

A message from the co-founders of Chill Brands PLC

Dear Shareholder,

Firstly, we must extend a heartfelt apology to all shareholders, past and present, for our limited communication in recent days and weeks. This is a challenging time and we have been, and remain, constrained in what we can say formally and informally due to the ongoing Fieldfisher investigation into allegations of the misuse of inside information. While this is frustrating – for all of us – it is necessary to allow the investigation to run its course.

Please be assured we have been working tirelessly – alongside the Board – to ensure the company's commercial and regulatory obligations remain fulfilled during this time.

This letter aims to give shareholders some insight into us as co-founders; the vibrant journey of our company— from its inception to its present status— and underline what is an undoubtedly positive future for Chill on both sides of the Atlantic.

Like you, we are shareholders – significant ones in fact. Our financial futures are tied to the future success of this company and, ultimately, we all want the same thing. Our mission is unwavering – to maximise value for *all* shareholders, and Chill's strategy reflects that. But we need to be honest, the strategy has not been communicated to you effectively.

We commit to spending more time detailing our vision for the successful future of the company in the coming weeks.

Forward looking plans

We are relentlessly confident in the company's future, but we also recognise there are shareholders who believe, sincerely, that change is needed for Chill to succeed. We know that Chill is bigger than us and in the spirit of transparency, we are announcing our decision to stand down from the Board by the end of Q3 2024 (1st October 2024).

For the sake of us all, our employees, partners and customers, there must be an orderly transition – particularly given the UK vaping sector's regulatory headwinds and Chill needs legitimate expertise to ensure proper governance and compliance. To ensure that real value can be built in the UK and US markets, we need a Board with a proven track record in both small cap listed companies and the unique space that is CBD and vape propositions. To appoint directors without the requisite experience or insight into our market, as is proposed, is effectively tying the company's hands behind its back. **And so, we – as significant shareholders who share in Chill's future success – respectfully urge you to use your vote wisely, consider an alternative approach and firmly reject the resolutions proposed at the Requisitioned General Meeting.**

We know many of you will have questions. And so, sticking with the theme of transparency, we want to invite you to ask us anything in a live webcast in May. This is a real opportunity to listen, share and answer in advance of our transition away from the Board. We will confirm details of how to register for the webcast on our website in the coming days. **We urge you not to vote until you have had a chance to hear us answer questions.**

We will also provide a detailed Q&A, on our website, on matters that we are able to share without breaching Company law or prejudicing the independent investigation being undertaken by Fieldfisher.

Finally, there may be some misunderstanding of our company's journey and it feels sensible to briefly explain the last few years in the hope that this insight bolsters your confidence in an exciting future for Chill Brands PLC.

Five Years of Transformation: Navigating Leadership Changes and Rebranding

Over the past five years, our company has navigated considerable challenges, including three name changes and four Chief Executive Officers. This period of transition was pivotal, especially when we began our collaboration with HNR in 2019, which sought a partner to test a new hydrogen technology in Kansas using a no-till living soil approach for cannabis cultivation. This pilot catalysed the transformation from an oil & gas exploration company to what the company is today. Amid these advancements, our company faced significant financial distress demonstrating the need for a new direction to steer us towards stability and growth, leading to the appointment of the two of us, Trevor Taylor, and Antonio Russo, as co-CEOs. Our sectoral experience proved invaluable as we wound down the oil and gas division, effectively reducing our liabilities and extricating the business from burdensome leases and financial commitments and sought to build the Chill we know today in the CBD and vape business.

Navigating Market Volatility: A Journey Through Unprecedented Times

We found ourselves at the helm during a period of intense market fluctuation.

Our inaugural product, the Chill chew pouch, launched well and was quickly distributed to thousands of stores. This rapid success was mirrored by our share price, which soared from a few pence to over a pound, before falling sharply back to single digits. The timing was extraordinary; our product launch coincided with the initial news of COVID-19, just as the world began to face unprecedented shutdowns.

We faced real hurdles and learnt some hard lessons, but those dark moments helped us emerge with long-term strategic clarity.

Leadership Evolution: Renewing Trust Amidst New Challenges

We took the tough decision to stand-down from our roles as co-CEOs and helped ensure a new CEO was appointed specifically to realise the vision set forth by the founders and the board.

Our objective remains to innovate within the functional ingredients and vape sectors, with a particular focus on cannabinoids. To this end, we launched a marketplace on chill.com and introduced a zero-nicotine vape, affirming our commitment to providing superior alternatives for consumers. We are witnessing remarkable progress in both the UK and USA, with strong partnerships, future market access programmes, sales pipelines that predict strong revenue streams and very real projections of growth through innovations, yet to be announced, over the next 12 to 18 months.

Our long-term play in the CBD market, including the strong network built over a decade has enabled the Company to create lasting partnerships with retailers, distributors, and suppliers.

Navigating Change: Building a New Team and Vision for Company Growth

As we stand at a pivotal juncture in our company's history, we recognise the importance of leadership transitions and the complexities they entail.

We believe that passing the torch, though a poignant moment for us as co-founders, is a necessary step to ensure that our company thrives in an ever-evolving industry. The authority and vision must pass from us to a team that is fully equipped to meet the challenges and seize the opportunities that lie ahead.

Forward Together: Embracing a New Chapter of Growth and Innovation

To conclude this letter, we extend our heartfelt thanks to Chill's dedicated Board for its unwavering support and guidance through these transformative times. A special acknowledgment goes to OX, our largest shareholder for the majority of this journey, who has not only led our funding rounds but has also instilled confidence in our potential at every opportunity.

To all our shareholders, your trust and involvement are the bedrock of our company. You have journeyed with us through both challenges and triumphs, and your continued support is invaluable as we turn towards a promising future.

As Eleanor Roosevelt once said: 'The future belongs to those who believe in the beauty of their dreams.'

Antonio Russo and Trevor Taylor

Co-Founders – Chill Brands Group