

**ELECTRIC GUITAR PLC**

**INTERIM FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024**

## **ELECTRIC GUITAR PLC**

### **COMPANY INFORMATION**

#### Directors

John Hutchinson  
John Regan  
Richard Horwood  
Grahame Cook  
Caroline Worboys

#### Secretary

Richard Horwood

#### Company number

13288812

#### Registered office

One Bartholomew Close  
London  
EC1A 7BL

#### Auditor

Johnsons Chartered Accountants  
1-2 Craven Road  
London  
W5 2UA

#### Bankers

Santander UK PLC  
2 Triton Square  
Regent's Place  
London  
NW1 3AN

## **ELECTRIC GUITAR PLC**

### **CONTENTS**

	<b>Page</b>
SUMMARY.....	4
CHAIR’S STATEMENT.....	5
DIRECTORS REPORT.....	7
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME .....	11
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION .....	12
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....	13
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS.....	14
NOTES TO THE HALF-YEAR FINANCIAL REPORT.....	15

## ELECTRIC GUITAR PLC

### SUMMARY

Six months ended 30 September 2024

#### Highlights

In the six months to 30 September 2024, Electric Guitar PLC (LSE: ELEG) (**'Company'** or **'Electric Guitar'**) pursued its mission to become the provider of choice of first-party data solutions for the marketing and advertising industry, empowering businesses to realise the value of their first-party data. In an era of changing consumer attitudes towards the use of their data, tighter privacy legislation, and the progressive loss of third-party cookies, first-party data has become key to success in digital marketing.

- In May 2024:
  - Completed the acquisition of 3radical Limited (**'3radical'**) in an all-share reverse takeover (**'RTO'**) valued at £1.3m
  - Transferred to AIM, raising £2.2m before expenses and a £0.6m loan facility
- In August 2024 acquired Mymyne Limited (**'Mymyne'**) in an all-share acquisition, achieving substantial cost-savings
- Entered into multiple business collaborations to extend marketing reach and product offerings during the period

#### Post balance sheet events

- On 26 November 2024, trading in the Company's shares was suspended pending clarification of the Company's financial position
- On 24 December 2024, 3radical was placed into Creditors Voluntary Liquidation (**'CVL'**), and the Company automatically reverted to being a cash shell while exploring refinancing options
- A Company Voluntary Arrangement (**'CVA'**) is today being proposed to creditors and shareholders for the refinancing of the Company as a cash shell
- New investment of £0.3m proposed to provide working capital to enable the Company's shares to be restored to trading on AIM and to continue as a cash shell pending a further acquisition or investment

## ELECTRIC GUITAR PLC

### CHAIR'S STATEMENT

#### For the six months ended 30 September 2024

I present the Company's unaudited interim results for the six months ended 30 September 2024.

Despite the recent insolvent liquidation of the Company's principal trading subsidiary, I want to pay tribute to the untiring efforts of the Company's management and staff in trying to make a success of the Company's business since the reverse takeover transaction to acquire 3radical Ltd ("RTO"). The Company's mission was well conceived and, on its acquisition, 3radical offered a very credible base from which to try to grow.

The delivery of that mission was however challenged, principally by the impact of the lack of investment in 3radical in the months leading up to the RTO, which had taken longer than anticipated due to difficult stock market conditions; and then by a tough macroeconomic environment coupled with a volatile political landscape, both of which were damaging to customers' confidence.

In addition, the Company's 'buy and build' mission of using its equity as both acquisition currency and to raise further investment, was undermined by its share price falling substantially from very soon after the RTO, ultimately down some 90% by the time the shares were suspended in November 2024.

#### Achievements during the six months ended 30 September 2024

On 3 May 2024, the Company completed a £1.3m all-share acquisition of 3radical, a business with a well-established software platform already in use by major clients around the world, that helped marketers engage their customers by securing the first-party data marketers increasingly need.

As the Company had until then been a Special Purpose Acquisition Company ('SPAC'), its first acquisition was an RTO. At the request of 3radical's major shareholders, on completing the RTO the Company cancelled its listing on the Standard Segment of the FCA Official List and Main Market of the London Stock Exchange, and had its shares admitted to the LSE's AIM market. At the same time, it raised £2.2m in new equity (before expenses of £1.3m), as well as securing a £0.6m loan facility from its largest shareholder, Sanderson Capital Partners Ltd ('Sanderson').

