Chill Brands Group PLC

Annual Report and Consolidated Financial Statements

For the year ended 31 March 2022

CHILL BRANDS GROUP PLC

(“Chill”, the “Company”, or the “Group”)

ANNUAL REPORT AND CONSOLIDATED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

Company Registered Number: 09309241

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Officers and Professional Advisers

Directors	Callum Sommerton (appointed 15 April 2022) Antonio Russo Trevor Taylor Eric Schrader (appointed 1 August 2021) Scott Thompson (appointed 27 January 2022)
Company Secretary	MSP Corporate Services Limited
Head Office & Registered Office	Eastcastle House 27/28 Eastcastle Street London W1W 8DH
Principal Operating Address	1601 Riverfront Drive, Suite 201 Grand Junction, CO 81501 USA
Independent Auditor	PKF Littlejohn LLP Statutory Auditor 15 Westferry Circus London E14 4HD
Brokers and Financial Advisers	Allenby Capital Limited 5 St Helen's Place
Solicitors	DAC Beachcroft LLP 25 Walbrook London EC4N 8AF
	CMS Cameron McKenna Nabarro Olswang LLP Cannon Place, 78 Cannon Street London EC4N 6AF United Kingdom
Registrars	Share Registrars Limited The Courtyard 17 West Street Farnham Surrey GU9 7DR
Principal Bankers	Clydesdale Bank 15th Floor The Leadenhall Building, 122 Leadenhall Street London EC3V 4AB
Company Website	www.chillbrandsgroup.com
Websites for Product Lines	www.chill.com www.zoetic.com

Chief Executive's Review and Strategic Report

Introduction

I am pleased to present the Group's results for the financial year ended 31 March 2022 ("FY22"). After what has been an undeniably difficult period for Chill Brands, now is a time for reflection and change with a view to positioning the Group as an agile business with many factors to set us apart from our competitors.

Both as a result of shifting strategies and changing market conditions, this period has been transformational. The Group has emerged into the new financial year as an ambitious contender within the pharmaceuticals sector of the Standard List with aspirations to establish itself as a leading supplier of natural, functional consumer products.

The difficulties encountered by the Group during the financial year were laid bare by the fundraising activity announced in late April 2022. Complex distribution arrangements and a flawed operating model made it difficult for the Group to deliver on the levels of growth that management had hoped for. In particular, financial and logistical constraints meant that it was not possible to continue pursuing a swift and aggressive rollout of products to US retail stores. Many of those stores that were activated failed to generate consistent product sales as a result of challenging market conditions in combination with a deficient sales support program.

Since the end of the period in review, the Group has taken strides to reduce spending and address issues with its distribution model. Marketing schemes that did not yield consistent results have been replaced with strategies that are intended to provide a firm foundation for growth, with an emphasis on reaffirming the position of the Group's products within the retail environment. Our continuing base of activity can now be broadly categorised as brand building on a budget, where it is understood that each penny spent must push us closer to self-sufficiency.

Before providing more specific commentary on the Group's financial performance and operations, I would like to take this opportunity to outline some of the key events that characterised the Group's financial year.

A Digital Home for Chill

In June 2021, the Group entered into an agreement to acquire the Chill.com domain name for $1,600,000. As of 31 March 2022, $800,000 had been paid with the remaining balance of $800,000 (£594,199) being paid on 9 June 2022. In purchasing this domain, the Group started the journey to becoming a digitally native business with the opportunity to establish a world-class online destination for the functional products and relaxed, 'Chill' lifestyle that we promote.

As an intangible asset, it is understandable that many question the value of this web domain despite its commonality with other domains that have previously been bought and sold for significantly more. In the case of Chill.com, it is our belief that we have acquired a highly advantageous anchor for the Chill brand that provides the Group with a platform from which to grow.

An iconic and memorable name is the cornerstone of effective branding. In Chill.com we have a monosyllabic, easy to spell, and near-unforgettable online home that has already started to attract thousands of monthly visitors with traffic, conversions, and repeat purchases trending continuously upwards since acquisition. Given these attributes, the Group's management has designated Chill.com as an asset of exceptional commercial value with a long lifespan of 25 years. In making this decision, the Group has considered the value ascribed to other comparable domains, the perceived value of the Chill.com domain to its eponymous brand, and the potential to release additional financial value upon any future sale of this digital asset.

Many of our future commercial efforts and investments will be focused on developing Chill.com as the centerpiece of our digital strategy. Where in the past the Group has pursued a wide range of sponsorship deals and other big-ticket campaigns, it is important not to allow basic marketing principles to go unserviced. Greater attention will therefore be paid to search engine optimisation (SEO), brand consistency, and the targeting of relevant customers going forward.

Marketing Activities

In concert with the acquisition and development of Chill.com, FY22 saw more investment in the expansion of Chill's brand than during any prior period. Through strategic partnerships and relationship building, the Group activated sporting properties to advertise our products and engaged with affiliate marketers to develop a wider social media presence.

Despite surprising some members of the UK investment community, the Group's sponsorship of ambassadors in the Western Heritage and rodeo space provided a connection to one of the most prolific demographics for tobacco chew pouch use in the United States. Access to users of tobacco chew pouches provided the Group with the opportunity to market our tobacco-alternative products to relevant consumers while introducing our brand to the Western Heritage community at the grassroots level. These efforts were aided significantly by the performance of our athletic ambassadors, most notably Creek Young who finished the season fifth in the World Rankings and as PRCA Bull Riding Rookie of the Year.

The period also saw the Group sponsor the US Major Arena Soccer League (MASL) which provided an additional opportunity to improve brand recognition and market our CBD products as a natural way to unwind after rigorous sporting activity. This partnership saw Chill brand assets applied to hoardings, kits, and stadium fixtures not only in the MASL, but also to other sporting properties including the Connecticut Whale – a popular team within the US Premier Hockey Federation. Once again, our strategy of supporting sports communities in their infancy prevailed as the MASL season closed with the establishment of a franchise team by all-time great Ronaldinho which attracted significant attention to the league and, by extension, to Chill.

While the aforementioned sporting sponsorships aided brand recognition within certain subsets of US consumers, they did not ultimately yield any significant measurable return by way of product sales. Going forward, the Company will seek to pursue less costly strategies that are targeted at those consumers who are statistically most likely to engage with our brands and purchase our products.

During the period, the Group expanded its online marketing activities whilst operating within the strict rules set by the major social media platforms in respect of products containing CBD and other such compounds. In order to extend its online reach, the Group has partnered with over 200 sites and online groups as part of an extensive affiliate marketing program. Adopting the same 'grassroots' strategy as seen in its sporting properties, the Group has sought to create an organic following through relationships with micro-influencers who create authentic content that is relevant to, and well received by, key target demographics.

Having spoken so much about the potential of the Chill brand during the past few years, it is only right that we exhaust every opportunity to deliver it to the widest possible group of consumers through effective marketing. These efforts will continue and indeed multiply as the months go on.

Steady Growth of Retail Distribution

Until a recent pivot in focus to digital sales channels, most of the Group's commercial activities related to bricks and mortar retail stores.

During the year in review, sales into the convenience store channel via the Group's master distributor remained the primary revenue generator for the business. Despite the Group having now climbed back from an initially planned rollout to around 10,000 stores, FY22 saw Chill products reach the doors and counters of more than 2,000 individual retail outlets in various regions throughout the United States.

While our physical footprint is now substantially higher with product making an initial entrance to more than 1,500 stores during the financial period (2021: 500), it is important to note that the performance of Chill products has not been consistent across all stores. At the time of publication, our time and resources in this channel are allocated to a core group of around 500 locations. These are representative of our best stores, and we will seek to replicate their performance across any and all future retail activations.

Following the end of the financial year, the Group terminated its distribution agreement with Ox Distributing. By ending their master distributor status the Group intends to simplify its distribution operations and its approach to revenue generation and recognition. Going forward, sales into the physical retail channel will be made to distribution agents closer to the final customer or to retail stores themselves. It is expected that this will provide the Group with better oversight of its retail operations and the performance of its products within retail locations.

Fulfilment Innovation

In line with these changes to our operating model and commercial strategy, the Group engaged with Fabric – an innovative product fulfilment company providing state-of-the-art pick and pack services from centres across the United States.

As part of this agreement, Chill products entered Fabric's Dallas facility from which they are dispatched to all consumers ordering via Chill.com. Going forward, the Group's products will enter other fulfilment centres across the United States as the Chill.com platform furnishes us with sales data. This approach facilitates the rapid delivery of Chill products to consumers across the country, ensuring that we are able to provide an exemplary customer experience that is befitting of a premier e-commerce brand.

Regulatory Challenges

In September 2021, the Group announced the planned launch of a range of synthetic nicotine chew pouches. These products were intended to position the Group as a direct competitor to major tobacco companies, providing an attractive alternative to more traditional tobacco-derived oral tobacco. Despite international logistical issues causing a delay to the intended launch date, Chill tobacco-free nicotine pouches made a market debut in December 2021.

At the time of their launch, Chill tobacco-free nicotine pouches were not subject to the same regulations or restrictions as regular tobacco products. In March 2022, however, a federal funding bill that amended the definition of "tobacco product" was passed by the US Congress. This statutory change gave the US

Food and Drug Administration (FDA) authority over synthetic nicotine and brought the Company's new product line within the scope of tobacco regulations.

As a result of these changes, manufacturers and marketers of synthetic nicotine products must now submit Premarket Tobacco Applications (a "PMTA") for their products to legally remain on sale. Following an extensive consultation process, it was determined that the Group would need to incur significant costs in excess of US $1.5 million in order to obtain the necessary regulatory approvals for the continued sale of its synthetic nicotine range. Such an expense was not deemed to be commercially viable and so the decision was made that the Group would not continue with the development of tobacco-free nicotine products. The Group continues to work with its network of brokers to sell the remaining inventory of synthetic nicotine products, however provisions have been made for a decline in the value of the remaining tobacco-free nicotine products within this report of accounts.

The discontinuation of Chill's range of synthetic nicotine products so soon after its launch underscores the challenges of operating in an uncertain regulatory environment. Now more than ever, it is important for the Group to take a well-considered and deliberate approach to all the activities it engages in to ensure full compliance and the best possible understanding of the market landscape.

Following the decision to bring an end to the Chill line of synthetic nicotine products, the Group's efforts have been firmly refocused around CBD and the commercialization of holistic wellness products and more recreational tobacco alternatives.

Building a Brand for the Future

Looking to the months ahead, I firmly believe that the Group is now in strong position to move forward as an agile consumer packaged goods competitor with many unique advantages. Chief among these is the brand and community that we are building, both with our customers and investors.

Since the end of FY22, we have been working to eliminate costs and sharpen our operating model to ensure we are able to maximise the impact of available funds while seeking new revenue generation opportunities through both our digital and physical retail channels.

It is important that we recognise past mistakes and failures while looking to the future with enthusiasm. We have the opportunity to create lasting brands and products that resonate with consumers and produce recurring revenues. Nobody should be in any doubt as to the challenges ahead and it takes a substantial amount of time, investment, and effort to elevate consumer brands into the consciousness of consumers and ultimately profitability. With that being said, we are confident that our brands have what it takes to excel and we are determined to demonstrate their potential no matter how challenging the route to success may be.

Against the backdrop of trying market conditions and a changing consumer landscape, it is our aim to diversify and differentiate Chill Brands Group for the benefit of all stakeholders. I am grateful to the Group's shareholders for their ongoing support and look forward to an exciting and fruitful year ahead.

C Sommerton

Callum Sommerton
Chief Executive Officer – Chill Brands Group PLC

Chief Executive's Financial Review

During the period the Group increased its physical retail footprint and enjoyed a gradual increase in online sales made predominantly via the Chill.com website. The Group recorded revenues, net of promotional discounts of £624,187, up 95% from the prior year (2021: £320,875). It is important to note that £447,814 of this revenue is due to an agreement with Ox Distributing, LLC, a related party. See further discussion of this in the revenue section below on page 8.

The Group's financial performance was adversely affected by the high cost of slotting fees, promotional activities, and logistics which elevated the cost of goods sold. Significant promotional discounts were also offered in combination with free sample products in order to facilitate the entry of Chill products into select retail locations. Combined with the lower margins achieved on sales to distributors amongst other factors, this ultimately led to the Group incurring a gross loss.

In addition to the above, the Group incurred significant non-cash costs relating to the issue of shares such as those issued to the Major Arena Soccer League (MASL) for marketing services and the share options issued to Viridian Capital Advisors LLC for strategic advisory services. The Group also incurred cash costs in respect of acquiring rights to the Chill.com domain, in launching new product categories, and in expanding its retail distribution network.

Key Developments

On 4 May 2021, the Group announced that it had raised £6,000,000 through an oversubscribed subscription round for 10,000,000 new shares of 1 pence each at a price of 60 pence per Ordinary Share. The net proceeds of that subscription round were used in part to settle an outstanding termination fee for a prior finance agreement with LDA Capital. The termination fee for the LDA Capital finance agreement totaled £1,200,000, a liability that was settled shortly after the 4 May 2021 and recognised in the prior year accounts.

In July, the Group announced that it had signed a contract to acquire the Chill.com domain name. The total purchase price was £1,226,119 ($1,600,000 cash paid) of which the Group had paid half by the close of the Financial Year. Alongside this acquisition, the Group invested heavily in the development of the Chill.com website while further efforts were made to redesign and redevelop the Zoetic website.

Following efforts during prior reporting periods, the vast majority of the Group's legacy natural resources assets were closed or divested during the financial year or shortly thereafter. Through a cautious and well-considered approach to the winding down of its activities in the natural resources space, the Group is now solely focused on its consumer packaged goods business and has not incurred any significant financial liabilities in respect of its previous operations.

In December 2021, the Group announced its sponsorship of the Major Arena Soccer League (MASL). This marketing deal saw Chill products and logos advertised to thousands of fans and many more online followers, both of MASL and of the Connecticut Whale women's hockey team. The cost of the sponsorship package included equity-based remuneration totalling 500,000 ordinary shares of 1 pence in addition to further cash costs.

In its Half-Year Report for the period ending 30 September 2021, the Group announced that it had entered into a related party agreement with Ox Distributing LLC – its master distributor and a major shareholder. The agreement provided extended payment terms to Ox Distributing to provide them with additional time to sell Chill products and release funds for payment following logistical delays and challenges within the retail distribution environment. More specifically, Ox placed a large order for Chill products during the financial year for the forecasted activation of new convenience store locations in line with the Group's existing agreements with large distribution partners. In ordinary circumstances, the Group would have received numerous smaller payments in respect of retailer orders, however logistical issues delayed delivery of products to Ox and the Group could not therefore meet its contractual performance obligations until a later date. As a result of this, a significant balance fell due to the Group on the eventual delivery of products to Ox. The Group entered into the extended credit terms agreement with Ox to provide them 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 as the full value of the credit provided to Ox was recognised and recorded. Given that the majority of revenue generated during the financial period can be attributed to this sale and transfer of products to Ox, it cannot be said that the year in review was one of extensive financial growth as the Group did not make significant sales to downstream distributors or retailers on its own behalf.

Following the end of the financial period, work has continued to establish a more effective revenue model. The agreement appointing Ox as the Group's master distributor was terminated during May 2022, however they continue to pay all outstanding balances as they fall due under the aforementioned extended credit terms. The Group is now focused on establishing and extending direct relationships with retail and distribution partners that will enable it to take a more conventional path to generating revenues from product sales.

During the period, the Group launched a new range of synthetic nicotine products under the commercial name 'Tobacco Free Nicotine' or 'TFN'. As discussed elsewhere in this report, the US Congress legislated during March 2022 to regulate all forms of nicotine in the same way as tobacco. As a result of this regulatory change, manufacturers and markets of synthetic nicotine products must now submit a premarket tobacco application (PMTA) in order for their products to remain on sale in the US. While the Group has submitted a PMTA in respect of its TFN products, the cost of pursuing the application through to completion may be prohibitively expensive and so there is no guarantee that the Group's synthetic nicotine products will be able to remain on sale. In light of this, the Group's financial reports include an obsolete inventory expense that effectively reduces the retail value of the remaining synthetic nicotine inventory by 80%. It is hoped that the remaining 20% can be sold either at a discount or to alternative distributors in jurisdictions where comparable regulations do not apply.

Following the end of the period, on 26 April 2022 the Group announced that it had conditionally raised £3,500,000 (before costs) from new and existing investors through fundraising consisting of two parts. The first part was by means of Subscription for 29,166,699 new ordinary shares of 1 pence each at a price of 2 pence each. The second part comprised convertible loan notes of 2 pence each with an aggregate value of £2,916,670 which will convert automatically on the publication of a prospectus or the passing of legislation that means a prospectus is no longer required. Shareholder approval was sought and gained at a General Meeting held on 12 May 2022, where all resolutions were duly passed.

Further to the aforementioned fundraising, the Group announced its intention to issue an Open Offer to enable long-term shareholders to participate on equivalent terms. As announced on 17 June 2022, the Open Offer raised a total of £212,201 (before expenses).

Although the Group recorded a loss after taxation of £5,572,324, this figure is comparable with the previous reporting period net of non-cash share expenses for options granted totaling £3,437,163 (2021: £1,410,268). This included the granting of options for 10,391,432 shares to Viridian Capital Advisors LLC. Going forward, the Group's Board of Directors intends to reduce operational costs while seeking to scale both retail and digital channels with the expectation of improved sales.

In preparing these financial statements, it has been determined that a significant balance of loans to the Group's subsidiaries (totaling GBP £9,299,301) should be written off. Since its inception, the Group has raised funds in the UK but incurred the majority of its costs in the US where its operational subsidiaries are incorporated. Transfers of funds from the UK bank accounts of Chill Brands Group PLC to the US accounts of its subsidiaries are recorded as intra-group loans. The total balance written off is reflective of funds transferred to these operational entities over a period of several years. While the Group's management anticipates that its financial performance will improve over time, it is expected that revenues will be reinvested back into the company to facilitate further growth for the foreseeable future. It is not considered appropriate to plan for repayment of sums invested into the Group's subsidiaries to the parent company at this time. As a result of this, the balance of funds paid from Chill Brands Group PLC to its subsidiaries has been written off.

