Group may be unable to protect its intellectual property effectively from misappropriation by others, including current or potential competitors**

The Enlarged Group's success depends, in part, upon the protection of its intellectual property. The business, its logo, brand name, and technology underpinning the Enlarged Group's Platform rely on the protection of registered domain names and trademarks, copyright and trade secret laws and confidentiality agreements. Unauthorised parties may attempt to copy or otherwise obtain and use the Enlarged Group's proprietary technology knowledge, trade secrets, designs or copyrights, or infringe or otherwise violate the Enlarged Group's intellectual property rights. Additionally, the Enlarged Group may not be able to prevent current and former employees, contractors and other parties from misappropriating the Enlarged Group's confidential and proprietary knowledge. Infringement, misuse or other violation of any of the Enlarged Group's intellectual property rights may dilute or diminish the value and goodwill of its brand, products and services in the marketplace, which could materially and adversely affect the Enlarged Group's results of operations and make it more difficult for the Group to maintain a strong market position. Policing unauthorised use of the Enlarged Group's intellectual property can be difficult and expensive. As the Enlarged Group expands into new jurisdictions, some of which may have less robust protections for intellectual property, the cost of protecting, and the risk of third-party infringement of, its intellectual property increases.

### **The Enlarged Group's software or content may contain defects and not perform as expected**

The Enlarged Group's software is complex and there can be no assurance it will perform as intended. It may contain defects or vulnerabilities which may surface in the future and make the Enlarged Group and its customers vulnerable to adverse performance or IT security failures. The Enlarged Group may not always be able to identify or fix defects promptly. The Enlarged Group's business would suffer if such defects harmed its customers or caused its customers, or potential customers, to believe the Enlarged Group's software is not reliable or secure. As a result, the Enlarged Group may lose customers, become liable for damages, suffer negative publicity, financial losses and reduced business prospects.

### **Use of open-source software**

The Enlarged Group's Platform incorporates open-source software, and it may include additional open-source software in the future. Open-source software is generally freely accessible, usable and modifiable. However, if an author or third party that distributes the open-source software were to allege that the Enlarged Group had not complied with the conditions of use of such software, the Enlarged Group could incur significant legal expenses defending against such allegations. This could also result in substantial damages, business disruption and require additional research and development resources to change its technology all of which may have a material negative impact on the Enlarged Group's business. Furthermore, the licences applicable to the Enlarged Group's use of open source software may contain defined restrictions, for example, requiring that source code that is developed using open source software be made available to the public and that any modifications or derivative works to certain open source software continue to be licensed under open source licences. An inability by the Enlarged Group to obtain, retain and/or comply with the relevant open source licences on which it is reliant could materially adversely affect the Enlarged Group's business, results of operations, financial condition and/or prospects.

### **The Enlarged Group may make acquisitions and investments which could divert management's attention, result in operating difficulties and otherwise disrupt the Enlarged Group's operations**

Given the strategy of the Enlarged Group, they may, in the future, acquire other businesses, products or technologies. The completion of any such acquisitions may not achieve the anticipated combined revenue, cost synergies or other anticipated benefits to the Enlarged Group, may not strengthen the Enlarged Group's competitive position or achieve the Enlarged Group's anticipated goals in a timely manner, or at all. There is also a risk that such acquisitions may be viewed negatively by the Enlarged Group's audience, clients, financial markets or investors. In addition, any acquisitions the Enlarged Group undertakes may lead to difficulties in integrating personnel, technologies and operations from the acquired businesses and in retaining and motivating key personnel.

### **Ability to conduct research and development to compete effectively**

Developing new features and enhancements for the Platform will be necessary for the Enlarged Group to remain competitive. Other competitors may have access to more funds for research and development, or they may be acquired by larger companies that could provide access to greater resources than those available to the Enlarged Group. The Enlarged Group's failure to maintain adequate research and development resources or to compete effectively with its competitors' research and development programmes could materially adversely affect its business.

### **The Enlarged Group is exposed to risks associated with currency fluctuations**

The Enlarged Group reports its results in sterling; however, it has subsidiary companies in the US, Singapore and Australia and holds and operates contracts across the world. Therefore, the Enlarged Group's presentation of consolidated financial statements and results of operations may be affected by both the transaction and translation effects of foreign currency exchange rate fluctuations. The Enlarged Group is exposed to transaction effects when it incurs costs or generates revenue in different currencies, in particular the Singapore dollar, US dollar and Australian dollar. As the Enlarged Group's business expands into new markets, the Enlarged Group may be subject to increased exposure to foreign currency exchange rate fluctuations.

### **The Enlarged Group is exposed to risks associated with its overseas operations**

The Enlarged Group currently has subsidiaries in Singapore, Australia and the US. Only the overseas subsidiaries in Singapore and the US are currently trading. The Enlarged Group may look to trade through the Australian entity and to extend operations into other countries as part of its growth strategy. In expanding its business into other territories, the Enlarged Group will be subject to the risk that it is unable to generate the expected level of audience engagement, brand strength or client interest in such territories, for example as a result of cultural or market differences.

In addition, each of the jurisdictions in which the Enlarged Group currently operates, and any future jurisdictions into which the Enlarged Group expands, is subject to different regulatory, fiscal, legal environments and political conditions which could change in the future and could impact on how the Enlarged Group conducts its business in these territories. The Enlarged Group is exposed to the risk of non-compliance by the overseas subsidiaries with local laws and regulations including tax, company, data protection and employment legislation. Any historic non-compliance or if the Enlarged Group fails to comply with the laws and regulations applicable to its overseas operations after the date of this document, the Enlarged Group could be subject to reputational and legal risks, including government enforcement action, legal proceedings and/or fines. Such government or regulatory enforcement action or legal proceedings may further damage the reputation of the Enlarged Group and have a material adverse effect on the Enlarged Group's business, operating results and financial condition.

### **The Enlarged Group is subject to various risks which may not be adequately insured**

The Enlarged Group is exposed to risks due to external factors beyond its control, including, but not limited to, accidents, vandalism, natural hazards, acts of terrorism, damage and loss caused by fire, power failures or other events, that could potentially lead to the interruption of the Enlarged Group's business operations, personal injuries, damage to third-party property or the environment. Although the Enlarged Group insures itself against such losses to a level and at a cost it deems appropriate, the Enlarged Group's insurance

policies are subject to exclusions and limitations and the Enlarged Group cannot guarantee that all material events of damage or loss will be fully or adequately covered by an applicable insurance policy.

### **Financial resources**

In the opinion of the Directors, having made due and careful enquiry, taking into account the existing cash available to the Enlarged Group and the proceeds of the Placing and Subscription receivable by the Company, the working capital available to the Enlarged Group will be sufficient for its present requirements, that is for at least 12 months from the date of Admission. The Enlarged Group may require additional capital in the future to develop the Group's business. No assurance can be given that any such additional financing will be available or that, if available, it will be available on terms favourable to the Enlarged Group or Shareholders. Any additional equity financing may be dilutive to holders of Ordinary Shares. Any debt financing, if available, may require restrictions on the Enlarged Group's future financing and operating activities.

### **Material litigation, claims or arbitration or legal uncertainties**

The Enlarged Group is not engaged in any material litigation, claim, and arbitration, either as claimant or defendant, that has or could have a material effect on its financial position. The Directors do not know of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect the Enlarged Group's position or business. However, there can be no assurance that there will be no such proceedings in the future that could affect the reputation, business or performance of the Enlarged Group.

### **The Enlarged Group is subject to a variety of laws and regulations, and future laws and regulations might impose additional requirements and other obligations on the Enlarged Group's business**

A number of laws and regulations apply to the Enlarged Group's business. Such laws and regulations are constantly evolving and can be subject to differing interpretation. Legislative and regulatory bodies may extend the scope of current laws or regulations, enact new laws or regulations or issue revised rules or guidance. Given the potential broad scope and timing of legal and regulatory development, the Enlarged Group cannot guarantee that its practices have historically complied, or will in the future comply fully, with all applicable laws and regulations and their interpretation. Any failure, or perceived failure, by the Enlarged Group to comply with any of these applicable laws or regulations could result in damage to the Enlarged Group's reputation, and any legal action brought against the Enlarged Group as a result of actual or alleged non-compliance could further damage its reputation and result in substantially increased legal expenses and/or penalties and have a material adverse effect on the Enlarged Group's business, prospects, results of operation and financial condition. The Enlarged Group currently dedicates, and as laws and regulations develop will need to continue to dedicate, significant time and resource to ensure compliance with the legal and regulatory landscape in which it operates.

### **The Enlarged Group is required to ensure compliance with data protection regulations**

The Enlarged Group is required to observe data protection laws in each of the countries in which it currently operates, including the regime that applies in the United Kingdom, namely the retained EU law version of the GDPR, the DPA 2018 as amended and the Personal Data Protection Act 2012 (of Singapore). Any data breach by the Enlarged Group, or any failure to comply with relevant data protection laws, including any historic non-compliance, may, amongst other things, result in significant fines from the ICO in the UK or other regulators and/or claims brought against the Enlarged Group by affected third parties, which could potentially have a material adverse effect on the Enlarged Group's reputation, business, prospects, results of operation and financial condition. The Enlarged Group may also face fines and/or claims as a result of a breach of personal data by either the Enlarged Group or any of its service providers, including as a result of any historic breaches. In the event that the Enlarged Group fails to comply with local requirements on data protection or privacy laws or has failed to comply historically, it may also be exposed to significant liability under contracts in relation to its clients, which could potentially have a material adverse effect on the Enlarged Group's reputation, business, prospects, results of operation and financial condition.

### **Application of existing tax laws, rules or regulations are subject to interpretation by taxing authorities**

The application of tax laws in the jurisdictions in which the Enlarged Group currently operates is subject to interpretation. In assessing the business operations of the Enlarged Group, including its international operations, the relevant taxing authorities may challenge the Enlarged Group's methodologies or determine that the manner in which the Enlarged Group operates its business does not achieve the intended tax consequences, which could increase its worldwide effective tax rate and adversely affect its financial results. In addition, whilst the Enlarged Group has sought advice in relation to the structuring of the Enlarged Group from a tax perspective, such structuring may be challenged or deemed inappropriate by the relevant taxing authorities, which could, in turn, lead to additional financial liability for the Enlarged Group.

### **The Enlarged Group's use of independent contractors**

The Enlarged Group occasionally uses independent contractors. Changes to laws governing the classification of independent contractors, or judicial or governmental decisions regarding independent contractor classification, could require the Enlarged Group to consider classifying contractors as employees. Any decisions to retroactively reclassify independent contractors as employees would result in potential liability over the Enlarged Group's failure to comply with relevant employment and taxation requirements and associated obligations, which in turn could adversely affect the Enlarged Group's financial condition and reputation.

The Enlarged Group's operations and performance could be adversely affected if contractors and third parties do not have sufficient capacity to work with the Enlarged Group on its chosen projects or the quality of their work or service does not meet the requisite requirements, which could have an adverse effect on the Enlarged Group's performance and reputation.

### **Changes in accounting standards**

Changes in accounting standards, rules and regulations may have a significant impact on the reported financial results of the Enlarged Group and it is currently impossible to specify or ascertain the effect of such changes or new standards, which will be dependent on the financial position of the Enlarged Group at the time. In addition, in connection with financial reporting under any new or amended accounting standards, the Enlarged Group will be required to make its own accounting judgements and elections, which also cannot be determined at this time.

### **Non-IFRS financial information and Alternative Performance Measures**

This document contains certain financial measures that are not defined or recognised under IFRS, including adjusted EBITDA and EBITDA (being earnings before interest, tax, depreciation and amortisation, but also in some instances other adjustments). Information regarding these measures are sometimes used by investors to evaluate the efficiency of a company's operations and its ability to employ its earnings toward repayment of debt, capital expenditures and working capital requirements. There are no generally accepted principles governing the calculation of these measures and the criteria upon which these measures are based can vary from company to company. These measures, by themselves, do not provide a sufficient basis to compare 3radical or the Enlarged Group's performance with that of other companies and should not be considered in isolation or as a substitute for operating profit or any other IFRS measures as indicators of operating performance, or as an alternative to cash generated from operating activities as a measure of liquidity. In order to make a proper assessment of the financial performance of the Enlarged Group's business, prospective investors should read this document as a whole and not rely solely on these measures. Certain of these measures relate to past performance. Past performance is not an indication of future results.

### **Past performance**

The past performance of 3radical is not a guide to future performance of the Enlarged Group. The Enlarged Group's operating results may fluctuate significantly in the future due to a variety of factors, many of which are outside of its control. Accordingly, investors should not rely on comparisons with 3radical's results to date as an indication of future performance. It is possible that, in the future, the Enlarged Group's operating results will fall below the expectations of securities analysts or investors. If this occurs, the trading price of the Company's shares may decline significantly.

### **A failure by the Directors to execute the Enlarged Group's growth strategy or to manage any associated growth**

If the Enlarged Group were to experience high levels of growth, this may place certain demands on its resources, systems, internal controls and management. A number of factors may undermine the Enlarged Group's ability to sustain its growth or to effectively execute its growth strategy which could materially and adversely affect the business, revenue, financial condition and operating results of the Enlarged Group. Such factors include: any failure by the Enlarged Group to successfully compete with new market entrants or existing competitors; any failure to attract or retain key employees; any failure or lack of resource in connection with the Enlarged Group's acquisition strategy; a failure by the Enlarged Group to compete successfully or grow in new territories; or legal and regulatory developments with respect to any of the jurisdictions in which the Enlarged Group operates or may operate in the future.

The costs associated with implementing the Enlarged Group's growth strategy may, whether such strategy is successful or not, cause a decrease in the Enlarged Group's operating profit margins. In addition, the time required to execute such strategy could divert the Enlarged Group management's attention from other business concerns. A failure by the Directors to execute the Enlarged Group's growth strategy, or to manage any associated growth, could have an adverse effect on the Enlarged Group's business, financial condition and results of operations.

## **RISKS RELATING TO THE ORDINARY SHARES**

### **Share price volatility and liquidity**

AIM is a trading platform designed principally for growth companies and, as such, tends to experience lower levels of trading liquidity than larger companies quoted on the Official List or some other stock exchanges. Following Admission, there can be no assurance that an active or liquid trading market for the Ordinary Shares will develop or, if developed, will be maintained. The Ordinary Shares may therefore be subject to large price fluctuations on small volumes of shares traded. As a result, an investment in shares traded on AIM may carry a higher risk than an investment in shares admitted to the Official List.

Prospective investors should be aware that the value of an investment in the Enlarged Group may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Enlarged Group. There can be no guarantee that the value of an investment in the Enlarged Group will increase. Investors may therefore realise less than, or lose all of, their original investment. The share prices of publicly quoted companies can be highly volatile and shareholdings illiquid. The price at which the Ordinary Shares are quoted and the price which investors may realise for their Ordinary Shares may be influenced by a large number of factors, some of which are general or market specific, others of which are sector specific and others of which are specific to the Enlarged Group and its operations. These factors include, without limitation, (i) the performance of the overall stock market; (ii) large purchases or sales of Ordinary Shares by other investors; (iii) financial and operational results of the Enlarged Group; (iv) changes in research analysts' recommendations and any failure by the Enlarged Group to meet the expectations of research analysts; (v) changes in legislation or regulations and changes in general economic, political or regulatory conditions; and (vi) other factors which are outside of the control of the Enlarged Group.

Shareholders may sell their Ordinary Shares in the future to realise their investment. Sales of substantial amounts of Ordinary Shares following Admission and/or termination of the existing lock-in restrictions (the terms of which are summarised in paragraph 14 of Part I of this document), or the perception that such sales could occur, could materially adversely affect the market price of the Ordinary Shares.

There can be no guarantee that the price of the Ordinary Shares will reflect their actual or potential market value or the underlying value of the Enlarged Group's net assets and the price of the Ordinary Shares may decline below the Issue Price. Shareholders may be unable to realise their Ordinary Shares at the quoted market price or at all.

### **Investment risk**

An investment in a quoted company is highly speculative, involves a considerable degree of risk and is suitable only for persons or entities which have substantial financial means and who can afford to hold their ownership interests for an indefinite amount of time or to lose their investment principal. While various

investment opportunities are available, potential investors should consider the risks that pertain to the sector in which the Enlarged Group operates.

### **Market perception**

Market perception of the Enlarged Group may change, potentially affecting the value of investors' holdings of Ordinary Shares and the ability of the Company to raise funds by the issue of further Ordinary Shares or otherwise. Negative perceptions of the Enlarged Group's competitors may result in negative market perception of the industry as a whole, which would have an adverse effect on price of the Ordinary Shares as well as the Company's ability to raise further funds either publicly or privately.

### **Determination of Issue Price**

Placees will commit to subscribe for or purchase the Ordinary Shares at the Issue Price, which is a fixed price, prior to satisfaction of all conditions for the Ordinary Shares to be issued. The Issue Price may not accurately reflect the trading value of the Ordinary Shares when issued, the Company's potential earnings or any other recognised criteria of value.

### **Dilution**

If the Company were to offer equity securities for sale in the future, Shareholders not participating in these equity offerings may become diluted and pre-emptive rights may not be available to certain Shareholders. The Company may also in the future issue Ordinary Shares, warrants and/or options to subscribe for new Ordinary Shares and other convertible securities, including (without limitation) to certain advisers, employees, directors, senior management and consultants. The exercise of such warrants and/or options and other convertible securities may also result in dilution of the shareholdings of other investors. In addition, the exercise of the warrants and options described in paragraphs 4 (o), 4 (p), 9 (b), 10 (m), 10 (n), 10 (o), 10 (p) and 17 of Part VII would result in additional dilution for the Shareholders.

### **Legislation and tax status**

This document has been prepared on the basis of current legislation, regulation, rules and practices and the Directors' interpretation of them. Such interpretation may not be correct, and it is always possible that legislation, regulation, rules and practices may change. Any change in legislation or regulation and, in particular, in tax status or tax residence of the Company or in tax legislation or practice may have an adverse effect on the returns available on an investment in the Company.

### **Dividends**

There can be no assurance as to the level of future dividends, if any. The payment and amount of any future dividends of the Company is subject to the discretion of the Directors and will depend upon, amongst other things, the Enlarged Group's earnings, financial position, cash requirements and availability of profits, as well as the provisions of relevant laws and generally accepted accounting practice.

### **Costs of compliance with AIM corporate governance and accounting requirements**

In becoming a public company with shares admitted to trading on AIM, the Enlarged Group will be subject to enhanced requirements in relation to disclosure controls and procedures and internal control over financial reporting. The Enlarged Group may incur significant costs associated with its public company reporting requirements, including costs associated with applicable AIM corporate governance requirements. The Enlarged Group expects to incur significant legal and financial compliance costs as a result of these rules and regulations and, if the Enlarged Group does not comply with all applicable legal and regulatory requirements, this may have a material adverse effect on the Enlarged Group's business, financial condition, results of operations and prospects.

### **There is no guarantee that the Enlarged Group will maintain its quotation on AIM**

The Enlarged Group cannot assure investors that the Enlarged Group will always retain a quotation on AIM. If it fails to retain such a quotation, certain investors may decide to sell their shares, which could have an

adverse impact on the price of the Ordinary Shares. Additionally, if, in the future, the Enlarged Group decides to obtain a quotation on another exchange in addition to AIM, the level of liquidity of the Ordinary Shares traded on AIM could decline.

**It should be noted that the risk factors listed above are not intended to be exhaustive and do not necessarily comprise all of the risks to which the Company is, or may be, exposed to or all those associated with an investment in the Company. There may be additional risks and uncertainties that the Directors do not currently consider to be material or of which they are currently unaware, which may also have an adverse effect upon the Company.**



## PART IV

### FINANCIAL INFORMATION OF 3RADICAL LIMITED

#### SECTION A: ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF 3RADICAL LIMITED

The Directors and Proposed Directors  
Electric Guitar Plc  
One, Bartholomew Close  
London  
EC1A 7BL

The Directors  
Allenby Capital Ltd  
5 St. Helen's Place  
London  
EC3A 6AB

15 April 2024

Dear Directors and Proposed Directors

#### **Accountants report on the Historical Financial Information of 3radical Limited ("3radical") and its subsidiaries (together the "3radical Group")**

We report on the Historical Financial Information of 3radical Limited ("3radical") and its subsidiaries (together the "3radical Group") set out in Section B of Part IV, which comprises the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cashflows, and the related notes, for the three years ended 31 March 2021, 31 March 2022 and 31 March 2023 ("Historical Financial Information").

#### **Opinion on the historical financial information**

In our opinion, the Historical Financial Information gives, for the purpose of the Admission Document of Electric Guitar plc ("the Company") dated on or around 15 April 2024, a true and fair view of the state of affairs of the 3radical Group as at 31 March 2021, 31 March 2022 and 31 March 2023 and of its losses, cash flows and changes in equity for the years then ended in accordance with the basis of preparation set out in note 2 to the Historical Financial Information.

#### **Responsibilities**

The Directors of the Company are responsible for preparing the Historical Financial Information on the basis of preparation set out in note 2 to the Historical Financial Information.

It is our responsibility to form an opinion on the Historical Financial Information and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent provided, and save for any responsibility that we have expressly agreed in writing to assume, to the fullest extent permitted by law we do not assume responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

### **Basis of preparation**

The Historical Financial Information has been prepared for inclusion in the Admission Document of the Company dated on or around 15 April 2024 on the basis of the accounting policies set out in note 2 to the Historical Financial Information. The report is required by paragraph (a) of Schedule Two of the AIM Rules and is given for the purpose of complying with that paragraph and for no other purpose.

### **Basis of opinion**

We conducted our work in accordance with Standards of Investment Reporting issued by the Financial Reporting Council ("FRC") in the United Kingdom. We are independent of the Company and the 3Radical Group in accordance with the FRC's Ethical Standard as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our work included an assessment of evidence relevant to the amounts and disclosures in the Historical Financial Information. It also included an assessment of the significant estimates and judgements made by those responsible for the preparation of the Historical Financial Information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Historical Financial Information is free from material misstatement whether caused by fraud or other irregularity or error.

### **Conclusions Relation to Going Concern**

We have not identified any material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the ability of the Company to continue as a going concern for a period of at least twelve months from the date of the Admission Document.

Accordingly, the use by the directors of the Company of the going concern basis of accounting in the preparation of the Historical Financial Information is appropriate.

### **Declaration**

For the purposes of paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the Admission Document and we declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that the report makes no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

**PKF Littlejohn LLP**  
*Reporting Accountant*

## SECTION B: HISTORICAL FINANCIAL INFORMATION OF 3RADICAL LIMITED

### Consolidated Income Statement

	<i>Note</i>	<i>Year ended 31 March 2023 £'000</i>	<i>Year ended 31 March 2022 £'000</i>	<i>Year ended 31 March 2021 £'000</i>
<b>Continuing operations</b>				
Revenue	5	710	619	600
Cost of sales		<u>(212)</u>	<u>(145)</u>	<u>(190)</u>
<b>Gross Profit</b>		<u>498</u>	<u>474</u>	<u>410</u>
Other operating income		7	25	117
Administrative expenses	7	<u>(1,550)</u>	<u>(2,208)</u>	<u>(2,269)</u>
<b>Operating loss</b>		<u>(1,045)</u>	<u>(1,709)</u>	<u>(1,742)</u>
Finance income /(cost)	9	<u>(5)</u>	<u>(3)</u>	<u>(22)</u>
<b>(Loss) before tax</b>		<u>(1,050)</u>	<u>(1,712)</u>	<u>(1,764)</u>
Taxation	10	<u>190</u>	<u>136</u>	<u>163</u>
<b>(Loss) for the year</b>		<u>(860)</u>	<u>(1,576)</u>	<u>(1,601)</u>
Attributable to:				
Equity holders of the parent		<u>(860)</u>	<u>(1,576)</u>	<u>(1,601)</u>
<b>Net loss per share</b>				
Basic and diluted (pence)	11	<u>(30)</u>	<u>(140)</u>	<u>(192)</u>

## Consolidated Statement of Comprehensive Income

	<i>Year ended 31 March 2023 £'000</i>	<i>Year ended 31 March 2022 £'000</i>	<i>Year ended 31 March 2021 £'000</i>
Loss for the year	(860)	(1,576)	(1,601)
Other comprehensive income:			
Exchange differences on translation of foreign operations	<u>(248)</u>	<u>21</u>	<u>(90)</u>
<b>Total comprehensive loss for the year</b>	<b><u>(1,108)</u></b>	<b><u>(1,555)</u></b>	<b><u>(1,691)</u></b>
Attributable to:			
Equity holders of the parent	<u>(1,108)</u>	<u>(1,555)</u>	<u>(1,691)</u>

## Consolidated Statement of Financial Position

		<i>As at</i> <i>31 March</i> <i>2023</i> <i>£'000</i>	<i>As at</i> <i>31 March</i> <i>2022</i> <i>£'000</i>	<i>As at</i> <i>31 March</i> <i>2021</i> <i>£'000</i>
	<i>Note</i>			
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant & equipment	12	2	5	4
Investments	13	–	–	–
<b>Total non-current assets</b>		<u>2</u>	<u>5</u>	<u>4</u>
<b>Current assets</b>				
Trade and other receivables	14	327	477	274
Cash and cash equivalents		38	88	322
<b>Total current assets</b>		<u>365</u>	<u>565</u>	<u>596</u>
<b>TOTAL ASSETS</b>		<u>367</u>	<u>570</u>	<u>600</u>
<b>EQUITY</b>				
Share capital	16	1,338	1,300	918
Share premium		10,941	9,957	8,711
Share based payments reserves	17	35	74	78
Foreign currency translation reserve	17	(181)	67	46
Accumulated losses		(12,101)	(11,241)	(9,665)
<b>Total equity</b>		<u>32</u>	<u>157</u>	<u>88</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	15	335	413	512
<b>Total liabilities</b>		<u>335</u>	<u>413</u>	<u>512</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>367</u>	<u>570</u>	<u>600</u>

## Consolidated Statement of Changes in Equity

		Share	Share premium	Share based	Foreign	Accumulated	Total
	Note	Capital	account	payments	currency	Losses	Equity
		£'000	£'000	reserve	translation	£'000	£'000
				£'000	£'000		
<b>As at 1 April 2020</b>		813	7,418	–	136	(8,064)	303
<b>Comprehensive income</b>							
Loss for the year		–	–	–	–	(1,601)	(1,601)
Forex currency translation differences		–	–	–	(90)	–	(90)
<b>Total comprehensive loss for the year</b>		–	–	–	(90)	(1,601)	(1,691)
<b>Transactions with owners</b>							
Issue of shares	16	105	1,293	–	–	–	1,398
Share based payments		–	–	78	–	–	78
<b>As at 31 March 2021</b>		918	8,711	78	46	(9,665)	88
<b>Comprehensive income</b>							
Loss for the year		–	–	–	–	(1,576)	(1,576)
Forex currency translation differences		–	–	–	21	–	21
<b>Total comprehensive loss for the year</b>		–	–	–	21	(1,576)	(1,555)
<b>Transactions with owners</b>							
Issue of shares	16	382	1,246	–	–	–	1,628
Share based payments		–	–	(4)	–	–	(4)
<b>As at 31 March 2022</b>		1,300	9,957	74	67	(11,241)	157
<b>Comprehensive income</b>							
Loss for the year		–	–	–	–	(860)	(860)
Forex currency translation difference		–	–	–	(248)	–	(248)
<b>Total comprehensive loss for the year</b>		–	–	–	(248)	(860)	(1,108)
<b>Transactions with owners</b>							
Issue of shares	16	38	984	–	–	–	1,022
Share based payments		–	–	(39)	–	–	(39)
<b>As at 31 March 2023</b>		1,338	10,941	35	(181)	(12,101)	32

## Consolidated Statement of Cashflows

		<i>Year ended</i> <i>31 March</i> <i>2023</i> <i>£'000</i>	<i>Year ended</i> <i>31 March</i> <i>2022</i> <i>£'000</i>	<i>Year ended</i> <i>31 March</i> <i>2021</i> <i>£'000</i>
<b>Net cash used in operating activities</b>	18	(1,069)	(1,858)	(1,539)
<b>Investing activities</b>				
Acquisition of property, plant and equipment	12	(3)	(4)	(5)
<b>Net cash used in investing activities</b>		<u>(3)</u>	<u>(4)</u>	<u>(5)</u>
<b>Financing activities</b>				
Proceeds on issue of shares		1,022	1,628	1,398
<b>Net cash from financing activities</b>		<u>1,022</u>	<u>1,628</u>	<u>1,398</u>
<b>Net decrease in cash and cash equivalents</b>		<u>(50)</u>	<u>(234)</u>	<u>(146)</u>
Cash and cash equivalents at beginning of year		88	322	468
Cash and cash equivalents at end of year		<u>38</u>	<u>88</u>	<u>322</u>

## Notes to the Historical Financial Information

### 1. General information

3radical Limited “3radical” is a private company limited by shares incorporated in England and Wales under the Companies Act 2006. The registered office address is Desklodge House, Redcliffe Way, Bristol, England, BS1 6NL.

The functional currency of 3radical is pounds sterling (£). Foreign operations use alternative currencies as their functional currency and are included in accordance with the policies set out in note 3.

The historical financial information is presented in pounds sterling (£) which is the presentational currency of the consolidated group comprising 3radical and each of its foreign subsidiaries (hereafter “the 3radical Group”).

### 2. Adoption of new and revised Standards

#### ***Basis of accounting***

The historical financial information provided for the combined entities is in respect of the financial years ended 31 March 2021, 31 March 2022 and 31 March 2023. The combined historical financial information is prepared on a going concern basis, under the historical cost convention, for the purpose of admission to AIM, a market operated by the London Stock Exchange. This combined historical financial information, which does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006, has been prepared in accordance with the requirements of the AIM rules for companies and in accordance with International Financial Reporting Standards (“IFRS”) for all periods presented. The combined historical financial information has been prepared using the measurement bases specified by International Financial Reporting Standards for each type of asset, liability, income and expense. The combined historical financial information is the responsibility of the directors of the Company. This historical financial information has been prepared in accordance with the disclosed accounting policies.

In preparing the combined historical financial information of the 3radical Group, International Financial Reporting Standards (IFRS) have been applied for the first time from 1 April 2020. The principles and requirements for first time adoption of IFRS are set out in IFRS 1. The principal accounting policies adopted in the preparation of the combined historical financial information are set out below. The policies have been consistently applied to all the periods presented.

#### ***New standards and interpretations not yet adopted***

Unless material the 3radical Group does not adopt new accounting standards and interpretations which have been published and that are not mandatory for reporting periods ending 31 March 2023 and earlier.

No new standards or interpretations issued by the International Accounting Standards Board (‘IASB’) or the IFRS Interpretations Committee (‘IFRIC’) have led to any material changes in 3radical’s accounting policies or disclosures during each reporting period.



The most significant new standards and interpretations to be adopted in the future are as follows:

<i>Ref</i>	<i>Title</i>	<i>Summary</i>	<i>Application date of standards</i>
IFRS 17	Insurance Contracts	Establishes new principles for the recognition, measurement, presentation and disclosure of insurance contracts issued, reinsurance contracts held and qualifying investment contracts with discretionary participation features issued.	Annual periods beginning on or after 1 January 2023.
IFRS 16	Lease Liability in a Sale and Leaseback	Specifies requirements relating to measuring the lease liability in a sale and leaseback transaction after the date of the transaction.	Annual periods beginning on or after 1 January 2024.
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Introduces an exception to clarify that the 'initial recognition exemption' does not apply to transactions that give rise to equal taxable and deductible timing differences.	Annual periods beginning on or after 1 January 2023.
IAS 8	Changes in Accounting Estimates and Errors: Definition of Accounting estimates	Clarifies how to distinguish changes in accounting policies from changes in accounting estimates.	Annual periods beginning on or after 1 January 2023.
IAS 1	Presentation of Financial Statements and IFRS Practice Statement 2 - Disclosure of Accounting Policies	Changes requirements from disclosing 'significant' to 'material' accounting policies and provides explanations and guidance on how to identify material accounting policies.	Annual periods beginning on or after 1 January 2024.
IAS 1	Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current and Non-Current Liabilities with Covenants Date	Clarifies that only those covenants with which an entity must comply on or before the end of the reporting period affect the classification of a liability as current or non-current.	Annual periods beginning on or after 1 January 2024.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on 3radical.

The directors are evaluating the impact that these standards will have on the historical financial information of the 3radical Group.

### **3. Significant accounting policies**

#### ***Basis of consolidation***

The historical financial information comprises 3radical and entities controlled by 3radical (its subsidiaries) (together the "3radical Group"). The consolidated historical financial information comprises the years ended 31 March 2021, 31 March 2022 and 31 March 2023.

Subsidiaries are all entities (including structured entities) over which 3radical has control. Subsidiaries are fully consolidated from the date on which control is transferred to the 3radical Group. They are deconsolidated from the date that control ceases.

Where necessary, adjustments are made to the historical financial information of subsidiaries to bring the accounting policies used into line with those used by the 3radical Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

### ***Business combinations***

The 3radical Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, less the liabilities incurred and the equity interests issued by the 3radical Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The 3radical Group recognises any non-controlling interest in the acquired subsidiary on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised net assets.

Where a business combination is achieved in stages, the 3radical Group's previously-held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the 3radical Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts are reported for the assets and liabilities for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the 3radical Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year.

### ***Going concern***

The operations of the 3radical Group have been financed through operating cash flows as well as through funds which have been raised from shareholders. At 31 March 2023, the 3radical Group held an aggregate cash balance of £38k and an operating loss has been reported.

The Directors anticipate net operating cash outflows for the 3radical Group for the next twelve months from the date of signing the historical financial information.

After making enquiries and considering the above, should the need arise, the directors have a reasonable expectation that the 3radical Group will be able to raise resources (either via the issue of additional equity or loans) to continue in operational existence for the foreseeable future. The Directors therefore continue to adopt the going concern basis of accounting in preparing the historical financial information.

### ***Foreign currencies***

The individual historical financial information of each company in the 3radical Group is maintained in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated historical financial information, the results and financial position of each company in the 3radical Group are expressed in Pound Sterling, which is the functional currency of the 3radical Group, and the presentational currency for the consolidated historical financial information.

In preparing the historical financial information of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the average rates of exchange for the period. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the spot rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the

date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency continue to be held at historical rates and are not retranslated.

Foreign currency differences arising on translation from a transaction currency into an entity's functional currency are recognised in profit and loss.

For the purpose of presenting consolidated historical financial information, the assets and liabilities of the 3radical Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

On the disposal of a foreign operation (i.e. a disposal of the 3radical Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the 3radical Group are reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. The 3radical Group has elected to treat goodwill and fair value adjustments arising on acquisitions before the date of transition to IFRSs as Sterling denominated assets and liabilities.

### **Taxation**

The tax expense comprises current and deferred tax.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where 3radical's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Where uncertainty exists, it establishes provisions representing additional tax due under a reasonable worst case scenario.

### **Deferred tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the historical financial information and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the 3radical Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the 3radical Group intends to settle its current tax assets and liabilities on a net basis.

### **Research and development**

Research expenditure is incurred primarily in the form of software development costs and these are all written off to the Income Statement during the period. Development expenditure is written off in the same way unless the Directors are satisfied that:

- an individual project is technically, commercially and financially viable and,
- a project gives rise to a separately identifiable asset and arises from contractual or other legal rights and,
- it is probable that future economic benefits that are attributable to the project will flow to 3radical and,
- the cost or value of the asset can be measured reliably.

