

Prospectus dated 30 November 2023.

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 to seek your own financial advice immediately from an appropriately authorised stockbroker, bank manager, solicitor, accountant or other independent financial adviser who, if you are taking advice in the United Kingdom, is duly authorised under the Financial Services and Markets Act 2000 (“FSMA”).

This Document comprises a prospectus (the “Prospectus”) relating to Chill Brands Group PLC (the “Company”) prepared in accordance with the Prospectus Regulation Rules of the Financial Conduct Authority (the “FCA”) made under section 73A of FSMA and approved by the FCA under section 87A of FSMA. The Prospectus has been approved by the FCA, as competent authority under the UK version of Regulation (EU) No 2017/1129, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018 (the “Prospectus Regulation”). The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval shall not be considered as an endorsement of the Issuer that is the subject of this Prospectus nor of the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities. This Document has been drawn up as part of a simplified prospectus in accordance with Article 14 of the Prospectus Regulation. This Prospectus has been made available to the public in accordance with Rule 3.2 of the Prospectus Regulation Rules and Article 21 of the Prospectus Regulation.

Application has been made to the FCA for the Conversion Shares to be admitted to the Official List maintained by the FCA (the “Official List”) (by way of a standard listing under Chapter 14 of the listing rules published by the UK Listing Authority under section 73A of FSMA as amended from time to time (the “Listing Rules”)) and to the London Stock Exchange plc (the “London Stock Exchange”) for the Conversion Shares to be admitted to trading on the London Stock Exchange’s main market for listed securities (“Admission”). It is expected that Admission of the Conversion Shares will become effective, and that unconditional dealings in the Conversion Shares will commence, at 8.00 a.m. on 5 December 2023. Application for Admission of the Warrant Shares will be made upon exercise of the relevant Warrants.

THE WHOLE OF THE TEXT OF THIS DOCUMENT SHOULD BE READ BY PROSPECTIVE INVESTORS. YOUR ATTENTION IS SPECIFICALLY DRAWN TO THE DISCUSSION OF CERTAIN RISKS AND OTHER FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE ORDINARY SHARES, AS SET OUT IN THE SECTION ENTITLED “RISK FACTORS” BEGINNING ON PAGE 8 OF THIS DOCUMENT.

The Directors, whose names appear on page 34, and the Company accept responsibility for the information contained in the prospectus. To the best of the knowledge of the Company and the Directors, the information contained in this Document is in accordance with the facts and this Document makes no omission likely to affect its import.

Chill Brands Group PLC

(Incorporated and registered in England and Wales with registered number 09309241)

Admission to listing on the Standard Segment of the Official List and to trading on the Main Market for listed securities of the London Stock Exchange of 154,675,220 Conversion Shares and of up to 19,750,574 Warrant Shares upon exercise of the relevant Warrants

This Document does not constitute an offer to sell or an invitation to subscribe for, or the solicitation of an offer or invitation to buy or subscribe for, Ordinary Shares in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, publication or approval requirements on the Company. The information contained in this Document has been prepared solely for the purpose of the Admission and is not intended to be relied upon by any subsequent purchasers of Ordinary Shares (whether on or off exchange) and accordingly no duty of care is accepted in relation to them.

The distribution of this Document in or into jurisdictions other than the United Kingdom may be restricted by law and therefore 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 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 or qualified for sale under applicable securities laws of Russia, Australia, Canada, Japan, New Zealand or the Republic of South Africa. Subject to certain exceptions, the Ordinary Shares may not be, offered, sold, resold, transferred or distributed, directly or indirectly, within, into or in the United States or to or for the account or benefit of U.S. persons (as defined in Rule 902 under the Securities Act) or to persons in the United States, Russia, Australia, Canada, Japan, New Zealand, the Republic of South Africa or any other jurisdiction where such offer or sale would violate the relevant securities laws of such jurisdiction.

Application has been made for the Conversion Shares to be admitted to the Standard List segment of the Official List. The Company’s Existing Ordinary Shares (which does not include the Conversion Shares and the Warrant Shares) are currently admitted to the Standard List segment of the Official List and to trading on the London Stock Exchange’s main market for listed securities. A Standard Listing affords investors in the Company a lower level of regulatory protection than that afforded to investors in companies with Premium Listings on the Official List, which are subject to additional obligations under the Listing Rules. The Ordinary Shares are also traded on the US OTCQB Venture Market under the ticker symbol ‘CHBRF’.

It should be noted that the FCA does not and will not have the authority to (and will not) monitor the Company’s compliance with any of the Listing Rules which the Company has indicated herein that it intends to comply with on a voluntary basis, nor to impose sanctions in respect of any failure by the Company so to comply. However, the FCA would be able to impose sanctions for non-compliance where the statements regarding compliance in this Document are themselves misleading, false or deceptive.

Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G of FSMA or Rule 3.4 of the Prospectus Regulation Rules, the publication of this Document does not create any implication that there has been no change in the affairs of the Group since, or that the information contained herein is correct at any time subsequent to, the date of this Document. Notwithstanding any reference herein to the Company’s website, other than as provided in Part 12 “*Historical Financial Information of the Company*”, the information on the Company’s website does not form part of this Document.

This prospectus is dated 30 November 2023.

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Part 1

SUMMARY

Introduction and Warnings

This Document is issued by Chill Brands Group PLC, whose legal entity identification number (LEI) is 213800RGK8LNU9RGMT89 and relates to the admission to trading of new ordinary shares of £0.01 each in the capital of the Company, whose international securities identification number (ISIN) is GB00BWC4X262.

The Company can be contacted in writing at Eastcastle House, 27-28 Eastcastle Street, London W1W 8DH, by telephone on +44 020 7637 5216 and by email at contact@chillbrandsgroup.com.

This Document was approved on 30 November 2023 by the Financial Conduct Authority, who can be contacted in writing at 12 Endeavour Square, London E20 1JN UK.

This summary should be read as an introduction to this Document. Any decision to invest in the Ordinary Shares should be based on consideration of this Document as a whole by the investor. Civil liability attaches only to those persons who have tabled this summary, including any translation thereof, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of this Document, or if this summary does not provide, when read together with the other parts of this Document, key information in order to aid investors when considering whether to invest in the Ordinary Shares. Investors could lose all or part of their invested capital in Ordinary Shares.

Key Information on the Issuer

Who is the issuer of the securities?

The legal and commercial name of the Issuer is Chill Brands Group PLC, whose LEI is 213800RGK8LNU9RGMT89, and which is incorporated, registered and domiciled in England and Wales under the Companies Act 2006 as a public limited company with registered number 09309241.

The Company's primary activity is the development, production and distribution of nicotine-free vape (or "vapour") products, hemp-derived CBD products, tobacco alternatives and other consumer packaged goods (CPG) products.

As at 29 November 2023, the latest practicable date before the date of this Document, the following persons required disclosure under the DTR:

Name	Number of Ordinary Shares held	% of Existing Ordinary Shares	Number of Ordinary Shares held on Admission	% of Enlarged Ordinary Shares on Admission
*Jonathan Mark Swann	29,000,000	10.08	29,000,000	6.56
**Ox Distributing, LLC	26,775,416	9.31	42,739,994	9.66

* Mr Swann also holds convertible unsecured loan notes with a principal value of £1.6 million. The convertible loan notes carry a coupon of 12% annum for a term of three years from the date of issue on 31 March 2023, and will be convertible into Ordinary Shares at 8 pence per Ordinary Share, representing up to a further 20,000,000 Ordinary Shares on conversion of those loan notes.

**Eric Schrader, a Director, holds his shares in the Company with members of his family through Ox Distributing, LLC. The total figures provided reflect all shares owned by Ox Distributing LLC and held personally by members of the Schrader family. They will be interested in an additional 15,964,578 Conversion Shares on Admission.

The Company is not directly or indirectly owned or controlled by any person.

The Company's key executive Directors are Callum Sommerton, Trevor Taylor and Antonio Russo.

The Company's statutory auditors are PKF Littlejohn LLP, whose audit registration number is C002139029.

What is the key financial information regarding the Issuer?

The table below sets out summary audited consolidated Statements of Financial Position for the Group for the Financial Years ended 31 March 2023, 31 March 2022 and 31 March 2021.

	Audited year ended 31 March 2023 £	Audited year ended 31 March 2022 £	Audited year ended 31 March 2021 £
Non-Current Assets			
Property, plant and equipment	42,612	54,173	54,597
Right of use lease asset	210,216	260,376	-
Intangible assets	<u>1,209,424</u>	<u>1,190,225</u>	<u>-</u>
Total Noncurrent Assets	1,462,252	1,504,774	54,597
Current Assets			
Inventories, net	464,028	636,294	1,238,779
Trade and other receivables	447,367	700,199	136,093
Cash and cash equivalents	<u>3,767,426</u>	<u>420,045</u>	<u>333,176</u>
Total Current Assets	<u>4,678,821</u>	<u>1,756,538</u>	<u>1,708,048</u>
Total Assets	<u><u>6,141,073</u></u>	<u><u>3,261,312</u></u>	<u><u>1,762,645</u></u>
Non-Current Liabilities			
Loans, excluding current maturities	4,034,726	50,463	72,042
Right of use lease liability, net of current portion	<u>149,755</u>	<u>205,672</u>	<u>-</u>
Total Noncurrent Liabilities	4,184,481	256,135	72,042
Current Liabilities			
Current maturities of loans	468,893	18,494	8,382
Trade, other payables and accrued liabilities	540,641	1,384,255	1,906,403
Current portion of right of use lease liability	<u>68,386</u>	<u>62,390</u>	<u>-</u>
Total Current Liabilities	<u>1,077,920</u>	<u>1,465,139</u>	<u>1,914,785</u>
Total Liabilities	<u>5,262,401</u>	<u>1,721,274</u>	<u>1,986,827</u>
Net Assets/(Liabilities)	<u>878,672</u>	<u>1,540,038</u>	<u>(224,182)</u>
Share capital	2,611,153	2,120,700	2,020,700
Share premium account	10,923,000	10,298,440	4,698,441
Share based payments reserve	4,516,608	3,389,762	1,431,686
Compound loan note equity component reserve	419,168	-	-
Shares to be issued reserve	1,079,256	89,517	-
Foreign currency translation reserve	236,536	260,777	532,646
Retained loss	<u>(18,907,049)</u>	<u>(14,619,158)</u>	<u>(8,907,655)</u>
Total Equity	<u><u>878,672</u></u>	<u><u>1,540,038</u></u>	<u><u>(224,182)</u></u>

The table below sets out the audited consolidated Statements of Comprehensive Income for the Group for the Financial Years ended 31 March 2023, 31 March 2022 and 31 March 2021.

	Audited year ended 31 March 2023 £	Audited year ended 31 March 2022 £	Audited year ended 31 March 2021 £
Revenue	82,840	624,187	320,875
Cost of sales	(61,798)	(738,555)	(361,517)
Obsolete inventory expense	<u>(227,901)</u>	<u>(664,442)</u>	<u>-</u>
Gross loss	(206,859)	(778,810)	(40,642)
Administrative expenses	(2,636,115)	(2,837,400)	(2,151,391)
Share expenses for options granted	(1,126,846)	(1,958,076)	(1,410,268)
Other expense	<u>-</u>	<u>-</u>	<u>(1,200,000)</u>
Operating Loss	(3,969,820)	(5,574,286)	(4,802,301)
Finance income	24,159	1,962	1,762
Finance cost	(323,556)	-	-
Other income	<u>6,203</u>	<u>-</u>	<u>-</u>
Loss on ordinary activities before taxation	(4,263,014)	(5,572,324)	(4,800,539)
Taxation on loss on ordinary activities	<u>-</u>	<u>-</u>	<u>-</u>
Loss for the period from continuing activities	(4,263,014)	(5,572,324)	(4,800,539)
Loss for the period from discontinued activities	<u>(24,877)</u>	<u>(139,179)</u>	<u>(49,762)</u>
Loss for the period	(4,287,891)	(5,711,503)	(4,850,301)
Other comprehensive income			
Items that may be re-classified subsequently to profit or loss:			
Foreign exchange adjustment on consolidation	<u>(24,241)</u>	<u>(271,869)</u>	<u>231,644</u>
Total comprehensive loss for the period attributable to the equity holders	<u>(4,312,132)</u>	<u>(5,983,372)</u>	<u>(4,618,657)</u>
Earnings (loss) per share attributed to equity holders			
Attributable to continuing activities	(1.75)p	(2.65)p	(2.48)p
Attributable to discontinued activities	<u>(0.01)p</u>	<u>(0.06)p</u>	<u>(0.03)p</u>
Total	<u>(1.76)p</u>	<u>(2.71)p</u>	<u>(2.51)p</u>

The table below sets out extracts from the audited consolidated Statements of Cash Flows of the Group for the Financial Years ended 31 March 2023, 31 March 2022 and 31 March 2021.

	Audited year ended 31 March 2023 £	Audited year ended 31 March 2022 £	Audited year ended 31 March 2021 £
Cash Flows From Operating Activities			
Loss for the period	(4,287,891)	(5,711,503)	(4,850,301)
Adjustments for:			
Depreciation and amortization charges	132,779	113,090	20,677
Impairment provision	227,901	664,441	206,685
Loss on disposal of property, plant, and equipment and intangible assets	-	226	-
Promotional product in lieu of fees	41,818	-	-
Imputed interest on convertible loan notes	177,722	-	-
Share expenses for options granted	1,126,846	1,958,076	1,410,268
Shares issued as compensation	40,739	89,517	-
Foreign exchange translation adjustment	<u>1,157</u>	<u>(319,545)</u>	<u>193,717</u>
Operating cash flow before working capital movements	<u>(2,538,929)</u>	<u>(3,205,698)</u>	<u>(3,018,954)</u>
Increase in inventories	(30,029)	(61,957)	(275,743)
Decrease (increase) in trade and other receivables	288,864	(564,106)	1,301,039
Increase/(decrease) in trade and other payables and accrued liabilities	<u>(234,692)</u>	<u>(1,131,069)</u>	<u>1,009,018</u>
Net Cash outflow from Operating Activities	<u>(2,514,786)</u>	<u>(4,962,830)</u>	<u>(984,640)</u>
Cash Flows From Investing Activities			
Proceeds from sale of assets held for sale	-	-	301,891
Purchase of property, plant and equipment	-	(27,443)	(1,352)
Payment on purchase of intangible assets	<u>(639,192)</u>	<u>(617,198)</u>	<u>-</u>
Net Cash generated from/(used in) Investing Activities	<u>(639,192)</u>	<u>(644,641)</u>	<u>300,539</u>
Cash Flows From Financing Activities			
Net proceeds from issue of shares and shares to be issued	2,004,013	5,699,999	542,825
Proceeds from issue of convertible loan notes	4,693,504	-	-
(Payments)/receipts in relation to long-term debt	(18,859)	(11,467)	80,424
Payments of lease liability	<u>(66,173)</u>	<u>(52,801)</u>	<u>-</u>
Net Cash Generated from Financing Activities	<u>6,612,845</u>	<u>5,635,731</u>	<u>623,249</u>
Net increase (decrease) in cash and cash equivalents			
As above	3,458,507	28,260	(60,852)
Cash and cash equivalents at beginning of period	420,405	333,176	349,006
Foreign exchange adjustment on opening balances	<u>(111,486)</u>	<u>58,609</u>	<u>45,022</u>
Cash and cash equivalents at end of period	<u>3,767,426</u>	<u>420,045</u>	<u>333,176</u>
Non-Cash Items			
Shares to be issued for prepaid consulting fees	<u>60,000</u>	<u>-</u>	<u>-</u>

No pro forma financial information is included in this prospectus.

There are no qualifications in the audit opinions on the historical financial information for the years ended 31 March 2021, 31 March 2022 and 31 March 2023 that are incorporated by reference.

What are the key risks that are specific to the Issuer?

The Company has a relatively limited operating history for its current business

Given its relatively recent move from natural resources to cannabinoids and consumer products, the Group's current business does not have a lengthy operating history upon which its business and future prospects may be evaluated and the Group will be subject to all of the business risks and uncertainties associated with any relatively new business enterprise, including the risk that it will not achieve its operating goals.

Reliance on third parties meeting their obligations to the Group

The Group has outsourced the majority of its product manufacturing, logistics, and sales operations to third-parties, and is therefore reliant upon those third parties and their equipment and expertise to carry on its business. The Group could accordingly be materially prejudiced by failures to perform by third parties, including late payments by them, their non-performance of agreements or other issues relating to the distribution of the Group's products, or their failure to provide agreed services, including, for instance, warehousing and fulfilment services. Issues relating to the interaction between the Group's supply chain and distribution network in particular could cause significant disruption to its operations. Consequently, the Group may be exposed to risks should its partners fail to perform their obligations to the Group in compliance with the Group's agreement with the relevant party.

Regulatory compliance risks

The Group's ability to manufacture, distribute and sell its products is dependent on the Group's, and the Group's partners', suppliers' and distributors' ability to sustain and/or obtain the necessary licenses and authorisations by certain authorities in the United States and the United Kingdom and potentially other jurisdictions.

The Company and its suppliers operate in a complex regulatory environment which is subject to change and open to interpretation

Laws and regulations, including but not limited to those that apply to the vaping (or "vapour"), hemp and CBD industries, are dynamic and subject to change and evolving interpretations which could require the Group to incur substantial costs associated with compliance or alter certain aspects of the Company's business plan.

The Group may expand the provision of its services into other jurisdictions with competing regulatory requirements

The Company may, in the future, choose to expand the Group's operations into further jurisdictions and, in doing so, may become subject to applicable laws and regulations in those jurisdictions.

New Industry and Market

The Group operates in a relatively new industry that is subject to regulatory change and shifts in consumer behaviour.

The acceptance and/or widespread use of CBD products and nicotine-free vape products is uncertain

The CBD industry and the nicotine-free vaping industry in the United Kingdom and the United States and elsewhere are at an early stage of development. Consumer perceptions regarding legality, morality, consumption, safety, efficacy and quality of products of these industries are mixed and evolving.

Exposure to legal proceedings

From time to time, the Company or other members of the Group may be a party to legal and regulatory proceedings, including matters involving governmental agencies, entities with whom it does business and other proceedings arising in the ordinary course of business.

The Group's products are sold directly to consumers, and therefore the Group is at risk of product liability claims

As a distributor of products designed to be ingested or inhaled by humans, the Group faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused bodily harm or injury.

Key Information on the Securities

What are the main features of the securities?

There were 287,615,305 Ordinary Shares in issue on 29 November 2023, the latest practicable date prior to the date of this Document. The Company is seeking admission to trading of up to a further 174,425,794 Ordinary Shares, made up of 154,675,220 Conversion Shares and up to 19,750,574 Warrant Shares.

The Conversion Shares will be issued on conversion of the Convertible Loan Notes, which is anticipated to take place on 5 December 2023. On conversion of the Convertible Loan Notes in full, 154,675,220 Conversion Shares will be issued, at an effective price of 2 pence per share. The Warrant Shares will be issued on exercise of the Warrants, which entitle the holders to subscribe for one Ordinary Share for each Warrant held, and are exercisable during the periods and at the prices described below:

Description	Number of Warrants	Date of grant	Exercise period	Exercise price per Ordinary Share
Series 1	10,000,000	13 May 2022	13 May 2025	10 pence
Series 2	400,000	13 May 2022	13 May 2025	5 pence
Series 3	9,350,574	13 May 2022	During the 18 months after the date of publication of this Prospectus	2 pence
Total	19,750,574			

The Convertible Loan Notes and Warrants will become unconditionally convertible and exercisable respectively upon the publication of this Document under their terms.

The Convertible Loan Notes were subscribed for under the Fundraising and the Open Offer and the Warrants were granted in connection with the Fundraising.

The Existing Ordinary Shares are admitted to the Official List (by way of a standard listing under Chapter 14 of the Listing Rules) and to trading on the London Stock Exchange's Main Market for listed securities. The Ordinary Shares are also traded on the US OTCQB Venture Market under the ticker symbol 'CHBRF'.

The ISIN for the Ordinary Shares is GB00BWC4X262, the SEDOL is BWC4X26 and the TIDM is CHLL. Each of the Conversion Shares and Warrant Shares, being Ordinary Shares, carries one voting right and will when issued rank *pari passu* with each other and the Existing Ordinary Shares for dividends (according to the amounts paid up otherwise than in advance of calls on the shares) and other distributions and on a winding up of the Company. The Conversion Price and the relevant Exercise Price are payable in Pounds Sterling. The Ordinary Shares are in registered form and have a nominal (par) value of £0.01 each. The Ordinary Shares are the ordinary equity capital of the Company and rank at the bottom of the Company's capital structure in the event of insolvency, with all creditors being paid out first. The Company only has one class of shares, the Ordinary Shares. The Ordinary Shares are freely transferable. Currently the Company does not pay a dividend and currently has no plans to do so. There is no guarantee attached to the Ordinary Shares.

Where will the securities be traded?

Application has been made for the Conversion Shares to be admitted to listing on the Standard Segment of the Official List and to trading on the Main Market of the London Stock Exchange, alongside the Existing Ordinary Shares. Application for the admission of the Warrant Shares to the Standard Segment of the Official List and to trading on the London Stock Exchange's Main Market for listed securities will be made from time to time upon exercise of the relevant Warrants. The Ordinary Shares also cross-trade on the US OTCQB Venture Market under the ticker symbol 'CHBRF', as will the Conversion

Shares and Warrant Shares. It is expected that Admission of the Conversion Shares will become effective, and that unconditional dealings in the Conversion Shares will commence, at 8.00 a.m. on 5 December 2023.

What are the key risks that are specific to the securities?

The price of the Ordinary Shares may fluctuate.

The market price of the Ordinary Shares could be subject to significant fluctuations due to a change in sentiment in the market regarding the Ordinary Shares.

The Company's ability to pay dividends on the Ordinary Shares will depend on the availability of distributable reserves.

The Company has not paid a dividend to holders of its Ordinary Shares and has no current intention to do so.

Shareholders will experience dilution in their ownership of the Company as a result of the Conversion and issue of the Conversion Shares and the exercise of the Warrants from time to time.

Existing Shareholders will experience substantial dilution in their ownership of the Company as a result of the Conversion and issue of the Conversion Shares and may experience substantial additional dilution by further share issues.

Key information on the admission to trading on a regulated market

Under which conditions and timetable can I invest in this security?

This Prospectus does not constitute an offer or an invitation to any person to subscribe for or purchase any Ordinary Shares. No Ordinary Shares are being offered to the public. The Conversion Shares and Warrants Shares are being issued on conversion of the Convertible Loan Notes and exercise of the Warrants respectively, which were subscribed for and granted under the Fundraising and Open Offer.

Why is a prospectus being produced?

The Company's Existing Ordinary Shares are admitted to listing on the Standard Segment of the Official List and to trading on the Main Market of the London Stock Exchange. This Document is required to admit the Conversion Shares resulting from conversion of the Convertible Loan Notes, and the Warrant Shares issued on exercise of the Warrants, to listing on the Standard Segment of the Official List and to trading on the Main Market of the London Stock Exchange when issued. The Convertible Loan Notes and a total of 30,935,044 Ordinary Shares were subscribed for under the Fundraising and Open Offer which together raised net proceeds of £3,233,042.61 in aggregate. The net proceeds have primarily been used for settlement of the outstanding liability for the Chill.com domain name, settlement of outstanding operational liabilities, including legal and other professional advisory fees, and the establishment of additional internal sales functions with a view to securing new distribution, as well as a number of other purposes, including for the Company's capital requirements. The Warrants were granted for no consideration. The Fundraising and Open Offer were not underwritten. There are no material conflicts of interest pertaining to the Fundraising, the Open Offer, Admission or the grant of the Warrants.

It is a condition of the conversion of the Convertible Loan Notes and the exercise of the Warrants that a relevant prospectus is approved and published before 31 May 2024 or there is a change in regulation as a result of which the Ordinary Shares issued on the conversion of the Convertible Loan Notes and exercise of the Warrants could be admitted to listing on the Standard Segment of the Official List and to trading on the Main Market of the London Stock Exchange without the requirement to publish a prospectus. The Convertible Loan Notes will accordingly be converted compulsorily, and the Warrants will become exercisable, upon the publication of this Document. The Conversion Shares will be issued on conversion of the Convertible Loan Notes, whereupon the amounts repayable under the Convertible Loan Notes will be discharged by the issue of the Conversion Shares, and the Company will not receive any cash proceeds for such issue. The proceeds of exercise of the Warrants and the issue of the Warrant Shares from time to time will be used for general working capital purposes.

Part 2

RISK FACTORS

Investing in and holding the Ordinary Shares involves financial risk. Accordingly, investors in the Ordinary Shares should carefully review all of the information contained in this Prospectus and should pay particular attention to the risks associated with an investment in the Ordinary Shares, the Group's business and the sector within which it operates. Further, the following risks should be considered together with all other information contained in this Prospectus.

In addition, prospective investors should note that the risks relating to the Group, the sector within which it operates and the Ordinary Shares summarised from page 6 onwards of this Document in the section of this Prospectus headed "Summary" are the risks that the Company believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Ordinary Shares. However, as the risks which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on key risks summarised in the section of this Prospectus headed "Summary" but also, among other things, the risks and uncertainties described below before making any investment decision regarding the Company.

The risks and uncertainties described below are not an exhaustive list and do not necessarily comprise all, or explain all, of the risks associated with the Group and the sector within which it operates or an investment in the Ordinary Shares. However, they do comprise the material risks and uncertainties in this regard that are known to the Directors. Additional risks and uncertainties relating to the Group and/or the Ordinary Shares that are not currently known to the Directors, or which the Directors currently deem immaterial, may arise or become (individually or collectively) material in the future and may have a material adverse effect on the Group's business, results of operations or financial condition and, if any such risk or risks should occur, the price of the Ordinary Shares may decline and investors could lose part or all of their investment.

Prospective investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in light of the information in this Prospectus and their personal circumstances. Investors should consult a legal adviser, an independent financial adviser or a tax adviser for legal, financial or tax advice if they do not understand this Prospectus (or any part of it).

The following is a description of the principal risk factors that will affect the Group:

A. Risks Related to the Group's Business

The Company has a relatively limited operating history for its current business

Given its relatively recent move from natural resources to cannabinoids and consumer products, the Group's current business does not have a lengthy operating history upon which its business and future prospects may be evaluated. As the Group's operations are at a relatively early stage of development, the Group will be subject to all of the business risks and uncertainties associated with any relatively new business enterprise, including the risk that it will not achieve its operating goals. Its success will depend upon the Directors' ability to manage the Group's businesses successfully and to identify and take advantage of further opportunities which may arise, and the Group successfully marketing and selling its CBD and nicotine-free vape products. The Company's ultimate success will depend on its ability to generate cash flow and, potentially, its ability to access equity markets for its development requirements. The Company's current business has not yet generated profits and there is no guarantee that it will do so in the future or that it will be able to generate the projected revenues or financial growth that it forecasts. Revenues from sales of CBD, nicotine-free vape and other products may be less than anticipated while sales of third-party products via the Company's website are not guaranteed and therefore may not provide a significant contribution to revenues as expected. Significant further investment may be required in the Company's business.

The Company's ability to implement its business strategy in a new business area or geographic market

The Company's growth strategy is dependent upon the successful implementation of the Company's business strategy and expanding its product and service offerings into new business areas and/or new

geographic markets. The Company's future operating results will be highly dependent upon how well it manages its planned expansion strategy and the timeframe within which that strategy is executed. Execution of the Company's business strategy is subject to a variety of risks, including operating and technical problems, regulatory uncertainties and possible delays. Also, there can be no assurance that a new business area or geographic market will generate the anticipated clients and revenue. In addition, any expansion into a new business area or geographic market could expose the Group to new risks, including compliance with applicable laws and regulations, changes in the regulatory or legal environment; different customer preferences or habits; adverse exchange rate fluctuations; adverse tax consequences; differing technology standards or end-user requirements and capabilities; difficulties staffing and managing foreign operations; infringement of third-party intellectual property rights; adapting its products for new markets; difficulties collecting accounts receivable; or difficulties associated with repatriating cash generated or held abroad in a tax-efficient manner.

These factors could cause the Group's expansion into a new business area or into a new geographic area to be unsuccessful or unprofitable or could cause the Group's operating costs to increase unexpectedly or its sales to decrease, any of which could have a material adverse effect on the Group's prospects, business, financial condition or results of operations. In addition, there can be no assurance that laws or administrative practices relating to taxation, foreign exchange or other matters in a new geographic area within which the Group intends to operate will not change. Any such change could have a material adverse effect on the Company's business, financial condition and results of operations.

Lack of customer take-up

It is intended that the Group's revenues will derive predominantly from its retail activities, both through a web presence and partnerships with physical retail stores and, in time, ongoing product subscription offerings. If customer take-up is not as high as anticipated, the Company will have to determine whether or not to invest further in its retail operations or partnerships or to make changes to its products, pricing and/or marketing strategy to increase user growth. If user take-up is lower than anticipated, revenues will also be lower than anticipated and the Group may not be able to take advantage of the economies of scale it anticipates. The resultant slowdown of the implementation of the Company's strategy could have a material adverse effect on the Company's business, financial condition, results of operations and/or prospects.