Revenue

The Group recorded revenues, net of promotional discounts of £624,187. These were largely derived from sales of products into the retail channel to Ox Distributing, a related party which made onward sales to distribution partners and retailers. While this represents an increase of 95% as compared to revenues generated during the previous reporting period, it is not reflective of sustained repeat sales to retailers as explained in the 'Key Developments' section of this Financial Review. The Group did not generate revenue from any of its remaining natural resources assets during the year.

Going forward, the Group's revenues will continue to center around consumer sales into the digital and physical retail channels. It is expected that sales will increase gradually over time as the Group refines its retail sales model and scales its online marketing activities.

In its Mid-Year Financial Report for the six-month period to 30 September 2021, the Group reported revenues of £1,073,872. This value largely comprised the value of the related party agreement promissory note entered into by the Group with Ox Distributing LLC.

The sales made to Ox Distributing (in respect of which the Group extended its credit terms) were based on product requirements for projected store counts in line with the Group's major distribution relationships with AATAC and other organisations. As a result of supply chain and logistics issues, shipments to these stores were delayed and the Group subsequently determined that it was not financially equipped for the widespread activation of additional convenience stores.

While Ox Distributing continues to pay all sums owed under the related party agreement, the value of the note has been reduced in line with promotional offers and free fills provided to retailers as part of the Group's rollout strategy. These promotional offers and free product fill initiatives are an established feature of the consumer packaged goods landscape and in many cases are a condition of entering new stores to enable operators to trial products. The Group's decision to modify its operating model and pivot towards the digital retail channel was partly based on the major expense incurred as a result of these standard practices.

As a result of the above, the Group was only able to recognize £624,187 of revenue for the full financial period, a reduction of £447,814 from the figure recorded in the Group's Half-Year report.

Expenditure

During the period, the Group's expenditure increased as compared to the last full financial year. Additional cash costs related to advisory agreements, securing intellectual property rights including those over the Chill.com domain, and launching the synthetic nicotine product category.

The Group also incurred very substantial legal costs in relation to ongoing regulatory matters in relation to the legality and marketing of CBD products, restrictions relating to synthetic nicotine products, and the Group's corporate rebrand exercise from Zoetic International to Chill Brands Group PLC. These, along with costs relating to the Group's London Stock Exchange listing, represent a significant portion of its ongoing costs base.

In addition to cash costs and those relating to share-based awards, the Company also incurred additional costs in respect of providing free sample products to retail stores upon entry into new locations, and in respect of increased shipping and logistics costs.

Liquidity, Cash and Cash Equivalents

At the year end, the Group held £420,045 at the bank (2021: £333,176).

Funding and Going Concern

During the year the Group was financially sustained by funding obtained through an oversubscribed subscription round for 10,000,000 new ordinary shares of 1 pence each at a price of 60 pence per share.

In May 2022, the Group received shareholder approval for fundraising activity that raised a total of £3,500,000 before costs through a combination of subscription shares at 2 pence per share and through convertible loan notes of 2 pence each with an aggregate value of £2,916,670 which will convert automatically on the publication of a prospectus or the passing of legislation that means a prospectus is no longer required. The loan note aspect of the fundraising activity was made necessary by the Group's listing rules which limited the Board's ability to issue subscription shares to that value. Further funds were raised from an Open Offer to the Group's long-term shareholders totaling £212,201before costs.

It is the intention of the Directors to substantially reduce the Group's expenditure by limiting monthly retainer fees and implementing strict standard operating procedures to ensure that funds spent are directed towards revenue-generating activities.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Further details are given in Note 2.2 to the Financial Statements and in the Directors' Report. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

The Directors have also considered the recoverability of loans made from Chill Brands Group PLC to its subsidiaries. Given the that the Group's subsidiaries have a continuing need for capital investment and support, the Directors do not believe it is appropriate to plan for a repayment of these intra-company loans at this time. As a result of this, the balance of loans made by Chill Brands Group PLC to its subsidiary companies has been written off as discussed elsewhere in the 'Key Developments' section of this Financial Review.

Based on the considerations above, the Directors consider the Group to be a going concern.

Chief Executive's Review and Strategic Report- Our Operating Model

The Group's primary focus is the sale of consumer packaged goods that contain functional, natural compounds like cannabidiol (CBD). Sales are made both online and via bricks and mortar retail locations.

Those who have followed the Group for some time will be aware that its strategy has changed on a number of occasions. This has been due in part to the nature of the retail landscape, which is rapidly evolving, particularly for products containing cannabinoids which are highly regulated and subject to intense scrutiny. It was only in 2018 that the Agriculture Improvement Act legalized the farming of industrial hemp in the United States, making way for businesses to commence the legal marketing of CBD products. The Group was an early entrant to this emerging industry and continues to seek opportunities for diversification and differentiation that will set it apart from its competitors.

During the year in review, the Group embarked on an ambitious retail rollout schedule but encountered both logistical and other challenges that prompted the Board to pivot towards a digital-led sales model. It is expected that this new approach will prove to be effective during the current financial year as the Group seeks to build out the revenue generating capabilities of its landmark Chill.com domain.

Product Focus

The Group's existing range of products can be categorised into two categories, namely tobacco alternatives and wellness products. While the products are within two categories, the products are considered to be one segment as they are both analysed in total as the products are both marketed and sold to the same end user.

CBD Tobacco Alternative Products

In the United States the Group sells its Chill brand CBD chew pouches. While they cannot legally be pitched as a licensed smoking or tobacco cessation product, the pouches are marketed as an alternative to the 'dip' or 'chew' pouches that are popular among many users of traditional tobacco products.

The Group also sells a unique line of herbal cigarettes that are infused with CBD using a proprietary method. As with the pouch products, the cigarettes cannot be marketed directly as a smoking cessation product however they are used by many smokers while also supporting a recreational use case. The mint variety of the smokes have proven to be particularly popular in regions where traditional menthol tobacco cigarettes are no longer available.

Synthetic Nicotine Tobacco Alternative Products

In December 2021 the Group launched a new range of synthetic nicotine pouches that have since been marketed as 'tobacco-free nicotine' or 'TFN'. Sales of the pouches increased incrementally following their launch, however in March 2022 the US Congress unexpectedly voted to amend the definition of tobacco products to include "nicotine from any source that is intended for human consumption". This legislative change effectively brought synthetic nicotine products like Chill's TFN under the regulatory scope of the FDA.

Following this change, the FDA applied a timeline for manufacturers and brands to gain authorization to continue marketing synthetic nicotine products to the US public. The deadline for submission of a completed Pre-Market Tobacco Application (PMTA) was 14 May 2022. Products that are part of an accepted PMTA remained on sale until 22 September 2022. Eligibility after that time will be at the discretion of the regulators. As of 22 September 2022, the Group has not received communication from the regulators. As such, they are able to continue marketing and selling synthetic nicotine products to the US public.

While the Group lodged a PMTA application in respect of its TFN products, it was subsequently determined that the costs of progressing that application through to regulatory approval could total in excess of US $1.5 million. In addition to this, it was also found that the application of tobacco regulations to these products would significantly elevate the Group's costs while complicating distribution and logistical arrangements. In light of these considerations, the Group has now ceased development of its range of synthetic nicotine pouches and its remaining inventory of TFN has been withdrawn from sale to US consumers.

As referenced elsewhere in this report, the Group's management have made a provision within the accounts to write off 80% of the value of the remaining TFN inventory while at least a portion of the product may be saleable either at a discounted rate or to retailers in jurisdictions where synthetic nicotine products are not subject to such licensing requirements.

CBD Wellness Products

The Group also sells CBD wellness products branded under its Chill and Zoetic ranges. In the UK, the Zoetic range comprises a variety of CBD-infused topical creams and beauty products, alongside ingestible CBD tinctures (oils) in a number of flavors and strengths.

A range of CBD gummies are also marketed in the UK and the United States under the Chill brand. The Group's gummies are supplied by an exclusive partner who manufacture the products using a time-tested recipe using CBD isolate to ensure every gummy passes strict quality controls.

Digital Channel Strategy

In January 2022, the Group announced that it had shifted its focus towards sales made digitally via Chill.com. Having first taken carriage of the domain and its associated rights in July 2021, the Group has refrained from making any major financial investment into the development and growth of this platform. Despite this, the site ranks highly in search engine results for certain relevant terms and now attracts in excess of 10,000 visitors each month.

Going forward, the Group has radical plans to broaden its base of activities within the digital channel with a view to improving consumer recognition of the Chill brand and therefore the revenue that it can generate. In the immediate future this will result in the launch of digital marketing campaigns, redevelopment of the Chill.com domain, and a renewed focus on search engine optimization (SEO).

Over the longer the term, it is the Group's intention to onboard selected partners to the Chill.com platform. Analogous and complementary products will be carried via an online marketplace model with the intention of creating a single destination for quality, trusted, and highly differentiated products containing functional ingredients like CBD.

While there is no present intention to sell the Chill.com domain, the Board also believes that it has inherent value as a digital asset. Many comparable domains are sold as stand-alone intellectual property assets despite there being no underlying business to support their value. It is therefore the Board's opinion that the Chill.com domain could arguably attract a premium to the price paid.

Retail Channel Strategy

To date the Group's largest base of sales activity has occurred within the physical retail channel, where its products are sold into convenience stores, gas stations, and specialist outlets across multiple US States. During 2020 and 2021, the Group signed a number of distribution agreements with the intention of pursuing an ambitious rollout plan that would see its products enter thousands of outlets. As a result of various factors, however, the Group has since modified its strategy to focus on targeted sales within select high-performing outlets, prioritising volume of unit sales over store count.

The impact of the COVID-19 pandemic on the retail environment cannot be understated and it has undoubtedly had a significant effect on the Group's progress. Consumer behaviors changed as a result of public health measures, with the majority of people prioritising the purchase of essential items over novel recreational products such as those sold by the Group. These behaviors were also reflected by retail distribution businesses and store operators who, as part of their own pandemic continuity plans, sought to stock tried and tested brands with a strong track record and demonstrable sales performance spanning years if not decades. As a result of this, it was very difficult for a comparatively new brand to gain traction within this rapidly changing ecosystem.

In addition to the above, logistical issues delaying the import of the Group's products to the United States prevented additional sales from being made during the year. This meant that the Group was unable to fulfil orders in a timely fashion, which frustrated certain sales opportunities throughout the period. Even once the products had entered the United States, it was not possible to backfill retail locations with a surplus of inventory that might otherwise have been sold during the period when Chill products were absent from those locations.

In certain cases, the Group's distribution relationships did not prove to be fit for purpose. In one specific case, it was found that a distribution partner had effectively ceased all operations involving CBD products without informing the Group of this change. As a result of this, stores within a specific region that had been assigned to the distributor were not adequately served and opportunities to maintain sales relationships and enter new transactions were missed.

Despite these challenges, the physical retail sales channel remains the Group's primary source of revenue. During the year in review, the majority of the Group's recognized revenue was derived from sales to the Group's former master distributor, Ox Distributing LLC, which continues to sell products on to downstream distributors and retailers.

Given continuing sales and encouraging anecdotal feedback from retail partners and distributors, the Group will continue to expand its physical retail channel albeit with a modified strategy that is more appropriate for its size and level of resources. Although the Group remains in contract for an ambitious multi-thousand store rollout, the costs of pursuing such a high store count footprint represent a major barrier to entry. For every store entered, the Group is typically subject to slotting fees, an obligation to provide an initial fill of sample products free of charge, and the need to provide educational materials and marketing collateral. These start-up costs often reach or exceed $1,000 per location while ongoing investment is required to ensure that stores continue to stock and sell Chill products. To make a success of such a large retail footprint, the Group would also need to develop the internal infrastructure necessary to effectively manage relationships with thousands of stores.

In light of these observations, the Group's forward-facing strategy will involve focusing more closely on a smaller number of retail outlets before scaling in a sustainable way over a longer period of time. This will enable the Group to generate commercial insights and verifiable sales data that can be used when establishing new distribution relationships, all whilst building goodwill and brand recognition among consumers in a more concentrated way.

UK Operations

While the vast majority of the Group's revenue is generated in the United States, its Chill and Zoetic brands are also sold in the UK.

During the year in review, the Group launched its Chill-branded CBD-infused herbal cigarettes to the UK market with sales made exclusively via thechillwayuk.com. To date the Group's investment in the growth of the Chill brand within the UK has been negligible, however it now intends to extend its operations within the UK market in concert with the onboarding of the UK sales portal to the master Chill.com domain.

The Group's Zoetic brand of luxury CBD cosmetics and tinctures has also continued to generate interest, with appearances in a variety of publications and media reviews including The Telegraph, The Daily Mail, and Metro. Having launched a new range of anti-aging balms and creams during the period, the Zoetic brand now offers an extensive selection of luxury CBD products that are pitched at wellness enthusiasts. Given the continued growth of the UK's CBD sector, however, it has become increasingly important for brands to differentiate themselves from competitors. With this in mind, the Board intends to consolidate the Zoetic product range in order to prioritise the best-selling products while making room for novel product category entrants that may be better able to seize market share.

Without any significant level of investment from the Group, the Zoetic and Chill brands have continued to slowly expand in the UK. Going forward the Board intends to assign greater attention to the opportunities at hand in the UK with the hope of generating additional revenues and further expanding its consumer brands.

UK Novel Foods Authorisation

In order to sell ingestible CBD products in the UK, the Group has progressed through the novel foods application process by submitting relevant applications to the Food Standards Agency (FSA).

In April 2022, the Group's Zoetic tinctures and Chill gummies were added to an updated FSA list of CBD food products that are linked to a credible application for authorization. This means that the Group's products can remain on sale and that they have reached the penultimate stage to full validation.

The Group hopes that its products will receive full novel foods validation in the near future and will provide further updates as the situation progresses.

Feminised Seed

In addition to sales of its consumer products, the Group also carries a significant inventory of feminised hemp seeds that are currently undergoing extensive testing following a successful first trial season.

While there is no guarantee that the Group's inventory of seeds will grow and progress as expected, the Board hopes that these unique feminised assets will make good on their strong cultivation potential. Should the growing season prove to be a success, the Group may be able to rely on an additional stream of revenue from sales of its seeds which boast exclusive genetics and have previously been used to produce premium quality CBD isolate.

Chief Executive's Review and Strategic Report- Other Matters

Board Changes and Operational Composition

During FY22, the Group was led by Antonio Russo and Trevor Taylor as joint Chief Executive Officers. Following the end of the period, I was appointed to the Board of Directors on 15 April 2022 and now serves as the Group's Chief Executive Officer. Mr Taylor now serves as the Group's Chief Operating Officer, while Mr Russo is now the Group's Chief Commercial Officer with responsibility for sales and marketing.

On 1 August 2021, Eric Schrader was appointed to the Board as a Non-Executive Director and representative of his family company – Ox Distributing LLC – the Group's single largest shareholder. He is also joined on the Board by Mr Scott E Thompson who was appointed as an Independent Non-Executive Director on 27 January 2022.

Mr Thompson is an intellectual property attorney with almost forty years of experience having previously worked to protect and extend some of the world's largest brands. He is currently recognized by the World Trademark Reporter as one of the top 300 trademark attorneys in the world and most recently acted as General Counsel, Intellectual Property/Marketing Properties for Mars Inc. He has also worked for Philip Morris Companies, Colgate-Palmolive, and GlaxoSmithKline. The Group welcomes Mr Thompson, whose extensive experience of the consumer packaged goods industry and brand protection will no doubt serve us well.

While the Board is now more populated than during previous financial periods, it is the Group's intention to continue searching for reputable and experienced candidates who may be able to provide value in particular as a Chairman or UK-based independent non-executive director. More specifically, the Group is keen to attract individuals with financial management experience both to assist with operational efficiency and to guide and improve its approach to forecasting and reporting.

More information regarding the Board of Directors can be found in the key personnel section of this report on page 20.

Changes to Listings of the Group's Shares

In August 2021, the Group completed a corporate rebranding exercise during which it changes its trading name from Zoetic International PLC to Chill Brands Group PLC. In line with this change, the Group's ticker (TIDM) for the London Stock Exchange changed from 'ZOE' to 'CHLL' on 17 August 2021.

In November 2021, the Group's shares commenced trading on the US OTCQB Venture Market. Having previously traded on the OTCQX Best Market, this relisting relates to the Group's share price and market capitalisation which did not meet the standards required for a listing on the OTCQX market. On 14 December 2021, the Group's OTCQB listing was updated to reflect its corporate rebrand, with shares now trading on the US market under the updated ticker symbol 'CHBRF'.

In April 2022 the Group was re-categorised as a cannabis producer within the HealthCare, Pharmaceuticals and Biotechnology category of the London Stock Exchange. This change followed an extensive review period by the exchange, which could only commence this assessment following the publication of the prior year financial results. Following this adjustment, the Group is now trading within a more appropriate sector category that is representative of its commercial activities.

Risks and Uncertainties Facing the Group

The Group's continued evolution has seen its risk profile change significantly. Having pivoted away from the natural resources sector during previous financial years, the Group now faces risks that relate predominantly to its operations within the consumer packaged goods space. As with other companies of its size, the Group also faces an overriding financial risk.

The Board continues to monitor and mitigate a detailed list of risks that face the Group, but those listed below are considered to be of the highest importance given the likelihood of their occurrence or the materiality of their potential impact.

General Risks Relating to the Group's Financial Position

While revenues from the Group's consumer-facing activities continue to grow, the risk remains that sales will be insufficient to maintain the Group's current level of expenditure on an ongoing basis. In light of this, the Board has engaged in a cost-cutting exercise to ensure that the Group's business model remains lean while ensuring all commercial infrastructure is properly resourced. The Board has considered a variety of scenarios including a scenario of limited online sales without growth and a linked reduced cost base, and is prepared to execute further cost-cutting contingency plans to mitigate such risks should they arise.

