



INVESTOR UPDATE

September 2023

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

In relation to the S-1 filed on May 30th, 2023, we received a response from the SEC on July 7th, 2023, containing some queries with respect to the contents of the S-1. As part of the SEC filing process, we work with the SEC to address any of their questions. **We worked with our in-house attorneys, investment bankers, and external public listing partner to answer their respective inquiries. We then filed a response with a revised S-1** for the company's operating subsidiary, Functional Brands Inc (formerly "HT Naturals Inc."). A second response came from the SEC and are currently working on our response.

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, details the current business model and competition, and provides a brief prospectus of the planned security itself. This offers 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, its directors, and outside counsel.

There will be a 30-day review period from the filing of the amended S-1. Then we will have several iterations with the SEC until the S-1 is finally approved. Once the S-1 is approved, our investment banker, Joseph Gunnar, will conduct a road show in support of the IPO. As progress continues, we will provide updates accordingly.

BUSINESS UPDATE

Kirkman Brand

The business continues to maintain customer loyalty with sales over \$4M in year-to-date gross revenue. We updated our ERP system, website, and our

MAP/MSRP pricing to better serve our customers and maintain strong brand status on Amazon and across the Internet.

We continue to partner with our Amazon reseller to co-invest in advertising, which has showed a very positive ROI. Additionally, several new local professional accounts for distribution in Oregon were opened through an investment in our sales team. One of our largest distributors, Fullscript (<https://fullscript.com>), has added more than 35 Kirkman-branded items to their platform that services over 70,000 practitioners.

In October 2023, Kirkman will again participate in The Autism Community in Action (TACA) trade show that is focused on supporting people on the Autism Spectrum. We will also attend the annual Portland Oregon Association of Naturopathic Physicians Conference (OANP) in mid-October with a secured booth. Attendance of roughly 200 Naturopaths is expected.

Hemptown Naturals Brand

We continue to work with our distribution channels to grow the recently-launched Trailer Park Boys' D9 Gummies in three different flavors: Orange, Green Apple, and Rum & Cola. We will be participating in the NACS and Champs trade shows (both in October) with the expectation to gain new retail outlet distributors of both Hemptown Naturals' and Trailer Park Boys' product lines. Additional innovation to leverage our Trailer Park Boys existing license agreement are in the works.

FUTURE PLANS

In addition to the upcoming IPO, we have two new brands that we will be launching over the next 12 to 18 months. These two new brands will be manufactured and fulfilled in our cGMP facility.

CONCLUSION

We thank you for your patience and understanding while we continue building positive revenue, increasing capital, and executing new strategies and launch catalysts.

We are moving in a positive trajectory with good momentum.

Continue to check your emails for updates over the next several months and please reach out if you have any questions.

Sincerely,

The Team at Hemptown USA