On 28 August 2024, the Company completed the acquisition of Mymyne, a developer of data-related software solutions, and the provider of related sales and marketing services to 3radical, achieving significant cost-savings. The all-share consideration comprised a value of £72,000 on completion, and a maximum conditional further all-share consideration capped at a maximum equity market value if and when payable of £268,600 (all of which above £161,160 would, if earned, be self-financing, being a percentage of revenues achieved from sales of Mymyne's IP in the following year).

During the period, the Company also entered into a number of business collaborations to extend its marketing reach and product offerings, such as a proposed joint venture to build AI-enhanced marketing and advertising solutions.

## ELECTRIC GUITAR PLC

### CHAIR'S STATEMENT

For the six months ended 30 September 2024 (continued)

#### Post balance sheet events

The Company's shares were suspended from trading on AIM on 26 November 2024, after substantially reduced short and medium term trading projections from 3radical's management – driven in large measure by the withdrawal of prospective customers following the Government's 30 October Budget and other adverse macroeconomic conditions – and the lack of sufficient further funding being available to the Company. On 24 December 2024, 3radical was placed into CVL, despite efforts to sell it as a going concern.

At this point, with its principal trading business in liquidation, the Company became an AIM Rule 15 cash shell. Having used all its available funds (including by then £125k drawn from the £0.6m loan facility) to support the 3radical business and its own running costs, and as a result of being unable to raise additional funds after potential investors withdrew abruptly from discussions, coupled with the CVL of 3radical causing the £475k balance of the Company's loan facility to no longer be available pursuant to its terms, the Company had no way to pay down its own liabilities now estimated at approximately £1.4m, comprising mainly outstanding fees due to advisers, accrued salaries, and payments due to HMRC.

Since then, the Board has been in discussions to restructure and refinance the Company that have culminated in the proposed CVA and fundraising, with a view to eliminating the Company's debts and raising new working capital to enable its shares to be restored to trading on AIM and to continue as a cash shell pending a further acquisition or investment.

DocuSigned by:

  
4FA9C028C4AB467.....

John C Hutchinson

Chair

10 March 2025

## ELECTRIC GUITAR PLC

### DIRECTORS REPORT

For the six months ended 30 September 2024

The directors present their report for the six months ended 30 September 2024.

#### Principal activities

The principal activity of the Company during the period to 30 September 2024 was that of identifying potential companies, businesses, or assets for acquisition and, following the RTO of 3radical on 3 May 2024, the provision of software services mainly for advertising and marketing.

On 3 May 2024, the Company completed its acquisition of 3radical, a software solutions business. Consideration payable for 100% of the shares in 3radical was £1.3m, which was settled in full through the issue of new ordinary shares in the Company.

#### Principal risks and uncertainties

The principal risks currently faced by the Company relate to:

##### ***Inability to fund operations pending a further acquisition***

Following the CVL of its main operating subsidiary on 24 December 2024 and the consequential automatic reversion of the Company to being a cash shell from that date, in order to continue operations to the point where the Company is able to complete a further acquisition, the Company will need to ensure that it has sufficient funds to meet all its listing and operating expenses through to completion.

The Company currently has very limited working capital, and is today issuing proposals to its creditors and shareholders for a CVA that will, if approved by them, relieve the Company of substantially all its debts and enable it to raise £0.3m in new equity to finance its working capital needs as a cash shell. If the CVA is not approved, then it is likely that the Company will be placed into immediate insolvent liquidation.

##### ***The Company's relationship with the directors and conflicts of interest***

The Company is dependent on the directors to identify potential acquisition opportunities and to execute acquisitions. In light of the reversion of the Company to being a cash shell on 24 December 2024, following approval of the proposed CVA at meetings, scheduled to be held on 27 March 2025, it is anticipated that the roles of the current two executive directors will be made redundant and that, except for Grahame Cook (a current non-executive director) and Richard Horwood (currently Chief Operating Officer, but to become non-executive following approval of the proposed CVA), all the other directors will retire from the Board. It is also proposed that, following approval of the proposed CVA, Sarfraz Munshi, a representative of Sanderson, will re-join the Board as an additional non-executive director. Mr Munshi and the two continuing non-executive directors are experienced and well-connected company directors and, whilst they will focus on executing the Company's strategy, they will also allocate a proportion of their time to other businesses which may lead to the potential for conflicts of interest in their determination as to how much time to assign to the Company's affairs.