Managing growth

In order to manage growth and changes in strategy effectively, the Group must: (a) maintain adequate systems to meet customer demand; (b) expand its sales, marketing and distribution capabilities and administrative functions; (c) expand the skills and capabilities of its current management team; and (d) attract and retain qualified employees. Where the Group experiences increased sales, the Group's current operational infrastructure may require changes to scale the Group's business efficiently and effectively to keep pace with demand and achieve long-term profitability. If these changes are not successfully implemented, the Company's operating results may be materially and adversely affected. In addition, the Company expects to invest its earnings and capital to support the Group's growth, and while the Company intends to focus on managing the Group's costs and expenses over the long term, the Group may incur additional unexpected costs. If the Group incurs unexpected costs it may not be able to expand quickly enough to capitalise on potential market opportunities.

Damage to the Group's reputation or brands by its own actions or those of unrelated third parties

The Directors believe that the reputation and the quality of the Group's brands will, over time, play an increasingly important role in the success of the Company. Further, the Directors believe that the Group's brands have and will continue to be built on the high quality of its products and customer service. Therefore, any incident that negatively affects customer loyalty towards the Group's brands could materially adversely affect the Company's business, revenue, financial condition, potential profitability, prospects and results of operations. The Group's brands may be negatively affected by any negative publicity, regardless of accuracy, or whether it relates to the Group or other participants in the CBD and vaping industries. This includes any negative commentary on social media platforms, including blogs, social media websites and other forms of internet-based communications that provide individuals with access to a broad audience of consumers and other interested parties.

In particular, the Group's products may be subject to recall or return for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety or inadequate or inaccurate labelling disclosure. If any of the Group's products are recalled in such circumstances or for any other reason, the Group could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Group may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin, or at all. In addition, a product recall may require significant management attention. Although the Group has detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if the Group's products are subject to recall, the reputation of the Group could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Group's products and could have a material adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of the Group's operations by regulatory agencies, requiring further management attention, potential loss of applicable licenses or authorisations, and potential legal fees and other expenses.

Reliance on third parties meeting their obligations to the Group

The Group has outsourced the majority of its product manufacturing, logistics, and sales operations to third-parties, and is therefore reliant upon those third parties and their equipment and expertise to carry on its business. The Group could accordingly be materially prejudiced by failures to perform by third parties, including late payments by them, their non-performance of agreements or other issues relating to the distribution of the Group's products, or their failure to provide agreed services, including, for instance, warehousing and fulfilment services. Issues relating to the interaction between the Group's supply chain and distribution network in particular could cause significant disruption to its operations. Consequently, the Group may be exposed to risks should its partners fail to perform their obligations to the Group in compliance with the Group's agreement with the relevant party. Where the Group is reliant upon on third parties, including payment processing providers, laboratories, production and packaging suppliers, and distribution networks, there can be no assurance that these business relationships will continue to be maintained or that new ones will be successfully formed. A breach or disruption in these relationships or failure to engage contractors could be detrimental to the future business, operating results and/or potential profitability of the Company. In certain circumstances, the Group may be liable for the acts or omissions of its partners. If a third party pursues claims against the Group as a result of the acts or omissions of the Group's partners, the Group's ability to recover from such parties may be limited.

There is a risk that parties with whom the Group trades or has other business relationships (including partners, customers, suppliers, subcontractors and other parties) may become insolvent or their circumstances may change. This may be as a result of general economic conditions or factors specific to that party. If a party with whom the Group trades becomes insolvent or if its circumstances change, for instance one of the Group's manufacturing partners is unable to deliver finished product in a timely manner to meet the demand from sales and distribution partners, this could have an adverse impact on the revenues and potential profitability of the Company, and certain of the Group's sales of products may be suspended while alternative solutions are put in place. This suspension would mean the Group's customers would not be able to purchase certain products from the Group until such time as the Group has implemented an alternative. Disruption in supply, or inaccurate projections of demand from sales and distribution partners, may result in the Group being left with a deficit or surplus in its product inventory and liabilities for the same that are not satisfied through near-term product sales. In such cases, it may be necessary for the Group to offer extended payment terms to trade customers and distributors, which could have a negative impact on the Group's near-to-mid-term cash flow. In addition, the Group may make significant sales to a single customer and be at risk of non-payment of a material amount which may have a negative impact on the Group's cashflow and ability to fund other areas of its operations.

Reliance on third party manufacturing, logistics, and distribution providers or systems, the failure of which could cause significant disruption to the Group

The Group has outsourced the majority of its product manufacturing, logistics, and sales operation to third parties and is therefore reliant upon them in order to carry on its business. Issues relating to the

interaction between the Group's supply chain and distribution network in particular could cause significant disruption to its operations.

In particular, there is a risk that the Group will place product orders with its manufacturing partners as a result of projected demand from sales and distribution partners. If these projections are inaccurate, or if the Group's manufacturing partners are unable to deliver finished product in a timely manner, the Group may be left with a surplus product inventory and liabilities for the same that are not satisfied through near-term product sales, or a deficit in its product inventory. In such cases, it may be necessary for the Group to offer extended payment terms to trade customers and distributors, which could have a negative impact on the Group's near-to-mid-term cash flow.

Reliance on certain key systems, the failure of which could cause significant disruption and interruption to the Group's services

The Group's sales to consumers are reliant on the Group being able to communicate its product range through its website, and therefore it is reliant on technology and services provided by third parties. The Group is therefore exposed to risk if its suppliers' or its own systems experience any form of damage, interruption or failure.

Any malfunctioning of the Group's technology and systems, or those of key third parties, even for a short period of time, could result in a lack of confidence in the Group's product range and customer service, with a consequential material adverse effect on the Company's business, revenue, financial condition, potential profitability, prospects and results of operations.

Although the Group has implemented prudent measures to ensure continued availability of the Group's website, the Group's systems will always be vulnerable to damage or interruption from events including, but not limited to: natural disasters; power loss; telecommunication failures; software failures or viruses; computer hacking activities such as distributed denial-of-service attacks; and acts of war or terrorism.

Any interruption in the availability of the Group's website, back-office infrastructure or telephone systems could create a business interruption and a large volume of customer complaints. Should any of these events occur, the Company's operations may be materially and adversely affected.

The Group, or a supplier on which it relies, may suffer a data security breach

The Group operates a website through which it makes available to customers its range of products. When a customer places an order through the Group's website, the customer may register for an account with the Group, provide the personal information required for the Group to complete the order (such as name and address) and enter payment details to pay for the products being ordered. The Group will necessarily collect and retain certain information for the purpose of fulfilling the order but will rely on a third-party payment processor to process the payment for the order.

Should the Group's systems, or those of a third party on which the website or order process relies, suffer a security breach, personal data relating to the Group's users, their order history or transactions with the Group may be accessed by unauthorised parties. In such circumstances the Group may be liable to third parties for the data breach, and may be the subject of regulatory scrutiny and enforcement action. Such a data breach may also affect the trust placed by consumers in the Group. Should a data breach occur, it could have a material adverse effect on the Company's business, financial condition, results of operations and/or prospects.

Inter-company transfers of funds

As the Company's operations will be carried on through its subsidiaries, it will be dependent on cash flows to and from them. The Company is not currently subject to or aware of any limitations on the repatriation of funds from its subsidiaries in the United States. The Company has developed a cash management system to provide for the flow of funds between the Company and its subsidiaries. The system provides for: the structuring and documentation of fund transfers as loan arrangements, capital investments and/or management services arrangements between relevant entities; an internal approval process involving the controller and the general manager at the subsidiary level, which requires certain transactions exceeding the subsidiary's authority limits to be approved by the Company's Board of

Directors; and compliance with internal procedures and applicable local regulations. If any issues arise with the transfer of funds to the Company, or to or between its subsidiaries, it may have an adverse effect on the Company.

Foreign sales and currency fluctuations

The Company's functional currency is denominated in Pounds Sterling. However, a significant proportion of the Group's sales revenue is received in US Dollars, as well as Pounds Sterling, and the Group may, in the future, have sales denominated in the currencies of additional countries in which it establishes operations or distribution. In addition, the Group incurs a significant proportion of its operating expenses in US Dollars, as well as Pounds Sterling, and its costs may be denominated in the currencies of additional countries in which it establishes operations or distribution. Any fluctuation in the exchange rates of foreign currencies may negatively impact the Group's business, financial condition and results of operations. The Group has not previously engaged in foreign currency hedging. If the Company decides to hedge the Group's foreign currency exposure, it may not be able to hedge effectively due to lack of experience, unreasonable costs or illiquid markets. In addition, those activities may be limited in the protection they provide the Group from foreign currency fluctuations and can themselves result in losses.

The Group may not be able to secure adequate insurance coverage on acceptable terms or cost

The Company takes a prudent approach to procuring insurance for the Group and its business. However, given the relative novelty of the CBD and vaping industries and the perceived risks faced by businesses operating in these sectors, such insurance may not in certain circumstances be available, the Group's policies may not be sufficient to compensate the Group for all of the damages suffered, obtaining adequate insurance cover may be uneconomical for the Group, or the nature or level of insurance cover available from insurers may be insufficient or inadequate.

The occurrence of an event that is not covered in whole or in part by insurance could have a material adverse effect on the Group. In addition, the Group may not be able to maintain or obtain insurance of the type and amount desired at a reasonable cost, such insurance may not be available in all jurisdictions, and in the event of a claim, the Group may have difficulty recovering the relevant amounts from insurers should settlement not be forthcoming, and the Group may be obliged to take legal action against such insurers, any of which could have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

Retention and acquisition of skilled personnel

The loss of any member of the Company's management team could have a material adverse effect on its business and results of operations. Also, the Group's operations could be disrupted by the absence for significant periods of one or more of its senior management, key employees or a significant number of other employees. In addition, the inability to hire or the increased costs of hiring new personnel, including members of executive management, could have a material adverse effect on the Company's business and operating results. The expansion of marketing and sales of its products will require the Group to find, hire and retain additional capable employees who can understand, explain, market and sell its products. There is intense competition for capable personnel in all of these areas and the Group may not be successful in attracting, training, integrating, motivating, or retaining new personnel, vendors, or subcontractors for these required functions. New employees often require significant training and, in many cases, take a significant amount of time before they achieve full productivity. As a result, the Group may incur significant costs to attract and retain employees, including significant expenditures related to salaries and benefits and compensation expenses incurred in relation to equity awards, and may lose new employees to its competitors or other companies before it realises the benefit of its investment in recruiting and training them. In addition, as the Group moves into new jurisdictions, it will need to attract and recruit skilled employees in those new areas.

B. Regulatory Risks relating to the CBD and vaping industries

Regulatory compliance risks

The Group's ability to manufacture, distribute and sell its products is dependent on the Group's, and the Group's partners', suppliers' and distributors' ability to sustain and/or obtain the necessary licenses and authorisations by certain authorities in the United States and the United Kingdom and potentially other jurisdictions. The impact of the compliance regimes, or any delays in obtaining, or failure to obtain or keep, the requisite regulatory approvals may significantly delay or impact the development of the Group's markets, products, operations and/or sales initiatives and could have a material adverse effect on the business, results of operations and financial condition of the Group.

The licenses and authorisations are subject to ongoing compliance and reporting requirements and the ability of the Group and the Group's partners, suppliers and distributors to obtain, sustain or renew any such licenses and authorisations on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable authorities or governmental agencies in the United States and the United Kingdom and potentially other jurisdictions. The failure of the Group or the Group's partners, suppliers and distributors to comply with the requirements of the licenses or authorisations or any failure to maintain the licenses or authorisations would have a material adverse impact on the business, financial condition and operating results of the Group.

Although the Company believes that the Group will, and has no reason to believe that the Group's partners, suppliers and distributors will be unable to, meet the requirements to obtain, sustain or renew the necessary licenses and authorisations, there can be no guarantee that the applicable authorities will issue and not terminate these licenses or authorisations. Should the authorities fail to issue or should they terminate the necessary licenses or authorisations, the Group may be curtailed or prohibited from marketing, distributing and selling some or all of its products or from proceeding with the development of its operations as currently proposed and the business, financial condition and results of the operations of the Group would be materially adversely affected.

The Group will also rely on the advice of local experts and professionals in connection with any current and new regulations that develop in respect of banking, financing and tax matters in the United States, the United Kingdom and other relevant jurisdictions. Any developments or changes in such legal, regulatory or governmental requirements or in local business practices in the United States, the United Kingdom and other relevant jurisdictions are beyond the control of the Group and may adversely affect its business.

The Group will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, changes in the products sold by the Group or remedial actions. The Group may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Group's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Group.

Regulation of the Group's business is currently limited to the FSA licensing regime for Novel Foods in the United Kingdom in relation to its ingestible CBD products. The Company has submitted a valid Novel Foods application to the UK Food Standards Agency (FSA) in respect of its ingestible Zoetic CBD oils (the application can be found on the FSA Novel Foods Register under application no. RP349) and in respect of its Chill CBD gummies (the applications can be found on the FSA Novel Foods Register under applications no. RP438 / RP349 and RP427). It is not known when the FSA is likely to provide full authorisation for products on the Novel Foods list, and recent reports suggest the FSA may not complete the process required to provide full Novel Foods authorisation for CBD products until at least 2024; however, products that were on the market before 13 February 2020 (as is the case for the Company's UK ingestible CBD products) and that are subject to a Novel Foods application are permitted to remain on sale. If any of these applications is rejected, the Group will not be able to sell the relevant

products in the UK, which could have a material adverse effect on the business, results of operations and financial condition of the Group.

The Group may in the future require further licence or authorisation to operate its business

The Group is currently focussing its activities on the supply of finished CBD products and nicotine-free vape products in the United States and the United Kingdom, outsourcing all manufacturing, and has designed its product range to be compliant with applicable laws and regulations. Any future regulatory changes may potentially restrict the operations of the Group, impose increased compliance costs, reduce investment returns or increase associated fees, increase corporate governance/supervision costs, reduce the competitiveness of any business of the Group, reduce the ability of the Group to hire and retain key personnel or impose restrictions on whether individuals may be appointed or retained as directors of the Company and other companies within the Group and impose other restrictions and obligations which could adversely affect the Company's potential profitability.

Although regulation of the Group's business is currently limited to the FSA licensing regime for Novel Foods in the United Kingdom in relation to its ingestible products. The Group, should it elect to establish a vertically integrated CBD business in the United Kingdom, would require a Home Office licence in order to grow hemp plants to produce CBD or procure hemp from third parties to produce CBD, and will be required to comply with the terms of such licence, which may be onerous.

The Group and its suppliers would therefore be reliant upon the Home Office licence to be able to legally carry on a vertically integrated CBD business in the future. The grant of licences by the Home Office is not guaranteed, and depends on the Company or relevant company in the Group meeting certain published criteria, as well as wider Home Office policy, each of which may change in the future. The grant by the Home Office of a licence for a set period does not automatically mean that, at renewal, the licence will be renewed or that the licence will not be revoked prior to its expiry.

The Group and its suppliers and distributors will be required to work in compliance with the terms of the licence granted, however the interpretation of the requirements of the licence may differ between the Group and its suppliers or distributors on the one hand, and the Home Office on the other hand. In such circumstances, the Home Office may consider a breach of the licence terms to have occurred, with potential consequence being the revocation or termination of the licence.

The Group's business in the US is not currently subject to any formal licensing requirement relating to sales of its products. It is possible that future business activities may require a licence, or that regulatory changes will compel the Group to seek relevant licences, if it decides to continue affected business activities. It remains incumbent on the Group to maintain all sales licences and permissions that may be required for the United Kingdom and US and other territories into which they market and sell products.

It is possible that regulations to which the Group will be subject would include restrictions on foreign ownership of companies and assets and restrictions on participation in certain activities and in certain industries, as well as restrictions on the grant of any licences or permits required for operation of the Group. Changes in legislation or regulation may affect:

- the grant of any necessary licences or permits;
- pricing structures which could be utilised by the Group;
- taxes, duties and fees applicable to the Group; and
- environmental, safety and health standards to which the Group could be obliged to adhere.

Whilst the Group would aim to be aware of any prospective changes in any relevant sector and to comply with such changes as required, there can be no assurance that this will be possible. The Group may be adversely affected by variations of any regulations under which it operates.

Should the Group or its suppliers be unable to secure a licence to grow hemp, or to secure renewal of their licences, this could have a material adverse effect on the Company's business, financial condition, results of operations and/or prospects.

The Company and its suppliers operate in a complex regulatory environment which is subject to

change and open to interpretation

Laws and regulations, including but not limited to those that apply to the hemp, CBD and vaping industries, are dynamic and subject to change and evolving interpretations which could require the Group to incur substantial costs associated with compliance or alter certain aspects of the Company's business plan. It is also possible that regulations may be enacted in the future that will be directly applicable to certain aspects of the Group's business. By way of example of the effect a change in regulation can have on the Group's business, in March 2022 a federal funding bill that amended the statutory definition of "tobacco product" was passed by the US Congress. Amongst other changes, the bill gave the US Food and Drug Administration (FDA) authority over synthetic nicotine and brought the Company's tobacco-free nicotine (TFN) product line within the scope of tobacco regulations. As a result of these changes to the US legal landscape, manufacturers of synthetic nicotine products must now submit Pre-market Tobacco Applications (a "PMTA") for their products to legally remain on sale. The Company filed the requisite PMTA applications for each of its flavour and strength variants before the FDA deadline of 14 May 2022, however it was identified that the costs of completing a full filing would be prohibitive to Chill Brands' continued commercialisation of the TFN product range. In light of these factors, and after an extensive consultation process with its professional advisers, the Company determined that it would not be commercially viable to continue with the development of its TFN product line or the PMTA submission process. It was therefore determined that Chill Brands' TFN synthetic nicotine products should be withdrawn from sale. No further development of this product range has been planned.

The Company cannot predict the nature of any future laws, regulations, interpretations or applications, nor can it determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on the Group's business. The Board expects that the legislative and regulatory environment in the hemp, CBD and vaping industries in the United Kingdom and the United States and internationally will continue to be dynamic and will require innovative solutions to comply with this changing legal landscape in these nascent industries for the foreseeable future. The requirements for compliance with any such laws and regulations may have a material adverse effect on the Company's business, financial condition and results of operations.

Public opinion may also exert a significant influence over the regulation of the vaping and CBD industries. A negative shift in the public's perception of their products could affect future legislation or regulation in different jurisdictions, including in the United Kingdom and the United States and other countries in which the Group expects to distribute its products.

The Group will comply with law and regulation to the extent it applies to the Group's operations, however the Group's interpretation of the applicable law and regulation may differ to that of the applicable regulator or authority. In addition, the Group may become subject to additional regulation, or the interpretation applied by regulators or authorities may change. In such circumstances, the Group may face additional regulatory requirements, or may be considered by authorities or regulators to have been in breach of an applicable requirement.

If it is determined that the Group has breached any regulatory requirements applicable to it, the Group may be subject to penalties, including without limitation civil and criminal penalties, damages, fines, restrictions or prohibitions on the Company's operations. Any such consequences could have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

The Group or third parties on which it relies may become subject to further regulation

The Company has structured its business to be compliant with applicable regulation in the US and the United Kingdom. The Company's products are not marketed as being medicinal in nature and no curative or other health claims are made in relation to the products in any of the territories in which they are sold. Therefore, currently they are not regulated as medicinal products but instead, depending on product type, they must meet the applicable requirements under the Novel Food Regulation and/or applicable cosmetics regulation.

Societal attitudes to CBD and CBD-infused products have shifted significantly in the recent past, and while regulation has been slow to change, it is constantly under scrutiny and the Company believes it will change in the near future. There is a risk that the Group or third parties with which the Group

trades or has other business relationships (including partners, customers, suppliers, distributors, subcontractors and other parties) may become subject to regulation or, if regulated in the future, breach regulations or lose regulated status which is required for them to carry on their business or provide the services on which the Group relies.

In particular, the UK Government has proposed introducing legislation to restrict the sale and marketing of e-cigarettes (vapes) to children, and imposing an additional duty on them, and is conducting a public consultation on “Creating a smokefree generation and tackling youth vaping”, which closes on Wednesday 6 December and asks questions in a number of areas including “tackling youth vaping”. The issues it addresses include: restricting the flavours and descriptions of vapes (in a way that continues to support adult smokers to switch to vapes), so that vape flavours are no longer targeted at children; regulating point of sale displays in retail outlets; considering restricting the sale of disposable vapes; regulating vape packaging and product presentation; exploring further restrictions for non-nicotine vapes; exploring whether increasing the price of vapes will reduce the number of young people using them; and introducing new powers for local authorities to issue on-the-spot fines to enforce age of sale legislation of tobacco products and vapes.

The Company considers that there is no way of predicting the nature of future change in regulation; however, such change may alter the market for vape products or CBD-infused products, and may adversely affect the Group’s business or customer demand for the Group’s products. Such regulatory change could have a material adverse effect on the ability of the Group to continue to operate or on its business, financial condition, results of operations and/or prospects either in the UK or in other jurisdictions.

The Group may expand the provision of its services into other jurisdictions with competing regulatory requirements

The Group’s current markets are the US and the United Kingdom, and the Company has focussed its efforts to date on building a business model to enable it to serve customers in these countries. The Company may, in the future, choose to expand the Group’s operations into further jurisdictions and, in doing so, may become subject to applicable laws and regulations in those jurisdictions. The Company will investigate the regulatory regime applicable in the given jurisdiction prior to entering the market and will structure its operations so as to comply with the laws in each jurisdiction in which it operates. However, the applicable laws or regulations may change (either in the US, United Kingdom, or another relevant jurisdiction) and such change may result in the relevant regulatory regime becoming incompatible or require the Group to restructure its operations in order to comply with applicable law and regulation. Such regulatory change could have an adverse effect on the ability of the Company to continue to operate or on its business, financial condition, results of operations and/or prospects either in the US or the UK, or in other jurisdictions.

C. Further Risks relating to the CBD and vaping industries

New Industry and Market

The Group operates in a relatively new industry that is subject to regulatory change and shifts in consumer behaviour. The CBD industry and market are relatively new in the United States and the United Kingdom and elsewhere, and this industry and market may not continue to exist or grow as anticipated or the Company may ultimately be unable to succeed in this new industry and market. The vaping industry is equally a relatively new business category and nicotine-free vape products such as those manufactured, marketed and sold by the Group have only started to become mainstream products in recent years. Operators in these industries and markets are subject to general business risks, as well as risks associated with a business involving an agricultural product and a regulated consumer product. The Company is currently aiming to build brand awareness in the United States and the United Kingdom where its products are marketed and sold, through significant investments in its strategy, quality assurance and compliance with regulations. These activities may not promote the Group’s brand and products as effectively as intended, or at all. Competitive conditions, consumer tastes and spending patterns in this new industry and market are relatively unknown and may have unique circumstances that differ from existing industries and markets. There are no assurances that this industry and market will continue to exist or grow as currently estimated or anticipated, or function and evolve in a manner consistent with management’s expectations and assumptions. Any event or circumstance that affects the industries and markets in which the Group operates could have a material adverse effect on the

Group's business, financial condition and results of operations.

The acceptance and/or widespread use of CBD or products containing CBD is uncertain

The legal hemp extracts and CBD industry in the United Kingdom and the United States and elsewhere is at an early stage of its development. Consumer perceptions regarding legality, morality, consumption, safety, efficacy and quality of hemp extracts/CBD products are mixed and evolving and can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of hemp extracts and related products, such as CBD. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or publicity will be favourable to the hemp market or CBD market or any particular product, or consistent. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity, could have a material adverse effect on the demand for hemp extracts and CBD products and on the business, results of operations, financial condition and cash flows of the Group. Further, adverse publicity reports or other media attention regarding hemp or CBD in general, or associating the consumption of hemp extracts/CBD products with illness or other negative effects or events, could have such a material adverse effect. Public opinion and support for hemp use and the consumption of CBD extracts has traditionally been inconsistent and varies from jurisdiction to jurisdiction. The Company's ability to gain and increase market acceptance of its business may require substantial expenditures on investor relations, strategic relationships and marketing initiatives. There can be no assurance that such initiatives will be successful and their failure to materialise into significant demand may have an adverse effect on the Company's financial condition.

Currently, there is relatively small use of CBD and CBD-infused products in the retail marketplace in comparison to the existing market share of comparable non-CBD products. As the Company's business model relies upon continued demand from consumers for products containing CBD, any reduction in such demand could have a material adverse effect on a considerable part of the Group's business, financial condition, results of operations and/or prospects.

As CBD is gaining wider acceptance, but still remains relatively new to the mainstream market, new products have not been widely adopted. The early stage of the market for CBD and CBD-containing products results in an uncertainty as to the ultimate size of the market and therefore the demand for the Group's products. A lack of expansion in consumer demand for the products, or a contraction of such demand, could adversely impact the Group's operations, strategies, and potential profitability.

Medical attitudes to cannabis and cannabis derived products are currently uncertain and may be subject to change

The Company is aware that significant consideration is being given to the potential medical applications of cannabis and cannabis-derived products in the US, the United Kingdom and worldwide. However, no consensus amongst medical professionals has been reached as to the potential benefits and concerns connected with cannabis or cannabis-derived products, including CBD. Such consensus will take time to build and will be affected by a wide range of factors which may influence or inform the attitude of medical professionals to cannabis and cannabis derived products in the short, medium and long term. If the consensus of medical professionals changes from uncertain to identifying areas of concern, it may have a significant effect on the Group's operations, strategies, and potential profitability, and on the ability of the Group to continue to operate or on its business, financial condition, results of operations and/or prospects either in the US, the UK or in other jurisdictions.

Banks may not provide banking services, or may cut off banking services, to businesses that provide cannabis related and/or cannabis-derived products

Banks, payment card processors and other financial institutions may refuse to provide bank accounts and other financial services to companies which engage in the cannabis or CBD sector for a number of reasons, such as perceived compliance risks or costs. If this is the case, the Group may have difficulty in finding banks willing to provide it with bank accounts and other banking services, which could have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

To date, the Group has not experienced any difficulty in securing banking services, and considers this risk may be reducing over time as CBD becomes more understood and accepted. In addition, the Company's approach in designing a compliant business model has enabled and should continue to enable the Company to demonstrate a compliance-centric approach to operations. The Company considers that this approach should provide the Group with an advantage in securing banking services, although the risk remains that the Group may encounter difficulties in doing so in the future for a variety of reasons, as described above.

Restrictions in advertising the Group's services may adversely affect the number of customer sign-ups

The Group's activities will be reliant on customers purchasing the Group's products, either on a one-off basis or, in the future, by subscribing for regular deliveries of its products. The Directors anticipate that the Group will need to undertake substantial marketing to secure brand awareness and to continue to develop its customer base.

The Company anticipates that the majority of the Group's advertising will be conducted on web-based platforms such as major social media channels and websites. The Company is aware that Facebook, Google and Instagram have policies and procedures which limit the advertising for CBD and vape products that can be made through their platforms. These restrictions may limit the Group's ability to carry out advertising in particular jurisdictions or at all. There is no guarantee that the Group's activities will be correctly categorised or that the Group will be allowed to advertise via such web-based platforms, or to utilise email distribution services. In addition, should any other platform providers follow suit, the effect may be compounded and the Group may be required to find alternative advertising media to reach potential users.

Any restriction, whether temporary or permanent, on the advertising available to the Group could negatively affect the number of its customers, and have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

The Group's operations will be dependent on keeping the Group's products current in the face of significant and continued change

The CBD and vape product markets, and the demand for their products, are characterised by increased awareness of and developing consumer attitudes to CBD infused products and vape products. Changing customer requirements and the introduction of new products or enhancements may render the Group's products obsolete, unmarketable or competitively impaired and may exert downward pressures on the pricing of existing products. It is critical to the success of the Company for the Group to be able to anticipate changes in the market or in consumer requirements and to successfully develop and introduce new, enhanced and competitive products on a timely basis to address such changes.

To remain competitive, the Group will continue to invest in its product range. Should there be new developments in the market, or should competitors introduce new products the Group has not anticipated, the Company recognises it may have to expend capital to introduce new products, the success of which is not guaranteed.

These factors may place excessive strain on the Company's capital resources which may adversely impact on the revenues and potential profitability of the Company or the Company's ability to achieve its objectives. The Company cannot give assurances that the Group will on a timely basis successfully develop new products or enhance and improve its existing products, that new products and enhanced and improved existing products will achieve market acceptance or that the introduction of new products or enhancement of existing products by others, or changing customer requirements, will not render the Group's products obsolete. The Group's inability to develop products that are competitive in nature and price and that meet customer needs could have a material adverse effect on the Group's business, revenue, financial condition, potential profitability, prospects and results of operations.