If the above criteria are met, the development expenditure is capitalised as an intangible asset and is initially measured at cost. After initial recognition, development costs are amortised evenly over their estimated useful lives. At the balance sheet date, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

### **Property, plant and equipment**

Tangible fixed assets represent office and computer equipment and are recorded at cost, net of accumulated depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation of each asset on a straight-line basis over its expected useful life, which is calculated on a fixed period.

The average life in years is estimated as 3 years for office and computer equipment.

The cost of maintenance, repairs and replacement of minor items of tangible fixed assets are charged to the income statement as incurred. Renewals and asset improvements are capitalised. Upon sale or retirement of tangible fixed assets, the cost and related accumulated depreciation are eliminated from the historical financial information. Any resulting gains or losses are included in the income statement.

### **Impairment of tangible and intangible assets excluding goodwill**

At each balance sheet date, the 3radical Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the 3radical Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### **Financial assets**

#### *Classification*

The 3radical Group classifies its financial assets as either: those measured at amortised cost (including; trade receivables) and those measured at fair value through other comprehensive income. The classification

depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

### **Trade receivables**

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, in which case they are recognised at fair value. The 3radical Group holds the trade receivables with the objective of collecting the contractual cash flows, and so it measures them subsequently at amortised cost using the effective interest method.

### **Fair value of trade receivables**

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

Other financial assets at amortised cost

The 3radical Group classifies its financial assets at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principle and interest.

### **Other receivables**

These amounts generally arise from transactions outside the usual operating activities of the 3radical Group. Interest could be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.

### **Cash and Cash Equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at banks, on hand and short term highly liquid deposits with a maturity of three months or less.

#### *Classification of financial assets at fair value through other comprehensive income*

Financial assets at fair value through other comprehensive income (FVTOCI) comprise an investment held. These are carried in the statement of financial position at fair value. Subsequent to initial recognition, changes in fair value are recognised in the statement of other comprehensive income.

### **Impairment of financial assets**

For trade receivables and other receivables due in less than 12 months, the 3radical Group applies the simplified approach in calculating Expected Credit Losses (ECL's), as permitted by IFRS 9. Therefore, the 3radical Group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date. For any other financial assets carried at amortised cost (which are due in more than 12 months), the ECL is based on the 12-month ECL. The 12-month ECL is the proportion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the 3radical Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the 3radical Group's historical experience and informed credit assessment including forward-looking information.

### **Financial liabilities**

#### *Trade and other payables*

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

### **Offsetting Financial Instruments**

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of 3radical or the counterparty.

### **Share-based payments**

Goods or services received or acquired in a share-based payment transaction are recognised when the goods or services are received. A corresponding increase in equity is recognised if the goods or services were received in an equity- settled share-based payment transaction or a liability if the goods or services were acquired in a cash-settled share based payment transaction.

When the goods or services received or acquired in a share-based payment, do not qualify for recognition as assets, they are recognised as expenses.

For equity-settled share-based payment transactions the goods or services received and the corresponding increase in equity are measured, directly, at the fair value of the goods or services received provided that the fair value can be estimated reliably.

If the fair value of the goods or services received cannot be estimated reliably, or if the services received are employee services, their value and the corresponding increase in equity, are measured, indirectly, by reference to the fair value of the equity instruments granted.

Vesting conditions, which are not market, related (i.e. service conditions and non-market related performance conditions) are not taken into consideration when determining the fair value of the equity instruments granted. Instead, vesting conditions which are not market related shall be taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised for goods or services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Market conditions, such as a target share price, are taken into account when estimating the fair value of the equity instruments granted. The number of equity instruments is not adjusted to reflect equity instruments which are not expected to vest or do not vest because the market condition is not achieved.

If the share-based payments granted do not vest until the counterparty completes a specified period of service, the Group accounts for those services as they are rendered by the counterparty during the vesting period, (or on a straight- line basis over the vesting period).

If the share-based payments vest immediately the services received are recognised in full.

### **Employee benefits**

#### *Short-term employee benefits*

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non- accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

### **Share capital and equity**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### **Share Capital**

Share capital represents the amount subscribed for shares at nominal value.

### **Share Premium**

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

### **Share-Based Payment Reserve**

The share-based payment reserve represents the cumulative amount which has been expensed in the statement of comprehensive income in connection with share-based payments, less any amounts transferred to retained earnings on the exercise of share options.

### **Finance Income**

Finance income comprises interest income. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

### **Revenue recognition**

The 3radical Group provides software licensing, consulting and support services.

The weighting of these and pricing of these services (which drives the revenue recognition) depends on the service level required by the client, and on the commercial imperatives and pricing sensitivities of the client. The contractual performance obligations will typically be embedded in an agreement with the client. Where that agreement is detailed, the revenue recognition will follow the allocation of fees and revenues against the completion of the agreed performance milestones in the accounting period.

Revenue from Software licensing contracts, ongoing support and consulting contracts is recognised over the contractual term when the customer simultaneously receives and consumes the benefits provided by the 3radical Group's performance, as the 3radical Group performs. Contract liabilities for goods and services paid for but not yet provided are recognised as of the period end.

The Group starts recognising revenue when all the following conditions are met:

- the parties have approved the contract and are committed to perform their respective obligations and
- the Group can identify each party's rights including payment terms for the goods or services to be transferred and
- the contract has commercial substance (i.e. the risk, timing or amount of the 3radical Group's future cash flows is expected to change as a result of the contract), and
- it is probable that the 3radical Group will collect the consideration to which it will be entitled in exchange for the services that will be transferred to the customer and
- when specific criteria have been met for each of the 3radical Group's contracts with customers.

The 3radical Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. When evaluating whether an amount of consideration is likely to be collected, the 3radical Group considers only the customer's ability and intention to pay that amount of consideration when it is due.

### **Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Chairman who is responsible for allocating resources and assessing performance of the operating segments.

#### 4. Critical accounting judgements and key sources of estimation uncertainty

When applying the 3radical Group's accounting policies as described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. The actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements that the Directors have made in the process of applying the 3radical Group's accounting policies and that have the most significant effect on the amounts recognised in the historical financial information.

##### **Research and development**

It is the 3radical Group's policy to capitalise development expenditure only if the Directors are satisfied as to the technical, commercial and financial viability of individual projects and if the asset recognition criteria under IAS 38 are met as disclosed in Note 2. The assessment of directly attributable costs to projects, future economic benefits generated by these intangible assets and the determination of their amortisation profile involve a significant degree of judgement based on estimation of future potential revenue and profit and the useful life of the assets. The nature of the staff roles and responsibilities in the period have meant that it is not possible to accurately measure the costs to be capitalised and therefore, no costs are capitalised in the historical financial information.

##### **Share-based payments**

The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The 3radical Group has made estimates as to the volatility of its own shares, the probable life of options granted and the time of exercise of those options. The model used by the 3radical Group is the Black-Scholes model.

#### 5. Revenue

The 3radical Group derives its revenue from the sale of SaaS licences, and associated configuration and delivery services. Its core Voco product enables the creation of sophisticated interactive digital experiences including quizzes, games and surveys.

Analysis of revenue by country of destination:

	<i>Year ended 31 March 2023 £'000</i>	<i>Year ended 31 March 2022 £'000</i>	<i>Year ended 31 March 2021 £'000</i>
Sales UK	307	282	192
Sales USA	186	146	50
Sales Rest of the world	217	191	358
	<u>710</u>	<u>619</u>	<u>600</u>

Contract assets and contract liabilities can arise on revenue which is being recognised over time and are included within "trade and other receivables", and "trade and other payables" respectively on the face of the statement of financial position.

Contract assets are further distinguished as "accrued income" in note 14 to the historical financial information and contract liabilities as "deferred income" in note 15 to the historical financial information. Accrued and deferred income relates to amounts recoverable on sales contracts, and payments in advance on sales contracts, respectively.



Contract assets and liabilities are short term in nature with balances typically settled in the subsequent period.

	<i>Year ended</i> <i>31 March</i> <i>2023</i> <i>£'000</i>	<i>Year ended</i> <i>31 March</i> <i>2022</i> <i>£'000</i>	<i>Year ended</i> <i>31 March</i> <i>2021</i> <i>£'000</i>
Contract liabilities as at 1 April	268	165	26
Cash received in advance of performance and not recognised as revenue during the period	195	268	165
Revenue recognised during the period	(268)	(165)	(26)
<b>Contract liabilities as at 31 March</b>	<b>195</b>	<b>268</b>	<b>165</b>

### **Remaining performance obligations**

In respect of the above contract balances delivery of services will occur within 12 months of the statement of financial position date, or has already occurred. Therefore, the practical expedient in paragraph 121(a) of IFRS 15 has been applied.

## **6. Segmental Analysis**

The 3radical Group's management has determined the operating segments based on the reports reviewed by the executive directors that are used to make strategic decisions. They consider the business from a geographical perspective and the 3radical Group has four reportable segments, the UK, USA, Singapore, and Australia.

### **Segment results**

Year ended 31 March 2023

	<i>UK</i> <i>£'000</i>	<i>USA</i> <i>£'000</i>	<i>Singapore</i> <i>£'000</i>	<i>Australia</i> <i>£'000</i>	<i>Total</i> <i>£'000</i>
<b>Revenue</b>	409	257	273	57	996
Intersegment eliminations	(102)	(71)	(113)	–	(286)
<b>Revenue from external customers</b>	<b>307</b>	<b>186</b>	<b>160</b>	<b>57</b>	<b>710</b>
Cost of sales, intersegment eliminations	(155)	(49)	(7)	(1)	(212)
Other income	4	3	–	–	7
Administrative expenses	(736)	(553)	(252)	(3)	(1,544)
Depreciation	(3)	(1)	(2)	–	(6)
<b>Operating profit / (loss)</b>	<b>(583)</b>	<b>(414)</b>	<b>(101)</b>	<b>53</b>	<b>(1,045)</b>
Finance costs	(5)	–	–	–	(5)
Taxation	190	–	–	–	190
<b>Profit / (loss) for the year</b>	<b>(398)</b>	<b>(414)</b>	<b>(101)</b>	<b>53</b>	<b>(860)</b>
<b>Segment assets and liabilities</b>					
Gross assets	4,204	80	64	–	4,348
Intersegmental eliminations	(3,927)	(3)	(51)	–	(3,981)
<b>Consolidated total assets</b>	<b>277</b>	<b>77</b>	<b>13</b>	<b>–</b>	<b>367</b>
Segmental liabilities	220	1,917	606	579	3,322
Intersegmental eliminations	–	(1,834)	(574)	(579)	(2,987)
<b>Consolidated total liabilities</b>	<b>220</b>	<b>83</b>	<b>32</b>	<b>–</b>	<b>335</b>

## Segment results

Year ended 31 March 2022

	UK £'000	USA £'000	Singapore £'000	Australia £'000	Total £'000
<b>Revenue</b>	383	250	211	87	931
Intersegment eliminations	(101)	(104)	(107)	–	(312)
<b>Revenue from external customers</b>	282	146	104	87	619
Cost of sales, intersegment eliminations	(122)	(16)	(1)	(6)	(145)
Other income	23	2	–	–	25
Administrative expenses	(1,114)	(867)	(221)	(3)	(2,205)
Depreciation	(1)	(1)	(1)	–	(3)
<b>Operating profit / (loss)</b>	(932)	(736)	(119)	78	(1,709)
Finance costs	(3)	–	–	–	(3)
Taxation	136	–	–	–	136
<b>Profit / (loss) for the year</b>	(799)	(736)	(119)	78	(1,576)
<b>Segment assets and liabilities</b>					
Gross assets	3,603	128	179	90	4,000
Intersegmental eliminations	(3,304)	–	(97)	(29)	(3,430)
<b>Consolidated total assets</b>	299	128	82	61	570
Segmental liabilities	170	1,402	636	649	2,857
Intersegmental eliminations	–	(1,328)	(518)	(598)	(2,444)
<b>Consolidated total liabilities</b>	170	74	118	51	413

## Segment results

Year ended 31 March 2021

	UK £'000	USA £'000	Singapore £'000	Australia £'000	Total £'000
<b>Revenue</b>	319	97	449	67	932
Intersegment eliminations	(127)	(47)	(158)	–	(332)
<b>Revenue from external customers</b>	192	50	291	67	600
Cost of sales, intersegment eliminations	(79)	(92)	(14)	(5)	(190)
Other income	95	–	22	–	117
Administrative expenses	(1,307)	(598)	(357)	(3)	(2,265)
Depreciation	(2)	(1)	(1)	–	(4)
<b>Operating profit / (loss)</b>	(1,101)	(641)	(59)	59	(1,742)
Finance costs	(22)	–	–	–	(22)
Taxation	163	–	–	–	163
<b>Profit / (loss) for the year</b>	(960)	(641)	(59)	59	(1,601)
<b>Segment assets and liabilities</b>					
Gross assets	2,961	69	119	60	3,209
Intersegmental eliminations	(2,509)	–	(69)	(31)	(2,609)
<b>Consolidated total assets</b>	452	69	50	29	600
Segmental liabilities	298	639	530	671	2,138
Intersegmental eliminations	–	(566)	(416)	(644)	(1,626)
<b>Consolidated total liabilities</b>	298	73	114	27	512

## 7. Expenses by nature

Profit/(loss) from continuing operations and discontinued operations for the year has been arrived at after charging the following under operating and administrative expenses:

	<i>Year ended</i> <i>31 March</i> <i>2023</i> <i>£'000</i>	<i>Year ended</i> <i>31 March</i> <i>2022</i> <i>£'000</i>	<i>Year ended</i> <i>31 March</i> <i>2021</i> <i>£'000</i>
Depreciation of property, plant and equipment	6	3	4
Legal and professional	18	30	11
Audit & accountancy fees	19	37	18
Directors remuneration	271	409	312
Employee Salaries	1,136	1,230	1,186
IT	32	36	34
Marketing	104	180	188
FX gains/loss	(290)	19	(31)
Other expenses	254	264	547
	<u>1,550</u>	<u>2,208</u>	<u>2,269</u>

## 8. Staff costs

	<i>Year ended</i> <i>31 March</i> <i>2023</i> <i>£'000</i>	<i>Year ended</i> <i>31 March</i> <i>2022</i> <i>£'000</i>	<i>Year ended</i> <i>31 March</i> <i>2021</i> <i>£'000</i>
Directors	271	409	312
Employees	1,136	1,230	1,186
	<u>1,407</u>	<u>1,639</u>	<u>1,498</u>

The average number of employees (including directors) was:

	<i>Year ended</i> <i>31 March</i> <i>2023</i> <i>No.</i>	<i>Year ended</i> <i>31 March</i> <i>2022</i> <i>No.</i>	<i>Year ended</i> <i>31 March</i> <i>2021</i> <i>No.</i>
Directors	4	4	5
Employees	20	23	24
<b>Total</b>	<u>24</u>	<u>27</u>	<u>29</u>

## 9. Finance costs

	<i>Year ended</i> <i>31 March</i> <i>2023</i> <i>£'000</i>	<i>Year ended</i> <i>31 March</i> <i>2022</i> <i>£'000</i>	<i>Year ended</i> <i>31 March</i> <i>2021</i> <i>£'000</i>
Loan interest payable	(5)	(3)	(22)
<b>Finance cost</b>	<u>(5)</u>	<u>(3)</u>	<u>(22)</u>

## 10. Tax

	<i>Year ended</i> <i>31 March</i> <i>2023</i> <i>£'000</i>	<i>Year ended</i> <i>31 March</i> <i>2022</i> <i>£'000</i>	<i>Year ended</i> <i>31 March</i> <i>2021</i> <i>£'000</i>
Current year tax credit	190	136	163
Deferred tax credit	–	–	–
<b>Taxation</b>	<u>190</u>	<u>136</u>	<u>163</u>

UK corporation tax is calculated at 19.00 per cent. (2022:19.00 per cent., 2021:19.00 per cent.) of the estimated assessable loss for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The 3radical Group tax credit for the year can be reconciled to the loss per the income statement as follows:

All current tax credits in the Income Statement arise from UK R&D claims and are typically paid in the following financial year.

	<i>Year ended</i> <i>31 March</i> <i>2023</i> <i>£'000</i>	<i>Year ended</i> <i>31 March</i> <i>2022</i> <i>£'000</i>	<i>Year ended</i> <i>31 March</i> <i>2021</i> <i>£'000</i>
Loss before tax from continuing operations	(1,050)	(1,712)	(1,764)
Tax at the UK rate of 19.0% (2022: 19.0%, 2021: 19.0%)	(200)	(325)	(335)
Effects Of:			
Expenses not deductible for tax purposes	10	9	19
Depreciation in excess of capital allowances	1	1	1
Income not taxable	–	–	(4)
R&D tax credits	(190)	(136)	(163)
Other tax differences	15	30	7
Deferred tax not recognised	174	285	312
Tax charge/(credit) for the year	<u>(190)</u>	<u>(136)</u>	<u>(163)</u>

Tax losses have not been recognised in deferred tax due to uncertainty over their future recoverability. Gross tax losses available for offset against future taxable profits but not recognised in deferred tax amount to £9.9m at the Balance Sheet date (2022: £9.4m, 2021: £8.4m).

## 11. Loss per share

The calculation of the basic and diluted earnings per share is based on the following data:

	<i>Year ended</i> <i>31 March</i> <i>2023</i> <i>£'000</i>	<i>Year ended</i> <i>31 March</i> <i>2022</i> <i>£'000</i>	<i>Year ended</i> <i>31 March</i> <i>2021</i> <i>£'000</i>
Loss for the year/period attributable to equity holders of the company (£)	859,204	1,576,095	1,601,723
Weighted average number of ordinary shares	<u>2,867,544</u>	<u>1,123,093</u>	<u>834,377</u>
Loss per share (£)	<u>0.30</u>	<u>1.40</u>	<u>1.92</u>

In accordance with IAS 33, the share options and warrants do not have a dilutive impact on earnings per share.

## 12. Property, plant and equipment

	<i>Office Equipment £'000</i>	<i>Computer Equipment £'000</i>	<i>Total £'000</i>
<b>COST</b>			
1 April 2020	2	73	75
Additions – cost	–	5	5
1 April 2021	2	78	80
Additions – cost	–	4	4
1 April 2022	2	82	84
Additions – cost	–	3	3
<b>31 March 2023</b>	<b>2</b>	<b>85</b>	<b>87</b>
<b>DEPRECIATION</b>			
1 April 2020	2	70	72
Charge for the year	–	4	4
1 April 2021	2	74	76
Charge for the year	–	3	3
1 April 2022	2	77	79
Charge for the year	–	6	6
<b>31 March 2023</b>	<b>2</b>	<b>83</b>	<b>85</b>
<b>NET BOOK VALUE</b>			
31 March 2021	–	4	4
31 March 2022	–	5	5
31 March 2023	–	2	2

## 13. Investments

### *Investments in subsidiaries*

Details of 3radical's subsidiaries at each year end are as follows:

<i>Name</i>	<i>Place of incorporation and operation</i>	<i>Date when control was acquired</i>	<i>Proportion of ownership and voting power held</i>		<i>Principal activity</i>
			<i>Group %</i>	<i>Parent %</i>	
3radical Pty LTD	Australia	27/06/2014	100	100	Operating Company
3radical Pte. Ltd.	Singapore	16/02/2016	100	100	Operating Company
3radical Inc	United States	27/03/2020	100	100	Operating Company

### *Share Capital*

The shares of 3radical Pte. Ltd. consists of 200,000 ordinary shares with a nominal value of SGD \$1 each and 1,800,000 preference shares with a nominal value of SGD \$1 each.

The shares of 3radical Pty LTD consists of 1 ordinary share with a nominal value of AUD \$1.

The shares of 3radical Inc consists of 1,000 ordinary shares with a nominal value of USD \$0.01 each.

### *Registered address:*

3radical Pte. Ltd. Registered address: 51 Goldhill Plaza, #07-10/11, Singapore (308900).

3radical Pty LTD registered address: C/- Mas Partners, Level 5, 2 Defries Avenue, Zetland NSW 2017.

3radical Inc registered address: 564 W Randolph St Fl2, Chicago, IL 60661.

#### 14. Trade and other receivables

	<i>31 March</i> <i>2023</i> <i>£'000</i>	<i>31 March</i> <i>2022</i> <i>£'000</i>	<i>31 March</i> <i>2021</i> <i>£'000</i>
Trade debtors	126	296	42
Prepayments	11	45	69
Other debtors	190	136	163
	<u>327</u>	<u>477</u>	<u>274</u>

The receivables are considered to be held within a held-to-collect business model consistent with the 3radical Group's continuing recognition of the receivables.

Credit and market risks, and impairment losses

The 3radical Group did not impair any of its trade receivables as at the year end, as all trade receivables generated during the financial year were settled in full, prior to the year-end or close to their due dates.

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

#### 15. Trade and other payables – Current

	<i>31 March</i> <i>2023</i> <i>£'000</i>	<i>31 March</i> <i>2022</i> <i>£'000</i>	<i>31 March</i> <i>2021</i> <i>£'000</i>
Trade creditors	49	73	67
Accruals	84	56	223
Contract liabilities	195	268	165
Social security and other taxes	7	16	57
	<u>335</u>	<u>413</u>	<u>512</u>

#### 16. Share capital

<i>Ordinary shares of £1 each</i>	<i>FY23 No. of shares</i>	<i>FY23 £'000</i>	<i>FY22 No. of shares</i>	<i>FY22 £'000</i>	<i>FY21 No. of shares</i>	<i>FY21 £'000</i>
At 1 April	1,299,835	1,300	917,621	918	813,469	813
Issued during the year	–	–	382,214	382	104,152	105
At 31 March	<u>1,299,835</u>	<u>1,300</u>	<u>1,299,835</u>	<u>1,300</u>	<u>917,621</u>	<u>918</u>
<i>Ordinary A shares of £0.01 each</i>	<i>FY23 No. of shares</i>	<i>FY23 Cost £'000</i>	<i>FY22 No. of shares</i>	<i>FY22 Cost £'000</i>	<i>FY21 No. of shares</i>	<i>FY21 Cost £'000</i>
At 1 April	–	–	–	–	–	–
Issued during the year	3,803,133	38	–	–	–	–
At 31 March	<u>3,803,133</u>	<u>38</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
<b>Total Ordinary and Ordinary A shares</b>	<u>5,102,968</u>	<u>1,338</u>	<u>1,299,835</u>	<u>1,300</u>	<u>917,621</u>	<u>918</u>

The following Ordinary Shares of £1 were issued during the year ended 31 March 2021:

- Issued 3 April 2020: 4,782 at £15.68 per share
- Issued 28 August 2020: 1,275 at £15.68 per share
- Issued 3 September 2020: 4,021 at £15.68 per share
- Issued 1 February 2021: 19,002 at £15.68 per share and 60,399 at £12.54 per share
- Issued 12 March 2021: 14,673 at £12.54 per share

The following Ordinary Shares of £1 were issued during the year ended 31 March 2022:

- Issued 28 May 2021: 99,081 at £4.36 per share
- Issued 18 June 2021: 26,938 at £4.36 per share
- Issued 30 June 2021: 599 at £4.36 per share
- Issued 30 July 2021: 2,233 at £4.36 per share
- Issued 27 August 2021: 2,415 at £4.36 per share
- Issued 30 September 2021: 23,699 at £4.36 per share
- Issued 5 November 2021: 161,786 at £4.36 per share
- Issued 19 November 2021: 13,200 at £1.52 per share as a result of the exercise of options
- Issued 14 December 2021: 50,237 at £4.36 per share
- Issued 17 December 2021: 2,026 at £4.36 per share

The following Ordinary A Shares of £0.01 were issued during the year ended 31 March 2023:

- Issued 20 September 2022: 2,250,395 at £0.27 per share
- Issued 27 September 2022: 156,291 at £0.27 per share
- Issued 19 December 2022: 650,155 at £0.27 per share
- Issued 23 December 2022: 92,592 at £0.27 per share
- Issued 10 February 2023: 653,700 at £0.27 per share

## 17. Reserves

### ***Share-based payments reserve***

The share-based payments reserve is used to recognise the costs relating to share-based payments issued to employees and officers of the 3radical Group.

### ***Foreign currency translation reserve***

The foreign currency translation reserve is used to record exchange differences arising from the translation of the historical financial information of foreign subsidiaries.

## 18. Notes to the cash flow statement

	<i>Year ended 31 March 2023 £'000</i>	<i>Year ended 31 March 2022 £'000</i>	<i>Year ended 31 March 2021 £'000</i>
Operating loss	(1,045)	(1,709)	(1,742)
Adjustments for:			
Share based payment	12	18	78
Depreciation	6	3	4
Foreign exchange differences	(298)	(1)	(40)
Operating cash flows before movements in working capital	(1,325)	(1,689)	(1,700)

	<i>Year ended 31 March 2023 £'000</i>	<i>Year ended 31 March 2022 £'000</i>	<i>Year ended 31 March 2021 £'000</i>
(Increase)/decrease in receivables	203	(230)	168
Increase/(decrease) in payables	(78)	(99)	(138)
Cash used in operations	(1,200)	(2,018)	(1,670)
Interest paid	(5)	(3)	(22)
Tax refunds	136	163	153
Net cash used in operating activities	<u>(1,069)</u>	<u>(1,858)</u>	<u>(1,539)</u>

The 3radical Group does not have any borrowings or net debt.

## 19. Share-based payments

3radical has issued share options to certain employees of the 3radical Group and select external third parties. It has also issued warrants to 3radical's brokers for costs directly associated with share issuance. All share options and warrants vest immediately or within three years of the issue date. If the share options or warrants remain unexercised after the relevant time period from the date of grant, then they expire.

Details of 3radical's share options and warrants outstanding during the year are as follows:

	<i>FY 2023</i>		<i>FY 2022</i>		<i>FY 2021</i>	
	<i>No. of share options and warrants</i>	<i>Weighted average exercise price £</i>	<i>No. of share options and warrants</i>	<i>Weighted average exercise price £</i>	<i>No. of share options and warrants</i>	<i>Weighted average exercise price £</i>
Outstanding at 1 April	45,612	6.84	57,387	7.19	44,068	7.26
Granted during the year	720,000	0.07	13,182	2.78	21,869	8.65
Exercised during the year	–	–	(6,800)	1.52	–	–
Expired during the year	(26,151)	3.33	(18,157)	6.99	(8,550)	11.30
Outstanding at 31 March	<u>739,461</u>	<u>0.37</u>	<u>45,612</u>	<u>6.84</u>	<u>57,387</u>	<u>7.19</u>
Exercisable at 31 March	<u>739,461</u>	<u>0.37</u>	<u>45,612</u>	<u>6.84</u>	<u>57,387</u>	<u>7.19</u>

The share options outstanding at 31 March 2023 had a weighted average exercise price of £0.37 (2022: £6.84; 2021: £7.19) and a weighted average remaining contractual life of 9 years (2022: 10 years; 2021: 10 years).

On 20 May 2020, 3radical granted 1,987 unapproved options to advisors. The options vested immediately, with an exercise price of £1.46.

On 20 August 2020, 3radical issued 3,500 enterprise management incentives (EMI) options to certain UK employees. 500 options vested on each of 20 August 2021, 20 August 2022, and 20 August 2023, with an exercise price of £1.46 (total 1,500 shares). Another 666 options vested on each of 20 August 2021 and 20 August 2022, and 668 shares vested on 20 August 2023 with an exercise price of £1.47 (total 2,000 shares).

On 21 October 2020, 3radical issued another 4,000 EMI options to certain UK employees. 1,333 options vested on 5 October 2021 and 5 October 2022, and a further 1,334 vested on 5 October 2023. All of these options have an exercise price of £1.46.



On 25 January 2021, 3radical issued another 6,400 EMI options to certain UK employees. The options vested immediately, with an exercise price of £15.68.

On 12 March 2021, 3radical granted 5,982 warrants to consultants and investors of the 3radical Group. The warrants vested immediately, with an exercise price of £12.54.

During the year ended 31 March 2021, 8,550 options lapsed due to employees leaving the 3radical Group.

On 8 June 2021, 3radical issued 5,982 warrants to consultants and investors of the 3radical Group with a new exercise price of £4.36 to restate warrants issued on 12 March 2021.

On 4 March 2022, 3radical issued 7,200 unapproved options to advisors. The options vest monthly at a rate of 1/36<sup>th</sup> from March 2022 until February 2025, with an exercise price of £1.46.

During the year ended 31 March 2022, 6,800 options were exercised whilst 12,175 options lapsed due to employees leaving the 3radical Group.

On 1 March 2023, 3radical issued 720,000 options of which 420,000 have been awarded to Directors and a further 300,000 options have been awarded to UK employees of 3radical. The options vest over a 36 month period commencing on 1 January 2023 with an exercise price of 7p. Where an exit event occurs prior to all of the options vesting, the remaining options are treated as vested at the transaction date.

During the year ended 31 March 2023, 26,151 options were surrendered by directors and employees of 3radical.

All of the above share options and warrants are recognised as an expense in the income statement over their vesting period.

New options and warrants granted are valued using the Black Scholes model, a commonly used option-pricing model. The calculation of volatility used in the model is based upon the share price and equity instrument movements during the financial period. The following factors are all taken into consideration when the options are valued:

- Weighted average share price
- Expected volatility
- Expected dividends
- Stock price
- Exercise price
- Option life
- Risk free interest rate

Fair value was determined using the Black-Scholes Valuation Model and the following inputs:

	<i>Year ended 31 March 2023</i>	<i>Year ended 31 March 2022</i>	<i>Year ended 31 March 2021</i>
Average spot at grant date (pence)	0.27	4.36	15.68
Expected volatility	50%	50%	50%
Expected option life	10	10	10
Expected dividends	–	–	–
The risk free interest rate	4.00%	1.49%	0.33%

Expected volatility was determined by calculating the historical volatility of the 3radical Group's share price over the previous year.

The expected life used in the model has been adjusted; based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

## **20. Financial instruments**

### ***Finance Risk Management***

3radical has exposure to the following risks arising from financial instruments:

- Capital
- Market
- Interest rate
- Foreign currency
- Credit

Management determines the degree to which it is appropriate to use financial instruments to mitigate risk. Currently the 3radical Group's principal financial instruments comprise cash and cash equivalents and equity capital. The 3radical Group does not enter into complex derivatives to manage risk as the cost would outweigh the benefit. There is no material difference between the book value and fair value of the 3radical Group's cash and cash equivalents balances, trade and other receivables balances or trade payables balances.

### ***Significant accounting policies***

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the basis for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 3.

### ***Categories of financial instruments***

The 3radical Group calculates the fair value of assets and liabilities by reference to amounts considered to be receivable or payable at the balance sheet date.

The book value of the 3radical Group's financial assets and liabilities approximates their fair value.

Trade payables are non-interest bearing and are normally settled within 30 days. All other payables are to be settled within the next 12 months, as and when they become due.

### ***Capital risk management***

The 3radical Group manages its capital to ensure that entities in the 3radical Group will be able to continue as going concerns. The 3radical Group is not subject to externally imposed capital requirements. The capital structure of the 3radical Group consists of cash and cash equivalents and equity attributable to equity holders of the parent comprising: issued capital; reserves; and retained earnings.

The Directors anticipate a net operating cash outflow for the 3radical Group for the next twelve months from the date of signing the historical financial information.

Management have confirmed that they expect to source additional funding either via the issue of new equity or loans in order to support the 3radical Group's capital requirements for the foreseeable future.

### ***Foreign currency risk management***

The 3radical Group undertakes transactions denominated in foreign currencies and consequently is exposed to year end and average exchange rate fluctuations.

The primary currencies that the 3radical Group is exposed to are: US Dollar (USD), Australian Dollar (AUD), and Singapore Dollar (SGD).

### ***Interest rate risk management***

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in interest rates. Currently, the 3radical Group has no significant borrowings and therefore no risk of significant fluctuations. The 3radical Group's exposure to interest rate risk is limited to its cash and cash equivalents balances only and the risks are not considered material.

### **Market risk management**

The 3radical Group's activities expose it primarily to the financial risks of foreign currency exchange rates. The 3radical Group applies a continuous review process to manage its exposure to foreign currency and equity price risk:

- The respective exchange rates of the currencies for which the 3radical Group holds significant balances are monitored on a daily basis;
- known cash requirements in the respective currencies in which the 3radical Group transacts are matched against cash reserves and any shortfalls are addressed through transfers across the longest practical timeframes to minimise foreign currency risk as best as possible; and
- strategies are updated on a regular basis to reflect actual market data and the changing needs of the business.

### **Credit risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the 3radical Group. The 3radical Group's principal financial assets are cash deposits and the credit risk on these liquid funds is limited because the counterparties are banks.

An allowance for impairment is made where there is an identified loss event, which is evidence of a reduction in the recoverable cash flows.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	<i>31 March</i> <i>2023</i> £'000	<i>31 March</i> <i>2022</i> £'000	<i>31 March</i> <i>2021</i> £'000
<i>Financial assets at amortised cost</i>			
Trade and other receivables	327	477	274
Cash and cash equivalents	38	88	322
	<u>365</u>	<u>565</u>	<u>596</u>

### **Liquidity risk management**

Liquidity risk is the risk is the possibility that 3radical will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. 3radical's approach to managing liquidity is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses. The following are contractual maturities of financial liabilities at the balance sheet date:

	<i>31 March</i> <i>2023</i> £'000	<i>31 March</i> <i>2022</i> £'000	<i>31 March</i> <i>2021</i> £'000
<i>Financial liabilities at amortised cost</i>			
Trade and other payables	328	397	455
	<u>328</u>	<u>397</u>	<u>455</u>

## 21. Related party transactions

Balances and transactions between 3radical and its subsidiaries, which are related parties, have been eliminated on consolidation.

### **Remuneration of key management personnel**

The remuneration of the Directors and other staff members, who are the key management personnel of the 3radical Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	<i>Year ended 31 March 2023 £'000</i>	<i>Year ended 31 March 2022 £'000</i>	<i>Year ended 31 March 2021 £'000</i>
Salaries and other short-term employee benefits	271	409	312
Other staff benefits	3	20	87
Shared based payment	–	8	4
	<u>274</u>	<u>437</u>	<u>403</u>

## 22. Ultimate controlling party

The Directors believe there is no ultimate controlling party.

## 23. Events after balance sheet date

After 31 March 2023 3radical issued a total of 1,961,837 Ordinary A shares for consideration of £529,696.

On 6 July 2023, 3radical entered into non-binding heads of terms to be acquired by Electric Guitar Plc by means of a reverse takeover. The transaction is subject to regulatory and shareholder approval.

On 18 July 2023, 3radical entered into a loan agreement with Anglia Securities Ltd for the provision of a drawdown facility of up to £215,000 at a rate of 21 per cent. per annum with a 5 per cent. drawdown fee. The loan and interest are repayable on completion of the reverse takeover of Electric Guitar Plc or 17 May 2024 whichever is sooner. 3radical drew an initial £50,000 against the facility on 16 November 2023 and a further £75,000 on 19 March 2024.

