



# INVESTOR UPDATE

## November 2023

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The purpose of this communication is to provide you with an update regarding our IPO as well as a business update for our respective entities.

### IPO UPDATE

We are working through the second set of questions and comments from the SEC in respect to our S1 submission. **We continue to work diligently with our in-house attorneys, investor banker, external listing partner, our financial auditor and an additional financial partner to ensure that we're addressing each of the respective questions.** While the process can be tedious, this is our number one priority for our company and all of our investors. Once the S1 has been updated, we will circulate the S1 for an internal review before it is resubmitted to the SEC. The SEC will review the revised S1 and we can expect a fewer number of questions or comments from the SEC for our company's operating subsidiary, Functional Brands Inc. (formerly, "HT Naturals Inc.").

The SEC Form S-1 is the initial registration form for new securities required by the SEC for public companies that are based in the U.S. Any security that meets the criteria must have an S-1 filing before shares can be listed on a national exchange, such as the New York Stock Exchange. Companies usually file SEC Form S-1 in anticipation of their initial public offering (IPO).

Form S-1 requires companies to provide information on the planned use of capital proceeds, detail the current business model and competition and provide a brief prospectus of the planned security itself, offering price methodology and any dilution that will occur to other listed securities.

SEC Form S-1 is also known as the registration statement under the Securities Act of 1933. Additionally, the SEC requires the disclosure of any material business dealings between the company and its directors and outside counsel.

**Once the S-1 is approved, Joseph Gunnar, our investment banker, will conduct a road show in support of the IPO.** As progress continues, we will provide updates accordingly.

**\*Please BEWARE of fraudulent fundraising in the name of Hemptown - we are NOT currently engaging in a fundraising campaign.\***

## **BUSINESS UPDATE**

### **Kirkman Brand**

Our overall Kirkman business is +12% vs. last year and continues to maintain customer loyalty with sales over \$5.5M Year-to-Date. This growth is being driven in our largest channel, which includes our Domestic wholesalers and professional accounts. We've partnered with one Amazon reseller and this partnership has gone extremely well. We continue to evaluate increased marketing spend within Amazon to drive positive ROAS. We also participated in

two recent trade shows. TACA [tacanow.org](http://tacanow.org), which is focused on the autism community and OANP [Oregon Association of Naturopathic Physicians](http://Oregon Association of Naturopathic Physicians), which targets Naturopathic Physicians. Both shows were well attended and produced sales at each respective show, and we're expecting follow-up sales from opening new doors for the Kirkman brand.

Emerson Ecologists is an existing Kirkman brand customer. They were acquired by Full Script, which was not a Kirkman customer. We have been working diligently to add our Kirkman products to the Full Script platform that services over 70,000 practitioners. To date, we've added xxx products to the Full Script platform, and we're looking to partner with them to properly communicate to this large practitioners' database.

We are very excited to communicate that we're very close to signing a licensing agreement to manufacture, market and sell the only 'certified' prenatal supplement in the marketplace. FIGO, which is The International Federation of Gynecology and Obstetrics, published an article stating that certification of all prenatal vitamins becomes the standard of care. We have an approved formula and we're going through the final testing phases of the raw materials before we launch this product. We believe the U.S. market size (one-month supply) is over 10mm bottles annually so we're very excited to have the first certified product in the U.S. market in 2024.

## **Hemptown Naturals Brand**

We participated in three different trade shows promoting and selling the HempTown branded products as well as the Trailer Park Boys products. These three shows included ASD (August), NACS (October) and Champs (October). We are also expecting to launch a third product line in partnership with the Trailer Park Boys in early December, which is a D9 Drink Enhancer. This product will be a single serve D9 powder that is water soluble offered in three different flavors: Orange, Rum & Cola and Blue Raspberry. You open the pouch, similar to Emergen-C, and pour the flavored D9 powder into any beverage. We already have pre-orders for this product, and we look forward to shipping our first order in December.

## CONCLUSION

Overall, we are working diligently to provide the SEC all of the required documentation to approve our S1. We understand this is taking a little longer than expected, but please know we're doing everything in our control to ensure our IPO is successful. We thank you for your patience and understanding.

Thank you and please feel free to reach out if you have any questions.

Sincerely,

**The Team at Functional Brands Inc.**

**K KIRKMAN®**