The Company's operational and future prospects may be adversely affected by competition, including from future market entrants, whether in the CBD sector, the vaping sector or other competing sectors

The Group is a relatively early-stage business in a relatively new market and will compete with established competitors who may have more resources and a more recognisable brand presence in

the market. As the CBD and vaping sectors develop, the Directors anticipate that additional competitors will enter those markets, or competing markets. New entrants could include an existing supplier, who becomes a competitor, rather than supplier to, the Group. There can be no guarantee that the Group's current competitors or new entrants to the market or a competing market will not bring superior product offerings to the market or equivalent products at a lower price which may have an adverse effect on the market for the Group's products and therefore the Company's business. Such businesses may also have greater financial and marketing resources than the Group. While the Directors believe that they have the experience and connections to ensure that the Group is able to compete with established and potential new competitors and take advantage of market opportunities they have identified, even if the Group is able to compete successfully, it may be forced to make changes to one or more of its products in order to respond to the changing competitive environment which may impact negatively on the Company's financial performance.

These factors may prevent the Group from being able to charge appropriate prices or may reduce the market share the Group is able to capture through its operations. Unless the demand for CBD and vape products expands at a higher rate than can be met by an increased number of providers, the Group's customer base may decrease, and this may have a dilutive effect on the Company's profits, if it becomes profitable. The Group currently focusses its marketing resources in the US and the United Kingdom. This may enable its competitors to develop and build brand loyalty in other parts of the world, where the Group has no presence, and therefore the Group may receive fewer sales from such markets. Such reduction in potential sales would have a material adverse effect on the Company's business, revenue, financial condition, potential profitability, prospects and results of operations and, consequently, its share price.

Risks Inherent in reliance on the supply of an Agricultural Product

The Group's business partly involves the distribution and sale of products whose manufacture involves the extraction of hemp extracts, which is an agricultural product. The occurrence of severe adverse weather conditions, especially droughts or floods, is unpredictable, and may have a potentially devastating impact on agricultural production, and adversely affect the supply of hemp. Adverse weather conditions may be exacerbated by the effects of climate change, including higher than average temperatures and rainfall, and may result in the introduction and increased frequency of pests and diseases. These factors may reduce the yield and quality of hemp crops and the supply of hemp extracts and/or affect the price of the ingredients used in the Group's products, which could materially and adversely affect the Group's business, financial condition and results of operations.

D. Legal Risks

Exposure to legal proceedings

From time to time, the Company or other members of the Group may be a party to legal and regulatory proceedings, including matters involving governmental agencies, entities with whom it does business and other proceedings arising in the ordinary course of business. The Group will evaluate its exposure to such legal and regulatory proceedings and establish reserves for the estimated liabilities in accordance with generally accepted accounting principles. Assessing and predicting the outcome of these matters involves substantial uncertainties. Unexpected outcomes in such legal and regulatory proceedings, or changes in management's evaluations or predictions and accompanying changes in established reserves, could have an adverse impact on the Company's financial results.

The Group's business may give rise to litigation, formal or informal complaints, enforcement actions and inquiries by third parties, other companies and/or various governmental authorities directed at the Group. Litigation, complaints, enforcement actions and enquiries involving the Group could consume considerable amounts of financial and other corporate resources, which could have an adverse effect on the Group's future cash flows, earnings, results of operations and financial condition.

The Group's products are sold directly to consumers, and therefore the Group is at risk of product liability claims

As a distributor of products designed to be ingested or inhaled by humans, the Group faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused bodily harm or injury. In addition, the sale of the Group's products involves the risk of

injury to consumers due to tampering by unauthorised third parties or product contamination. Adverse reactions resulting from human consumption of the Group's products alone or in combination with other medications or substances could occur. In addition, the Company cannot preclude the possibility that products sold by the Group could have unintended or long-term side effects, particularly side effects that are not known at the date of sale, given the nascent stage of the CBD and vape product markets and the current status of medical research on the benefits of and issues arising from CBD and vape products. The Group may be subject to various product liability claims, including, among others, that the Group's products cause injury or illness, include inadequate instructions for use or inadequate warnings concerning health risks or have possible side effects or interactions with other substances. A product liability claim or regulatory action against the Group could result in increased costs, could adversely affect the Group's reputation with its customers and consumers generally, could adversely affect the Group's standing with regulators or authorities, who may increase their scrutiny of the Group's activities, and could have a material adverse effect on the results of operations and financial condition of the Group. There can be no assurances that the Group will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialisation of the Group's products.

Inability to protect or keep confidential the Group's intellectual property rights, including trade secrets

The Group has incurred, and will continue to incur, time and expense in establishing and refining its operations and its product range. In so doing, the Group will develop its intellectual property, including trade secrets. In order to commercialise its intellectual property, it may be required to share such intellectual property with its employees and contractors, and with third parties it engages to perform services. In so doing, there is a risk that the Group's intellectual property is leaked or misused. Such leak or misuse could provide a competitor an insight into the Group's operations and processes which could provide an advantage to that competitor in competing with the Group, and therefore could have a material adverse effect on the Company's business, revenue, financial condition, potential profitability, prospects and results of operations.

The Group may be required to take action against third parties or defend third party claims

Furthermore, the Group may identify third parties who have infringed its intellectual property, or alternatively face allegations that it has infringed the intellectual property of third parties which may result in litigation between the parties. Such litigation (and in the case of an allegation from a third party, whether or not it has any merit) would necessarily require the Group to devote time and attention to either pursuing or defending the matter (as appropriate), and would be likely to require the Group to incur costs in so doing. Should the Group be found to have infringed the intellectual property rights of a third party, the Group may be liable to the third party for damages and their legal fees and expenses. Any claims could therefore have a material adverse effect on the Company's business, revenue, financial condition, potential profitability, prospects and results of operations.

The Group's operations and those of its suppliers may be affected by environmental, health and/or safety laws

The Group is subject to environmental and health and safety laws and regulations in the US and the United Kingdom and, should it expand outside of those territories, the laws and regulations of each relevant jurisdiction into which it expands. Equally, the Group's suppliers would be subject to the environmental and health and safety laws and regulations in the jurisdiction in which they operate. Environmental and health and safety laws and regulations cover a number of different matters, including pollution, waste disposal, water discharge, contamination, and the health and safety of the Group's or the suppliers' staff.

Should the Group or its suppliers breach, or be alleged to have breached, environmental or health and safety laws, the Group may be held liable for the breach, and be obliged to pay penalties and the cost of remediating any issues (if applicable). Any such costs or penalties, or the negative publicity or public perception arising from the breach, could have a material adverse effect on the Company's business, revenue, financial condition, potential profitability, prospects and results of operations.

Regulatory risks

The Ordinary Shares are admitted to listing on the standard segment of the Official List pursuant to Chapter 14 of the Listing Rules, which sets out the requirements for Standard Listings. Although a Standard Listing affords Shareholders and investors in the Company a lower level of regulatory protection than that afforded to investors in companies whose securities are admitted to a Premium Listing, which are subject to additional obligations under the Listing Rules, the Company and its Directors are subject to a significant amount of regulatory compliance. None of the Directors had experience of being a director of a company listed on a UK market prior to their appointments to the board of the Company. However, they are fully aware of the regulatory requirements that apply to a company with a Standard Listing, and work closely with their financial adviser, Allenby Capital Limited, and English legal adviser, DMH Stallard LLP with a view to ensuring regulatory compliance. Callum Sommerton, the Group Chief Executive Officer, worked for the English law firm Mischon de Reya LLP and Scott Thompson is a highly experienced US attorney, who has previously held senior positions in a number of listed blue-chip consumer products companies, and they take the lead in monitoring regulatory compliance. There is, however, no guarantee that the Group or its Directors will not in the future be in breach of the regulations to which they are subject, which could result in them being subject to financial, civil or criminal sanction and materially and adversely affect the Group's reputation, business, financial condition and results of operations.

E. Economic, Political, Social and International Risks

Operational Risks

Operations in the United States and United Kingdom are subject to risk due to the potential for social, political, economic, legal, military and fiscal instability. The Governments of the United States and the United Kingdom face ongoing problems, including but not limited to inflation, unemployment and inequitable income and wealth distribution. Although the Company is not presently aware of any circumstances or facts which may cause such instability to occur, other risks may involve matters arising out of: the evolving laws and policies in the United States and United Kingdom, any future imposition of special taxes or similar charges, foreign exchange fluctuations, controls on currency convertibility, the unenforceability of contractual rights, the taking or nationalisation of property without fair compensation, restrictions on the use of expatriates in the Group's operations, or other matters. The Group's business, financial position and results of operations may be affected by the general conditions of the economy, price instabilities, currency fluctuations, inflation, interest rates, regulation, taxation, social instabilities, political unrest and other developments in or affecting the United States and United Kingdom, over which the Company has no control. Those jurisdictions from time to time experience periods of weak economic activity and deterioration in economic conditions. The Company cannot give assurances with regard to future economic activity and conditions or that such activity or conditions will not have a material adverse effect on the Company's business, financial condition or results of operations.

Global economy

Financial and securities markets in the United States and the United Kingdom are influenced by the economic and market conditions in other countries. Although economic conditions in those countries may differ significantly from economic conditions in the United States and the United Kingdom, international investors' reactions to developments in those other countries may substantially affect capital inflows into the United States and the United Kingdom, and the market value of securities of companies with operations in the United States and the United Kingdom.

Economic downturn or volatility, whether global or in the countries in which the Group operates, could have a material adverse effect on the Company's business, financial condition and results of operations. In addition, weakening of economic conditions could lead to reductions in demand for the Group's products. For example, its revenues can be adversely affected by high unemployment and other economic factors. Further, weakened economic conditions or a recession could reduce the amount of income customers are able to spend on the Group's products. For instance, the Group's business, financial condition and results of operations could be negatively impacted by increased competitive pricing pressure, which could result in the Group incurring increased bad debt expense. The global

economy is still recovering from the effects of the COVID-19 pandemic and this continues to have a prejudicial economic effect. The global economy also continues to suffer from the prejudicial effects of the Russia-Ukraine conflict. If the Group is not able to adapt to changes resulting from a weak economic environment in a timely and appropriate manner, its business, results of operations and financial condition may be materially and adversely affected.

Additional risks relating to doing business internationally

The Group is subject to risks generally associated with doing business in international markets, and these may be increased if it expands into international markets outside the United Kingdom and the United States. Several factors, including legal and regulatory compliance and weakened economic conditions in any of the international jurisdictions in which the Group may do business could adversely affect such expansion and the Group's growth. Additionally, if the Group enters into new international jurisdictions, such entries would require management attention and financial resources that would otherwise be spent on other parts of the business.

International business operations, both those currently carried on by the Group and if it expands into international markets, expose the Group to risks and expenses inherent in operating or selling products in different jurisdictions. In addition to the risks mentioned elsewhere, these risks and expenses could have a material adverse effect on the Group's business, results of operations or financial condition and include without limitation: (a) adverse currency rate fluctuations; (b) risks associated with complying with laws and regulations in the countries in which the Company intends to sell its products, and requirements to apply for and obtain licenses, permits or other approvals and the delays associated with obtaining such licenses, permits or other approvals; (c) multiple, changing and often inconsistent enforcement of laws, rules and regulations; (d) the imposition of additional foreign governmental controls or regulations, new or enhanced trade restrictions or non-tariff barriers to trade, or restrictions on the activities of foreign agents, and distributors; (e) changes in applicable tax principles, including increased tax rates, new tax laws or revised interpretations of existing tax laws and precedents, and increases in tariffs, customs and duties, or costs associated with compliance with import and export licensing and other compliance requirements; (f) the imposition of restrictions on trade, currency conversion or the transfer of funds or limitations on the Company's ability to repatriate non-UK earnings in a tax effective manner; (g) the imposition of UK, US and/or other international sanctions against a country, company, person or entity with whom the Group may do business that would restrict or prohibit the Group's business with the sanctioned country, company, person or entity; (h) downward pricing pressure on the Group's products in the Group's international markets, due to competitive factors or otherwise; (i) laws and business practices favouring local companies; (j) political, social or economic unrest or instability; (k) expropriation and nationalisation and/or renegotiation or nullification of necessary licenses, authorisations, approvals, permits or contracts; (l) greater risk on credit terms, longer payment cycles and difficulties in enforcing agreements and collecting receivables through certain foreign legal systems; (m) difficulties in enforcing or defending intellectual property rights; and (n) the effect of disruptions caused by severe weather, natural disasters, outbreak of disease or other events that make travel to a particular region less attractive or more difficult.

Governments in certain foreign jurisdictions intervene in their economies, sometimes frequently, and occasionally make significant changes in policies and regulations. Operations may be affected in varying degrees by government regulations or restrictions with respect, but not limited, to: doing business, price controls, import controls, currency remittance, income and other taxes, royalties, the repatriation of profits, if any, foreign investment, licences, authorisations, approvals and permits.

The Group's international efforts may not produce desired levels of sales. If and when the Group enters into new markets in the future, it may experience different competitive conditions, less familiarity by customers with the Group's brand and/or different customer requirements. As a result, the Group may be less successful than expected in expanding sales to new international markets. Sales into new international markets may take longer than expected to achieve their projected levels and levels of profitability, or may never do so, thereby affecting the Group's overall growth and potential for profitability. To build brand awareness in these new markets, the Group may need to make greater investments in legal compliance, advertising and promotional activity than originally planned, which could negatively impact any expected profitability of sales in those markets.

Public health crises

Public health crises could adversely affect the Group's business. The Group's financial and/or operating performance could be materially adversely affected by an outbreak of a public health crisis, an epidemic, a pandemic or an outbreak of a new infectious disease or a virus, such as the recent global outbreak of a novel coronavirus, COVID-19. Such public health crises can result in volatility and disruption to global supply chains, consumer, trade and market sentiment, mobility of people, and global financial markets, which could affect share prices, interest rates, credit ratings, credit risk, inflation, business and financial conditions and results of operations, and other factors relevant to the Group. The risks to the Group of such public health crises, including the COVID-19 outbreak, also include risks to employees' health and safety, a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak or cancellation of orders, and could negatively impact the Group's business, financial condition and results of operations.

In particular, the global restrictions and preventative and mitigation measures implemented as a result of the COVID-19 pandemic continue to have an adverse impact on global market and economic conditions and consumer confidence and spending, which could materially adversely affect the demand and supply for the Group's products and negatively impact the Group's business, financial condition and cash flows and the trading price of the Ordinary Shares of the Company.

Crime and Business Corruption Risk

The Group and its personnel are required to comply with applicable anti-bribery laws, including the US Foreign Corrupt Practices Act of 1977 and the UK Bribery Act 2010, as well as local laws in all areas in which the Group does business. These, among other things, include laws in respect of the monitoring of financial transactions and provide a framework for the prevention and prosecution of corruption offences, including various restrictions and safeguards. However, there can be no guarantee that these laws will be effective in identifying and preventing money laundering and corruption. While corruption does not appear to be institutionalized and businesses can largely operate and invest in the United States and United Kingdom without interference from corrupt officials, it can be assumed that corruption exists in those jurisdictions. Any failure of the United States' and/or the United Kingdom's governments to fight corruption or the perceived risk of corruption could have a material adverse effect on the local economies. Any allegations of corruption or evidence of money laundering in those jurisdictions could adversely affect the ability of the United States and/or the United Kingdom to attract foreign investment and thus have a material adverse effect on their economy which in turn could have a material adverse effect on the Group's business, results of operations, financial condition and prospects. Moreover, findings against the Group, the directors, the officers or the employees of the Group, or their involvement in corruption or other illegal activity could result in criminal or civil penalties, including substantial monetary fines, against the Group, the directors, the officers or the employees of the Group. Any government investigations or other allegations against the Group, the directors, the officers or the employees of the Group, or findings of involvement in corruption or other illegal activity by them, could significantly damage the Group's reputation and its ability to do business and could have a material adverse effect on the financial condition and results of operations of the Company.

Emerging Market Risks

Emerging market investment generally poses a greater degree of risk than investment in more mature market economies because the economies in the developing world are more susceptible to destabilization resulting from domestic and international developments. All of the Group's operations are in the United States and the United Kingdom, but it may expand its operations into areas which have a history of geopolitical instability and crises, including those related to terrorism. If there is any future major political instability in the Group's current operating countries, or countries into which it expands its operations, this could adversely affect the Company's business, financial condition and results of operations.

F. Financial and Accounting Risks

Access to Capital

The Company makes, and will continue to make, significant investments and incur other expenditures related to research and development and marketing initiatives. Since its incorporation, the Company has financed these expenditures through a mixture of debt funding and offerings of its ordinary shares.

The Company will have further capital requirements and other expenditures as it proceeds to expand the Group's business or take advantage of opportunities for acquisitions or other business opportunities that may be available to it. The Group may incur major unanticipated liabilities or expenses. The Company can provide no assurance that it will be able to obtain financing on reasonable terms or at all to meet the continuing and growth needs of its operations.

The Company will though continue to consider opportunities to raise additional funds through further equity and/or debt fundraisings, including through issues of convertible debt securities, to respond to business challenges, and to further develop its sales and marketing channels. In the event that the Company raises additional funds through further issues of equity or convertible debt securities, existing Shareholders could suffer dilution, and any new equity securities could have rights, preferences and privileges of a superior nature to those of existing Shareholders. If the Company is unable to obtain adequate financing on favourable terms or at all when required, its ability to support business growth or to respond to business challenges could be limited and its financial viability may be affected.

Estimates or Judgments Relating to Critical Accounting Policies

The preparation of financial statements in conformity with International Accounting Standards requires management to make estimates and assumptions that affect the amounts reported in the Company's financial statements and accompanying notes. The Company bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, as provided in the notes to its financial statements, the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue and expenses that are not readily apparent from other sources. The Company's operating results may be adversely affected if the factors underlying the assumptions change or if actual circumstances differ from those assumed in the assumptions, which could cause the Company's operating results to fall below the expectations of securities analysts and investors, resulting in a decline in the share price of the Company. Significant assumptions and estimates used in preparing the financial statements include those related to the credit quality of accounts receivable, income tax credits receivable, share based payments, impairment of non-financial assets, fair value of CBD assets, as well as revenue and cost recognition.

G. Risks relating to the Ordinary Shares and Warrants

The price of the Ordinary Shares may fluctuate.

The market price of the Ordinary Shares could be subject to significant fluctuations due to a change in sentiment in the market regarding the Ordinary Shares. The fluctuations could result from national and global political, military, economic, health and financial conditions (such as the Ukraine-Russia conflict and the COVID-19 pandemic and any new variants), market perceptions of the Company and various other factors and events, including but not limited to variations in the Group's operating results, business developments of the Group and/or its competitors, changes in market conditions in the CBD industry and the liquidity of the financial markets. Furthermore, the Company's operating results and prospects from time to time may be below the expectations of market analysts and investors. Any of these events could result in a decline in the market price of the Ordinary Shares. In addition, stock markets from time to time experience extreme price and volume fluctuations, which are often unrelated to the operating performance of particular companies. The Company also has a number of major Shareholders with material holdings in the Company, and the holdings of some of these and other Shareholders will increase as a result of the Conversion. If any of these Shareholders were to choose to sell their Ordinary Shares, this could cause material fluctuations in the value of the Ordinary Shares.

Lack of liquidity in the market

Although the Company's current intention is that its securities should continue to trade on the London Stock Exchange, it cannot assure Shareholders that they will always do so. In addition, there can be no assurance that there will be an active trading market, or sufficient liquidity, in the Company's shares and Shareholders may not be able to sell or buy Ordinary Shares at any time at a certain price level. The Company cannot predict the extent to which there will be an active market for the Ordinary Shares, or how the development of such market might affect the market price for Ordinary Shares. An illiquid market for the Ordinary Shares may result in lower trading prices and increased volatility, which could adversely affect the value of any investment in Ordinary Shares. Investors should not expect that they will necessarily be able to realise their investment in Ordinary Shares within a period that they would

regard as reasonable. Accordingly, the Ordinary Shares may not be suitable for short-term investment. If the Company subsequently obtains a listing on an exchange in addition to, or in lieu of, the London Stock Exchange, the level of liquidity of the Ordinary Shares may decline.

Shareholders will experience dilution in their ownership of the Company as a result of the Conversion and issue of the Conversion Shares and the exercise of the Warrants from time to time

Existing Shareholders will experience substantial dilution in their ownership of the Company as a result of the Conversion and issue of the Conversion Shares and may experience substantial additional dilution by further share issues. The Company has no current plans for an offering of shares apart from possible offerings in relation to employee share plans or scrip dividend schemes. However, it is possible that the Company's directors may decide to offer additional shares in the future. If Shareholders do not take up such offer of shares or are not eligible to participate in such offering, their proportionate ownership and voting interests in the Company would be reduced and the percentage that their Ordinary Shares would represent of the total share capital of the Company would be reduced accordingly. A reduction in such interests and percentages would also result from the exercise of warrants and options granted by the Company from time to time, including the Warrants. Further issues of shares by the Company may have an adverse effect on the market price of the Ordinary Shares. The Conversion will result in the participation in the Ordinary Share capital and voting rights of the holders of the Existing Ordinary Shares (namely 100 per cent.) being diluted, so as to result in their holding 65.03 per cent. of the Enlarged Ordinary Shares in issue immediately following Admission (assuming that holders of the Existing Ordinary Shares are not issued Conversion Shares). If immediately following the Conversion the Warrants are exercised in full, this would result in the participation in the Ordinary Share capital and voting rights of the holders of the Existing Ordinary Shares (namely 100 per cent.) being further diluted, so as to result in their holding 62.25 per cent. of the resultant enlarged ordinary shares capital of the Company in issue (assuming there are no other share issues and holders of the Existing Ordinary Shares are not issued Conversion Shares or Warrant Shares).

Taxation

This document has been prepared in accordance with current UK tax legislation, practice and concession and interpretation thereof. Any change in the Company's tax status or the tax applicable to a holding of the Company's Ordinary Shares or in taxation legislation or its interpretation, could affect the value of the investments held by the Group, affect the Company's ability to provide returns to Shareholders and/or alter any post-tax returns to Shareholders. It should be noted that the information contained in Part 14 "Taxation" of this Document relating to the taxation of Shareholders is based upon current tax law and practice which is subject to legislative change. The taxation of an investment in the Company depends on the individual circumstances of Shareholders, including, inter alia, on tax laws in the jurisdiction in which that Shareholder is a citizen, resident or domiciled. Investors should consult their professional advisers on the possible tax consequences of subscribing for, buying, holding, selling or transferring Ordinary Shares under the laws of their country of citizenship, residence or domicile. In addition, if the Company acquires a business with significant overseas operations, the Company's tax status and/or domicile could change.

There can be no assurance that the Company will be able to make returns for Shareholders in a tax-efficient manner

The Company has made certain assumptions regarding taxation. However, if these assumptions are not correct, taxes may be imposed with respect to the Company's assets, or the Company may be subject to tax on its income, profits, if any, gains or distributions (either on a liquidation and dissolution or otherwise) in a particular jurisdiction or jurisdictions in excess of taxes that were anticipated. This could alter the anticipated post-tax returns for Shareholders (or Shareholders resident in, or otherwise subject to the taxation legislation of, certain jurisdictions). The level of return for Shareholders may also be adversely affected. Any change in laws or tax authority practices could also adversely affect any post-tax returns of capital to Shareholders or payments of dividends (which the Company has no current intention to make). In addition, the Company may incur costs in taking steps to mitigate any such adverse effect on the post-tax returns for Shareholders.

The Company's ability to pay dividends on the Ordinary Shares will depend on the availability of distributable reserves

The Company has not paid a dividend to holders of its Ordinary Shares and has no current intention to do so.

The Company's ability to pay dividends in the future will depend on, among other things, its financial performance. Under UK company law, a company can only pay cash dividends to the extent that, among other things, it has distributable reserves and cash available for this purpose. As a parent company, the Company's ability to pay dividends in the future is affected by a number of factors, and principally its ability to receive sufficient dividends from its subsidiaries. The payment of dividends to the Company by its subsidiaries is, in turn, subject to restrictions, including certain legal requirements in the country and/or state in which they are incorporated and their ability to generate profits and cash reserves. These restrictions could limit the Company's ability to fund other operations or to pay a dividend to Shareholders.

The Standard Listing of the Ordinary Shares affords Shareholders a lower level of regulatory protection than a Premium Listing

The Ordinary Shares are admitted to the Standard Listing Segment of the Official List under Chapter 14 of the Listing Rules. A Standard Listing affords investors in the Company a lower level of regulatory protection than that afforded to investors in a company with a Premium Listing, which is subject to additional obligations under the Listing Rules. A Standard Listing does not permit the Company to gain a FTSE indexation, which may have an adverse effect on the valuation of the Ordinary Shares.

Further details regarding the differences in the protections afforded by a Premium Listing as against a Standard Listing are set out in the section entitled "*Consequences of a Standard Listing*" in Part 3 of this Document.

The admission of the Conversion Shares to listing on the Official List and to trading on the London Stock Exchange may not occur when expected

Until the Conversion Shares are admitted to listing on the Official List and to trading on the London Stock Exchange, they will not be fungible with Existing Ordinary Shares currently traded on the London Stock Exchange. There is no assurance that Admission will take place when anticipated.

The Warrants are unlisted and may not realise any value

The Warrants are not listed and an application will not be made at any time in the future for them to be listed. Whether they realise any value is wholly dependent on whether the market price of the Ordinary Shares exceeds the exercise price of the relevant Warrant within their relevant exercise period, and whether any conditions for their exercise are satisfied. The Warrants are not transferable without the prior written consent of the Company and, even if that consent is given, this does not mean that there will be a willing purchaser for them.

The ability of Shareholders to bring actions, or to enforce judgments, against the Company, the Company's directors or the officers of the Company may be limited

The Company is a public limited company incorporated in England and Wales. As a result, the rights of Shareholders are governed by English law and the Company's Articles of Association, and may differ from the rights of shareholders in corporations incorporated in other jurisdictions, including the US. In addition, the ability of an Overseas Shareholder to bring an action against the Company may be limited under English law, and it may not be possible for investors outside of the UK to effect service of process outside the UK against the Company or the Company's directors, or to enforce the judgment of a court outside the UK against the Company or the Company's directors. Similarly, the ability of a Shareholder to bring an action against the Company's directors who are based in the US may be limited, and it may not be possible for Shareholders to effect service of process in the US against the Company's directors, or to enforce the judgment of a court against them in the US. In addition, Shareholders may not be able to enforce any judgments under the securities laws of countries other than the UK against the Company's directors who are residents of the UK or countries other than those in which judgment is made, and English or other courts may not impose civil liability on the Company's directors in any original action based solely on foreign securities laws brought against the Company or the Company's directors in a court of competent jurisdiction.

Overseas Shareholders may not be able to exercise pre-emptive rights in the future

Upon the Conversion, the share capital of the Company will be increased as a result of the issue of the Conversion Shares. Warrant Shares will be issued from time to time, if Warrants are exercised. In addition, further share capital increases and share issues may be proposed in the future. Shareholders are entitled to pre-emptive rights in respect of new issues of shares for cash, unless those rights are waived by a Shareholders' resolution.

Overseas Shareholders may not be able to exercise their pre-emptive rights as part of a future issue of shares for cash (even if modified pre-emption rights are retained by the shareholder resolution waiving statutory pre-emption rights), unless the Company decides to comply with applicable local laws and regulations. This is because securities laws of certain jurisdictions may restrict the Company's ability to allow participation by certain Shareholders in any future issue of shares. In particular, Overseas Shareholders who are located in the United States may not be able to participate in a future issue of shares by the Company, unless a registration statement under the Securities Act is effective with respect to such issue or an exemption from the registration requirements under the Securities Act is available. The Conversion Shares will not be registered under the Securities Act and the Company is unlikely to file registration statements under that Act for future share issues.

Forward-looking statements

This Document includes statements that are, or may be deemed to be, "forward-looking statements". In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms "targets", "believes", "estimates", "anticipates", "expects", "intends", "may", "will", "should" or, in each case, their negative or other variations or comparable terminology. They appear in a number of places throughout the Document and include statements regarding the intentions, beliefs or current expectations of the Company and the Board of Directors concerning, among other things: (i) the Company's objective, acquisition and financing strategies, results of operations, financial condition, capital resources, prospects, capital appreciation of the Ordinary Shares and dividends; and (ii) future deal flow and implementation of active management strategies, including with regard to any Acquisitions. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company's actual performance, results of operations, financial condition, distributions to Shareholders and the development of its financing strategies may differ materially from the forward-looking statements contained in this Document. In addition, even if the Company's actual performance, results of operations, financial condition, distributions to Shareholders and the development of its financing strategies are consistent with the forward-looking statements contained in this Document, that may not be indicative of the outcomes in subsequent periods. Important factors that may cause these differences include, but are not limited to:

- the Company's ability to deploy its working capital on a timely basis;
- the availability and cost of equity or debt capital;
- currency exchange rate fluctuations, as well as the success of the Company's hedging strategies in relation to such fluctuations (if such strategies are in fact used); and
- legislative and/or regulatory changes, including changes in taxation regimes.

Prospective Investors should carefully review the "Risk Factors" section of this Document for a discussion of additional factors that could cause the Company's actual results to differ materially, before making an investment decision.