On 21 December 2023, the Board of Directors approved an unsecured loan of £100,000 with Sanderson Capital Partners Limited, Richard Horwood and Ben Lister, which has been fully drawn down as of the date of this Historical Financial Information. The loan is subject to a 20 per cent. facility fee and 1,246,731 nil paid Ordinary A shares were issued to the lenders on 28 February 2024. The loan is repayable together with the facility fee on completion of the acquisition of the Company by Electric Guitar Plc, or 6 months from the date of the balance of the loan being drawn, whichever is sooner.

On 21 December 2023, the directors and senior management of 3radical agreed to defer their salary in respect of December 2023 and January 2024. The deferred salary is payable together with a 30 per cent. premium on completion of the acquisition of the Company by Electric Guitar Plc.

**SECTION C: INTERIM CONSOLIDATED FINANCIAL INFORMATION OF  
3RADICAL LIMITED  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT  
For the six months ended 30 September 2023**

	<i>Notes</i>	<i>Six months to 30 September 2023 (unaudited) £'000</i>	<i>Six months to 30 September 2022 (unaudited) £'000</i>
<b>Continuing operations</b>			
Revenue	3	259	384
Cost of sales		(96)	(99)
		<hr/>	<hr/>
<b>Gross Profit</b>		163	285
Administrative expenses	5	(777)	(567)
Depreciation		(1)	(2)
		<hr/>	<hr/>
<b>Operating Loss</b>		(615)	(284)
Finance income		–	3
Finance expense		–	(5)
		<hr/>	<hr/>
<b>Loss before tax</b>		(615)	(286)
Tax		–	–
		<hr/>	<hr/>
<b>Loss for the period</b>		<u>(615)</u>	<u>(286)</u>
Attributable to:			
Equity holders of the parent		(615)	(286)
<b>Net loss per share</b>			
Basic and diluted (pence)**	7	<u>(9.9)</u>	<u>(20.1)</u>

All items in the above statement derive from continuing operations.

\*\* Various warrants and options outstanding at the balance sheet date are not considered to have any dilutive effect as the average market price of the ordinary shares during the period did not exceed the exercise price of the warrants.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**30 September 2023**

	<i>Six months to 30 September 2023 (unaudited) £'000</i>	<i>Six months to 30 September 2022 (unaudited) £'000</i>
Loss for the period	(615)	(286)
Other comprehensive income:		
Exchange differences on translation of foreign operations	<u>47</u>	<u>11</u>
<b>Total comprehensive loss for the year</b>	<u>(568)</u>	<u>(275)</u>
Attributable to:		
Equity holders of the parent	<u>(585)</u>	<u>(275)</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**30 September 2023**

		<i>As at 30 September 2023 (unaudited) £'000</i>	<i>As at 31 March 2023 (audited) £'000</i>
	<i>Notes</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant & equipment		1	2
<b>Total non-current assets</b>		<u>1</u>	<u>2</u>
<b>Current assets</b>			
Trade and other receivables	7	140	327
Cash and cash equivalents		214	38
<b>Total current assets</b>		<u>354</u>	<u>365</u>
<b>TOTAL ASSETS</b>		<u><u>355</u></u>	<u><u>367</u></u>
<b>EQUITY</b>			
Share capital	9	1,357	1,338
Share premium		11,451	10,941
Share based payments reserves		19	35
Foreign currency translation reserve		(75)	(180)
Accumulated losses		(12,717)	(12,102)
<b>TOTAL EQUITY</b>		<u>35</u>	<u>32</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	3,8	320	335
<b>TOTAL LIABILITIES</b>		<u>320</u>	<u>335</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>355</u></u>	<u><u>367</u></u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**30 September 2023**

	Notes	Share Capital £'000	Share premium account £'000	Share based payments reserve £'000	Foreign currency translation £'000	Accumulated Losses £'000	Total Equity £'000
<b>As at 1 April 2022</b>		1,300	9,957	74	67	(11,241)	157
<b>Comprehensive income</b>							
Loss for the period		–	–	–	–	(286)	(286)
Currency translation differences		–	–	–	(124)	–	(124)
<b>Total comprehensive loss for the period</b>		–	–	–	(124)	(286)	(410)
<b>Transactions with owners</b>							
Issue of shares	10	24	626	–	–	–	650
Share based payments		–	–	(25)	–	–	(25)
<b>As at 30 September 2022</b>		1,324	10,583	49	(57)	(11,527)	372
<b>Comprehensive income</b>							
Loss for the period		–	–	–	–	(574)	(574)
Currency translation differences		–	–	–	(124)	–	(124)
<b>Total comprehensive loss for the period</b>		–	–	–	(124)	(574)	(698)
<b>Transactions with owners</b>							
Issue of shares	10	14	363	–	–	–	377
Share issue costs		–	(5)	–	–	–	(5)
Share based payments		–	–	(14)	–	–	(14)
<b>As at 31 March 2023</b>		1,338	10,941	35	(181)	(12,101)	32
<b>Comprehensive income</b>							
Loss for the period		–	–	–	–	(615)	(615)
Currency translation difference		–	–	–	(105)	–	(105)
<b>Total comprehensive loss for the period</b>		–	–	–	(105)	(615)	(72)
<b>Transactions with owners</b>							
Issue of shares	10	20	510	–	–	–	530
Share based payments		–	–	(16)	–	–	(16)
<b>As at 30 September 2023</b>		1,358	11,451	19	(286)	(12,716)	(174)



**UNAUDITED CONDENSED CONSOLIDATED CASHFLOW STATEMENT**  
**30 September 2023**

		<i>Six months to 30 September 2023 (unaudited) £'000</i>	<i>Six months to 30 September 2022 (unaudited) £'000</i>
Operating loss		(615)	(284)
Adjustments for:			
Share based payments		(16)	(25)
Depreciation		1	2
Foreign exchange differences	5	105	(568)
<b>Operating cash flows before movements in working capital</b>		<u>(525)</u>	<u>(875)</u>
(Increase)/decrease in receivables	8	187	384
Increase/(decrease) in payables	9	(16)	8
<b>Cash used in operations</b>		<u>(354)</u>	<u>(483)</u>
<b>Investing activities</b>			
Acquisition of property, plant and equipment		–	2
<b>Net cash used in investing activities</b>		<u>–</u>	<u>2</u>
<b>Financing activities</b>			
Proceeds on issue of shares	10	530	650
<b>Net cash from financing activities</b>		<u>530</u>	<u>650</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<u>176</u>	<u>169</u>
Cash and cash equivalents at beginning of period		38	88
Cash and cash equivalents at end of period		214	257

## Notes to the Interim Financial Information

### 1. General information

3radical Limited “3radical” is a private company limited by shares incorporated in England and Wales under the Companies Act 2006. The registered office address is Deskclodge House, Redcliffe Way, Bristol, England, BS1 6NL.

The interim financial statements are neither audited nor reviewed by the statutory auditors of 3radical.

### 2. Accounting policies

#### 2.1. Basis of preparation

The unaudited interim consolidated financial information for the six months ended 30 September 2023:

- was prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) as adopted by the UK (“UK adopted IFRS”), and therefore does not include all disclosures that would otherwise be required in a complete set of financial statements. Selected explanatory notes are included to understand events and transactions that are significant, to understand the changes in the Group’s financial position and performance since the last Financial Statements for the year ended 31 March 2023.
- comprises 3radical entities controlled by 3radical (its subsidiaries) (together the “3radical Group”).
- was prepared on the same basis and under the same accounting policies set out in the Historic Financial Information for the 3 years ended 31 March 2021, 2022 and 2023. Where critical to the preparation of this financial information, selected policies are replicated below.

#### 2.2. Judgements and estimates

In preparing this consolidated interim financial information, the significant judgments made by management and the key sources of estimation of uncertainty were the same as those that applied to the Financial Statements for the year ended 31 March 2023.

#### 2.3. Going concern

The operations of the 3radical Group have been financed through funds which have been raised from shareholders. At 30 September 2023, the 3radical Group held an aggregate cash balance of £196k and an operating loss has been reported.

The Directors anticipate net operating cash outflows for the 3radical Group for the next twelve months from the date of signing the interim financial statements.

On 6th July 2023, 3radical entered into non-binding heads of terms with Electric Guitar PLC (“Electric Guitar”) for the sale to Electric Guitar of the entire issued and to be issued share capital of 3radical. Electric Guitar has since announced a proposed equity fundraising alongside the proposed acquisition.

Since the balance sheet date, 3radical has entered into arrangements for 2 bridging loan facilities:

- 18th July 2023 – loan agreement with Anglia Securities Ltd for the provision of a drawdown facility of up to £215,000 at a rate of 21 per cent. per annum with a 5 per cent. drawdown fee. To date, £125,000 has been drawn against the facility.
- 21st December 2023 – unsecured loan facility of £100,000 with Sanderson Capital Partners Limited, Richard Horwood and Ben Lister. The loan is subject to a 20 per cent. facility fee and the issue of 15 per cent. of the enlarged equity of the Company to the lenders. This facility has been fully drawn down.

At the date of this financial information, the proposed transaction is expected to close in the coming weeks as funds have been conditionally raised. The Directors therefore continue to adopt the going concern basis of accounting.

## 2.4. **Foreign currencies**

The functional currency of the 3radical Group is Pounds Sterling (GBP). This is also the presentational currency for the consolidated interim financial statements.

Each company in the 3radical Group maintains financial information in its own functional currency (the currency of the primary economic environment in which it operates). The results and financial position of each company in the 3radical Group are translated into GBP for consolidation.

Transactions in foreign currencies (currencies other than the entity's functional currency) are recorded at the spot rate on the date of the transaction. At each balance sheet date monetary assets and liabilities that are denominated in foreign currencies are retranslated to the functional currency at the spot rates prevailing on the balance sheet date. Foreign currency differences arising on translation from a transaction currency into an entity's functional currency are recognised in profit and loss.

Assets and liabilities of foreign operations using a functional currency other than that of GBP are translated as follows:

- Income and expense items are translated at the average monthly exchange rates. Where exchange rates fluctuate significantly during the period, the exchange rates at the date of transactions are used.
- monetary assets and liabilities are translated to the presentational currency at the spot rates prevailing on the balance sheet date.
- non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.
- non-monetary items that are measured in terms of historical cost in a foreign currency continue to be held at historic rates and are not retranslated.

Exchange differences arising on translation to the presentational currency, are recognised in other comprehensive income and accumulated in equity. On the disposal of a foreign operation (i.e. a disposal of the 3radical Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, a loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the 3radical Group are reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

## 2.5. **Taxation**

The tax expense comprises current and deferred tax.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where 3radical's subsidiaries operate and generate taxable income.

The Group makes claims for UK R&D tax credits which are calculated on an annual basis. Whilst a claim is expected for FY24, in addition to a change in legislation which will significantly impact what can be claimed by the group, there was insufficient information available at the half year stage to accurately calculate the likely benefit. The position is similar at all interim stages for 3radical and so no comparative for H1 FY23 is available.

## 2.6. **Share capital and equity**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### *Share capital*

Share capital represents the amount subscribed for shares at nominal value.

### *Share premium*

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

### *Share-based payment reserve*

The share-based payment reserve represents the cumulative amount which has been expensed in the statement of comprehensive income in connection with share-based payments, less any amounts transferred to retained earnings on the exercise of share options.

## **2.7. Revenue recognition**

The 3radical Group provides software licensing, consulting and support services.

The pricing of the various elements of the client contract are determined by the service level requirements of the client, the commercial imperatives and pricing sensitivities of the client. Contractual performance obligations will typically be embedded in an agreement with the client (The Statement of Work). Revenue recognition follows the fee allocation in the Statement of Work against the completion of the agreed performance milestones in the accounting period.

Revenue from Software licensing contracts, ongoing support and consulting contracts is recognised over the contractual term when the customer simultaneously receives and consumes the benefits provided by the 3radical Group. Contract liabilities for goods and services paid for but not yet provided are recognised as of the period end.

The Group starts recognising revenue when all the following conditions are met:

- the parties have approved the contract and are committed to perform their respective obligations and
- the Group can identify each party's rights including payment terms for the goods or services to be transferred and
- the contract has commercial substance (i.e. the risk, timing or amount of the 3radical Group's future cash flows is expected to change as a result of the contract), and
- it is probable that the 3radical Group will collect the consideration to which it will be entitled in exchange for the services that will be transferred to the customer and
- when specific criteria have been met for each of the 3radical Group's contracts with customers.

The 3radical Group bases its estimates on historical information, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. When evaluating whether an amount of consideration is likely to be collected, the 3radical Group considers only the customer's ability and intention to pay that amount of consideration when it is due.

## **2.8. Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Chairman who is responsible for allocating resources and assessing performance of the operating segments.

## **3. Revenue**

The 3radical Group derives its revenue from the sale of SaaS licences, associated configuration and delivery services. Its core Voco product enables the creation of sophisticated interactive digital experiences including quizzes, games and surveys.

Analysis of revenue by management reporting segment:

	<i>Six months to 30 September 2023 £'000</i>	<i>Six months to 30 September 2022 £'000</i>
Sales UK	96	168
Sales USA	141	102
Sales Rest of the world	22	114
<b>Total revenue</b>	<u>259</u>	<u>384</u>

Contract assets and contract liabilities can arise on revenue which is being recognised over time and are included within “trade and other receivables”, and “trade and other payables” respectively on the face of the statement of financial position.

Contract liabilities are included as “deferred income” in note 9 and relate to payments in advance on client contracts. Balances are typically settled in the following 12 months.

	<i>Six months to 30 September 2023 £'000</i>	<i>Six months to 31 March 2023 £'000</i>
Contract liabilities brought forward	195	262
Revenue recognised on client contracts having a liability at the start of the period	(121)	(268)
Renegotiated contracts for which a liability was recognised at the start of the period	(25)	–
Amounts recognised in advance of performance and not recognised as revenue during the period	28	201
<b>Contract liabilities carried forward</b>	<u>77</u>	<u>195</u>

#### ***Remaining performance obligations***

Liabilities for future services (contract liabilities) as at 30 September 2023 are all expected to be delivered within 12 months of the statement of financial position. Therefore, the practical expedient in paragraph 121(a) of IFRS 15 has been applied.

#### **4. Segment information**

The presented operating segments are aligned with those in the reports used by the executive directors to make strategic decisions. The business is appraised from a geographical perspective in three reportable segments being the UK, the USA and the Rest of the World (“RoW”).

Condensed segmental income statement for the six months to 30 September 2023

	UK £'000	US £'000	RoW £'000	Total £'000
Revenue – 3rd party	96	141	22	259
Revenue – intersegment	31	–	–	31
<b>Total revenue</b>	127	141	22	290
Cost of sales	(38)	(52)	(6)	(96)
Cost of sales – intersegment	–	(29)	(2)	(31)
<b>Gross profit</b>	89	60	14	163
Administrative expenses*	(694)	(9)	(75)	(777)
Depreciation	–	–	(1)	(1)
<b>Operating (loss)/profit</b>	(605)	52	(62)	(615)

\* Included within UK administrative expenses is a foreign exchange loss of £105k on intra-group balances used to fund other segments which management do not consider administrative in nature. This charge does not eliminate on consolidation and therefore the total administrative expense for the 3radical Group of £777k also includes this FX loss. A full breakdown of administrative expenses can be found at note 5.

Condensed segmental statement of financial position as at 30 September 2023

	UK £'000	US £'000	RoW £'000	Total £'000
Gross assets	4,146	76	86	4,308
Intersegmental eliminations	(3,900)	(4)	(49)	(3,953)
<b>Total assets as consolidated</b>	246	72	37	355
Gross liabilities	(254)	(1,827)	(1,204)	(3,285)
Intersegmental eliminations	–	1,770	1,195	2,965
<b>Total liabilities as consolidated</b>	(254)	(57)	(9)	(320)

Condensed segmental income statement for the six months to 30 September 2022

	UK £'000	US £'000	RoW £'000	Total £'000
Revenue – 3rd party	168	102	114	383
Revenue – intra-group	12	7	2	21
<b>Total revenue</b>	180	109	116	404
Cost of sales	(39)	(24)	(36)	(99)
Cost of sales – intragroup	(6)	(7)	(9)	(22)
<b>Gross profit</b>	135	79	71	285
Administrative expenses*	(66)	(432)	(69)	(567)
Depreciation	–	(1)	(1)	(2)
<b>Operating profit/(loss)</b>	69	(354)	1	(284)

\* Included within UK administrative expenses is a foreign exchange gain of £568k on intra-group balances used to fund other segments which management do not consider administrative in nature. This charge does not eliminate on consolidation and therefore the total administrative expense for the 3radical Group of £567k also includes this FX gain. A full breakdown of administrative expenses can be found at note 5.

Condensed segmental statement of financial position as at 31 March 2023

	UK £'000	US £'000	RoW £'000	Total £'000
Gross assets	4,204	80	12	4,296
Intersegmental eliminations	(3,925)	(4)	–	(3,929)
<b>Total assets as consolidated</b>	<u>279</u>	<u>76</u>	<u>12</u>	<u>367</u>
Gross liabilities	(220)	(1,917)	(1,140)	(3,277)
Intersegmental eliminations	–	1,833	1,109	2,942
<b>Total liabilities as consolidated</b>	<u>(220)</u>	<u>(84)</u>	<u>(31)</u>	<u>(335)</u>

## 5. Administrative expenses

The loss from continuing operations for the period has been arrived at after charging the following administrative expenses:

	Six months to 30 September 2023 £'000	Six months to 30 September 2022 £'000
Employee Salaries	356	758
Directors' remuneration	69	194
Development & technical Support	61	60
Legal and professional	25	17
Marketing	20	85
Insurance	14	14
IT	13	19
Operating FX gains / losses	(1)	1
Other expenses	(3)	57
Labour costs transferred to Cost of Sales	(18)	(29)
<b>Total administrative expenses from operational activities</b>	<u>554</u>	<u>1,176</u>
Unrealised FX on intra-group funding instruments*	105	(568)
Exceptional Costs**	135	(41)
<b>Total Administrative Expenses</b>	<u><u>777</u></u>	<u><u>567</u></u>

\* Total administrative expenses include FX gains and losses on intra-group funding instruments issued by 3radical and denominated in USD, SGD and AUD which management do not consider to be administrative in nature.

\*\* Exceptional costs of £135k in 2023 relate to legal and financial advisory costs for the proposed takeover by Electric Guitar Plc. In 2022 the £41k income relates to the reversal of a specific bad debt write off in the US which was collected in full during the period.

## 6. Staff costs

	Six months to 30 September 2023 £'000	Six months to 30 September 2022 £'000
Directors	69	194
Employees	356	758
<b>Total Staff Costs</b>	<u><u>425</u></u>	<u><u>952</u></u>

The average number of employees (including directors) was:

	<i>Six months to 30 September 2023</i>	<i>Six months to 30 September 2022</i>
Directors	2	4
Employees*	16	20
<b>Total Personnel</b>	<u>18</u>	<u>24</u>

\* Includes 4 sub-contracted developers in-line with the audited historical information to 31 March 2023 the cost of which is not included in the employee costs above.

## 7. Loss per share

The calculation of the basic and diluted earnings per share is based on the following data:

	<i>Six months to 30 September 2023</i>	<i>Six months to 30 September 2022</i>
Loss for the period attributable to equity holders of the company ( <b>£'000</b> )	(615)	(286)
Weighted average number of shares ( <b>No.</b> )	6,185,531	1,425,370
<b>Loss per share (pence)</b>	<u>(9.9)</u>	<u>(20.1)</u>

In accordance with IAS 33, the share options and warrants do not have a dilutive impact on earnings per share.

## 8. Trade and other receivables

	<i>30 September 2023 £'000</i>	<i>31 March 2023 £'000</i>
Trade debtors	111	126
Prepayments	47	11
Other debtors	–	190
<b>Total trade and other receivables</b>	<u>158</u>	<u>327</u>

No trade receivables were impaired as at the year end, as they were all settled in full, close to their due dates or prior to the signing of these financial statements.

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

## 9. Trade and other payables

	<i>30 September 2023 £'000</i>	<i>31 March 2023 £'000</i>
Trade creditors	117	49
Accruals	126	84
Deferred income	77	195
Social security and other taxes	–	7
<b>Total trade and other payables</b>	<u>320</u>	<u>335</u>



## 10. Share capital

	Ordinary Shares (£1)		Ordinary A Shares (£0.01)		Total Ordinary Shares	
	No. of shares	Nominal £'000	No. of shares	Nominal £'000	No. of shares	Nominal £'000
<b>At 1 April 2022</b>	1,299,835	1,300	–	–	1,299,835	1,300
Issued during the period	–	–	2,406,686	24	2,406,686	24
<b>At 30 September 2022</b>	1,299,835	1,300	2,406,686	24	3,706,521	1,324
Issued during the period	–	–	1,396,447	14	1,396,447	14
<b>At 1 April 2023</b>	1,299,835	1,300	3,803,133	38	5,102,968	1,338
Issued during the period	–	–	1,961,837	20	1,961,837	20
<b>At 30 September 2023</b>	1,299,835	1,300	5,764,970	58	7,064,805	1,358

The following Ordinary A Shares were issued during the period:

Issue Date	No. of shares	Issue price £	Proceeds £'000	Nominal £'000	Share Premium £'000
20/09/2022	937,022	0.27	253	9	244
20/09/2022	1,313,373	0.27	*	13	341
27/09/2022	156,291	0.27	42	2	41
<b>Total to 30 September 2022</b>	2,406,686	0.27	295	24	626
19/12/2022	650,155	0.27	176	7	169
23/12/2022	92,592	0.27	25	1	24
10/02/2023	653,700	0.27	176	7	170
<b>Total to 31 March 2023</b>	1,396,447	0.27	377	14	363
04/04/2023	533,324	0.27	144	5	139
05/04/2023	274,073	0.27	74	3	71
28/07/2023	777,774	0.27	210	8	202
01/08/2023	6,296	0.27	2	0	2
20/09/2023	370,370	0.27	100	4	96
<b>Total to 30 September 2023</b>	1,961,837	0.27	530	20	510

\* Loans of £354,611 were converted to equity being 1,313,373 shares at an issue price of £0.27 each hence 3radical did not receive any cashflows in exchange for this share issue.

## 11. Related party transactions

Balances and transactions between 3radical and its subsidiaries, which are related parties, have been eliminated on consolidation.

The remuneration of the Directors and other staff members, who are the key management personnel of the 3radical Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	<i>Six months to 30 September 2023</i>	<i>Six months to 30 September 2022</i>
Salaries and other short-term employee benefits	69	194
Other staff benefits	1	2
Shared based payment	9	–
<b>Total</b>	<u>79</u>	<u>196</u>

## **12. Ultimate controlling party**

The Directors believe there is no ultimate controlling party.

## **13. Events after the balance sheet date**

On 18th July 2023, 3radical entered into a loan agreement with Anglia Securities Ltd for the provision of a drawdown facility of up to £215,000 at a rate of 21 per cent. per annum with a 5 per cent. drawdown fee. The loan and interest are repayable on completion of the reverse takeover by Electric Guitar Plc or 17 May 2024 whichever is sooner. 3radical drew an initial £50,000 against the facility on 16th November 2023 and a further £75,000 on 19 March 2024.

On 21st December 2023 the Board of 3radical approved the provision of a £100,000 unsecured loan facility by Sanderson Capital Partners Limited, Richard Horwood and Ben Lister, all of which has been advanced. The loan is subject to a 20 per cent. facility fee and the issue of 15 per cent. of the enlarged equity of the Company to the lenders. The loan is repayable together with the facility fee on completion of the acquisition of 3radical by Electric Guitar PLC, or 6 months from the date of the balance of the loan being drawn, whichever is the earlier.

## **PART V**

### **UNAUDITED PROFORMA CONSOLIDATED NET ASSET STATEMENT FOR THE ENLARGED GROUP**

Set out below is an unaudited pro forma statement of net assets of Electric Guitar Plc (the “Company”) and 3radical Ltd and its subsidiaries (the “3radical Group”) (together the “Enlarged Group”) as at 30 September 2023. The unaudited pro forma net asset statement has been prepared on the basis set out in the notes below to illustrate the impact of:

- the proposed Acquisition
- the issue of debt from Sanderson Capital Partners Limited;
- the issue of Fee Shares and Loan Shares; and
- the Fundraising.

as if it had taken place on 30 September 2023.

The unaudited pro forma information has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation and does not, therefore, represent the Enlarged Group’s actual financial position or results. Such information may not, therefore, give a true picture of the Enlarged Group’s financial position or results nor is it indicative of the results that may or may not be expected to be achieved in the future.

The unaudited pro forma information is based on the unaudited net assets of the Company and the 3radical Group as at 30 September 2023 and is based on the Interim Financial Information of the Company as shown in Appendix C of this document and the Interim Financial Information of the 3radical Group as shown in Section C of Part IV of this document. No adjustments have been made to take account of trading, expenditure or other movements subsequent to 30 September 2023, being the date of the Interim Financial Information of the Company.

The unaudited pro forma information does not constitute financial statements within the meaning of section 434 of the Act. Investors should read the whole of this document and not rely solely on the summarised financial information contained in this Part V.

## Unaudited pro forma statement of net assets as at 30 September 2023

	<i>Electric Guitar Plc Net Assets as at 30 September 2023 (Note 1) £'000</i>	<i>3radical Group Net Assets as at 30 September 2023 (Note 2) £'000</i>	<i>Issue of debt and debt fees £'000</i>	<i>Issue of Fundraising Shares net of commission, Loan Shares and Fee Shares £'000</i>	<i>Unaudited pro forma adjusted aggregated net assets of the Enlarged Group on Admission £'000</i>
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant & equipment	–	1	–	–	1
<b>Non-current assets</b>	<u>–</u>	<u>1</u>	<u>–</u>	<u>–</u>	<u>1</u>
<b>Current assets</b>					
Cash and cash equivalents	96	214	–	1,279	1,589
Trade and other receivables	92	140	–	–	232
<b>Current assets</b>	<u>188</u>	<u>354</u>	<u>–</u>	<u>1,279</u>	<u>1,821</u>
<b>TOTAL ASSETS</b>	<u><u>188</u></u>	<u><u>355</u></u>	<u><u>–</u></u>	<u><u>1,279</u></u>	<u><u>1,821</u></u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	324	320	–	(42)	602
Borrowings	–	–	535	(535)	–
<b>Total current liabilities</b>	<u>324</u>	<u>320</u>	<u>535</u>	<u>(577)</u>	<u>602</u>
<b>TOTAL LIABILITIES</b>	<u><u>324</u></u>	<u><u>320</u></u>	<u><u>535</u></u>	<u><u>(577)</u></u>	<u><u>602</u></u>
<b>TOTAL NET ASSETS</b>	<u><u>(136)</u></u>	<u><u>35</u></u>	<u><u>(535)</u></u>	<u><u>1,856</u></u>	<u><u>1,220</u></u>

### Notes

The pro forma statement of net assets has been prepared on the following basis:

- The unaudited net assets of the Company as at 30 September 2023 have been extracted without adjustment from the Interim Financial Information of the Company as shown in Appendix C of this document.
- The unaudited net assets of the 3radical Group as at 30 September have been extracted without adjustment from the Interim Financial Information of the 3radical Group as shown in Section C of Part IV of this document.
- A pro forma adjustment has been made to reflect the issue of convertible debt and debt fees from Sanderson Capital Partners Limited after 30 September 2023 to the Company and 3Radical Group.
- The following pro forma adjustments:
  - the proceeds of the Fundraising of 62,987,410 new Ordinary Shares of the Company at an Issue Price of 2.1 pence per Ordinary Share less an adjustment to reflect commission-related costs estimated at approximately £43.5k exclusive of any non-recoverable sales taxes.
  - to reflect the issue of 2,000,000 new Ordinary Shares of the Company at an Issue Price of 2.1 pence per Ordinary Share in relation to amounts payable in trade and other payables at 30 September 2023 in the Company.
  - to reflect the issue of 26,666,670 new Ordinary Shares of the Company at an Issue Price of 2.1 pence per Ordinary Share referred to as the Loan Shares
- No adjustments have been made to reflect the trading or other transactions, other than described above of:
  - the Company since 30 September 2023;
  - The 3radical Group since 30 September 2023.
- The pro forma statement of net assets does not constitute financial statements.

## **PART VI**

### **CORPORATE GOVERNANCE**

As a company that will be admitted to trading on AIM, the Company is not required to adopt a specific corporate governance code. However, the Company is required to provide details of the corporate governance code it has decided to adopt, state how it complies with that code and provide an explanation where it departs from compliance with that code.

Following Admission, it is expected that the New Board will meet at least once every two months to, *inter alia*, review, develop and approve the Company's strategy, budgets and corporate actions and oversee the Company's progress towards its goals. It has established an audit committee, a nomination committee and a remuneration committee with formally delegated duties and responsibilities and with written terms of reference. From time to time, separate committees may be set up by the New Board to consider specific issues when the need arises.

#### **Board Committees**

The Board has established an audit committee, a remuneration committee and a nomination committee with formally delegated duties and responsibilities, as described below.

##### *Audit committee*

The Audit Committee comprises John Hutchinson, Grahame Cook and Caroline Worboys and is chaired by Grahame Cook.

The Audit Committee is responsible for monitoring the integrity of the Company's financial statements, reviewing significant financial reporting issues, reviewing the effectiveness of the Company's internal control and risk management systems, monitoring the need for and, if necessary, the effectiveness of the internal audit function and overseeing the relationship with the external auditors including advising on their appointment, agreeing the scope of the audit and reviewing the audit findings. The audit committee meets at least twice a year at appropriate times in the reporting and audit cycle and otherwise as required. The Audit Committee meets regularly with the Company's external auditors.

##### *Remuneration committee*

The Remuneration Committee comprises John Hutchinson, Grahame Cook and Caroline Worboys and is chaired by Caroline Worboys.

The Remuneration Committee is responsible for determining and agreeing with the Board the framework for the remuneration of the executive Directors and other designated senior executives and, within the terms of the agreed framework, determining the total individual remuneration packages of such persons including, where appropriate, bonuses, incentive payments and share options or other share awards. The remuneration of non-executive Directors is a matter for the Chair and the executive members of the Board. No Director is involved in any decision as to his or her own remuneration. The Remuneration Committee meets at least twice a year and otherwise as required.

##### *Nomination committee*

The nomination committee comprises John Hutchinson, Grahame Cook, and Caroline Worboys and is chaired by John Hutchinson.

The Nomination Committee is responsible for reviewing the structure, size and composition of the Board and identifying and nominating, for the approval of Board, candidates to fill vacancies on the Board as and when they arise. The Nomination Committee meets once a year and otherwise as required.

#### **Chair's Statement**

The Board is committed to the principles of good corporate governance and believes that an effective corporate governance framework is essential to underpin the success of the business. The Board is

committed to achieving the highest standards of integrity, ethics, professionalism and business practice throughout its operations. Therefore, the Company has adopted the QCA Code in line with the AIM Rules for Companies which require all AIM-quoted companies to adopt a recognised corporate governance code and to explain how the company complies with and where it departs from the chosen code. It was decided that the QCA Code was more appropriate for the Group's size and stage of development than the Financial Reporting Council's UK Corporate Governance Code.

The narrative below sets out the QCA Code principles and how the Company complies.

## **Compliance with the QCA Code**

### ***Principle 1: Establish a strategy and business model promoting long-term value for shareholders***

The Board is responsible to shareholders for setting the Group's strategy by maintaining the policy and decision-making process around which the strategy is implemented; ensuring that necessary financial and human resources are in place to meet strategic aims; monitoring performance against key financial and non-financial indicators; providing leadership whilst maintaining the controls for managing risk; overseeing the system of risk management; and setting values and standards in corporate governance matters.

The Company's business model and strategy is set out in Part I of this document. In summary, the Company's strategy is to acquire and scale businesses that help marketers maximise the value of First Party Data by curating, managing and deploying it, and in doing so making Electric Guitar the industry standard for First Party Data solutions.

The Company intends to pursue growth both by acquisition and organically. The Board intends to employ strict capital discipline and a robust filtering process when reviewing acquisition opportunities.

The Directors believe that the Company's model and growth strategy will help to promote long-term value for Shareholders. An update on strategy will be given from time to time in the strategic report that is included in the annual report and accounts of the Company.

### ***Principle 2: Seek to understand and meet shareholder needs and expectations***

The Board endeavours to engage in clear and consistent dialogue with both existing and potential Shareholders to understand their needs and expectations, and to ensure that the Company's strategy, business model and progress are clearly understood. The Board also maintains regular contact with its advisers in order to ensure that the Board develops an understanding of the views of the investor community about the Company.

The Board will communicate with its Shareholders through:

- the Company's annual report and accounts;
- the Company's interim and full-year results announcements;
- trading updates (where required or appropriate);
- presentations to Shareholders from time to time;
- the Company's annual general meetings; and
- the investor relations section of the Company's website.

Unpublished price sensitive information will be disclosed in as timely a manner as possible and within regulatory requirements for disclosure via a Regulatory Information Service.

The Board views the Company's annual general meeting ("**AGM**") as an important forum for communication between the Company and its Shareholders and encourages Shareholders to express their views on the Company's business activities and performance. The chairs of the Board and all committees, together with all other Directors, will routinely attend the AGM and be available to answer questions raised by Shareholders. The Board intends to engage with Shareholders who do not vote in favour of resolutions at the AGM to understand their motivation.

At other times the Chair will be the primary contact for Shareholders and Shareholders can email questions and comments via the Company's Investor Relations agents. Regular meetings will be held between the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer and institutional investors and analysts to ensure that the Company's strategy, financials and business developments are communicated effectively.

***Principle 3: Take in to account wider stakeholder and social responsibilities and their implications for long-term success***

The Board recognises the importance of corporate social responsibility, and seeks to take account of the interests and feedback from all the Company's stakeholders, including its investors, customers, suppliers, partners and employees when operating the Group's business.

The Company's operations are located in the UK and Singapore in addition to a presence in the US. The Company's local managers will provide a first point of contact for stakeholders to receive information on the Company's activities and provide feedback on any issues or concerns they may have.

The Board believes that fostering an environment in which employees act in an ethical and socially responsible fashion is critical to its long term success. The Company will seek to ensure continued engagement with its employees, clients, suppliers, shareholders and the wider public via:

- having processes in place designed to ensure regular dialogue between employees and senior management; and
- technological means, using the functionality of social media platforms and software to gain insights and feedback from its clients, suppliers, partners and the public.

***Principle 4: Embed effective risk management, considering both opportunities and threats throughout the organisation***

The principal risks facing the Company are set out in Part III of this document. The Company recognises that risk is inherent in all of its business activities and is an important part of the Board's formulation of strategy. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. The Board is assisted in this matter by the Audit Committee.

The Board routinely monitors risks that could materially and adversely affect the Company's ability to achieve its strategic goals, financial condition and results of operations. The effectiveness and adequacy of mitigating controls are assessed and if additional controls are required, these will be identified and responsibilities assigned. The Board is supported by senior management personnel who collectively play a key role in risk management and regularly report to the Board.

A review of these risks will be carried out on an annual basis and each year the Company's annual report and accounts will contain a section setting out what the Board considers to be the main risks faced by the Group.

The Group maintains commercial insurance at a level it believes is appropriate against certain risks commonly insured in the industry in which the Group operates.

