

RNS Half-year/Interim Report



HALF-YEAR REPORT

[CHILL BRANDS GROUP PLC](#)

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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF REGULATION 11 OF THE MARKET ABUSE (AMENDMENT) (EU EXIT) REGULATIONS 2019/310. UPON THE PUBLICATION OF THIS ANNOUNCEMENT, THIS INSIDE INFORMATION IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN.

Chill Brands Group plc

("Chill Brands" or the "Company" or the "Group")

Interim Results

Chill Brands Group, the international consumer packaged goods company, is pleased to announce its interim results for the six months ending 30 September 2021 (the "**Period**").

Strong Revenue Growth

Revenues for the six-month period ended 30 September 2021 increased to £1,073,872, more than an 18x increase vs. the £54,554 in revenues that the company reported for the same period in 2020, and an increase of more than 230% as compared to the £320,875 in revenues that the Company reported in its last full fiscal year.

These significant increases in revenues were achieved despite the COVID-19 pandemic, logistical issues, and challenging market conditions which negatively affected inventory and distribution.

Chill Attracts World Class Consumer Brand Executives and Advisors

Chill Brands has undergone a remarkable journey of change and development this fiscal year which has attracted to the Company some of the leading executives in the global brands industry.

Recently, we were very fortunate to add Michael Sandore as Chief Commercial Officer. Mr. Sandore is a CPG sales leader, having led retail and wholesale sales programmes first at Anheuser-Busch InBev and later at the industry leading vapour company, Juul Labs. In leading our commercial sales business, Michael will develop data-backed sales strategies that are focused on gaining market share. His deep understanding of our sector and unparalleled insight into the retail sales environment will not only take our products to market but also equip our partners with everything they need to improve sell-through rates.

We are also proud to welcome Mr. Scott E. Thompson who recently joined the Chill Brands Board as an Independent Non-Executive Director. Mr. Thompson has almost forty years of intellectual property law experience and is recognized by the World Trademark Reporter as one of the top 300 trademark attorneys in the world. He was most recently General Counsel, Intellectual Property/Marketing Properties for Mars Inc., where he oversaw the global intellectual property/marketing properties for all of the Company's businesses, and enhanced global licensing and compliance program for all Mars brands, including M&M's World Stores.

Mr. Thompson served as counsel for some of the world's largest brands including Philip Morris Companies, Colgate-Palmolive and GlaxoSmithKline. At GlaxoSmithKline, Mr. Thompson served as Vice President, Global Trademarks, and as global head of 50-person tri-location trademark department responsible for trademark, copyright, unfair competition, and Internet and Intranet matters for world's second-largest pharmaceutical and consumer healthcare company.

At Colgate-Palmolive, he served as Vice President and Associate General Counsel, where he managed the department responsible for global trademark, copyright, unfair competition, and Internet matters.

At Philip Morris, Mr. Thompson served as Assistant General Counsel, where he was responsible for trademark, copyright, unfair competition, and advertising issues, and had jurisdiction over tobacco products worldwide and food, beer, clothing, and miscellaneous products outside of the United States.

In addition to acting as the lead lawyer for a number of the world's largest brands, Thompson was also a partner at the global law firm Greenberg Traurig and is currently a partner and Co-Chair of the Intellectual Property Team at Lippes Mathias LLP. His education includes a degree in communications from Cornell University and a Juris Doctor degree from Brooklyn Law School.

In September 2021 we appointed the leading cannabis investment firm, Viridian Capital Partners, as Chill Brands' chief advisors. Viridian's impressive track record in the cannabis industry makes them an ideal partner for Chill, while their expertise in capital raising, M&A transactions, and business development is an essential component of our go-forward strategy. Scott Greiper (Viridian's founder and president) and his team have already helped us to build the structures and processes that will enable the Company to grow, and we are grateful for their ongoing support. Mr. Greiper and his team are currently engaged in a number of initiatives that will improve the Company's Corporate Governance credentials and further announcements will be made in due course.

We are also pleased to have appointed Rhino Marketing to help us sculpt Chill into an iconic and memorable brand. Rhino's Thomas Hensey and Tim Ransom are veterans of the CPG industry and are the names behind some of the most recognisable marketing campaigns in history. They now work together with our internal team to create brand assets that will help Chill build a community, conquer the relaxation space, and ultimately sell more products.

Chill now benefits from the support of CPG professionals with the experience necessary to build a successful, self-sustaining business. We are excited to expand our team further with best-in-class candidates and look forward to announcing new appointments in due course.