Forward-looking statements contained in this Document apply only as at the date of this Document and do not in any way qualify the working capital statement contained in paragraph 9 of Part VI (*Additional Information*). Subject to any obligations under the Listing Rules, the UK Market Abuse Regulation, the Disclosure Guidance and Transparency Rules and the Prospectus Regulation Rules, the Company undertakes no obligation publicly to update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

Part 3

CONSEQUENCES OF A STANDARD LISTING

Application has been made for the Conversion Shares to be admitted to listing on the standard segment of the Official List pursuant to Chapter 14 of the Listing Rules, which sets out the requirements for Standard Listings. Application will be made for the Warrant Shares to be admitted to listing on the standard segment of the Official List when the relevant Warrants are exercised. The Existing Ordinary Shares are already listed on the Standard Segment of the Official List. A Standard Listing affords Shareholders and investors in the Company a lower level of regulatory protection than that afforded to investors in companies whose securities are admitted to a Premium Listing, which are subject to additional obligations under the Listing Rules.

Listing Principles 1 and 2, as set out in Chapter 7 of the Listing Rules, also apply to the Company, and the Company complies with such Listing Principles.

Chapter 14 of the Listing Rules sets out the requirements for Standard Listings and does not require the Company to comply with, inter alia, the provisions of Chapters 6 to 13 of the Listing Rules (other than Listing Principles 1 and 2, as set out in Chapter 7 of the Listing Rules), which include, in particular:

- Chapter 6 of the Listing Rules regarding the admission of equity shares to Premium Listing;
- Chapter 7 of the Listing Rules in respect of the Premium Listing principles;
- Chapter 8 of the Listing Rules regarding the appointment of a listing sponsor to guide the Company in understanding and meeting its responsibilities under the Listing Rules in connection with certain matters. The Company has not appointed and does not intend to appoint such a sponsor in connection with the issue of the Conversion Shares and Warrant Shares and Admission;
- Chapter 9 of the Listing Rules relating to the continuing obligations of a company with a Premium Listing, including with respect to further issues of shares, restrictions on issuing shares at a discount in excess of 10% of market value, notifications and contents of financial information;
- Chapter 10 of the Listing Rules relating to significant transactions. It should be noted therefore that transactions will not require Shareholder consent, even if Ordinary Shares are being issued as consideration for such transactions, provided the Directors have the appropriate authorities and powers to allot the shares;
- Chapter 11 of the Listing Rules regarding related party transactions. It should be noted therefore that related party transactions will not require Shareholder consent; however the related party transaction requirements of Chapter 7 of the Disclosure Guidance and Transparency Rules will apply;
- Chapter 12 of the Listing Rules regarding purchases by the Company of its Ordinary Shares. In particular, the Company has not adopted a policy consistent with the provisions of Listing Rules 12.4.1 to 12.4.3 (inclusive). The Company will have unlimited ability to purchase Ordinary Shares, subject to obtaining the relevant shareholder authorities; and
- Chapter 13 of the Listing Rules regarding the content of circulars issued to Shareholders.

There are, however, a number of continuing obligations set out in Chapter 14 of the Listing Rules that will be applicable to the Company. These include requirements as to:

- the forwarding of circulars and other documentation to the FCA, for publication, by uploading to the national storage mechanism and related notification to a Regulatory Information Service;
- the provision of contact details of appropriate persons nominated to act as a first point of contact with the FCA in relation to compliance with the Listing Rules, the disclosure requirements in UK MAR and the Disclosure Guidance and Transparency Rules;
- the form and content of temporary and definitive documents of title;
- the making of Regulatory Information Service notifications in relation to changes in its debt or equity capital structures and issues of shares; and
- at least 10% of the Ordinary Shares being held in public hands.

In addition, as a company whose securities are admitted to trading on a regulated market, the Company and the Ordinary Shares are subject to the Disclosure Guidance and Transparency Rules and UK MAR, with which the Company and its Shareholders must comply.

There are no provisions in the Articles that require new Ordinary Shares to be issued on a pre-emptive basis to existing Shareholders.

It should be noted that the Ordinary Shares are also traded on the US OTCQB Venture Market under the ticker symbol 'CHBRF'.

Part 4

IMPORTANT INFORMATION

In deciding whether or not to invest in Ordinary Shares, 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 other than as contained in this Document must not be relied on as having been authorised by the Company or the Directors. Without prejudice to the Company's obligations under FSMA, the Prospectus Regulation Rules, Listing Rules and Disclosure Guidance and Transparency Rules, the delivery of this Document shall not, 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.

Prospective investors must not treat the contents of this Document or any subsequent communications from the Company, the Directors, or any of their respective affiliates, officers, directors, employees or agents as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

The section headed "Summary" should be read as an introduction to this Document. Any decision to invest in the Ordinary Shares should be based on consideration of this Document as a whole by the investor. In particular, investors must read the sections headed "*What are the key risks that are specific to the Issuer?*" and "*What are the key risks that are specific to the securities?*" of the Summary together with the risks set out in the section headed "Risk Factors" beginning on page 8 of this Document.

Any reproduction or distribution of this Document, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Ordinary Shares is prohibited.

This Document does not constitute, and may not be used for the purposes of, an offer to sell, or an invitation or the solicitation of an offer or invitation to subscribe for or buy, any Ordinary Shares by any person in any jurisdiction (i) in which such offer, solicitation or invitation is not authorised; (ii) in which the person making such offer, solicitation or invitation is not qualified to do so; or (iii) in which, or to any person to whom, it is unlawful to make such offer, solicitation or invitation. The distribution of this Document and the offering of the Ordinary Shares in certain jurisdictions may be restricted. Accordingly, persons outside the United Kingdom who obtain possession of this Document are required by the Company and the Directors to inform themselves about, and to observe, any restrictions as to the offer or sale of Ordinary Shares and the distribution of this Document under the laws and regulations of any territory in connection with any applications for Ordinary Shares, including obtaining any requisite governmental or other consent and observing any other formality prescribed in such territory. No action has been taken or will be taken in any jurisdiction by the Company or the Directors that would permit a public offering of the Ordinary Shares in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this Document. The Company and the Directors do not accept any responsibility for any violation of any of these restrictions by any other person.

The Ordinary Shares have not been and will not be registered under the Securities Act, or the securities laws of any state or other jurisdiction of the United States or qualified for sale or distribution under applicable securities laws of Russia, Australia, Canada, Japan, New Zealand or the Republic of South Africa. Subject to certain exceptions, the Ordinary Shares may not be offered, sold, resold, re-offered, pledged, transferred, distributed or delivered, directly or indirectly, within, into or in the United States or to or for the account or benefit of U.S. persons (as defined in Rule 902 under the Securities Act) or to persons in the United States, Russia, Australia, Canada, Japan, New Zealand, the Republic of South Africa or any other jurisdiction where such offer or sale or other action would violate the relevant securities laws of such jurisdiction.

Prospective investors should consider (to the extent relevant to them) any selling or transfer restrictions in country in which they are resident.

Data Protection

The Company may delegate certain administrative functions in relation to the Company to third parties and will require such third parties to comply with applicable data protection and regulatory requirements.

the Company (or any third party, functionary or agent appointed by the Company) may hold and process personal information for the following purposes:

- a) verifying the identity of a prospective investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;
- b) carrying out the business of the Company and the administering of interests in the Company;
- c) meeting the legal, regulatory, reporting and/or financial obligations of the Company in the United Kingdom or elsewhere; and/or
- d) disclosing personal data to other functionaries of, or advisers to, the Company to operate and/or administer the Company.

Where appropriate it may be necessary for the Company (or any third party, functionary or agent appointed by the Company) to:

- a) disclose personal data to third party service providers, agents or functionaries appointed by the Company to provide services to prospective investors; and
- b) transfer personal data to countries or territories which do not offer the same level of protection for the rights and freedoms of prospective investors as the United Kingdom.

If the Company (or any third party, functionary or agent appointed by the Company) discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data it will ensure that any third party, agent or functionary to whom the relevant personal data is disclosed or transferred is, as appropriate, contractually bound to provide an adequate level of protection in respect of such personal data.

Investment Considerations

In making an investment decision, prospective investors must rely on their own examination, analysis and enquiry of the Company and this Document, including the merits and risks involved. The contents of this Document are not to be construed as legal, financial or taxation advice or advice on making investment decisions or on any other matter. Prospective investors should inform themselves as to:

- the legal requirements within their own countries for the purchase, holding, transfer or other disposal of the Ordinary Shares;
- any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of the Ordinary Shares which they might encounter; and
- the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of the Ordinary Shares or distributions by the Company, either by way of dividend (which the Company currently has no plans to pay) or on a liquidation and distribution or otherwise. Prospective investors must rely upon their own representatives, including their own legal advisers, financial advisers and accountants, as to legal, accounting, tax, investment or any other related matters concerning the Company and an investment therein.

An investment in the Company should be regarded as a long-term investment. There can be no assurance that the Company's objectives will be achieved.

It should be remembered that the price of the Ordinary Shares can go down as well as up.

This Document should be read in its entirety before making any investment in the Ordinary Shares. All Shareholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the Articles, which investors should review.

Part 5

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this Document	30 November 2023
Admission and commencement of unconditional dealings in Conversion Shares	8.00 a.m. on 5 December 2023
CREST members' accounts credited in respect of Conversion Shares	5 December 2023
Despatch of definitive share certificates for Ordinary Shares no later than	8 December 2023

These dates and times are indicative only, subject to change and may be brought forward as well as moved back, in which case new dates and times will be announced. All references to time in this Document are to London, UK, time unless otherwise stated and each of the times and dates are indicative only and may be subject to change.

Part 6

ADMISSION STATISTICS

Number of Conversion Loan Notes outstanding	154,675,220
Conversion Price per Conversion Share	2 pence
Number of Warrants outstanding	19,750,574
Number of Ordinary Shares in issue as at the date of this Document	287,615,305
Number of Conversion Shares	154,675,220
Total number of Ordinary Shares in issue on Admission	442,290,525
Market capitalisation on Admission*	£17,912,766.26
Number of Warrant Shares	up to 19,750,574
Number of Ordinary Shares in the fully diluted Share Capital on Admission	505,187,304

*Assuming a price per Ordinary Share of 4.05 pence each, being the mid-market price per Ordinary Share at the close of business on 29 November 2023, the latest practicable date before the date of this Document.

Part 7

DIRECTORS AND ADVISERS

Directors	Callum Somerton, Chief Executive Officer Trevor Taylor, Chief Operating Officer Antonio Russo, Chief Commercial Officer Eric Schrader, Non-Executive Director Scott E. Thompson, Independent Non-Executive Director
Registered Office	East Castle House 27/28 Eastcastle Street London W1W 8DH Telephone Number: +44 020 7637 5216
Website	www.chillbrandsgroup.com
Auditors to the Company and Reporting Accountants	PKF Littlejohn LLP 15 Westferry Circus London E14 4HD
Financial Adviser	Allenby Capital Limited 5 St Helen's Place London EC3A 6AB
Registrar	Share Registrars Limited 3 The Millennium Centre Crosby Way Farnham Surrey GU9 7XX
Legal adviser (UK)	DMH Stallard LLP 6 New Street Square New Fetter Lane London EC4A 3BF

Part 8 INFORMATION ON THE GROUP

1. Introduction and Background

The Group is an international consumer packaged goods company that is incorporated and domiciled in the United Kingdom. The Company is principally concerned with the development, marketing and distribution of tobacco alternative and wellness products including those containing cannabidiol (CBD).

The Company was established as a holding company for numerous businesses in the natural resources sector. Its Ordinary Shares were admitted to the Standard Listing Segment of the Official List under Chapter 14 of the Listing Rules and to trading on the Main Market of the London Stock Exchange on 25 March 2015. In March 2019, the Company established a subsidiary concerned with the development and commercialisation of retail hemp products. In September 2019, the Company commenced the divestment of its natural resources business with a view to focussing wholly on opportunities within the rapidly expanding market for wellness products and, more specifically, those containing hemp and CBD.

The Company's existing activities include the development, production and sale of a variety of consumer products, many of which contain the active ingredient CBD. These products include oils (tinctures), chewable sweets known as "gummies", skincare products, oral tobacco alternatives, and herbal cigarettes. These products are manufactured using parts of the hemp plant and CBD isolate. The Company has also developed a range of disposable vape products (also known as e-cigarettes) that contain a nicotine-free vaporiser fluid. All of the Company's products are compliant with relevant local and international laws and regulations.

In April 2022 the Company raised capital of £3,500,000 (before costs) from new and existing investors (the **Fundraising**). In June 2022 a further £212,201.40 was raised through an open offer to existing Shareholders (the **Open Offer**). Both the Fundraising and the Open Offer raised funds through a combination of a subscription for new Ordinary Shares and the issuance of Convertible Loan Notes.

Following completion of the Fundraising and Open Offer, the Company commenced a restructuring of its operational activities. This included the elimination of certain marketing and retail sales costs, the settlement of funds owed to acquire the Company's Chill.com web domain, and the relaunch of the Company's brands. The Company also commenced development of a new range of nicotine-free vape products. The products were launched to US retail buyers in March 2023, with an initial purchase order being received from a new distribution partner in Florida. The Company intends to expand production, marketing and distribution of these nicotine-free vape products during 2023.

Going forward, the Board has identified what it believes to be a sizeable opportunity in the development of an online sales platform for natural alternative third party products such as those already developed, marketed and sold under its own brands. The Company expects to continue to expand the number of third party brands and external products sold via its Chill.com e-commerce marketplace website. The Company is also focussed on the manufacturing, marketing, and distribution of its range of nicotine-free vape products which launched during 2023. The Board believes that these products have very strong commercial potential and continues to expand its distribution of these products online and via retail stores in the US and UK.

2. History and Development of the Group

The Company was incorporated as Highlands Natural Resources PLC on 13 November 2014 and its Ordinary Shares were subsequently admitted to the Standard Listing Segment of the Official List under Chapter 14 of the Listing Rules and to trading on the Main Market of the London Stock Exchange on 25 March 2015. The Company was initially operated as a junior resources company concerned with the identification, acquisition and exploitation of oil and gas sites in the Northern America.

In March 2019, the Company established a subsidiary, Zoetic Corporation, and acquired an interest in a North American hemp growth facility. Zoetic Corporation developed a new range of cannabidiol (CBD) products including topical cosmetics, tobacco alternative products, and supplements. The Company also commenced testing of its proprietary hemp seed variants.

In September 2019 the Company changed its name to Zoetic International PLC and commenced the divestment of its natural resources business. The CBD products developed by Zoetic Corporation commenced US and UK sales in the summer of 2019 under two consumer brands – *Zoetic* and *Chill*.

In July 2021 the Company changed its name to Chill Brands Group PLC. The Company subsequently acquired the Chill.com website domain on which it continues to develop a product marketplace.

In March 2023, the Company launched a new range of nicotine-free vape products in the United States. The products went on to launch in the UK during August 2023, becoming a significant part of the Company's business.

3. Principal Activities of the Group

The issuer is a holding company with a number of subsidiary companies whose principal activities are the development, marketing and distribution of consumer packaged goods in the United States and the United Kingdom.

The Articles contain no restrictions on the Company's principal objects or the type of business that may be carried out by the Company.

The Company operates two brands under which it sells a variety of consumer products containing the active ingredient CBD: *Zoetic* and *Chill*. The Company also markets its nicotine-free vape products under the Chill brand as 'Chill ZERO'.

Zoetic

The Zoetic brand is marketed to UK consumers as a high-end provider of wellness and cosmetics products including skin creams, massage oils, and CBD oils (often referred to as "tinctures"). Zoetic products are sold online from the zoetic.com website and via a number of other third-party e-commerce channels.

Zoetic products have enjoyed broad exposure across a variety of UK media outlets including The Telegraph, The Mirror, The Sunday Times, and British GQ. The products have also been recognised by numerous awards bodies having achieved critical acclaim at numerous events including the GQ Grooming Awards 2021, the Hip & Healthy CBD Awards, and the Global Makeup Awards.

All Zoetic products are developed to be vegan and cruelty-free. They are formulated using CBD isolate, meaning that no other cannabinoids are present. The Company has submitted a valid Novel Foods application to the UK Food Standards Agency (FSA) in respect of its ingestible Zoetic CBD oils. The application can be found on the FSA Novel Foods Register under application no. RP349. The Company expects to receive full Novel Foods validation for these products as the FSA process progresses and recent reports suggest the FSA may not complete the process required to provide full Novel Foods validation to CBD products until at least 2024.

Chill

The Chill brand is marketed in the US and UK. It consists primarily of CBD gummies and tobacco alternative products including oral 'chew' pouches and CBD-infused herbal cigarettes (marketed as "smokes"). None of the Company's products contain nicotine or tobacco.

Chill products are sold via the brand's website at Chill.com, and in US retail locations including branches of Yesway, Allsup's, and the largest national chain of tobacconists in the United States, Smoker Friendly.

Chill tobacco alternative products are marketed as a natural, nicotine-free alternative to tobacco products. They are produced using hemp and CBD isolate. Chill CBD gummies are produced in Colorado using an artisan recipe that includes CBD isolate. They are marketed as a wellness product and are the subject of a valid Novel Foods submission to the UK Food Standards Agency under application no. RP438 / RP349 and RP27 / RP240. The Company expects to receive full Novel Foods validation for these products as the FSA process progresses and recent reports suggest the FSA may not complete the process required to provide full Novel Foods validation to CBD products until at least 2024.

The Company also markets its own range of vape products under the 'Chill' brand. These are rechargeable, high-puff count vape (or "vapour") products that are free from tobacco, nicotine, CBD and other cannabinoids. The products contain nicotine-free vapour fluid comprising vegetable glycerine and propylene glycol (the conventional base ingredients of fluid used in vapes) along with flavouring. The products are intended to provide a nicotine-free alternative to more conventional vape products that have become prevalent in countries around the world. They have been sold directly to US and UK consumers via the Chill.com website and are also available for purchase and delivery via Amazon UK. They are also sold by pilot stores in the US and hundreds of independent convenience stores in the UK.

Hemp Seed Programme

In addition to the ongoing development of its consumer products business, the Group also carries a significant inventory of feminised hemp seeds of five different varieties. These seeds are currently undergoing extensive testing as part of a joint venture agreement with Manvers Limited that aims to establish the growth potential and cannabinoid profile of the Group's proprietary seed varieties. Further details of the agreement are set out in paragraph 15 (b) of Part 15 "Additional Information" of this Document.

These seeds are of a variety of hemp that has a high-cannabidiol profile and low Tetrahydrocannabinol (THC) content. Seeds of these varieties have been of great importance to the development of the legal hemp and CBD industry, as international regulations dictate that cultivators must keep THC levels below a restrictive threshold during the growth of hemp plants:

- in the European Union, Article 189 of Regulation (EU) 1308/2013 requires that all imports of hemp are subject to import licence requirements and must have a THC content of no more than 0.3%;
- in the UK, hemp cultivation is restricted to plants with THC content of less than 0.02%; and
- in the United States, industrial hemp growth is permitted for plants with a THC threshold below 0.3%.

While there is no guarantee that the Group's inventory of seeds will grow and progress as expected, it is hoped that these biological assets will satisfy all requirements for ongoing licensing under industrial hemp growth regulations. This would result in the admission of the Group's seed genetics to the European Union hemp seed catalogue and provide for the commencement of seed sales to cultivators and other interested parties.

During the latest testing cycle the Company's cultivation and testing partners observed anomalies relating to the colour of the plant matter and the presence of off types within the cultivation area. Further testing will be required to determine the source and prevalence of these anomalies, which are specific to the testing and regulatory requirements within the EU, and may prejudice the commercial potential of the feminised hemp seeds within the EU. However, they are not expected by the Board to affect the viability or marketability of the seeds in other regions.

As described in its 2023 Annual Report and Accounts, the Company continues to gather additional data to determine the most appropriate course of action in relation to its inventory of feminised hemp seeds. This may include conducting further test cycles, offering the seeds for sale outside of the European Union, or seeking a buyer interested in continuing the development of hemp seed genetics with the varieties owned by the Company.

Future Development of the Group's Brands and Activities

In July 2021 the Company announced that it had agreed to acquire the Chill.com web domain to serve as a hub from which to further develop its brand. The acquisition of this digital asset was completed in June 2022, after which time the Company engaged with website developers and designers to redesign the Chill brand. The refreshed Chill.com website was launched on 18 October 2022 and the first additional brands were added to the e-commerce website during January and February 2023. These included Mad Tasty (a brand of hemp infused sparkling water), Foria (a brand of topical wellness products), and the Gamechanger Patch Co (a brand of hydration patches).

Going forward, the Company intends to offer an extensive array of products from third-party businesses and brands via the Chill.com website. The Company will charge listing fees and will receive commission payments for the sale of third-party products on Chill.com.

The Company has also completed the development of a new range of disposable nicotine-free vape devices. They contain no nicotine, tobacco, CBD, THC or any other cannabinoid. There are no 'active' ingredients. The vapour liquid contained in the devices comprises vegetable glycerin and propylene glycol (widely accepted as the industry standard for the base of vape fluid) along with flavourings. These new products are intended to act as a non-addictive alternative to e-cigarettes and have been designed to comply with all relevant rules, regulations and laws in the US and UK. It is expected that Chill branded vape products will be carried by many of the retail locations that make up the Company's existing US distribution network. These vape products were launched in the US during March 2023 and in the UK during August 2023. Following their launch, they have been sold into hundreds of independent UK retail stores, while discussions are under way with numerous larger retail chains in the US and UK.

4. Organisational Structure of the Group

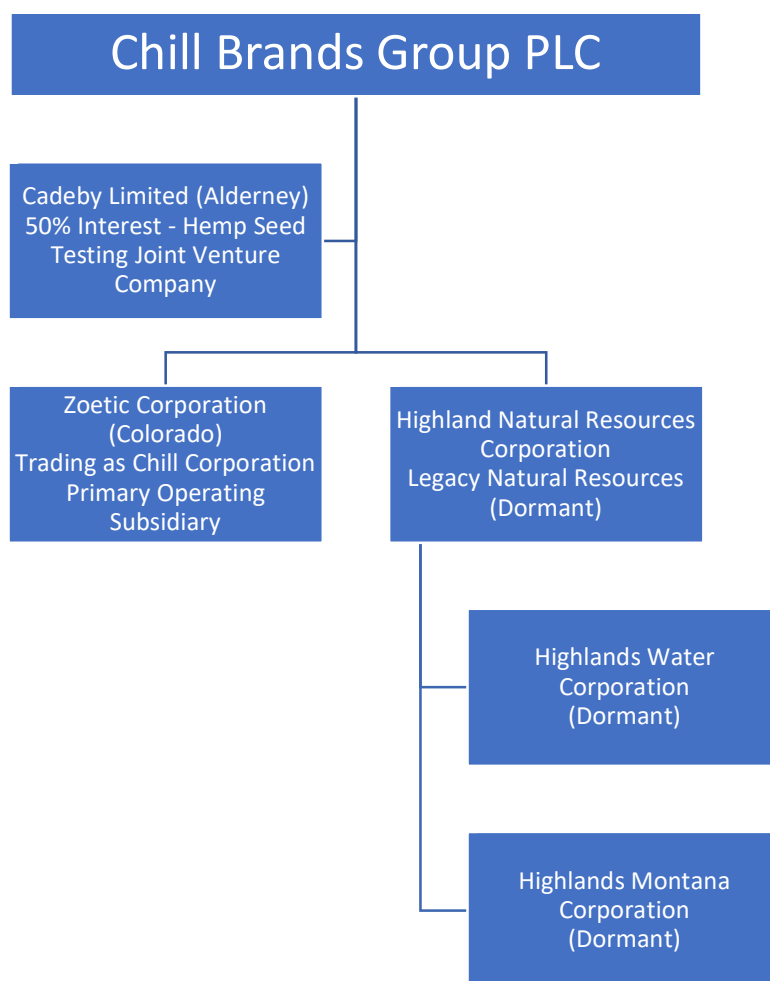
The Company, as the parent company of the Group, is a holding company and the operations of the Group are carried out through the operating subsidiaries of the Company.

The day to day business activities of the Group are carried out through its wholly owned operational subsidiary, Zoetic Corporation (a corporation registered in the State of Colorado with identification number 20191133257). Zoetic Corporation also uses Chill Corporation or 'Chill' as an official trading style.

The Group structure contains a number of dormant wholly owned subsidiary companies that were incorporated as part of the Group's prior activities within the natural resources sector. These activities have since ceased and the Group has no active or ongoing interest in the identification, development or commercialisation of natural resources assets.

Below is an organization chart of the Group showing the Company and its subsidiaries:

[DELIBERATELY BLANK]



Source: Internal information of the Company as at the date of this Document. All companies are directly or indirectly 100% owned by the Company except as stated.

5. Description of the Development and Expected Financing of the Company's Activities

Since the completion of fundraising activities in May and June 2022, namely the Fundraising and the Open Offer, the Company has executed a plan to restructure its operations and expand its sales channels. This plan is expected to reduce operating expenses and enhance the Company's ability to generate revenue through new retail sales campaigns and the expansion of the Chill.com e-commerce website.

The Company's 'Chill' branded CBD products are currently sold in retail outlets in the United States. The Company has developed its internal sales and account support functions while also contracting with a number of external brokers who provide sales representation in the United States. It is expected that these developments will cause the Company to secure additional retail accounts and sales. There can be no guarantee, however, that an increased retail footprint will result in sustained additional sales for the Company. There is a significant degree of inconsistency in the product sell-through rates that independent retailers and chains of convenience stores are able to achieve in relation to CBD products. As a result of this, the Company has determined that it should diversify its product range and explore alternative routes to revenue while continuing to expand its retail store footprint as resources permit.

As a relatively high level of funding is required to rapidly expand sales programmes for physical retail stores, the Company has prioritised the growth of its online sales channel through the Chill.com e-commerce site. This has resulted in the redevelopment of the website, including improvements to the user experience. The Company has also commenced a search engine optimisation (SEO) programme to ensure that Chill.com ranks well on all relevant search engines, therefore delivering a greater number

of relevant users to the site. These efforts have been accompanied by new marketing campaigns including email and social media marketing across multiple platforms.

In addition to sales of its own products via the Chill.com website, the Company also sells products from third-party businesses on the site. Businesses contract with the Company to advertise their products for sale on Chill.com, either fulfilling customer orders from their own facilities (known as “drop shipping”) or placing a quantity of inventory with the Company for fulfilment from its warehousing facilities. The Company receives a commission from each third-party product sold on Chill.com, reflecting a percentage of net sales revenues. In some cases, the Company may elect to purchase a small quantity of inventory direct from an external brand partner at distributor pricing before selling those products on Chill.com. The Board of Directors believes that this is a scalable strategy that creates a new stream of revenue without incurring significant costs, with numerous additional businesses and brands expected to join the Chill.com product “marketplace” in 2023 and 2024.

Separately, the Company has developed a new range of nicotine-free disposable vape products. These products are intended to serve as an option for e-cigarette users, of which there are estimated to be more than 80 million worldwide. It is further estimated that between a quarter and a third of e-cigarette users are not former tobacco users and are therefore using vaporiser devices recreationally rather than for tobacco or nicotine cessation purposes. The Company’s vape products are sold in the United States and the United Kingdom, both to retail partners and direct to consumers via the Chill.com website. Initial projections suggest that there is a strong demand for these high-margin products and hundreds of independent retail stores have purchased the products in the UK since their launch during August 2023. The Company expects that its nicotine-free vape products will perform strongly across all sales channels, providing a consistent and growing source of cashflow.

In addition to the aforementioned actions taken to increase revenues, the Company has also taken steps to reduce its operational expenditure. These include a reduction in the number of retained consultants, close management of legal fees, a reduced workforce, the termination of under-performing marketing agreements, and the renegotiation or replacement of contracts with key suppliers. This has resulted in a decreased rate of expenditure.

Going forward, it is expected that the Company will explore further ways to fund its activities. As sales in the above channels increase, the Company will consider measures to enhance its cashflow position including invoice factoring and specialist business loans with respect to the production and acquisition of inventory.

The Company will also continue to consider opportunities to raise additional funds through further equity and/or debt fundraisings, including through issues of convertible debt securities, to respond to business challenges, and to further develop its sales and marketing channels. In the event that the Company raises additional funds through further issues of equity or convertible debt securities, existing Shareholders could suffer dilution, and any new equity securities could have rights, preferences and privileges of a superior nature to those of existing Shareholders. In addition, the Company may not be able to obtain additional financing on favourable terms, if at all. If the Company is unable to obtain adequate financing when required, its ability to support business growth or respond to business challenges could be limited and its financial viability may be affected.

6. Market Overview

The Group’s activities involve the development, production, marketing, distribution and sale of consumer-packaged goods. The Company has developed a diverse yet complementary range of supplements, cosmetics, and nicotine-free tobacco alternative products that collectively occupy the rapidly expanding consumer market for natural health and wellness products.

The “global wellness industry” comprises products, brands and movements involved in marketing holistic health products to consumers. Constituents of the industry include nutritional supplement providers, natural cosmetics brands, and brands marketing and selling products that provide a direct alternative to traditional consumer staples such as alcohol and tobacco. Figures from the New Global Wellness Institute indicate that the global market for “wellness” products had reached USD \$4.9 trillion per annum by 2019. The industry is expected to continue to grow at a compound annual growth rate (CAGR) of 10% and forecasts suggest that the global market for products in this category will exceed

USD \$7 trillion per annum by 2025. The Group expects to gain significant exposure to this rapidly expanding market through the development of a marketplace for health and wellness products on its Chill.com e-commerce site.