Supply and Logistics Challenges

Various geopolitical events pose a risk to the Group's supply chain and logistics activities in its core areas of operation across North America and the UK. Industry-wide issues relating to driver shortages, warehousing, international logistics, and transport may affect the availability and timely movement of the Group's products. Furthermore, some of the finished products sold by the Group are sourced from multiple component parts that are manufactured internationally. As a result of this, there remains a risk that local regulations could prevent the timely export of CBD and other products, resulting in delays and disruption to the Group's operations.

The Board has engaged with all suppliers and partners to secure the continuity of its operations and continues to develop controls and procedures to limit the impact of any such risks.

Risks Associated with Laws and Regulations Relating to CBD

The production, labelling and distribution of the products that the Group distributes are regulated by various federal, state and local agencies. As the Group expands its CBD operations, it must keep up with the evolving compliance environments of the territories in which it operates. This entails the building and maintaining of robust systems which ensure that our products and operations comply with the regulatory regimes of multiple jurisdictions.

Should the Group's operations be found to violate any such laws or other governmental regulation, the Group may be subject to penalties, including, without limitation, civil and criminal penalties, damages, fines, the curtailment or restructuring of the Group's operations, any of which could adversely affect the Group's business and financial results.

The Group may be required to obtain and maintain certain permits, licenses, and approvals in the jurisdictions where its products are licensed and into which its operations expand. There can be no assurance that the Group will be able to obtain or maintain any necessary licenses, permits or approvals.

Product Viability

If the products the Group sells are not perceived to have the effects intended by the end-user, its business may suffer. Many of the Group's products contain innovative ingredients or combinations of ingredients. There is little long-term data with respect to efficacy, unknown side effects and/or interaction with individual human biochemistry. Whilst the Group conducts extensive testing of its product stocks, there remains a risk that its products may not have the desired effect.

Product Liability

The Group's products are produced for sale directly to end consumers, and therefore there is an inherent risk of exposure to product liability claims, regulatory action and litigation if the products are alleged to have caused loss or injury. Accordingly, the Group maintains product liability insurance policies to safeguard against the implications of any claims that may arise.

Success of Quality Control Systems

The quality and safety of the Group's products are critical to the success of its business and operations. As such, it is imperative that the Group's (and its service providers) quality control systems operate effectively and successfully. Although the Group strives to ensure that all of its service providers have implemented and adhere to high calibre quality control systems, any significant failure or deterioration of such quality control systems could have a materially adverse effect on the Group's business and operating results.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labelling disclosure.

If any of the Group's products are recalled for any reason, the Group could incur adverse publicity, decreased demand for the Group's products and significant reputational and brand damage. 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.

Industry Competition

The CBD industry is competitive and evolving. The Group faces strong competition from both existing and emerging companies that offer similar products. Some of its current and potential competitors may have longer operating histories, greater financial, marketing and other resources and larger customer bases than the Group has. Given the rapid changes affecting the global, national, and regional economies generally and the CBD industry, in particular, the Group may not be able to create and maintain a competitive advantage in the marketplace.

Risks Relating to Legacy Oil and Gas Assets

Despite having now discontinued the operation of its legacy natural resource assets, the Group continues to monitor for risks relating to any liabilities arising from its former activities.

While the Group no longer owns or operates any of its former legacy assets or sites, there remains a risk that the Group may be subject to costs and liabilities arising from any lawsuit, civil or regulatory action that may commence in respect of historical mining, drilling, extraction or other activities that the Group may have previously engaged in.

Risks Associated with Laws and Regulations Relating to Synthetic Nicotine

Following new legislation enacted by the US government on 15 March 2022, synthetic nicotine now falls under the regulatory jurisdiction of the US Food and Drug Administration (FDA). As of 14 April 2022, manufacturers, distributors, and retailers of products that contain non-tobacco derived nicotine must comply with all relevant regulatory provisions relating to the supply, marketing, and sale of such products.

As a result of this legislative change, the FDA now requires those marketing synthetic nicotine products to submit a premarket tobacco application (PMTA) and obtain authorization to market their product. While the Group has submitted a regulatory dossier in line with initial FDA requirements, there is an overriding risk that this application will not be approved or will otherwise require very substantial financial investment in order to maintain the saleability of Chill's synthetic nicotine products. As discussed in the Group's financial review contained within this report, the Group has made a provision for the value of its existing synthetic nicotine inventory to be written down by 80% as a direct consequence of the commercial challenges resulting from this change to US regulations.

As with its other products in other categories, the Group may also be subject to penalties, including, without limitation, civil and criminal penalties, damages, fines, or the curtailment or restructuring of the curtailment of its operations if its operations are found to violate any such laws or other governmental regulations in respect of synthetic nicotine products.

IT Security and Brand Protection Risks

As the Group's activities and profile expand, its digital assets and intellectual property rights may be challenged both legally by competitors and illegally by bad actors. With these risks in mind, the Group has engaged with numerous initiatives, protections, and countermeasures to ensure that its interests and those of its shareholders and customers are insulated against these risks. Our intellectual property rights are well protected through a series of international trade marks and patent applications, while our core systems and flagship Chill.com web domain are guarded by IT security professionals and robust protective frameworks.

Statement of the Directors in Performance of Their Statutory Duties in Accordance with s172(1) Companies Act 2006

Section 172 Statement (Companies Act 2006) Under Section 172 of the Companies Act 2006, a director has a duty to promote the success of the company. The directors confirm that the deliberations of the Board, which underpin its decisions, incorporate appropriate consideration with due regard to the matters detailed in Section 172 of the Companies Act 2006.

As a result of its policies and procedures, the Board of Chill Brands Group PLC considers that they have acted in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2006) in decisions taken during the year ended 31 March 2022.

The Board and each director acknowledge that the success of the Company's strategy is dependent on the support and commitment of all the Company's stakeholders including employees, suppliers, advisers, vendors, distributors, shareholders, and other parties. The Group engages directly with stakeholders when it is necessary and appropriate to do so both through the medium of formal shareholder assemblies and through direct dialogue with advisers and other stakeholders.

During the year in review, the Board considered information from across its business when making decisions. Information, presentations, and reports were provided by the Group's management and Board Advisers. In addition to this, the Board reviewed papers and reports from key stakeholders and expert industry groups to understand the impact of its operations. These activities, in concert with direct engagement by the Board and individual directors with certain key stakeholders and shareholders, assisted the Board in the decision-making process.

The Board acknowledges the importance of balancing the needs and expectations of stakeholders but is often required to make difficult decisions based on competing priorities where the outcome may not be positive for all stakeholders. Decisions are always taken with the utmost regard and respect for all stakeholders, and the decision-making process has been formulated to ensure directors evaluate the merits and demerits of proposed activities and their likely consequences over the short, medium and long-term. It is the aim of the Board to safeguard the Company so that it can continue in existence while fulfilling its operational purpose and creating value for stakeholders.

During 2021, the Company engaged with certain key stakeholders regarding certain key strategic matters, including the need to refine its model. As a result of this, the Company developed a new direct to its retail strategy that removed additional layers of distributor contracts from this sales channel. These changes were announced in early 2022 and continue to be acted upon with the intention of generating reliable revenues.

Key Performance Indicators

The Group's current focus is on the continued development of its core business and the Board has yet to set key performance indicators as applicable to overall operations. The Board will seek to identify and measure such indicators as the Group's activities become more settled.

In the future, it is likely that specific indicators will be assigned to reflect progress within the Group's sales channels. For digital sales, major indicators are likely to include website traffic, conversion and retention rates, and average spend per consumer. In respect of physical retail sales, major indicators may include unit sell-through rates. More generally, the Group will report on revenue generated from across its full base of commercial activities.

Once established, the Group's financial, operational, health and safety and environmental key performance indicators will be measured and reported as appropriate.

Gender Analysis

The Group is committed to establishing a diverse Board of Directors but is equally conscious of the importance of appointing the people best suited to those roles. A split of our employees and Directors by gender at the year-end is shown below:

	Male	**Female**
Directors	4	None
Employees	3	2

Corporate Social Responsibility

We aim to conduct our business with honesty, integrity and openness, respecting the rights and the interests of our shareholders and employees. We aim to provide timely, regular and reliable information on the business to all our shareholders and conduct our operations to the highest standards. We strive to create a safe and healthy working environment for the wellbeing of our staff and to create a trusting and respectful environment, where all members of staff are encouraged to feel responsible for the reputation and performance of the Group.

We aim to establish a diverse and dynamic workforce with team players who have the experience and knowledge of the business operations and markets in which we operate. Through maintaining good communications, members of staff are encouraged to realise the objectives of the Group and their own potential.

Chill's core branding and strategy have been developed with a view to creating a global community, and we are committed to acting respectfully and responsibly throughout all our operations.

Corporate Environmental Responsibility

As a consumer company with its past rooted in the natural resources sector, we understand how important it is to take responsibility for our impact on the environment.

The Group's policy is to minimize any adverse effect on the environment associated with its activities with a thoughtful consideration of such key areas as energy use, pollution, transport, renewable resources, health and wellbeing. The Group also aims to ensure that its suppliers and advisers meet their legislative and regulatory requirements and that codes of best practice are met and exceeded.

During the financial year, the Group's activities were common with those of other consumer-packages goods retailers. As a result of this, the majority of transportation and production of products took place outside of the Group's control. The Group does not operate its own retail locations and uses outsourced storage facilities and transportation services. As a result of this, the Group's direct greenhouse gas emissions are extremely limited and represent only the output of operating a small office in the United States.

The Group is aware that it needs to measure its operational carbon footprint in order to control and limit its impact on the environment. As a result of its model and activities in the year under review, it is estimated that the Group directly consumed less than 40,000kWH of energy. As a result of this, the Group has not fully calculated or disclosed its emissions.

In line with its plans for growth, the Group will ensure that any expansion of its activities will be considered in light of the associated effect on emissions. Going forward, the Group will measure and report on all expansions to its base of commercial activities.

Key Personnel

Callum Sommerton
Chief Executive Officer

As a former legal professional with brand protection and regulatory experience, Mr Sommerton has helped to create, develop and protect major brands in multiple industries and across numerous jurisdictions. Prior to joining the Company he worked within the intellectual property team of renowned 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 Sommerton served as International Brand Director providing holistic support to the Group's business both in the UK and the United States.

Trevor Taylor
Chief Operating Officer

Prior to joining the Group, Trevor Taylor co-founded a cannabis company that became the number 1 organic pre-roll selling brand in Colorado, the first state to legalise recreational cannabis in the United States.

Previously, Trevor 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. Trevor helped take the company from its initial concept through 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.

Antonio Russo
Chief Commercial Officer

Antonio Russo is a cannabis and hemp industry expert, having operated in the space for over a decade. Before joining Chill he co-founded two cannabis companies, encompassing five fully licensed retail stores and three cultivation facilities nearing 100,000 total square feet. He previously served as Chief Compliance Officer of Colorado's #1 selling organic pre-roll brand.

Antonio is a former board member of MIG (Marijuana Industry Group), formed to help craft Colorado's earliest medical cannabis regulatory framework. Antonio was instrumental in the progression of Colorado Amendment 64, marked as a worldwide electoral first.

Eric Schrader
Non-Executive Director

Eric Schrader has worked in retail, distribution, and sales channels in the United States for over 15 years. Eric was a 4th generation co-owner in a family business that operated the largest convenience store chain in Northern Colorado for 84 years. He has a dynamic understanding of retail operations. Working 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, JUUL and more.

He has a unique perspective with consumer packaged goods (CPG), having spent years as a buyer and sales representative on both sides of "B2B" business agreements.

Scott E. Thompson
Independent Non-Executive Director

Practicing intellectual property law for over three decades, Mr. Thompson has been repeatedly 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.

Directors' Report

The Directors present their report and the financial statements for the year ended 31 March 2022.

Principal Activity

The Group is concerned with the development, production, and distribution of CBD and lifestyle products. The Group's previous focus centered on the exploitation of oil and gas producing assets, associated technology, and mineral rights allied to the oil and gas sector. Following a managed exit from the natural resources sector, the Group's primary activities involve the research, development, production and sale of CBD consumer products and other lifestyle goods.

A detailed review of the activities for the period is given in the Executive Chairman's Review.

Results

The Group recorded a loss for the period after taxation from continuing and discontinued activities of £5,711,503 (2021: loss £4,850,301) and further details are given in the preceding Financial Review. No dividend has been paid during the period nor do the Directors recommend the payment of a final dividend (2021: nil).

Directors

The Directors who served at any time during the period up to the date of publication were:

C Sommerton	Chief Executive Officer *(appointed 15 April 2022)*
A Russo	Chief Commercial Officer *(appointed 28 April 2020)*
T Taylor	Chief Operating Officer *(appointed 28 April 2020)*
E Schrader	Non-Executive Director *(appointed 1 August 2021)*
Scott E. Thompson	Independent Non-Executive Director *(appointed 27 January 2022)*

Details of the Directors' interests in the shares and warrants of the Company are set out in the Directors' Remuneration Report on pages 26 to 31.

Further details of the interests of the Directors in the warrants are set out in Note 20 to the financial statements.

Substantial Interests

At 16 September 2022 the Company had been informed of the following substantial interest of the issued share capital of the Company:

	Number of Issued Shares	Percentage of Capital
Ox Distributing, LLC*	26,755,416	10.92%
A Russo	6,950,000	2.84%
T Taylor	6,950,227	2.84%

* Includes shareholdings held personally by members of the Schrader family.

Share Capital

Chill Brands Group PLC is incorporated as a public limited company and is registered in England and Wales with the registered number 09309241. Details of the Company's issued share capital, together with the details of the movements during the period, are shown in Note 20. The Company has one class of ordinary shares and all shares have equal voting rights and rank *pari passu* for the distribution of dividends and repayment of capital.

Corporate Governance Statement

The Board is committed to maintaining appropriate standards of corporate governance. The statement below, together with the report on Directors' remuneration on pages 26 to 31, explains how the Company has observed principles set out in The UK Corporate Governance Code ("the Code") as relevant to the Company and contains the information required by section 7 of the UK Listing Authority's Disclosure Rules and Transparency Rules.

The Company has decided not to apply the Code provisions in full given its current size. The Company is a small company with modest resources. The Company has a clear mandate to optimise the allocation of limited resources to support its operations and future plans. As such the Company strives to maintain a balance between conservation of limited resources and maintaining robust corporate governance practices. As the Company evolves, the Board is committed to enhancing the Company's corporate governance policies and practices deemed appropriate to the size and maturity of the organisation. The Board will continue to review the status of the Company and its suitability to adopt further provisions of the Code and will seek to implement further standards when it is appropriate to do so.

Board of Directors

During the financial year ending 31 March 2021, the Group's Board consisted of two executive Directors – Mr Antonio Russo and Mr Trevor Taylor, who acted as Co-Chief Executive Officers. During the financial year in review, they were joined by Mr Eric Schrader and Mr Scott. E Thompson who sit as Non-Executive Directors.

Mr. Schrader was appointed to the Board as a Non-Executive Director on 1 August 2021. He contributes to strategic initiatives in relation to the Group's retail and distribution operations. Mr. Thompson was appointed on 27 January 2022 and joins the Board as an Independent Non-Executive Director. As an experienced attorney, he is focused on developing and protecting the Group's intellectual property rights while also exercising objective oversight of decisions made by the executive team.

14 Board meetings were held during the financial year ending March 2022. All were attended by Mr. Antonio Russo and Mr. Trevor Taylor. Three were attended by Mr. Eric Schrader. Owing to the size of the Company, many other less formal meetings of the Board took place during the course of the year.

Following the end of the period in review, Mr. Callum Sommerton joined the Board as an executive director in the capacity of Chief Executive Officer. He was formally appointed on 15 April 2022.

The Board meets regularly throughout the year to discuss key issues and to monitor the overall performance of the Company. The Board has a formal schedule of matters reserved for its decision. All matters and committees, such as Remuneration, Audit and Nominations, are considered by the Board as a whole. More information about the Board can be found on the Group's corporate website www.chillbrandsgroup.com.

The Board is committed to adopting a formal Code of Corporate Governance when it is appropriate to do so.

Audit Committee

The Board seeks to present a balanced and understandable assessment of the Group's position and prospects in all interim, final and price-sensitive reports and information required to be presented by statute.

The Group did not operate a separate Audit Committee during the year in review, with all matters considered by the Board as a whole. Going forward, it is the Group's intention to establish an Audit Committee that will initially comprise Callum Sommerton, Trevor Taylor, and Scott Thompson.

External Independent Auditor

The Board will meet with the auditor at least twice a year to consider the results, internal procedures and controls and matters raised by the auditor. The Board considers auditor independence and objectivity and the effectiveness of the audit process. It also considers the nature and extent of the non-audit services supplied by the auditor reviewing the ratio of audit to non-audit fees and ensures that an appropriate relationship is maintained between the Company and its external auditor. The Company has a policy of controlling the provision of non-audit services by the external auditor in order that their objectivity and independence are safeguarded.

As part of the decision to recommend the appointment of the external auditor, the Board takes into account the tenure of the auditor in addition to the results of its review of the effectiveness of the external auditor and considers whether there should be a full tender process. There are no contractual obligations restricting the Board's choice of external auditor.

Remuneration Committee

There is no separate Remuneration Committee at present, instead all remuneration matters are considered by the Board as a whole. It meets when required to consider all aspects of directors' and staff remuneration, share options and service contracts.

Nominations Committee

Due to the size of the company, a nominations committee has not yet been established. Instead, nominations are considered by the Board as a whole with input from professional advisors and other key stakeholders.

Internal Financial Control

Financial controls have been established so as to provide safeguards against unauthorised use or disposition of the assets, to maintain proper accounting records and to provide reliable financial information for internal use. Key financial controls include:

- the maintenance of proper records;
- a schedule of matters reserved for the approval of the Board; and
- evaluation, approval procedures and risk assessment for acquisitions and capital expenditures.