## ELECTRIC GUITAR PLC

### DIRECTORS REPORT

For the six months ended 30 September 2024 (continued)

#### ***The proposed acquisition of a new company may not be completed***

If the Company does not complete a new acquisition, it may not be able to fulfil its objectives and will likely require additional working capital, or proposals to be put to shareholders as to the future of the Company. In addition, if such an acquisition is commenced but not completed, the Company may be left with substantial transaction costs.

#### ***Risks inherent in the acquisition of a new company***

Although the Company and the directors will evaluate the risks inherent in any particular target, they cannot offer any further assurance that all the significant risk factors can be identified or properly assessed.

#### ***Reliance on external advisers***

The directors rely on external advisers to help assess proposed acquisitions, and there is a risk that such advisers fail to perform as required.

#### ***Failure to obtain additional financing to complete an acquisition or fund a target's operations***

There is no guarantee that the Company will be able to obtain any additional financing needed either to complete an acquisition or to implement its plans post-acquisition or, if available, to obtain such financing on terms which are reasonable to the Company. In that event, the Company may be compelled to restructure or abandon the acquisition or proceed with the acquisition on less favourable terms, which may reduce the Company's return on investment. The failure to secure additional financing on acceptable terms could have a material adverse effect on the continued development or growth of the Company and the acquired business.

#### ***Reliance on income from the acquired activities***

Following an acquisition, the Company may be dependent on the income generated by the acquired business or from the subsequent divestment of the acquired business to meet the Company's expenses. If the acquired business is unable to provide sufficient funds to the Company, the Company may be unable to pay its expenses or make distributions and dividends on the ordinary shares.

#### ***Restrictions in offering ordinary shares as consideration for an acquisition or requirements to provide alternative consideration***

In certain jurisdictions, there may be legal, regulatory, or practical restrictions on the Company using its ordinary shares as consideration for an acquisition or which may mean that the Company is required to provide alternative forms of consideration. Such restrictions may limit the Company's acquisition opportunities or make a certain acquisition more costly, which may have an adverse effect on the results of operations of the Company.

## ELECTRIC GUITAR PLC

### DIRECTORS REPORT

For the six months ended 30 September 2024 (continued)

#### Financial review

The results for the period are set out on page 11. For the six months ended 30 September 2024, the Company reports a net loss of £4,268k (2023: net loss of £591k) for the Company and its subsidiaries ('Group').

During the six months to 30 September 2024, the Group incurred significant costs relating to the due diligence of 3radical, executing its acquisition and funding its operating losses, as well as impairment losses recognised to write off goodwill and other assets for 3radical. During the period, the Group incurred a net cash outflow of £30k (2023: outflow of £402k). At 30 September 2024, the Company held cash at bank of £23k.

No dividends were paid. The directors do not recommend payment of an interim dividend.

#### Basis of preparation - basis other than going concern

The financial statements have been prepared on a basis other than going concern.

The Board has assessed the group's financial position as at 30 September 2024 and 5 March 2025. Subsequent to the reporting date, 3radical, the Company's main subsidiary, entered into a CVL. The Company intends to enter into a CVA to restructure its business and its liabilities during March 2025.

See notes 2.1 and 2.3 for key matters assessed by the Directors in determining that the half-year financial statements should be prepared on a basis other than going concern.

#### Events subsequent to the reporting date

Subsequent to the reporting date, 3radical was put into a CVL. The key events leading to this decision by the Board were as follows:

- Until late November, management had projected sufficient revenue growth in the second half of the financial year (to 31 March 2025) to enable the Company to trade through to cashflow breakeven and profitability within its existing resources.
- At the Company's 26 November 2024 Board meeting, the revenue projections were significantly reduced, due principally to delayed purchasing decisions by customers to assess the impact of the 30 October UK Budget and worsening macro-economic indicators.

## ELECTRIC GUITAR PLC

### DIRECTORS REPORT

For the six months ended 30 September 2024 (continued)

- As the Company's share price had declined substantially since the RTO, since September 2024 the directors had been seeking alternative international funding to be able to pursue the Company's core 'buy and build' mission. Despite positive investor meetings, the prospective new investors withdrew just before the Company's November Board meeting following a further sharp decline in the Company's share price.
- In light of these factors, the Board concluded that, absent substantial new funding that was not now available, neither the Company nor 3radical could reasonably be expected to be able to pay their liabilities as they fell due, and the Company's shares were suspended from trading on AIM.
- After unsuccessfully marketing 3radical's business as a going concern, 3radical Ltd was put into a CVL on 24 December 2024. The Company then automatically became a cash shell, and the directors engaged in negotiations to seek a restructuring and refinancing to enable it to continue operating.