In addition to the wider market for wellness products, the Company seeks to pursue what it considers to be a viable opportunity within the more specific market for CBD and other cannabis derivative products. The global market for CBD products was estimated in October 2022 to be worth in excess of USD \$9.1 billion per annum and forecasts suggest that it may reach USD \$59.3 billion per annum by 2030, with a compound annual growth rate (CAGR) of 18.2 between 2022 and 2030. It has been reported that CBD remains the top-selling herbal supplement ingredient in natural retail stores. The primary factor influencing the market is increased consumer demand for health and wellness products containing ingredients and compounds derived from hemp. It is anticipated that the manufacture and sale of wellness goods featuring cannabinoids and hemp derivatives will increase due to greater levels of acceptance and utilisation of these ingredients.¹ Reports from the Centre for Medical Cannabis (CMC) and Association for the Cannabinoid Industry (ACI) estimate that the UK CBD market sees in excess of £300 million worth of consumer products sales each year.² The annual value of the UK CBD industry is expected to surpass £1 billion by 2030.

The core products marketed under the Company's own brand are known as tobacco alternatives. These products imitate the format of more traditional tobacco products including cigarettes and oral chew pouches but do not contain any tobacco or nicotine. As global tobacco regulations tighten, there has been a material shift in consumer behaviour towards tobacco alternative products that are typically marketed as less harmful. Figures published by industry analytics groups estimate that the market for "next-generation" tobacco replacement products was worth USD \$24.83 billion in 2020, with forecasted growth to a total market size of USD \$67.38 billion by 2030.³ The trend is further evidenced by data published by the Foundation for a Smoke-Free World in its 2021 Global Trends in Nicotine report. The report found that sales of combustible tobacco cigarettes had declined by 5% over the prior three year period, with smokeless oral and vape products each acquiring an estimated 2.5% share of the total global market for tobacco and tobacco alternative products.⁴

The projected growth of the market for vape and e-cigarette products is particularly encouraging, with an estimated market size of USD \$22.45 billion in 2022.⁵ Data compiled by industry publication "The Grocer" for their 2022 products survey showed that UK sales of vaping (or "vape") products increased by £435 million during 2022, with disposable vapour (or "vape") units of the kind developed by the Group accounting for more than £318 million of that total.⁶ The use of e-cigarettes and vape products is expected to increase dramatically over the coming years as members of the public adopt safer alternatives to smoking and the use of traditional tobacco products. Growth of this market to date has been aided in part by the support of eminent medical bodies including Public Health England which has stated that "e-cigarettes are 95% less harmful to your health than normal cigarettes".⁷ The public's growing understanding of e-cigarettes being safer than traditional tobacco products is forecasted to fuel market growth over the coming years.

The market for wellness products, including those containing cannabinoids, comprises a large number of small and often unsophisticated companies. Many of the products sold by these companies are

¹ Market Research Future, Global Cannabidiol Market Report (MRFR/HC/6618-CR)

² CannIntelligence, CBD Market Size Report, <https://cannintelligence.com/market-size-report-the-uk-cbd-market/#:~:text=The%20UK%20CBD%20market%20is,by%20the%20end%20of%202021.>

³ Insight Ace Analytics, "Global Next Generation Tobacco Product Market", published 25 March 2022, <https://www.insightaceanalytic.com/report/global-next-generation-tobacco-product-market/1201>

⁴ Foundation for a Smoke Free World, Global Trends in Nicotine, December 2021, <https://www.smokefreeworld.org/wp-content/uploads/2021/12/Global%20Trends%20in%20Nicotine%20Report%20December%202021.pdf>

⁵ Grand View Research, "E-cigarette and Vape Market Size, Share and Trends Analysis Report",

⁶ <https://www.conveniencestore.co.uk/your-business/vape-category-dominates-2022-grocery-sales/674670.article>

⁷ Public Health England, "E-cigarettes: an evidence update", first published August 2015 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/733022/E-cigarettes_an_evidence_update_A_report_commissioned_by_Public_Health_England_FINAL.pdf

indistinct and lack any differentiating factors aside from their names, logos and the marketing styles under which they are advertised. In many cases, contract manufacturers will produce identical products for multiple brands. A significant proportion of these smaller companies struggle to market their products due to advertising restrictions that prohibit medical or health claims. This means that companies must rely on a strong brand identity and clear use case for their products in order to secure sales and market share.

Chill Brands' products and business interests reflect all of the above consumer product categories (wellness, CBD, hemp tobacco alternatives and e-cigarettes) and it is expected that the Company will benefit from growth of the industry and increased consumer appetite for such products. Furthermore, the Group has invested significant resources in developing a strong and cohesive brand that should provide its products with a greater chance of success in terms of gaining market share and generating sales.

7. Recent Developments

Changes in the regulatory environment

In December 2021, the Company launched a new range of oral tobacco-alternative pouches containing synthetic nicotine ("tobacco-free nicotine" or "TFN"). These TFN products were marketed as an alternative to traditional tobacco-derived nicotine pouches. At the time of their launch, these synthetic nicotine products were not subject to the same regulations or restrictions as regular tobacco products and presented a compelling growth opportunity for the Company.

In March 2022, a federal funding bill that amended the statutory definition of "tobacco product" was passed by the US Congress. Amongst other changes, the bill gave the US Food and Drug Administration (FDA) authority over synthetic nicotine and brought the Company's TFN product line within the scope of tobacco regulations.

As a result of these changes to the US legal landscape, manufacturers of synthetic nicotine products must now submit Pre-market Tobacco Applications (a "PMTA") for their products to legally remain on sale. The Company filed the requisite PMTA applications for each of its flavour and strength variants before the FDA deadline of 14 May 2022, however it was identified that the costs of completing a full filing would be prohibitive to Chill Brands' continued commercialisation of the TFN product range. In light of these factors, and after an extensive consultation process with its professional advisers, the Company announced on 3 August 2022 that it had determined that it would not be commercially viable to continue with the development of its TFN product line or the PMTA submission process. It was therefore determined that Chill Brands' TFN synthetic nicotine products should be withdrawn from sale. No further development of this product range has been planned.

The Group continued to work with its network of brokers to sell the remaining inventory of synthetic nicotine products, of which no further sales have been made since 31 March 2023. Provisions were made for a decline in the value of the remaining tobacco-free nicotine products in the Company's audited accounts for the financial years ended 31 March 2022 and 31 March 2023, and these products are now fully provided for. The need to discontinue this product range so soon after its launch ultimately resulted in the Company losing a potentially significant opportunity to generate revenue. The costs of the product development and launch prevented the Company from making a return on investment due to restrictions on the sale of the products.

Proposed changes in the regulation of vape products

Since the launch of the Group's vape products, there has been significant media interest in the market for vape products. Specifically, the UK media has expressed concerns about the appeal of certain brands and products to children, along with the potential ramifications for the environment of producing many battery-powered products. There have been no recent official changes to the regulatory position of vape products in the UK. However, the UK Government has proposed introducing legislation to restrict the sale and marketing of e-cigarettes (vapes) to children, and imposing an additional duty on them, and is conducting a public consultation on "Creating a smokefree generation and tackling youth vaping", which closes on Wednesday 6 December and asks questions in a number of areas including "tackling youth vaping". The issues it addresses include: restricting the flavours and descriptions of vapes (in a way that continues to support adult smokers to switch to vapes), so that vape flavours are no longer targeted at children; regulating point of sale displays in retail outlets; considering restricting

the sale of disposable vapes; regulating vape packaging and product presentation; exploring further restrictions for non-nicotine vapes; exploring whether increasing the price of vapes will reduce the number of young people using them; and introducing new powers for local authorities to issue on-the-spot fines to enforce age of sale legislation of tobacco products and vapes.

The Group continues to closely monitor the situation while working with industry partners to maintain compliance.

In particular, the Group is committed to acting responsibly with regard to the production, distribution, marketing and sale of its nicotine-free vape products. 'Chill ZERO' vape products are entirely free from nicotine and tobacco, and do not contain CBD or another active ingredient, presenting an option for adult users who wish to reduce their intake of nicotine, which is highly addictive. The Company is in the process of working with its partners to establish recycling programmes for its products and has determined that it will not market its products in a way that would specifically appeal to young people, such as using confectionary-based product names.

The Group will continue to actively engage with stakeholders and partners, taking into account guidance issued by regulators, to ensure that it remains a socially responsible participant in the vaping industry.

Expansion of the Group's retail store footprint and distribution network

Since 31 March 2023, the date of its last published audited financial statements, the Company has continued to activate new retail store accounts for its products, having in August 2022 announced a new scheme to expand its US retail store footprint and distribution network. Since that time, the Company has commenced a sales pilot of its CBD products in dispensary locations and numerous other store outlets in the US, including through the addition of 60 new tobacco and liquor stores in December 2022 and January 2023. The Company has also expanded its product distribution network via independent retailers, having secured sales to more than 60 locations throughout Colorado. On 21 June 2023 the Company announced that it was in the process of negotiating with a number of third-party brands for the assignment to it of US retail distribution rights, which would enhance the service Chill Brands offers to brands while improving its own prospects of generating commissions from product sales made to its retail stores. The Company has also expanded its distribution network in the UK, where more than 200 independent retail stores have commenced sales of Chill ZERO nicotine-free vape products since their launch in August 2023. The Company has further engaged with larger distributors, including Phoenix 2 Retail, who have arranged for the products to be carried in WH Smiths Travel stores in major transport hubs throughout Great Britain.

Further details are given in the paragraph 10 "*Regulatory Disclosures*" of this Part 8 below.

Rebranding and redevelopment of the Group's e-commerce website

Following the relaunch of its consumer brands with a new visual identity alongside a redeveloped version of the Company's Chill.com e-commerce website on 18 October 2022, it was subsequently announced that Chill Brands would engage with third party companies and brands to list their products for sale on the website in the format of an e-commerce marketplace. The first of these external brands was added to the site in February 2023 and the Company has begun to generate revenues from commissions earned on sales of these third-party products. This process has continued with the Company announcing on 21 June 2023 that four additional brands had joined the Chill.com website; namely, Hux nutritional health supplements, Verve energy gum, MindPanda mental health support, with further agreements being reached with numerous other brands for their products to be onboarded to the site in due course. As of October 2023, products from more than 25 third-party brands are now carried on the US and UK versions of the Chill.com website.

The Company also announced on 21 June 2023 the signing of an agreement with Valet Seller, a highly respected e-commerce accelerator supporting more than 500 direct-to-consumer brands. The agreement will facilitate the onboarding of numerous additional brands to the Chill.com website.

Further details are given in the paragraph 10 "*Regulatory Disclosures*" of this Part 8 below.

New range of disposable vape products

In December 2022, the Company announced that it had developed a new range of disposable vape products. These vape products are free from any nicotine or tobacco, and do not contain CBD or another active ingredient. They have been developed and manufactured to comply with all relevant US and UK regulations. Chill Brands' vape products were released to retail buyers in the US from March 2023. On 18 May 2023, the Company announced that it had entered into a contract with a leading sales, distribution and marketing agent, the Vaping Group, to launch its range of nicotine-free vape products to the UK market. On 5 June 2023, the Company announced an update on arrangements for the planned sale of its nicotine-free vape products to US consumers via the Chill.com e-commerce website, as it has secured relationships with specialist carriers and fulfilment providers that will facilitate the home delivery of its products to customers in all 50 US states, a service the United States Postal Service (USPS) is unable to provide under current regulation, and which other major carriers do not provide. The Company's nicotine-free vape products became available for purchase on the age-gated Chill.com website by US consumers in all 50 states during June 2023.

The Company's nicotine-free vape products became available for purchase by UK customers on Chill.com during August 2023. Product sales to UK retail stores commenced during the same month, as previously described.

Further details are given in the paragraph 10 "Regulatory Disclosures" of this Part 8 below.

Continuing issues arising from the Master Distribution Agreement

The difficulties associated with the Group's Master Distribution Agreement with Ox Distributing have continued to affect the financial performance of the Group. In its Half-Year Report for the period ended 30 September 2021, the Group announced that it had entered into a related party agreement with Ox Distributing, a major shareholder and at that time the Group's principal distributor.

Ox Distributing placed a large order for Chill products during the Company's 2021/2022 financial year in anticipation of the opening of new convenience store locations in line with the Company's existing agreements with large distribution partners. In ordinary circumstances, the Company would have received numerous smaller payments in respect of retailer orders; however, logistical delays and challenges within the retail distribution environment resulted in delayed delivery by the Company of products to Ox, and the Company could not therefore meet its contractual performance obligations until a later date. As a result of this, a significant balance fell due to the Company on the eventual delivery of products to Ox.

The Company entered into an extended credit terms agreement with Ox, which allowed Ox Distributing additional time to sell Chill products and make payments to the Group: this provided Ox with an adequate opportunity to sell the delayed products downstream to distributors and generate funds with which to settle the outstanding liability to Chill. This resulted in a large one-off revenue generation event during the Company's financial year ended 31 March 2022 as the full value of the credit provided to Ox was recognised and recorded, notwithstanding that the Company did not make significant sales to downstream distributors or retailers on its own behalf.

As a result of this trading arrangement, the Company has continued to be unable to record new sales of certain products owned by Ox as additional revenue since 31 March 2022, the end of its 2021/22 financial year. Since that date, the Company has though received periodic repayments of the sums owed by Ox, which have supported cashflow and provided working capital, and the final payment was made in May 2023.

Significant recent changes in the financial performance of the Group

Since 31 March 2023, the end of the last financial period for which financial information on the Group has been published, namely the audited financial statements of the Company in respect of the financial year ended 31 March 2023, which were published on 28 July 2023, there has been no significant change in the financial performance of the Group.

8. Trends and uncertainties

The corporate and consumer markets for CBD products have proven to be volatile during recent times. There can be no certainty that the sales of the Company's CBD-infused product range will grow to the extent that they support the Company's general costs of operation.

The Company now has a diverse range of commercial interests through the establishment of its e-commerce marketplace and the development of its new range of vape products. Given the uncertain nature of the CBD and cannabinoid derivatives market, the Company has determined that it should allocate a greater proportion of its resources and efforts to these diversified commercial interests as they present a clearer route to positive financial results. The Company will continue to develop its distribution of CBD products while also servicing existing accounts.

9. Strategic acquisitions and material investments

The Company has not made or committed to any strategic acquisitions or material investments since 31 March 2023, the date of the last published audited financial statements.

10. Regulatory Disclosures

The following information was disclosed in RNS announcements published during the 12 months preceding the date of this Prospectus and remains relevant:

On 7 December 2022, the Company announced that production had commenced on a new line of disposable nicotine-free botanical e-cigarette devices, initially available in three fruit flavours, scheduled to launch during Q1 2023 with sales to be made both in retail stores and online via Chill.com.

On 12 December 2022 the Company announced sales to a new distribution partner and an expansion of its US retail store programme: following an initial purchase order totalling in excess of \$20,000 from a large national distributor serving a number of popular tobacco and liquor stores chains, the Group's existing range of CBD products would enter an additional 60 stores across the Western United States, following the commencement of sales and pilot programmes of the Group's products at 20 Colorado-based independent retail locations and 20 licensed dispensary outlets during Autumn 2022, building on the Group's then existing presence in 600 stores including Yesway/Allsup's and branches of Smoker Friendly, the Group's recent activity at the time representing a retail footprint expansion of more than 15%.

On 16 February 2023 the Company announced an update on the development of its online sales strategy following the addition of the first third-party brand, "Mad Tasty", to the Chill.com website, whose hemp-infused beverages would be available for purchase by US consumers on Chill.com. The announcement also confirmed that Company intended to develop the site as an online destination for sales of unique products while championing categories of in-demand consumer-packaged goods that may be underserved or overly restricted by existing eCommerce marketplace sites, the Company having reached agreement with five additional brands and continuing to negotiate with numerous others with a view to selling their products on the Chill.com marketplace, with the Group earning commissions from all sales made on the site.

On 16 March 2023 the Company announced that it had raised £560,000 (before expenses) from a financial institution. This fundraise consisted of a subscription for 16,000,000 new Ordinary Shares at a price of 3.5 pence per share. The Company noted that the funds would be deployed to expand the marketing and distribution of its new range of nicotine-free disposable vape products and to establish new account management systems for third-party brands and products joining the Company's Chill.com e-commerce marketplace.

On 31 March 2023 the Company announced the launch of its new range of nicotine-free vape products. The announcement confirmed that the products had been released to US retail buyers and were under consideration by representatives of some of the largest convenience store chains in the United States. The Company confirmed that it expected to have provisionally placed its entire first production run of the products, with an initial purchase order already having been received from a new distributor operating in Florida and the surrounding areas. The Company further announced that it was in the

process of establishing fulfilment relationships to facilitate online direct-to-consumer sales of its vape products in compliance with the 2019 US Preventing All Cigarette Trafficking (PACT) Act.

On 3 April 2023 the Company announced that it had raised £2,600,000 (before expenses) from an individual investor. The fundraising consisted of two parts. The first part of the fundraising was a subscription for 25,000,000 new Ordinary Shares at a price of 4 pence per share, with the shares due to be admitted to the Standard List segment of the Official List and to trading on the London Stock Exchange's main market for listed securities from 15 May 2023. The second part of the fundraising was an issue of convertible, unsecured loan notes with a principal amount of £1,600,000. The convertible loan notes carry a coupon of 12% per annum for a term of three years from the date of issue on 3 April 2023, and are convertible into Ordinary Shares at 8 pence per Ordinary Share, subject to the Directors being given the appropriate authorities and powers to allot the Ordinary Shares on conversion by Shareholder resolution. The Company confirmed that the funds would be used to expand the development of its vape products and to resource marketing initiatives to drive relevant consumer traffic to the Chill.com e-commerce website.

On 15 May 2023, the Company announced that it had allotted and issued 1,500,000 new Ordinary Shares at a price of £0.04 per Ordinary Share. The new Ordinary Shares were issued to a service provider in settlement of an invoice for investor relations and connected services.

On 18 May 2023 the Company announced that it had entered into a contract with a leading sales, distribution and marketing agent, the Vaping Group, to launch its range of nicotine-free vape products to the UK market.

On 28 July 2023 the company announced its final results for its financial year ended 31 March 2023.

On 7 September 2023 the Company announced that it had commenced sales of its nicotine-free vape products in the UK. This included an initial sale of products to 120 retail outlets including independent retailers, vaping category specialist stores, bars and nightclubs. The Company also noted an increase in traffic to its Chill.com website since the launch. It was further announced that the Company had established and would continue to execute a retail pilot programme for these products in the United States, with stores located in Colorado, Arizona, Florida and Texas, to establish product market fit and sales data. The Company's intention is to gather data and feedback in relation to sales made to these stores that can then be used to facilitate conversations with larger national retailers and distributors.

On 11 September 2023 the Company announced the provisional grant of options to its Executive Directors, Callum Sommerton, Antonio Russo and Trevor Taylor. Each Executive Director was provisionally granted 7,200,000 options, subject to vesting conditions that relate to share price targets over a timeline of four years. The provisional awards have been made to Antonio Russo and Trevor Taylor under the Company's Long Term Incentive Plan. The provisional award to Callum Sommerton is intended to be made under an Enterprise Management Incentives Share Option Plan, which is proposed to be adopted by the Company.

On 19 September 2023 the Company released a statement ahead of its 2023 Annual General Meeting detailing its response to potential developments in the regulation of vape products. The Company noted that its products are nicotine free and so are not currently regulated under the same rules as conventional nicotine or tobacco products. It also noted that it was engaged in measures to ensure that its devices would remain compliant with any relevant legislation, and highlighted that it had already developed a prototype refillable, rechargeable vaping device that it may launch subject to any regulatory compliance or consumer demand factors.

On 9 October 2023 the Company announced that it had agreed to sell its nicotine-free vape products into an initial 150 WHSmith Travel stores. These stores are located in major transport hubs including Heathrow airport, Gatwick airport and London Kings Cross train station. The sales arrangement was facilitated by Phoenix 2 Retail, one of the UK's largest distributors of vaping products. The Company further announced that it had now made sales to 200 independent stores.

On 12 October 2023 the Company announced that its nicotine-free vape products would launch on Amazon.co.uk and become available for purchase and next day delivery to adult customers via Amazon

Prime delivery. The Company also announced that it has expanded the range of vape products it sells in the United States by introducing the larger 1500 and 3000 puff count devices.

Part 9

CBD AND VAPE INDUSTRY REGULATION

1. Overview

CBD (cannabidiol) is one of over 120 phytocannabinoids, the constituent chemical compounds that have been identified and isolated from cannabis plants. CBD is the second most prevalent active ingredient found in cannabis plants. Unlike Tetrahydrocannabinol (THC), it does not have any identified psychoactive properties and does not cause a 'high'.⁸ Reports from the World Health Organisation confirm that CBD exhibits no effects indicative of any abuse or dependence potential, and there has been no evidence of public health related problems associated with the use of CBD.⁹

CBD has also been linked to the prevention of seizures, leading the US Food and Drug Administration (FDA) to approve a prescription drug called Epidiolex, which contains CBD as an active ingredient. At the present time, no further pharmaceutical products containing CBD have been approved for specific medical applications.

The rules and regulations that apply to CBD products vary between territories and are different depending on the ingredients and the modality of the products concerned. A summary of industry regulations applicable to the Company's products and operations is set out below. Note that the scope of this summary is confined to the products sold by the Company in the specific territories mentioned, namely: cosmetics and consumable products in the UK; and consumable and tobacco alternative products in the United States.

2. Regulation of CBD Products in the UK

In the UK, CBD is a non-controlled cannabinoid. Unlike other cannabinoids such as trans-delta-9-tetrahydrocannabinol (Δ^9 -THC), it is not a prescribed banned substance under the Misuse of Drugs Act 1971 (MDA). In January 2021, the Home Office stated its intention to establish a legal framework for consumer CBD products in a commissioning letter to the Advisory Council on the Misuse of Drugs (ACMD).¹⁰

CBD products must not contain any trace of THC to be legally sold in the UK. This means that CBD products should not be produced in or imported into the UK if they contain detectable levels of THC, as shown in testing by a United Kingdom Accreditation Service (UKAS) accredited ISO lab, or equivalent with a Limit of Quantitation (LOQ – the lowest possible concentration that can be detected) of 0.0025%.

At present, CBD products are regulated differently depending on their modality – whether ingestible, topical, or otherwise.

2.1. UK Regulation of CBD Ingestible (Consumable) Products

In the UK and Europe, ingestible CBD is considered a "Novel Food" as it was not used for human consumption to a significant degree before 15 May 1997, As a result, the UK Food Standards Agency has deemed that CBD does not have a history of consumption and any product containing it must therefore be authorised before it can be placed on the market in the UK.¹¹

In January 2021 the FSA implemented its own process for the authorisation of CBD products in the UK. Companies were required to submit Novel Food authorisation applications by 31 March 2021 in order to remain on sale.

⁸ Harvard Medical School, "Cannabidiol (CBD): What we know and what we don't", <https://www.health.harvard.edu/blog/cannabidiol-cbd-what-we-know-and-what-we-dont-2018082414476>, accessed Tuesday 1 November 2022

⁹ [https://www.who.int/news-room/questions-and-answers/item/cannabidiol-\(compound-of-cannabis\)](https://www.who.int/news-room/questions-and-answers/item/cannabidiol-(compound-of-cannabis))

¹⁰ Advisory Council on the Misuse of Drugs, Consumer Cannabidiol (CBD) Products Report, accessed February 16 2023, <https://www.gov.uk/government/publications/acmd-advice-on-consumer-cannabidiol-cbd-products/consumer-cannabidiol-cbd-products-report-accessible-version>

¹¹ <https://www.food.gov.uk/business-guidance/regulated-products/novel-foods-guidance>

Novel Foods dossiers contain extensive information relating to the safety and content of CBD products and must include toxicology data. The FSA has issued safety advice following the publication of findings by the Government's Committee on Toxicity of Chemicals in Food, Consumer Products and the Environment. The advice states that pregnant women, breastfeeding mothers, people using medications and other vulnerable groups should not consume CBD products. The Government and FSA further recommend that healthy adults should consume no more than 70 milligrams of CBD per day regardless of form.

The FSA has encouraged operators who wish to market and distribute their products throughout the European Union to apply for similar market authorisations from the European Food Standards Authority (EFSA). In the EU, the process by which Novel Foods can be legally introduced to the market is provided for in Regulation (EU) 2015/2283 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018 ('the Novel Food Regulation'). Foods and ingredients will only be granted authorisation where they are shown to be safe for human consumption and not nutritionally disadvantageous. In addition, they must not be marketed in such a way that misleads consumers.

There are three routes by which Novel Foods may gain authorisation or approval in the UK and EU under existing regulations, namely:

1. by showing that a food or ingredient has a significant history of use in the UK or EU prior to 1997. This can be demonstrated through an official consultation procedure outlined and provided for in Article 4 of the Novel Food Regulation. Where it can be shown that a food or ingredient has a significant history of use, it will not be considered a Novel Food; or
2. by demonstrating that a food or ingredient is a 'traditional food' from a third country, as provided for in Article 15 of the Novel Food Regulation. This requires applicants to demonstrate that a food has a history of safe use spanning at least 25 years; or
3. by completing a full application, including the submission of a dossier, for registration of a Novel Food in accordance with Articles 10-13 of the Novel Food Regulation.

2.2. UK Regulation of CBD Topical Cosmetic Products

In the UK, the contents of cosmetic products are regulated under the EU Cosmetics Regulation 1223/2009, as retained in UK law and referred to as the 'UK Cosmetics Regulation' under Schedule 34 of the Product Safety and Metrology Regulations 2019.

Under UK and EU legislation, cosmetics products are defined as "any substance or mixture intended to be placed in contact with the external parts of the human body (epidermis, hair system, nails, lips and external genital organs) or with the teeth and the mucous membranes of the oral cavity with a view exclusively or mainly to cleaning them, perfuming them, changing their appearance, protecting them, keeping them in good condition or correcting body odours".

In the European Union, the legality of common additives to cosmetics products is recorded on "CosIng" – the European Commission's database for information on cosmetic substances and their ingredients. UK authorities have continued to make reference to this database following the UK's departure from the European Union. Within CosIng, many controlled cannabinoid substances are labelled as prohibited for use. CBD extracts and hemp seed oil are listed as permitted cosmetics ingredients, however.

The legality of CBD content within cosmetics products largely depends on how the cannabinoid ingredients were extracted. Plant-derived CBD may be used in finished cosmetic products provided that the CBD used is not derived from the flowering or fruiting tops of the hemp plant, or the whole hemp plant where those flowers remain. The CBD used must be in pure form and must not contain any controlled substances, for instance any specific controlled cannabinoids.

In addition to their cannabinoid content, cosmetic products containing CBD must also follow the strict requirements mandated by the frameworks developed and adhered to by the wider cosmetics industry. Before being introduced to the market, products must also be submitted to the UK's Submit Cosmetic Products Notifications (SCPN) portal. Additional requirements include ensuring all product formulations

are confirmed to be safe with a Cosmetic Product Safety Report (CPSR), registering products on all relevant product safety databases, and following Cosmetic Good Manufacturing Practices.

Operators are also required to ensure that all claims made on product packaging, labelling and in marketing materials are accurate and compliant. This means that they must be substantiated and should not mislead or misinform the consumer. Any general health claims must be accompanied by registered and approved specific health claims. No such claims have been approved for products containing CBD to date.

3. Regulation of CBD Products in the United States

In 2018, the US Congress passed and signed into law the Agriculture Improvement Act. This law removed hemp from the federal Controlled Substances Act, effectively legalising CBD under federal law in the US provided that it is sourced and derived from hemp.

While hemp-based CBD is federally legal, some states have adopted their own approach to the development, production and sale of products containing CBD. The position of each state is summarised below.