Shareholder Communications

The Group uses its corporate website (www.chillbrandsgroup.com) to ensure that the latest announcements, press releases and published financial information are available to all shareholders and other interested parties. Members of the Board also engage regularly with investment media outlets in the form of articles and interviews which are intended to provide a more discursive and transparent insight into the business and its operations.

With Zoetic and Chill products now available to retail, social media marketing campaigns are also used to generate and support our sales activities. By definition, this is designed to be product-focused (as opposed to investor-focused). Inevitably there will be considerable overlap with our formal communications and other publications, but this may be another avenue of interest to shareholders, although it should be noted that such communications are intended for marketing purposes and not as a forum for the discussion of corporate matters.

The Company's Annual General Meeting is used to communicate with both institutional shareholders and private investors, and all shareholders are encouraged to participate. Separate resolutions are proposed on each issue so that each can be given proper consideration. The Company counts all proxy votes and will indicate the level of proxies lodged on each resolution after it has been dealt with by a show of hands.

Directors' Remuneration Report

Remuneration policy

The Directors' Remuneration Report for the period ended 31 March 2022 and the Directors' Remuneration Policy will be approved by the shareholders at the Annual General Meeting held on 29 September 2022.

The Remuneration Policy is designed to attract, retain and motivate executive directors and senior management with a view to incentivising their commitment to the growth and long-term success of the Group. They are encouraged to safeguard the business and to generate shareholder value. Remuneration packages take into account the performance of directors, their relative workload, and the rates paid for such positions by comparable companies. It is the intention of the Board to balance the incentivisation of Directors for future success with the current financial performance of the Company when determining rates of remuneration. The Renumeration Policy has also been reviewed in line with the wider working and pay conditions for employees across the Group with a view to implementing a policy that is substantively fair and reflective of workloads and performance.

In addition to cash remuneration, the Board continues to review the appropriateness of awarding share options and restricted share units (conditional share awards) to Directors and employees to align their interests with those of shareholders. In November 2021, the salary of the Group's former Co-Chief Executive Officers (now sitting in alternative executive positions) was increased from $100,000 to $175,000 each per annum. This was the first increase in the pay of Mr. Russo and Mr. Taylor since they joined the Company in 2019. This increase in remuneration is not reflective of Mr. Sommerton's base salary which is currently £85,000 per annum.

The current Executive Directors' remuneration comprises a basic fee which is reviewed semi-annually and which may be taken as salary or pension contribution, plus suitable health insurance provision for US Directors.

Future policy table

Service Contract Terms	Base Salary	Pension Contribution	Benefits in kind	Bonus or incentive plan
Executive Directors				
C Sommerton	GBP£85,000	Statutory Minimum	Nil	Ad hoc basis see below
A Russo	US$175,000	Nil	See below	Ad hoc basis see below
T Taylor	US$100,000	Nil	See below	Ad hoc basis see below
Non-Executive Directors				
E Schrader	$10,000	Nil	Nil	Nil
S Thompson	$15,000	Nil	Nil	Nil

The service contracts are reviewed annually.

Benefits in Kind
In the US, the Group pays healthcare premiums for its staff at the prevailing rates.

Bonus or Incentive Plan
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.

Service Contracts
Mr. Sommerton was initially employed from 1 December 2021 in his previous capacity as International Brand Director. His Director's Service Contract in relation to his role as Chief Executive Officer commenced shall continue unless either party gives at least 180 days' notice of termination, save in the case of a material breach of contract when the Executive can be dismissed without notice. Mr. Sommerton is paid at an annual rate of GBP £85,000 per annum plus contributions to the Group's statutory workplace pension scheme and the ability to participate in any bonus awards.

Mr. Russo and Mr. Taylor were employed on an initial fixed term of one year from 1 April 2019 and their contracts automatically renew annually for a further one year period unless either party gives at least 60 days' notice of termination prior to a renewal date, save in the case of a material breach of contract when the Executive 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. 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. Both Mr. Russo and Mr. Taylor receive plus healthcare benefits and have the ability to participate in any bonus awards.

In the event of a termination or loss of office the 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 in the case of a material breach of contract the Director is not entitled to any further payment. Executive Directors are allowed to accept external appointments with the consent of the Board, 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.

Approval by Members
The Group's remuneration policy will be put before the members for approval at this year's Annual General Meeting.

Implementation Report

Particulars of Directors' Remuneration (audited)

Particulars of directors' remuneration, including directors' warrants which, under the Companies Act 2006 are required to be audited, are given in Notes 7 and 21 and further referenced in the Directors' report.

Remuneration paid to the Directors during the year ended 31 March 2022 was:

Executive Director	Base Salary	Benefits in Kind	Share Based Compensation	Compensation for Loss of Office	Total
	£	£	£	£	£
A Russo	94,415	27,176	235,045	-	356,636
T Taylor	94,415	27,176	235,045	-	356,636
E Schrader	-	-	-	-	-
S Thompson	-	-	18,500	-	18,500

The benefits in kind represents healthcare and pension premiums that the Group pays for its directors at the prevailing rates. The shares received by the Group's directors during the period are also reflected in this figure. The Company recognised the expense for these shares in the previous financial period ending 31 March 2020, while they were recognised as Directors' remuneration in the current period to reflect the date at which ownership of the shares was taken.

Remuneration paid to the Directors during the year ended 31 March 2021 was:

Executive Director	Base Salary	Benefits in Kind	Share Based Compensation	Compensation for Loss of Office	Total
	£	£	£	£	£
A Russo	76,336	17,499	705,134	-	798,969
T Taylor	76,337	17,499	705,134	-	798,969
N G S Tulloch*	-	2,000	-	92,715	94,715

*Mr. Tulloch left office on 29 April 2020, receiving compensation for loss of office in the above sum.

Payments to Past Directors (audited)

A payment of £2,000 was made to Mr. N G S Tulloch during the period in respect of pension contributions during the period ended 31 March 2021. There were no payments to past directors during the period ended 31 March 2022.

Payments for Loss of Office (audited)

A compensation payment of £92,715 was made to Mr. N G S Tulloch for loss of office during the period ended 31 March 2021. There were no payments for loss of office during the period ended 31 March 2022.

Bonus and Incentive Plan (audited)

There were no formal bonus or incentives plans in operation during the period and no bonuses were paid to directors during the year.

Percentage Change in the Remuneration of the Chief Executive (audited)

The following table shows the percentage change in the remuneration of the Chief Executive in 2022 and 2021 compared to that of all employees, except directors, within the group.

		2022 £	2021 £	Change %
Base Salary	Chief Executive**	188,829	152,673	24
	All*	252,309	137,674	83
Bonuses	Chief Executive**	-	-	-
	All*	-	-	-
Benefits in Kind	Chief Executive**	53,831	36,998	45
	All*	440	5,556	(92)
Share Based Payments	Chief Executive**	470,090	1,410,268	(67)
	All*	27,018	-	-
Total Remuneration	Chief Executive**	712,750	1,599,939	(55)
	All*	279,766	143,230	95

*The figure for "all employees" excluding Chief Executives.

**There were two individuals who fulfilled the role of Chief Executive concurrently during the comparative year. The figures for "Chief Executive" above are the combined total payments to the two individuals in relation to the period that they each undertook the role.

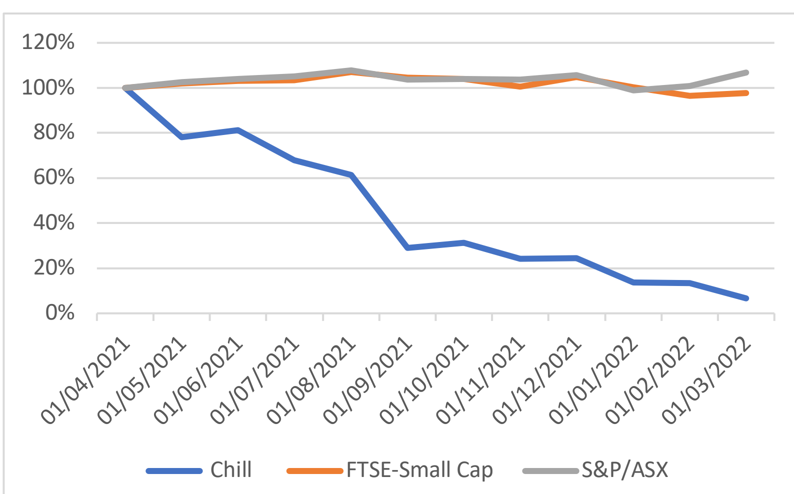
Relative Importance of Expenditure on Remuneration

	2022 £	2021 £	Year on Year
Total Chief Executives Remuneration (including share based payments)	712,750	1,599,939	(55%)
Distributions to Shareholders			N/A

Included in total remuneration is salary, bonuses, issued shares, compensation for loss of office and benefits.

Total Shareholder Return

The following graph illustrates the percentage movement in the Company's share price over the year compared to the percentage movements over the same period of the S&P/ASX 200 and FTSE-Small Cap indices.



Historic Remuneration of the Chief Executive

Year	Salary	Bonus	Benefits in Kind	Share Based Payments	Total
	£	£	£	£	£
2018	226,027	69,315	44,414	-	339,756
2019	221,779	147,853	47,914	-	417,546
2020	193,151	-	39,718	-	232,869
2021*	152,673	-	36,998	1,410,268	1,599,939
2022*	188,829	-	53,831	470,090	712,750

*The role of Chief Executive was fulfilled by two individuals concurrently during the years ended 31 March 2022 and 2021. The figures for "Chief Executive" are the combined total payments for the two individuals during the period.

Directors' Interest in Shares (audited)

The Company has no Director shareholding requirement.

In April 2020, 12,900,000 shares were issued to both Trevor Taylor and Antonio Russo at 8.5p per share. As it was probable as of March 2020 that the shares would be issued to the Directors, the share compensation expense of £1,096,500 had been recognised in the financial statements for the year ended 31 March 2020. However, because these shares were not issued until April 2021, the £1,096,500 is included in the table above for the 2021 Fiscal year.

In October 2020, Mr. Taylor and Mr. Russo were granted options of 5,775,000 shares which were vested. At 31 March 2022, the Group recorded £470,089 (2021: £1,410,268) in share-based compensation for the granted options.

The beneficial interest of the Directors in the ordinary share capital of the Company at both 31 March 2022 and 16 September 2022 was:

	Number of Shares		Percentage of Issued Shared Capital		Percentage Change
Director	31 March 2022	16 September 2022	31 March 2022	16 September 2022	
A Russo	6,950,000	6,950,000	3.28%	2.84%	(0.44%)
T Taylor	6,950,000	6,950,227	3.28%	2.84%	(0.44%)
E Schrader	22,601,870	26,755,416	10.66%	10.92%	0.26%
S Thompson	-	100,000	-	0.00%	0.00%

Mr. Russo and Mr. Taylor were appointed to the Board on 28 April 2020.

The Directors held the following options and warrants at the beginning and end of the period:

Director	At 31 March 2021	Granted in the Period	Exercised in the Period	Lapsed in the Period	At 31 March 2022
A Russo	2,887,500	-	-	-	2,887,500
T Taylor	2,887,500	-	-	-	2,887,500
Total	5,775,000	-	-	-	5,775,000

Remuneration Committee

There is no separate Remuneration Committee at present, instead all remuneration matters are considered by the Board as a whole. It meets when required to consider all aspects of directors' and staff remuneration, share options and service contracts.

Shareholder Voting at the Annual General Meeting

The Directors' Remuneration Report for the period ended 31 March 2021 and the Directors' Remuneration Policy were approved by the shareholders at the Annual General Meeting held on 26 October 2021. The votes cast were as follows:

Directors' Remuneration Report	Number of Votes	% of Votes Cast
For	40,260,988	96.4%
Against	1,504,356	3.6%
Total Votes Cast	41,765,344	100%
Number of Votes Withheld	33,757	
Directors' Remuneration Policy		
For	40,253,745	96.4%
Against	1,511,599	3.6%
Total Votes Cast	41,765,344	100%
Number of Votes Withheld	33,757	

This is the Company's sixth period of operation. From the outset, the Board has set out and implemented a policy designed in its view to attract, retain and motivate executive Directors of the appropriate calibre and ability. There have been no major changes during the period either in the policy on directors' remuneration or its implementation, including terms of service for the Directors.

This Directors' Remuneration Report was approved by the Board and signed on its behalf by:

Callum Sommerton, Chief Executive Officer

Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing this report and the financial statements in accordance with applicable United Kingdom law and regulations and those UK adopted International Financial Reporting Standards ("IFRS"). Company law requires the Directors to prepare financial statements for each financial period which present fairly the financial position of the Company and the financial performance and cash flows of the Company for that period.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- state whether applicable International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- provide additional disclosures when compliance with the specific requirements in UK adopted IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Company financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations, and for ensuring that the Annual Report includes information required by the Listing Rules of the Financial Conduct Authority.

So far as the Directors are aware, there is no relevant audit information, as defined by Section 418 of the Companies Act 2006, of which the Group's auditors are unaware and each Director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

The Consolidated Financial Statements are published on the Group's website http://www.chillbrandsgroup.com. The Directors are responsible for the maintenance and integrity of the website. Visitors to the website need to be aware that legislation in the United Kingdom covering the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

We confirm that to the best of our knowledge:

- the Company financial statements, prepared in accordance with UK adopted IFRS give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- this Annual Report includes a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that it faces; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

Greenhouse Gas Disclosures

The Group has now transitioned away from its traditional basis of operation within the oil and gas industry and is concerned solely with its retail and consumer products business. The ongoing divestment of its natural resources assets is likely to have materially reduced the amount of greenhouse gas emissions for which the Group was responsible.

Given that all such oil and gas assets have since been divested or have ceased active operation, the Board predicts a sustained, material, fall in the quantum of greenhouse gas emissions for which the Group is responsible. The Group has no active oil or gas operations, has not made plans for future drilling or exploitation of natural resources assets, and does not expect to engage in any future activity generative of greenhouse gasses in notable quantities.

While the Group is aware that it needs to measure its operational carbon footprint in order to limit and control its environmental impact, as a result of the Group's ongoing divestment of its natural resources assets throughout the reporting period, it has not been possible for the Board to provide an estimation of the quantity of carbon dioxide equivalent emissions generated by Group operations. As assets and sites have fallen outside of the Group's ownership, and owing to the disruption caused by the COVID-19 pandemic and other global logistical issues to the Group's retail operations, it has not been practicable to engage with external experts to quantify carbon output. It is however estimated that the Group's carbon output was lower during the reporting period than in previous years of oil and gas production operations given the Group now operates exclusively as a purveyor of consumer products.

Disclosure and Transparency Rules

Details of the Company's share capital and share options and warrants are given in Notes 21 respectively. There are no restrictions on transfer or limitations on the holding of the ordinary shares. None of the shares carry any special rights with regard to the control of the Company. There are no known arrangements under which the financial rights are held by a person other than the holder and no known agreements or restrictions on share transfers and voting rights.

As far as the Company is aware there are no persons with significant direct or indirect holdings other than the Directors and other significant shareholders as shown on page 24.

The provisions covering the appointment and replacement of directors are contained in the company's articles, any changes to which require shareholder approval. There are no significant agreements to which the Company is party that take effect, alter or terminate upon a change of control following a takeover bid and no agreements for compensation for loss of office or employment that become effective as a result of such a bid.

Requirements of the Listing Rules

The following table provides references to where the relevant information required by listing rule 9.8.4R is disclosed:

Listing Rule requirement	
Details of long-term incentive schemes as required by Listing Rule 9.4.3R	None – see Directors' Remuneration Report pages 26 to 31
Details of any arrangement under which a Director of the Company has waived emoluments from the Company	Directors' Remuneration Report pages 26 to 31
Details of any allotment for cash of equity securities made during the period otherwise than to the holders of such equity shares other than in proportion to their holdings of such equity shares and which has not been specifically authorised by the Company's shareholders	Note 19 on page 76
Details of any contract of significance subsisting during the period to which the Company is a party and to which a Director of the Company is or was materially interested	Note 24 on page 80
Details of remaining service contract period for director standing for re-election this year	See service contracts details on page 27

Financial Instruments

The Company has exposure to credit risk, liquidity risk and market risk. Note 24 presents information about the Company's exposure to these risks, along with the Company's objectives, processes and policies for managing the risks.

Events after the reporting period

On 19 April 2022, the Group announced a reorganisation of its executive management team with the appointment of Callum Sommerton to the Board of Directors in the capacity of Chief Executive Officer. In line with this change, the former Co-Chief Executive Officers have adopted alternative roles within the business. Antonio Russo now acts as the Group's Chief Commercial Officer with responsibility for the Group's sales and marketing activities. Trevor Taylor now acts as the Group's Chief Operating Officer with primary responsibility for reducing costs, sourcing, and distribution.

Also on 19 April 2022, the Group issued 100,000 ordinary shares of 1 pence each to Mr. Scott E. Thompson as a final share-based remuneration package agreed in respect of his appointment to the Board of Directors as an Independent Non-Executive Director on 27 January 2022.

On 21 April 2022, the Group announced that it would issue 500,000 Ordinary Shares of 1 pence each to the U.S. Major Arena Soccer League (MASL) as payment for the sponsorship and marketing program announced on 20 December 2021. The shares were issued under the final share-based remuneration package agreed in respect of the Group's sponsorship of MASL and its sports teams.

During April 2022, the Group's Zoetic tinctures and Chill gummies were added to an updated FSA list of CBD food products that are linked to a credible application for authorisation. This means that the Group's products can remain on sale and that they have reached the penultimate stage to full validation.