Refer to Chair's Statement for further subsequent events disclosures.

#### Directors

The directors who held office during the period and up to the date of approval of the financial statements were as follows:

John Hutchinson	(Non-Executive Chair)
John Regan	(CEO)
Sarfraz Munshi	(Non-Executive, resigned 3 May 2024)
Richard Horwood	(COO)
Grahame Cook	(Non-Executive, appointed 3 May 2024)
Caroline Worboys	(Non-Executive, appointed 3 May 2024)
David Eldridge	(Appointed 3 May 2024 and resigned 17 June 2024)

On behalf of the board

DocuSigned by:  
  
4FA9C028C4AB467...

John Hutchinson  
Director  
10 March 2025

**ELECTRIC GUITAR PLC****CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

for the six months ended 30 September 2024

	Note	Six months ended 30/9/24 £'000 (unaudited)	Six months ended 30/9/23 £'000 (unaudited)
<i>Discontinued operations</i>			
<b>Revenue</b>		<b>57</b>	-
<b>Cost of sales</b>		<b>(34)</b>	-
<b>Gross profit</b>		<b>23</b>	-
Administration expenses			
- Acquisition costs	5	(585)	(415)
- Impairment of goodwill	11	(2,269)	-
- Other costs		(1,435)	(182)
<b>Operating loss</b>	<b>4</b>	<b>(4,266)</b>	<b>(597)</b>
Finance costs		<b>(5)</b>	-
Finance income- interest received		<b>3</b>	6
<b>Loss before income tax</b>		<b>(4,268)</b>	<b>(591)</b>
Income tax		-	-
<b>Loss for the period</b>		<b>(4,268)</b>	<b>(591)</b>
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified to profit or loss</b>			
Gains on translation of foreign operations		28	-
<b>Loss and other comprehensive income for the period</b>		<b>(4,240)</b>	<b>(591)</b>
<i>Loss per share - discontinued operations</i>			
Basic (pence)		(2.13)	(1.02)
Diluted (pence)		(2.13)	(1.02)

The notes on pages 15 to 24 form part of these financial statements.

**ELECTRIC GUITAR PLC****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 September 2024

		At 30 Sept 2024 £'000 (unaudited)	At 31 March 2024 £'000 As restated* (audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<u>3</u>	<u>5</u>
<b>CURRENT ASSETS</b>			
Other receivables		40	76
Cash and cash equivalents		<u>23</u>	<u>-</u>
		<u>63</u>	<u>76</u>
<b>TOTAL ASSETS</b>		<u><u>66</u></u>	<u><u>81</u></u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	7	1,216	289
Share premium	8	3,649	949
Foreign currency translation reserve		28	-
Share-based payment reserve	8	49	-
Accumulated losses		<u>(6,414)</u>	<u>(2,146)</u>
<b>TOTAL EQUITY- (deficiency)</b>		<u><u>(1,472)</u></u>	<u><u>(908)</u></u>
<b>CURRENT LIABILITIES</b>			
Borrowings	9	77	192
Trade and other payables	10	<u>1,461</u>	<u>797</u>
<b>TOTAL LIABILITIES</b>		<u><u>1,538</u></u>	<u><u>989</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>66</u></u>	<u><u>81</u></u>

\*: The Company's statement of financial position has been restated in the comparative period as described in Note 2.2.

These financial statements were approved by the Board of Directors and authorised for issue on 10 March 2025 and were signed on its behalf by:

DocuSigned by:



.....  
4FA9C028C4AB467...

John Hutchinson, Director

Company number 13288812

The notes on pages 15 to 24 form part of these financial statements.