About Chill Brands Group PLC

Chill Brands Group plc is an international company focused on the development, production, and distribution of best-in-class hemp-derived CBD products, tobacco alternatives and other consumer packaged goods (CPG) products. The Company operates primarily in the US, where its products are distributed online and via some of the nation's most recognisable convenience retail outlets. The Group's strategy is anchored around lifestyle marketing that is designed to enhance the popularity of its products, channelling visitors to its landmark chill.com website.

Publication on website

Copies of this announcement and Chill Brands' interim financial statements are also available on the Group's website at <http://www.chillbrandsgroup.com>.

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The Chill Model

As with any CPG company, Chill Brands' model is based on the sale of its products - specifically those made via the convenience store (c-store) and e-commerce retail channels.

Online Sales

The acquisition of Chill.com has been a catalyst for major change, bringing new opportunities that will shape the Company's future. It is widely known that online retail is growing at a faster rate than sales in brick-and-mortar locations while also providing direct access to millions of consumers across the world. With an unforgettable domain name and targeted marketing, Chill has the opportunity to provide 24/7 access to product categories that have traditionally struggled to reach markets beyond the convenience store environment. Global online sales of tobacco have more than doubled since 2017, while growth of the multi-billion dollar reduced-risk products (RRPs) category provides a compelling case for a model built around e-commerce.

Our priority is to make Chill.com the premier destination for lifestyle and tobacco alternative products including CBD, tobacco-free nicotine (TFN) and others that are currently in development. We are committed to building on the existing power of the domain which reached Google's first page of results for US 'Chill' searches within just weeks of activation. This work will include an overhaul of our site and its positioning, ensuring that it wins market share with a stellar user experience, unbeatable search engine optimisation, and high conversion rates. In turn, the site will provide valuable data that will allow us to sharpen our operating model and sales strategies.

We have already seen the benefits of a digital-first approach. Order volumes have increased steadily since the July 2021 acquisition of the site and the average Chill.com customer spends more than \$40 per online transaction. Crucially, these sales sit within an ecosystem and supply chain that we control. So long as the internet is up and postal services are running, Chill.com will be online and selling regardless of external factors affecting the retail market.

Physical Retail

The c-store channel has acted as the cornerstone of Chill Brands' business, proving the demand for the Company's products. Chill SKUs have been recognised as top performers in the retail programmes of our distribution partners, while Chill CBD

Flavour Pouches beat hundreds of products to win second place in the CSP 2021 Retailer Choice Best New Product Award.

The hiring of a retail sales leader is already providing immeasurable benefit to the company by assessing, refining and adapting our retail strategy using his breadth of experience. We are committed to the physical retail channel under his leadership. His methodical and deliberate strategy will help Chill Brands overcome pressures of COVID-19 pandemic and widespread global logistics issues have made it increasingly difficult to distribute to our physical retail partners at scale. Cost increases and capital commitments that are challenging even the largest CPG conglomerates have weighed heavily on our decisions as we work with trusted advisors to build a roadmap. With the benefit of new intelligence and guidance, it has become clear that it is not in the best interests of the Company or its shareholders to pursue the rollout timeline announced in February 2021.

This does not mean that Chill Brands is stepping away from physical retail. Notwithstanding this strategic decision, all previously announced distribution agreements remain in place, and we will continue to activate new stores and territories in line with a comprehensive business plan that has been devised by Mr Sandore, one of the most capable minds in the CPG space. We will also provide enhanced support to more than 2,500 retailers and distributors that already stock Chill products, enabling them to reach more consumers and sell our products in higher volumes.

Store count is no longer the sole route to success for Chill Brands, but it remains a key pillar of our model. As part of this realignment the Company will focus not on one sales channel but on the wider goals of revenue generation and market penetration. By supporting retailers and winning online, we will widen our funnel while maintaining a strong financial position that will lead to continued growth.

Outlook

Chill is the combination of a powerful brand, a driven and experienced team, and products at the forefront of the world's fastest growing consumer category. As we look back on the first half of this financial year, we are also firmly focused on the future and making changes that will propel the Company on to greater success. Through persistent execution of marketing and sales strategies, Chill Brands will become an iconic brand synonymous with creating a "Chill State of Mind" - a mindset advanced by the freedom and choice offered to our customers through lifestyle marketing and innovative products.