***Principle 5: Maintain the board as a well-functioning, balanced team led by the chair***

The Board from Admission will comprise six Directors, of whom John Regan and Richard Horwood are executive Directors and John Hutchinson, David Eldridge, Caroline Worboys and Grahame Cook are non-executive Directors. Caroline Worboys and Grahame Cook are independent non-executive Directors. The biographies of the Directors are set out in paragraph 10 of Part I of this document. The Board is satisfied that it has a suitable balance between independence and knowledge of the Company to enable it to discharge its duties and responsibilities effectively.

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties. During a normal financial year it is expected that at least 6 formal Board meetings will take place. The Board is responsible for the management of the Company's business (including formulating, reviewing and approving the Company's strategy, financial activities and operating performance), for which purpose the Directors may exercise all the powers of the Company. The Directors may delegate such powers to any

person or committee as they think fit and those powers may be sub-delegated with the authority of the Directors. The Directors may revoke any delegation of powers.

The Board has established audit, remuneration and nomination committees with formally delegated duties and responsibilities. Each committee is currently comprised entirely of non-executive directors, and a majority of independent non-executive directors.

The Company has effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of the other commitments and interests of its Directors, and changes to these commitments and interests must be reported to and, where appropriate, agreed with the rest of the Board.

***Principle 6: Ensure that between them directors have the necessary up-to-date experience, skills and capabilities***

The Directors come from a range of backgrounds and have a wide variety of experience and traits which means that the Board is satisfied that it is well balanced and has the skills, and other attributes appropriate for the size and stage of development of the Company necessary to deliver the Company's strategy. The biographies of the Directors which are set out in Part I of this Document describe the relevant skills and experience of each of the Directors.

The Nomination Committee is responsible for continuing to evaluate the balance of skills, knowledge and experience and the size, structure and composition of the Board and its committees, retirements and appointments of additional and replacement Directors and committee members and making appropriate recommendations to the Board on such matters.

At each annual general meeting, any Director:

- (a) who has been appointed by the Board since the preceding annual general meeting; or
- (b) who held office at the time of the two preceding annual general meetings and who did not retire at either of them; or
- (c) who has held office with the Company, other than employment or executive office, for a continuous period of nine years or more at the date of the meeting,

shall retire from office but shall be eligible for re-appointment.

The Company Secretary will provide Directors with updates on key developments relating to the Company and legal, HR and governance matters (including advice from the Company's brokers, lawyers and advisers).

The Board has not yet adopted any formal policy on its own diversity but it is committed to fair and equal opportunity subject to ensuring appointees are appropriately qualified and experienced for their roles.

The Company retains the services of independent advisers including financial, legal, and investor relations advisers that are available to the Board and who provide support and guidance to the Board and complement the Company's internal expertise. The Directors will receive relevant training, and have access to such specialist advice, to ensure they are able to conduct themselves in accordance with evolving regulations and best practice, and to fulfil their roles satisfactorily.

***Principle 7: Evaluate board performance based on clear and relevant objectives seeking continuous improvement***

The Company's process for evaluating the performance of the Board, its committees and individual Directors, will primarily be undertaken by the Nomination Committee. The Nomination Committee will regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations and review the results of any Board performance evaluation process that relate to the composition of the Board.

The Nomination Committee shall also make recommendations to the Board concerning plans for succession for both executive and non-executive Directors and any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company (subject to the provisions of the law and their service contract).



***Principle 8: Promote a corporate culture that is based on ethical values and behaviours***

The Company is committed to ensuring that the Group operates according to the highest ethical standards and the Board has primary responsibility for achieving this. The Directors believe that the main determinant of whether a business behaves ethically and with integrity is the quality of its people and the Board, together with the Group's HR function, takes great care to ensure that all individuals employed by the Group demonstrate the required high levels of integrity. The Group has also adopted formal policies addressing, *inter alia*, bribery and corruption, the use of social media and a code for dealing in the Company's shares.

The Board recognises that decisions of the Directors regarding strategy and risk will impact the corporate culture of the Company and that this will impact performance. The culture is set by the Board and is considered and discussed at Board meetings, and the Board is aware that the tone and culture it sets impacts all aspects of the Company and the way that employees behave. The Board promotes a culture of integrity, honesty, non-discrimination, trust and respect, and all employees of the Company are expected to operate in an ethical manner in all of their internal and external dealings.

The Company strives to be a good corporate citizen and respects the laws of the countries in which it operates. Each year the Company's annual report and accounts will contain a Corporate and Social Responsibility section which will address its people, its values, diversity, employee welfare and involvement, employment, training, career development and promotion of disabled persons, health and safety, ethical and social policies, human rights, product development, impact on the environment, greenhouse gas emission and slavery and human trafficking.

***Principle 9: Maintain governance structure and processes that are fit for purpose and support good decision-making by the board***

The Chair leads the Board and is responsible for its governance structures, performance and effectiveness. The Board retains ultimate accountability for good governance and is responsible for monitoring the activities of the executive team.

The Board will meet at least 6 times a year and more frequently as required, and will supplement its meetings with frequent telephone and online discussions. In accordance with the Company's Articles, the presence of at least two Directors will be required to form a quorum. An agenda and supporting documentation, including management accounts, will be circulated at least 5 days in advance of each meeting. The Board is collectively responsible for the long-term success of the Company and provides leadership to the Company within a framework of effective controls, checks and balances. The Senior management team, led by the Chief Executive, is responsible for the day to day running of the business, with key decisions (including those considered to directly relate to implementation of the Company's strategy) being reserved for the Board.

The Board has established an Audit Committee, a Remuneration Committee and a Nomination Committee. Relevant matters are considered by each committee and recommendations are taken to the full Board. Each committee meets at least twice per year and otherwise as required. The role of each committee established by the Board is summarised above.

The Board intends to review the Company's governance framework on an annual basis to ensure it remains effective and appropriate for the business going forward.

***Principle 10: Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders***

The Board recognises that it is accountable to Shareholders for the performance and activities of the Company and to this end is committed to maintaining good communication and having constructive dialogue with its Shareholders.

The Board will communicate with Shareholders in a number of ways, including via:

- the Company's annual report and accounts;
- the Company's interim and full-year results announcements;
- RNS announcements; and
- the Company's AGM.

The Board considers the Company's AGM to be an important forum for communication between the Company and its Shareholders and encourages Shareholders to express their views on the Company's business activities and performance.

A range of corporate information, including annual reports, notices of general meetings and other regulatory announcements, is available to Shareholders, investors and the public in general through the Company's website [www.electricguitarplc.com](http://www.electricguitarplc.com) which will be updated on a regular basis.

## **PART VII**

### **ADDITIONAL INFORMATION**

#### **1. Responsibility**

The Company and each of the Existing Directors and the Proposed Directors, whose names appear on page 18 of this document, accept responsibility, individually and collectively for the information contained in this document. To the best of the knowledge of the Company, the Existing Directors and the Proposed Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this document for which they take responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information. To the extent information has been sourced from a third party, this information has been accurately reproduced and, as far as the Company, the Existing Directors and the Proposed Directors are aware, no facts have been omitted which may render the reproduced information inaccurate or misleading. In connection with this document no person is authorised to give any information or make any representation other than as contained in this document.

#### **2. The Company**

- a. The Company's legal and commercial name is Electric Guitar PLC.
- b. The Company was incorporated in England and Wales on 24 March 2021 under the name Electric Guitar Limited with registered number 13288812 as a private limited company under the Act. On 24 June 2021, the Company was re-registered as a public limited company with the name Electric Guitar PLC. The domicile of the Company is the United Kingdom. The Company's Legal Entity Identifier is 894500943SA9KY5T9V86.
- c. The principal legislation under which the Company operates is the Act. The liability of the members is limited to the amount, if any, unpaid on the shares respectively held by them.
- d. The Company's registered office is at One, Bartholomew Close, London, England, EC1A 7BL. The Company's telephone number is 01 189 570444 and its website is [www.electricguitarplc.com](http://www.electricguitarplc.com).
- e. The entire issued share capital of the Company was admitted to the standard segment of the Official List and to trading on the Main Market on 11 January 2022. The Company will cancel its admission to the Official List (standard segment) and to trading on the Main Market upon Admission.

### 3. The Subsidiaries

- a. As at the date of Admission and following Completion (Admission being the last condition to such completion), the Company will have four subsidiaries, details of which are set out in the table below:

<i>Name</i>	<i>Share capital held</i>	<i>Company Number</i>	<i>Parent company</i>	<i>Place of Incorporation</i>	<i>Principal activity</i>
3radical	100%	07872556	The Company	England and Wales	Business and domestic software development
3radical Pte Ltd	100%	201312239K	3radical	Singapore	Development of Computer Games and Development of Software and Applications (exc. Games and cyber security)
3radical Pty. Ltd	100%	ACN 600403290	3radical	Australia	Non-trading – Business and domestic software development
3radical Inc.	100%	7915107	3radical	Delaware, United States	Business and domestic software development

### 4. Share Capital

- a. In accordance with the Act, the Company has no limit on its authorised share capital.
- b. On incorporation of the Company one ordinary share was subscribed for and allotted and issued at a price of £0.01 per ordinary share which was fully paid up.
- c. On 17 May 2021, 16,149 ordinary shares of £0.01 each were subscribed for and issued and allotted at a price of £0.01 per ordinary share which were fully paid up.
- d. On 18 May 2021, 5,000 ordinary shares of £0.01 each were subscribed for and allotted and issued at a price of £20 per ordinary share which were fully paid up.
- e. On 9 June 2021, 1,002 ordinary shares of £0.01 each were subscribed for and allotted and issued at a price of £20 per ordinary share which were fully paid up.
- f. On 16 June 2021, 4,984,200 ordinary shares of £0.01 each were subscribed for and allotted and issued at a price of £0.01 per Ordinary Share which were fully paid up.
- g. On 27 August 2021, 791,000 ordinary shares of £0.01 each were subscribed for and allotted and issued at a price of £0.02528445 per Ordinary Share which were fully paid up.
- h. On 20 September 2021, pursuant to resolutions passed at a general meeting of the Company, each of the ordinary shares of £0.01 each in the capital of the Company were sub-divided into 2 ordinary shares of £0.005 each and, following such sub-division, 5,797,352 new ordinary shares of £0.005 each were issued to shareholders as a bonus issue, such new ordinary shares being paid up at par out of monies standing to the credit of the Company's share premium account.

- i. On 20 September 2021, a total of 470,720 Ordinary Shares were issued and allotted to Axis Capital Markets and Alexander David Securities Limited at a price of £0.01264223 per Ordinary Share. These Ordinary Shares were issued in satisfaction of cash sums that would otherwise have been payable to Axis Capital Markets and Alexander David Securities Limited in connection with their engagement by the Company.
- j. On 11 January 2022 40,000,000 Ordinary Shares were allotted and issued to places pursuant to the 2021 Placing at 3p per Ordinary Share which were fully paid up.
- k. The issued share capital of the Company at the date of this document and on Admission will be as follows:

	<i>Number of Ordinary Shares allotted and fully paid</i>	<i>Nominal value of Ordinary Shares</i>
Current	57,862,776	£0.005
On Admission	223,833,289	£0.005

- l. The Resolutions proposed at the General Meeting will, if passed:
  - i. authorise the Directors, conditional on Admission, for the purposes of section 551 of the Act to allot relevant securities as follows:
    - a. up to an aggregate nominal amount of £305,924.22 in relation to the issue of the Consideration Shares;
    - b. up to an aggregate nominal amount of £148,690.45 in relation to the issue of the Placing Shares;
    - c. up to an aggregate nominal amount of £166,246.60 in relation to the issue of the Subscription Shares;
    - d. up to an aggregate nominal amount of £133,333.35 in relation to the issue of the Loan Shares;
    - e. up to an aggregate nominal amount of £23,277.10 in relation to the issue of the Conversion Shares;
    - f. up to an aggregate nominal amount of £52,380.85 in relation to the issue of the Fee Shares;
    - g. up to an aggregate nominal amount of £11,191.67 in connection with the issue of the Adviser Warrants;
    - h. up to an aggregate nominal amount of £11,191.67 in connection with the issue of the Axis Warrants;
    - i. up to an aggregate nominal amount of £11,191.67 in connection with the issue of the GIS Warrants;
    - j. up to an aggregate nominal amount of £1,029.96 in connection with the issue of the New Warrants;
    - k. up to an aggregate nominal amount of £142,857.15 in connection with the issue of Ordinary Shares pursuant to any future conversion of the Sanderson Loan; and
    - l. up to an aggregate nominal amount of £373,055.48 representing approximately one third of the Enlarged Share Capital.

such authority to expire (unless previously renewed, varied or revoked by the Company in general meeting) on the earlier of the close of business on 30 September 2024 and the end of the Company's next annual general meeting save that the Company may, before such expiry, make any offer or agreement which would or might require shares to be allotted or rights to be granted after such expiry and the Directors may allot such shares or grant such rights in pursuance of any such offer or agreement, as if the power conferred by the resolution had not expired; and

- ii. give the Directors the general power, in accordance with section 570 of the Act, to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred by the resolution referred to in paragraph 4 (l) (i) and/or sell treasury shares for cash, as if section 561 of the Act did not apply to such allotment, provided that this power shall be limited to the allotment of equity securities or sale of treasury shares:
- a. up to an aggregate nominal amount of £148,690.45 in relation to the issue of the Placing Shares;
  - b. up to an aggregate nominal amount of £166,246.60 in relation to the issue of the Subscription Shares;
  - c. up to an aggregate nominal amount of £133,333.35 in relation to the issue of the Loan Shares;
  - d. up to an aggregate nominal amount of £23,277.10 in relation to the issue of the Conversion Shares;
  - e. up to an aggregate nominal amount of £52,380.85 in relation to the issue of the Fee Shares;
  - f. with an aggregate nominal amount of £11,191.67 in relation to the issue of the Adviser Warrants;
  - g. with an aggregate nominal amount of £11,191.67 in relation to the issue of the Axis Warrants;
  - h. up to an aggregate nominal amount of £11,191.67 in connection with the issue of the GIS Warrants;
  - i. up to an aggregate nominal amount of £1,029.96 in connection with the issue of the New Warrants;
  - j. up to an aggregate nominal amount of £142,857.15 in connection with the issue of Ordinary Shares pursuant to any future conversion of the Sanderson Loan;
  - k. by way of rights (including under a rights issue or open offer) in favour of holders of Ordinary Shares on a date fixed by the Directors in proportion as nearly as may be practicable, to the respective numbers of Ordinary Shares held by them on that date;
  - l. (otherwise than pursuant to paragraphs a. to i. above) up to a maximum aggregate nominal amount of £111,916.64 (representing equity securities equal to approximately 10 per cent. of the Enlarged Share Capital); and
  - m. up to a nominal amount equal to 20 per cent. of any allotment of equity securities or sale of treasury shares from time to time under paragraph k. above, such authority to be used only for the purposes of making a follow-on offer which the board of the Company determines to be of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of the Notice,

such power to expire at the end of the Company's annual general meeting in 2024 or at the close of business on 30 September 2024, whichever is earlier, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted (or treasury shares to be sold) after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by the resolution has expired.

- iii. In addition to the authority referred to in paragraph (ii) above, give the Directors the general power, in accordance with section 570 of the Act, to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred by the resolution referred to in paragraph 4 (l) (i) and/or sell treasury shares for cash, as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities and sale of treasury shares:
- a. up to a maximum aggregate nominal amount of £111,916.64 (representing equity securities equal to approximately 10 per cent. of the Enlarged Share Capital) such authority to be used only for the purposes of financing (or refinancing, if the authority is to be used within 12

months after the original transaction) a transaction which the Directors determine to be either an acquisition or a specified capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group;

- b. up to a nominal amount equal to 20 per cent. of any allotment of equity securities or sale of treasury shares from time to time under paragraph a. above, such authority to be used only for the purposes of making a follow-on offer which the board determines to be of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of the Notice

and shall expire at the end of the Company's annual general meeting in 2024 or at the close of business on 30 September 2024, whichever is earlier, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

- m. The Ordinary Shares will, with effect from Admission, be quoted on AIM. The Ordinary Shares are currently admitted to the standard segment of the Official List and to trading on the Main Market. This listing will be cancelled with effect from Admission. No application has been or is being made for the admission of the Ordinary Shares to listing or trading, on any other stock exchange or securities market.
- n. Each New Ordinary Share will as from Admission rank in full for all dividends and distributions declared made or paid on the ordinary share capital of the Company and otherwise *pari passu* in all respects with each Existing Ordinary Share and will have the same rights (including voting and dividend rights and rights on a return of capital).
- o. On 24 December 2021, the Company created A-Series Warrants to subscribe for a total of up to 5,786,278 new Ordinary Shares at an exercise price of 4.5 pence. 3,599,064 of these A-Series Warrants were granted to John Hutchinson, John Regan and Luke McKeever, subject to certain vesting provisions which are described at paragraph 10 (d). below. The A-Series Warrants granted to Luke McKeever lapsed when Mr McKeever ceased to be employed by the Company and are not available for re-issue. Of the remaining 2,187,214 A-Series Warrants, 719,812 in aggregate were allocated to John Regan, John Hutchinson and Sarfraz Munshi on 24 January 2023 and have vested and 205,991 were allocated to Richard Horwood on 16 May 2023 and have vested leaving 1,261,411 A-Series Warrants unallocated at Admission which may in the future be granted to members of the Company's management team, either subject to the vesting provisions described at paragraph 10 (d) below or to such alternative vesting provisions as may be approved by the New Board upon grant. Any A-Series Warrants which have not vested and been exercised prior to 11 January 2029 will lapse. These A Series Warrants will be surrendered with effect from Admission and no further A-Series Warrants will be issued.
- p. On 24 December 2021, the Company granted 578,628 B-Series Warrants to Axis Capital Markets and 578,628 B-Series Warrants to Alexander David Securities Limited. The B-Series Warrants, over in aggregate 1,157,256 new Ordinary Shares, are exercisable for three years from Completion at a price per Ordinary Share of 3.15 pence.
- q. Except for the Company's obligations to issue and allot Ordinary Shares pursuant to the Acquisition, the Placing, the Subscription, the Equity Settlement and, conditional upon exercise and, where appropriate, vesting of the Warrants, there are no rights and/or obligations over the Company's unissued share or loan capital nor do there exist any undertakings to increase the Company's share or loan capital.
- r. No share of the Company is under option or has been agreed conditionally or unconditionally to be put under option other than as disclosed in paragraphs 9 and 17 below.
- s. The Company does not have in issue any securities not representing share capital nor any shares which are held by or on behalf of the Company itself, and there are no outstanding convertible securities issued by the Company.

- t. The participation (as a percentage) in share capital and voting rights for existing Shareholders before and after the capital increase resulting from the Fundraising, Equity Settlement and Completion, on the basis that existing Shareholders do not participate in the Fundraising, are as follows:

	<i>Immediately prior to Admission</i>	<i>Immediately following Admission</i>
Share Capital	100%	25.85%
Voting	100%	25.85%

- u. Shareholders do not have any entitlement to participate in the Fundraising.

- v. The net asset value per Ordinary Share is as follows:

	<i>Immediately prior to Admission</i>	<i>Immediately following Admission</i>
Net asset value Per Ordinary Share	£(0.0023)	£0.0055

- w. The Ordinary Shares may be held in either certificated form or in uncertificated form under the CREST system.

- x. Except as disclosed in this paragraph, since the date of incorporation of the Company: (i) there has been no change in the amount of the issued share or loan capital of the Company; and (ii) no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share capital of the Company.

- y. To the best of the Directors' knowledge, no-one, directly or indirectly, acting jointly, exercises or could exercise control over the Company.

- z. The ISIN number in respect of the Ordinary Shares is GB00BN11T727. The Ordinary Shares are and will be created and issued under the Act and are denominated in pounds sterling.

- aa. The registrars of the Company are Share Registrars Limited whose registered office is at 27-28 Eastcastle Street, London, W1W 8DH. They are responsible for maintaining the register of members of the Company.

## **5. Objects of the Company**

The Company's objects and purposes are unrestricted.

## **6. Articles of association**

The Articles, which were adopted by a written resolution passed on 17 June 2021 and, subject to the passing of Resolution 5 at the General Meeting will be amended as set out in that Resolution, contain, amongst others, provisions to the following effect:

- a. *Limited liability*

The liability of the Company's members is limited to the amount (if any) unpaid on the shares in the Company held by them.

- b. *Unrestricted objects*

The objects of the Company are unrestricted.

- c. *Change of name*

The Articles allow the Company to change its name by resolution of the Board. This is in addition to the power of the Company under section 77 of the Act to change its name by special resolution.



## **Share rights**

### d. *Rights of different classes of shares*

Subject to any rights attached to any existing shares, the Company may issue shares with such rights or restrictions as the Company may by ordinary resolution determine or, in the absence of any such determination, as the Board may decide. Subject to any rights attached to any existing shares, the Company may also issue shares which are to be redeemed or which, at the option of the Company or the holder, are liable to be redeemed. The Board may decide the terms, conditions and manner of redemption of any redeemable shares which are issued.

### e. *Voting rights*

Subject to any rights or restrictions as to voting attached to any shares and to any suspension or abrogation of voting rights pursuant to the Articles:

- (a) on a vote on a resolution on a show of hands, every member present (not being present by proxy) and entitled to vote on the resolution has one vote and every proxy present who has been duly appointed by a member entitled to vote on the resolution has one vote (save that a proxy who has been appointed by more than one member has one vote for and one vote against if he has been instructed to vote in different ways on the resolution); and
- (b) on a vote on a resolution on a poll, every member who is present in person or by proxy and entitled to vote on the resolution has one vote for every share of which he is the holder.

Unless the Board otherwise decides, no member is entitled in respect of any share held by him to vote on any resolution at a shareholders meeting, either in person or by proxy, if any call or other sum presently payable by him to the Company in respect of that share remains unpaid.

### f. *Variation of rights*

If at any time the capital of the Company is divided into different classes of share, the rights attached to any class may be varied either with the written consent of the holders of not less than three-fourths in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate meeting of the holders of the issued shares of that class and may be so varied either while the Company is a going concern or during or in contemplation of a winding up. The quorum at any such separate meeting (other than an adjourned meeting) shall be not less than two persons entitled to vote and holding or representing by proxy at least one-third in nominal value of the issued shares of the relevant class (excluding any shares of that class held as treasury shares).

### g. *Transfer of shares*

A member may transfer all or any of his shares which are in certificated form by an instrument of transfer in any usual form or common form or in any other form approved by the Board. The instrument of transfer must be signed by or on behalf of the transferor and, if the share is not fully paid, by or on behalf of the transferee. A member may transfer all or any of his shares which are in uncertificated form by means of a relevant system in accordance with the CREST Regulations.

The Board may refuse to register the transfer of a share which is not fully paid or on which the Company has a lien provided that, in the case of a class of shares admitted to trading on the Main Market of the London Stock Exchange, such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis.

The Board may refuse to register a transfer of a certificated share unless the instrument of transfer is:

- (a) in respect of only one class of share;
- (b) in favour of not more than four persons jointly; and
- (c) lodged (duly stamped if required) at the place where the register of members is situated (or such other place as the Board may appoint) accompanied (except in the case of a transfer by a person to whom the Company is not by law required to issue a certificate and to whom a certificate has not been issued) by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer.

The Board may refuse to register a transfer of an uncertificated share in the circumstances set out in the CREST Regulations or if the transfer is in favour of more than four persons jointly.

Subject to the above and subject to the transfer restrictions summarised in the paragraph headed "Suspension of rights attaching to shares" below, the Articles contain no restrictions on the free transferability of fully paid shares.

h. *Pre-emption rights*

There are no pre-emption rights under the Articles in respect of transfers of issued shares or the allotment of new shares.

Section 561 of the Act confers on holders of Ordinary Shares rights of pre-emption in respect of the allotment by the Company of equity securities (as defined in section 560 of the Act) which are, or are to be, paid up in cash. Under these statutory pre-emption rights, the Company is, subject to certain limited exceptions, required to offer to allot the equity securities concerned to holders of Ordinary Shares on a *pro rata* basis before allotting them to other persons.

i. *Suspension of rights attaching to shares*

Under section 793 of the Act, the Company may send out a notice (a "section 793 notice") to any person whom the Company knows or has reasonable cause to believe to be interested in its shares (or to have been so interested at any time during the preceding three years) asking for information concerning his interest in the shares and information concerning any other interest in the shares of which he is aware. Where a person receives a section 793 notice and fails to provide the information required by the notice within the time specified in it, the Company can apply to the court for an order directing that the relevant shares be subject to restrictions. The effect of a court order imposing restrictions is that (i) any transfer of the shares is void, (ii) no voting rights are exercisable in respect of the shares, (iii) no further shares may be issued in right of the shares or in pursuance of an offer made to the holder of them, and (iv) except in a liquidation, no payment may be made of sums due from the Company on the shares (whether in respect of capital or otherwise). The Articles also contain provisions for the imposition of restrictions on shares in circumstances where a person fails to comply with a section 793 notice which are described below.

If a member, or any other person appearing to be interested in shares held by that member, has been served with a section 793 notice and has failed in relation to any shares (the "default shares" which expression includes any further shares issued in respect of those shares) to give the Company the information required by the notice for a period of 14 days from the date of its service, then (unless the Board otherwise determines) the following sanctions apply:

- (a) the member is not entitled in respect of the default shares to attend or to vote (either in person or by proxy) at any meeting or on a poll or to exercise any other right conferred by membership in relation to shareholder meetings;
- (b) where the default shares represent 0.25 per cent. or more in nominal value of the issued shares of any class of shares (excluding any shares of that class held as treasury shares):
- (c) any dividend or any other amount payable in respect of the default shares is to be withheld by the Company (without the Company being liable to pay interest on it) and the member is not entitled to elect to receive shares in lieu of dividend; and
- (d) save for an excepted transfer, no transfer of any default shares is to be registered unless the member is not himself in default in supplying the information required and he proves to the satisfaction of the Board that no person in default in supplying the information required is interested in any of the shares included the subject of the transfer.

Where the sanctions described above apply, they cease to have effect (and any dividend or other money withheld becomes payable) at the expiry of seven days (or such shorter period as the Board may decide) following the earlier of:

- (a) the date on which the Company receives notification that the default shares have been transferred by means of an excepted transfer; and
- (b) the date on which the Company receives, in a form satisfactory to the Board, all of the information required by the relevant section 793 notice.

For the purposes of the above, an “excepted transfer” is (i) a transfer by way of acceptance of a takeover offer, (ii) a transfer in consequence of a sale made through a recognised investment exchange or any other stock exchange outside the UK on which the Company’s shares are normally traded or (iii) a transfer which is shown to the satisfaction of the Board to be made in consequence of a sale of the whole of the beneficial interest in the shares to a person who is unconnected with the member and with any other person appearing to be interested in the shares.

j. *Dividends*

The Company may by ordinary resolution declare dividends to be paid to members according to their respective rights and interests in the profits of the Company. However, no dividend shall exceed the amount recommended by the Board. If and so far as in the opinion of the Board, the profits of the Company available for distribution justify such payments, the Board may declare and pay (i) interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as the Board thinks fit and (ii) fixed dividends on any class of shares carrying a fixed dividend on the dates prescribed for the payment of those dividends.

Except as otherwise provided by the rights attaching to, or the terms of issue of, any shares, all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is declared and paid and shall be apportioned and paid proportionately to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For this purpose, no amount paid up on a share in advance of the date on which a call is payable shall be treated as paid up on the share.

Unless otherwise provided by the rights attaching to the share, no dividend payable in respect of a share shall bear interest as against the Company. The Board may deduct from any dividend payable to any person in respect of a share all such sums as may be due from that person to the Company on account of calls or otherwise in relation to shares in the Company.

Any unclaimed dividend may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. Any dividend which has remained unclaimed for a period of 12 years after it was declared or became due for payment shall, if the Board so resolves, be forfeited and shall cease to remain owing by the Company.

The Board may, with the prior authority of an ordinary resolution of the Company, offer holders of Ordinary Shares (excluding Ordinary Shares held as treasury shares) the right to elect to receive new Ordinary Shares, credited as fully paid, instead of cash in respect of all or any part of any dividend specified by the ordinary resolution. The ordinary resolution may specify a particular dividend or dividends (whether declared or not) or may specify all or any dividends declared within a specified period, but such period may not end later than the fifth anniversary of the date of the meeting at which the resolution is passed.

k. *Distribution of assets on liquidation*

If the Company is wound up (whether the liquidation is voluntary, under supervision of the court or by the court), the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by legislation, divide among the members in specie the whole or any part of the assets of the Company. For this purpose, the liquidator may set such value as he considers fair on any one or more class or classes of property and may determine how such division shall be carried out as between members or classes of members. The liquidator may, with the same authority, may transfer the whole or any part of the assets to trustees on such trusts for the benefit of members as he thinks fit.

**General meetings**

l. *Annual general meetings*

In accordance with the requirements of the Act, the Company must hold a general meeting as its annual general meeting in each six-month period following its accounting reference date.

m. *Convening of general meetings*

The Board may call a general meeting whenever it thinks fit. The Board must, on the requirement of the members under the Act, call a general meeting in accordance with the requirements of the Act.

The Board may make whatever arrangements it considers fit to allow those entitled to do so to attend and participate in any general meeting (including by electronic means and/or from multiple locations), provided that general meetings are not held exclusively on an electronic basis.

n. *Notice of general meetings*

General meetings must be called by at least such minimum period of notice as is required under the Act which, in the case of an annual general meeting, is 21 clear days' notice and, in the case of other general meetings will, following Admission, be 14 clear days' notice. Notice of the meeting must be given to the members (other than any members who, under the Articles or by virtue of any restrictions imposed on any shares, are not entitled to receive notice from the Company) to the Directors and to the auditors of the Company. The accidental omission to send notice of a general meeting to any person entitled to receive it does not invalidate the proceedings of the meeting.

Every notice of a general meeting must specify (i) the time, date and place of the meeting, (ii) (in the case of an annual general meeting) that the meeting is an annual general meeting, (iii) the general nature of the business to be transacted at the meeting and (iv) any intention to propose a resolution as a special resolution. In addition, the notice must specify, with reasonable prominence, that a member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at the meeting, that a member may appoint more than one proxy in relation to a meeting provided that each proxy is appointed to exercise the rights attached to different shares and that a proxy need not be a member.

o. *Quorum*

No business is to be transacted at any general meeting unless a quorum is present. The quorum for a general meeting is two members present in person or by proxy and entitled to vote on the business to be transacted at the meeting.

p. *Method of voting*

At any general meeting, a resolution put to the vote of the meeting is to be decided on a show of hands unless (before or on the declaration of the result on a show of hands) a poll is demanded in accordance with the Articles.

## **Directors**

q. *Number and appointment of Directors*

Unless and until otherwise determined by the Company by ordinary resolution, the number of Directors shall not be less than two but shall not be subject to any maximum number. Directors may be appointed by the Company by ordinary resolution or by the Board, in each case either to fill a casual vacancy or as an addition to the existing Board.

A Director is not required to hold any shares in the Company by way of qualification.

r. *Retirement of Directors*

At each annual general meeting, any Director:

- (a) who has been appointed by the Board since the preceding annual general meeting; or
- (b) who held office at the time of the two preceding annual general meetings and who did not retire at either of them; or
- (c) who has held office with the Company, other than employment or executive office, for a continuous period of nine years or more at the date of the meeting,

shall retire from office but shall be eligible for re-appointment.

s. *Removal of a Director by resolution of the Company*

In addition to any power of removal conferred by the Act, the Company may by ordinary resolution remove any Director from office and appoint another person in place of a Director so removed.

t. *Vacation of office*

The Articles provide for the office of a Director to be vacated in the following circumstances:

- (a) if he resigns or offers to resign and the Board resolves to accept such offer;
- (b) if he ceases to be a Director by virtue of any provision of the Act, is removed from office pursuant to the Articles or the Act or becomes prohibited by law from acting as a Director;
- (c) if he becomes bankrupt, has an interim receiving order made against him, makes any arrangement with or compounds with his creditors generally or applies to the court for an interim order under the Insolvency Act 1986 in connection with a voluntary arrangement under that Act;
- (d) if he is, or may be, suffering from mental disorder or is otherwise incapable of managing his affairs and either:
  - (i) an order is made by any court or official having jurisdiction (whether in the UK or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, *curator bonis* or other person to exercise powers with respect to his property or affairs; or
  - (ii) he is admitted to hospital following an application for admission for treatment under the Mental Health Act 1983 or any similar legislation in any other jurisdiction,and the Board resolves that his office be vacated;
- (e) if he is absent from meetings of the Board for a period of six consecutive months without the permission of the Board and his alternate Director (if any) has not attended in his place during that period and the Board resolves that his office be vacated;
- (f) (without prejudice to any claim for damages which he may have for breach of any contract between him and the Company) if he is removed from office by a notice in writing addressed to him at his last known address signed by at least three fourths in number of his co-Directors; or
- (g) in the case of any Director who holds any executive office with the Company, if his appointment as such is terminated or expires and the Board resolves that his office be vacated.

u. *Alternate directors*

Any Director may appoint any other Director to be his alternate and may remove any alternate appointed by him. Any appointment or removal of an alternate Director is effected by notice to the Company signed by the Director making or revoking the appointment and sent to or received by the Company at the registered office of the Company or at an address specified by the Company for the purpose of communication by electronic means or tabled at a meeting of the Board or in any other manner approved by the Board.

v. *Directors' remuneration and expenses*

Each Director is entitled to be paid by way of remuneration for his services as a Director such fee as may be decided by the Board but the aggregate of all fees so paid to Directors must not exceed £400,000 per annum (or such higher amount as may be decided by ordinary resolution of the Company). Such fee shall be distinct from and additional to any salary, remuneration or other benefits which may be paid or provided to a Director under any other provision of the Articles.

Any Director who performs any special or extra services which in the opinion of the Board are outside the scope of his ordinary duties as a Director and not in his capacity as a holder of employment or executive office may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may decide in addition to any remuneration paid or provided for pursuant to any other provision of the Articles.

The salary or remuneration of any Director appointed to hold any employment or executive office shall be such as the Board may decide and may be either a fixed sum of money or may, in whole or in part, be governed by business done or profits made or otherwise decided by the Board. Any such salary or

remuneration may be in addition to or in lieu of any fee payable to him for his services as a Director under the Articles.

Each Director is entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by him in or about the performance of his duties as a Director, including any expenses incurred in attending meetings of the Board or any committee of the Board or shareholder meetings.

w. *Pensions and other benefits*

The Board may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits, death or disability benefits or other allowances or gratuities (whether by insurance or otherwise) to or for the benefit of, amongst other persons, any past or present director of the Company or any of its subsidiary undertakings, members of his family and his dependants.

The Board may also exercise all the powers of the Company to purchase and maintain insurance for or for the benefit of, amongst other persons, any past or present director of the Company or any of its subsidiary undertakings.

x. *Borrowing powers*

Subject to the provisions of the Act, the Board may exercise all the powers of the Company:

- i. to borrow money;
- ii. to mortgage or charge all or any part of its undertaking, property and assets (both present and future) and uncalled capital; and
- iii. to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

y. *Proceedings of the Directors*

Subject to the provisions of the Articles, the Board may regulate its proceedings as it thinks fit. The quorum necessary for the transaction of business may be determined by the Board and, unless so determined at any other number, shall be two. A duly convened meeting of the Board at which a quorum is present is competent to exercise all or any of the powers vested in or exercisable by the Board. Questions arising at any meeting of the Board shall be determined by a majority of votes. In the case of an equality of votes, the Chair of the meeting has a second or casting vote.