**ELECTRIC GUITAR PLC****CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

for the six months ended 30 September 2024

	Share capital	Share premium	Retained losses	Share- based payment reserve	Foreign currency trans- lation reserve	Totals
	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 1 April 2024</b> as restated* (audited)	<b>289</b>	<b>949</b>	<b>(2,146)</b>	-	-	<b>(908)</b>
<b>Changes in equity</b>						
<b>New shares issued during the period</b>	<b>927</b>	<b>2,700</b>	-	-	-	<b>3,627</b>
<b>Share based payments</b>	-	-	-	<b>49</b>	-	<b>49</b>
<b>Foreign exchange translation gains</b>	-	-	-	-	<b>28</b>	<b>28</b>
<b>Loss for the period</b>	-	-	<b>(4,268)</b>	-	-	<b>(4,268)</b>
<b>At 30 September 2024</b> (unaudited)	<b>1,216</b>	<b>3,649</b>	<b>(6,414)</b>	<b>49</b>	<b>28</b>	<b>(1,472)</b>
<b>At 1 April 2023</b> (audited)	289	949	(783)	-	-	455
<b>Change in equity</b>						
Loss for the period	-	-	(591)	-	-	(591)
<b>At 30 September 2023</b> (unaudited)	<b>289</b>	<b>949</b>	<b>1,374</b>	-	-	<b>(136)</b>

\* The Company's statement of changes in equity has been restated in the comparative period as described in Note 2.2.

*The notes on pages 15 to 24 form part of these financial statements.*

**ELECTRIC GUITAR PLC****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

for the six months ended 30 September 2024

	<b>6 months ended 30 Sept 2024 £'000 (unaudited)</b>	<b>6 months ended 30 Sept 2023 £'000 (unaudited)</b>
<b>Cash flow from operating activities</b>		
Loss for the period	(4,268)	(591)
<b>Adjustments for:</b>		
Finance costs	5	-
Finance income	(3)	(6)
Share-based payment charges	49	-
Depreciation charges	1	-
Impairment of goodwill	2,269	-
Foreign currency differences	(28)	-
Decrease/(increase) in other receivables	74	(63)
Increase in trade and other payables	535	257
<b>Net cash used in operating activities</b>	<b>(1,366)</b>	<b>(402)</b>
<b>Cash flow from investing activities</b>		
Finance income	3	6
<b>Net cash from investing activities</b>	<b>3</b>	<b>6</b>
<b>Cash flow from financing activities</b>		
Proceeds from issue of shares	1,323	-
Net proceeds from borrowings	10	-
<b>Net cash from financing activities</b>	<b>1,333</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(30)</b>	<b>(396)</b>
Cash and cash equivalents at the beginning of the period	-	492
Cash acquired on acquisition of subsidiaries	53	-
<b>Cash and cash equivalents at the end of the period</b>	<b>23</b>	<b>96</b>

*The notes on pages 15 to 24 form part of these financial statements.*

## ELECTRIC GUITAR PLC

### NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six months ended 30 September 2024

#### 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 principal activity of the Company during the period to 30 September 2024 was that of identifying potential companies, businesses, or assets for acquisition and, following the RTO of 3radical on 3 May 2024, the provision of software services mainly for advertising and marketing.

The functional and presentational currency is Great British Pounds Sterling ('£') and the financial statements have been rounded off to nearest thousands of pounds (£'000).

#### 2. Accounting policies

The following accounting policies have been applied:

##### 2.1 Basis of preparation

These half-year financial statements ('HYFS') for the Company and its subsidiaries ("the Group") have been prepared under historical cost convention and in accordance with the recognition and measurement requirements of UK adopted International Financial Reporting Standards (UK adopted IFRS). The HYFS have been prepared on a basis other than going concern. Subsequent to the reporting date, 3radical, the company's main subsidiary was put into liquidation. The directors intend to restructure the operations and debt of the remaining group entities through a CVA in March 2025. Assets are held at their net realisable value. Liabilities are stated at their expected settlement amount.

Comparatives disclosed in these HYFS, which related to the Company only, were prepared under the historical cost convention and in accordance with the recognition and measurement requirements of UK adopted International Financial Reporting Standards ('IFRS'), applying a going concern basis of preparation. The comparatives relate to the Company only and are therefore not entirely comparable.

##### 2.2 Prior period error

In the preparation of the Company's audited financial statements for the year ended 31 March 2024, the statement of financial position overstated borrowings by £60k, and understated other payables by £55k. The Company's statement of comprehensive income incorrectly allocated facility fees on borrowings to operating costs rather than finance costs and overstated losses by £5k.

## ELECTRIC GUITAR PLC

### NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six months ended 30 September 2024 (continued)

#### 2. Accounting policies (continued)

##### 2.2 Prior period error (continued)

The Company has corrected these errors in these interim financial statements by restating the comparatives disclosed in the statement of financial position as at 31 March 2024.