This is the moment at which Chill Brands matures into a focused and fully operational CPG company with aspirations to join the ranks of the world's largest brands. In the coming weeks we will continue to build our model alongside an investment case that reaffirms the decisions of existing long-term holders and attracts new ones. We would like to take this opportunity to thank our shareholders for their ongoing support and restate our belief that Chill Brands has a bright and prosperous future ahead.

Trevor Taylor & Antonio Russo

Co-Chief Executive Officers, Chill Brands Group plc

Chill Brands Group PLC (Formerly Zoetic International PLC)			
Condensed Consolidated Statement of Comprehensive Income (Unaudited)			
For the six months ended 30 September 2021			
	Unaudited six months ended 30 September 2021 £	Unaudited six months ended 30 September 2020 £	Audited year ended 31 March 2021 £
Revenue	1,073,872	54,554	320,875
Cost of sales	(756,434)	(37,976)	(361,517)
	317,438	16,578	(40,642)
Administrative expenses	(1,437,282)	(1,000,042)	(2,151,391)
Share expenses for options granted	(1,348,903)	-	(1,410,268)
Other Expense	-	-	(1,200,000)
	(2,468,747)	(983,464)	(4,802,301)
Loss for the period from discontinued activities	(114,960)	(146,120)	(49,762)
Finance income	32	1,755	1,762
	(2,583,675)	(1,127,829)	(4,850,301)
Taxation on loss on ordinary activities	-	-	-
	(2,583,675)	(1,127,829)	(4,850,301)
Items that may be re-classified subsequently to profit or loss:			
Foreign exchange adjustment on consolidation	(99,496)	32,117	231,644
	(2,683,171)	(1,095,712)	(4,618,657)
Loss per share (basic and diluted) attributable to the equity holders (pence)	(1.24)	-0.59	-2.51

Chill Brands Group PLC (Formerly Zoetic International PLC)

Condensed Consolidated Statement of Financial Position (Unaudited)

As at 30 September 2021

	Unaudited six months ended 30 September 2021 £	Unaudited six months ended 30 September 2020 £	Audited year ended 31 March 2021 £
Non-Current Assets			
Tangible assets	70,562	69,529	54,597
Right of use lease asset	285,559	-	-
Related party note receivable, net of current portion	566,571	-	-
Intangible assets	1,195,898	1,892	-
<i>Total Noncurrent Assets</i>	2,118,590	71,421	54,597
Current Assets			
Inventory	1,063,278	1,302,620	1,238,779
Current portion of related party note receivable	377,302	-	-
Trade and other receivables	248,266	717,068	136,093
Cash and cash equivalents	2,079,779	451,886	333,176
<i>Total Current Assets</i>	3,768,625	2,471,574	1,708,048
Total Assets	5,887,215	2,542,995	1,762,645
Current Liabilities			
Current maturities of loans	10,000	7,617	8,382
Trade and other payables	759,989	778,395	661,653
Current portion of right of use lease liability	58,110	-	-
Accrued liabilities	618,912	-	1,244,750
<i>Total Current Liabilities</i>	1,447,011	786,012	1,914,785
Non-Current Liabilities			
Loans, net of current portion	67,424	262,313	72,042
Right of use lease liability, net of current portion	231,231	-	-
<i>Total Non-Current Liabilities</i>	298,655	262,313	72,042
Net Assets	4,141,549	1,494,670	(224,182)
Equity			
Share capital	2,120,700	1,945,700	2,020,700
Share premium account	10,298,440	3,283,116	4,698,441
Share based payments reserve	2,780,589	4,803	1,431,686
Shares to be issued reserve	-	1,096,500	-
Foreign currency translation reserve	433,150	333,119	532,646
Retained profit/(loss)	(11,491,330)	(5,168,568)	(8,907,655)
Total Equity	4,141,549	1,494,670	(224,182)

Chill Brands Group PLC (Formerly Zoetic International PLC)

Condensed Consolidated Statement of Changes in Equity (Unaudited)

For the six months ended 30 September 2021

	Share Capital £	Share Premium Account £	Share Based Payment Reserve £	Shares To Be Issued Reserve £	Foreign Currency Translation Reserve £	Retained Loss £
At 31 March 31 2020	1,729,200	3,020,616	54,171	1,096,500	301,002	(4,090,107)
At 1 April 2020 as previously stated	1,729,200	3,020,616	54,171	-	301,002	(2,993,607)
Prior period adjustment	-	-	-	1,096,500	-	(1,096,500)