On 26 April 2022, the Group announced that it had raised £3,500,000 (before costs) through a fundraising activity consisting of a Subscription for 29,166,699 shares of one pence each at a price of 2 pence per ordinary share, in combination with the issue of convertible loan notes at a price of 2 pence each with an aggregate value of £2,916,670. The fundraising was contingent on shareholder approval which was granted at a General Meeting held on 12 May 2022. As announced, the convertible loan notes are automatically convertible into Ordinary Shares at 2 pence per share subject to the publication of a prospectus or the passing of legislation that means a prospectus is no longer required. The Company is working with its advisers to prepare, submit and publish a prospectus as a matter of priority.

In addition to this fundraising activity, the Group announced an Open Offer to its existing shareholders to enable them to participate on equivalent terms to investors in the recent subscription round. Per the announcement on 31 May 2022, the Group sought to raise up to an aggregate value of £483,673 via subscription shares and convertible loan notes. A total of £212,201.40 was raised via the Open Offer.

Following the end of the year in review, the Company ended its arrangement with Ox Distributing, LLC ("Ox") under which Ox had been appointed the Company's master distributor. The Company stated that it would instead develop direct relationships with retailer partners and that it intended to overhaul its approach to physical retail distribution.

Directors' Indemnity Provisions

The Group has implemented Directors and Officers Liability Indemnity insurance.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. In considering the financial performance and position of the Company, the Directors have reviewed the post year end fundraising of £3.5 million, the settlement of outstanding fees, the elimination of specific recurring costs, post year end performance and the general market. The Directors have taken these factors into consideration and applied them to a variety of scenarios including a worst-case scenario of no sales and a linked reduced cost base. Further details are given in Note 2.19 to the Financial Statements. Based on this, the Directors continue to adopt the going concern basis in preparing the financial statements.

Donations

The Company made no political donations during the period.

These statements of the Directors' Responsibilities were approved by the Board and signed on its behalf by:

Callum Sommerton, Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHILL BRANDS PLC

Opinion

We have audited the financial statements of Chill Brands Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statement of Cashflows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion,:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2022 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included;

- Obtaining cash flow forecasts, and budgets from management for a period of at least 12 months from the date of signing the financial statements to give an indication of the expected financial returns over that period;

- Reviewing the inputs into the cash flow forecasts and challenging the assumptions and judgements made;
- Considering the current available financial headroom and confirm existence, legality and enforceability of any financial support arrangements;
- Reviewing correspondence with bankers, legal advisors, and meeting minutes for any references to financial difficulties; and
- Continuing to review RNS releases and discussed subsequent events and future plans with management.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our application of materiality

We apply the concept of materiality both in planning and performing the audit and evaluating the effect of misstatements on our audit and on the financial statements. For the purposes of determining whether the financial statements are free from material misstatements, we define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We also determine a level of performance materiality which we use to assess the extent of testing needed to reduce to an appropriate level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole. We determined materiality for the group to be £257,000 (2021: £145,000) on the basis of 6% (2021: 7%) of loss before tax adjusted for unusual and non-recurring transactions. The reduction in the threshold for materiality reflects the errors noted in prior years. We have used this benchmark to determine our materiality, which we believe is the key metric of the group which is used by shareholders. Performance materiality of £154,200 (2021: £87,000) was determined on the basis of 60% (2021: 60%) due to the risk profile of the listed entity. We agreed with the Board that we would report all audit differences in excess if £12,850 (2021: £7,250), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We determined materiality of the parent company to be £71,000 (2021: £73,000) on the basis of 6% (2021: 7%) of loss before taxation adjusted for unusual and non-recurring transactions, capped below the level of group materiality. We have used this benchmark as the entity is in its start-up phase, it is incurring start-up costs following the change of strategy from exploration to CBD business, which are key to shareholders. In arriving at materiality, profit has been adjusted for unusual and non-recurring transactions. Performance materiality of £42,600 (2021: £43,800) was determined on the basis of 60% (2021: 60%) due to the risk profile of the listed entity. We agreed with the Board that we would report all audit differences in excess of £3,550 (2021: £3,650), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

Our approach to the audit

The group includes the listed parent Company and the US based subsidiaries, of which only Chill Corporation was considered to be significant. We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the Company, the accounting processes and controls, and the industry in which they operate.

As part of our planning, we assessed the risk of material misstatement including those that required significant auditor consideration at the component and group level. In particular, we looked at areas of estimation, for example in respect of the valuation of inventory and the impairment of inter-group loans. Procedures were then performed to address the risk identified and for the most significant assessed risks of misstatement, the procedures performed are outlined below in the key audit matters section of this report. We re-assessed the risks throughout the audit process and concluded the scope remained the same as at planning.

No component auditors have been used and as group auditors we audited the significant components in the United States for the year ended 31 March 2022. This gave us sufficient appropriate audit evidence for our audit opinion on the group financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	**How our scope addressed this matter**
Valuation and classification of inventory (as disclosed in note 15)	
The recoverability of inventory is reliant on the net realisable value which reflects future demand and market trends which are difficult to anticipate. Furthermore, the classification of the asset needs to be determined as to whether the asset is that of a living plant or the processed CBD. There is a risk that the carrying value of inventory is materially misstated with regards to valuation. We consider this to be a key audit matter given the financial significance.	Our work in this area included: • Attending an inventory count for the US components, and through an independent third party for the UK entity; • Identifying the nature of the inventory balance to ensure appropriate classification and valuation methodology;

Inventory represents 20% of the group's total assets at 31 March 2022 and management use judgement and estimation in arriving at the valuation. The variance from the prior year is also minimal, suggesting a risk of historical balances being retained. This has been considered a KAM due to the materiality of the balances held and the level of judgement and estimation required by management in their assessment on the stage of the asset in its lifecycle.	• Considering the classification of inventory in terms of IAS 2; • Reviewing and challenging the valuation of inventory to ensure that it is in accordance with IAS 2; • Reviewing and challenging management's revenue forecast to ensure demand for the inventory exists as well as a review of management's ability to forecast by referring to previous forecast models compared to actual; • Assessing management's provisioning methodology and re-performing the assessment to ensure the provision is not understated; and • Considering the implications of any legal pronouncements which could adversely impact the valuation of inventory. We have obtained sufficient and appropriate audit evidence over the classification and valuation of inventory.
Going Concern (as disclosed in note 2.2)	
When preparing financial statements in the UK, those charged with governance should satisfy themselves as to whether the going concern basis is appropriate. The group is currently expanding its CBD business and therefore requires a high cash burn, particularly in relation to distribution costs. Long term success of the CBD revenue stream is also not proven at this stage of the business. The group is historically dependent on raising funds as and when required to ensure they can meet their day to day liabilities. There is therefore the risk that the group is not a going concern.	It is a requirement of UK adopted IFRS, that, in determining that the going concern basis is appropriate, the Directors must consider a period of at least 12 months from the anticipated date of signing of the financial statements. Our work in this area included: • Obtaining cash flow forecasts, management accounts, and budgets from management for a

	period of at least 12 months from the date of signing the financial statements to give an indication of the expected financial returns in future months; • Reviewing the inputs into the cash flow forecasts and challenging the assumptions and judgements made; • Reviewing documents for reasonableness by comparing previous forecasts to actual results; • Considering the current available financial headroom and confirm existence, legality and enforceability of any financial support arrangements; • Reviewing correspondence with bankers, legal advisors, and meeting minutes for any references to financial difficulties; and • Continued to review RNS releases and discussed subsequent events and future plans with management; As set out in the Conclusions related to going section of this audit report we have concluded that we have obtained sufficient and appropriate audit evidence over the appropriate use of the going concern basis of preparation.
Valuation of loans to group undertakings (Chill Brands PLC only) (as disclosed in note 14)	
The Company has loan investments in its subsidiaries totalling over £9m. There is a risk that these loans could be impaired.	Our work is this area included: • Assessing the recoverability of the loans by reviewing and challenging management's impairment review of the investments.

	• Reviewing current trading conditions including distribution agreements signed, assets to be realised and the general growth in the CBD market; • Reviewing latest subsidiary accounts to confirm the year-end financial position and performance; • Reviewing budgets and forecasts and challenge management's underlying assumptions; and • Analysing subsequent events in support of the budgets to determine reliability of management's budgeting process. The loan balances have been fully impaired by the Directors as disclosed in the financial statements.
Revenue Recognition (note 3)	
Under ISA (UK) 240 there is a rebuttable presumption that revenue recognition is a fraud risk. The group has generated revenue of £624k as of £31 March 2022. Revenue recognition was included as a key audit matter in current financial period due to the nature of the new contracts entered into which required judgements to be made in respect of the timing of revenue recognition.	Our work on this area included: • Confirming the application of the group's revenue recognition policy and ensured that it was in accordance with the requirements set out under IFRS 15; • Substantively testing revenue from CBD sales against source production and contracts; • Performing cut-off testing to ensure revenue was being recorded in the correct financial period; • Reviewing the appropriateness of the related disclosures in the financial statements; and

	• Reviewing the treatment of revenue in respect of the distribution agreements in place during the year ended 31 March 2022. We have obtained sufficient and appropriate audit evidence over the recognition of revenue in accordance with IFRS 15.
Carrying Value of Intangible Fixed Assets (note 13)	
The group recognised an intangible asset of £1.19m at the year-end in the form of a domain name that was purchased in the period. The domain is considered key to the future success of the group and there is the risk that the impairment assessment has been incorrectly performed and includes management bias in respect of future cash generation through sales using the domain name. Management performs an assessment on the carrying value of the asset which includes judgements and estimates about the future business This has been considered a KAM due to the materiality of the balances held and the level of judgement and estimation required by management in their impairment assessments and the potential for management override of controls in this respect.	Our work on this area included: • Confirming the ownership of the intangible asset held; • Confirming the timing of the acquisition and the impact of this on the asset's carrying value • Reviewing for indicators of impairment in accordance with IAS 36; and • Reviewing and challenged management’s assessment of impairment of the intangible asset. Based on the audit work performed we agree with the carrying value of the intangible asset at the year end.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities in respect of the annual report and financial statements, the directors are responsible for the preparation of the group and parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group and parent company financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research, application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from Companies Act 2006, Listing Rules, Disclosure and Transparency Rules, UK Corporate Governance Code, The Food Standards Agency (FSA), The Federal Food, Drug, and Cosmetic Act (FD&C Act) as regulated by the FDA which regulates the synthetic nicotine in the USA.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to:
    - Enquiries of management, review of minutes, review of legal / regulatory correspondence.
    - Instruction the component auditors to make inquires of local management, together with their own assessment of risk of non-compliance.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates, judgement and assumptions for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business. In this context we view the significant estimates as being the key assumptions underlying the value in use calculations in the assessment of the intangible assets impairment.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: *www.frc.org.uk/auditorsresponsibilities*. This description forms part of our auditor's report.

Other matters which we are required to address

We were reappointed by the Board of Directors on 29 March 2022 to audit the financial statements for the period ending 31 March 2022 and subsequent financial periods. Our total uninterrupted period of engagement is 4 years, covering the periods ending 31 March 2019 to 31 March 2022.

No non-audit services prohibited by the FRC's Ethical Standard were provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Joseph Archer (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

Chill Brands Group PLC (Formerly Zoetic International PLC)

Consolidated Statement of Comprehensive Income

For the years ended 31 March 2022 and 2021

	Notes	Year ended 31 March 2022 £		Year ended 31 March 2021 £	
Revenue	3	**624,187**		320,875	
Cost of sales		**(738,555)**		(361,517)	
Obsolete inventory expense	15	**(664,442)**		-	
Gross loss		**(778,810)**		(40,642)	
Administrative expenses		**(2,837,400)**		(2,151,391)	
Share expenses for options granted	21	**(1,958,076)**		(1,410,268)	
Other Expense	24	**-**		(1,200,000)	
Operating Loss	5	**(5,574,286)**		(4,802,301)	
Finance income		**1,962**		1,762	
Loss on ordinary activities before taxation		**(5,572,324)**		(4,800,539)	
Taxation on loss on ordinary activities	8	**-**		-	
Loss for the period from continuing activities		**(5,572,324)**		(4,800,539)	
Loss for the period from discontinued activities	9	**(139,179)**		(49,762)	
Loss for the period		**(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		**(271,869)**		231,644	
Total comprehensive income for the period attributable to the equity holders		**(5,983,372)**		(4,618,657)	
Earnings per share attributed to the equity holders:					
Attributable to continuing activities		**(2.65)**	p	(2.48)	p
Attributable to discontinued activities		**(0.06)**	p	(0.03)	p
Total	10	**(2.71)**	p	(2.51)	p

The financial Statements were approved by the Board of Directors on and signed on their behalf by:

C Sommerton

Callum Sommerton, Chief Executive Officer

Chill Brands Group PLC
Registered Number: 09309241

Consolidated Statement of Financial Position

At 31 March 2022 and 2021

	Notes	At 31 March 2022 £	At 31 March 2021 £
Non-Current Assets			
Property, plant, and equipment	11	**54,173**	54,597
Right of use lease asset	12	**260,376**	-
Intangible assets	13	**1,190,225**	-
Total Noncurrent Assets		**1,504,774**	54,597
Current Assets			
Inventories, net	15	**636,294**	1,238,779
Trade and other receivables	16	**700,199**	136,093
Cash and cash equivalents	17	**420,045**	333,176
Total Current Assets		**1,756,538**	1,708,048
Total Assets		**3,261,312**	1,762,645
Non-Current Liabilities			
Loans, excluding current maturities	23	**50,463**	72,042
Right of use lease liability, net of current portion	12	**205,672**	-
Total Noncurrent Liabilities		**256,135**	72,042
Current Liabilities			
Current maturities of loans	23	**18,494**	8,382
Trade and other payables	18	**730,184**	661,653
Right of use lease liability, non-current portion	12	**62,390**	-
Accrued liabilities	18	**654,071**	1,244,750
Total Current Liabilities		**1,465,139**	1,914,785
Total Liabilities		**1,721,274**	1,986,827
Net Assets		**1,540,038**	(224,182)
Equity			
Share capital	19	**2,120,700**	2,020,700
Share premium account	19	**10,298,440**	4,698,441
Share based payments reserve	20	**3,389,762**	1,431,686
Shares to be issued reserve	21	**89,517**	-
Foreign currency translation reserve		**260,777**	532,646
Retained loss		**(14,619,158)**	(8,907,655)
Total Equity		**1,540,038**	(224,182)

The financial Statements were approved by the Board of Directors on and signed on their behalf by:

Callum Sommerton, Chief Executive Officer

Chill Brands Group PLC
Registered Number: 09309241

Company Statement of Financial Position

At 31 March 2022 and 2021

	Notes	At 31 March 2022 £	At 31 March 2021 £
Non-Current Assets			
Loan to group undertaking	11	**-**	5,057,643
Total Noncurrent Assets		**-**	5,057,643
Current Assets			
Inventories	12	**124,610**	80,400
Trade and other receivables	13	**97,670**	42,116
Cash and cash equivalents	14	**180,266**	181,462
Total Current Assets		**402,546**	303,978
Total Assets		**402,456**	5,361,621
Non-Current Liabilities			
Long-term debt, excluding current maturities	23	**32,500**	46,778
Total Noncurrent Liabilities		**32,500**	46,778
Current Liabilities			
Current maturities of long-term debt	23	**10,000**	3,222
Trade and other payables	16	**338,138**	226,833
Accrued liabilities	16	**45,150**	1,244,750
Total Current Liabilities		**393,288**	1,474,805
Total Liabilities		**425,788**	1,521,583
Net Assets		**(23,242)**	3,840,038
Equity			
Share capital	18	**2,120,700**	2,020,700
Share premium account	18	**10,298,440**	4,698,441
Share based payments reserve	22	**3,389,762**	1,431,686
Shares to be issued reserve	21	**89,517**	-
Retained loss		**(15,921,661)**	(4,310,789)
Total Equity		**(23,242)**	3,840,038

The financial Statements were approved by the Board of Directors on and signed on their behalf by:

Callum Sommerton, Chief Executive Officer

Chill Brands Group PLC

Consolidated Statement of Changes in Equity

For the years ended 31 March 2022 and 2021

	Share Capital £	Share Premium Account £	Share Based Payment Reserve £	Shares To Be Issued Reserve £	Foreign Currency Translation Reserve £	Retained Loss £	Total £
At 31 March 2020	**1,729,200**	**3,020,616**	**54,171**	**1,096,500**	**301,002**	**(4,090,107)**	**2,111,382**
Comprehensive income for the period							
Loss for the period	-	-	-	-	-	(4,850,301)	(4,850,301)
Other comprehensive income							-
Foreign exchange adjustment	-	-	-	-	231,644	-	231,644
Total comprehensive income for the period attributable to the equity holders	-	-	-	-	231,644	(4,850,301)	(4,618,657)
Issue of warrant and options	-	-	1,410,268	-	-	-	1,410,268
Lapse of warrants	-	-	(32,753)	-	-	32,753	-
Exercise of warrants	20,000	200,000	-	-	-	-	220,000
Shares to be issued	55,000	275,000	-	-	-	-	330,000
Shares issued in the period	216,500	1,230,000	-	(1,096,500)	-	-	350,000
Cost relating to share issues	-	(27,175)	-	-	-	-	(27,175)
At 31 March 2021	**2,020,700**	**4,698,441**	**1,431,686**	**-**	**532,646**	**(8,907,655)**	**(224,182)**
Comprehensive income for the period							
Loss for the period	-	-	-	-	-	(5,711,503)	(5,711,503)
Other comprehensive income							-
Foreign exchange adjustment	-	-	-	-	(271,869)	-	(271,869)
Total comprehensive income for the period attributable to the equity holders	-	-	-	-	(271,869)	(5,711,503)	(5,983,372)
Issue of warrant and options	-	-	1,958,076	-	-	-	1,958,076
Shares to be issued	-	-	-	89,517	-	-	89,517
Shares issued in the period	100,000	5,900,000	-	-	-	-	6,000,000
Cost relating to share issues	-	(300,001)	-	-	-	-	(300,001)
At 31 March 2022	**2,120,700**	**10,298,440**	**3,389,762**	**89,517**	**260,777**	**(14,619,158)**	**1,540,038**