##### 2.3 Basis other than Going Concern

The directors intend to restructure the operations and debt of the Group through a creditors' voluntary arrangement in March 2025. In view of this, the directors do not consider a going concern basis to be appropriate and these financial statements have been prepared on a basis other than going concern, assuming assets will be realised and the business in its current format will be restructured into a new entity.

##### 2.4 Basis of consolidation

The financial statements of the Group consolidate the results of the Company and its subsidiary entities. A subsidiary is an entity controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its influence over the entity.

The financial statements of subsidiaries are included in the condensed consolidated financial statements from the date on which control commences until the date on which control ceases.

The consolidated financial statements present the results of the Company and its subsidiaries (the Group) as if they formed a single entity. Intercompany transactions and balances, including unrealised gains/losses between group companies are therefore eliminated in full.

Where the Group ceases to control a subsidiary, the subsidiary is deconsolidated from the date which control ceases. The net assets of the subsidiary are included in a disposal calculation along with any consideration received from the disposal, with any gain or loss recognised in the Statement of Profit and Loss.

##### 2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

## ELECTRIC GUITAR PLC

### NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six months ended 30 September 2024 (continued)

#### 2. Accounting policies (continued)

##### 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.

##### 2.7 Provisions for liabilities

Provisions are made where an event has taken place that gives the group 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 income statement in the period that the group becomes aware of the obligation and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, after taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the balance sheet.

##### 2.8 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. Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

##### 2.9 Financial liabilities

All financial liabilities are recognised in the consolidated statement of financial position when the Company or its subsidiaries becomes party to the contractual provision of a financial instrument.

###### Financial liabilities measured at amortised cost

Financial liabilities held at amortised cost comprise trade payables and other payables and borrowings.

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 market rate on the balance of the liability carried in the consolidated statement of financial position.

## ELECTRIC GUITAR PLC

### NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six months ended 30 September 2024 (continued)

#### 2. Accounting policies (continued)

##### 2.9 Financial liabilities (continued)

###### Subsequent measurement

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.

##### 2.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

##### 2.11 Business combinations

The condensed consolidated half-year financial statements incorporate the results of Electric Guitar plc and its subsidiaries as at 30 September 2024 and for the six months period then ended using the acquisition method of accounting.

Business combinations falling within the scope of IFRS 3 Business Combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the group.

The Group measures goodwill at the acquisition date as the fair value of the consideration transferred less the fair value of identifiable assets acquired and liabilities assumed.

Costs relating to the acquisition, other than those associated with the issue of equity instruments, are expensed as incurred.

### 3. 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 applying the Company's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including future conditions that are assessed to be reasonable under the circumstances.

**ELECTRIC GUITAR PLC****NOTES TO THE INTERIM FINANCIAL STATEMENTS**

for the six months ended 30 September 2024 (continued)

**3. Critical accounting judgements and estimates (continued)**

Critical accounting judgements applied by the directors in preparing these half-year financial statements are disclosed in the basis of preparation (note 2.1) and basis other than going concern (note 2.3) accounting policies.

**4. Employees and directors' remuneration**

	<b>6 months ended 30 Sept 2024 £'000</b>	<b>6 months ended 30 Sept 2023 £'000</b>
Wages and salaries	587	82
Social security costs	64	2
Other pension costs	6	2
	<b>657</b>	<b>86</b>

**5. Acquisition costs**

During both half-year periods, the Company incurred one-off expenses towards the acquisition of subsidiaries and admission to AIM.

	<b>6 months ended 30 Sept 2024 £'000</b>	<b>6 months ended 30 Sept 2023 £'000</b>
Professional fees - purchase of subsidiaries	520	357
Listing fees	15	18
Other professional fees	50	40
	<b>585</b>	<b>415</b>

**6. Loss per share - discontinued activities**

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.

**ELECTRIC GUITAR PLC****NOTES TO THE INTERIM FINANCIAL STATEMENTS**

for the six months ended 30 September 2024 (continued)

	<b>6 months ended 30 Sept 2024</b>	<b>6 months ended 30 Sept 2023</b>
Loss for the period attributable to equity holders of the Company (£'000)	(4,268)	(591)
Weighted average number of ordinary shares	<u>200,322,398</u>	<u>57,862,776</u>
<b>Loss per share (pence)</b>	<b><u>(2.13)</u></b>	<b><u>(1.02)</u></b>

Share warrants issued by the Company have an anti-dilutive effect on loss per share. Hence, under IFRS diluted loss per share is shown as being the same as basic loss per share.