At 1 April 2020 as restated	1,729,200	3,020,616	54,171	1,096,500	301,002	(4,090,107)
Comprehensive income for the period						
Loss for the period	-	-	-	-	-	(1,127,829)
Other comprehensive income	-	-	-	-	-	-
Translation adjustment	-	-	-	-	32,117	-
Total comprehensive loss for the period attributable to the equity holders	-	-	-	-	32,117	(1,127,829)
Issue of warrant and options	-	-	-	-	-	-
Exercise of warrants	-	-	-	-	-	-
Lapse of warrants	-	-	(49,368)	-	-	49,368
Shares issued in the period	216,500	262,500	-	-	-	-
Cost relating to share issues	-	-	-	-	-	-
At 30 September 2020	1,945,700	3,283,116	4,803	1,096,500	333,119	(5,168,568)
Comprehensive income for the period						
Loss for the period	-	-	-	-	-	(3,722,472)
Other comprehensive income	-	-	-	-	-	-
Translation adjustment	-	-	-	-	199,527	-
Total comprehensive loss for the period attributable to the equity holders	-	-	-	-	199,527	(3,722,472)
Issue of warrant and options	-	-	1,410,268	-	-	-
Lapse of warrants	-	-	16,615	-	-	(16,615)
Exercise of warrants	20,000	-	-	-	-	-
Conversion of loans	55,000	212,500	-	-	-	-
Shares issued in the period	-	1,230,000	-	(1,096,500)	-	-
Cost relating to share issues	-	(27,175)	-	-	-	-
At 31 March 2021	2,020,700	4,698,441	1,431,686	-	532,646	(8,907,655)
Comprehensive income for the period						
Loss for the period	-	-	-	-	-	(2,583,675)
Other comprehensive income	-	-	-	-	-	-
Translation adjustment	-	-	-	-	(99,496)	-
Total comprehensive loss for the period attributable to the equity holders	-	-	-	-	(99,496)	(2,583,675)
Issue of warrant and options	-	-	1,348,903	-	-	-
Exercise of warrants	-	-	-	-	-	-
Lapse of warrants	-	-	-	-	-	-
Shares issued in the period	100,000	5,900,000	-	-	-	-
Cost relating to share issues	-	(300,001)	-	-	-	-
At 30 September 2021	2,120,700	10,298,440	2,780,589	-	433,150	(11,491,330)

Chill Brands Group PLC (Formerly Zoetic International PLC)

Condensed Consolidated Statement of Cash Flows (Unaudited)

For the six months ended 30 September 2021

	Unaudited six months ended 30 September 2021 £	Unaudited six months ended 30 September 2020 £	Audited year ended 31 March 2021 £
Cash Flows From Operating Activities			
Loss for the period	(2,583,675)	(1,127,829)	(4,850,301)
Adjustments for:			
Depreciation and amortization charges	7,835	10,675	20,677
Impairment provision	-	-	206,685
Share expense for options granted	1,348,903	-	1,410,268
Net foreign exchange adjustments	(112,157)	18,680	193,717
Operating cash flow before working capital movements	(1,339,094)	(1,098,474)	(3,018,954)
(Increase)/decrease in inventories	175,501	(134,884)	(275,743)
(Increase)/decrease in trade receivables	(112,173)	1,021,955	1,301,039
(Increase)/decrease in related party note receivable	(943,873)	-	-
Increase/(decrease) in trade and other payables	98,336	(448,990)	(235,732)
(Increase)/decrease in other assets	125,873	-	-
Increase/(decrease) in other liabilities	(122,091)	-	-
Increase/(decrease) in accrued expenses	(625,838)	-	1,244,750
<i>Net Cash Used by Operating Activities</i>	(2,743,359)	(660,393)	(984,640)
Cash Flows From Investing Activities			
Purchase of tangible fixed assets	(23,800)	-	301,891
Purchase of intangible assets	(1,195,898)	(1,892)	(1,352)

<i>Net Cash Used by Investing Activities</i>	(1,219,698)	(1,892)	300,539
Cash Flows From Financing Activities			
Net proceeds from issue of shares	5,699,999	479,000	542,825
Long-term borrowings	-	269,930	-
Loans made by the Group	-	-	80,424
Repayment of long-term debt	(3,000)	-	-
<i>Net Cash Generated by Financing Activities</i>	5,696,999	748,930	623,249
Net increase in cash and cash equivalents			
As above	1,733,942	86,645	(60,852)
Cash and cash equivalents at beginning of period	333,176	349,006	349,006
Foreign exchange adjustment on opening balances	12,661	16,235	45,022
Cash and cash equivalents at end of period	2,079,779	451,886	333,176

CHILL BRANDS GROUP PLC

(FORMERLY KNOWN AS ZOETIC INTERNATIONAL PLC)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended 30 September 2021

NOTE 1 - GENERAL INFORMATION

Chill Brands Group PLC ("the Company") (formerly Zoetic International PLC) 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 office and principal place of business is 27/28 Eastcastle Street, London W1W 8DH. The principal executive offices are located at 1601 Riverfront Drive, Grand Junction, Colorado 81501.