Chill Brands Group PLC

Company Statement of Changes in Equity

For the years ended 31 March 2022 and 2021

	Share Capital £	Share Premium Account £	Share Based Payment Reserve £	Shares To Be Issued Reserve £	Retained Loss £	Total £
At 31 March 2020	**1,729,200**	**3,020,616**	**54,171**	**1,096,500**	**(2,002,423)**	**3,898,064**
Comprehensive income for the period						
Loss for the period	-	-	-	-	(2,341,119)	(2,341,119)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period attributable to the equity holders	-	-	-	-	(2,341,119)	(2,341,119)
Issue of warrant and options	-	-	1,410,268	-	-	1,410,268
Lapse of warrants	-	-	(32,753)	-	32,753	-
Exercise of warrants	20,000	200,000	-	-	-	220,000
Shares to be issued	55,000	275,000	-	-	-	330,000
Shares issued in the period	216,500	1,230,000	-	(1,096,500)	-	350,000
Cost relating to share issues	-	(27,175)	-	-	-	(27,175)
At 31 March 2021	**2,020,700**	**4,698,441**	**1,431,686**	**-**	**(4,310,789)**	**3,840,038**
Comprehensive income for the period						
Loss for the period	-	-	-	-	(11,610,872)	(11,610,872)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period attributable to the equity holders	-	-	-	-	(11,610,872)	(11,610,872)
Issue of warrant and options	-	-	1,958,076	-	-	1,958,076
Shares to be issued	-	-	-	89,517	-	89,517
Shares issued in the period	100,000	5,900,000	-	-	-	6,000,000
Cost relating to share issues	-	(300,001)	-	-	-	(300,001)
At 31 March 2022	**2,120,700**	**10,298,440**	**3,389,762**	**89,517**	**(15,921,661)**	**(23,241)**

Chill Brands Group PLC

Consolidated Statement of Cash Flows

For the years ended 31 March 2022 and 2021

	2022 £	2021 £
Cash Flows From Operating Activities		
Loss for the period	**(5,711,503)**	(4,850,301)
Adjustments for:		
Depreciation and amortization charges	**113,090**	20,677
Impairment provision	**664,441**	206,685
Loss on disposal of property, plant, and equipment and intangible assets	**226**	-
Share expenses for options granted	**1,958,076**	1,410,268
Shares issued as compensation	**89,517**	-
Foreign exchange translation adjustment	**(319,545)**	193,717
Operating cash flow before working capital movements	**(3,205,698)**	(3,018,954)
Increase in inventories	**(61,957)**	(275,743)
(Increase)/decrease in trade and other receivables	**(564,106)**	1,301,039
Increase/(decrease) in trade and other payables	**68,531**	(235,732)
(Decrease)/increase in accrued liabilities	**(1,199,600)**	1,244,750
Net Cash outflow from Operating Activities	**(4,962,830)**	(984,640)
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)
Purchase of intangible assets	**(617,198)**	-
Net Cash generated from/(used in) Investing Activities	**(644,641)**	300,539
Cash Flows From Financing Activities		
Net proceeds from issue of shares	**5,699,999**	542,825
Loans made by the Company	**(11,467)**	80,424
Payments of lease liability	**(52,801)**	-
Net Cash Generated from Financing Activities	**5,635,731**	623,249
Net increase (decrease) in cash and cash equivalents		
As above	**28,260**	(60,852)
Cash and cash equivalents at beginning of period	**333,176**	349,006
Foreign exchange adjustment on opening balances	**58,609**	45,022
Cash and cash equivalents at end of period	**420,045**	333,176

Chill Brands Group PLC (Formerly Zoetic International PLC)

Company Statement of Cash Flows

For the years ended 31 March 2022 and 2021

	2022 £	2021 £
Cash Flows From Operating Activities		
Loss for the period	**(11,610,872)**	(2,341,119)
Adjustments for:		
Share expense for options granted	**1,958,076**	-
Impairment provision	**9,350,090**	79,929
Operating cash flow before working capital movements	**(302,705)**	(2,261,190)
Increase in inventories	**(94,999)**	(4,567)
(Increase)/decrease in trade and other receivables	**(55,554)**	1,169,719
Increase in trade and other payables	**111,305**	123,219
(Increase)/decrease in accrued liabilities	**(1,199,600)**	1,244,750
Net Cash outflow from Operating Activities	**(1,541,553)**	271,931
Cash Flows From Investing Activities		
Investment in and loan to subsidiary	**(4,152,141)**	(960,377)
Net Cash Used from Investing Activities	**(4,152,141)**	(960,377)
Cash Flows From Financing Activities		
Net proceeds from issue of shares	**5,699,999**	542,825
Loans made by the Company	**(7,500)**	50,000
Net Cash Generated from Financing Activities	**5,692,499**	592,825
Net increase (decrease) in cash and cash equivalents		
As above	**(1,196)**	(95,621)
Cash and cash equivalents at beginning of period	**181,462**	277,083
Cash and cash equivalents at end of period	**180,266**	181,462

Notes to the Financial Statements

1. General Information

1.1 Group

Chill Brands Group, PLC ("the Company") and its subsidiaries (together "the Group") are involved in the development, production and distribution of premium cannabidiol (CBD) products. The Company, a public limited company incorporated and domiciled in England and Wales, is the Group's ultimate parent company. The Company was incorporated on 13 November 2014 with Company Registration Number 09309241 and its registered officed and principle place of business is 27/28 Eastcastle Street, London W1W 8DH.

1.2 Company Income Statement

The Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The loss for the financial period dealt with in the accounts of the Company amounted to £11,610,872 (2021: loss £2,341,119). The Parent Company has elected to prepare its financial statements in accordance with UK adopted IFRS.

2. Basis of Preparation

The Consolidated Financial Statements of the Group have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. The Consolidated Financial Statements have been prepared under the historical cost convention as adjusted to fair values where applicable. The principal accounting policies are set out below and have, unless otherwise stated, been applied consistently for all periods presented in these Consolidated Financial Statements. The financial statements are prepared in pounds sterling and presented to the nearest pound.

2.1 Basis of Consolidation

The Group financial information incorporates the financial information of the Company and its controlled subsidiary undertakings, drawn up to 31 March 2022. Control is achieved where the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable return from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

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

2.2 Going Concern

The financial statements have been prepared on a going concern basis which assumes that the Group will continue in operational existence for the foreseeable future.

2. Basis of Preparation continued

The Group has been generating revenues from the sale of its CBD products in the United Kingdom and United States and this is forecasted to increase.

The Directors of the Group have carefully considered the appropriateness of going concern in the Group's financial statements. An analysis of future cash flows was performed on a conservative basis, which projected historic sales and historical expenses for the period of 1 April 2022 through 31 August 2023. While the Group anticipates sales to increase in the coming year, the going concern analysis was performed on the assumption that sales would remain comparable to previous months. Based on this analysis, the Group will continue to operate for the foreseeable future.

The Group made a loss for the year of £5,893,372 after taxation and foreign exchange adjustments and held bank balances of £420,045 at the year end. The Group has implemented several cost reductions and reduced outstanding debts. With these developments, along with the divestment of the majority of the Group's major natural resources holdings, the Board anticipates an improvement cash flow as exposure to ongoing costs has been substantially reduced.

On 12 May 2022, the Group raised £583,334, before expenses, through the issuance of 29,166,699 new ordinary shares of 1 pence each at a price of 2 pence per ordinary shares from existing shareholders. Additionally, the Group issued convertible loan notes with an aggregate value of £2,916,670. The loan notes are convertible into ordinary shares at 2 pence per ordinary share.

The Directors have reviewed the working capital requirements of the Group for the next 12 months and are confident that these can be met. Requirements reviewed include a variety of scenarios including a worst case scenario which included no sales and a linked cost reduction including, but not limited to, a reduction in Directors salaries. Based on these considerations, the Directors consider that the continued adoption of the going concern basis is appropriate and the accounts do not reflect any adjustments that would be required if they were to be prepared on any other basis.

2.3 Business Combinations

There were no Business Combinations as defined by IFRS 3 (revised) during the period.

The acquisition of subsidiaries is accounted for using the purchase method. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognized at their fair values at the acquisition date.

2.4 Revenue Recognition

The Group has received revenue during the period from the sale of CBD products. The Group has both online sales of CBD products and retail sales through distribution channels in the United States and United Kingdom.

2. Basis of Preparation continued

Online sales; the Group recognises revenues from the sales of CBD products as the performance obligations are met. These performance obligations are met once the product has been delivered to the purchaser under the terms of the contract and the significant risks and rewards of ownership have been transferred to the customer.

Retail sales; the Group has distribution agreements with wholesale distributors who distribute the CBD products to retail stores throughout the United States and United Kingdom. Revenue on distributor sales is recognised as the performance obligation is satisfied when the distributor initiates a purchase order and the product has shipped. For retail customer revenue, the performance obligation is satisfied when all contractual terms are met and ownership has been transferred to the customer.

2.5 Segmental Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM").

The CODMs, who are responsible for allocating resources and assessing performance of the operating segments, are Trevor Taylor and Antonio Russo, Co-CEOs.

All operations and information are reviewed together so that at present there is only one reportable operating segment this year.

2.6 Foreign Currency Translation

The Company's consolidated financial statements are presented in Sterling (£), which is also the functional currency of the parent company. The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For UK based companies the functional currency is Sterling and for all USA based companies the functional currency is US Dollars.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement for the period. When a gain or loss on a non-monetary item is recognized directly in equity, any exchange component of that gain or loss is also recognized directly in equity. When a gain or loss on a non-monetary item is recognized in the income statement, any exchange component of that gain or loss is also recognized in the income statement.

2. Basis of Preparation continued

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Sterling using exchange rate3s prevailing on the balance sheet date. Income and expense items (including comparative) are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in equity. Cumulative translation differences are recognized in profit or loss in the period in which the foreign operation is disposed of.

2.7 Defined Contribution Pension Funds

From time to time the Group may pay contributions related to salary to certain UK employees' individual pension schemes. The pension cost charged against profits represents the amount of the contributions payable to the schemes in respect of the accounting period. No separate provision is made in respect of non-UK employees.

2.8 Investment In Subsidiaries

Investment in subsidiaries comprises shares in the subsidiaries stated at cost less provisions for impairment.

2.9 Property, Plant, and Equipment

All plant and machinery is stated in the accounts at its cost of acquisition less a provision for depreciation.

Depreciation is charged to write off the cost less estimated residual values of plant and equipment on a straight line basis over their estimated useful lives. Estimated useful lives and residual values are reviewed each year and amended if necessary.

Fixed Assets	Useful lives
Office and field equipment and furniture	3-7 years
Leasehold improvements	2-5 years

Asset Retirement Obligations

The Group records the fair value of a liability for an asset retirement obligation in the period in which it is incurred with a corresponding increase in the carrying amount of the related long-lived asset. Liabilities are required to be accreted to their present value each period, and capitalized costs are depleted on a held-by-held basis using the units-of-production method. The periodic accretion expense is included in depreciation, depletion, amortization, and accretion in the consolidated and combined statements of operations. Upon settlement of liability, the Group will settle the obligation against its recorded amount and will record any resulting gain or loss in the consolidate and combined statements of operations. During the year ended 31 March 2022, the Group paid £205,000 to settle the obligation. The Group is awaiting approval of the remediation from the State of Montana.

2. Basis of Preparation continued

Right of Use Lease Asset

The Group determines if an arrangement is a lease at inception if the contact conveys the right to control the use and obtain substantially all the economic benefits from the use of an identified asset for a period of time in exchange for consideration.

The Group identifies a lease as a finance lease if the agreement includes any of the following criteria: transfer of ownership by the end of the lease term; an option to purchase the underlying asset that the lessee is reasonably certain to exercise; a lease term that represents 75 percent or more of the remaining economic life of the underlying asset; a present value of lease payments and any residual value guaranteed by the lessee that equals or exceeds 90 percent of the fair value of the underlying asset; or an underlying asset that is so specialized in nature that there is no expected alternative use to the lessor at the end of the lease term. A lease that does not meet any of these criteria is considered an operating lease.

Lease right-of-use assets represent the Group's right to use an underlying asset for the lease term and lease liabilities represent the Group's obligation to make lease payments arising from the lease. Right-of-use assets and liabilities are recognised at the commencement date of a lease based on the present value of lease payments over the lease term. The Group's lease terms may include options to extend or terminate the lease. The Group includes these extension or termination options in the determination of the lease term when it is reasonably certain that the Group will exercise that option. The Group does not recognise leases having a term of less than one year in our consolidated statement of financial position.

2.10 Intangible Fixed Assets

The Group purchased the domain name Chill.com on 22 June 2021. This domain name is the only intangible asset held by the Group.

This domain name is stated in the accounts at its cost of acquisition less a provision for amortisation. The domain name is amortised over 25 years using the straight line method. The balance as at the 31 March 2022 is £1,190,225 (2021: £nil). The amortisation expense for the year ended 31 March 2022 is £35,894(2021: £nil).

The Group analyses impairment of the intangible asset if internal or external factors or events cause the discounted fair value to be below the cost of the intangible asset.

2.11 Impairment Testing of Property, Plant and Equipment

At each balance sheet date, the Group assesses whether there is any indication that the carrying value of any asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

2. Basis of Preparation continued

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use, based on in internal discounted cash flow evaluation. Any remaining impairment loss is charged pro rate to the other assets in the cash generating unit.

2.12 Inventories

Inventories are stated at lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of competition and costs necessary to make the sale.

Given the shelf-life of the Company's products, along with their relative saleability depending on remaining useful life, the following inventory provisioning policies shall apply. Exceptions may be applied at the discretion of the Board.

Label Life Remaining	Recognised Value (%)
Receipt of Product	100%
Six Months	75%
Four Months	50%
Two Months	25%
One Month	10%
Post-Expiry Date	0%

Provisions for Inventory Assets

As a result of the regulatory uncertainty management considered it necessary to have written down the value of the tobacco free nicotine (TFN) products. Although there are regulations going into place, management estimates that the Company will be able to convert 20% of the TFN to revenue going forward. Additionally, for other inventory assets, the company has a provisions policy that utilises the shelf life of the products.

2. Basis of Preparation continued

2.13 Government Loans

The Group received a Paycheck Protection Program (PPP) loan during the year ended 31 March 2021 from the Small Business administration (SBA) as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The loan is designed for qualifying businesses for amounts up to 2.5 times of the average monthly payroll expense of the qualifying business. The SBA will forgive PPP loans if all employee retention criteria are met and the funds are used for eligible expenses. The PPP loan initially is recorded as debt on the financials and 100% unsecured. If the loan is not forgiven, the Group must pay monthly principal and interest payments loan at a stated interest rate per year. The Group recognises grant income equal to PPP proceeds received upon forgiveness of the loan.

The Group received a Bounce Back Loan Scheme (BBLS) loan during the year ended 31 March 2021 managed by the British Business Bank on benefit of and with the financial backing of the Secretary of State for Business, Energy and Industrial Strategy. The BBLS loan initially is recorded as debt on the financials and the Group pay monthly principal and interest payments at a stated interest rate.

See Note 23 for additional information regarding these loans.

2.14 Equity

Share capital is determined using the nominal value of shares that have been issued.

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

Equity-settled share-based payments are credited to a Share-based payment reserve as a component of equity until related options or warrants are exercised.

Shares to be issued are credited to the shares to be issued reserve as a component of equity until related shares are issued.

The Group offers a long-term incentive (LTIP) benefit to both executive and non-executive employees at the discretion of the Board of Directors. During the year ended 31 March 2022, the Group issued Restricted Stock Units (RSUs). Share based compensation is recorded in the consolidated income statement for the RSUs (see note 21).

Retained loss includes all current and prior period results as disclosed in the income statement.

2. Basis of Preparation continued

2.15 Share-based Payments

The Group issued warrants to the initial investors and certain counterparties and advisors in previous periods as well as issuing share options to its Directors and US based staff.

Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value so determined is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Fair value is measured using either a Black Scholes or Monte Carlo pricing model, depending upon which methodology is most appropriate in relation to the terms and conditions of the options or warrants granted. The key assumptions used in the models have been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

The Group issues shares allocated as compensation to its US based staff and Directors. Upon vesting date, the shares are valued at the stated par value and share premium and recorded as compensation expense and share premium on the financial statements.

2.16 Taxation

Tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit not the accounting profit.

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

2. Basis of Preparation continued

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

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

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

2.17 Financial Assets and Liabilities Financial Assets

(a) *Classification*

The Group classifies its financial assets at amortised cost and at fair value through the profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(b) *Recognition and measurement*

Amortised cost

Regular purchases and sales of financial assets are recognized at cost on the trade date, the date on which the Group commits to purchasing or selling the asset. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred, and the Group has transferred substantially all of the risks and rewards of ownership.

(c) *Fair Value Through the Profit or Loss ("FVTPL")*

Financial assets that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income ("FVTOCI") are measured at FVTPL.

Financial assets at FTVPL, are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. Fair value is determined by using market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation utilized are (the "fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted)
- Level 2: Observable direct or indirect inputs other the Level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data).

2. Basis of Preparation continued

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognized in the period they occur.

The Group measures its investments in quoted shares using the quoted market price.

(d) Impairment of Financial Assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original expected interest rate ("EIR"). The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are Recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition. ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables (not subject to provisional pricing) and other receivables due in less than 12 months, the Group applied the simplified approach in calculation ECLs, as permitted by IFRS 9. Therefore, the Group does not track changes in credit risk, but instead, recognized a loss allowance based on the financial asset's lifetime ECL at each reporting date.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial assets is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

(e) Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

2. Basis of Preparation continued

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. This is the same treatment for a financial asset measured at FVTPL.

Financial liabilities

(a) *Classification*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables and loans.

(b) *Subsequent measurement*

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss and other comprehensive income.

Trade and other payables

After initial recognition, trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised, as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

(c) *Derecognition*

A financial liability is derecognised when the associated obligation is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss and other comprehensive income.