**7. Share Capital**

	<b>30 Sept 2024 £'000</b>	<b>31 March 2024 £'000</b>
<b>Issued and fully paid</b>		
243.3m Ordinary shares of 0.5p each (31/3/24 - 57.9m)	<u>1,216</u>	<u>289</u>

Movements in issued share capital during the six months ended 30 September 2024 were:

	<b>No. of ordinary shares- 0.5p each</b>	<b>Nominal Value £'000</b>
At beginning of period	<u>57,862,776</u>	<u>289</u>
<i>Shares issued on 3 May 2024</i>		
- Consideration paid to vendors of 3radical	61,184,843	306
- Cash subscription and placing	62,987,410	315
- Settlement of accrued directors' remuneration due to John Hutchinson	3,214,280	16
- Settlement of loans due to, and accrued directors' remuneration issued to, Richard Horwood	1,441,140	7
- Settlement of debts owed to Sanderson (note 9)	25,476,190	128
- Settlement of loan due to third party	1,190,480	6
- Settlement of advisors' fees on AIM Admission	10,476,170	52
<i>Shares issued on 9 August 2024</i>		
- Settlement of professional fees for £70k owed to advisors	9,589,042	48
<i>Shares issued on 28 August 2024</i>		
- Initial consideration paid to vendors of Mymyne	9,834,521	49
<b>At end of period</b>	<b><u>243,256,852</u></b>	<b><u>1,216</u></b>

**ELECTRIC GUITAR PLC****NOTES TO THE INTERIM FINANCIAL STATEMENTS**

for the six months ended 30 September 2024 (continued)

The issue price for all shares issued on 3 May 2024 was 2.1p per share. The issue price for all shares issued in August 2024 was 0.73p per share. Ordinary shares carry voting and dividend rights.

**8. 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.

*Share-based payment reserve*

Cumulative fair value of the charge/(credit) in respect of share warrants granted and recognised as an expense in the Income Statement.

*Foreign currency translation reserve*

The translation reserve comprises translation differences arising from the translation of financial statements of the Group's foreign entities into Sterling (£).

*Accumulated losses*

This reserve records accumulated losses brought forward and carried forward.

**9. Financial Liabilities – Borrowings - due less than one year**

	<b>30 Sept 2024</b>	<b>31 March 2024</b>
	<b>£'000</b>	<b>£'000</b>
		<b>(As restated)</b>
<i>Current liability:</i>		
Borrowings owed to related party	<u>77</u>	<u>192</u>

On 26 March 2024, an unsecured loan facility of £600k was agreed with Sanderson Capital Partners Limited ('**£600k Facility**').

Effective from 3 May 2024, a facility fee (satisfied in shares on the Company's AIM Admission) of £100k was incurred in lieu of any further costs of the £600k Facility, with a repayment date of 12 months from the Company's AIM Admission, and an option to extend for a further 8 months for an additional facility fee of £15k payable at the end of that extended period. £50k of the £600k facility was drawn down on 19 September 2024.

On 3 May 2024, the previous £250k facility in place and all associated fees, and all fees associated with the £600k Facility, were settled in full by the issue of shares in the Company at a price of 2.1p per share.

**ELECTRIC GUITAR PLC****NOTES TO THE INTERIM FINANCIAL STATEMENTS**

for the six months ended 30 September 2024 (continued)

**10. Trade and other payables**

	<b>30 Sept 2024</b>	<b>31 March 2024</b>
	<b>£'000</b>	<b>£'000</b>
		<b>(As restated)</b>
Trade creditors	<b>786</b>	377
Social security and other taxes	<b>158</b>	12
Pension payable to directors' personal SIPPs	<b>53</b>	5
Accrued expenses and deferred income	<b>464</b>	403
	<b>1,461</b>	797

Trade payables and accruals primarily comprise amounts payable for services received from third parties. The Group has financial risk management policies in place to monitor that all payables are paid within the pre-agreed credit terms. The directors consider that the fair value approximates the carrying value.

**11. Business combination - acquisition of 3radical**

On 3 May 2024, the Company completed its acquisition of 3radical, a software solutions business. Consideration payable for 100% of the shares in 3radical was £1.3m, which was settled in full through the issue of new ordinary shares in the Company. At the time acquisition, 3radical was a business with a well-established software platform already in use by major clients around the world, which helped marketers engage their customers by securing the first-party data marketers increasingly need.