State	Legal Status of CBD	Notes and Exceptions
Alabama	Conditionally legal	CBD oil exceeding 0.3% THC legal with medical cannabis licence for specific conditions
Alaska	Fully legal	
Arizona	Fully legal	
Arkansas	Conditionally legal	Cannabis-derived CBD oil exceeding 0.3% THC legal with medical cannabis licence for specific conditions
California	Fully legal	Hemp-derived CBD edibles are not legal in the state, but cannabis-derived CBD edibles are; doesn't seem to be strictly enforced and legislation has been proposed to remove this restriction
Colorado	Fully legal	
Connecticut	Fully legal	
Delaware	Conditionally legal	Cannabis-derived CBD oil exceeding 0.3% THC legal with medical cannabis licence for specific conditions, though the CBD market in general is relatively unregulated in Delaware
District of Columbia	Fully legal	
Florida	Conditionally legal	Only hemp-derived CBD oil is legal
Georgia	Conditionally legal	Cannabis-derived CBD oil legal with medical cannabis licence for specific conditions; must contain equal amounts of THC and CBD, and THC content cannot exceed 5%
Hawaii	Conditionally legal	Hemp-derived CBD oil only
Idaho	Conditionally legal	All varieties legal so long as there is no traceable THC content
Illinois	Fully legal	
Indiana	Conditionally legal	All varieties legal so long as they do not exceed 0.3% THC

Iowa	Conditionally legal	Cannabis-derived CBD oil exceeding 0.3% THC legal with medical cannabis licence; list of accepted conditions is fairly restrictive
Kansas	Conditionally legal	All varieties legal so long as there is no traceable THC content; medical CBD oil legal with licence for specific conditions, provided the THC content doesn't exceed 5%
Kentucky	Conditionally legal	Hemp-derived CBD oil only
Louisiana	Conditionally legal	Cannabis-derived CBD oil legal with medical cannabis licence for specific conditions
Maine	Fully legal	
Maryland	Conditionally legal	Cannabis-derived CBD oil legal with medical cannabis licence for specific conditions
Massachusetts	Fully legal	Oil with THC content exceeding 0.3% fully legal for adults age 21 and up and for adults 18 to 20 years old with medical cannabis licence
Michigan	Fully legal	
Minnesota	Conditionally legal	Cannabis-derived CBD oil legal with medical cannabis license for specific conditions
Mississippi	Conditionally legal	Cannabis-derived CBD oil legal with medical cannabis licence; limited number of accepted conditions; must be obtained from University of Mississippi; cannot exceed 0.5% THC
Missouri	Conditionally legal	CBD oil exceeding 0.3% THC legal with medical cannabis licence — no qualifying conditions
Montana	Fully legal	
Nebraska	Conditionally legal	Hemp-derived CBD oil only; cannabis is illegal even for medical purposes
Nevada	Fully legal	
New Hampshire	Conditionally legal	Cannabis-derived CBD oil legal with medical cannabis licence for specific conditions
New Jersey	Fully legal	
New Mexico	Conditionally legal	Cannabis-derived CBD oil legal with medical cannabis licence for specific conditions
New York	Fully legal	
North Carolina	Conditionally legal	Cannabis-derived CBD oil legal with medical cannabis licence; however, the program is limited to a very small subset of the population of study participants and patients suffering from specific conditions
North Dakota	Conditionally legal	Cannabis-derived CBD oil legal with medical cannabis licence for specific conditions

Ohio	Conditionally legal	Cannabis-derived CBD oil legal with medical cannabis licence for specific conditions
Oklahoma	Conditionally legal	Cannabis-derived CBD oil legal with medical cannabis licence — no qualifying conditions
Oregon	Fully legal	
Pennsylvania	Conditionally legal	CBD legal subject to CBD oil not exceeding 0.3% THC. THC legal with medical cannabis licence for specific conditions
Rhode Island	Conditionally legal	CBD oil exceeding 0.3% THC legal with medical cannabis licence for specific conditions
South Carolina	Conditionally legal	CBD oil exceeding 0.9% THC legal with medical cannabis licence; very restrictive list of qualifying conditions
South Dakota	Conditionally legal	Medical and recreational cannabis products illegal; ballot measure proposed to change this ruling following a successful 2020 ballot measure that was overturned by the Supreme Court less than 0.3% OK
Tennessee	Conditionally legal	CBD oil exceeding 0.9% THC legal with medical cannabis licence; very restrictive list of qualifying conditions
Texas	Conditionally legal	Low-THC (up to 1%) CBD oil available for patients with qualifying conditions
Utah	Conditionally legal	Cannabis-derived CBD oil legal with medical cannabis licence for specific conditions
Vermont	Fully legal	
Virginia	Fully legal	
Washington	Fully legal	
West Virginia	Conditionally legal	Cannabis-derived CBD oil legal with medical cannabis licence for specific conditions
Wisconsin	Conditionally legal	Cannabis-derived CBD oil legal with medical cannabis licence for specific conditions
Wyoming	Conditionally legal	Hemp-derived CBD oil only

Although the legal, regulatory and enforcement status of CBD varies from State to State, the federal position remains that products derived from hemp and containing no more than 0.3 percent THC may be introduced to interstate commerce. This is explained in further detail below.

3.1. Status of Hemp and Hemp-Derived Products

The 2018 US Farm Bill became effective on December 20, 2018. As of that date, hemp has been removed from scheduled control under the US Controlled Substances Act (CSA), 21 USC 801 et seq. The 2018 Farm Bill defines hemp as any part of the cannabis plant that contains no more than 0.3 percent of THC (tetrahydrocannabinol) on a dry weight basis. Any product made from industrial hemp, including CBD isolate, is legal under the CSA if the product contains no more than 0.3 percent THC and is derived from hemp grown in accordance with new USDA regulations and state hemp plans. States

are not permitted to interfere with the interstate transportation or shipment of Farm Bill-sanctioned hemp or hemp-derived products.

Industrial hemp is an agricultural commodity with many uses that has been widely grown throughout human history as a primary cash crop until in the 1920s various US states and eventually the US federal government made all forms of cannabis illegal. After years of debate, Congress enacted the Agriculture Act of 2014, known as the 2014 Farm Bill, which permitted state departments of agriculture and institutions of higher education to conduct agricultural pilot programs for the cultivation of hemp for the purposes of determining whether a viable hemp market exists in the United States. Agricultural pilot programs were established in 41 US states pursuant to the 2014 Farm Bill.

The subsequent 2018 Farm Bill provided for a much broader level of federal protection for industrial hemp, most notably by removing hemp from scheduled control under the CSA. The 2018 Farm Bill instructs the USDA to create regulations that will oversee new state hemp programs. Each state is free to adopt USDA regulations, create its own state program consistent with federal regulations or prohibit the cultivation of hemp.

Although the 2018 Farm Bill allows each state to choose to exercise primary regulatory authority over the production of hemp inside state borders through a regulatory plan approved by the USDA, regardless of whether a state permits or prohibits the cultivation of hemp within its borders, individual states may not interfere with the lawful transportation of hemp in interstate commerce. Congress emphasized its intent in this regard through language within its Conference Report, which accompanied the 2018 Farm Bill.

All of the Company's products containing CBD are derived from hemp and contain less than 0.3 percent THC. They are therefore compliant with the provisions of the 2018 Farm Bill.

4. Regulation of Vape Products in the UK

In the UK, the regulation of vape products is overseen primarily by the Medicines and Healthcare products Regulatory Agency (MHRA) and regulated by the Tobacco and Related Products Regulations 2016. However, as the Company's vape products are free from nicotine, and do not contain tobacco, CBD, THC or any other cannabinoid or another active ingredient, they are not subject to the oversight of the MHRA or to regulation under the Tobacco and Related Products Regulations 2016 which only apply to nicotine-containing products. The Company is, however, conscious of the regulatory landscape in this area and keenly monitors potential developments that may or may not affect its products and commercial activities.

Key aspects of the regulation of nicotine-containing vape products in the UK include:

1. **Age Restrictions:** It is illegal to sell nicotine-containing vape products to individuals under the age of 18.
2. **Product Standards:** nicotine-containing vape products must meet specific quality and safety standards. Manufacturers must provide detailed information about their products, and the MHRA must be notified of new products that contain nicotine.
3. **E-Liquid Nicotine Strength:** e-liquids are limited to a maximum nicotine strength of 20mg/ml.
4. **Packaging and Labelling:** nicotine-containing vape product packaging must include safety warnings, ingredient information, and clear instructions for use.
5. **Advertising and Promotion:** guidance is in place to prevent the marketing of nicotine-containing vape products to children, and advertising must not make misleading health claims.
6. **Cross-Border Sales:** cross-border distance sales of nicotine-containing vape products are subject to additional regulations.
7. **Import and Export:** importers and exporters of nicotine-containing vape products must adhere to specific rules and standards relating to their composition and treatment.

8. Reporting Adverse Effects: manufacturers, distributors, and consumers are encouraged to report any adverse effects or safety concerns related to nicotine-containing vape products.

5. Regulation of Vape Products in the United States

The regulation of vape products in the United States is a complex and evolving landscape, with authority divided between federal and state governments. In common with the UK, the federal regulation of vape products in the United States applies to those that contain tobacco or nicotine. There is also a patchwork of state and county regulations prohibiting the use of specific flavours, which the Group complies with. As such, the Group's nicotine-free products, which do not contain tobacco, CBD, THC or any other cannabinoid or another active ingredient, are not subject to the same regulatory burden as more conventional products that contain nicotine. As with the UK, the Group remains conscious of the regulatory environment. Key aspects of the regulation of nicotine-containing vape products in the U.S. include:

1. Minimum Age Requirements: The federal minimum age to purchase nicotine-containing vape products, including e-cigarettes, was raised to 21 with the passage of the Federal Tobacco 21 law in December 2019.
2. FDA Oversight: The U.S. Food and Drug Administration (FDA) has regulatory authority over tobacco products including e-cigarettes that contain nicotine. Manufacturers of nicotine-containing vape products are required to submit pre-market applications and meet certain product standards as part of the FDA's Deeming Rule.
3. Flavour Restrictions: Some states and localities have imposed restrictions on the sale of flavoured nicotine-containing e-cigarettes, particularly those appealing to young people.
4. Marketing and Advertising: The marketing and advertising of nicotine-containing vape products are subject to various state and federal regulations, with an emphasis on preventing youth-targeted marketing and false health claims.
5. State and Local Regulations: States and local governments have their own set of regulations, which can vary widely. Some have implemented additional restrictions on nicotine-containing vapes, such as flavour bans, taxes, and licensing requirements.
6. Online Sales: Regulations regarding online sales of nicotine-containing vape products can vary from state to state, with age verification and reporting requirements in place.

The Group recognises that the regulatory landscape for vape products in the United States is subject to change, and new policies and regulations may be introduced at the federal, state, and local levels.

Part 10

DIRECTORS, KEY PERSONNEL AND CORPORATE GOVERNANCE

1. The Directors

The Directors believe the Board comprises a knowledgeable and experienced group of professionals with relevant experience for sourcing, evaluating, structuring and executing the business strategy of the Company. The Board will have full responsibility for its activities.

Details of the current Directors are listed below.

Callum Somerton (*Chief Executive Officer, aged 28*)

Mr Somerton was appointed to the Board on 15 April 2022. He is a former legal professional with brand protection experience having helped to create and develop major brands in multiple industries and across numerous jurisdictions. He gained his law degree (LLB) from the University of Reading and a master's degree in law and business management from the University of Law.

Prior to joining the Group, he worked within the intellectual property team of London law firm Mishcon de Reya where he gained extensive exposure to brand protection, litigation and corporate matters. He went on to establish his own digital marketing and business growth consultancy practice providing strategic direction and support to a client base of public and private companies operating within the consumer goods, luxury lifestyle and professional services sectors.

Before being appointed to his current position, Mr Somerton served as the Group's International Brand Director providing holistic support to the Group's business both in the UK and the United States.

Antonio Russo (*Chief Commercial Officer, aged 40*)

Mr Russo was appointed to the Board on 29 April 2020. He is a cannabis and hemp industry expert, having operated in the space for over a decade. Before joining the Group he co-founded two cannabis companies, encompassing five fully licensed retail stores and three cultivation facilities nearing 100,000 total square feet in total.

He previously served as Chief Compliance Officer of District 8, a company based in Colorado concerned with the production, marketing and sale of hemp products. Mr Russo is a former board member of MIG (Marijuana Industry Group), formed to help craft Colorado's earliest medical cannabis regulatory framework. He was instrumental in the progression of Colorado Amendment 64, which legalised recreational marijuana possession for adults in the state of Colorado and required the state to establish a regulatory structure for retail sales of marijuana.

Mr Russo previously served as the Group's Co-CEO between 29 April 2020 and 15 April 2022.

Trevor Taylor (*Chief Operating Officer, aged 42*)

Mr Taylor was appointed to the Board on 29 April 2020. Prior to joining the Group, he co-founded a cannabis company that became the highest selling organic pre-roll cannabis cigarette brand in Colorado, the first state to legalise recreational cannabis in the United States.

Previously, Mr Taylor was a partner and analyst at The Redstone Group, a multi-strategy merger and acquisition brokerage firm, and was the co-founder and COO of Old West Oilfield Services. He helped take the company from its initial concept through to the final exit in just over five years to Cerberus Capital Management, a global investment firm. He has an extensive body of corporate management and business development experience.

Mr Taylor previously served as the Group's Co-CEO between 29 April 2020 and 15 April 2022.

Eric Schrader (Non-Executive Director, aged 40)

Mr Schrader was appointed to the Board on 1 August 2021. He has worked in retail, distribution and sales channels in the United States for over 15 years.

Mr Schrader was a fourth generation co-owner in a family business that operated the largest convenience store chain in Northern Colorado for 84 years before it was sold to third party. He has a dynamic understanding of retail operations and is instrumental to the Group's retail distribution and sales strategies. He has previously worked with some of the largest brands in the world such as: Shell Oil & Gas, Pepsi Co., Coca-Cola, Red Bull, Monster, Altria, BAT/R.J Reynolds Tobacco, and JUUL.

Mr Schrader is also a Director of Ox Distributing LLC and Racquette Hanger LLC, family businesses that have variously been providing distribution, logistics and warehousing services to the Company.

Scott E. Thompson (Independent Non-Executive Director , aged 65)

Mr Thompson was appointed to the Board on 27 January 2022. He has practiced intellectual property law for over three decades and has repeatedly been recognized by the World Trademark Reporter as one of the top 300 trademark attorneys in the world.

Mr. Thompson has served in leadership positions at the largest brand companies in the world, including as Assistant General Counsel at Philip Morris Companies, Vice-President and Associate General Counsel at Colgate-Palmolive, and Vice-President of Global Trademarks at GlaxoSmithKline. Most recently Mr. Thompson was the General Counsel – Intellectual Property/Marketing Properties for Mars Incorporated. He also simultaneously served as the interim General Counsel for Mars Edge helping the start-up division in its first two years of growth in new innovative areas of business.

Mr Thompson is an Independent Non-Executive Director and provides oversight of the Group's activities, strategy and corporate governance. Mr Thompson is a partner of Lippes Mathias LLP, the US national law firm, which is an appointed legal advisor and representative of the Group, providing legal support across all of its business areas.

The business address of the Directors is the Group's registered UK address at Eastcastle House, 27-28 Eastcastle Street, London W1W 8DH.

2. Independence of the Board and Corporate Governance

Scott E. Thompson is currently deemed an "independent" Non-Executive Director. The Directors are committed to maintaining high standards of corporate governance at all times. In so far as it is practicable, given the Company's size and nature, stage of development and available resources, it will seek to follow the QCA Code.

3. Directors' Fees and Other Remuneration

For the financial year ended 31 March 2023, the remuneration paid to the Directors was as follows:

Executive Director	Base Salary	*Benefits in Kind	Share Based Compensation	Total
Callum Sommerton**	£90,000	-	-	£90,000
Antonio Russo	£142,344	£22,835	-	£165,179
Trevor Taylor	£112,972	£23,452	-	£136,424
Non-Executive Director				
Eric Schrader	£7,833	-	-	£7,833
Scott E Thompson	£11,749	£2,350	-	£14,099

*The benefits in kind represent healthcare and pension premiums that the Group pays for its directors at the prevailing rates..

**Callum Sommerton was appointed to the Board of Directors on 15 April 2022. In June 2022 his annual salary was adjusted to £85,000 from a previous salary of £115,000.

Further details of the Directors' service agreements and letters of appointment (as the case may be) are set out in paragraph 10 of Part 15 "Additional Information" of this Document.

The current remuneration policy, as approved at the Company's 2023 Annual General Meeting, is as follows:

Executive Director	Base Salary	Pension Contribution	Benefits in Kind	Bonus or incentive plan
Callum Sommerton	£85,000	Statutory Minimum	Nil	**Ad hoc basis see below
Antonio Russo	US \$175,000	Nil	*See below	**Ad hoc basis see below
Trevor Taylor	US \$100,000	Nil	*See below	**Ad hoc basis see below
Non-Executive Director				
Eric Schrader	\$10,000	Nil	Nil	Nil
Scott E Thompson	\$15,000	Nil	Nil	Nil

The service contracts are reviewed annually.

*In the US, the Group pays healthcare premiums for its staff at the prevailing rates.

**Executive Directors are eligible to participate in the Long Term Incentive Plan (LTIP) established by the Company to align the interests of shareholders with the interests and incentives of the executive management team, under which share options and conditional share awards (restricted share units) may be granted on a discretionary basis. There is no maximum opportunity under the LTIP. Awards will normally vest over a number of years, subject to time-based and/or performance conditions. Under the LTIP the Board has discretion to adjust the vesting of awards to avoid formulaic outcomes. Vested and unvested awards are subject to malus and clawback provisions. Annual bonuses may also be awarded at the discretion of the Board under the Company's Short Term Incentive Plan (STIP) which is intended to motivate exceptional performance and effort over the short term. Cash awards made under the STIP may be subject to performance conditions and must be approved by the Board as a whole. At the Company's 2023 Annual General Meeting, the Shareholders approved the adoption of an Employee Management Incentives (EMI) Share Option Plan under which options to subscribe for Ordinary Shares may be granted to employees of the Group, including Executive Directors.

4. Corporate Governance

The Directors are committed to maintaining high standards of corporate governance at all times. In so far as it is practicable, given the Company's size and nature, stage of development and available resources, it seeks to follow the QCA Code.

The Board, which meets not less than quarterly, ensures that procedures, resources and controls are in place to ensure that compliance with the Listing Rules and Disclosure Guidance and Transparency Rules by the Company is operating effectively at all times.

In order to implement its business strategy, as at the date of this Document, the Company has adopted the corporate governance structure set out below:

Audit Committee

The Company has established an Audit Committee comprising Callum Sommerton (Chief Executive Officer), Trevor Taylor (Chief Operations Officer), and Scott Thompson (Independent Non-Executive Director). The chair of the Audit Committee is to be appointed.

The Audit Committee has primary responsibility for ensuring the preparation and timely publication of accurate financial and corporate information. All audit matters are ultimately presented to the Company's full Board of Directors for consideration. Whilst the Audit Committee is not formed of members in accordance with the QCA Code guidelines, the Board believes the composition is commensurate with the size and scope of the Group and its operations. The Committee is in the process of establishing its rules and operating procedures.

Remuneration Committee

The Company does not currently have a separate Remuneration Committee and all matters relating to remuneration are considered by the Board of Directors as a whole.

Share Dealing Code

The Company has adopted a share dealing code to regulate trading in the Company's shares for the Directors and other persons discharging managerial responsibilities (and persons closely associated with them) which contains provisions appropriate for a company whose shares are admitted to listing on the Standard Segment of the Official List and to trading on the Main Market of the London Stock Exchange (particularly relating to dealing during closed periods in line with UK MAR). The Company will take all reasonable steps to ensure compliance by the Directors and any relevant employees with the terms of that share dealing code.

Part 11

THE CONVERTIBLE LOAN NOTES AND WARRANTS

1. Details of the Convertible Loan Notes

The Convertible Loan Notes were issued by the Company pursuant to the Fundraising and Open Offer as follows:

Transaction	Issue date	Aggregate principal amount	Number of Convertible Loan Notes	Number of Ordinary Shares issuable on conversion
Fundraising	13 May 2022	£2,916,669.90	145,833,495	145,833,495
Open Offer	21 June 2022	£176,834.50	8,841,725	8,841,725
Totals		£3,093,504.40	154,675,220	154,675,220

The Convertible Loan Notes were constituted by two loan note instruments, dated 13 May 2022 and 21 June 2022 respectively, executed by the Company as a deed poll and issued as notes with a principal amount of 2 pence each. The Convertible Loan Notes constituted by the two loan note instruments rank pari passu with each other and are subject to the same terms and conditions, other than as to their date of issue. On conversion of the Convertible Loan Notes in full, 154,675,220 Conversion Shares will be issued at an effective price of 2 pence per share.

It is a condition of the conversion of the Convertible Loan Notes a relevant prospectus is approved and published before 31 May 2024 or there is a change in regulation as a result of which the Ordinary Shares issued on the conversion of the Convertible Loan Notes could be admitted to listing on the Standard Segment of the Official List and to trading on the Main Market of the London Stock Exchange without the requirement to publish a prospectus. The Convertible Loan Notes will accordingly be converted compulsorily upon the publication of this Document. The Conversion Shares will be issued on conversion of the Convertible Loan Notes, whereupon the amounts repayable under the Convertible Loan Notes will be discharged by the issue of the Conversion Shares, and the Company will not receive any cash proceeds for such issue.

The Convertible Loan Notes have a maturity date of 31 May 2024, when their principal amount together with any accrued and unpaid interest will be paid in full, if they have not been converted or repaid by that time. No interest is payable on the Convertible Loan Notes during the period from their date of issue until 31 May 2023 and, if they have not been converted by then, interest at a rate of 10 per cent. per annum is payable on the outstanding principal amount of the Convertible Loan Notes during the period commencing on 1 June 2023 until they are repaid or converted in full. A default rate of interest of an additional 5 per cent. per annum is payable, if any amount payable under the terms of the Convertible Loan Notes is not paid when due. The Company is entitled to give notice to the holders of the repayment of the Convertible Loan Notes at any time after 31 May 2023 up to their maturity date of 31 May 2024. The Convertible Loan Notes are non-transferable, except with the prior written consent of the Company, and unlisted.

Holders of Convertible Loan Notes will be notified by the Company (by means of an announcement via a Regulatory Information Service) of the conversion of those notes and the allotment and issue of the Conversion Shares in accordance with the terms of the notes. Dealings may not begin before such notification and Admission.

The Conversion Shares will rank in full for all dividends and other distributions declared after their conversion date and otherwise pari passu with Existing Ordinary Shares.

2. Details of the Warrants

In consideration for Optiva Securities Limited (the Broker) introducing subscribers for Ordinary Shares and Convertible Loan Notes pursuant to the Fundraising, the Company issued 19,750,574 Warrants, entitling the holders to subscribe in aggregate for up to 19,750,574 Ordinary Shares on the basis of one Ordinary Share for each warrant issued. Details of the Warrants are as follows:

Description	Number of Warrants	Date of grant	Exercise period	Exercise price per Ordinary Share
Series 1	10,000,000	13 May 2022	13 May 2025	10 pence
Series 2	400,000	13 May 2022	13 May 2025	5 pence
Series 3	9,350,574	13 May 2022	During the 18 months after the date of publication of this Prospectus	2 pence
Total	19,750,574			

It is a condition of the exercise of the Warrants that a relevant prospectus is approved and published before 31 May 2024 or there is a change in regulation as a result of which the Ordinary Shares issued on the exercise of the Warrants could be admitted to listing on the Standard Segment of the Official List and to trading on the Main Market of the London Stock Exchange without the requirement to publish a prospectus. The Warrants will become exercisable upon the publication of this Document. The proceeds of exercise of the Warrants and the issue of the Warrant Shares from time to time will be used for general working capital purposes.

The Warrants are unlisted and non-transferable unless with the prior written consent of the Company. On exercise of the Warrants application will be made for the Warrant Shares issued to be listed on the Standard Segment of the Official List and to be traded on the London Stock Exchange's Main Market for listed securities. The Warrant Shares will rank in full for all dividends and other distributions with a record date after the relevant exercise date, and *pari passu* in all other respects with the Ordinary Shares.

3. Issue of Conversion Shares and Warrant Shares

All Conversion Shares and Warrant Shares will be issued fully paid and in registered form.

4. Dealing arrangements

Application has been made to the FCA for the Conversion Shares issued on conversion of the Convertible Loan Notes to be listed on the standard segment of the Official List and an application has been made to the London Stock Exchange for the Conversion Shares to be admitted to trading on the London Stock Exchange's Main Market for listed securities. The Conversion Shares will also be admitted to trading on the US OTCQB Venture Market under the ticker symbol 'CHBRF'.

It is expected that Admission will take place and unconditional dealings in the Conversion Shares will commence on the London Stock Exchange at 8.00 a.m. on 5 December 2023. This date and time may change.

It is intended that settlement of Conversion Shares will take place: (a) in the case of Conversion Shares to be held in certificated form, by registering the holder in the register of members of the Company; and (b) in the case of Conversion Shares to be held in uncertificated form, by means of crediting the relevant CREST stock accounts on Admission. When admitted to trading, the Conversion Shares will be registered with ISIN number GB00BWC4X262, SEDOL number BWC4X26 and TIDM code CHLL. The Ordinary Shares have a nominal value of £0.01 each.

Application will be made to the FCA for the Warrant Shares issued on exercise of Warrants to be listed on the standard segment of the Official List and application will be made to the London Stock Exchange

for the Warrant Shares to be admitted to trading on the London Stock Exchange's Main Market for listed securities when the relevant Warrants are exercised.

Peel Hunt LLP, Stifel Nicolaus Europe Limited, Cavendish Securities plc, Marex, Winterflood Securities, Shore Capital Group Ltd, Singer Capital Markets and Berenberg act as market makers for the Group's Ordinary Shares as traded on the London Stock Exchange in the UK.

Canaccord Genuity LLC, GTS Securities LLC, Citadel Securities LLC, StoneX Financial Inc., MCAP LLC and VIRTU Americas LLC act as market makers for the Group's Ordinary Shares as traded on the US OTCQB Venture Market in the US.

5. CREST

CREST is the system for paperless settlement of trades in listed securities operated by Euroclear. CREST allows securities to be transferred from one person's CREST account to another's without the need to use share certificates or written instruments of transfer.

The Ordinary Shares are admitted to CREST. Accordingly, settlement of transactions in Ordinary Shares may take place within the CREST System if any Shareholder (as applicable) so wishes. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so. Holders of Convertible Loan Notes and Warrants who have so elected will be issued Conversion Shares and Warrant Shares in uncertificated form, provided they are a system member (as defined in the CREST Regulations) in relation to CREST.

6. Proceeds

The price for which Convertible Loan Notes were subscribed under the Fundraising and Open Offer was their principal amount of £0.02 each. Each Convertible Loan Note is convertible into one Ordinary Share at an effective conversion price of £0.02 per Ordinary Share. No consideration was payable by the holders for the grant of the Warrants. The aggregate gross proceeds of the subscription for Convertible Loan Notes together with the subscription for 30,935,044 Ordinary Shares under the Fundraising and Open Offer amounted to £3,712,205.32, and aggregate costs of approximately £479,162.71 inclusive of VAT (including commissions payable to Optiva Securities Limited in the amount of £155,842.90) have been incurred in relation to the Fundraising, the Open Offer, the preparation and publication of this Document and Admission. Share Registrars Limited of 3 The Millennium Centre, Crosby Way, Farnham, Surrey GU9 7XX, the Company's registrars, acted as receiving agent for the purposes of the Open Offer. Optiva Securities Limited whose registered office address is 7 Harp Lane, London, England, EC3R 6DP, acted as placing agent, in relation to the Fundraising only, on a reasonable endeavours basis and was entitled to a commission of 5 per cent. of the gross proceeds introduced by it under the Fundraising and to be granted warrants to subscribe for 9,350,574 Ordinary Shares with an exercise price of 2 pence per share. The Company also agreed with Optiva Securities Limited to grant warrants to subscribe for Ordinary Shares to Optiva Securities Limited's clients, namely 10,000,000 warrants at an exercise price of 10 pence per share and 400,000 warrants to David Michael James at an exercise price of 5 pence per share. Neither the Open Offer nor the Fundraising were underwritten.

The net proceeds of the subscription for Convertible Loan Notes together with the subscription for 30,935,044 Ordinary Shares under the Fundraising and Open Offer, after deduction of the above costs, in the amount of approximately £3,233,042.61 have been applied as follows:

Use	Amount (£)
Settlement of the outstanding liability for the Chill.com domain name;	£600,000
Settlement of outstanding operational liabilities including legal and other professional advisory fees;	£400,000
The establishment of additional internal sales functions with a view to securing new distribution;	£100,000
The establishment of internal account management and selling support initiatives to service existing distribution;	£25,000
Improvements to the Company's logistical and manufacturing arrangements to deliver a more secure supply chain;	£50,000

Expansion of the Company's marketing activities to improve recognition of its brands;	£50,000
Ongoing improvements to the Chill.com digital platform to create new revenue generation opportunities.	£50,000
Further expansion of the Group's digital marketing programmes, including relationships with influencers and ambassadors. These activities include instructing digital marketing professionals, graphic designers, and videographers to produce premium content for the Chill.com web portal.	£50,000
The establishment of new promotional activities for the Company's products, while supporting the expansion of its range.	£80,000
The Company's capital requirements.	£1,828,042.61
Total	£3,233,042.61

The proceeds of exercise of the Warrants and the issue of the Warrant Shares from time to time will be used for general working capital purposes.

No expenses or taxes have been or will be charged to the subscribers for the Convertible Loan Notes or grantees of the Warrants, nor will any be charged on their conversion or exercise respectively.