2. Basis of Preparation continued

Liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit and loss or other liabilities, as appropriate. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortized cost.

2.18 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the process of applying the entity's accounting policies, management makes estimates and assumptions that have an effect on the amounts recognized in the financial information. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are those relating to:

- the carrying value of the investment in, and loan to, the subsidiary companies (Note 14)
- Fair value of options and warrants granted (Note 20)
- Useful life, lifespan and carrying value of the domain name Chill.com (Note 13)
- the provisions for inventory assets (Note 15)

Carrying Value of Investment in, and Loan to, Subsidiary Companies

The Company had invested in the subsidiary companies which, whilst generating revenues, are not yet profitable or providing cash flows. Following the decisions to withdraw from the oil and gas sector in 2020, full provision has been made by the Company against the investment in share capital of the subsidiaries involved in those activities. The estimated used in forecasting the potential future ash generation by the CBD operations focus on business sensitive factors such as distribution agreements, sales volume, pricing and cost of sales. The Directors considered the recoverability of the loans to subsidiaries and do not expect to recover the loans in the near future. Due to this the Group has considered it necessary to impair the entirety of the loans to subsidiary companies.

Fair Value of Options and Warrants Granted

Fair value is measured using either a Black Scholes or Monte Carlo pricing model, depending upon which methodology is most appropriate in relation to the terms and conditions of the options or warrants granted. The key assumptions used in the models have been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations, see Note 20.

2. Basis of Preparation continued

Useful life and Carrying Value of the Domain Name

The domain name is amortised over 25 years using the straight line method, which was determined to be the estimated useful life of the domain name asset by the Group based on industry analysis. The Group analyses impairment of the domain name if internal or external factors or events cause the discounted fair value to be below the cost of the intangible asset. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

2.19 Standards, Amendments and Interpretations to Existing Standards that are not yet Effective and Have not been Early Adopted by the Group

(a) *New and amended Standards and Interpretations adopted by the Group and Company*

No standards or Interpretations that came into effect for the first time for the financial year beginning 1 April 2021 have had an impact on the Group.

(b) *New and amended Standards and Interpretations issued but not effective for the financial year beginning 1 April 2022*

At the date of approval of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not been adopted by the UK):

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current – effective 1 January 2023*

Annual Improvements to IFRS Standards 2018-2020 Cycle – effective 1 January 2022*

- Amendments to IAS 1: Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies – effective 1 January 2023*
- Amendments to IAS 8: Accounting policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates – effective 1 January 2023*
- Amendments to IAS 12: Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction – effective 1 January 2023*

**subject to UK endorsement*

The new and amended Standards and Interpretations which are in issue but not yet mandatorily effective is not expected to be material.

3. Revenue

	2022	2021
	£	£
Sales of CBD products	624,187	320,875

Although the Group does sell separate products in multiple geographical locations, for the current period, the products are is within the same market categories and the majority of revenues were produced within the US and therefore, the Group does not currently differentiate between different geographic or other market categories. Revenues arising in the current and previous period relating to discontinued activities are included in the Loss for the period from discontinued activities, see Note 9.

4. Segment Reporting

Under IFRS 8, there is a requirement to show profit or loss for each reportable segment and total assets and total liabilities for each reportable segment if such amounts are regularly provided to the CODM. In the opinion of the Directors, the Group has one operating segment to be reported upon during the current or previous year.

The Group's oil and gas activities have been discontinued as of the year ended 31 March 2020 with the remaining activities of the Group related to its CBD business activities in the United States and UK. Information relating to the CBD activities are shown in the primary statements, therefore all IFRS disclosures are incorporated within other notes to the financial statements.

5. Operating Loss

	2022	2021
	£	£
This is stated after charging:		
Depreciation of property, plant and equipment	16,833	20,677
Depreciation of right of use asset	60,488	-
Amortisation of the domain name "Chill.com"	35,894	-
Share-based payments charge	1,958,076	1,410,268
Lease operating expenses	3,274	38,452
Auditor's remuneration		
Audit of parent company (note 7)	99,950	59,700
Director's remuneration (including share-based payment charge)	731,250	1,692,654
Staff costs (including Directors)	1,025,601	1,985,299

6. Directors and Staff Costs

The average number of staff during the year, including Directors, was 5 (2021: 2).

As shown staff costs for the Group, for the year, including Directors, were:

	2022	2021
	£	£
Salaries	441,138	290,347
Share based payments	497,108	1,410,268
Compensation for loss of office	-	92,715
Pension contributions	440	2,000
Healthcare Costs	53,831	40,554
	992,516	1,835,884
Social Security costs	33,085	149,415
	1,025,601	1,985,299

The Directors have determined that there are no key management personnel other than the Directors during the year.

Management remuneration paid and other benefits supplied to the Directors during the period plus the associated social security costs were as follows:

	2022	2021
	£	£
Salaries	188,829	152,673
FV of options vesting in the year	488,590	1,410,268
Compensation for loss of office	-	92,715
Pension contributions	-	2,000
Healthcare Costs	53,831	34,998
	731,250	1,692,654
Social Security costs	15,280	75,500
	746,530	1,768,154

7. Auditor's Remuneration

	2022	2021
Chill Brand Group PLC	£	£
Fees payable to the company's auditor for the audit of the individual and group accounts	44,978	59,700
Chill Corporation		
Fees payable to the company's auditor for the audit of the individual accounts	54,972	-

8. Taxation

	2022	2021
	£	£
Current tax	-	-
Deferred tax	-	-
Total	-	-
The charge/credit for the period is made up as follows:		
Corporate taxation on the results for the period	-	-
UK	-	-
Non-UK	-	-
Taxation charge/credit for the period	-	-
A reconciliation of the tax charge/credit appearing in the income statement to the tax credit that would result from applying the standard rate of tax to the results for the period is:		
Loss per accounts	(5,711,503)	(4,850,301)
Tax credit at the standard rate of corporation tax at a combined rate of 23% (20%)	(1,313,646)	(970,060)
Impact of unrelieved tax losses carried forward	1,313,646	970,060
Taxation credit for the period	-	-

The Directors consider that there are no material disallowable costs or timing differences in respect of the current year.

Estimated tax losses of £8,851,648 (2021: £5,237,400) may be available for relief against future profits from current operations. The deferred tax asset not provided for in the accounts based on the estimated tax losses and the treatment of temporary timing differences, is approximately £2,035,879 (2021: £1,047,480). Utilisation of these losses in future may or may not be possible depending upon future profitability within the Group and the continued availability of the losses due to the change in the Group's core activities. The losses from the previous oil and gas activities have been excluded from the above due to the uncertainty of the value of the losses due to the change in activities.

No deferred tax asset has been recognized by the Group due to the uncertainty of generating sufficient future profits and tax liability against which to offset the tax losses. Although current tax rates in the U.S. differ to those in the UK, due to the uncertainty of timing of any available relief and the Corporation tax rates that would be applicable at that time in either the UK or the U.S., where the Group's operations principally occur, the Directors have assumed that the applicable tax rate will be 23%, which is a blended rate given that the tax rate in the USA is 21 percent and in the UK is 25 percent. Note 8 above sets out the estimated tax losses carried forward and the impact of the deferred tax asset not accounted for.

9. Loss for the Period from Discontinued Activities

During the year ended 31 March 2020, the Board decided that the Group should withdraw from all oil and gas activities due to the continued volatility in the sector and the lack of progress in establishing profitable niche positions for the Group. The Group disposed of its interest in its East Denver producing wells, its Kansas operations and its patent portfolio along with its premises leases during the current year.

9. Loss for the Period from Discontinued Activities continued

The results of the discontinued operations which have been included in the consolidated income statement were as follows:

	Year ended 31 March 2022	Year ended 31 March 2021
	£	£
Revenue and other income	657	139,586
Administrative expenses	(139,836)	(189,348)
Operating loss	(139,179)	(49,762)
Loss on ordinary activities before taxation	(139,179)	(49,762)
Taxation on loss on ordinary activities	-	-
Loss for the period from discontinued activities	(139,179)	(49,762)
Cash flows from discontinued activities		
Operating activities	(139,179)	(49,762)
Investing activities	-	-
Financing activities	-	-
	(139,179)	(49,762)

10. Earnings Per Share

	Loss (£)	Weighted average number of shares	Per share amount (pence)
For the year ended 31 March 2022			
Basic earnings per share	(5,711,503)	210,480,993	(2.71)
For the year ended 31 March 2021			
Basic earnings per share	(4,850,301)	193,392,089	(2.51)

The calculation of the loss per share is based on the weighted average of 210,480,993 shares (2021: 193,392,089 shares). The calculation includes ordinary shares in issue during the period and on the loss for the financial period after taxation of £5,711,503 (2021: £4,850,301) split between the loss on continuing activities of £5,572,324 (2021: £4,800,539) and the loss on discontinued activities of £139,179 (2021: £49,762).

Basic earnings per share is based on net income and is calculated based upon the daily weighted-average number of common shares outstanding during the periods presented, Also, this calculation includes fully vested stock awards that have not been issued as common stock.

10. Loss Per Share continued

Given that the Group is in a loss position, dilutive loss per share was not presented on the face financial statements as it would have an anti dilutive effect. The dilutive effect of share options would have included an additional 8,569,178 weighted average number of shares for a total of 219,050,171. The total diluted loss per share for the year ended 31 March 2022 is £2.61 (2021: £2.51).

11. Property, Plant and Equipment

Group Cost	Plant and Equipment	Total
	£	£
At 31 March 2020	99,320	99,320
Additions	1,352	1,352
Disposals	(1,985)	(1,985)
Translation adjustment	(9,597)	(9,597)
At 31 March 2021	89,090	89,090
Depreciation		
At 31 March 2020	16,318	16,318
Charge for the year	20,677	20,677
Translation adjustment	(2,502)	(2,502)
At March 31 2021	34,493	34,493
Cost		
At 31 March 2021	89,090	89,090
Additions	27,438	27,438
Disposals	(30,595)	(30,595)
Translation adjustment	4,115	4,115
At 31 March 2022	90,048	90,048
Depreciation		
At 31 March 2021	34,493	34,493
Charge for the year	16,833	16,708
Disposals	(17,066)	(17,066)
Translation adjustment	1,615	1,740
At 31 March 2022	35,875	35,875
Net book Value		
At 31 March 2020	83,002	83,002
At 31 March 2021	54,597	54,597
At 31 March 2022	54,173	54,173

12. Right-of-Use Asset

	Asset	Liability
	£	£
As of 31 March 2021	-	-
Lease Additions	311,463	(311,463)
Lease Disposals	-	-
Depreciation of right of use assets	(60,488)	
Lease Liability principal repayments	-	52,802
Foreign Exchange	9,401	(9,401)
As of 31 March 2022	260,376	(268,062)

Future minimum lease payments under non-cancellable operating leases	31 March 2022
	£
2023	67,005
2024	68,102
2025	69,198
2026	21,218
Onwards	-
Foreign Exchange	42,539
Total	268,062

The Group leases an office under a non-cancelable operating lease for an office facility with a remaining lease term of 4 years expiring on 30 April 2026 and an option to extend for another 5 years. The right of use asset is £260,376 and is reported within non-current assets in the Consolidated Statement of Financial Position. Operating liabilities are reported within the non-current liabilities in the Consolidated Statement of Financial Position. The Group has not entered into any finance leases. Operating lease costs under this lease for the year ended 31 March 2022 totaled £52,802 (2021: £nil).

13. Intangible Assets

	Domain Name "Chill.com" £
Cost	
Balance at 31 March 2021	-
Additions	1,226,119
Disposals	-
Balance at 31 March 2022	1,226,119
Accumulated amortisation	
Balance at 31 March 2021	-
Charge for the year	(35,894)
Balance at 31 March 2022	(35,894)
Intangible Asset, net	1,190,225

The Group entered into an agreement to purchase the domain name "Chill.com" and all intellectual property rights that it has accrued in connection with the domain name and its use. The Group values the intangible assets at cost in accordance with IFRS 38 *Intangible Assets*.

For the purposes of recognition of the Asset's value, the Group has determined that the Chill.com domain has an estimated useful life of 25 years, and its value should therefore be amortised over that same period.

In determining the appropriate estimated useful life of the Asset, the Group's management has given consideration to the following factors:

- the treatment of domain assets by international regulatory bodies;
- the impact of the Asset on revenues generated by the Group;
- the continued development of an e-commerce platform under the Asset;
- the commercial opportunities attracted by ownership of the Asset; and
- the likelihood of realising the assets full purchase value on any future disposal.

The intangible assets are valued as of 31 March 2022 at £1,226,119 with amounts owed of £608,921 included in accrued liabilities in the Consolidated Statement of Financial Position.

14. Investment in Subsidiary and Loan to Group Companies

Company	2022	2021
	£	£
Investment in subsidiaries at cost	15,746,468	15,746,468
Less: impairment provision	(15,746,468)	(15,746,468)
Investment in subsidiaries	-	-

The Company has three subsidiaries for the years end 31 March 2022 and 2021. All Subsidiary companies are consolidated in the Group's financial statements.

Name	Place of Incorporation and Operation	Proportion of Ownership Interest	Profit/(Loss) for the Year	Aggregate Capital and Reserves at 31 March 2022
Highlands Natural Resources Corporation	USA	100%	1,042,906	£848,332
Highlands Montana Corporation*	USA	100%	(£108,796)	(£3,685,668)
Zoetic Corporation*	USA	100%	£4,584,564	£714,936

*Owned by Highlands Natural Resources Corporation

The principal activity of the Company is as a developer and producer of CBD products.

The principal activity of Highlands Natural Resources Corporation and Highlands Montana Corporation is oil and gas exploration and production. Operations for Highlands Natural Resources Corporation and Highlands Montana Corporation have been discontinued. The Company is in the process of closing these Companies once receipt of proper documentation from the State of Montana is received regarding the reclamation of the land.

The registered offices of the USA based subsidiaries are at 1601 Riverfront Drive Suite 201, Grand Junction, Colorado 81501, USA.

The ownership in all cases is of 100 per cent. of the issued ordinary shares of each company and in all cases represents 100 per cent. of the voting rights.

The investments in the shares of the subsidiaries are long term holdings and were initially made for the long term financing of the Group's oil and gas activities. Given the withdrawal of the Group from the oil and gas sector, and the associated losses generated from those discontinued activities, the Board has taken the view that there is no certainty of any significant sums being generated in the future from those activities to support the initial investment values. Consequently, the Company has made full provision against the investment in the shares of its US based oil and gas subsidiaries.

During the year, the Company made further loans to its USA based operating subsidiaries to fund the US operations in the CBD Operations. The Board does not consider that in due course such loans will be recoverable in full. Due to this, it was considered reasonable to impair the loans as of 31 March 2022. See Critical accounting judgements and key sources of estimation uncertainty at note 2.19.

14. Investment in Subsidiary and Loan to Group Companies cont.

Loan to Group Undertaking	Loan at Cost	Impairment Provision	Net Total
	£	£	£
At 31 March 2021	5,057,643	-	5,057,643
Additions	4,271,722	-	4,271,722
Impairment		(9,329,365)	(9,329,365)
At 31 March 2022	9,329,365	(9,329,365)	-

Due to the nature of the loan to subsidiaries, these were classed as a long-term asset at 31 March 2021.

15. Inventories

	Group 2022	Company 2022	Group 2021	Company 2021
	£	£	£	£
Finished Good	557,887	124,610	1,157,960	80,400
Raw Materials	337,445	-	80,819	-
Allowance for obsolete inventory	(259,038)	-	-	-
Totals at 31 March 2022	636,294	124,610	1,238,779	84,000

Obsolete Inventory Expense	
Write off of biomass and hemp inventory	326,028
Allowance for TFN products	259,038
Write off of TFN products	28,586
Write off of inventory past best by date	50,790
Total	664,442

As a result of synthetic nicotine now being regulated in the same fashion as regular tobacco products, there is an ongoing question as to the viability of certain parts of our product range given the regulatory landscape is so uncertain and there is no guarantee that any product on the market will be safe from enforcement action. Against this backdrop, many retailers are unwilling to accept products or will only do so on a consignment basis with terms that are not commercially beneficial for Chill. They adopt this approach as a result of the regulatory uncertainty and it is on this basis that we have written down the value of the TFN products.

Due to changing regulations regarding synthetic nicotine products, management feels it necessary to write down 80% of the TFN value. Although there are regulations going into place, management estimates that the Company will be able to convert 20% of the TFN to revenue going forward.

Additionally, management wrote of products which were past their best by date and disposed of raw material, hemp and biomass, that would no longer be used.

16. Trade & Other Receivables

	Group 2022	Company 2022	Group 2021	Company 2021
	£	£	£	£
Trade & other receivables	611,962	97,670	55,637	5,858
Prepayments & other debtors	88,237	-	80,456	36,258
	700,199	97,670	136,093	42,116

All amounts in trade receivables are due within 3 months with the exception of the trade receivable from Ox Distributing. The trade receivable from Ox Distributing of £425,519 is due within 7 months.

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value. Fair values have been calculated by discounting cash flows at prevailing interest rates. See also Note 25.

The Group applies the IFRS9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing. The Group's customer base is of a similar bracket and share the same characteristics, as such these have been treated as one population. The expected lifetime losses are considered to be £nil. All trade receivables are due with 90 days as at year end.

17. Cash & Cash Equivalents

	Group 2022	Company 2022	Group 2021	Company 2021
	£	£	£	£
Cash at bank	420,045	180,266	333,176	181,462

Cash at bank comprises of balanced held by the Group in current bank accounts. The carrying amount of these assets approximated to their fair value.