The carrying values of 3radical's assets and liabilities on acquisition were assessed as being in line with their fair values. No fair value adjustments were assessed as necessary by the Directors. Goodwill was recognised on this acquisition because the cost of the combination included a control premium. Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	<b>£'000</b>
Cash at bank	<b>35</b>
Trade and other receivables	<b>38</b>
Trade and other payables	<b>(645)</b>
Borrowings	<b>(347)</b>
Net liabilities at acquisition	<b>(919)</b>
Purchase consideration- satisfied through new ordinary shares issued	<b>1,285</b>
Goodwill on acquisition	<b>2,204</b>

## ELECTRIC GUITAR PLC

### NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six months ended 30 September 2024 (continued)

During December 2024, 3radical was placed into CVL. The above goodwill asset has been impaired in full at 30 September 2024 and is recognised within impairment expense of £2,204k in the income statement.

#### 12. Non-Cash Transactions

The Group entered into the following material non-cash transactions during the period:

- On 3 May 2024, the Company completed its acquisition of 3radical, a software solutions business. Consideration paid for 100% of the shares in 3R was £1,285k, which was settled in full through the issue of 61.2 million new ordinary shares in the company at an issue price of 2.1p per share (see note 7).
- On 3 May 2024, the Company settled borrowings owed to Sanderson through the issue of 25.5 million ordinary shares in the Company at an issue price of 2.1p per share (see note 7).

#### 13. Related party transactions

During the period, the Company entered into the following transactions with related parties, all of which were conducted on an arm's length basis:

- On 9 August 2024, 9.6m shares were issued to certain professional advisors and consultants to settle their fees (see note 7). Included in this amount was 5.5m shares issued to Tanvier Malik in relation to his role as Capital Markets Consultant. Since Mr Malik controls Sanderson, a significant shareholder of the Company, this transaction constitutes a related party transaction.
- On 28 August 2024, the Company completed an all-share acquisition of Mymyne, valuing it at up to a maximum of approximately £154k based on the closing mid-market price of the Company's shares immediately prior to announcing the proposed acquisition on 9 August 2024, which was approved by shareholders in General Meeting on 27 August 2024. The Company recognised the initial consideration of £72k (settled by the issue of 9,834,521 shares in the Company – see Note 7) as the purchase price, but not the conditional deferred consideration of up to a further 11,191,665 shares (worth up to a maximum of £82k at the completion share price, and capped at a total of £268.6k at the mid-market price of the Company's shares if and when payable) as the likelihood of the conditional deferred amount being paid was uncertain. John Regan, who serves as Electric Guitar's CEO, and John Hutchinson, who serves as Electric Guitar's Chair, and both being directors of the Company, were 36.9% and 9.5% shareholders of Mymyne respectively at the time of the acquisition and therefore it was a related party transaction.

## ELECTRIC GUITAR PLC

### NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six months ended 30 September 2024 (continued)

#### 13. Related party transactions (continued)

The fair value of net assets acquired on Mymyne's books was £8k, including cash at bank of £18k. Goodwill arising on acquisition was £64k. During the period this goodwill has been written off in full through the income statement.

- See note 9 for details of transactions entered into with Sanderson during the reporting period and the comparative period.
- The Company purchased services for £275k from BDB Pitmans LLP for due diligence services on 3radical and its subsidiaries. John Hutchinson serves as Chair of the Company and is managing partner of BDB Pitmans LLP.
- The Company purchased services for £95k from Mymyne Ltd. Of this amount, £40k was for the provision of commercial due diligence services in connection with the proposed acquisition of a previous target which did not proceed. The remaining £55k was for the provision of commercial due diligence services in connection with the RTO. John Regan, who serves as Electric Guitar's CEO, and John Hutchinson, who serves as Electric Guitar's Chair, and both being directors of the Company, were 36.9% and 9.5% shareholders of Mymyne Ltd respectively at the time the services were purchased.

#### 14. Post balance sheet events

- On 26 November 2024, trading in the Company's shares on AIM was suspended pending clarification of the Company's financial position.
- On 24 December 2024, 3radical was placed into CVL, and the Company automatically reverted to being a cash shell while exploring refinancing options.
- A CVA is today being proposed to creditors and shareholders for the refinancing of the Company as a cash shell.

#### 15. Controlling party

The Company considers that there is no ultimate controlling party.