The statutory pre-emption rights in favour of Shareholders at the relevant time were disapplied in respect of the 8,841,725 Convertible Loan Notes that were issued under the Open Offer pursuant to shareholder resolutions passed on 30 September 2021 and the statutory pre-emption rights in favour of Shareholders at the relevant time were disapplied in respect of the 145,833,495 Convertible Loan Notes that were issued and 19,750,574 Warrants that were granted under the Fundraising pursuant to shareholder resolutions passed on 12 May 2022. The Shareholder resolutions were proposed by the Board because they considered it would be in the best interests of the Company and its Shareholders for the Directors to have the authority to issue the Convertible Loan Notes and grant the Warrants for the purposes of raising funds for the Company. The passing of the Shareholder resolutions enabled the subscribers for the Convertible Loan Notes and grantees of the Warrants to acquire those securities without them having to be offered first to existing Shareholders on a pre-emptive basis. The issue price of the Convertible Loan Notes of 2 pence per note, each of which is convertible into one Ordinary Share, corresponds to the issue price of 2 pence per Ordinary Share under the Fundraising and Open Offer, the exercise prices of the Warrants described in paragraph 2 of this Part 11 of this Document were set by the Board in amounts that they considered to fairly reflect the reasons why the Warrants were granted to the holders and reasonably achievable market prices of Ordinary Shares, and in each case the Board considered the prices set to be in the best interests of the Company and its Shareholders.

7. Interests in the Fundraising and Open Offer

Ox Distributing, in which Eric Schrader, a Director, and his family members are interested, subscribed for 15,964,578 Convertible Loan Notes and 3,192,916 Ordinary shares under the Fundraising, and Optiva Securities Limited was paid commissions in the amount of £155,842.90 for introducing investors to the Fundraising. Otherwise, and save as disclosed in this Document, there are no interests, including conflicting interest, known to the Company that are material to the Group, the Fundraising or the Open Offer.

Part 12

HISTORICAL FINANCIAL INFORMATION OF THE COMPANY

On 29 September 2021 the Company published the Financial Statements 2021, which were audited by PKF Littlejohn LLP and prepared in accordance with International Financial Reporting Standards. The Audit Report was without qualification. The Financial Statements 2021 are being incorporated by reference in accordance with the Prospectus Regulation Rule 2.7.1.

On 30 September 2022 the Company published the Financial Statements 2022, which were audited by PKF Littlejohn LLP and prepared in accordance with International Financial Reporting Standards. The Audit Report was without qualification. The Financial Statements 2022 are being incorporated by reference in accordance with the Prospectus Regulation Rule 2.7.1.

On 28 July 2023 the Company published the Financial Statements 2023, which were audited by PKF Littlejohn LLP and prepared in accordance with International Financial Reporting Standards. The Audit Report was without qualification. The Financial Statements 2023 are being incorporated by reference in accordance with the Prospectus Regulation Rule 2.7.1.

This Document should be read in conjunction with the Financial Statements 2021, Financial Statements 2022 and the Financial Statements 2023, links to which on the Company's website can be found below.

Financial Statements 2021

<https://chillbrandsgroup.com/wp-content/uploads/2021/09/ChillBrandsGroupPLC20-21ReportofAccountsFINAL.pdf>

Financial Statements 2022

<https://chillbrandsgroup.com/wp-content/uploads/2022/09/Chill-Brands-Group-PLC-Signed-Approved-Accounts.pdf>

Financial Statements 2023

<https://chillbrandsgroup.com/wp-content/uploads/2023/07/CHLL-2023-Annual-Report-Final-Copy.pdf>

Part 13**CAPITALISATION AND INDEBTEDNESS**

The following table shows the capitalisation and indebtedness of the Company, extracted without material adjustment from the Group's unaudited consolidated management accounts as at 30 September 2023. The Company confirms that there has not been a material change in the capitalisation and indebtedness of the Company since 31 August 2023, other than is set out below.

CAPITALISATION AND INDEBTEDNESS

	30 September 2023
Total Current debt	
Guaranteed	19,282
Secured	
Unguaranteed/Unsecured	3,159,882
	<u>3,179,164</u>
Total Non-Current debt	
Guaranteed	22,956
Secured	
Unguaranteed/Unsecured	1,403,212
	<u>1,426,168</u>
Shareholder's equity:	
Share capital	2,876,153
Legal Reserve	0
Other Reserves	(3,575,879)
Total	<u>(699,726)</u>
A. Cash	1,954,306
B. Cash equivalents	0
C. Other current financial assets	391,879
D. Liquidity (A + B + C)	2,346,185
E. Current financial debt	294,937
F. Current portion of non-current financial debt	3,179,164
G. Current financial indebtedness (E + F)	3,474,101
H. Net current financial indebtedness (G – D)	1,127,916
I. Non-current financial debt	1,426,168
J. Debt instruments	0
K. Non-current trade and other payables	0
L. Non-current financial indebtedness (I + J + K)	<u>1,426,168</u>
M. Total financial indebtedness (H + L)	2,554,084

Part 14

TAXATION

Taxation in the UK

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 position should contact their professional advisor immediately. The tax legislation of an investor's place of residence, if outside the UK, may have an impact on the income received from an investment in the Ordinary Shares.

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%, 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.

Dividends

If the Company were to pay 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 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, if any, received from the Company.

Dividend income received by UK tax resident individuals will have a £1,000 annum dividend tax allowance. Dividend receipts in excess of £1,000 will be taxed at 8.75% for basic rate taxpayers, 33.75% for higher rate taxpayers, and 39.35% for additional rate taxpayers.

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.

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.

The rate of capital gains tax on disposal of Ordinary Shares by basic rate taxpayers is 10%, and 20% for upper rate and additional rate taxpayers.

For Shareholders within the charge to UK corporation tax, indexation allowance up until 31 December 2017 may reduce any chargeable gain arising on disposal of Ordinary Shares, but will not create or increase an allowable loss.

The corporation tax rate applicable to taxable profits is currently 25% 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%. 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.

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*”.

Stamp Duty and Stamp Duty Reserve Tax

The statements below are intended as a general guide to the current position. They do not apply to certain intermediaries who are not liable to stamp duty or stamp duty reserve tax or (except where stated otherwise) to persons connected with depositary arrangements or clearance services who may be liable at a higher rate.

No UK stamp duty or stamp duty reserve tax will be payable on the allotment and issue of Ordinary Shares pursuant to the Conversion or on exercise of Warrants.

Most investors will purchase existing Ordinary Shares using the CREST paperless clearance system and these acquisitions will be subject to stamp duty reserve tax at 0.5%. Where Ordinary Shares are acquired using paper (i.e. non-electronic settlement) stamp duty will become payable at 0.5% if the purchase consideration exceeds £1,000.

The above comments are intended as a guide to the general stamp duty and stamp duty reserve tax positions 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.

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 THEY ARE RESIDENT, OR IS OTHERWISE SUBJECT TO TAXATION, IN A JURISDICTION OTHER THAN THE UK, SHOULD CONSULT THEIR PROFESSIONAL ADVISER.

Warning: the tax legislation of an investor's home country and of the Company's country of incorporation (United Kingdom) may have an impact on the income received from the Ordinary Shares.

This summary is for general information only and it is not intended to be, nor should it be construed to be, legal advice to any Shareholder or prospective investor.

Part 15

ADDITIONAL INFORMATION

1 Responsibility

- 1.1 The Directors, whose names appear on page 36, and the Company accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors, the information contained in this Document is in accordance with the facts and this Document makes no omission likely to affect its import.
- 1.2 Where information has been sourced from a third party, the Directors confirm that this information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading, and the sources of that information have been identified.

2 The Company

- 2.1 The Company is domiciled in the United Kingdom and was incorporated in England and Wales as a public limited company under the Companies Act 2006 on 13 November 2014 with number 09309241, under the name Highlands Natural Resources plc. The Company's LEI is 213800RGK8LNU9RGMT89.
- 2.2 The Company's name was changed to Zoetic International plc on 9 September 2019 and to Chill Brands Group plc on 13 August 2021, which is both its legal and commercial name. Its Ordinary Shares were first admitted to the Official List by way of a standard listing under Chapter 14 of the Listing Rules and to trading on the London Stock Exchange's main market for listed securities on 25 March 2015.
- 2.3 The Company is not regulated by the FCA or any other financial services or other regulator. The Company is subject to the Listing Rules and the Disclosure Guidance and Transparency Rules (and the resulting jurisdiction of the FCA), to the extent such rules apply to companies with a Standard Listing pursuant to Chapter 14 of the Listing Rules.
- 2.4 The principal legislation under which the Company operates, and pursuant to which the Ordinary Shares have been allotted and issued, is the Companies Act. The liability of the Shareholders of the Company is limited.
- 2.5 The Company's registered office is at East Castle House, 27/28 Eastcastle Street, London W1W 8DH, its principal place of business is at #201, 1601 Riverfront Drive, Grand Junction, Colorado, 81501, United States and the Company's telephone number is +44 020 7637 5216. The Company's website address is www.chillbrandsgroup.com. The information on the Company's website does not form part of this Prospectus unless that information is incorporated by reference into this Prospectus.
- 2.6 The Company operates in conformity with its Articles and the laws of the United Kingdom, including without limitation the Companies Act.
- 2.7 The Company's auditors for the period covered by the historical financial information set out in Part 12 of this Document "*Historical Financial Information of the Company*" were PKF Littlejohn LLP, which firm remains as auditors subsequent to the period covered by the historical financial information. PKF Littlejohn LLP is a Registered Auditor and is regulated in the conduct of its services by the Financial Reporting Council and the Institute of Chartered Accountants in England & Wales (ICAEW). Apart from the relevant information in Part 12 "*Historical Information of the Company*", and the relevant summary financial information set out under the heading "*What is the key financial information regarding the Issuer?*" in Part 1 of this Document, no other information in this Document has been audited by PKF Littlejohn

LLP.

3 Share Capital

- 3.1 The issued ordinary share capital of the Company at the date of this Document, and as it will be on Admission, is as follows:

Class of Share	Issued and credited as fully paid on the date of this Document		Issued and credited as fully paid as at Admission	
	Number	Nominal value	Number	Nominal value
Ordinary	287,615,305	£ 2,876,153.05	442,290,525	£4,422,905.25

- 3.2 As at 29 November 2023, (being the latest practicable date before publication of this Document) the Company is authorised to issue the Conversion Shares and Warrant Shares and to allot shares and grant rights to subscribe for, or convert any security into, shares up to an aggregate nominal amount of £817,051 (equivalent to 81,705,100 Ordinary Shares), subject to statutory pre-emption rights to the extent not disapplied. As at 29 November 2023, the last practicable date prior to the publication of this Document, 287,615,305 Ordinary Shares were in issue, outstanding, all fully paid. The issued Ordinary Shares are listed on the Official List by way of a Standard Listing and admitted to trading on the Main Market of the London Stock Exchange. All the Ordinary Shares (whose ISIN is GB00BWC4X262) carry one vote each and there are no restrictions on their transferability.
- 3.3 Application has been made for the Conversion Shares, and application will be made, on exercise of the relevant Warrants, for the Warrant Shares to be listed on the Standard Segment of the Official List and to be traded on the main market of the London Stock Exchange. The Conversion Shares and the Warrant Shares will also be traded on the US OTCQB Venture Market as long as the Company maintains that trading facility for its Ordinary Shares. Save for the forgoing, the Ordinary Shares are not listed or traded on, and 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.
- 3.4 The Conversion will result in the participation in the Ordinary Share capital and voting rights of the holders of the Existing Ordinary Shares (namely 100 per cent.) being diluted, so as to result in their holding 62.80 per cent. of the Enlarged Ordinary Shares in issue immediately following Admission (assuming that holders of the Existing Ordinary Shares are not issued Conversion Shares).
- 3.5 The price for which Convertible Loan Notes were subscribed under the Fundraising, which completed on 13 May 2022, and under the Open Offer, which completed on 21 June 2022, was their principal amount of £0.02 each. Each Convertible Loan Note is convertible into one Ordinary Share at an effective conversion price of £0.02 per Ordinary Share. No consideration was payable by the holders for the grant of the Warrants. The net asset value per Ordinary Shares as shown in the balance sheet in the Company's Half-year Report to 30 September 2021 published on 28 January 2022, the latest published balance sheet of the Company before the Fundraising and Open Offer, was 1.95 pence per Ordinary Share. The net asset value per Ordinary Shares as shown in the balance sheet in the Company's audited Report and Accounts for the financial year to 31 March 2023 published on 28 July 2023, the latest published balance sheet of the Company before the date of this Document, was 0.34 pence per Ordinary Share.
- 3.6 During the period of the historical financial information, there have been the following changes in the issued share capital of the Company:
- (a) on 3 April 2020 12,900,000 new Ordinary Shares were issued to members of the Company's management team as fully paid and admitted to trading on the Main Market

of the London Stock Exchange and the Standard Segment of the Official List in accordance with incentive arrangements established in March 2019;

- (b) on 16 June 2020 8,750,000 new Ordinary Shares were issued to Mr John Story and admitted to trading on the Main Market of the London Stock Exchange and the Standard Segment of the Official List at a price of 4 pence per Ordinary Share raising a gross amount of £350,000;
- (c) on 3 November 2020 1,000,000 new Ordinary Shares were issued and admitted to trading on the Main Market of the London Stock Exchange and the Standard Segment of the Official List following the exercise of options under the Company's share option scheme, at an exercise price of 10 pence per Ordinary Share, raising the gross amount of £100,000;
- (d) on 30 March 2021 1,000,000 new Ordinary Shares were issued and admitted to trading on the Main Market of the London Stock Exchange and the Standard Segment of the Official List following the exercise of options, at an exercise price of 12 pence per Ordinary Share, raising the gross amount of £120,000;
- (e) on 7 April 2021, 5,500,000 new Ordinary Shares were issued to Mr John Story and admitted to trading on the Main Market of the London Stock Exchange and the Standard Segment of the Official List as a result of the conversion of a £330,000 convertible loan note issued by the Company, which was convertible at a price of 6 pence per Ordinary Share;
- (f) on 18 May 2021, 10,000,000 new Ordinary Shares were issued and admitted to trading on the Main Market of the London Stock Exchange and the Standard Segment of the Official List pursuant to an oversubscribed subscription at a price of 60 pence per Ordinary Share from a number of new and existing Shareholders, raising a gross amount of £6,000,000;
- (g) on 25 April 2022, 100,000 new Ordinary Shares were issued to Mr Scott Thompson, a Director, and admitted to trading on the Main Market of the London Stock Exchange and the Standard Segment of the Official List. The Ordinary Shares were issued to Mr Thompson, following his appointment to the Board of Directors as an Independent Non-Executive Director on 27 January 2022, under the final share-based compensation package that was being contemplated at the time of Mr Thompson's appointment;
- (h) on 19 May 2022, 500,000 new Ordinary Shares were issued to the U.S. Major Arena Soccer League ("MASL") and admitted to trading on the Main Market of the London Stock Exchange and the Standard Segment of the Official List. The Ordinary Shares were issued to MASL under the final share-based remuneration package that was agreed in respect of Chill Brands' sponsorship of MASL and its sports teams;
- (i) on 13 May 2022, 29,166,699 new Ordinary Shares were issued and admitted to trading on the Main Market of the London Stock Exchange and the Standard Segment of the Official List pursuant to a subscription from new and existing Shareholders under the Fundraising at a price of 2 pence per Ordinary Share, raising a total gross amount of £583,334;
- (j) on 2 June 2022, 227 new Ordinary Shares were issued to Mr Trevor Taylor, a Director, and admitted to trading on the Main Market of the London Stock Exchange and the Standard Segment of the Official List. The Ordinary Shares were issued on exercise of an option at an exercise price of 10 pence per Ordinary Share, a total price of £22.70. This was done so that the number of issued Ordinary Shares on the record date for the Open Offer would be divisible by the minimum number of Ordinary Shares entitling a shareholder to participate;
- (k) on 21 June 2022, 1,768,345 new Ordinary Shares were issued on completion of the Open Offer and admitted to trading on the Main Market of the London Stock Exchange and the Standard Segment of the Official List. The Ordinary Shares were offered under the Open Offer as components of Open Offer Units comprising one new Ordinary Share and five Convertible Loan Notes at a notional price of 2 pence per Ordinary Share, raising an aggregate of £35,366.90;

- (l) on 8 July 2022 1,510,000 new Ordinary Shares were issued and admitted to trading on the Main Market of the London Stock Exchange and the Standard Segment of the Official List. Of these, 1,500,000 Ordinary Shares were issued at a price of 2 pence per share to a service provider that elected to take payment in equity in settlement of a £30,000 liability and 10,000 Ordinary Shares were issued to an employee as part of their remuneration under the Company's long Term Incentive Plan and per their employment contract that commenced in 2021;
- (m) on 22 March 2023 16,000,000 new Ordinary Shares were issued to a financial institution and admitted to trading on the Main Market of the London Stock Exchange and the Standard Segment of the Official List, following an unsolicited approach. The shares were issued at a price of 3.5 pence per share raising a gross amount of £560,000;
- (n) on 15 May 2023 25,000,000 new Ordinary Shares were issued to a private investor at a price of 4 pence per Ordinary Share for a total of £1,000,000; and
- (o) On 18 May 2023 1,500,000 new Ordinary Shares were issued to a service provider at a price of 4 pence per share in settlement of an invoice for investor relations and connected services.

3.7 At 31 March 2023 there were options and warrants outstanding over 48,496,779 unissued ordinary shares. Details of the options and warrants outstanding are as follows:

Issued	Exercisable From	Exercisable Until	Number Outstanding	Exercise Price (p)
12 October 2016	Any time until	11 October 2026	250,000	27.75
8 October 2019	8 October 2021	8 October 2029	5,839,773	10.00
8 October 2019	8 October 2022	8 October 2029	65,000	10.00
8 October 2019	Any time until	8 October 2029	1,000,000	10.00
28 May 2021	Any time until	28 May 2026	10,000,000	60.00
1 June 2021	1 June 2022	1 May 2026	1,200,000	10.00
27 September 2021	23 September 2022	23 September 2026	10,391,432	10.00
26 April 2022	26 April 2022	26 April 2025	400,000	5.00
26 April 2022	26 April 2022	26 April 2025	10,000,000	10.00
26 April 2022	26 April 2022	26 December 2023	9,350,574	2.00
Total			48,496,779	

Since 31 March 2023, no other options or warrants have been granted by the Company.

- 3.8 8,841,725 Convertible Loan Notes were issued under the Open Offer pursuant to shareholder resolutions to authorise the grant of rights to subscribe for or to convert any security into shares in the Company and dis-apply the relevant statutory pre-emption rights passed on 30 September 2021 and 145,833,495 Convertible Loan Notes were issued and 19,750,574 Warrants were granted under the Fundraising pursuant to shareholder resolutions to authorise the grant of rights to subscribe for or to convert any security into shares in the Company and dis-apply the relevant statutory pre-emption rights passed on 12 May 2022. No further authorisations are required for the Conversion or exercise of Warrants.

4 Loans

- 4.1 On 3 April 2023 the Company issued Convertible Loan Notes with an aggregate value of £1,600,000. The Loan notes carry a coupon of 12% per annum for a term of three years from the date of their issue and will be convertible into Ordinary Shares at 8 pence per share. The conversion rights under the Loan Notes are subject to a shareholder resolution authorising their grant being passed at a general meeting of the Company's Shareholders, which will be

proposed at the Company's 2023 Annual General Meeting.

- 4.2 On 13 May 2022 pursuant to the Fundraising the Company issued £2,916,669.90 principal amount of Convertible Loan Notes and on 21 June 2022 pursuant to the Open Offer the Company issued £176,834.50 principal amount of Convertible Loan Notes further details of these issues are contained in Part 11 "*Convertible Loan Notes and Warrants*" of this Document.
- 4.3 On 10 June 2020, the Group entered into a Bounce Back Loan Scheme (BBLs) managed by the British Business Bank with the financial backing of the Secretary of State for Business, Energy and Industrial Strategy. The BBLs loan of £50,000 carries an interest rate of 2.50% per annum with repayment over 60 months beginning July 2021.
- 4.4 On 22 April 2020 Highlands Natural Resources Corporation, a subsidiary of the Company, received a Small Business Administration (SBA) loan of £154,078 from Timberline Bank on which interest is payable at a rate of 1.00% per annum and which has a maturity date in April 2025. An amount equivalent to £123,000 of principal and interest was forgiven on 11 April 2021.

5 **Summary of the rights attaching to the Ordinary Shares set out in the Articles of Association of the Company**

The Articles contain provisions, inter alia, to the following effect concerning the rights of the Ordinary Shares. The Company's objects and purposes are unlimited.

5.1 Voting rights

Subject to the rights or restrictions referred to in paragraph 5.2 below and subject to any special rights or restrictions as to voting for the time being attached to any shares, on a show of hands every member holding Ordinary Shares who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative and every proxy appointed by a member shall have one vote; and on a poll every member holding Ordinary Shares who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative, and every proxy appointed by a member, shall have one vote for every Ordinary Share of which a member is a holder.

5.2 Restrictions on voting

No member may vote at a general meeting (or any separate meeting of the holders of any class of shares), either in person or by proxy, or to exercise any other right or privilege as a member in respect of a share held by him unless: (a) all calls or other sums presently due and payable by him in respect of that share whether alone or jointly with any other person together with interest and expenses (if any) have been paid to the Company, or (b) the board determines otherwise.

If a member, or any other person appearing to be interested in shares held by that member, has been issued with a notice under section 793 of the Act ("section 793 notice") and has failed in relation to any shares (default shares, which expression includes any shares issued after the date of such notice in right of those shares) to give the Company the information required by the section 793 notice within the prescribed period from the service of the notice, the following sanctions shall apply unless the board determines otherwise:

- (a) the member shall not be entitled in respect of the default shares to be present or to vote (either in person or by representative or proxy) at any general meeting or at any separate meeting of the holders of any class of shares or on any poll or to exercise any other right conferred by membership in relation to any such meeting or poll; and
- (b) where the default shares represent at least 0.25% in nominal value of the issued shares of their class (calculated exclusive of any shares held as treasury shares):
 - any dividend or other money payable for such shares shall be withheld by the Company, which shall not have any obligation to pay interest on it, and the

member shall not be entitled to elect, pursuant to article 123, to receive shares instead of that dividend; and

- no transfer, other than an excepted transfer, of any shares held by the member shall be registered unless:
 - the member himself is not in default of supplying the required information; and
 - the member proves to the satisfaction of the board that no person in default of supplying such information is interested in any of the shares that are the subject of the transfer.

For the purposes of ensuring this paragraph “Restrictions on voting” can apply to all shares held by the member, the Company may in accordance with the uncertificated securities rules, issue a written notification to the operator requiring conversion into certificated form of any share held by the member in uncertificated form.

5.3 Dividends and other distributions

Subject to the provisions of the Companies Act and the Articles, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the board.

Except as otherwise provided by the rights attached to the shares all dividends shall be declared and paid according to the amounts paid up (otherwise than in advance of calls) on the shares on which the dividend is paid. All dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid; but, if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly. Dividends may be declared or paid in any currency.

Subject to the provisions of the Companies Act, the board may declare and pay interim dividends (including any dividend at a fixed rate) if it appears to the board that they are justified by the profits of the Company available for distribution.

The board may deduct from any dividend or other money payable to any person on or in respect of a share all such sums as may be due from him to the Company on account of calls or otherwise in relation to the shares of the Company. Sums so deducted can be used to pay amounts owing to the Company in respect of the shares.

Unless otherwise provided by the rights attached to the share, no dividend or other monies payable by the Company or in respect of a share shall bear interest as against the Company.

The Company may pay any dividend, interest or other sum payable in respect of a share in cash or by direct debit, bank transfer, cheque, dividend warrant, or money order or by any other method, including by electronic means, as the board may consider appropriate. For uncertificated shares, any payment may be made by means of the relevant system (subject always to the facilities and requirements of the relevant system) and such payment may be made by the Company or any person on its behalf by sending an instruction to the operator of the relevant system to credit the cash memorandum account of the holder or joint holders of such shares or, if permitted by the Company, of such person as the holder or joint holders may in writing direct.

The board may, by ordinary resolution of the Company direct, or in the case of an interim dividend may without the authority of an ordinary resolution direct, that payment of any dividend declared may be satisfied wholly or partly by the distribution of assets, and in particular of paid up shares or debentures of any other company, or in any one or more of such ways.

All dividends, interest or other sums payable and unclaimed for 12 months after having become payable may be invested or otherwise made use of by the board for the benefit of the Company until claimed. The Company shall not be a trustee in respect of such unclaimed dividends and will

not be liable to pay interest on it. All dividends that remain unclaimed for 12 years after they were first 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, by ordinary resolution of the Company and subject to such terms and conditions as the board may determine, offer to any holders of ordinary shares (excluding any member holding shares as treasury shares) the right to elect to receive ordinary shares, credited as fully paid, instead of cash in respect of the whole (or some part, to be determined by the board) of any dividend specified by the ordinary resolution.

On the winding up of the Company, the Company's property shall be applied in satisfaction of the company's liabilities and, subject to that application, shall be distributed among the members *pari passu* according to their rights and interests in the Company.

5.4 Classes of share

The share capital of the Company is currently made up of Ordinary Shares. The Ordinary Shares are voting shares and benefit from all of the rights attaching to those shares contained within the Articles and as summarised below.

There are no rights of pre-emption in respect of transfers of issued Ordinary Shares. The provisions of section 561 of the Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash other than by way of, inter alia, allotment to employees under an employee's share scheme as defined in section 1166 of the Act) will apply to the extent not disapplied by a special resolution of the Company.

Each Ordinary Share confers the rights to receive notice of and attend all meetings of shareholders. An annual general meeting and all other general meetings shall be called by at least 21 clear days' notice. Each holder of Ordinary Shares present at a general meeting in person or by proxy has one vote, and, on a poll, one vote for each Ordinary Share of which he is a holder.

On a winding up a liquidator may, with the sanction of an extraordinary resolution of the Company, divide amongst the holders of the Company's shares (in specie or in kind) the whole or any part of the assets of the Company, and may, with the like sanction, determine how such division is to be carried out.

The Ordinary Shares confer upon their holders the right to participate in any profits which the Company may from time to time determine to distribute in respect of any financial period.

All or any of the rights or privileges attached to any class or shares in the Company may be varied or abrogated with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of that class. At every such separate general meeting the quorum is two persons holding or representing by proxy one-third in nominal value of the issued shares of that class.

The Company may make arrangements for any class of its shares to be issued in uncertificated form and in accordance with and subject as provided in the Regulations and transfer of title of those shares shall be effected by means of a relevant system in the manner provided for and subject as provided for in the Regulations. Shares held in certificated form may be changed to uncertificated form and those held in uncertificated form may be changed to certificated form.

Subject to the provisions of the Act, the Company may purchase any of its own shares, provided that the terms of any contract under which the Company will or may become entitled or obliged to purchase its own shares be authorised by special resolution of the Company in a General Meeting before the Company enters into such a contract.

5.5 Transfer of shares

All transfers of shares which are in certificated form may be effected by transfer in writing in any

usual form or in any other form which the board may approve and shall be executed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee.

All transfers of shares which are in uncertificated form may be effected by means of a relevant system in the manner provided for and subject as provided in the uncertificated securities rules.

The transferor of a share shall be deemed to remain the holder of the share concerned until the name of the transferee is entered in the register in respect of it.

The board may, in its absolute discretion, decline to recognise any instrument of transfer relating to shares in certificated form unless: (a) it is for a share which is fully paid up; (b) it is for a share upon which the Company has no lien; (c) it is for only one class of share; (d) it is in favour of a single transferee or no more than four joint transferees; (e) it is duly stamped or is duly certificated or otherwise shown to the satisfaction of the board to be exempt from stamp duty (if this is required); (f) it is delivered to the registered office of the Company from time to time (or such other place as the board may determine) accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to prove the title of the transferor (or person renouncing) and the due execution of the transfer or renunciation by him or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so.

The board shall not refuse to register any transfer or renunciation of partly paid shares which are admitted to the Official List on the grounds that they are partly paid shares in circumstances where such refusal would prevent dealings in such shares from taking place on an open and proper basis.

The board may refuse to register a transfer of uncertificated shares in any circumstances that are allowed or required by the uncertificated securities rules and the relevant system. If the board refuses to register a transfer of securities, it shall within two months after the date on which the transfer was lodged with the Company (in the case of shares held in certificated form) or after the date on which the Company received instructions from the operator of the relevant system (in the case of shares held in uncertificated form) send to the transferee notice of the refusal together with reasons for the refusal.

5.6 Allotment of shares

Subject to the Companies Act and to any rights attached to existing shares, any share may be issued with or have attached to it such rights or restrictions as the Company may by ordinary resolution determine, or if no ordinary resolution has been passed or so far as the resolution does not make specific provision, as the board may determine.

6 Takeovers

6.1 There have been no public takeover bids by third parties in respect of the Company's Ordinary Shares during the last financial year and the current financial year.