The credit rating for Clydesdale Bank Plc were:

Rating Agency	Rating
Fitch	A-
Moody's	A2

18. Trade & Other Payables

	Group 2022	Company 2022	Group 2021	Company 2021
	£	£	£	£
Trade payables	730,184	332,632	661,653	171,377
Accruals and other payables	654,071	5,506	1,244,750	55,546
	1,384,255	338,138	1,906,403	226,833

Trade payables, accruals and other payables principally comprise amounts outstanding for trade purchases and continuing costs. The Directors consider that the carrying amount of trade and other payables approximates to their fair value. Fair values have been calculated by discounting cash flows at prevailing interest rates. See also Note 25.

19. Share Capital

	2022	2021
	£	£
Allotted called up and fully paid:		
212,070,034 ordinary 1p shares (2021: 202,070,034 ordinary 1p shares)	2,120,700	2,020,700

The Company has only one class of share. All ordinary shares have equal voting rights and rank pari passu for the distribution dividends and repayment of capital.

	Number	Par Value of Shares Issued £
At 31 March 2021	202,070,034	2,020,700
28 May 2021 issue shares at 1p per share	10,000,000	100,000
Total number of shares in issue at 31 March 2022	212,070,034	2,120,700

Share Premium Account

	Shares	£
At 31 March 2021	202,070,034	4,698,441
28 May 2021 issuance of shares at 60p per share	10,000,000	5,900,00
Total number of shares in issue at 31 March 2022	212,070,034	10,598,441
Less: costs relating to share issue	-	(300,001)
At 31 March 2022	212,070,034	10,298,440

20. Share Options and Warrants

At 31 March 2022 there were options outstanding over 28,746,432 unissued ordinary shares (2021: 7,155,000). Details of the options 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	5,840,000	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
Total			28,746,432	

On 8 October 2020, 5,775,000 options were granted to T. Taylor and A. Russo.

On 28 May 2021, 10,000,000 warrants were issued to investors exercisable at 1 pence per share.

On 1 June 2021, 1,200,000 options were issued to consultants.

On, 23 September 2021, 10,391,432 options were issued to strategic advisors.

The Directors held the following options and warrants at the beginning and end of the period:

Director	At 31 March 2021	Granted in the Period	Exercised in the Period	Lapsed in the Period	At 31 March 2022	Exercise price - pence
T Taylor	2,887,500	-	-	-	2,887,500	10p
A Russo	2,887,500	-	-	-	2,887,500	10p
Total	5,775,000	-	-	-	5,775,000	

The options held by T. Taylor and A. Russo are exercisable until 8 October 2029.

The market price of the shares at the year-end was 4.25 p per share.

During the year ended 31 March 2022, the minimum and maximum prices were 3.88p and 83.50p per share respectively

In May 2021, 10,000,000 warrants were issued to investors exercisable at 1 pence per share.

In June 2021, Adam Wilson was granted options of 1,200,000 shares which are vested over five years beginning from the date of grant in June 2021.

In September 2021, Viridian Capital Advisors, LLC were granted options of 10,391,432 shares which are vested over five years beginning one year from the date of grant in September 2021.

21. Equity-settled Share-based Payments Reserve

	2022	2021
	£	£
At 31 March 2021	1,431,686	54,171
On options and warrants granted in the year	1,958,076	1,410,268
Released on exercise of warrants during the year	-	-
Released on lapsing of warrants during the year	-	(32,753)
At 31 March 2022	3,389,762	1,431,686

The details of the exercise price and exercise period of options outstanding at the year-end are given in Note 19 above.

Share Base payments: At 31 March 2021, the Group recorded 1,410,268 in share based compensation for the granted options to T. Taylor and A. Russo.

Details of the options and warrants outstanding at the period end are as follows:

Options and Warrants	2022 Number	2022 Weighted average exercise price – pence	2021 Number	2021 Weighted average exercise price-pence
Outstanding at the beginning of the period	7,155,000	10.90p	6,255,000	10.71p
Granted	21,591,432	33.16p	6,775,000	10.30p
Lapsed during the period	-	-	(4,875,000)	10.00p
Exercised during the period	-	-	(1,000,000)	12.00p
Outstanding at the period end	28,746,432	36.68p	7,155,000	10.90p
Exercised at the period end	250,000	27.75p	250,000	27.75p

The warrants were exercised on 25 March 2021 when the share price was 88.00p. The options were granted on 28 October 2020 when the share price was 41.75p.

The options and warrants outstanding at the period end have a weighted average remaining contractual life of 8.8 years. The exercise price of the options and warrants outstanding at the period end range from 6.67p to 27.75p per share. Full details of the exercise price and potential exercise dates are given in Note 20 above.

The fair value of 5,775,000 options granted on 28 October 2020 were calculated using the Monte Carlo pricing model. The key inputs into the Monte Carlo pricing model were:

Share price at date of issue of options	41.8p
Exercise price	10p
Hurdle 1	14p
Hurdle 2	18p
Historical volatility	97.55%
Risk free rate	1.87%
Expected dividend yield	Nil

21. Equity-settled Share-based Payments Reserve continued

At 31 March 2021, the Group recorded 1,410,268 in share based compensation for the 5,775,000 granted options.

At 31 March 2022, the Group recorded £470,090 (2021: £1,410,268) in share based compensation.

Long Term Incentive Plan (LTIP) Benefit: the Board issued RSU's as part of an LTIP agreement of The Group offers LTIP benefits to both executives and non-executive employees at the discretion and approval of the Board of Directors. The Board determines the date on which an Award may be granted, the selection of persons to whom an Award is granted, the form of the Award and the number of Shares, the option price, and the terms and conditions of the Award (including vesting, any performance target, or other conditions). As of 31 March 2022, £20,433 RSUs are still vesting. The Board issued Restricted Stock Units (RSUs) as performance incentives during the year ended 31 March 2022 as follows:

Director	At 31 March 2021	Granted in the Period	Exercised in the Period	Lapsed in the Period	At 31 March 2022	Exercise price - pence
C Sommerton	-	75,000	-	-	75,000	24.05p
R Finegan	-	10,000	-	-	10,000	24.05p
Total	-	85,000	-	-	85,000	

As of 31 March 2022, share based compensation for the RSUs granted in the current year was recorded in the consolidated income statement for £8,518 (2021: £nil).

22. Capital Commitments

There were no capital commitments at 31 March 2021 or 31 March 2022.

23. Loans

Description	Maturity Date	Balance as of March 31, 2022 £	Balance as of March 31, 2021 £
Bounce Back Loan Scheme (BBLS) managed by the British Business Bank on benefit of and with the financial backing of the Secretary of State for Business, Energy and Industrial Strategy. The BBLS loan of £50,000 carries an interest of 2.50% rate per annum with repayment over 60 months	July 2026	42,500	50,000
Highlands Natural Resources Corporation entered into a Small Business Administration (SBA) loan of £154,078 with an interest of 1.00% rate per annum. At 31 March 2021, the Group received partial forgiveness of the SBA loan.	April 2025	26,458	29,878

23. Loans continued

Maturity Schedule	£
Current Portion	18,494
2024	18,372
2025	18,456
2026	10,706
2027	2,930
Total	68,958

24. Provision

On 9 March 2021, the Group entered into a financing agreement with LDA Capital Limited with a termination clause of £1,200,000 to terminate the agreement. On 4 May 2021, the Group announced the termination of the financing agreement with LDA Capital Limited and entered into a settlement agreement to pay LDA Capital £1,200,000 to terminate the financing agreement. As of 31 March 2021, the Group accrued £1,200,000 to the settlement and termination of the financing agreement with LDA Capital Limited with the charge recorded to other expense. On 4 May 2021, the Group announced that it has raised £6,000,000 (before expenses) through an oversubscribed subscription for 10,000,000 new ordinary shares of 1 pence each (“Ordinary Shares”) at a price of 60 pence per Ordinary Share (the “New Shares”) from a number of new and existing shareholders (the “Subscriptions”). The net proceeds of the Subscription will be used to terminate the financing agreement with LDA Capital, see Note 27 for additional information regarding our events after the reporting period. On 19 May 2021, the Group paid the termination clause of £1,200,000 to LDA Capital Limited.

25. Financial Instruments and Risk Management

The Group’s financial instruments comprise primarily cash and various items such as trade debtors and trade creditors which arise directly from its operations. The main purpose of these financial instruments is to provide working capital for the Group’s operations. The Group does not utilize complex financial instruments or hedging mechanisms in respect of its non-sterling operations.

Financial Assets by Category

The categories of financial assets included in the balance sheet and the heading in which they are included are as follows:

	Group 2022	**Company 2022**	**Group 2021**	**Company 2021**
	£	**£**	**£**	**£**
Non-current assets				
Loan to group undertaking	-	-	-	5,057,643
Current assets				
Trade and other receivables	700,199	97,670	136,093	42,116
Cash and cash equivalents	420,045	180,266	333,176	181,462
Categorized as financial assets measured at amortized cost	1,120,244	277,936	469,269	5,281,221

25. Financial Instruments and Risk Management continued

The loan to group undertaking has no fixed repayment date and its future repayment will depend upon the financial performance of subsidiary.

All other amounts are short term and none are past due at the reporting date.

Financial Liabilities by Category

The categories of financial liabilities included in the balance sheet and the heading in which they are included are as follows:

	Group 2022	Company 2022	Group 2021	Company 2021
	£	£	£	£
Current liabilities				
Trade and other payables	730,184	338,138	581,229	176,833
Loans	68,958	42,500	80,424	50,000
Categorized as financial liabilities measured at amortized cost	799,142	375,132	661,653	226,833

All amount, excluding loans, are short term payables in 0 to 9 months.

Credit Risk

The maximum exposure to credit risk at the reporting date by class of financial asset was:

	Group 2022	Company 2022	Group 2021	Company 2021
	£	£	£	£
Trade and other receivables	700,199	97,670	100,435	6,458
Related party note receivables	425,519	-	-	-

Credit and Liquidity Risk

Credit risk is managed on a Group basis. Funds are deposited with financial institutions with a credit rating equivalent to, or above, the main UK clearing banks. The Group's liquid resources are invested having regard to the timing of payments to be made in the ordinary course of the Group's activities. All financial liabilities are payable in the short term (normally between 0 and 3 months) and the Group maintains adequate bank balances to meet those liabilities as they fall due.

Capital Management

The Group considers its capital to be equal to the sum of its total equity. The Group monitors its capital using a number of metrics including cash flow projections, working capital ratios, the cost to achieve development milestones and potential revenue from partnerships and ongoing licensing activities. The Group's objective when managing its capital is to ensure it obtains sufficient funding for continuing as a growing concern, The Group funds its capital requirements through the issue of new share to investors.

25. Financial Instruments and Risk Management continued

Interest Rate Risk

The maximum exposure to interest rate risk at the reporting date by class of financial asset was:

	Group 2022	Company 2022	Group 2021	Company 2021
	£	£	£	£
Bank balances and receivables	420,045	180,266	333,176	181,462

The Group uses liquid resources to meet the cost of future development activities. Consequently, it seeks to minimize risk in the holding of its bank deposits. The Group is not financially dependent on the small rate of interest income earned on these resources and therefore the risk of interest rate fluctuations is not significant to the business and the Directors have not performed a detailed sensitivity analysis. Nonetheless, the Directors take steps when possible and cost effective to secure rates of interest which generate a return for the Group by depositing sums which are not required to meet the immediate needs of the Group in interest-bearing deposits. Other balances are held in interest-bearing, instant access accounts. All deposits are placed with main clearing banks to restrict both credit risk and liquidity risk. The deposits are placed for the short term, between one and three months, to provide flexibility and access to the funds and to avoid locking into potentially unattractive interest rates.

Market Risk

Market risk arises from changes in interest rates, foreign exchange rates and equity prices, as well as in their correlations and volatility levels. Market risk is managed on a Group basis in the ordinary course of the Group's activities.

Currency Risk

The Group operates in a global market with income possibly arising in a number of different currencies, principally in Sterling or US Dollars. The majority of the operating costs are incurred in US Dollars with the rest predominantly in Sterling. The Group does not hedge potential future income or costs, since the existence, quantum and timing of such transactions cannot be accurately predicted. The exchange rate in US Dollars to Sterling was 1.314 and 1.375 as of 31 March 2022 and 2021, respectively.

Financial assets and liabilities denominated in US Dollars and translated into Sterling at the closing rate were:

	Group 2022	Company 2022	Group 2021	Company 2021
	£	£	£	£
Financial assets	1,102,683	-	245,691	-
Financial liabilities	(1,295,486)	-	(465,244)	-
Net financial (liabilities)/assets	(192,803)	-	(219,553)	-

25. Financial Instruments and Risk Management continued

The following table illustrates the sensitivity of the net result for the period and the reported financial assets of the Group in regard to the exchange rate for Sterling: US Dollar:

	2022 s Reported	If Sterling Rose 20%	If Sterling Fell 20%
	£	£	£
Group result for the period	(5,983,372)	(5,043,779)	(7,126,178)
US Dollar denominated net financial assets	245,691	204,743	307,114
Total equity at 31 March 2022	(224,182)	453,194	(1,204,228)

26. Related Party Transactions

At 31 March 2021, the Group owed Mr. Taylor and Mr. Russo £18,750 each resulting from the exercise and sale of their options in June 2019. The amounts were paid during the year ended 31 March 2022. Additionally, all directors are considered to be key management. See the Director's Renumeration Report on page 26.

Trevor Taylor, co-CEO, owns Taylor Farm & Ranch LLC which leased property to the Company during the prior year for the growth of the Group's hemp crop as well as allowed the use of various equipment on the property. During the year ended 31 March 2022, the Company made no lease payments to Taylor Farm & Ranch LLC. During the year ended 31 March 2021, the Company made lease payments to Taylor Farm & Ranch LLC of $24,000. In addition, the Company paid for the use of equipment and other small expenses throughout the prior year. For the year ended 31 March 2021, the Company's total expenses paid to Taylor Farms & Ranch LLC was $48,600 (in US Dollars). The Company paid no expenses to Taylor Farms & Ranch LLC during the year ended 31 March 2022.

In the fourth quarter 2021, The Group has entered into a distribution agreement with Ox Distributing LLC, a brokerage firm specializing in ecommerce shipping in convenience stores, grocery stores and other retail chains in the Unites States. Ox Distributing, LLC is owned by Eric Schrader, a related party to the Group given that he is a director of the company and has significant influence over the entity. During the year ended 31 March 2022, the Group made sales net of promotional discounts of CBD products to Ox Distributing, LLC, with terms equivalent to those that prevail in an arm's length transaction, of £584,045 resulting from the sale of CBD products to the company. As of 31 March 2022, the Group has accounts receivable of £8,928 owed by Ox Distributing, LLC. The Group has a note receivable from Ox Distributing, LLC of £425,519. The note carries interest on the unpaid principal balance of 0% interest from 30 September 2021 through 31 January 2022 and shall bear interest at the short term rate of 0.18 percent per annum from 1 February 2022 until the note is paid in full on 1 May 2023.

27. Events After the Reporting Period

On April 19, 2022, the Group announced Callum Sommerton, previously International Brand Director for the Company, will now serve as the Company's Chief Executive Officer and has been appointed to the Company's Board of Directors. Antonio Russo and Trevor Taylor, formerly Co-Chief Executive Officers, will assume other senior roles within the Company. Mr. Russo has been appointed as Chief Commercial Officer and will focus on Chill Brands' sales and marketing activities within the physical retail and digital channels. Mr. Taylor has been appointed as Chief Operating Office and will focus on improving the Company's approach to logistics and fulfilment. Both Mr. Taylor and Mr. Russo will continue to sit on the Company's Board.

On April 19, 2022, the Group issued 100,000 Ordinary Shares of 1 pence each to Mr. Scott E. Thompson following his appointment to the Board of Directors as an Independent Non-Executive Director on 27 January 2022. The Shares were issued under the final share-based compensation package that was being contemplated at the time of Mr. Thompson's appointment.

On April 21, 2022, the Group announced its intention to issue 500,000 Ordinary Shares of 1 pence each to the U.S. Major Arena Soccer League ("MASL") following the commencement of a sponsorship program as announced on 20 December 2021 and provisioned for the Half-Yearly Report. The Shares will be issued under the final share-based remuneration package that was agreed in respect of Chill Brands' sponsorship of MASL and its sports teams.

On April 26, 2022, the Company announced that it has conditionally raised £3,500,000 (before expenses) from new and existing investors. The Fundraising consists of a Subscription for 29,166,699 new ordinary shares of 1 pence each ("Ordinary Shares") at a price of 2 pence per Ordinary Share, for a total amount of £583,334 (the "New Shares"), and convertible loan notes with an aggregate value of £2,916,670 (the "Loan Notes"). The Fundraising is conditional on the passing of the resolutions to be proposed at the General Meeting.

The funds raised will provide sufficient working capital for the current financial year, enabling the Company to continue its operations while expanding its sales and marketing activities. Marketing activities will include establishing programs that will enable the Company to sell its products directly to retailers, investment in sales support programs with a view to improving sell-through rates, and settlement of the outstanding balance owed in respect of purchasing the Chill.com web domain.

Following the announcement on 26 April 2022, the Group announced that it intends to follow the previously announced Fundraising with an open offer to shareholders to raise up to approximately £484,000 ("Open Offer") subject to the passing of all resolution at the General Meeting. The Open Offer is proposed to be on economically equivalent terms to the Fundraising and at a 1 for 10 ratio to existing shareholdings. A further announcement will be made on the Open Offer following the General Meeting.

On 21 June 2022, the Group announced the admission today of the 1,768,345 new Ordinary Shares of £0.01 each issued in conjunction with its recent open offer to trading on the Main Market of the London Stock Exchange.

27. Events After the Reporting Period continued

On 23 June 2022, the Group announced the that it has completed the acquisition of the Chill.com web domain. The remaining payment of $800,000 was paid. Therefore, the Group now holds full beneficial title to the digital asset.

On 21 June 2022, the Group announced the admission today of the 1,768,345 new Ordinary Shares of £0.01 each issued in conjunction with its recent open offer to trading on the Main Market of the London Stock Exchange.

28. Control

In the opinion of the Directors there is no ultimate controlling party.

For YourNotes