A resolution in writing signed by all the Directors who would have been entitled to vote on the resolution at a meeting of the Board (provided that those Directors would have formed a quorum at such a meeting) is as valid and effective as a resolution duly passed at a meeting of the Board.

z. *Directors' conflicts of interest*

The Board may authorise any situation or matter in which a Director (an "Interested Director") has, or can have, a direct or indirect interest which conflicts, or possibly may conflict, with the interests of the Company and which would, if not so authorised, result in the Interested Director being in breach of his statutory duty to avoid conflicts of interest. An Interested Director seeking authorisation of a conflict of interest must declare to the Board the nature and extent of his interest giving rise to the conflict as soon as reasonably practicable. An Interested Director must not be counted in the quorum or vote in respect of any resolution of the Board giving such authorisation.

Where the Board authorises a situation or matter, it may impose on the Interested Director such terms for the purpose of dealing with the conflict of interest as the Board may determine.

aa. *Permitted interests of Directors*

A Director, notwithstanding his office, may:

- (a) be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is directly or indirectly interested;

- (b) hold any other office or place of profit with the Company (except that of auditor) in conjunction with the office of Director or act by himself or through a firm with which he is associated in a professional capacity for the Company or any body corporate in which the Company is directly or indirectly interested (otherwise than as auditor);
- (c) be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested (including by the holding of shares or other securities) in, any body corporate promoted by the Company or in which the Company is otherwise directly or indirectly interested or as regards which the Company has any powers of appointment; and
- (d) be a director of any body corporate in which the Company is not directly or indirectly interested if, at the time of his appointment as a director of that other company, such appointment cannot reasonably be regarded as giving rise to a conflict of interest.

If a Director has any interest referred to above, he must, subject to certain exceptions, declare the nature and extent of that interest to the Board. The declaration must be made as soon as is reasonably practicable and, in the case of an interest in a proposed transaction or arrangement with the Company, before the Company enters into the transaction or arrangement.

bb. *Directors not liable to account*

A Director is not liable to account to the Company for any benefit which he derives from any transaction or arrangement or from any office, employment, position or relationship or from any interest in any body corporate if the relevant matter has been authorised by the Board (subject, in any such case, to the terms of such authorisation) or is permitted under the Articles.

No transaction or arrangement is liable to be avoided on the grounds that a Director has an interest in it (or derives a benefit from it) if the interest has been authorised by the Board or is permitted under the Articles.

cc. *Restrictions on voting by Directors*

A Director must not vote on (or be counted in the quorum in relation to) any resolution of the Board (or of a Board committee) concerning any transaction or arrangement in which he has a direct or indirect interest. However, this prohibition does not apply to any resolution concerning a transaction or arrangement in which his interest cannot reasonably be regarded as likely to give rise to a conflict of interest or to any resolution concerning:

- (a) the giving of any guarantee, security or indemnity to the Director or any other person in respect of (i) money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings or (ii) a debt or other obligation of the Company or any of its subsidiary undertakings for which the Director has assumed responsibility (in whole or in part and whether alone or jointly with others) under a guarantee or indemnity or by the giving of security;
- (b) an offer by the Company or any of its subsidiary undertakings of securities for subscription, purchase or exchange, in which offer the Director is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
- (c) a transaction or arrangement in which he has an interest only by virtue of an interest in shares, debentures or other securities of the Company or by reason of any other interest in or through the Company;
- (d) a transaction or arrangement concerning any other body corporate in which the Director (or any person connected with him) is interested (directly or indirectly) and whether as an officer, shareholder, creditor, employee or otherwise, if he and any persons connected with him do not to his knowledge hold an interest in shares representing 1 per cent. or more of either any class of the equity share capital of that body corporate or the voting rights available to members of that body corporate;
- (e) a transaction or arrangement concerning the adoption, modification or operation of a pension fund, superannuation or similar scheme or retirement, death or disability benefit scheme or

employees' share scheme which relates both to directors and employees of the Company or any of its subsidiary undertakings and does not accord to any Director as such any privilege or benefit not accorded to the employees to whom the fund or scheme relates;

- (f) a transaction or arrangement for the benefit of employees of the Company or of any of its subsidiary undertakings under which the Director benefits in a similar manner to the employees and which does not accord to any Director as such any privilege or benefit not accorded to the employees to whom the transaction or arrangement relates;
- (g) any proposal relating to the purchase or maintenance of insurance against any liability for the benefit of any Directors (or of persons who include Directors);
- (h) the giving of indemnities in favour of Directors; and
- (i) the funding of expenditure incurred or to be incurred by any Director in defending any criminal or civil proceedings or in connection with an application to the court for relief or in defending him in any investigation by, or against action proposed to be taken by, a regulatory authority or the doing of anything to enable any Director to avoid incurring any such expenditure.

A Director must not vote on (or be counted in the quorum in relation to) any resolution of the Board concerning his own appointment as the holder of any office or place of profit with the Company or any company in which the Company is interested.

*dd. Indemnification of Directors*

Subject to the Act, every Director is entitled to be indemnified by the Company against any liability incurred by him in connection with any negligence, default, breach of duty or breach of trust in relation to the Company or any associated company (other than any liability to the Company or any associated company or any liability of the kind referred to in section 234(3) of the Act) and any other liability incurred by him in the performance of his duties.

Subject to the Act, the Company may provide a Director with funding to meet his expenditure in defending any criminal or civil proceedings in connection with any alleged negligence, default, breach of duty or breach of trust in relation to the Company or any associated company. The Company may also provide a Director with funding to meet his expenditure in connection with any investigation or action undertaken by a regulatory authority.

**The above is a summary only of certain provisions of the Articles. The full provisions of the Articles are available on the Company's website at <https://www.electricguitarplc.com>.**

**7. Substantial Shareholders**

- a. Except for the interests of those persons set out in this paragraph and in paragraph 9 (a) below, the Directors are not aware of any interests in Ordinary Shares which, at the date of this document amount to, or are expected immediately following Admission, to amount to, 3 per cent. or more of the Company's issued share capital:

<i>Name</i>	<i>Ordinary Shares as at the date of this document</i>	<i>Percentage of Existing Ordinary Shares</i>	<i>Consideration Shares</i>	<i>Fundraising Shares</i>	<i>Loan Shares</i>	<i>Ordinary Shares on Admission</i>	<i>Percentage Of Enlarged Share Capital</i>
Sanderson Capital Partners Limited	10,605,000	18.33%	6,147,381	4,761,900	25,476,190	46,990,471	20.99%
Stephen Kent	2,373,000	4.10%	–	166,660	–	2,539,660	1.14%
Brian Arthur Basham	2,373,000	4.10%	–	–	–	2,373,000	1.06%
Jason David Batten	2,373,000	4.10%	–	166,660	–	2,539,660	1.13%
Luke McKeever	2,373,000	4.10%	–	–	–	2,373,000	1.06%
David Clive Newton	–	–	11,450,465	–	–	11,450,465	5.12%
Tanvier Malik	–	–	–	8,333,330	–	8,333,330	3.72%
Clive Roberts	–	–	–	7,142,850	–	7,142,850	3.19%



- b. No major holder of Ordinary Shares, either as listed above, or as set out in paragraph 9 of this *Part VII: Additional Information*, has voting rights different from other holders of Ordinary Shares.
- c. So far as the Company is aware, there are no arrangements in place the operation of which may at a subsequent date result in a change of control of the Company.

## 8. The Directors

- a. The Existing Directors and their respective functions are as follows:

John Christopher Hutchinson (*Non-executive Director and Chair*)  
 John Patrick Regan (*Chief Executive Officer*)  
 Richard Jonathan Horwood (*Chief Operating Officer*)  
 Sarfraz Niaz Munshi (*Non-executive Director*)

- b. With effect from Admission the Directors and their respective functions will be:

John Christopher Hutchinson (*Non-executive Director and Chair*)  
 John Patrick Regan (*Chief Executive Officer*)  
 Richard Jonathan Horwood (*Chief Operating Officer*)  
 David Justin Eldridge (*Non-executive Director*)  
 Caroline Buchanon Worboys (*Independent Non-executive Director*)  
 Grahame David Cook (*Independent Non-executive Director*)

- c. Sarfraz Niaz Munshi will resign as a Director with effect from Admission.
- d. The business address of each of the Directors is the Company's registered office.

## 9. Directors' interests in the Company including terms of appointment

- a. The interests of the Existing Directors, the Proposed Directors and their immediate families and persons connected with them, within the meaning of sections 252 and 253 of the Act, in the share capital of the Company, at the date of this document and immediately following Admission, all of which are beneficial, are:

Name	Ordinary Shares as at the date of this document	Percentage of Existing Ordinary Shares	Consideration Shares	Conversion Shares	Fundraising Shares	Ordinary Shares on Admission	Percentage Of Enlarged Share Capital
John Christopher Hutchinson	2,373,000	4.10%	–	3,214,280	–	5,587,280	2.50%
John Patrick Regan	4,068,000	7.03%	–	–	4,952,380	9,020,380	4.03%
Richard Jonathan Horwood	900,000	1.55%	1,024,560	1,441,140	1,296,960	4,662,660	2.08%
Sarfraz Niaz Munshi*	–	–	–	–	–	–	–
David Justin Eldridge	–	–	3,513,600	–	1,904,760	5,418,360	2.42%
Caroline Buchanon Worboys	–	–	–	–	–	–	–
Grahame David Cook	–	–	–	–	–	–	–

\* Sarfraz Munshi is the appointed representative on the Board of Sanderson Capital Partners Limited which holds 10,605,000 Ordinary Shares, representing 18.33% of the issued share capital as at the date of this document.

- b. The Directors are interested in the following A-Series Warrants (created pursuant to an instrument dated 24 December 2021) as at the date of this document:

Director	Number Allocated	Number Vested	Exercise Price
John Patrick Regan	1,846,980	923,490	4.5p
John Christopher Hutchinson	1,235,948	617,973	4.5p
Richard Jonathan Horwood	205,991	205,991	4.5p
Sarfraz Niaz Munshi	205,991	205,991	4.5p

The A-Series Warrants held by John Patrick Regan, Richard Jonathan Horwood and John Hutchinson will be surrendered on Admission and in exchange, on Admission they will each receive EMI Options

(in the case of John Regan and Richard Horwood) and Options under the Consultant Plan in the case of John Hutchinson over the same number of shares as under their A-Series Warrants and with the same vesting terms (20 per cent. each year for five years from the date of grant of A Series Warrants) but with an exercise price per share representing the Issue Price. Shares under these exchanged Options will not count towards the 15 per cent. dilution limit ringfenced for employee and consultant incentives. The A-Series Warrants held by Sarfraz Niaz Munshi will be surrendered on Admission in exchange for which he will receive 205,991 New Warrants exercisable at the Issue Price.

No further A-Series Warrants will be issued.

On or around the date of Admission, the Company will adopt the Share Plans.

The principal terms of the Share Plans are summarised in paragraph 17 of this Part VII of this document. The Employee Plan, among other things, permits the grant of awards ("**Share Awards**") as tax advantaged options, namely **EMI Options** and **CSOP Options**, to employees and executive directors. The Consultant Plan, among other things, permits the grant of incentive options to non-executive directors and other self-employed persons. It is anticipated that options over a total of 32,455,827 new Ordinary Shares will be granted to certain Directors and employees pursuant to the Share Plans on Admission, exercisable at the Issue Price. The interests of the Directors and certain employees in the options to be granted on Admission will be as follows:

<i>Director</i>	<i>Number of Options</i>	<i>Percentage of Enlarged Share Capital</i>	<i>Exercise Price</i>
John Patrick Regan	5,595,832	2.50%	2.1p
Richard Jonathan Horwood	5,595,832	2.50%	2.1p
John Christopher Hutchinson	2,797,916	1.25%	2.1p
Ben Lister	1,678,750	0.75%	2.1p
David Justin Eldridge	2,238,333	1.00%	2.1p
Grahame David Cook	1,678,750	0.75%	2.1p
Caroline Buchanon Worboys	1,678,750	0.75%	2.1p

These Share Awards will not be subject to any performance conditions. They will vest and be exercisable in three equal annual instalments starting on the first anniversary of Admission.

In addition, the following two directors would be granted a further Share Award on Admission, the details of which are as follows:

<i>Director</i>	<i>Number of options</i>	<i>Percentage of Enlarged Share Capital</i>	<i>Exercise Price</i>
John Patrick Regan	5,595,832	2.50%	2.1p
Richard Jonathan Horwood	5,595,832	2.50%	2.1p

These Share Awards will be performance based. They will be exercisable only following the completion of further acquisition(s) by the Company and to the extent that the share capital (as at Admission) of the Company is further enlarged by a corresponding issue of such number of shares so that following exercise of these Share Awards, the number of shares acquired by each of John Patrick Regan and Richard Jonathan Horwood, by virtue of the exercise of the two Share Awards (described in this paragraph 9 only) do not exceed 2.5 per cent. of the issued share capital of the Company at the exercise date.

All options lapse on the tenth anniversary of the date of grant.

- c. Except as disclosed in paragraphs 9 (a) and 9 (b) of this Part VII, none of the Existing Directors, Proposed Directors nor any person connected with them, within the meaning of sections 252 and 253 of the Act, is interested in the share capital of the Company, or in any related financial products referenced to the Ordinary Shares.

- d. Except as set out in paragraph 9 (b) above, there are no outstanding loans or options granted by the Company to any Existing Director or Proposed Director, nor has any guarantee been provided by the Company for their benefit.
- e. The Company has entered into the following letters of appointment:
- i. An agreement with John Hutchinson dated 15 April 2024 pursuant to which Mr Hutchinson will continue his appointment as Chair and as a non-executive director of the Company with effect from Admission. This will replace, conditional on Admission, the agreement entered into dated 24 December 2021 in connection with the 2021 Placing. Mr Hutchinson's appointment is for an initial term of two years and is terminable at any time by either party giving one month's written notice. Mr Hutchinson is entitled to a fee of £36,000 per annum, payable monthly in arrears. No compensation is payable for loss of office and the appointment may be terminated immediately if, among other things, Mr Hutchinson is unable to perform his duties to the reasonable satisfaction of the Board. The letter of appointment is governed by English law.  
  
Following Completion and as agreed on 24 December 2021 at the time of the 2021 Admission, Mr Hutchinson will receive a bonus payment (before the deduction of tax or any other applicable sum), which has been agreed at a lower amount than originally set of approximately £16,000. Mr Hutchinson has not drawn any fees for acting as a non-executive director since 2021 Admission. Mr Hutchinson has agreed to accept Conversion Shares in satisfaction of the bonus and part of the unpaid fees amounting in total to £67,500.
  - ii. An agreement with Caroline Worboys dated 15 April 2024 pursuant to which Mrs Worboys will be appointed as a non-executive director of the Company with effect from Admission. Mrs Worboys' appointment is for an initial term of two years and is terminable at any time by either party giving one month's written notice. Mrs Worboys is entitled to a fee of £36,000 per annum, payable monthly in arrears. No compensation is payable for loss of office and the appointment may be terminated immediately if, among other things, Mrs Worboys is unable to perform her duties to the reasonable satisfaction of the Board. The letter of appointment is governed by English law. Mrs Worboys is regarded as independent for UK corporate governance purposes.
  - iii. An agreement with Grahame Cook dated 15 April 2024 pursuant to which Mr Cook will be appointed as a non-executive director of the Company with effect from Admission. Mr Cook's appointment is for an initial term of two years and is terminable at any time by either party giving one month's written notice. Mr Cook is entitled to a fee of £36,000 per annum, payable monthly in arrears. No compensation is payable for loss of office and the appointment may be terminated immediately if, among other things, Mr Cook is unable to perform his duties to the reasonable satisfaction of the Board. The letter of appointment is governed by English law. Mr Cook is regarded as independent for UK corporate governance purposes.
  - iv. An agreement with David Eldridge dated 15 April 2024 pursuant to which Mr Eldridge will be appointed as a non-executive director of the Company with effect from Admission. Mr Eldridge's appointment is for an initial term of two years and is terminable at any time by either party giving one month's written notice. Mr Eldridge is entitled to a fee of £36,000 per annum, payable monthly in arrears. No compensation is payable for loss of office and the appointment may be terminated immediately if, among other things, Mr Eldridge is unable to perform his duties to the reasonable satisfaction of the Board. The letter of appointment is governed by English law.
- f. The Company has entered into a service agreement with John Patrick Regan dated 15 April 2024, pursuant to which Mr Regan will continue as chief executive officer of the Company. This will replace, conditional on Admission, the service agreement dated 24 December 2021 entered into at the time of the 2021 Placing. Under the terms of the new agreement, Mr Regan is required to work full-time on the Company's matters. Mr Regan will be paid a gross annual salary of £72,000 plus an annual benefits package to the value of £14,400 which may be taken in kind or, at Mr Regan's request, in cash. Mr Regan has agreed to defer payment of £39,600 of his salary and benefits until October 2025 and such deferred amount will therefore be increased by 100 per cent. at the time of payment.

Mr Regan will be paid a loyalty bonus of £78,000 which will be payable 12 months after Admission and on each anniversary thereof subject to (i) Mr Regan not having given or been given notice to terminate his employment and (ii) the cashflow of the Enlarged Group. The bonus will accrue if payment is delayed due to the cashflow of the Enlarged Group not being sufficient to permit payment.

If Mr Regan's base salary is increased during the 12 months following Admission or in subsequent years, the amount of the loyalty bonus will be decreased by such amount as is paid to Mr Regan by way of basic salary over £72,000 during such 12 month period.

The employment of Mr Regan will continue until terminated by either party giving 6 months' written notice to the other. In addition, the Company may terminate the employment of Mr Regan without notice in certain circumstances. The agreement contains confidentiality, non-competition and non-solicitation provisions effective for a period of 6 months following the termination of Mr Regan's employment. The agreement is governed by English law.

Upon Completion and as agreed on 24 December 2021 at the time of the 2021 Admission, Mr Regan will be entitled to a bonus of £50,000 (before the deduction of tax or any other applicable sum) which will be paid no later than 15 business days after Completion.

- g. The Company has entered into a service agreement with Richard Jonathan Horwood dated 15 April 2024, pursuant to which Mr Horwood was appointed as Chief Operating Officer of the Company. This will replace, conditional on Admission, the service agreement dated 3 April 2023. Under the terms of the agreement, Mr Horwood is required to work full-time on the Company's matters. Mr Horwood will be paid a gross annual salary of £72,000 plus an annual benefits package to the value of £14,400 which may be taken in kind or, at Mr Horwood's request, in cash. Mr Horwood has agreed to defer payment of £39,600 of his salary and benefits until October 2025 and such deferred amount will therefore be increased by 100 per cent. at the time of payment.

Mr Horwood will be paid a loyalty bonus of £78,000 which will be payable 12 months after Admission and on each anniversary thereof subject to (i) Mr Horwood not having given or been given notice to terminate his employment and (ii) to the cashflow of the Enlarged Group. The bonus will accrue if payment is delayed due to the cashflow of the Enlarged Group not being sufficient to permit payment. If Mr Horwood's base salary is increased during the 12 months following Admission or in subsequent years, the amount of the loyalty bonus will be decreased by such amount as is paid to Mr Horwood by way of basic salary over £72,000 during such 12 month period.

The employment of Mr Horwood will continue until terminated by either party giving 6 months' written notice to the other. In addition, the Company may terminate the employment of Mr Horwood without notice in certain circumstances. The agreement contains confidentiality, non-competition and non-solicitation provisions effective for a period of 6 months following the termination of Mr Horwood's employment. The agreement is governed by English law.

Upon Completion, Mr Horwood will be entitled to a bonus of £16,664 (before the deduction of tax or any other applicable sum). Mr Horwood has agreed that settlement of his post-tax bonus amount and accrued salary for March 2024 up to an aggregate amount of £30,263.94 shall be settled by the issue of Conversion Shares at the Issue Price.

- h. The aggregate remuneration and benefits in kind, paid by the Company to the Existing Directors in office in respect of the year ended 31 March 2023 was £78,600.
- i. Except as set out above, there are no liquidated damages or other compensation payable by the Company upon early termination of the contracts of the Directors. Except as set out in paragraphs 9 (e), 9 (f) and 9 (g) above, none of the Directors has any commission or profit-sharing arrangements with the Company.
- j. Except as provided for in this paragraph 9 above, the total emoluments of the Directors will not be varied as a result of Admission.
- k. Except as disclosed in this paragraph 9, there are no existing or proposed service contracts between the Company and any of the Directors which are not terminable on less than 12 months' notice, nor have any of their letters of appointment or service contracts been amended in the six months prior to the date of this document.
- l. In addition to their directorships or proposed directorships of the Company, the Existing Directors and the Proposed Directors are or have been directors or partners of the following companies or

partnerships (which, unless otherwise stated, are incorporated in the UK) within the five years prior to the publication of this document:

<i>Director/Proposed Director</i>	<i>Current Appointments</i>	<i>Previous Appointments</i>
John Christopher Hutchinson	BDB Pitmans LLP Flodatix Limited (in liquidation) Adcamp LLP Mischief and Mayhem SAS (France) Pitsec Limited Guyana Shorebase Holdings Limited	Corvum Partnership LLP EPI-V LLP Safeto Net Limited Lake Developments (Chew Magna) Limited Tracesa Technology Limited Tracesa Limited The Ron Dearing UTC
John Patrick Regan	Bradshott Limited Human Technology Limited	Mymyne Ltd Coindeck Limited Datavault AI Ltd Vital AI Ltd Prospect Technology Ltd
Richard Jonathan Horwood	Retail Human Resources PLC The Local Digital Company Limited Blink TV Limited (in liquidation)	
Grahame David Cook	Ipsco Limited Molten Ventures plc Sapience Communications Ltd Advanced Medical Solutions Group plc Minoan Group plc	Pirtsemit Limited Attract Group Limited Horizon Discovery Limited MDY Healthcare Limited KS Halkins LLP Morphogenesis Inc (USA)
Caroline Buchanan Worboys	British Mountaineering Council Worboys and Johnston Limited Worboys Antiques Restorers Limited Epicombi.AI Limited Caroline Worboys Consulting Limited The Thread Team Limited	Marketing Skills Trust Limited Data and Marketing Association Limited
David Justin Eldridge	3radical Limited 3radical Pte Limited (Singapore) 3radical Pty Limited (Australia) 3radical Inc (USA) Apperio Limited Precisionpoint software Limited Neighbourly Limited Eldridge Consulting Limited	Idio Holdings Limited Idio Limited

- m. Other than the Existing Directors and the Proposed Directors, there are no other members of the Company's administrative, management or supervisory bodies.
- n. Richard Horwood was a director of Blink TV Limited from 15 November 1996 to 19 March 1998 and 15 November 2007 to 10 June 2014 and was re-appointed as a director on 17 August 2016. Blink TV Limited entered into a creditors voluntary liquidation on 9 May 2017 and Mr Horwood remains a director pending final completion of the liquidation.
- o. John Hutchinson has been a director of Flodatix Limited since 15th January 2013. Flodatix Limited entered into Administration on 31 January 2024 and the administration is ongoing.
- p. Other than as disclosed in this paragraph 9, no Existing Director or Proposed Director:

- i. has any unspent convictions in relation to indictable offences;
  - ii. has been bankrupt or the subject of an individual voluntary arrangement, or has had a receiver appointed to any asset of such Director;
  - iii. has been a director of any company which, while he was a director or within 12 months after he ceases to be a director, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company arrangement, or made any composition or arrangement with its creditors generally or with any class of its creditors;
  - iv. has been a partner of any partnership which, while he was a partner or within 12 months after he ceases to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset;
  - v. has had any public criticism and/or sanction by statutory or regulatory authorities (including designated professional bodies); or
  - vi. has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.
- q. No Director has been interested in any transaction with the Company which was unusual in its nature or conditions or significant to the business of the Company during the current financial year which remains outstanding or unperformed.
- r. In the case of those Directors who have roles as directors of companies other than the Company or are otherwise interested in other companies or businesses, although there are no current conflicts of interest, it is possible that the general duties under Chapter 2 of Part 10 of the Act and fiduciary duties owed by those Directors to companies or other businesses of which they are directors or otherwise interested in from time to time may give rise to conflicts of interest with the duties owed to the Company. Except as mentioned above, there are no potential conflicts of interest between the duties owed by the Directors to the Company and their private interests or other duties.
- s. Other than the Directors themselves and those members of senior management referred to in paragraph 10 of Part 1 of this document, the Board does not believe that there are any other senior managers who are relevant in establishing that the Company has the appropriate expertise and experience for the management of the Company's business.

## 10. Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by any member of the Group in the two years immediately preceding the date of this Document (or which have been entered into prior the two year period and which still have ongoing obligations) which: (i) are, or may be, material to any member of the Group; or (ii) contain obligations or entitlements which are, or may be, material to any member of the Group as at the date of this document:

### a. **Agreement with Brian Basham and Warwick Management Limited**

On 26 October 2021 the Company entered into an agreement with Brian Basham and Mr Basham's consulting company Warwick Management Limited ("**WML**") pursuant to which the Company has agreed to pay to WML, conditional upon completion of an acquisition (or acquisitions) which are funded via an issue or issues of Ordinary Shares raising at least £12 million, the sum of £70,000 (plus any applicable VAT) in consideration for certain advice and assistance provided to the Company prior to the 2021 Admission.

### b. **Lock-in agreement**

Pursuant to lock-in undertakings entered into in connection with the 2021 Admission, each of the directors of the Company at the time, Alexander David Securities Limited, Axis Capital Markets and each of the other holders of Ordinary Shares in the capital of the Company at the time agreed with the Company and (save as regards its own lock-in undertaking) Axis Capital Markets not to dispose of any interest they hold in the Existing Ordinary Shares or in any additional shares in the Company acquired by them by reference to such Existing Ordinary Shares, for the period commencing on 11 January 2022 until the business day after completion of the first acquisition (which the Acquisition will

be). Each such party has further undertaken, for an additional period of 12 months following the Acquisition, that they will not dispose of any such interest other than with the prior written consent of both the Company and its brokers for the time being and will only make such disposals through the Company's brokers in such manner as they may require with a view to maintenance of an orderly market. The undertakings are subject to certain usual and limited exceptions (such as disposals pursuant to a takeover of the Company, a court order or the death of a Locked-in Person).

c. **Anglia Securities Loan Agreement**

On 18 July 2023, 3radical entered into a loan agreement with Anglia Securities Limited for an unsecured term loan facility of £215,000. £125,000 has been drawn as at the date of this document and 3radical anticipates that the balance will be drawn down before Admission. Interest accrues on the balance of the loan outstanding at a rate of 21 per cent. per annum and a facility fee of 5 per cent. of the funds drawn down is payable on each draw down.

£25,000 of the outstanding amount of the Anglia Loan will be satisfied by the issue of Loan Shares on Admission and the remaining principal amount of the loan drawn down plus accrued but unpaid interest will be repayable following Admission, unless Anglia Securities Limited and 3radical agree that the loan shall continue, in which case the repayment date will be 18 July 2024. It is proposed that 3radical repays the outstanding balance of the loan (up to £190,000 plus accrued but unpaid interest) to Anglia Securities Limited from the proceeds of the Fundraising following Admission.

d. **Sanderson Capital First Loan Agreement**

On 27 October 2023 the Company entered into a loan agreement with Sanderson Capital Partners Limited for the provision of a loan facility to the Company. The facility is an unsecured facility of up to £250,000 to be drawn down in three tranches on defined milestones prior to Admission. £250,000 has been drawn as at the date of this document. It is repayable on the earlier to occur of Admission and 31 May 2024, and will be satisfied by the issue of Loan Shares on Admission. Arrangement fees, drawdown fees and legal fees in connection with the facility totalling £70,000 will also be satisfied by the issue of Loan Shares.

e. **Sanderson Capital Second Loan Agreement**

On 26 March 2024 the Company entered into a facility agreement with Sanderson Capital Partners Limited, supplementing a term sheet with Sanderson Capital Partners Limited signed on 11 March 2024, for the provision of a loan facility to the Company conditional on, *inter alia*, Completion and Admission. This agreement and the term sheet includes standard events of default, covenants and representations and warranties. The facility is an unsecured facility of up to £600,000 available to be drawn down during the period of 12 months from Admission on 30 days' notice (first draw not to be more than £100,000). At the end of the 12 month period, the Company has an option to extend the facility for a further 8 months in exchange for a facility fee of £15,000 which is payable at the end of the 8 month period. Fees of £105,000 are payable on Admission and will be satisfied by the issue of Loan Shares.

The loan is convertible in whole or in part at any time by Sanderson Capital Partners Limited into Ordinary Shares at a price per share equal to the 5 day volume weighted average price of an Ordinary Share. The minimum conversion price per Ordinary Share is equal to the Issue Price.

f. **3radical Sanderson Capital Loan Agreement**

On 22 January 2024 3radical entered into a term sheet with Sanderson Capital Partners Limited for the provision of a loan facility to 3radical. The facility is an unsecured facility of up to £75,000, all of which has been drawn down. Subject to completion of the Acquisition and Admission, the Company has agreed to assume liability for this loan which will be repaid by the issue of Loan Shares at Admission. Fees connected with the facility of £20,000, and an arrangement fee of £15,000 in connection with a facility superseded by this facility, are payable on Admission and will also be satisfied by the issue of Loan Shares.

g. **3radical loans**

On 21 December 2023 Richard Horwood and Ben Lister each lent £12,500 to 3radical, each for a facility fee of £2,500, and these amounts are payable by 3radical on Admission which will be satisfied, in the case of Richard Horwood, by the issue of Conversion Shares and in the case Ben Lister, in cash. David Eldridge, George Stavrinidis and Rebecca Trivella have each deferred salary for the months of December 2023 and January 2024 totalling in aggregate £42,011. As consideration for such deferment each will receive a gross bonus equal to 30 per cent of the amount deferred (which is subject to PAYE and National Insurance deductions) following Admission.

h. **Acquisition Agreement and Minority Agreements**

Pursuant to the Acquisition Agreement and Minority Agreements dated 15 April 2024, the Company has conditionally agreed to acquire the entire issued and to be issued share capital of 3radical for a total consideration of £1,284,882 based on the Locked Box Accounts, subject to customary adjustments for any financial “leakage” (excluding permitted leakage) from 3radical to the Sellers, during the period from the Locked Box Date until Completion. The consideration payable to the Sellers will be satisfied by the issue of the Consideration Shares.

The Acquisition Agreement and Minority Agreements are conditional on the passing of the Resolutions at the General Meeting and upon Admission. The Principal Sellers have given usual warranties and indemnities under the Acquisition Agreement with liability capped at £1, save in the event of fraud. The Company has the benefit of warranty and indemnity insurance covering claims for breach of warranty and pursuant to the tax covenant subject to limited exceptions. Certain of the Principal Sellers have also given restrictive covenants in favour of the Company for periods of between 6 and 24 months from Completion.

i. **Subscription Letters**

The Company has entered into subscription agreements dated between 27 March 2024 and 12 April 2024 with Richard Horwood, John Regan, David Eldridge, Sanderson Capital Partners Limited, Tanvier Malik and others pursuant to which the subscribers will subscribe at the Issue Price for Subscription Shares as follows:

<i>Name</i>	<i>Number of Subscription Shares</i>
Richard Horwood	1,296,960
John Regan	4,952,380
David Eldridge	1,904,760
Sanderson Capital Partners Limited	4,761,900
Tanvier Malik	8,333,330
Others	11,999,990

j. **Placing Agreement**

In connection with the Placing, the Company, the Existing Directors and Proposed Directors, Allenby Capital and Axis Capital Markets have entered into a placing agreement dated 15 April 2024 pursuant to which the Joint Brokers have agreed to use their reasonable endeavours to procure Placees for the Placing Shares at the Issue Price. Such agreement is conditional upon, among other things: the fulfilment by the Company of its obligations under the Placing Agreement; the Company having allotted the Placing Shares, Subscription Shares, the Loan Shares, the Fee Shares, the Conversion Shares and the Consideration Shares (conditional on Admission); the Acquisition Agreement and the Minority Agreements having becoming unconditional and having been completed, subject only to Admission; the Joint Brokers not having exercised their rights to terminate the Placing Agreement, in accordance with its terms, prior to Admission; and Admission occurring not later than 8.00 a.m. on 3 May 2024, or such later date as the Company and the Joint Brokers may agree, but in any event not later than 8.00 a.m. on 15 May 2024.

The Company has agreed to pay the Joint Brokers, provided the Placing Agreement becomes unconditional, a commission payment based on the gross aggregate value of the Placing Shares at the Issue Price. The Company has agreed to pay all of the costs and expenses of and incidental to the Placing whether or not the Placing Agreement becomes unconditional. The Company has also



conditionally agreed to issue the Adviser Warrants to Allenby Capital, and the Axis Warrants to Axis Capital Markets.

The Company and the Directors have given certain warranties to the Joint Brokers as to the accuracy of the information in this document and as to other matters relating to the Enlarged Group. The liability of the Directors under these warranties is limited in time and amount, save in certain circumstances. The Company has given an indemnity to the Joint Brokers against any losses or liabilities arising out of the performance by the Joint Brokers of their duties under the Placing Agreement. The Joint Brokers may terminate the Placing Agreement, before Admission, in certain circumstances, including, amongst other circumstances, for breach of the warranties referred to above or in the case of force majeure or a material adverse change in respect of the condition or prospects of the Group. The Placing Agreement is governed by English law.

k. **Lock-in Deeds**

Pursuant to lock-in and orderly market deeds dated 15 April 2024, each of the Directors (excluding Caroline Worboys, Graeme Cook and Sarfraz Munshi) and certain employees and other shareholders of the Enlarged Group, owning a total of 49,620,752 Ordinary Shares on Admission, representing approximately 22.17 per cent. of the Enlarged Share Capital, have agreed with the Company and the Joint Brokers not to dispose of any interest they hold in the Ordinary Shares at Admission for the period commencing on Admission until the first anniversary of Admission. Each such person has undertaken not to dispose of any additional Ordinary Shares acquired by them following Admission for the period commencing on Admission until the first anniversary of Admission except in accordance with certain orderly market principles set out in their Lock-in Deeds. Each such person has further undertaken, for an additional period of 12 months following the first anniversary of Admission, not to dispose of any Ordinary Shares held by them except in accordance with certain orderly market principles set out in their Lock-in Deeds.

In addition, pursuant to a lock-in and orderly market deed dated 15 April 2024, one other shareholder owning a total of 46,990,471 Ordinary Shares on Admission, representing approximately 20.99 per cent. of the Enlarged Share Capital, has agreed that, subject to certain exceptions, they will not dispose of any Ordinary Shares held by them at Admission during the period of 12 months from the date of Admission. In addition, for a further 12 months from the first anniversary of Admission they have agreed with the Joint Brokers not to dispose of any Ordinary Shares held by them at Admission during this further 12 month period except in accordance with certain orderly market principles set out in the Lock-in Deeds. The Lock-in Deed for this shareholder does not preclude them from disposing of any Ordinary Shares acquired by them after Admission.