6.2 The City Code applies to the Company. Under Rule 9 of the City Code, if:

- (a) a person acquires an interest in Ordinary Shares in the Company which, when taken together with Ordinary Shares in which that person is already interested and persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights in the Company; or
- (b) a person, together with persons acting in concert with that person, is interested in Ordinary Shares carrying not less than 30 per cent., and does not hold shares carrying more than 50 per cent., of the voting rights in the Company, and that person, or any person acting in concert with that person, acquires an interest in any other Ordinary Shares which increases the percentage of Ordinary Shares carrying voting rights in which that person and persons acting in concert with him are interested,

the acquirer and, depending on the circumstances, their concert parties, would be required (except with the consent of the Takeover Panel) to make a cash offer for the outstanding Ordinary Shares in the Company at a price not less than the highest price paid for any interests in the Ordinary Shares by the acquirer or their concert parties during the previous 12 months.

- 6.3 Under the Companies Act, if an offeror were to acquire 90 per cent. of the Ordinary Shares within four months of making its offer, it could then compulsorily acquire the remaining 10 per cent. It would do so by sending a notice to outstanding Shareholders 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 to the Company, which would hold the consideration on trust for outstanding Shareholders. The consideration offered to the Shareholders whose Ordinary Shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.
- 6.4 The Companies Act also gives minority Shareholders in the Company a right to be bought out in certain circumstances by an offeror who has made a takeover offer (as defined in section 974 of the Companies Act). 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. of the Ordinary Shares, any holder of Ordinary Shares to which the offer relates who has not accepted the offer can by a written communication to the offeror require it to acquire those Ordinary Shares. The offeror would be required to give any Shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises its rights, the offeror is bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

7 Directorships and partnerships

In addition to their respective roles and directorships at the Company, the Directors (none of whom were appointed after 31 March 2023, the balance sheet date of the latest published audited annual financial statements of the Company) have been, and it has not been previously disclosed that they have been, a member of the administrative, management or supervisory bodies (the “directorships”) of the following companies (not including subsidiaries of the Company) or partner of the following partnerships, at any time in the five years prior to the date of this Document

Name	Current directorships/partnerships	Previous directorships/partnerships
Callum Somerton	None	None
Trevor Taylor	None	None
Antonio Russo	None	None
Eric Schrader	None	None
Scott E. Thompson	None	None

8 Directors’ confirmations

- 8.1 Save as set out below and as at the date of this Document, none of the Directors have, at any time within the last five years:
- (a) had any convictions in relation to fraudulent offences;
 - (b) been associated with any bankruptcy, receivership, liquidation or company being put into administration while acting in the capacity of a member of the administrative,

management or supervisory body or senior management of any company or other entity or partner in a partnership;

- (c) been subject to any official public incrimination and/or sanctions by any statutory or regulatory authorities (including any designated professional bodies); or
- (d) ever been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of a company, issuer or other entity or from acting in the management or conduct of the affairs of any company, issuer or other entity.

8.2 Ox Distributors, a significant Shareholder, and Racquette Hanger, LLC, both companies in which Eric Schrader, a Director, and his family members are interested, are considered related parties for the purposes of transactions that they enter into with the Group. The Directors are confident that any conflicts or potential conflicts of interest in dealing with such companies are managed appropriately, and their intention is that any transactions between the Group and such companies should be entered into on market terms (however, there can be no assurance that any or all of these transactions have been or will be conducted on market terms), in accordance with relevant legislation, are properly disclosed and are subject to the approval of independent Directors.

9 Directors' and other interests

9.1 In addition to the options referred to in paragraphs 18.3 below, the interests (beneficial or non-beneficial) in the shares of the Company or any of its subsidiaries held by the Directors and their respective Connected Persons as at the date of this Document, as well as the anticipated interests of such persons immediately following Admission, are as follows:

Name	As at the date of this Document		Immediately following the Conversion and Admission	
	Number of Shares	Percentage of issued Ordinary Shares (%)	Number of Shares	Percentage of Enlarged Ordinary Shares in issue
Callum Sommerton	Nil	Nil	Nil	Nil
Trevor Taylor	6,950,227	2.42	6,950,227	1.57
Antonio Russo	6,950,000	2.42	6,950,000	1.57
Eric Schrader	26,775,416*	9.31	42,739,994	9.66
Scott E. Thompson	100,000	0.03	100,000	0.02

Notes:

* Mr Schrader holds his shares in the Company with members of his family through Ox Distributing, LLC. The total figures provided reflect all shares owned by Ox Distributing LLC and held personally by members of the Schrader family. They will be interested in an additional 15,964,578 Conversion Shares on Admission.

- 9.2 As at 29 November 2023, being the latest practicable date prior to publication of this Document, no Warrants are held by the Directors and their respective Connected Persons.
- 9.3 As at 29 November 2023, being the latest practicable date prior to publication of this Document, the following options have been granted to the current Directors and remain outstanding:

Name	Date of grant	Number of options over Ordinary Shares	Exercise price per Ordinary Share £	Expiry date
Trevor Taylor	8 October 2020	2,887,273	10 pence	8 October 2029
	19 September 2023	7,200,000	4 pence	19 September 2029
Antonio Russo	8 October 2020	2,887,500	10 pence	8 October 2029
	19 September 2023	7,200,000	4 pence	19 September 2029
*Callum Sommerton	To be confirmed	7,200,000	4 pence	6 years from the date of grant
	TOTAL	5,774,773		

* The grant of options to Callum Sommerton is provisional as at the date of this Document and subject to formal adoption of the Company's Enterprise Management Incentives (EMI) Share Option Plan which was approved by resolution of Shareholders at the Company's 2023 Annual General Meeting held on 19 September 2023.

- 9.4 Save as disclosed in paragraphs 9.1, 9.2 and 9.3 above, no Director or their respective Connected Persons has, nor will they have immediately following Admission, any interest (whether beneficial or non-beneficial) in the share or loan capital of the Company or any of its subsidiary undertakings.
- 9.5 Persons interested in three per cent. or more of the issued Ordinary Shares are required to notify such interests, and any percentage change in such interests, to the Company in accordance with the provisions of Chapter 5 of the Disclosure Guidance and Transparency Rules, and such interests will be notified by the Company to the public. As at 29 November 2023 (being the latest practicable date before publication of this Document), in addition to the interests of the Directors and their respective Connected Persons disclosed in paragraphs 9.1, 9.2 and 9.3 above, the Company is aware of the following Shareholders that have a notifiable interest under the DTR ("**Major Shareholders**"):

Name	Number of Ordinary Shares held	% of Existing Ordinary Shares	Number of Ordinary Shares held on Admission	% of Enlarged Ordinary Shares on Admission
Jonathan Mark Swann	29,000,000	10.08	29,000,000	6.56
Ox Distributing, LLC*	26,775,416	9.31	42,739,994	9.66

* Eric Schrader, a Director, holds his shares in the Company with members of his family through Ox Distributing, LLC. The total figures provided reflect all shares owned by Ox Distributing LLC and held personally by members of the Schrader family. They will be interested in an additional 15,964,578 Conversion Shares on Admission.

- 9.6 Ox Distributing, in which Eric Schrader, a Director, and his family members are interested, subscribed for 15,964,578 Convertible Loan Notes and 3,192,916 Ordinary Shares under the Fundraising, representing 10.95 per cent. of the total numbers of Convertible Loan Notes and Ordinary Shares respectively subscribed for under the Fundraising. John Story subscribed for 8,333,333 Convertible Loan Notes and 1,666,666 Ordinary Shares under the Fundraising, representing 5.71 per cent. of the total numbers of Convertible Loan Notes and Ordinary Shares respectively subscribed for under the Fundraising. Otherwise, no Director

or senior manager or their Connected Persons participated, and the Company is not aware of any Major Shareholder that participated, in the Fundraising or the Open Offer, and no Director or senior manager or their Connected Persons were granted, and the Company is not aware of any Major Shareholder that was granted, any Warrants. As far as the Company is aware, apart from Ox Distributing and John Story, no single person took up for their own account more than 5 per cent. of the Convertible Loan Notes or Ordinary Shares subscribed for under the Fundraising or Open Offer or was granted more than 5 per cent. of the Warrants or any Series of them, except as described in paragraph 6 of Part 11 “*Convertible Loan Notes and Warrants*”.

- 9.7 As at 29 November 2023, (being the latest practicable date prior to the publication of this Document), the Company was not aware of any person or persons who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company nor was it aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.
- 9.8 Those interested, directly or indirectly, in 3% or more of the issued Ordinary Shares of the Company do not now and, following Admission, will not have, different voting rights from other holders of Ordinary Shares.

10 Directors’ terms of employment and appointment

The executive directors, namely Callum Sommerton, Antonio Russo and Trevor Taylor, have service contracts with the Company and Eric Schrader and Scott E. Thompson have entered into letters of appointment with the Company.

The terms of employment and appointment of the Directors with the Company are as follows:

Executive Directors

Callum Sommerton

Mr. Sommerton was initially employed from 1 December 2021 in his previous capacity as International Brand Director. His Director’s Service Contract with the Company in relation to his role as Chief Executive Officer commenced on 6 June 2022 and shall continue unless either party gives at least 6 months’ notice of termination, save in the case of a material breach of contract when Mr. Sommerton can be dismissed without notice. Mr. Sommerton is paid at an annual rate of £85,000 per annum (subject to increase, if certain revenue targets are achieved) plus contributions to the Group’s statutory workplace pension scheme and has the ability to participate in any bonus awards.

Antonio Russo

Mr. Russo was employed by Zoetic Corporation from 1 April 2019, and since 1 September 2021 has been employed by the Company and his contract of employment will continue unless Mr Russo gives at least 4 weeks’ written notice of termination or the Company gives at least 12 months’ written notice of termination, save where the termination is for “cause”, including in the case of a material breach of the contract when Mr. Russo can be dismissed without notice. Mr. Russo is paid at a rate of \$175,000 per annum reflective of his senior commercial sales role which does not feature any commission-based element as many other comparable roles do. Mr. Russo receives healthcare benefits and has the ability to participate in any bonus awards. Mr Russo’s contract of employment is supplemented by an Employment, Noncompetition, Confidentiality and Inventions Agreement also dated 1 September 2021.

Trevor Taylor

Mr. Taylor was employed by Zoetic Corporation from 1 April 2019, and since 1 September 2021 has been employed by the Company and his contract of employment will continue unless Mr Taylor gives at least 4 weeks’ written notice of termination or the Company gives at least 12 months’ written notice of termination, save where termination is for “cause”, including in the case of a material breach of the contract, when Mr. Taylor can be dismissed without notice. Mr. Taylor’s contract states that his annual salary is \$175,000 per annum, and pursuant to the terms of a Salary Addendum dated 31 August 2022, and in line with cost cutting measures, Mr. Taylor has agreed to a reduction

in pay and is paid at a rate of US\$100,000 per annum which may be increased up to \$175,000 depending on the Group's revenue in any financial year. Mr. Taylor receives healthcare benefits and has the ability to participate in any bonus awards. Mr. Taylor's contract of employment is supplemented by an Employment Noncompetition, Confidentiality and Inventions Agreement also dated 1 September 2021.

In the event of a termination or loss of office an Executive Director is entitled only to payment of his basic salary (plus contractual benefits if applicable) in respect of his notice period. In the event of a termination or loss of office for "cause", including in the case of a material breach of his contract, an Executive Director is not entitled to any further payment. Executive Directors are allowed to accept external appointments, subject in certain cases to the written consent of the Board on behalf of the Company, provided that these do not lead to conflicts of interest. Executive Directors are allowed to retain the fees paid. The contracts are available for inspection at the Company's registered office. Details of the Executive Directors' recent remuneration arrangements are described in paragraph 3 of this Part 15 "*Additional Information*".

Non-executive Directors

Eric Schrader

Eric Schrader was appointed to the Board on 1 August 2021 by a letter of appointment with the Company as a Non-Executive Director and representative of his family company -Ox Distributing LLC – the Group's single largest shareholder. Mr Schrader receives a basic annual fee of \$10,000 for his participation in Board meetings and in advising the Company in relation to matters concerning the sales and distribution of its products.

Scott Thompson

Scott Thompson was appointed to the Board as an Independent Non-Executive Director on 10 January 2022 by a letter of appointment with the Company. Mr Thompson receives a basic annual fee of \$15,000 for his participation in Board meetings and in advising the Company in relation to matters concerning its legal affairs.

Further details of the Directors are set out in Part 10 "*Directors, Key Personnel and Corporate Governance*" of this Document.

11 Working Capital

The Company is of the opinion that, taking into account the net proceeds of the Fundraising and the Open Offer, the Company will have sufficient working capital for its present requirements, that is for the next 12 months from the date of this Document.

12 No significant financial change

There has been no significant change in the financial performance or financial position of the Group since 31 March 2023, the end of the last financial period for which financial information on the Group has been published, namely the audited financial statements of the Company in respect of the financial year ended 31 March 2023, which were published on 28 July 2023.

13 Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Company is aware), during the 12-month period prior to the date of this Document which may have, or have had in the recent past, significant effects on the Company's and/or the Group's financial position or profitability.

14 Dividends

The Company has never paid a dividend and currently has no plans to do so.

15 Material contracts

The following are all of the contracts (not being contracts entered into in the ordinary course of business) that have been entered into by the Group (i) during the two years immediately preceding publication of this Document and which are, or may be, material to the Group; or (ii) which contain obligations or entitlements which are, or may be, material to the Group as at the date of this Document:

- (a) On 29 March 2019 Zoetic Corporation entered into a distribution agreement with Schrader Oil Co. and Ox Distributing (the Distributors) under which Zoetic Corporation grants to the Distributors the exclusive right to distribute and sell certain products through certain outlets and channels of distribution in the State of Colorado (internet sales to consumers excluded) and the limited non-exclusive licence to use certain marks solely in connection with such activities, subject to the terms of the agreement. After an initial terms of 2 years, the agreement automatically renews annually unless a party gives 60 days' notice of termination. The agreement provides for the Distributors to purchase products from Zoetic Corporation on terms to be agreed from time to time. The agreement expired on 29 March 2022;
- (b) On or about 23 April 2021 the Company, Manvers Limited (Manvers) and Cadeby Limited (Cadeby) entered into a joint venture shareholders' agreement regulating the relationship of the Company and Manvers as shareholders in Cadeby. Each of the Company and Manvers holds 50% of the issued ordinary share capital of Cadeby and the agreement makes provision, *inter alia*, for the business to be carried on by Cadeby (namely growing, cultivating and commercialising hemp crops and owning and licensing intellectual property rights in relation to certain varieties of seeds), appointments of its directors, its management, financial matters and transfers of shares; and
- (c) Pursuant to a promissory note dated 20 September 2021, Ox Distributing promised to pay to Zoetic Corporation the principal sum of US\$1,271,397.60. No interest is payable on the outstanding principal sum until 1 February 2022, from which date it will bear interest at the short term Applicable Federal Rate (AFR) published in October 2021 of 0.18 per cent. per annum until the note is paid in full. Principal and interest is payable in quarterly instalments US\$254,622.90 commencing 1 May 2022 and continuing on the first day of each calendar quarter until repaid in full, subject to all indebtedness being due and payable in full on 1 May 2023. All outstanding indebtedness under the note was repaid in May 2023.

16 Related party transactions

Ox Distributors, a significant Shareholder, and Racquette Hanger, LLC, both companies in which Eric Schrader, a Director, and his family members are interested, are considered related parties for the purposes of transactions that they enter into with the Group, including those described in subparagraphs 15 (a) and 15 (c) above in this Part 15 "Additional Information". All transactions between them and the Group during the periods covered by the financial statements disclosed in Part 12 "Historical Financial Information of the Group" of this Document are disclosed in those statements in accordance with UK-adopted international accounting standards. Since 31 March 2023, the date to which the last such statement was made up, the no new related party transaction has been entered into.

17 Issues of new Ordinary Shares

At the Annual General Meeting of the Company held on 19 September 2023, resolutions were passed to:

- 17.1 authorise the Directors to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company (Rights) up to an aggregate nominal amount of £1,638,076 provided that this authority shall, unless renewed, varied or revoked by the Company, expire at the conclusion of the next Annual General Meeting of the Company after the date on which this resolution is passed or, if earlier, on the date which is 15 months after the date on which this resolution is passed save that the Company may, before such expiry, make an offer or agreement which would or might require shares in the Company to be allotted or Rights to be granted after such expiry and the Directors may allot such shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority

conferred by this resolution has expired; and

- 17.2 empower the Directors to allot equity securities (as defined in section 560 of the Companies Act) as if section 561(1) of the Companies Act did not apply to any such allotment, provided that this power shall be limited to allotments of equity securities, for certain specified purposes and up to certain specified amounts, up to an aggregate nominal amount of £1,638,076, which power shall expire at the conclusion of the next Annual General Meeting of the Company after the date on which this resolution is passed or, if earlier, on the date which is 15 months after the date on which this resolution is passed (unless renewed, varied or revoked by the Company prior to or on that date), 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 the resolution has expired.

18 Consents

- 18.1 PKF Littlejohn LLP, which has no material interest in the Company, has given and has not withdrawn its written consent to the issue of this Document with the inclusion of the references to its name.
- 18.2 Allenby Capital Limited has given and not withdrawn its written consent to the inclusion in this Document of its name in the form and context in which it is included.

19 General

- 19.1 The total expenses incurred (or to be incurred) by the Company in connection with the Fundraising, the Open Offer, the preparation of this Prospectus and Admission are approximately £479,162.71 inclusive of VAT. The estimated net proceeds of the Fundraising and Open Offer, after deducting fees and expenses in connection with the Fundraising, the Open Offer, the preparation of this Prospectus and Admission, are approximately £3,233,042.61.

20 Documents available for inspection

Copies of the following documents will be available for inspection in physical form during usual business hours on any day (except Saturdays, Sundays and public holidays) at the offices of Allenby Capital Limited, 5 St Helen's Place, London EC3A 6AB for a period of 12 months following Admission and on the Company's website within the folder named '2023 Prospectus Documents' at <https://chillbrandsgroup.com/investor-relations/corporate-documents/>:

- (i) the memorandum of association of the Company and the Articles;
- (ii) the historical financial information of the Group in respect of the years ended 31 March 2021, 2022 and 2023, which is set out in Part 12 "*Historical Financial Information*" of this Document;
- (iii) the consent letters referred to in paragraph 18 of this Part 15; and
- (iv) this Document.

In addition, for the purposes of Rule 3.2.4R(3) of the Prospectus Regulation Rules, the above documents including this Document will be published in electronic form and be available on the Company's website at www.chillbrandsgroup.com.

The date of this Document is 30 November 2023.

Part 16

DEFINITIONS

The following definitions apply throughout this Document unless the context requires otherwise:

“Admission”	means admission of the Conversion Shares to the Standard Listing Segment of the Official List and to trading on the Main Market of the London Stock Exchange;
“Articles”	means the Articles of Association of the Company in force from time to time;
“Business Day”	means a day (other than a Saturday or a Sunday) on which banks are open for business in London;
“certificated” or “in certificated form”	means in relation to a share, warrant or other security, a share, warrant or other security, title to which is recorded in the relevant register of the share, warrant or other security concerned as being held in certificated form (that is, not in CREST);
“City Code”	means the UK City Code on Takeovers and Mergers;
“Company”, “Issuer” or “Chill Brands”	means Chill Brands Group PLC, a company incorporated and registered in England and Wales, with registered number 09309241;
“Companies Act”	the Companies Act 2006, as amended;
“Conversion”	the issue of the Conversion Shares on conversion of the Convertible Loan Notes;
“Conversion Shares”	means the 154,675,220 Ordinary Shares which will be issued on conversion of the Convertible Loan Notes;
“Convertible Loan Notes”	means the £3,093,504.40 unsecured convertible loan notes with a principal amount of £0.02 each issued by the Company, as described in paragraph 1 of Part 11 <i>“The Convertible Loan Notes and Warrants”</i> of this Document;
“CREST” or “CREST System”	means the paperless settlement system operated by Euroclear enabling securities to be evidenced otherwise than by certificates and transferred otherwise than by written instruments;
“CREST Manual”	means the compendium of documents entitled “CREST Manual” issued by Euroclear from time to time and comprising the CREST Reference Manual, the CREST Central Counterparty Service Manual, the CREST International Manual, the CREST Rules, the CSS Operations Manual and the CREST Glossary of Terms;
“CREST Regulations”	means the Uncertified Securities Regulations 2001 (SI 2001 No. 3755), as amended;
“CREST Requirements”	means the rules and requirements of Euroclear as may be applicable to issuers from time to time, including those specified in the CREST Manual;
“Directors” or “Board” or “Board of Directors”	means the directors of the Company as at the date of this Document, whose names are set out on page 34 of this Document, or the directors from time to time of the Company, as the context requires, and “Director” is to be construed accordingly;
“Directors’ Letters of Appointment”	means the letters of appointment for each of the non-executive Directors, details of which are set out in paragraph 10 of Part 15: <i>“Additional Information”</i> ;
“Disclosure Guidance and Transparency Rules” or “DTR”	means the disclosure guidance and transparency rules sourcebook of the FCA made pursuant to section 73A of FSMA as amended from time to time;

“Document”	or	“this Document”	means this document comprising a prospectus relating to the Company prepared in accordance with the Prospectus Regulation
“Prospectus”	or	“this Prospectus”	Rules made under section 73A of FSMA and approved by the FCA under section 87A of FSMA;
“EEA”			means the European Economic Area;
“EEA States”			means the member states of the European Union and the European Economic Area, each an “EEA State”;
“Enlarged Shares”	Ordinary		means the Existing Ordinary Shares and the Conversion Shares;
“EU”			means the Member States of the European Union;
“Euroclear”			means Euroclear UK & International Limited, the operator (as defined in the CREST Regulations) of CREST;
“Existing Shares”	Ordinary		means the existing Ordinary Shares (excluding the Conversion Shares and the Warrant Shares) in issue as at the date of this Document;
“Existing Shareholders”			holders of Ordinary Shares at the date of this Document;
“FCA”			means the UK Financial Conduct Authority;
“Financial 2021”	Statements		the audited financial statements of the Company in respect of the financial year ended 31 March 2021;
“Financial 2022”	Statements		the audited financial statements of the Issuer in respect of the financial year ended 31 March 2022;
“Financial 2023”	Statements		the audited financial statements of the Company in respect of the financial year ended 31 March 2023;
“FSA”			the UK Food Standards Agency;
“FSMA”			the Financial Services and Markets Act 2000, as amended, and associated regulations;
“Fundraising”			the subscription for 29,166,699 Ordinary Shares at a price of 2 pence per Ordinary Share and for Convertible Loan Notes with an aggregate value of £2,916,669.90 which was announced on 26 April 2022 and completed on 13 May 2022, pursuant to which the Company raised £3.5 million before expenses;
“Group”			the Company and its subsidiaries and associate company, namely Zoetic Corporation, HNR Corporation, Highlands Water Corporation (Dormant), Highlands Montana Corporation (Dormant) and Cadeby Limited (50 per cent. owned);
“IFRS”			International Financial Reporting Standards;
“investor”			an investor in Ordinary Shares;
“Listing Rules”			the listing rules of the FCA made pursuant to section 73A of FSMA as amended from time to time;
“London Exchange”	Stock		means London Stock Exchange plc;
“Master Agreement”	Distribution		the master distribution agreement between Zoetic Corporation, Ox Distributing and Schrader Oil Co. dated 29 March 2019, details of which are set out in paragraph 15 (a) of Part 15 “ <i>Additional information</i> ” of this Document;
“Misuse of Drugs Act”			the UK Misuse of Drugs Act 1971;
“Misuse of Legislation”	of Drugs		the Misuse of Drugs Act and Misuse of Drugs Regulations;

“Misuse of Drugs Regulations”	the UK Misuse of Drugs Regulations 2001;
“Novel Food Regulation”	EU regulation 2015/2283, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended and supplemented from time to time;
“Official List”	means the official list maintained by the FCA;
“Open Offer”	open offer to holders of Ordinary Shares on the basis of one Open Offer unit for every 60 existing Ordinary Shares at a price of 12 pence per unit, further details are which are set out in Part 11 “ <i>The Convertible Loan Notes and Warrants</i> ” of this Document;
“Ordinary Shares”	means the ordinary shares of £0.01 each in the capital of the Company including, if the context requires, the Conversion Shares and the Warrant Shares;
“OTCQB Venture Market”	the middle tier of the over-the-counter (OTC) market in the US for stocks and shares in US and international companies;
“Overseas Shareholders”	Shareholders situated outside the United Kingdom;
“Ox Distributing” or “Ox”	Ox Distributing LLC, incorporated in Colorado, the Company’s master distributor and a Shareholder;
“Pounds Sterling” or “£”	means British pounds sterling, the lawful currency of the UK;
“Premium Listing”	means a listing on the Premium Listing Segment of the Official List under Chapter 6 of the Listing Rules;
“Prospectus Regulation”	means the UK version of Regulation (EU) No 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018;
“Prospectus Regulation Rules”	means the rules set out by the FCA concerning and implementing the Prospectus Regulation;
“Registrar”	means Share Registrars Limited of 3 The Millennium Centre, Crosby Way, Farnham, Surrey GU9 7XX;
“Regulatory Information Service”	means a regulatory information service authorised by the UK Listing Authority to receive, process and disseminate regulatory information in respect of listed companies;
“Securities Act”	means the US Securities Act of 1933, as amended;
“Shareholders”	means the holders of the Ordinary Shares and/or Conversion Shares and/or Warrant Shares, as the context requires;
“Standard Listing”	means a listing on the Standard Listing Segment of the Official List under Chapter 14 of the Listing Rules;
“Takeover Panel”	means the UK Panel on Takeovers and Mergers;
“Trading Day”	means a day on which the main market of the London Stock Exchange is open for business (other than a day on which the main market of the London Stock Exchange is scheduled to or does close prior to its regular weekday closing time);
“UK MAR”	means the UK version of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended and supplemented from time to time;

“uncertificated” “uncertificated form”	or	means, in relation to a share or other security, a share or other security, title to which is recorded in the relevant register of the share or other security concerned as being held in uncertificated form (that is, in CREST) and title to which may be transferred by using CREST;
“United Kingdom” “UK”	or	means the United Kingdom of Great Britain and Northern Ireland;
“United States” or “US”		means the United States of America;
“US Dollars” or “USD \$” or “\$”		means United States dollars, the lawful currency of the United States;
“VAT”		value added tax;
“Warrants”		means the 19,750,574 warrants to subscribe for Ordinary Shares, as more particularly described in paragraph 2 of Part 11 <i>“The Convertible Loan Notes and Warrants”</i> of this Document;
“Warrant Shares”		means up to 19,750,574 Ordinary Shares which will be issued on exercise of the Warrants;
“Zoetic Corporation”		Zoetic Corporation, a corporation registered in the State of Colorado with identification number 20191133257, and a wholly-owned subsidiary of the Company;

References to a “company” in this Document shall be construed so as to include any company, corporation or other body corporate, wherever and however incorporated or established.

Part 17

GLOSSARY OF TECHNICAL TERMS

The following technical definitions apply throughout this Document unless the context requires otherwise:

“CBD” or “cannabidiol”	‘Cannabidiol’ - A phytocannabinoid derived from Cannabis species, which is devoid of psychoactive activity. It is a chemical compound that accounts for up to 40% of more of the 120 cannabinoids found in cannabis plants.
“Cosmetic Good Manufacturing Practices”	guidance and advice on all activities that can affect the quality – and therefore safety – of cosmetic products, including operational rules and organisational guidelines for the production, control, storage and shipment of cosmetic products, for instance guidelines covered by GMP ISO 22716 in the UK.
“CosIng”	the European Commission’s database for information on cosmetic substances and their ingredients.
“CPG”	consumer packaged goods;
“CSA”	US Controlled Substances Act, 21 USC 801;
“FDA”	US Food and Drug Administration;
“ISO”	International Organization for Standardization;
“hemp”	Hemp, or industrial hemp, is a botanical class of Cannabis sativa cultivars grown specifically for industrial or medicinal use. In the United States, federally legal ‘industrial’ hemp is defined as Cannabis sativa L. and “any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers,” with no more than a 0.3 percent concentration of THC;
“licensed producer”	a Company or business undertaking in possession of the necessary State or Government level licenses required to legally grow hemp, or produce hemp derivative products, in the territories in which said Company operates ;
“MHRA”	the UK Medicines and Healthcare products Regulatory Agency;
“Novel Foods”	Novel Foods are classed by law as foods that do not have a ‘significant history of consumption’ by people in the United Kingdom or European Union (EU) before 15 May 1997;
“SEO”	Search engine optimisation;
“TFN”	tobacco-free nicotine;
“PMTA”	Pre-market Tobacco Application;

“THC”	Tetrahydrocannabinol (THC) is the principal psychoactive constituent of cannabis;
“USDA”	United States Department of Agriculture;
“vapes” or “vape products” or “vapour products”	handheld, battery-powered devices that heat a liquid (called an e-liquid) to produce an inhalable aerosol, commonly known as vapour;
“vaping” or “to vape”	the action or practice of inhaling and exhaling vapour containing nicotine and/or flavouring produced by an electronic device designed for this purpose;
“vapour”	vapour containing nicotine and/or flavouring produced by a vape;
“2014 Farm Bill”	US Agriculture Act of 2014;
“2018 Farm Bill”	Agriculture Improvement Act of 2018.