NOTE 2 - ACCOUNTING POLICIES

Basis of preparation

The interim condensed unaudited consolidated financial statements for the period ended 30 September 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting. The comparative figures for 31 March 2021 are extracted from the Group's audited accounts to that date. The comparative figures for the period ended 30 September 2020 are unaudited.

The condensed unaudited consolidated interim financial statements of the Group have been prepared on the basis of the accounting policies, presentation, methods of computation and estimation techniques used in the preparation of the audited accounts for the period ended 31 March 2021 and expected to be adopted in the financial information by the Group in preparing its annual report for the year ending 31 March 2022.

The financial information in this statement relating to the six months ended 30 September 2021 and the six months ended 30 September 2020 has neither been audited nor reviewed by the auditors pursuant to guidance issued by the Auditing Practices Board. The financial information presented for the year ended 31 March 2021 does not constitute the full statutory accounts for that period. The Annual Report and Financial Statements for the year ended 31 March 2021 have been filed with the Registrar of Companies.

The financial information of the Group is presented in British Pounds Sterling ("£").

NOTE 3 - EXITING FROM OIL AND GAS

In September 2020, the Group reached an agreement regarding the disposal of its East Denver oil and gas assets to the operator of those facilities, True Oil LLC. The proceeds of sale from the East Denver assets was agreed at US \$376,000, although the Group had a loan secured on the assets of US \$276,574 from ANB Bank. Following the execution of this agreement, the ANB Bank loan has been settled in full. In the same month the Group finalized the closure of the legacy Highlands Natural Resources Corporation office in Denver, Colorado, along with the termination of a number of employment and consultancy contracts for personnel concerned with the management of the Group's former natural resources assets. The Group's Colorado-based hemp cultivation and CBD production center has also been closed.

In May 2020, an asset purchase agreement was reached between the Company and Path Investments plc ("Path"), the latter of which will acquire the Group's 75% interest in the patented hydrocarbon well stimulation and protection technology, DT Ultravert (DTU) with the final agreement reached on 5 November 2020.

NOTE 4 - INCOME TAX EXPENSE

No tax is applicable to the Group for the period ended 30 September 2021. No deferred income tax asset has been recognized in respect of the tax losses carried forward, due to the uncertainty as to whether the Group will generate sufficient profits in the foreseeable future to prudently justify this.

NOTE 5 - LOSS PER SHARE

Basic loss per ordinary share is calculated by dividing the loss attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the period. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There are currently no dilutive potential ordinary shares.

	Earnings £	Weighted average number of shares	Loss per share (pence)
Loss per share attributed to ordinary shareholders	(2,583,675)	208,900,635	(1.24)

NOTE 6 - INVENTORIES

Inventories comprise finished products and raw materials either developed by the Group or bought in from third parties. All inventory items are stated at their cost of production or acquisition, or at net realizable value if this is lower. There are no biological assets being grown for the six month period ended September 30, 2021. For the period ended September 30, 2021, the Group had no impairments on inventory.

NOTE 7 - NOTE RECEIVABLE - RELATED PARTY

During the six month period ended 30 September 2021, the Group entered into a note agreement with a related party. The note receivable consists of a note from an entity owned and operated by a shareholder of the Group. 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. The total balance due from the related parties note receivable at 30 September 2021 was £943,874.

NOTE 8 - INTANGIBLE ASSETS

On 22 June 2021, 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. The domain is intended to serve as a worldwide marketing anchor for the Group's range of consumer products. The intangible assets are valued as of 30 September 2021 at £1,195,898. Management has assessed the asset for impairment as of 30 September 2021 and believe the asset is not impaired.

NOTE 9 - LOANS

On 10 June 2020, the Group entered into a 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 beginning July 2021. The loan balance was £47,500 and £50,000 as of 30 September 2021 and 31 March 2021, respectively.