Furthermore, pursuant to lock-in and orderly market deeds dated 15 April 2024, certain other shareholders of the Enlarged Group owning a total of 15,298,329 Ordinary Shares on Admission, representing approximately 6.83 per cent. of the Enlarged Share Capital, have agreed with the Company and the Joint Brokers not to dispose of any interest they hold in the Existing Ordinary Shares for the period commencing on Admission and ending six months after Admission. Each such person has undertaken not to dispose of any additional Ordinary Shares acquired by them following Admission for the period commencing on Admission and ending six months after Admission except in accordance with certain orderly market principles set out in their Lock-in Deeds. Each such person has further undertaken for a further period of 12 months from the end of any such six month restriction, not to dispose of any Ordinary Shares held by them except in accordance with certain orderly market principles set out in their Lock-in Deeds.

One other shareholder of the Enlarged Group owning a total of 1,450,745 Ordinary Shares on Admission, representing approximately 0.65 per cent. of the Enlarged Share Capital, has agreed with the Company and the Joint Brokers pursuant to a lock-in and orderly market deed dated 15 April 2024, not to dispose of any interest he holds in the Existing Ordinary Shares or in any additional Ordinary Shares acquired by him following Admission, for the period of 24 months from the date of Admission except in accordance with certain orderly market principles set out in his Lock-in Deed.

The above undertakings are subject to certain usual and limited exceptions (such as disposals pursuant to a takeover of the Company, a court order or the death of a Locked-in Person). In addition, Locked-in Persons will be entitled to dispose of Ordinary Shares during the Lock-In Period, where:

- (a) such person is a Seller who is required to pay any tax liability arising as a result of their being unable to claim EIS tax relief or the withdrawal of such relief due to the Acquisition and/or such person is required to pay any tax or other liability incurred by them in connection with their exercise of a relevant option to acquire shares in 3radical, (including any liability incurred by them with respect to the price to be paid by them on the exercise of the option); and/or
- (b) such person is a Director who becomes liable to make any payment in respect of any claim brought against them pursuant to the Placing Agreement; and
- (c) in the case of Richard Horwood and Ben Lister, they are subject to any income tax liability or any capital gains tax liability (should that apply) in respect of the receipt of their Consideration Shares as consideration pursuant to the Acquisition.

**i. *Nominated Adviser and Broker Agreement***

An agreement dated 15 April 2024 between the Company, Allenby Capital and the Directors pursuant to which, conditional on Admission, the Company has appointed Allenby Capital as its nominated adviser and broker for a period of not less than 24 months from Admission and shall continue thereafter until terminated on three months' prior written notice by Allenby Capital or the Company. The agreement may be terminated with immediate effect in certain limited circumstances. These include if the Company fails to follow Allenby Capital's advice, it materially breaches its obligations under the agreement or if the Company's Ordinary Shares cease to be admitted to trading on AIM. The agreement contains certain indemnities and undertakings given by the Company.

**m. *Adviser Warrant Instrument***

By a warrant instrument dated 15 April 2024 the Company has issued, conditional upon Admission, warrants to Allenby Capital which entitle Allenby Capital to subscribe at the Issue Price for up to 2,238,333 Ordinary Shares, being 1 per cent. of the Enlarged Share Capital.

The Adviser Warrants are exercisable at any time from Admission up to and including the third anniversary of Admission. The number of Ordinary Shares which would be issued upon exercise of the Adviser Warrants and/or the applicable subscription price for those warrants may be adjusted in the event that changes are made to the Ordinary Shares (including sub-division and consolidation of the Ordinary Shares). The warrant instrument is governed by English law.

**n. *Axis Warrant Instrument***

By a warrant instrument dated 15 April 2024 the Company has issued, conditional upon Admission, warrants to Axis which entitle Axis to subscribe at the Issue Price for up to 2,238,333 Ordinary Shares, being 1 per cent. of the Enlarged Share Capital.

The Axis Warrants are exercisable at any time from Admission up to and including the third anniversary of Admission. The number of Ordinary Shares which would be issued upon exercise of the Axis Warrants and/or the applicable subscription price for those warrants may be adjusted in the event that changes are made to the Ordinary Shares (including sub-division and consolidation of the Ordinary Shares). The warrant instrument is governed by English law.

**o. *GIS Warrant Instrument***

By a warrant instrument dated 15 April 2024 the Company has issued, conditional upon Admission, warrants to GIS which entitle GIS to subscribe at the Issue Price for up to 2,238,333 Ordinary Shares, being 1 per cent. of the Enlarged Share Capital.

The GIS Warrants are exercisable at any time from Admission up to and including the third anniversary of Admission. The number of Ordinary Shares which would be issued upon exercise of the GIS Warrants and/or the applicable subscription price for those warrants may be adjusted in the event that changes are made to the Ordinary Shares (including sub-division and consolidation of the Ordinary Shares). The warrant instrument is governed by English law.

p. **New Warrants**

By a warrant instrument dated 15 April 2024 the Company has issued, conditional upon Admission, warrants to Sarfraz Munshi to subscribe at the Issue Price for 205,991 Ordinary Shares:

The New Warrants, are exercisable at any time from Admission up to and including the third anniversary of Admission. The number of Ordinary Shares which would be issued upon exercise of the New Warrants and/or the applicable subscription price for those warrants may be adjusted in the event that changes are made to the Ordinary Shares (including sub-division and consolidation of the Ordinary Shares). The warrant instrument is governed by English law.

## **11. Working capital**

The Directors are of the opinion, having made due and careful enquiry, that the working capital available to the Enlarged Group, taking into account the net proceeds of the Fundraising, the Equity Settlement and loan facilities available to the Group from the Sanderson Loan, will be sufficient for the Enlarged Group's present requirements, that is for at least 12 months from the date of Admission.

## **12. Litigation**

There are no governmental, legal or arbitration proceedings active, pending or threatened against, or being brought by, any member of the 3radical Group which are having, or may have or have had during the 12 months preceding the date of this document a significant effect on any member of the 3radical Group's financial position or profitability. There are no, and have not been, any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened so far as the Company is aware) since the Company's incorporation which may have, or have had in the recent past, significant effects on the financial position or profitability of the Company.

## **13. Intellectual property**

The Enlarged Group is not dependent on any patents or licenses, industrial, commercial or financial contracts, or new manufacturing processes, where such are of fundamental importance to the Enlarged Group's business or profitability.

## **14. Premises**

The Company does not own any premises or hold any leasehold interests in any properties.

## **15. Employees**

a. Save for John Regan and Richard Horwood (currently the Company's only executive directors) and Ben Lister (the Company's current CFO), the Company has not had any employees since incorporation.

- b. As at 12 April 2024, being the last practicable date before the date of this document, 3radical has 14 employees. The table below sets out the number of persons employed by 3radical as at the end of each of the financial years 31 March 2021, 2022 and 2023

<i>Financial Year</i>	<i>Function</i>	<i>3radical Limited</i>	<i>3radical Pte Ltd</i>	<i>3radical Inc.</i>	<i>Total</i>
2021	Board	4	–	–	4
	Customer success	2	4	2	8
	Development	6	–	–	6
	Finance/Administration	1	–	–	1
	Marketing	1	–	1	2
	Sales	2	1	2	5
	Total	16	5	5	26
2022	Board	4	–	–	4
	Customer success	2	3	2	7
	Development	5	–	–	5
	Finance/Administration	1	–	–	1
	Marketing	1	–	2	3
	Sales	1	1	2	4
	Total	14	4	6	24
2023	Board	2	–	–	2
	Board adviser	1	0	0	1
	Customer success	2	3	–	5
	Development	4	–	–	4
	Finance/Administration	1	–	–	1
	Marketing	–	–	–	–
	Sales	1	1	–	2
Total	11	4	–	15	

## 16. Related Party Transactions

Except with respect to the appointment letters and service agreements entered into between the Company and each Director as set out in paragraph 9 of this Part VII and the contracts summarised below, the Company has not been a party to any related party transaction since its incorporation.

- a. The facility agreements with Sanderson Capital Partners Limited referred to in paragraph 10 (d) and 10 (e) of this Part VII and the agreement of the Company to assume liability for the 3radical loan from Sanderson Capital Partners Limited referred to in paragraph 10 (f) of this Part VII.

- b. Mymyne Ltd (“**Mymyne**”)

By an agreement dated 5 May 2023 between the Company and Mymyne, Mymyne agreed to provide commercial due diligence services to the Company in connection with the proposed acquisition by the Company of a previous target company which did not proceed. The fees paid by the Company to Mymyne Ltd were £20,000 plus VAT per calendar month from 1 May 2023 until completion of the services which occurred at the end of June 2023 when negotiations regarding that previous target ended.

By a further agreement dated 19 August 2023 (effective from the start of July 2023) between the Company and Mymyne, Mymyne agreed to provide commercial due diligence services to the Company in connection with the Acquisition for a monthly fee of £20,000 plus VAT until completion of the services in September 2023. Mymyne received £55,000 plus VAT pursuant to this agreement by way of fees.

By an agreement dated 17 November 2023 between Mymyne and 3radical, Mymyne agreed to provide sales and marketing services to 3radical commencing on 1 December 2023 through to July 2024 onwards. 3radical will pay an agreed fee to Mymyne Ltd based on three pre-agreed phases of work to be undertaken and in addition, performance related payments of 10% calculated against gross invoice amounts (less direct costs of providing the services) for a period of twelve months from the first payment made. Since entering into this contract it has been agreed to vary the agreement to change: (i) the project commencement date to 1 March 2024 (ii) the date for the Phase 1 deliverables will be for March 2024 (iii) the date for the Phase 2 deliverables will be for April 2024 to September 2024 (inclusive) (iv) change the soonest the one month notice can expire to be 30 September 2024; (v) extend the date for the acquisition by the Company of 3radical to occur before automatic termination from 31 January 2024 to 30 April 2024 and (vi) the first £102,500 of fees invoiced will be satisfied by the issue to Mymyne of Fee Shares (in exchange for the agreement being amended for its fees being invoiceable and payable monthly in advance and not in arrears).

John Regan was a director of Mymyne until 1 July 2023 when he resigned. John Regan and his associates currently hold approximately 36.9 per cent. of the issued share capital of Mymyne. John Hutchinson holds approximately 9.5 per cent. of the issued share capital of Mymyne.

All negotiations of the Company with, and instructions given by the Company to, Mymyne were dealt with exclusively by Richard Horwood and Sarfraz Munshi, neither of whom has any interest in Mymyne.

- c. The Company has entered into a subscription agreement dated 3 April 2024 with Tanvier Malik pursuant to which Mr. Malik will subscribe for 8,333,330 Subscription Shares at the Issue Price. Mr. Malik is a person who has significant control of Sanderson Capital Partners Limited.
- d. The Company has entered into a subscription agreement dated 11 April 2024 with Sanderson Capital Partners Limited pursuant to which Sanderson Capital Partners Limited will subscribe for 4,761,900 Subscription Shares at the Issue Price. Sanderson Capital Partners Limited is a substantial shareholder in the Company.
- e. The agreements with certain Directors to subscribe to new Ordinary Shares at the Issue Price in the Subscription as set out in paragraph 11 of Part I of this document.
- f. The proposed surrender of A-Series Warrants as set out in paragraph 15 of Part I of this document.

## 17. Share Plans

### A. The Electric Guitar plc 2024 Employee Incentive Plan (Employee Plan)

#### 1. General

The Employee Plan is a discretionary plan which provides for the grant to selected employees and executive directors of the Group, of rights:

- (a) to acquire Ordinary Shares in the form of options which are:
  - (i) intended to be Enterprise Management Incentives Option (“**EMI Options**”);
  - (ii) Company Share Option Plan options (“**CSOP Options**”); and
  - (iii) non-tax advantaged options with a nil or nominal value or market value exercise price (**Unapproved Options**);
- (b) which are conditional rights to acquire Ordinary Shares (**Conditional Share Awards**);
- (c) to be paid in cash based on the market value of a specified number of Ordinary Shares (**Phantom Awards**) together the (**Awards**).

Awards are non-transferable (except on death) and are not pensionable.

#### 2. Administration

The Employee Plan will be operated and administered by the Remuneration Committee (**Committee**), which will make all decisions about participation, form, size and timing of grants of Awards.

#### 3. Eligibility

The Committee has complete discretion as to the selection of employees and executive directors of the Group to whom Awards are to be granted.

Awards which are EMI Options and CSOP Options may only be granted to those selected employees who meet the relevant legislative requirements.

#### 4. Grant of Awards

Awards may be granted within the period of 42 days commencing on the date of adoption of the Employee Plan or the dealing day following the end of a closed period. They may also be granted at other times in exceptional circumstances which the Committee considers justify the granting of Awards, but not during a ‘closed period’.

No Awards may be granted more than 10 years after the adoption date of the Employee Plan.

The Employee Plan rules permit the Company to determine whether any liability for UK employer's NICs arising in connection with any Award shall be transferred to the participant, to the extent legally permissible.

#### **5. Exercise price**

The price per Ordinary Share payable on the exercise of an Award (which is an Option) shall be determined by the Committee when such an Award is granted.

An Award which is a CSOP Option shall have an exercise price which represents the market value of the Ordinary Shares on the date of grant.

#### **6. Individual limits on participation**

The maximum market value of the Ordinary Shares subject to subsisting Awards which are EMI Options held by any individual at any time may not exceed £249,999 (or such other limit as applies from time to time under the EMI legislation less £1).

The maximum market value of the Ordinary Shares subject to subsisting Awards which are CSOP Options held by any individual at any time may not exceed £60,000 (or such other limit as applies from time to time under the CSOP legislation).

For the purpose of these limits, the market value is determined at the date of grant of an Award.

#### **7. Limit on the issue of Ordinary Shares**

The number of Ordinary Shares in respect of which rights to subscribe for new Ordinary Shares may on any day be granted under the Employee Plan, when added to the number of Shares issued or which remain issuable pursuant to rights to subscribe for new Ordinary Shares granted under the Consultant Plan and any other employees' share scheme of the Company in the period of 10 years beginning with the date of admission on AIM (**Admission Date**) and ending on that day shall not exceed 15 per cent. of the issued ordinary share capital of the Company on that day. For the purpose of calculating the 15 per cent. limit, among others, Ordinary Shares issued or to be issued for the purposes of satisfying the options granted by the Company in exchange of the warrants issued by the Company prior to the Admission Date to certain employees and consultants will be disregarded.

#### **8. Vesting and Performance Conditions**

Awards will vest in accordance with the vesting schedule in the Award agreements/certificates.

The Committee may at its discretion set objective performance conditions to determine whether or the extent to which an Award will vest. Any performance condition may be varied or substituted if the Board so determines provided that in the opinion of the Board any varied or substituted performance condition is a fairer measure of performance, no more difficult to satisfy than the original performance condition was at the grant date and is not materially easier to satisfy.

To the extent an Award which is an Option has vested, it may be exercised at any time before the tenth anniversary of the date of grant, unless other earlier exercise or lapsing provisions apply.

#### **9. Cessation of Employment**

If a participant ceases to be employed by any member of the Group by reason of death, injury, disability or ill-health, redundancy, retirement, TUPE transfer or the entity that employs the participant ceasing to be under the control of the Company or for any other reason at the Committee's discretion, to the extent the Award has vested but not been exercised (or such larger extent that the Board in its discretion may allow) at the date of cessation of employment may be exercised within six months thereafter (12 months in the case of death).

An Award, whether vested or otherwise will lapse immediately on the cessation of a participant's employment with the Group and shall not be capable of being exercised, in circumstances other than those referred to above.

## 10. **Corporate Events**

In the event of a change of control of the Company, an Award in the form of an Option, to the extent vested will remain exercisable for a limited period of six months after the change of control (unless it is exercisable conditional on a change of control occurring, in which case the Option would need to be exercised before the change of control).

The Committee also has the discretion to allow the vesting of all or part of the unvested portion of an Award.

Alternatively, participants may, with the agreement of the acquirer, 'roll over' their Awards in exchange for equivalent awards which relate to shares in the acquiring company, within a period of six months from such a change of control.

## 11. **Malus and clawback**

The Committee may take such steps as it considers appropriate to reduce the number of Ordinary Shares subject to an Award (to nil if applicable) and/or impose further conditions (including repayment to the Company the value of Ordinary Shares acquired by the participant (or cash paid to the participant) on the Award in certain circumstances, including but not limited to a material misstatement in any published results of the Group, the participant dismissed for misconduct or reputational damage to the Company.

## 12. **Holding Period**

The Committee may impose a 'holding period' in respect of Ordinary Shares subject to an Award, during which time a participant may not sell, transfer, assign or dispose of some or all of the Ordinary Shares except for the purposes of satisfying any tax liability and/or to pay the Exercise Price.

The 'holding period' is expected to cover a period of 5 years from the date of grant of the Award.

## 13. **Market Abuse Regulation**

The grant, vesting or exercise (as applicable) of an Award are subject to any restrictions on dealing set out in the Market Abuse Regulations or otherwise imposed by statute, order, regulation or government directives.

## 14. **Variation of capital**

In the event of any rights or capitalisation issue, sub-division, consolidation, reduction or other variation of the ordinary share capital of the Company, the Committee may make such adjustments as it considers appropriate to the number of Ordinary Shares subject to an Award and/or the price payable on the exercise of an Option (where the Award takes the form of a share option).

## 15. **Exercise of Options**

An Award in the form of an Option may be exercised in whole or in part, to the extent that it has vested. To exercise an Option, the participant must pay (or make alternative arrangements with the Company for the payment of) the aggregate exercise price and the tax and NIC liabilities arising on the exercise of the Option.

## 16. **Satisfying the exercise of Options**

The vesting of a Conditional Share Award and the exercise of an Option may be satisfied by issue or transfer of Ordinary Shares or by transfer of treasury shares.

Within 30 days of the vesting of a Conditional Share Award or the exercise of an Option, the Company will issue or procure the transfer of Ordinary Shares in satisfaction of the Award. Instead of the issue of Ordinary Shares, the Company may decide to satisfy the vesting of a Conditional Share Award and the exercise of an Option by the payment of cash for an amount equal to the market value of the Ordinary Shares.

The vesting of a Phantom Award will be satisfied by the payment in cash of an amount equivalent to the market value of the Ordinary Shares on the date of vesting. Payment will be made through the payroll within 30 days after vesting.

#### 17. **Amendment and termination**

The Employee Plan rules can be amended at any time by the Board provided that a participant's subsisting rights cannot be adversely affected without the participant's consent.

The Employee Plan will terminate on the tenth anniversary of the date on which it was adopted. The subsisting rights of the participants who have been granted Awards prior to termination of the Employee Plan will not be affected by the termination of the Employee Plan.

### **B. The Electric Guitar plc 2024 Consultant Incentive Plan (Consultant Plan)**

#### **1. General**

The Consultant Plan is a discretionary plan which provides for the grant to selected consultants of the Group, of rights:

- (a) to acquire Ordinary Shares in the form of options with a nil or nominal value or market value exercise price (**Unapproved Options**);
- (b) which are conditional rights to acquire Ordinary Shares (**Conditional Share Awards**);
- (c) to be paid in cash based on the market value of a specified number of Ordinary Shares (**Phantom Awards**) together the (**Awards**).

Awards are non-transferable (except on death) and are not pensionable.

#### **2. Administration**

The Consultant Plan will be operated and administered by the Committee, which will make all decisions about participation, form, size and timing of grants of Awards.

#### **3. Eligibility**

The Committee has complete discretion as to the selection of consultants of the Group to whom Awards are to be granted.

#### **4. Grant of Awards**

Awards may be granted within the period of 42 days commencing on the date of adoption of the Employee Plan or the dealing day following the end of a closed period. They may also be granted at other times in exceptional circumstances which the Committee considers justify the granting of Awards, but not during a 'closed period'.

No Awards may be granted more than 10 years after the adoption date of the Consultant Plan.

The Consultant Plan rules permit the Company to determine, where applicable, whether any liability for UK employer's NICs arising in connection with any Award shall be transferred to the participant, to the extent legally permissible.

#### **5. Exercise price**

The price per Ordinary Share payable on the exercise of an Award (which is an Option) shall be determined by the Committee when such an Award is granted.

#### **6. Limit on the issue of Ordinary Shares**

The number of Ordinary Shares in respect of which rights to subscribe for new Ordinary Shares may on any day be granted under the Consultant Plan, when added to the number of Shares issued or which remain issuable pursuant to rights to subscribe for new Ordinary Shares granted under the Employee Plan and any other employees' share scheme of the Company in the period of 10 years beginning with the date of admission on AIM (**Admission Date**) and ending on that day shall not



exceed 15 per cent. of the issued ordinary share capital of the Company on that day. For the purpose of calculating the 15 per cent. limit, among others, Ordinary Shares issued or to be issued for the purposes of satisfying the options granted by the Company in exchange of the warrants issued by the Company prior to the Admission Date to certain employees and consultants will be disregarded.

#### **7. Vesting and Performance Conditions**

Awards will vest in accordance with the vesting schedule in the Award agreements/certificates.

The Committee may at its discretion set objective performance conditions to determine whether or the extent to which an Award will vest. Any performance condition may be varied or substituted if the Board so determines provided that in the opinion of the Board any varied or substituted performance condition is a fairer measure of performance, no more difficult to satisfy than the original performance condition was at the grant date and is not materially easier to satisfy.

To the extent an Award which is an Option has vested, it may be exercised at any time before the tenth anniversary of the date of grant, unless other earlier exercise or lapsing provisions apply.

#### **8. Termination of the provision of the Consultant's services**

To the extent that an Award has not vested, it will cease to be capable of any further vesting on the cessation of the engagement for the provision of their services by the participant.

##### *Participant dismissed for Cause*

If a participant's contract of engagement for the provision of the participant's services has been terminated for Cause (i.e. material breach of the participant's contract of engagement for the provision of their services employment or fraud or misconduct) their Award (vested and unvested) shall lapse in full.

##### *Other circumstances*

In all other circumstances, to the extent the Award has vested but not been exercised at the date of cessation of employment may be exercised within six months thereafter (12 months in the case of death).

The Committee also has the discretion to allow the vesting of all or part of the unvested portion of an Award.

#### **9. Corporate Events**

In the event of a change of control of the Company, an Award in the form of an Option, to the extent vested will remain exercisable for a limited period of six months after the change of control (unless it is exercisable conditional on a change of control occurring, in which case the Option would need to be exercised before the change of control).

The Committee also has the discretion to allow the vesting of all or part of the unvested portion of an Award.

Alternatively, participants may, with the agreement of the acquirer, 'rollover' their Awards in exchange for equivalent awards which relate to shares in the acquiring company, within a period of six months from such a change of control.

#### **10. Malus and clawback**

The Committee may take such steps as it considers appropriate to reduce the number of Ordinary Shares subject to an Award (to nil if applicable) and/or impose further conditions (including repayment to the Company the value of Ordinary Shares acquired by the participant (or cash paid to the participant) on the Award in certain circumstances, including but not limited to a material misstatement in any published results of the Group, the participant's contract for services dismissed for misconduct or reputational damage to the Company.

#### **11. Holding Period**

The Committee may impose a 'holding period' in respect of Ordinary Shares subject to an Award, during which time a participant may not sell, transfer, assign or dispose of some or all of the Ordinary Shares except for the purposes of satisfying any tax liability and/or to pay the Exercise Price.

The 'holding period' is expected to cover a period of 5 years from the date of grant of the Award.

#### **12. Market Abuse Regulation**

The grant, vesting or exercise (as applicable) of an Award are subject to any restrictions on dealing set out in the Market Abuse Regulations or otherwise imposed by statute, order, regulation or government directives.

#### **13. Variation of capital**

In the event of any rights or capitalisation issue, sub-division, consolidation, reduction or other variation of the ordinary share capital of the Company, the Committee may make such adjustments as it considers appropriate to the number of Ordinary Shares subject to an Award and/or the price payable on the exercise of an Option (where the Award takes the form of a share option).

#### **14. Exercise of Options**

An Award in the form of an Option may be exercised in whole or in part, to the extent that it has vested. To exercise an Option, the participant must pay (or make alternative arrangements with the Company for the payment of) the aggregate exercise price and the tax and NIC liabilities arising on the exercise of the Option.

#### **15. Satisfying the exercise of Options**

The vesting of a Conditional Share Award and the exercise of an Option may be satisfied by issue or transfer of Ordinary Shares or by transfer of treasury shares.

Within 30 days of the vesting of a Conditional Share Award or the exercise of an Option, the Company will issue or procure the transfer of Ordinary Shares in satisfaction of the Award. Instead of the issue of Ordinary Shares, the Company may decide to satisfy the vesting of a Conditional Share Award and the exercise of an Option by the payment of cash for an amount equal to the market value of the Ordinary Shares.

The vesting of a Phantom Award will be satisfied by the payment in cash of an amount equivalent to the market value of the Ordinary Shares on the date of vesting. Payment will be made through the payroll within 30 days after vesting.

#### **16. Amendment and termination**

The Consultant Plan rules can be amended at any time by the Board provided that a participant's subsisting rights cannot be adversely affected without the participant's consent.

The Consultant Plan will terminate on the tenth anniversary of the date on which it was adopted. The subsisting rights of the participants who have been granted Awards prior to termination of the Employee Plan will not be affected by the termination of the Consultant Plan.

#### **18. No significant change**

- a. Save for material loan contracts with Sanderson Capital Partners Limited entered into by the Company and 3radical which are included in paragraphs 10 (d) and 10 (f) of this Part VII and the contingent liabilities assumed by the Company to pay various fees and the expenses connected to the Acquisition, Fundraising and Admission (all of which have caused a significant change in the financial position of the Company due to the Company not having commenced trading), there has been no significant change in the financial position or performance of the Company since 30 September 2023, being the date to which the last unaudited interim report and accounts of the Company for the six month period ended 30 September 2023 were prepared and published. Whilst not directly impacting the current

financial position or performance of the Company, a material loan contract with Sanderson Capital Partners Limited has been entered into, details of which are included in paragraph 10 (e) of this Part VII.

- b. Save as disclosed in this document there has been no significant change in the financial position or performance of 3radical since 30 September 2023, being the date as at which the financial information contained in Part IV, Section C (Unaudited interim financial information of 3radical for the six month period ended 30 September 2023) has been prepared.

#### **19. Mandatory bids and compulsory acquisition rules relating to Ordinary Shares**

- a. Other than as provided by the Takeover Code and Chapter 28 of the Act, there are no rules or provisions relating to mandatory bids and/or squeeze-out and sell-out rules that apply to the Ordinary Shares.
- b. The Takeover Code is issued and administered by the Takeover Panel.
- c. The Takeover Code applies to the Company and the Shareholders will be entitled to the protection afforded by the Takeover Code.
- d. There have been no public takeover bids for the Company's shares.

#### ***Mandatory bid provisions***

- e. Under Rule 9 of the Takeover Code, when: (i) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons in which he is already interested and in which persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company subject to the Takeover Code; or (ii) any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30 per cent. but not more than 50 per cent. of the voting rights of such a company, and such person or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, then, except with the consent of the Takeover Panel, that person, and any person acting in concert with him, must make a general offer in cash to the holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights to acquire the balance of the shares not held by him and his concert party.
- f. Except where the Takeover Panel permits otherwise, an offer under Rule 9 of the Takeover Code must be in cash and at the highest price paid within the 12 months prior to the announcement of the offer for any shares in the company by the person required to make the offer or any person acting in concert with him. Offers for different classes of equity share capital must be comparable; the Takeover Panel should be consulted in advance in such cases.

#### ***Squeeze-out***

- g. Under the Act, if a "takeover offer" (as defined in section 974 of the Act) is made for the Ordinary Shares and the offeror were to acquire, or unconditionally contract to acquire, not less than 90 per cent. in value of the Ordinary Shares to which the offer relates and not less than 90 per cent. of the voting rights carried by the Ordinary Shares to which the offer relates, it could, within three months of the last day on which its takeover offer can be accepted, compulsorily acquire the remaining 10 per cent. The offeror would do so by sending a notice to outstanding members telling them that it will compulsorily acquire their Ordinary Shares and then, six weeks later, it would execute a transfer of the outstanding Ordinary Shares in its favour and pay the consideration for the outstanding Ordinary Shares to the Company, which would hold the consideration on trust for outstanding members. The consideration offered to the minority shareholder whose shares are compulsorily acquired must, in general, be the same as the consideration that was available under the original offer unless a member can show that the offer value is unfair.

#### ***Sell-out***

- h. The Act also gives minority members a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the Ordinary Shares and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90 per cent. in value of the Ordinary Shares and not less than 90 per cent. of the voting rights carried by the Ordinary Shares, any holder of Ordinary Shares to which the offer related

who had not accepted the offer could by a written communication to the offeror require it to acquire those Ordinary Shares. The offeror is required to give any member notice of its right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority members to be bought out, but that period cannot end less than three months after the end of the acceptance period or, if later, three months from the date on which notice is served on members notifying them of their sell-out rights. If a member exercises its rights, the offeror is entitled and bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

## 20. Taxation

The following information is based on UK tax law and His Majesty's Revenue and Customs ("**HMRC**") practice currently in force in the UK. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time. The information that follows is for guidance purposes only. Any person who is in any doubt about his or her tax position should contact their professional advisor immediately. The tax legislation of an investor's Member State may have an impact on the income received from an investment in the Ordinary Shares.

### a. **Tax treatment of UK investors**

The following information, which relates only to UK taxation, is applicable to persons who are resident in the UK and who beneficially own Ordinary Shares as investments and not as securities to be realised in the course of a trade. It is based on the law and practice currently in force in the UK. The information is not exhaustive and does not apply to potential investors:

- who intend to acquire, or may acquire (either on their own or together with persons with whom they are connected or associated for tax purposes), more than 10 per cent., of any of the classes of shares in the Company; or
- who intend to acquire Ordinary Shares as part of tax avoidance arrangements; or
- who are in any doubt as to their taxation position.

Such Shareholders should consult their professional advisers without delay. Shareholders should note that tax law and interpretation can change and that, in particular, the levels, basis of and reliefs from taxation may change. Such changes may alter the benefits of investment in the Company.

Shareholders who are neither resident nor temporarily non-resident in the UK and who do not carry on a trade, profession or vocation through a branch, agency or permanent establishment in the UK with which the Ordinary Shares are connected, will not normally be liable to UK taxation on dividends paid by the Company or on capital gains arising on the sale or other disposal of Ordinary Shares. Such Shareholders should consult their own tax advisers concerning their tax liabilities.

### b. **Dividends**

Where the Company pays dividends, no UK withholding taxes are deducted at source. Shareholders who are resident in the UK for tax purposes will, depending on their circumstances, be liable to UK income tax or corporation tax on those dividends.

UK resident individual and trustee Shareholders who are domiciled in the UK, and who hold their Ordinary Shares as investments, will be subject to UK income tax on the amount of dividends received from the Company.

There is a dividend allowance of £1,000 per annum for individuals for the period 6 April 2023 to 5 April 2024 and £500 from 6 April 2024. Dividends falling within this allowance will effectively be taxed at 0 per cent. but such dividends will still count as taxable income when determining how much of the basic rate band or higher rate band has been used. If an individual receives dividends in excess of this allowance in a tax year, the excess will be taxed at 8.75 per cent., (for individuals not liable to tax at a rate above the basic rate), 33.75 per cent., (for individuals subject to the higher rate of income tax) and 39.35 per cent.. (for individuals subject to the additional rate of income tax). The rate of tax paid on dividend income by trustees of discretionary trusts is 8.75 per cent. (for dividend income that falls within the standard rate band) and 39.35 per cent. (for dividend income that falls above the standard

rate band). United Kingdom pension funds and charities are generally exempt from tax on dividends which they receive.

Shareholders who are subject to UK corporation tax should generally, and subject to certain anti-avoidance provisions, be able to claim exemption from UK corporation tax in respect of any dividend received but will not be entitled to claim relief in respect of any underlying tax.

c. ***Disposals of Ordinary Shares***

Any gain arising on the sale, redemption or other disposal of Ordinary Shares will be taxed at the time of such sale, redemption or disposal as a capital gain.

UK resident individual Shareholders will be subject to capital gains tax to the extent their net gains exceed the annual exempt amount of £6,000 during the 23/24 tax year and £3,000 during the 24/25 tax year, after taking account of any other available reliefs. The rate of capital gains tax on disposal of Ordinary Shares by basic rate taxpayers is 10 per cent., and 20 per cent. for upper rate and additional rate taxpayers.

The corporation tax rate applicable to taxable profits is currently 25 per cent. applying to profits over £250,000. A small profits rate applies for companies with profits of £50,000 or less so that these companies pay corporation tax at 19 per cent. Companies with profits between £50,000 and £250,000 pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate.

d. ***Further information for Shareholders subject to UK income tax and capital gains tax  
“Transactions in securities”***

The attention of Shareholders (whether corporates or individuals) within the scope of UK taxation is drawn to the provisions set out in, respectively, Part 15 of the Corporation Tax Act 2010 and Chapter 1 of Part 13 of the Income Tax Act 2007, which (in each case) give powers to HMRC to raise tax assessments so as to cancel “*tax advantages*” derived from certain prescribed “*transactions in securities*”.

e. ***Stamp duty and stamp duty reserve tax***

No UK stamp duty or stamp duty reserve tax will be payable on the allotment and issue of ordinary shares pursuant to the placing.

There is an exemption from stamp duty and SDRT in respect of securities admitted to trading on certain recognised growth markets, including AIM and which are not listed on a Recognised Investment Exchange.

The above comments are intended as a guide to the general stamp duty and stamp duty reserve tax position and may not relate to persons such as charities, market makers, brokers, dealers, intermediaries and persons connected with depositary arrangements or clearance services to whom special rules apply.

f. ***Inheritance Tax***

Shares in AIM quoted trading companies or a holding company of a trading group may, after a two year holding period, qualify for Business Property Relief for United Kingdom inheritance tax purposes, subject to the detailed conditions for the relief.