On 22 April 2020, Highlands Natural Resources Corporation entered into a Paycheck Protection Program (PPP) loan with the U.S. Small Business Administration (SBA) for £154,078 with an interest of 1.00% rate per annum with principal and accrued interest due and payable on 22 April 2022. During the period ended 31 March 2021, the Group received partial forgiveness of the SBA loan. The loan balance was £29,924 and £30,424 as of 30 September 2021 and 31 March 2021, respectively.

On 20 April 2020, Zoetic Corporation entered into a PPP loan of £93,100 with an interest of 1.00% rate per annum with principal and accrued interest due and payable on 20 April 2022. During the period ended 31 March 2021, the Group received full forgiveness of the SBA loan.

NOTE 10 - LEASES

The Group determines if an arrangement is a lease at inception if the contract 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 recognized at the commencement date of a lease based on the present value of lease payments over the lease term. 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 we will exercise that option. The Group does not recognize leases having a term of less than one year in the consolidated statements of financial position.

For purposes of determining the present value of the lease payments, the Group use a lease's implicit interest rate when readily determinable. As leases do not provide an implicit interest rate, the Group used an incremental borrowing rate based on available information at the commencement of the lease. Lease cost for operating leases is recognized on a straight-line basis over the lease term.

On 5 May 2021, the Group entered into an office lease agreement between the Company and Bonsai Development LLC. The operating lease is a five year lease with an option to extend up to five years. The Group believes the option to extend up to five years is not probable as of 30 September 2021. The Group recorded a right of use lease asset and corresponding liability using an incremental borrowing rate to determine the discount rate. As of 30 September 2021, the right of use lease asset had a balance of £285,559.

NOTE 11 - SHARE CAPITAL & RESERVES

Allotted, called up and fully paid Ordinary shares of £0.01 each:

	Number of Shares	Share Capital £	Share Premium £
Balance at 31 March 2021	202,070,034	2,020,700	4,698,441
1 May 2021 - issuance of shares, net of origination costs	10,000,000	100,000	5,599,999
Balance at 30 September 2021	212,070,034	2,120,700	10,298,440

The Company has only one class of share and all shares rank *pari passu* in every respect.

NOTE 12 - EQUITY-SETTLED SHARE-BASED PAYMENTS RESERVE

	30 September 2021 £	31 March 2021 £
At beginning of period	1,431,686	54,171
On options and warrants granted in the year	1,348,903	1,410,265
Released on lapsing of warrants during the year	-	(32,753)
At end of period	2,780,589	1,431,686

NOTE 13 - SUBSEQUENT EVENTS

During the Annual General Meeting held on 30 September 2021, the Group established a long-term incentive plan (LTIP) to grant awards to eligible employees. The awards can take the form of options to acquire Ordinary Shares with an exercise price determined by the Board or conditional rights to acquire Ordinary Shares for no or nominal consideration. All employees, including executive directors, of the Group are eligible and may be granted awards under the LTIP. The Board has discretion at the time of the grant of an award to determine the basis on which an award will vest and to determine whether an award will be subject to a holding period.

On 22 November 2021, the Group announced that its ordinary shares are now trading on the US OTCQB® Venture Market under the symbol ZOEIF. The Group's ordinary shares will continue to trade on the London Stock Exchange under the symbol CHLL.

On 14 December 2021, the Group announced that its ordinary shares are now trading on the US OTCQB® Venture Market under the symbol CHBRF. The Group's ordinary shares will continue to trade on the London Stock Exchange under the symbol CHLL.

On 15 December 2021, the Group entered into a finance agreement with gotoPremiumFinance for directors and officers (D&O) insurance. The policy premiums are \$136,725 (United States Dollars) with \$100,669 financed at an annual percentage rate of 8.75% over the term of the policy ending 13 December 2022.

On 20 December 2021, the Group announced a sponsor partnership with the U.S. Major Arena Soccer League (MASL), to offer the Company's CBD products to the league and member teams. Total consideration from the Group was \$162,500 (United States Dollars) which consisted of \$100,000 in cash and 500,000 ordinary shares at 12.50p valued as of the closing price on 11 November 2021.

On 4 January 2022, the Group announced the addition of Mr. Michael Sandore as Chief Commercial Officer.

On 27 January 2022, the Group announced the appointment of Mr. Scott E. Thompson as a Non-Executive Director.

Responsibility Statement

Trevor Taylor and Antonio Russo, Co-CEOs confirm that to the best of their knowledge that the condensed set of financial statements, which has been prepared in accordance with IAS 34 as contained in UK adopted IFRS and the interim management report includes a fair review of the information required by the Disclosure Guidance and Transparency Rules.

-ENDS-

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