**THIS SUMMARY OF UK TAXATION ISSUES CAN ONLY PROVIDE A GENERAL OVERVIEW OF THESE AREAS AND IT IS NOT A DESCRIPTION OF ALL THE TAX CONSIDERATIONS THAT MAY BE RELEVANT TO A DECISION TO INVEST IN THE COMPANY. THE SUMMARY OF CERTAIN UK TAX ISSUES IS BASED ON THE LAWS AND REGULATIONS IN FORCE AS OF THE DATE OF THIS DOCUMENT AND MAY BE SUBJECT TO ANY CHANGES IN UK LAWS OCCURRING AFTER SUCH DATE. LEGAL ADVICE SHOULD BE TAKEN WITH REGARD TO INDIVIDUAL CIRCUMSTANCES. ANY PERSON WHO IS IN ANY DOUBT AS TO THEIR TAX POSITION OR WHERE HE OR SHE IS RESIDENT, OR OTHERWISE SUBJECT TO TAXATION, IN A JURISDICTION OTHER THAN THE UK, SHOULD CONSULT HIS OR HER PROFESSIONAL ADVISER.**

## 21. General

- a. Johnsons Financial Management Limited (“**Johnsons**”) were appointed as the auditors to the Company on 12 July 2023. Johnsons are registered to carry out audit work by the Institute of Chartered Accountants in England and Wales and the Financial Reporting Council at the address of 1-2 Craven Road, London W5 2UA. Anstey Bond LLP, Chartered Accountants, were the auditors to the Company for the year ended 31 March 2022.
- b. Allenby Capital, the nominated adviser and joint broker to the Company, is a member of the London Stock Exchange and is authorised and regulated in the United Kingdom by the Financial Conduct Authority. Allenby Capital has given and has not withdrawn its written consent to the issue of this document with the inclusion of the references to its name.
- c. Axis Capital Markets, the joint broker to the Company, is a member of the London Stock Exchange and is authorised and regulated in the United Kingdom by the Financial Conduct Authority. Axis Capital Markets has given and has not withdrawn its written consent to the issue of this document with the inclusion of the references to its name.
- d. PKF Littlejohn LLP, a member of the Institute of Chartered Accountants in England and Wales, is registered in England and Wales under number OC342572 and its registered office is at 15 Westferry Circus, Canary Wharf, London, E14 4HD. PKF Littlejohn LLP has given and not withdrawn its written consent to the inclusion in this document of the references to its name and of its report set out in Part IV in the form and context in which it appears and has authorised the contents of its report for the purpose of the AIM Rules for Companies.
- e. Anstey Bond LLP has given and not withdrawn its written consent to the inclusion in this document of the references to its name and of its report set out in Appendix A of this document in the form and context in which it appears.
- f. Johnsons has given and not withdrawn its written consent to the inclusion in this document of the references to its name and of its report set out in Appendix B of this document in the form and context in which they appear.
- g. The total costs and expenses of or incidental to the Acquisition, the Fundraising and Admission payable by the Company are expected to be approximately £1.3 million (excluding VAT) (of which £0.4 million has been paid). Of this amount, £220,000 in respect of fees due to BDB Pitmans LLP (£37,500), Ashfords LLP (£45,000), Mymyne (£102,500) and Lea Financial Strategy and Analysis (£35,000) will be satisfied by the issue of the Fee Shares at the Issue Price.
- h. The Directors are not aware of any environmental issues which may affect the Company’s utilisation of its tangible fixed assets (if any).
- i. The Company’s accounting reference date is currently 31 March.
- j. The financial information relating to the Company contained in this document does not constitute statutory accounts for the purposes of section 434 the Act.
- k. The New Ordinary Shares will be allotted and issued under the laws of England and their currency will be pounds sterling.
- l. The Issue Price represents a premium of 420 per cent. above the nominal value of an Ordinary Share which is £0.005.
- m. Save as disclosed in this document, no person (except for fees payable to (a) the professional advisers named on page 18 of this document), (b) Mymyne Limited under the agreements set out in paragraph 16 (b) of Part VII of this document, (c) the professional advisers named in paragraph 21 (n) of Part VII of this document and (d) trade suppliers), has received any fees, securities or other benefits to a value of £10,000 or more, whether directly or indirectly, from the Company within the 12 months preceding the application for Admission, or has entered into any contractual arrangement to receive from the Company, directly or indirectly, any such fees, securities or other benefits on or after Admission.
- n. in connection with the Acquisition and Admission, the Company has engaged:
  - (a) Exelia Technologies LTD to prepare a technical due diligence report on 3radical Group and in connection with this engagement Exelia Technologies LTD will receive a fee of £10,000 or more after Admission;

- (b) DS Avocats to undertake legal due diligence on 3radical Pte Limited and in connection with this engagement DS Avocats will receive a fee of £10,000 or more after Admission;
  - (c) Corr Chambers Westgarth to undertake legal due diligence on 3Radical Pty. Ltd. and in connection with this engagement Corr Chambers Westgarth will receive a fee of £10,000 or more after Admission; and
  - (d) Taft, Stettinius & Hollister to undertake legal due diligence on 3radical Inc and in connection with this engagement Taft, Stettinius & Hollister will receive a fee of £10,000 or more after Admission; and
  - (e) MM&K Limited to provide advice and prepare documentation in respect of the Share Plans and in connection with this engagement MM&K Limited will receive a fee of £10,000 or more after Admission.
- o. Save as disclosed in this document, the Directors are unaware of any exceptional factors which have influenced the Company's activities.
  - p. Save as disclosed in this document:
    - i. there are no environmental issues that may affect the Enlarged Group's utilisation of its tangible fixed assets;
    - ii. there are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the financial position of the Enlarged Group for the current financial year; and
    - iii. the Enlarged Group is not dependent on any patents or licences, industrial, commercial or financial contracts or new manufacturing processes which are of material importance to its business or profitability.

## **22. Availability of this document**

Copies of this document will be available on the Company's website [www.electricguitarplc.com](http://www.electricguitarplc.com).

**Dated: 15 April 2024**

# Electric Guitar PLC

(Registered in England and Wales with company number 13288812)

## NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting (the “**Meeting**”) of Electric Guitar PLC (the “**Company**”) will be held at the offices of BDB Pitmans LLP, One Bartholomew Close, London, EC1A 7BL on 1 May 2024 at 9.00 a.m. for the purpose of considering and, if thought fit, passing the following Resolutions. Resolutions 1 and 2 will be proposed as ordinary resolutions, and Resolutions 3 to 5 will be proposed as special resolutions. Voting on all resolutions will be conducted by way of a poll rather than on a show of hands.

### ORDINARY RESOLUTIONS

- 1 THAT, the proposed acquisition by the Company of the entire issued and to be issued share capital of 3radical Limited (the “**Acquisition**”), on the terms and subject to the conditions of the Acquisition Agreement and Minority Agreements between the Company and the Sellers, as defined and more particularly described in the Admission Document relating to the Company dated 15 April 2024 (“**Admission Document**”), be and is hereby approved with such revisions and amendments (including as to consideration) of a non-material nature as may be approved by the directors of the Company (the “**Directors**”) or any duly authorised committee thereof, and that all acts, agreements, arrangements, indemnities and insurances of any kind which the Directors or any such committee consider necessary or desirable for the purpose of or in connection with the Acquisition be and are hereby approved.
- 2 THAT, subject to the passing of Resolution 1 above, the Directors be, and they are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (“**Act**”) to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company (“**Rights**”) up to a maximum aggregate nominal amount of:
  - 2.1 £305,924.22 in relation to the issue of the Consideration Shares (as such term is defined in the Admission Document) pursuant to the Acquisition Agreement and the Minority Agreements;
  - 2.2 £148,690.45 in relation to the issue of the Placing Shares (as such term is defined in the Admission Document);
  - 2.3 £166,246.60 in relation to the issue of the Subscription Shares (as such term is defined in the Admission Document);
  - 2.4 £133,333.35 in relation to the issue of the Loan Shares (as such term is defined in the Admission Document);
  - 2.5 £23,277.10 in relation to the issue of the Conversion Shares (as such term is defined in the Admission Document);
  - 2.6 £52,380.85 in relation to the issue of the Fee Shares (as such term is defined in the Admission Document);
  - 2.7 £11,191.67 in relation to the grant of Rights in connection with the issue of the Adviser Warrants (as such term is defined in the Admission Document);
  - 2.8 £11,191.67 in relation to the grant of Rights in connection with the issue of the Axis Warrants (as such term is defined in the Admission Document);
  - 2.9 £11,191.67 in relation to the grant of Rights in connection with the issue of the GIS Warrants (as such term is defined in the Admission Document);
  - 2.10 £1,029.96 in relation to the grant of Rights in connection with the issue of the New Warrants (as such term is defined in the Admission Document);
  - 2.11 £142,857.15 in relation to the grant of Rights in connection with the issue of Ordinary Shares pursuant to any future conversion of the Sanderson Loan (as such term is defined in the Admission Document); and



2.12 £373,055.48 representing approximately one third of the Enlarged Share Capital (as such term is defined in the Admission Document),

in each case to such persons and at such times and on such terms as the Directors think proper provided that this authority shall, unless previously renewed, varied or revoked by the Company in general meeting, expire on the earlier of the close of business on 30 September 2024 and the end of the next annual general meeting of the Company save that the Company may before such expiry make any offer or agreement which would or might require shares to be allotted, or Rights to be granted, after such expiry, and the Directors may allot shares or grant Rights in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

### **SPECIAL RESOLUTIONS**

- 3** THAT, subject to the passing of Resolutions 1 and 2 above, the Directors be and they are hereby empowered pursuant to section 571 of the Act to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred upon them by Resolution 2 and/or by way of a sale of ordinary shares held by the Company as treasury shares for cash, as if section 561 of the Act did not apply to such allotment provided that this power shall be limited to:
- 3.1 the allotment of the Placing Shares up to an aggregate nominal amount of £148,690.45;
  - 3.2 the allotment of the Subscription Shares up to an aggregate nominal amount of £166,246.60;
  - 3.3 the allotment of the Loan Shares up to an aggregate nominal amount of £133,333.35;
  - 3.4 the allotment of the Conversion Shares up to an aggregate nominal amount of £23,277.10;
  - 3.5 the allotment of the Fee Shares up to an aggregate nominal amount of £52,380.85;
  - 3.6 the allotment of equity securities with an aggregate nominal amount of £11,191.67 in connection with the Adviser Warrants;
  - 3.7 the allotment of equity securities with an aggregate nominal amount of £11,191.67 in connection with the Axis Warrants;
  - 3.8 the allotment of equity securities with an aggregate nominal amount of £11,191.67 in connection with the GIS Warrants;
  - 3.9 the allotment of equity securities with an aggregate nominal amount of £1,029.96 in connection with the New Warrants;
  - 3.10 the allotment of equity securities with an aggregate nominal amount of £142,857.15 in connection with any future conversion of the Sanderson Loan; and
  - 3.11 the allotment of equity securities or sale of treasury shares in connection with an issue by way of rights (including, without limitation, under a rights issue, open offer or similar arrangement) in favour of:
    - 3.11.1 holders of ordinary shares on the register on a date fixed by the Directors, in proportion (as nearly as may be practicable) to the respective numbers of ordinary shares held by them on that date; and
    - 3.11.2 if applicable, holders of any other class of equity security, in accordance with the rights attached to such security or as the Directors otherwise consider necessary,but subject to such exclusions or other arrangements as the Directors deem necessary or expedient to deal with fractional entitlements, treasury shares or uncertificated shares, or any legal or practical difficulties in any territory, or the requirements of any regulatory body or stock exchange in any territory; and
  - 3.12 (otherwise than pursuant to paragraphs 3.1, to 3.10 (inclusive) above) the allotment of equity securities or sale of treasury shares up to:
    - 3.12.1 a maximum aggregate nominal amount of £111,916.64 (representing equity securities equal to approximately 10 per cent. of the Enlarged Share Capital (as such term is defined in the Admission Document))

3.12.2 a nominal amount equal to 20 per cent. of any allotment of equity securities or sale of treasury shares from time to time under paragraph 3.11.1 above, such authority to be used only for the purposes of making a follow-on offer which the Board of the Company determines to be of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice

provided that this power shall, unless previously renewed, varied or revoked by the Company in general meeting, expire on the earlier of the close of business on 30 September 2024 and the end of the next annual general meeting of the Company save that the Company may before such expiry make any offer or agreement which would or might require equity securities to be allotted (and treasury shares to be sold) after such expiry, and the Directors may allot equity securities (and sell treasury shares) in pursuance of such offer or agreement as if the power conferred hereby had not expired.

**4** That, subject to the passing of Resolutions 1, 2 and 3 above, the Directors be authorised, in addition to any authority granted under resolution 3, to allot equity securities for cash under the authority given by that Resolution 2 and/or to sell ordinary shares held by the Company as treasury shares for cash, as if section 561 of the Act did not apply to any such allotment or sale, such authority to be:

4.1 limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £111,916.64 (representing equity securities equal to approximately 10 per cent. of the Enlarged Share Capital (as such term is defined in the Admission Document) such authority to be used only for the purposes of financing (or refinancing, if the authority is to be used within 12 months after the original transaction) a transaction which the Directors determine to be either an acquisition or a specified capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice; and

4.2 limited to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph 4.1 above) up to a nominal amount equal to 20 per cent. of any allotment of equity securities or sale of treasury shares from time to time under paragraph 4.1 above, such authority to be used only for the purposes of making a follow-on offer which the Directors determine to be of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

provided that this power shall, unless previously renewed, varied or revoked by the Company in general meeting, expire on the earlier of the close of business on 30 September 2024 and the end of the next annual general meeting of the Company save that the Company may before such expiry make any offer or agreement which would or might require equity securities to be allotted (and treasury shares to be sold) after such expiry, and the Directors may allot equity securities (and sell treasury shares) in pursuance of such offer or agreement as if the power conferred hereby had not expired.

**5** THAT, the existing articles of association of the Company be and are hereby amended as follows:

5.1 Article 42.1 be amended by the deletion of “main” in the third line and the insertion in its place of “AIM”;

5.2 Article 90.1 be amended by the deletion of £2,500,000 and the insertion in its place of £400,000; and

5.3 Article 136.3 be amended by the deletion of “Daily Official List” and the insertion in its place of “AIM Appendix to the Official List”.

DATED the 15 day of April 2024

**BY ORDER OF THE BOARD**

*Company Secretary*

Registered Office: One Bartholomew Close, London EC1A 7BL

## NOTES:

1. As a member of the Company, provided you are a member of the Company at the time set out in Note 13 below, you are entitled to appoint another person as proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
2. You can register your vote(s) for the General Meeting either:
  - by visiting [www.shareregistrars.uk.com](http://www.shareregistrars.uk.com), clicking on the "Proxy Vote" button and then following the on-screen instructions (you can locate your log-in details on the top of the proxy form);
  - by post or by hand to Share Registrars Limited, 3 The Millennium Centre, Crosby Way, Farnham, Surrey GU9 7XX using the proxy form accompanying this notice; or
  - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out in notes 12 - 13 below.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. To appoint the Chair of the Meeting or another person as your proxy, you must insert their full name into the proxy form.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the Company's registrar, Share Registrars Limited at 3 The Millennium Centre, Crosby Way, Farnham, Surrey, GU9 7XX.
5. If you do not give your proxy an indication of how to vote on any resolution, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting as he or she thinks fit) in relation to any other matter which is put before the Meeting.
6. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolutions. To appoint a proxy using the proxy form, the form must be:
  - a. completed and signed (with any alteration or deletion signed and initialled);
  - b. received not later than 48 hours before the time of the Meeting (or any adjournment thereof).

In the case of a member who is a company, the proxy form must be signed on its behalf by an officer of the company or any attorney for the company. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
8. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact the Company's registrar, Share Registrars Limited at 3 The Millennium Centre, Crosby Way, Farnham, Surrey GU9 7XX. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
9. In order to revoke a proxy instruction, you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company's registrar, Share Registrars Limited at 3 The Millennium Centre, Crosby Way, Farnham, Surrey GU9 7XX. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by the Company no later than 48 hours before the time of the Meeting (or any adjournment thereof).
10. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.
11. You may not use any electronic address (within the meaning of Section 333(4) of the Companies Act 2006) provided within this notice or any related documents (including the proxy form) to communicate with the Company other than as expressly stated.
12. To give an instruction via the CREST system, CREST messages (which must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual) must be received by the issuer's agent (ID number 7RA36) not later than 48 hours before the time appointed for holding the Meeting.
13. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid an appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. For further information on CREST procedures, limitations, and systems timings, please refer to the CREST Manual.

- 14.** In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered in the Company's register of members at 9.00 a.m. on 29 April 2024, (or in the case of adjournment 48 hours (ignoring any part of a day that is not a working day) before the time of the adjourned meeting) will be entitled to vote at the Meeting. Changes to entries in the register of members after that time shall be disregarded in determining the right of any person to vote at this Meeting.
- 15.** As at 15 April 2024 the Company's issued ordinary share capital was 57,862,776 ordinary shares of £0.005 each. Each ordinary share carries the right to one vote at a general meeting of the Company. The Company holds no ordinary shares in treasury therefore the total voting rights as at 15 April 2024 are 57,862,776.
- 16.** Information regarding the Meeting, including the information required by Section 311A of the Companies Act 2006 is available from <https://www.electricguitarplc.com>.

**APPENDIX A: AUDITED FINANCIAL STATEMENTS OF  
ELECTRIC GUITAR PLC FOR THE YEAR ENDED 31 MARCH 2022**

The following auditor's report and financial statements have been extracted without adjustment from the Annual Report and Financial Statements of the Company for the year ended 31 March 2022.

## ELECTRIC GUITAR PLC

### INDEPENDENT AUDITOR'S REPORT

#### TO THE MEMBERS OF ELECTRIC GUITAR PLC

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#### Opinion

We have audited the financial statements of Electric Guitar Plc (the 'company') for the period ended 31 March 2022 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its loss for the period then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### Our application of materiality

The scope of our audit was influenced by our application of materiality. The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures.

Materiality for the company's financial statements was set at £17,500. Overall materiality was calculated based on 5% adjusted profit before tax, which we determined, in our professional judgement, to be the key principle benchmark within the financial statements relevant of the Company in assessing financial performance. We set performance materiality at 80% of the overall financial statements materiality at £14,000.

We agreed to report to those charged with governance all corrected and uncorrected misstatements we identified through our audit with a value in excess of £2,000. We also agreed to report any other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

#### Our approach to the audit

As part of our planning we assessed the risk of material misstatement including those that required significant consideration for the Company. Procedures were then performed to address the risk identified and for the most significant assessed risks of material misstatement. The procedures performed are outlined below in the key audit matters section of this report. We addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and including the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on; the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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**ELECTRIC GUITAR PLC**

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

**TO THE MEMBERS OF ELECTRIC GUITAR PLC**

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**Key audit matter**

**How our scope addressed this matter**

Going concern

Risks were identified surrounding the company's ability to continue as a going concern.

In this area, our audit procedures included:

- We obtained and reviewed the post year end management accounts, bank statements, and statutory documentation;
- We assessed the level of funding required for the company to continue at the same capacity for the next 12 months to ensure sufficient reserves of cash remained;
- We obtained the Board of Directors' assessment of the company's going concern;
- We reviewed the disclosures included within these statements and confirmed that they were in line with regulatory reporting standards.

From the work performed, we did not identify any instances from which to conclude that the disclosure or accounting treatment was incorrectly stated.

Cash and cash equivalents

Risk of material misstatement surrounding cash as the most significant balance sheet item, if incorrect would result in material misstatement.

In this area, our audit procedures included:

- We conducted substantive testing including the identification of unusual transactions to ensure expenditure was company related;
- We assessed the approval process for bank payments to be made to ensure a multi-tier approach;
- We obtained the third party balance confirmation directly from the bank.

From the work performed, we did not identify any instances from which to conclude that the disclosure or accounting treatment was incorrectly stated.

**Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

## ELECTRIC GUITAR PLC

### INDEPENDENT AUDITOR'S REPORT (CONTINUED)

#### TO THE MEMBERS OF ELECTRIC GUITAR PLC

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#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the company in this regard to be those arising from Companies Act 2006, international accounting standards, London Stock Exchange Rules and the Disclosure and Transparency Rules.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included but were not limited to enquiries of management, review of legal and professional fees and review of Board minutes.
- We also identified the risks of material misstatements of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, the potential for management bias in relation to revenue recognition. This was addressed through updating our understanding of the internal control environment, analysing and reviewing the agreements for the year, substantive testing of revenue and expenses recognised and a review of post year end receipts and payments.
- We addressed the risk of fraud arising from management override of controls by performing audit procedures which included but were not limited to: the testing of journals; reviewing bank payments and receipts in the year; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditors-responsibilities>. This description forms part of our auditor's report.

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**ELECTRIC GUITAR PLC**

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

**TO THE MEMBERS OF ELECTRIC GUITAR PLC**

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**Other matters which we are required to address**

We were appointed by the Board on 20th July 2022 to audit the financial statements for the period ended 31 March 2022. Our total uninterrupted period of engagement is 1 year, covering the current period ended 31 March 2022.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Colin Ellis FCCA CF (Senior Statutory Auditor)**

**For and on behalf of Anstey Bond LLP**

Date: 2<sup>nd</sup> December 2022

**Chartered Accountants**

**Statutory Auditor**

1-2 Charterhouse Mews

London

EC1M 6BB

**ELECTRIC GUITAR PLC**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 MARCH 2022**

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	<b>Notes</b>	<b>Period ended 31 March 2022 £</b>
Administrative expenses		(245,387)
<b>Operating (loss)/profit</b>	<b>3</b>	<u>(245,387)</u>
Income tax expense	<b>6</b>	-
<b>(Loss)/profit and total comprehensive income for the period</b>		<u><u>(245,387)</u></u>
<b>Earnings per share</b>	<b>7</b>	
Basic		(1.18)
Diluted		(1.18)

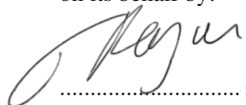
The income statement has been prepared on the basis that all operations are continuing operations.

**ELECTRIC GUITAR PLC****STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2022**

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	Notes	2022 £
<b>Current assets</b>		
Trade and other receivables	8	31,787
Cash and cash equivalents		996,331
		<hr/> 1,028,118 <hr/>
<b>Current liabilities</b>		
Trade and other payables	13	35,562
		<hr/> 992,556 <hr/>
<b>Net current assets</b>		992,556
<b>Net assets</b>		<hr/> <hr/> 992,556 <hr/> <hr/>
<b>Equity</b>		
Called up share capital	14	289,314
Share premium account	15	948,629
Retained earnings		(245,387)
		<hr/> 992,556 <hr/> <hr/>

The financial statements were approved by the board of directors and authorised for issue on 2<sup>nd</sup> December 2022 and are signed on its behalf by:



.....  
John P Regan  
**Director**

**Company registration number 13288812**

**ELECTRIC GUITAR PLC****STATEMENT OF CHANGES IN EQUITY****FOR THE PERIOD ENDED 31 MARCH 2022**

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		<b>Share capital</b>	<b>Share premium account</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Balance at 24 March 2021</b>		-	-	-	-
<b>Period ended 31 March 2022:</b>					
Loss and total comprehensive income for the period		-	-	(245,387)	(245,387)
Transactions with owners in their capacity as owners:					
Issue of share capital	<b>14</b>	210,485	1,027,458	-	1,237,943
Bonus issue	<b>14</b>	78,829	(78,829)	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 31 March 2022</b>		<b>289,314</b>	<b>948,629</b>	<b>(245,387)</b>	<b>992,556</b>
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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**ELECTRIC GUITAR PLC****STATEMENT OF CASH FLOWS****FOR THE PERIOD ENDED 31 MARCH 2022**

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	Notes	2022 £	£
<b>Cash flows from operating activities</b>			
Cash absorbed by operations	<b>19</b>		(241,559)
<b>Net cash outflow from operating activities</b>			(241,559)
<b>Investing activities</b>			
Receipts arising from loans made		(53)	
<b>Net cash used in investing activities</b>			(53)
<b>Financing activities</b>			
Proceeds from issue of shares		1,346,152	
Share issue costs		(108,209)	
<b>Net cash generated from/(used in) financing activities</b>			1,237,943
<b>Net increase in cash and cash equivalents</b>			996,331
Cash and cash equivalents at beginning of year			-
Cash and cash equivalents at end of year			996,331

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2022

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**1 Accounting policies**

**Company information**

Electric Guitar Plc is a public company limited by shares incorporated in England and Wales. The registered office is One, Bartholomew Close, London, EC1A 7BL. The company's principal activities and nature of its operations are disclosed in the directors' report.

**1.1 Reporting period**

The company was incorporated on 24 March 2021 with a default first accounting reference date of 31 March 2022. Therefore the first accounting period covers more than 12 months.

**1.2 Accounting convention**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the United Kingdom and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, except as otherwise stated.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, except for the revaluation of . The principal accounting policies adopted are set out below.

**1.3 Going concern**

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

**1.4 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**1.5 Financial assets**

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

***Financial assets held at amortised cost***

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

**1 Accounting policies**

**(Continued)**

***Financial assets at fair value through other comprehensive income***

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the company's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

The company has made an irrevocable election to recognize changes in fair value of investments in equity instruments through other comprehensive income, not through profit or loss. A gain or loss from fair value changes will be shown in other comprehensive income and will not be reclassified subsequently to profit or loss. Equity instruments measured at fair value through other comprehensive income are recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are directly transferred to retained earnings when the equity instrument is derecognized or its fair value substantially decreased. Dividends are recognized as finance income in profit or loss.

***Impairment of financial assets***

Financial assets carried at amortised cost and FVOCI are assessed for indicators of impairment at each reporting end date.

The expected credit losses associated with these assets are estimated on a forward-looking basis. A broad range of information is considered when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

For trade receivables, the simplified approach permitted by IFRS 9 is applied, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

**1.6 Financial liabilities**

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

***Other financial liabilities***

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

**1.7 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE PERIOD ENDED 31 MARCH 2022

**1 Accounting policies****(Continued)****1.8 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

**Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

**Deferred tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

**1.9 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**2 Adoption of new and revised standards and changes in accounting policies****Standards which are in issue but not yet effective**

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2022 and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the company.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the company.

**3 Operating (loss)/profit**

	<b>2022</b>
Operating loss for the period is stated after charging/(crediting):	<b>£</b>
Fees payable to the company's auditor for the audit of the company's financial statements	12,000



**ELECTRIC GUITAR PLC****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 MARCH 2022**

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**4 Employees**

The average monthly number of persons (including directors) employed by the company during the period was:

	<b>2022</b>
	<b>Number</b>
Administration	3

Their aggregate remuneration comprised:

	<b>2022</b>
	<b>£</b>
Wages and salaries	14,071
Social security costs	496
	<u>14,567</u>

**5 Directors' remuneration**

	<b>2022</b>
	<b>£</b>
Remuneration for qualifying services	14,071

**6 Income tax expense**

The charge for the period can be reconciled to the loss per the income statement as follows:

	<b>2022</b>
	<b>£</b>
Loss before taxation	(245,387)
Expected tax credit based on a corporation tax rate of 19.00%	(46,624)
Effect of expenses not deductible in determining taxable profit	14,283
Unutilised tax losses carried forward	32,341
<b>Taxation charge for the period</b>	<u>-</u>

Estimated tax losses of £170,220 are available for relief against future profits.

**7 Earnings per share**

	<b>2022</b>
	<b>Number</b>
<b>Number of shares</b>	
Weighted average number of ordinary shares for basic earnings per share	<u>20,714,127</u>

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**ELECTRIC GUITAR PLC**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE PERIOD ENDED 31 MARCH 2022**

**7 Earnings per share** **(Continued)**

	<b>2022</b>
<b>Earnings</b>	<b>£</b>
<b>Continuing operations</b>	
Loss/profit for the period from continued operations	(245,387)
	<u>          </u>

	<b>2022</b>
	<b>Pence per share</b>
<b>Basic and diluted earnings per share</b>	
From continuing operations	(1.18)
	<u>          </u>

**8 Trade and other receivables** **2022**

**£**

VAT recoverable	30,820
Other receivables	967
	<u>          </u>
	<u>31,787</u>

**9 Trade receivables - credit risk**

**Fair value of trade receivables**

The directors consider that the carrying amount of trade and other receivables differs from fair value as follows:

	<b>Carrying value</b>	<b>Fair value</b>
	<b>2022</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Other debtors	967	-
	<u>          </u>	<u>          </u>
	<u>967</u>	<u>          </u>

No significant receivable balances are impaired at the reporting end date.

**10 Liabilities** **2022**

**Notes** **£**

Trade and other payables	<b>13</b>	35,562
		<u>          </u>

**11 Fair value of financial liabilities**

The directors consider that the carrying amounts of financial liabilities carried at amortised cost in the financial statements approximate to their fair values.

**ELECTRIC GUITAR PLC****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 MARCH 2022****12 Liquidity risk**

Responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the company's funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

**13 Trade and other payables**

	<b>2022</b>
	<b>£</b>
Trade payables	12,162
Accruals	23,400
	<u>35,562</u>

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 15 days. For most suppliers no interest is charged on amounts payable. The company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The directors consider that the carrying amount of trade payables approximates to their fair value

**14 Share capital**

	<b>2022</b>	<b>2022</b>
	<b>Number</b>	<b>£</b>
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
Ordinary shares of 0.5p each	57,862,776	289,314
	<u>57,862,776</u>	<u>289,314</u>

On 24 December 2021, the Company entered into a warrant instrument, pursuant to which the Company created A-Series Warrants over in aggregate 5,786,278 new Ordinary Shares at an exercise price per Ordinary Share equal to 150 per cent. of the Issue Price. At Admission a total of 3,599,064 A-Series Warrants (the "Allocated A-Series Warrants") have been granted. Further details have been included in the Directors' Report.

Prior to listing on the London Stock Exchange, the company had issued a total of 17,862,776 ordinary shares for £224,992. As part of the listing, the company issued a further 40,000,000 ordinary shares for £1,200,000.

**15 Share premium account**

	<b>2022</b>
	<b>£</b>
At the beginning of the period	-
Issue of new shares	1,135,667
Bonus issue of shares	(78,829)
Share issue expenses	(108,209)
	<u>948,629</u>
At the end of the period	<u>948,629</u>

**16 Capital risk management**

The company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance,

The capital structure of the company consists of debt, cash and cash equivalents and equity comprising share capital, reserves and retained earnings. The company reviews the capital structure annually and as part of this review considers that cost of capital and the risks associated with each class of capital.

The company is not subject to any externally imposed capital requirements.

**17 Directors' transactions**

The directors are considered to be key management personnel. Detailed remuneration disclosures are provided in the director's report accompanying the financial statements.

**18 Controlling party**

The company considers there to be no ultimate controlling party.

**19 Cash absorbed by operations**

	<b>2022</b>
	<b>£</b>
Loss for the period before income tax	(245,387)
<b>Movements in working capital:</b>	
Increase in trade and other receivables	(31,734)
Increase in trade and other payables	35,562
	<u>          </u>
<b>Cash absorbed by operations</b>	<u><u>(241,559)</u></u>

**APPENDIX B: AUDITED FINANCIAL STATEMENTS OF  
ELECTRIC GUITAR PLC FOR THE YEAR ENDED 31 MARCH 2023**

The following auditor's report and financial statements have been extracted without adjustment from the Annual Report and Financial Statements of the Company for the year ended 31 March 2023.

## **INDEPENDENT AUDITOR'S REPORT**

to the Members of Electric Guitar PLC

### **Opinion**

We have audited the financial statements of Electric Guitar PLC (the 'Company') for the year ended 31 March 2023 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and related notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the Company's financial statements is applicable law and UK adopted International Financial Reporting Standards (UK adopted IFRS).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2023, and of the Company's loss for the year then ended;
- have been properly prepared in accordance with UK adopted IFRS; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard applicable to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Material uncertainty relating to going concern**

We draw your attention to note 2 of the financial statements which indicates the directors' consideration over going concern. The Company's ability to continue as going concern is dependent on completing the acquisition of another company or business in the target sector within 24 months from the date of admission to the London Stock Exchange or the approval of shareholders to continue for another 12 months to seek to complete a business combination. As stated in note 2, these events or conditions, along with other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **INDEPENDENT AUDITOR'S REPORT**

to the Members of Electric Guitar PLC (continued)

### **An overview of the scope of our audit**

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the directors that may have presented a risk of material misstatement. The scope of our audit was influenced by the level of materiality we determined.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account an understanding of their activities, the accounting processes and controls, and the industry in which the Company operates. Our planned audit testing was directed accordingly and was focused on areas where we assessed there to be the highest risk of material misstatement.

During the audit we reassessed and re-evaluated audit risks and tailored our approach accordingly.

The audit testing included substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls and the management of specific risks.

We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant findings, including any significant deficiencies in internal control that we identified during the audit.

## INDEPENDENT AUDITOR'S REPORT

to the Members of Electric Guitar PLC (continued)

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether due to fraud or error) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter description	How the matter was addressed in our audit
<p><b>Classification of warrants</b></p> <p>As described in note 2 and note 13 of the financial statements, the Company has issued A-series warrants and B- series warrants to directors and service providers respectively on admission to the London Stock Exchange and during the current year in respect of the services received.</p> <p>There is a risk of material misstatement with regard to the classification of the share warrants between liabilities and equity. The principal considerations included accounting complexities related to certain provisions of the warrant agreements that determined the appropriate classification of the warrants.</p> <p>The fair value of the share warrants was determined by management using Black Scholes model.</p>	<p>The procedures performed, among others, to assess the appropriateness of the classification and valuation of the share warrants issued by the Company included:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding from management on the terms and conditions applicable to the A-series warrants and B-series warrants. We note that these warrants are issued in lieu of the listing services received from directors and the service providers.</li> <li>• We have assessed management's judgement in considering the share warrants as equity settled with specific reference to the Company's obligation of having to deliver a fixed number of entity's shares at a fixed price and considered the same to be appropriate.</li> <li>• We have reviewed management's assumptions for the valuation of warrants using the Black Sholes model and consider these to be appropriate.</li> <li>• We have assessed the appropriateness of the disclosures in the financial statements and considered these to be appropriate.</li> </ul> <p>We found that the classification of warrants to be consistent with the requirements of UK adopted IFRS.</p>



## INDEPENDENT AUDITOR'S REPORT

to the Members of Electric Guitar PLC (continued)

### Our application of materiality

Our definition of materiality considers the value of error or omission on the financial statements that, individually or in aggregate, would change or influence the economic decision of a reasonably knowledgeable user of those financial statements. Misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of the identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole. Materiality is used in planning the scope of our work, executing that work and evaluating the results.

Overall materiality	£4,548 (2022: £17,500)
Basis for determining overall materiality	<p>We determined materiality based on 1% of the net assets (2022: 5% of the profit before tax).</p> <p>We have considered the primary users of the financial statements to be shareholders (including target entities for acquisition) and UK regulators (FRC and FCA).</p> <p>In the year-ended 31 March 2023, the Company was in the process of identifying another company or business in the digital media and advertising sectors for the purpose of acquisition. In view of this we concluded that the key area of focus for the users of the financial statements would be whether the Company has sufficient resources to fund the acquisition.</p>
Performance materiality	<p>£2,274 (2022: £14,000)</p> <p>We set the performance materiality based on 50% of overall materiality.</p> <p>Performance materiality is the application of materiality at the individual account or balance level, set at an amount to reduce, to an appropriately low level, the probability that the aggregate of the uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.</p> <p>In determining performance materiality, we considered several factors including our understanding of the control environment of the Company.</p>
Error reporting threshold	We agreed to report any correct or uncorrected adjustments exceeding £227 (2022: £2,000) to the Board of Directors as well as differences below this threshold that in our view warranted reporting on qualitative grounds.

## **INDEPENDENT AUDITOR'S REPORT**

to the Members of Electric Guitar PLC (continued)

### **Our application of materiality (continued)**

The profit before tax was considered for calculating the materiality in the prior year on the basis that the Company was in its first year of incorporation and the users of the financial statements focus was on profitability. We have revised the basis of materiality to net assets as we believe that the users of the financial statements are primarily focused on the net assets with a requirement for the entity to complete the acquisition within 24 months from the date of admission to London Stock Exchange.

### **Other information**

The other information comprises the information in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken during the audit:

- the information given in the Report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the directors has been prepared in accordance with applicable legal requirements.

## **INDEPENDENT AUDITOR'S REPORT**

to the Members of Electric Guitar PLC (continued)

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained during the audit, we have not identified material misstatements in the chairman's statement incorporating review of operations, strategic report, and director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report or in preparing the Report of the directors.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 14, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

## INDEPENDENT AUDITOR'S REPORT

to the Members of Electric Guitar PLC (continued)

### Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting material misstatement due to a fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

### Identifying and assessing potential risks arising from irregularities, including fraud

The extent of the procedures undertaken to identify and assess the risk of material misstatement in respect of irregularities, including fraud, included the following:

- We considered the nature of the industry and sector, the control environment, business performance including remuneration policies and the Company's own risk assessment that irregularities might occur as a result of fraud or error. From our sector experience and through discussions with the directors, we obtained an understanding of the legal and regulatory framework applicable to the Company focusing on laws and regulations that could reasonably be expected to have a direct material effect on the financial statements, such as provisions of the Companies Act 2006, UK tax legislation or those that had a fundamental effect on the operations of the Company including the listing rules of the London Stock Exchange.
- We enquired of the directors and management concerning the Company's policies and procedures relating to:
  - Identifying, evaluating, and complying with the laws and regulations and whether they were aware of any instances of non-compliance;
  - Detecting and responding on the risks of fraud and whether they had any knowledge of actual or suspected fraud; and
  - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

## INDEPENDENT AUDITOR'S REPORT

to the Members of Electric Guitar PLC (continued)

### Identifying and assessing potential risks arising from irregularities, including fraud (continued)

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included utilising the spectrum of inherent risk and an evaluation of the risk of management override of controls. We determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce costs, creating fictitious transactions to hide losses or to improve financial performance, and management bias in accounting estimates particular to the valuation of the warrants.

### Audit response to risks identified

In respect of the above procedures:

- we corroborated the results of our enquiries through review of the minutes of the Company's Board of Directors and inspection of the legal and regulatory correspondence.
- audit procedures performed by the engagement team in connection with the risks identified included the following:
  - o reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations expected to have a direct impact on the financial statements.
  - o testing journal entries, including those processed late for financial statements preparation, those posted by infrequent or unexpected users, those posted to unusual account combinations.
  - o evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.
  - o enquiry of management around actual and potential litigation and claims.
  - o challenging the assumptions and judgments made by management in relation to significant accounting estimates, in particular those relating to the determination of classification and valuation of warrants; and
  - o obtaining confirmations from third parties to confirm existence of certain balances.
- we communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indication of fraud or non-compliance with laws and regulations throughout the audit.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## INDEPENDENT AUDITOR'S REPORT

to the Members of Electric Guitar PLC (continued)

### Other requirements

We were appointed by the directors on 18 July 2023 to audit the financial statements for the year ended 31 March 2023. Our total uninterrupted period of engagement is one year, covering the year ended 31 March 2023.

We did not provide any non-audit services which are prohibited by the FRC's Ethical Standard to the Company, and we remain independent of the Company in conducting our audit.

Our opinion is consistent with the additional report to the Board of Directors.

### Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

*Edmund Cartwright*

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Edmund Cartwright, FCCA MAAT (Senior Statutory Auditor)

for and on behalf of Johnsons Chartered Accountants, Statutory Auditor  
London, United Kingdom

Date: 7/31/2023

## STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2023

	Notes	31 March 2023 £	24 March 2021 to 31 March 2022 £
Administration expenses		(544,420)	(245,387)
<b>Operating loss</b>		<b>(544,420)</b>	<b>(245,387)</b>
Finance income	7	6,730	-
<b>Loss before income tax</b>	8	<b>(537,690)</b>	<b>(245,387)</b>
Income tax	9	-	-
<b>Loss and other comprehensive income</b>		<b>(537,690)</b>	<b>(245,387)</b>
Earnings per share			
Basic (pence)		(0.93)	(1.18)
Diluted (pence)		(0.93)	(1.18)

There were no recognised gains or losses for 2023 or 2022 other than those included in the statement of the comprehensive income.

There was no other comprehensive income for 2023 (2022: £nil)

The notes on pages 36 to 48 form part of these financial statements.

**ELECTRIC GUITAR PLC**

**STATEMENT OF FINANCIAL POSITION**

for the year ended 31 March 2023

	Notes	2023 £	2022 £
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Trade and other receivables	10	29,533	31,787
Cash and cash equivalents	11	<u>491,635</u>	<u>996,331</u>
		<b>521,168</b>	<b>1,028,118</b>
<b>TOTAL ASSETS</b>		<b><u>521,168</u></b>	<b><u>1,028,118</u></b>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	12	289,314	289,314
Share premium	14	948,629	948,629
Accumulated losses	14	(783,077)	(245,387)
<b>TOTAL EQUITY</b>		<b><u>454,866</u></b>	<b><u>992,556</u></b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	66,302	35,562
<b>TOTAL LIABILITIES</b>		<b><u>66,302</u></b>	<b><u>35,562</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>521,168</u></b>	<b><u>1,028,118</u></b>

The financial statements were approved by the Board of Directors and authorised for issue on 7/31/2023 and were signed on its behalf by:

DocuSigned by:  
  
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.....  
 John Hutchison  
 Director

The notes on pages 36 to 48 form part of these financial statements.



## STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2023

	Share capital	Share premium	Retained earnings	Total
	£	£	£	£
At 24 March 2021	-	-	-	-
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(245,387)	<b>(245,387)</b>
<b>Total comprehensive income for the year</b>	-	-	<b>(245,387)</b>	<b>(245,387)</b>
<b>Contributions by and distributions to owners</b>				
Shares issued during the year	210,485	1,027,458	-	<b>1,237,943</b>
Issue of bonus shares	78,829	(78,829)	-	-
<b>Total transactions with owners</b>	<b>289,314</b>	<b>948,629</b>	-	<b>1,237,943</b>
<b>At 1 April 2022</b>	<b>289,314</b>	<b>948,629</b>	<b>(245,387)</b>	<b>992,556</b>
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(537,690)	<b>(537,690)</b>
<b>Total comprehensive income for the year</b>	-	-	<b>(537,690)</b>	<b>(537,690)</b>
<b>At 31 March 2023</b>	<b>289,314</b>	<b>948,629</b>	<b>(783,077)</b>	<b>454,866</b>

The notes on pages 36 to 48 form part of these financial statements.

## STATEMENT OF CASH FLOWS

for the year ended 31 March 2023

	31 March 2023 £	24 March 2021 to 31 March 2022 £
<b>Cash flow from operating activities</b>		
Loss for the year/period	(537,690)	(245,387)
<b>Adjustments for:</b>		
Finance income	(6,730)	-
Decrease/(increase) in trade and other receivables	2,254	(31,734)
Increase in trade and other payables	30,740	35,562
<b>Net cash used in operating activities</b>	<u>(511,426)</u>	<u>(241,559)</u>
<b>Cash flow from investing activities</b>		
Finance income	6,730	-
Other payments	-	(53)
<b>Net cash from / (used in) investing activities</b>	<u>6,730</u>	<u>(53)</u>
<b>Cash flow from financing activities</b>		
Proceeds from issue of shares	-	1,346,152
Share issue costs	-	(108,209)
<b>Net cash from investing activities</b>	<u>-</u>	<u>1,237,943</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(504,696)</b>	<b>996,331</b>
Cash and cash equivalents at the beginning of the year/period	996,331	-
<b>Cash and cash equivalents at the end of the year/period</b>	<u><u>491,635</u></u>	<u><u>996,331</u></u>

The notes on pages 36 to 48 form part of these financial statements.

## **NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 March 2023

### **1. General information**

Electric Guitar Plc is a public limited company, registered in England and Wales. The company's registered office is One Bartholomew Close, London, EC1A 7BL. The Company's principal activities and the nature of its operations are disclosed in the director's report.

The functional and presentational currency is Great British Pounds Sterling ("£") and the financial statements have been rounded off to nearest £.

### **2. Accounting policies**

#### **2.1 Basis of preparation**

The financial statements have been prepared under historical cost convention, in accordance with UK adopted International Financial Reporting Standards (UK adopted IFRS).

The following accounting principles have been applied:

#### **2.2 Going concern**

The financial statements have been prepared on a going concern basis. The board has assessed the Company's financial position as at 31 March 2023 and the factors that may impact the Company for a period of up to 12 months from the date of these financial statements were signed.

The Company is a special purpose acquisition company (SAPC) that has been formed for the sole purpose of effecting a business combination. The Company has a period of 24 months from the date on which the Company listed on the London Stock Exchange, which was 11 January 2022, to do so. In the absence of a business combination by the business combination deadline (11 January 2024), the Company would have to seek approval from the shareholders at a general meeting for the Company to continue to pursue an acquisition for one more year from the date of the business combination deadline, in default of which it will cease all operations except to commence a members' voluntary liquidation and redeem the ordinary shares as per the prospectus.

The Company has considered its ability to continue as a going concern for a period of at least 12 months from the date of signing the financial statements. The Company has also considered what the business could look like post-completion of a business combination, which includes working capital requirements during the going concern period.

## **NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 March 2023 (continued)

### **2. Accounting policies (continued)**

#### **2.2 Going concern (continued)**

The keys assumptions used in the financial forecast include:

- Cash flows from additional loan facility to fund the costs relating to the acquisition.
- Average base fixed costs of approximately £29,000 per month for the remainder of the going concern period (without including the cashflow relating to 3radical Limited)
- Proposed fundraising at the time of acquisition.

The Company has entered into a non-binding heads of terms to acquire all the outstanding shares in 3radical Limited in an all-share transaction through reverse takeover. The Company believes that there is the existence of material uncertainty regarding a business combination which may cast significant doubt on the Company's ability to continue as a going concern, that being to complete the business combination by 11 January 2024. To complete the acquisition of 3radical Limited, the Company has to obtain the regulatory and shareholder approval and also complete due diligence process.

The board is satisfied by the progress made in the proposed acquisition and believes it is well position to complete the business combination. Based on this assessment, it is deemed appropriate to prepare the financial statements on a going concern basis.

#### **2.3 Foreign currency translation**

Transactions in currencies other than the functional and presentation currency of the Company, pound sterling, are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary assets and liabilities that are determined in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Gains or losses arising from on retranslation of the monetary assets and liabilities are included in the net profit or loss for the period. Gains and losses on the retranslation of non-monetary assets and liabilities are recognised directly in other comprehensive income.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2023 (continued)

### 2. Accounting policies (continued)

#### 2.4 Taxation

The income tax expense represents the sum of tax currently payable and deferred tax.

##### *Current tax*

The tax currently payable is based on the taxable profit for the period. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

##### *Deferred tax*

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounting for using the liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised in the temporary differences arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided those rates are enacted or substantively enacted by the end of the reporting period. Deferred tax assets are enacted or substantively enacted by the end of the reporting period. Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority. Changes in the deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income, or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

## **NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 March 2023 (continued)

### **2. Accounting policies (continued)**

#### **2.5 Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand and petty cash.

#### **2.6 Share capital and share premium**

Share capital represents the nominal value of shares that have been issued. Share premium includes any premiums received on issue of share capital. Any transactions costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

#### **2.7 Pensions**

##### **Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid, the Company has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown as a liability in the balance sheet. The assets are of the plan are held separately from the Company in independently administered funds.

#### **2.8 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the statement of comprehensive income in the year that the Company becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking in to account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

## **NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 March 2023 (continued)

### **2. Accounting policies (continued)**

#### **2.8 Trade and other receivables**

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

#### **2.9 Trade and other payables**

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accruals and accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are initially at fair value, and subsequently measured at amortised cost using the effective interest method.

#### **2.10 Financial liabilities**

All financial liabilities are recognised in the statement of financial position when the Company becomes party to the contractual provision of the instrument.

##### **Financial liabilities measured at amortised cost**

The Company's financial liabilities held at amortised comprise trade payables and other payables.

These financial liabilities are initially measured at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a contact rate on the balance of the liability carried in the statement of financial position.

##### **Subsequent measurement**

The trade and other payables are classified as liabilities at amortised cost and are measured at amortised cost using the effective interest rate. The amortised cost of a financial liability is the amount at which the financial liability is measure on initial recognition, minus the principal repayments, plus or minus the cumulative amortisation using effective interest method of any difference between the initial amount recognised and the maturity amount. Such amortisation amounts are recognised in the statement of comprehensive income. Due to the short-term nature of trade and other payables, they are stated at their nominal value, which approximates their fair value.

The Company do not have any instruments which are measured at fair value through profit or loss. The Company has not entered into any derivative instruments during the year.

## **NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 March 2023 (continued)

### **2. Accounting policies (continued)**

#### **2.11 Share warrants**

The Company has granted A-series warrants to directors and B-series warrants to service providers for the services received at the time of listing.

The A-series warrants, and B-series warrants are issued to directors and service providers in respect of the service provided. The grant of the share warrants is recognised as equity settled share-based payments under IFRS 2. The share warrants are issued in respect of the services received and can be exercised by the holder of the warrants prior to the exercise date for a fixed number of equity shares at fixed price. The value of the share-based warrants is determined at the date of grant and expensed on a straight-line basis over the vesting period with a corresponding increase in equity based on the Company's estimate of the shares that will eventually vest at the time of the grant. At each balance sheet date, the Company revises its estimates of the number of warrants that are expected to vest based on service and non-market performance conditions.

The Company has taken into account the market condition (i.e., target share price being in excess of the exercise price) at the time of estimating the fair value of the warrants. The amount expensed is adjusted over the vesting period for changes in the estimate of the number of shares that will eventually vest, except for changes resulting from any market related performance conditions.

#### **2.12 Capital management**

Capital consists of ordinary shares, share premium and retained earnings. The board monitors the return on capital. The Company is not subject to any externally imposed capital requirements.

#### **2.13 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2023 (continued)

## 3. Adoption of new and revised standards and changes in accounting policies

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2023 and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

## 4. Critical accounting judgements and estimates

The preparation of the financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise their judgment in the process of applying the Company's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future that are believed to be reasonable under the circumstances.

*Classification of share warrants (note 13)*

Management consider that the share warrants issued to directors and service providers are considered as equity settled share-based payments as these warrants are issued for the services received and can be exchanged only for a fixed number of equity shares at fixed price.

## 5. Employees and directors

	<b>31 March 2023</b>	<b>24 March 2021 to 31 March 2022</b>
	£	£
Wages and salaries	74,700	14,071
Social security costs	<u>3,908</u>	<u>496</u>
	<b><u>78,608</u></b>	<b><u>14,567</u></b>

The average number of employees and directors during the year was as follows:

	<b>31 March 2023</b>	<b>24 March 2021 to 31 March 2022</b>
Administration	3	3

The remuneration paid to director is provided in the director's report accompanying the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2023 (continued)

## 6. Loss per share

Basic earnings per share is calculated by dividing the loss attributable in the period to equity holders of the Company by the weighted average number of ordinary shares in issue during the period, excluding any ordinary shares purchased by the Company and held as treasury shares.

	31 March 2023	24 March 2021 to 31 March 2022
	£	£
Loss for the year/period attributable to equity holders of the Company	(537,690)	(245,387)
Weighted average number of ordinary shares	<u>57,862,776</u>	<u>20,714,127</u>
<b>Loss per share (pence)</b>	<b><u>(0.93)</u></b>	<b><u>(1.18)</u></b>

The share warrants are not considered to have any dilutive effect as the average market price of the ordinary shares during the year do not exceed the exercise price of the warrants.

## 7. Net finance income

	31 March 2023	24 March 2021 to 31 March 2022
	£	£
Interest receivable	<u>6,730</u>	<u>-</u>
<b>Total finance income</b>	<b><u>6,730</u></b>	<b><u>-</u></b>

## 8. Loss before income tax

The loss before income tax is stated after charging:

	31 March 2023	24 March 2021 to 31 March 2022
	£	£
	<u>                    </u>	<u>                    </u>

Auditor's remuneration

20,000

12,000

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## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2023 (continued)

## 9. Income tax

No liability to UK corporation tax arose for the year ended 31 March 2023 nor for the period ended 31 March 2022.

## 10. Trade and other receivables

	31 March 2023	31 March 2022
	£	£
Other debtors	-	914
Director's current account	53	53
VAT receivable	19,781	30,820
Prepayments and accrued income	9,699	-
	<u>29,533</u>	<u>31,787</u>

The directors considers that the carrying amount of trade and other receivables is approximately equal to their fair value.

## 11. Cash and cash equivalents

The loss before income tax is stated after charging:

	31 March 2023	31 March 2022
	£	£
Cash at bank and in hand	491,635	996,331
	<u>491,635</u>	<u>996,331</u>

## 12. Share capital

	31 March 2023	31 March 2022
	£	£
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
57,862,776 Ordinary shares of 0.5p each	289,314	289,314
	<u>289,314</u>	<u>289,314</u>

The ordinary shares carry voting and dividend rights.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2023 (continued)

## 13. Share warrants

The company issued A-series warrants and B-series warrants to directors and service providers respectively. These warrants are exercisable at a price equal to the 150% of the price at which the shares are admitted to the London Stock Exchange. The vesting period of the various warrant instruments are as provided below:

- Allocated A-series warrants vests over a period of 5 years, and should the options remain unexercised they lapse after the seventh anniversary of admission.
- Unallocated A-series (discretionary) warrants which are granted in the current year are vested on the date of grant and should the options remain unexercised they lapse after the seventh anniversary of admission.
- B-series warrants are vested on the date of grant, and should the options remain unexercised they lapse after the third anniversary of admission.

Warrants are valued using the Black Scholes option pricing model. The following table summarise the warrants outstanding at the end of the year and movements during the year.

	A-series warrants	B-series warrants
Outstanding at 24 March 2021	-	-
Granted during the period	3,599,064	1,157,256
Forfeited during the period	-	-
Expired during the period	-	-
Exercised during the period	-	-
<b>Outstanding at 31 March 2022</b>	<b>3,599,064</b>	<b>1,157,256</b>
Granted during the year	719,812	-
Forfeited during the year	-	-
Expired during the year	-	-
Exercised during the year	-	-
<b>Outstanding at 31 March 2023</b>	<b>4,318,876</b>	<b>1,157,256</b>
Options vested and not exercised as at 31 March 2023	1,439,625	1,157,256
Options vested and not exercised as at 31 March 2022	-	1,157,256

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2023 (continued)

The assumptions considered in the valuation of the warrants using the black-sholes model is as given below:

	<b>31 March 2023</b>
Exercise price	4.5 pence
Share price at date of grant	3 pence
Risk free interest rate	1.25%
Volatility	19%
Dividend yield	0%
Contractual life of A-series warrants	7 years
Contractual life of B-series warrants	3 years

The fair value of both A-series warrants, and B-series warrants as of 31 March 2023 is £nil (2022: £nil).

## 14. Reserves

*Share premium account*

The share premium account includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

*Accumulated losses*

This reserve records retained earnings and accumulated losses.

## 15. Trade and other payables

	<b>31 March 2023</b>	<b>31 March 2022</b>
	£	£
Trade creditors	16,001	12,162
Social security and other taxes	3,702	-
Accrued expenses	46,599	23,400
	<b>66,302</b>	<b>35,562</b>

Trade payables and accruals primarily comprise amounts outstanding for trade purchases and ongoing costs. Most suppliers no interest is charged on amounts payable. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. The directors considers that the fair value approximates the carrying value.

## **NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 March 2023 (continued)

### **16. Financial risk management**

The Company's activities expose it to liquidity risk, credit risk and foreign exchange risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

#### *Capital risk management*

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of debt, cash and cash equivalents and equity comprising share capital, reserves and retained earnings. The Company reviews the capital structure annually and as part of this review considers that cost of capital and risks associated with each class of capital.

#### *Liquidity risk*

Responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecasts and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

#### *Foreign exchange risk*

The Company makes some purchases in foreign currencies. The payments in foreign currency are made using the exchange rates on the date of payment. As of year-end, the Company do not have any payables in foreign currency.

### **17. Related party transactions**

The directors are considered to be key management personnel. At the year end the Mr J C Hutchinson owed the business of £53 (2022: £53), which was repaid back on 17th July 2023.

During the year, company entered into the following related party transactions.

The company acquired services of £10,112 (2022: £73,000) from BDB Pitmans LLP. John Hutchinson serves as chairman of Electric Guitar and is senior partner of BDB Pitmans LLP.

## **NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 March 2023 (continued)

### **18. Post balance sheet events**

The Company evaluated subsequent events and transactions that occurred after the audited balance sheet date through the date that the audited financial statements were available to be issued. Other than as described below, the Company did not identify any subsequent events that would have required adjustment or disclosure in the financial statements.

On 7 July 2023, the Company announced that it had entered into a non-binding head of terms to acquire (subject to regulatory and shareholder approval and due diligence) all the outstanding shares in 3radical Limited in an all-share transaction ("Transaction") through reverse takeover. The head of terms place an initial valuation of 3radical Limited is £3m subject to adjustments. On completion of the Transaction, intention is to cancel its listing on the Standard List and seek admission of its ordinary share capital, as enlarged following completion of the Transaction, to trading on the AIM Market of the London Stock Exchange ("Admission").

On 7 July 2023, the Company has requested from Financial Conduct Authority, and been granted, a suspension of listing in its shares with immediate effect pending providing full disclosure of the proposed acquisition under Listing Rule 5.6.15.

### **19. Controlling party**

The Company considers that there to be no ultimate controlling party.



**APPENDIX C: INTERIM FINANCIAL STATEMENTS OF ELECTRIC GUITAR PLC  
FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2023**

**UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**For the six months ended 30 September 2023**

		<b>Six months to 30 September 2023 (unaudited) £</b>	<b>Six months to 30 September 2022 (unaudited) £</b>
Administrative Expenses	4	(181,809)	(108,502)
<b>Operating Loss</b>		<b>(178,248)</b>	<b>(78,815)</b>
Exceptional Costs	5	(414,761)	(264,998)
Finance income		6,067	1,819
<b>Loss before income tax</b>		<b>(590,504)</b>	<b>(371,681)</b>
Income Tax		-	
<b>Loss and other comprehensive income</b>		<b>(590,504)</b>	<b>(371,680)</b>
<b>Loss per Share</b>			
Basic and diluted loss per share**	6	(1.02)	(0.64)

All items in the above statement derive from continuing operations.

There was no other comprehensive income for the 6 months to 30 September 2023 (30 September 2022: £nil)

\*\* Series A & B Warrants were issued by the company to officers and suppliers respectively. The share warrants are not considered to have any dilutive effect as the average market price of the ordinary shares during the period did not exceed the exercise price of the warrants.

The notes on the following pages form part of these financial statements.

**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION**  
**30 September 2023**

		<b>30 September 2023</b>	<b>31 March 2023</b>
		<b>(unaudited)</b>	<b>(audited)</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Trade and other receivables	7	92,350	29,533
Cash and cash equivalents		95,605	491,635
		<b>187,955</b>	<b>521,168</b>
<b>TOTAL ASSETS</b>		<b>187,955</b>	<b>521,168</b>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	8	289,314	289,314
Share premium		948,629	948,629
Accumulated losses		(1,373,580)	(783,077)
<b>TOTAL EQUITY</b>		<b>(135,637)</b>	<b>454,866</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	323,592	66,302
<b>TOTAL LIABILITIES</b>		<b>323,592</b>	<b>66,302</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>187,955</b>	<b>521,168</b>

The notes on the following pages form part of these financial statements.

**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY**  
For the six months ended 30 September 2023

	Share Capital £	Share Premium £	Retained Earnings £	Total £
At 1 April 2022	289,314	948,629	(245,386)	992,556
<b>Comprehensive income</b>				
Loss for the period	-	-	(371,680)	(371,680)
<b>Total comprehensive loss for the period</b>	-	-	(371,680)	(371,680)
<b>At 30 September 2022 (unaudited)</b>	<b>289,314</b>	<b>948,629</b>	<b>(617,067)</b>	<b>620,876</b>
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(537,690)	(537,690)
<b>Total comprehensive loss for the year</b>	-	-	(537,690)	(537,690)
<b>At 31 March 2023 (audited)</b>	<b>289,314</b>	<b>948,629</b>	<b>(783,077)</b>	<b>454,867</b>
<b>Comprehensive income for the period</b>				
Loss for the period	-	-	(590,504)	(590,504)
<b>Total comprehensive loss for the period</b>	-	-	(590,504)	(590,504)
<b>At 30 September 2023 (unaudited)</b>	<b>289,314</b>	<b>948,629</b>	<b>(1,373,580)</b>	<b>(135,637)</b>

The notes on the following pages form part of these financial statements.

**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS**  
**For the six months ended 30 September 2023**

	<b>Six months to 30 September 2023</b> (unaudited) £	<b>Six months to 30 September 2022</b> (unaudited) £
<b>Cash flow from operating activities</b>		
(Loss) for the period	(590,504)	(371,680)
<b>Adjustments for:</b>		
Finance income	(6,067)	(1,819)
(Increase) / decrease in trade and other receivables	(62,817)	12,158
Increase in trade and other payables	257,290	21,947
<b>Net cash used in operating activities</b>	<b>(402,097)</b>	<b>(339,394)</b>
<b>Cash flow from investing activities</b>		
Finance income	6,067	1,819
<b>Net cash from investing activities</b>	<b>6,067</b>	<b>1,819</b>
<b>Net cash from financing activities</b>	<b>-</b>	<b>-</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(396,030)</b>	<b>(337,575)</b>
Cash and cash equivalents at the beginning of the period	491,635	996,331
<b>Cash and cash equivalents at the end of the period</b>	<b>95,605</b>	<b>658,756</b>

The notes on the following pages form part of these financial statements.

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### For the six months ended 30 September 2023

#### 1. General information

Electric Guitar Plc is a public limited company, registered in England and Wales. The company's registered office is One Bartholomew Close, London, EC1A 7BL. The Company's principal activities and the nature of its operations are disclosed in the director's report.

The interim financial statements are neither audited nor reviewed by statutory auditors of the Company.

#### 2. Accounting policies

##### 2.1. Basis of preparation

The financial statements have been prepared under historical cost convention, in accordance with UK adopted International Financial Reporting Standards (UK adopted IFRS).

The following accounting principles have been applied:

##### 2.2. Going concern

The financial statements have been prepared on a going concern basis. The board has assessed the Company's financial position at 30 September 2023 and the factors that may impact the Company for a period of up to 12 months from the date of these financial statements were signed.

The Company is a special purpose acquisition company (SPAC) that has been formed for the sole purpose of effecting a business combination. The Company has a period of 24 months from the date on which the Company listed on the London Stock Exchange, which was 11 January 2022, to do so. In the absence of a business combination by the business combination deadline (11 January 2024), the Company would have to seek approval from the shareholders at a general meeting for the Company to continue to pursue an acquisition for one more year from the date of the business combination deadline, in default of which it will cease all operations except to commence a members' voluntary liquidation and redeem the ordinary shares as per the January 2022 prospectus.

The Company has considered its ability to continue as a going concern for a period of at least 12 months from the date of signing the financial statements. The Company has also considered what the business could look like post-completion of a business combination, which includes working capital requirements during the going concern period.

The key assumptions used in the financial forecast relevant to the going concern assessment include:

- Successful acquisition
- Admission to AIM
- Proposed fundraising at the time of acquisition.

The Company has entered into a non-binding heads of terms to acquire all the outstanding shares in 3radical in an all-share transaction through reverse takeover. The Company believes that there is the existence of material uncertainty regarding a business combination which may cast significant doubt on the Company's ability to continue as a going concern, that being whether it is able to complete the business combination by 11 January 2024. To complete the acquisition of 3radical, the Company must obtain the regulatory and shareholder approval and also complete due diligence process.

The board is satisfied by the progress made in the proposed acquisition and believes it is well-positioned to complete the business combination within the specified time frame. Based on this assessment, it is deemed appropriate to prepare the financial statements on a going concern basis.

### **2.3. Foreign currency translation**

Transactions in currencies other than the functional and presentation currency of the Company, pound sterling, are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary assets and liabilities that are determined in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Gains or losses arising from the translation of monetary assets and liabilities into the functional currency are included in the net profit or loss for the period. Gains and losses on the translation of assets and liabilities (both monetary and non-monetary) from a functional currency to the presentational currency are recognised directly in other comprehensive income.

### **2.4. Taxation**

The income tax expense represents the sum of tax currently payable and deferred tax.

#### Current tax

The tax currently payable is based on the taxable profit for the period. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

#### Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and

liabilities are not recognised in the temporary differences arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided those rates are enacted or substantively enacted by the end of the reporting period. Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority. Changes in the deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income, or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

## **2.5. Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand and petty cash. It is the Company's policy to avoid the use of physical cash wherever possible.

## **2.6. Share capital and share premium**

Share capital represents the nominal value of shares that have been issued. Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

## **2.7. Pensions**

Defined contribution pension plan

The Company makes contributions into employee managed Self Invested Pension Plans ("SIPPs") all of which are defined contribution. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid, the Company has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown as a current liability in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

## **2.8. Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.



Provisions are charged as an expense to the statement of comprehensive income in the year that the Company becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

#### **2.9. Trade and other receivables**

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

#### **2.10. Trade and other payables**

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accruals and accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are initially recorded at fair value, and subsequently measured at amortised cost using the effective interest method.

#### **2.11. Financial liabilities**

All financial liabilities are recognised in the Statement of Financial Position when the Company becomes party to the contractual provision of the instrument.

#### **2.12. Financial liabilities measured at amortised cost**

The Company's financial liabilities held at amortised cost comprise trade payables and other payables.

These financial liabilities are initially measured at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method in the statement of financial position.

#### **2.13. Subsequent measurement**

The trade and other payables are classified as liabilities at amortised cost and are measured at amortised cost using the effective interest rate. The amortised cost of a financial liability is the amount at which the financial liability is measured on initial recognition, minus the principal repayments, plus or minus the cumulative amortisation using effective interest method of any difference between the initial amount recognised and the maturity amount. Such amortisation amounts are recognised in the statement of comprehensive income. Due to the short-term nature of trade and other payables, they are stated at their nominal value, which approximates their fair value.

The Company does not have any instruments which are measured at fair value through profit or loss. The Company has not entered into any derivative instruments during the year.

#### **2.14. Share warrants**

The Company has granted A-series warrants to directors and B-series warrants to service providers for the services received at the time of listing.

The A-series warrants and B-series warrants are issued to directors and service providers in respect of the service provided. The grant of the share warrants is recognised as equity settled share-based payments under IFRS 2. The share warrants are issued in respect of the services received and can be exercised by the holder of the warrants prior to the exercise date for a fixed number of equity shares at fixed price. The value of the share-based warrants is determined at the date of grant and expensed on a straight-line basis over the vesting period with a corresponding increase in equity based on the Company's estimate of the shares that will eventually vest at the time of the grant. At each balance sheet date, the Company revises its estimates of the number of warrants that are expected to vest based on service and non-market performance conditions.

The Company has considered the market condition (i.e. the target share price being more than the exercise price) at the time of estimating the fair value of the warrants. The amount expensed is adjusted over the vesting period for changes in the estimate of the number of shares that will eventually vest, except for changes resulting from any market related performance conditions.

### 2.15. Capital management

Capital consists of ordinary shares, share premium and retained earnings. The board monitors the return on capital. The Company is not subject to any externally imposed capital requirements.

### 2.16. Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense unless those costs are recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

## 3. Employees and directors

	<b>Six months to 30 September 2023 (unaudited) £</b>	<b>Six months to 30 September 2022 (unaudited) £</b>
Wages and salaries	82,083	32,700
Social security costs	1,604	178
Pension Contributions	1,590	-
	<b>85,277</b>	<b>32,878</b>

The average number of employees and directors during the year was as follows:

	Six months to 30 September 2023	Six months to 30 September 2022
Administration	4	3

#### 4. Administrative Expenses

	30 September 2023 (unaudited) £	30 September 2022 (unaudited) £
Personnel & consultant costs	107,948	35,702
Legal & professional costs	60,893	9,378
Business overheads	5,958	12,444
Marketing & Website	7,010	20,550
	181,809	78,075

#### 5. Exceptional Expenses

	30 September 2023 (unaudited) £	30 September 2022 (unaudited) £
Professional fees associated with target research and corporate strategy	-	95,283
Professional fees associated with the purchase of 3radical & re-listing on AIM	374,761	-
Other professional fees	40,000	169,715
	414,761	264,998

#### 6. Loss per share

Basic earnings per share is calculated by dividing the loss attributable in the period to equity holders of the Company by the weighted average number of ordinary shares in issue during the period, excluding any ordinary shares purchased by the Company and held as treasury shares.

Six months to 30 September 2023 (unaudited) £	Six months to 30 September 2022 (unaudited) £
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Loss for the period attributable to equity holders of the Company	(590,504)	(371,681)
Weighted average no. of ordinary shares	57,862,776	57,862,776
<b>Loss per share (pence)</b>	<b>(1.02)</b>	<b>(0.64)</b>

The company issued A-series warrants and B-series warrants to directors and service providers respectively. These warrants are exercisable at a price equal to the 150% of the price at which the shares were admitted to the London Stock Exchange with various vesting periods. The exercise price for the warrants is 4.5 pence.

The exercise price is greater than the market price on 7 July 2023 immediately prior to the suspension of trading in the Company's shares, so the fair value of both A-series warrants and B-series warrants at 30 September 2023 is £nil.

#### 7. Trade and other receivables

	<b>30 September 2023</b>	<b>31 March 2023</b>
	<b>£</b>	<b>£</b>
Director's current account	-	53
Prepayments	17,002	9,699
VAT	75,348	19,781
	<u>92,350</u>	<u>29,533</u>

#### 8. Share capital

	<b>30 September 2023</b>	<b>31 March 2023</b>
	<b>£</b>	<b>£</b>
<b>Ordinary share capital – issued and fully paid</b>		
57,862,776 Ordinary shares of 0.5p each	289,314	289,314
	<u>289,314</u>	<u>289,314</u>

The ordinary shares carry voting and dividend rights.

#### 9. Trade and other payables

<b>30 September 2023</b>	<b>31 March 2023</b>
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	£	£
Trade creditors	154,637	16,001
Social security and other taxes	8,393	3,702
Accrued expenses	160,562	46,599
	<u>323,592</u>	<u>66,302</u>

## 10. Post-balance sheet events

On 27 October 2023, the Company entered into an agreement with Sanderson Capital Partners Limited, an 18.33% shareholder in Electric Guitar, for the provision of a loan facility of between £150,000 and £250,000. The facility is repayable on the earlier of six months or the Company's successful admission to trading on AIM. At least £150,000 of the loan will be satisfied by the issue of shares on the repayment date.

## 11. Related party disclosures

During the period under review, the Company entered into the following related party transactions.

The Company acquired services for £275,000 (2023: £10,112) relating to the due diligence of 3radical and its subsidiaries from BDB Pitmans LLP. John Hutchinson serves as chair of Electric Guitar and is senior partner of BDB Pitmans LLP.

The Company acquired services for £95,000 (2023: nil) from Mymyne Ltd. £40,000 was for the provision of commercial due diligence services to the Company in connection with the proposed acquisition of a previous target which did not proceed. The remaining £55,000 was for the provision of commercial due diligence services to the Company in connection with the proposed reverse takeover of 3radical (announced on 7 July 2023). John Regan, who serves as CEO, and John Hutchinson, who serves as chair and both being directors of the Company, are 36.9% and 9.5% shareholders of Mymyne Ltd respectively.

## 12. Ultimate controlling party

The Company considers there to be no ultimate controlling party.

