



# FUNCTIONAL

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## INVESTOR UPDATE March 2024

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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 have conducted multiple sessions with different IPO partners over the last two months since the January Shareholder Update.

One of the key updates is our continued engagement with our Investment Banker, Joseph Gunnar. We discussed our IPO progress in February with their Head of Capital

Markets and Head of Institutional Investors. Overall, the conference call was very productive, and they will continue to remain our investment banker throughout this process, as well as our next capital raise. We have another call with the Head of Capital Markets and the key FIGO doctors to further articulate our strong prenatal IPO story.

Several meetings have occurred with the Chicago Board of Exchange, and they are very interested in helping our company with the IPO. The benefits of partnering with CBOE are their enthusiastic level of engagement, the speed towards the IPO, and the lower fees associated with being a publicly traded company. We're excited to partner with them as we get closer towards that date.

We are in the process of changing auditors. Our previous auditor was not performing to our level of timing and expectations. Their performance was slow, so we are pivoting to another auditor who has helped multiple companies with their financials and the SEC. We've conducted appropriate due diligence with the new auditor, and we're excited for them to be part of our IPO journey.

We have addressed most of the SEC questions in respect to our S1 submission. Addressing all the SEC comments is our number one priority and utilizing our new auditor to assist our efforts in the financials is a key component. As expected, we still expect a few more rounds with the SEC to ensure we're addressing all questions in preparation for our IPO. As progress continues, we will provide updates accordingly.

## **BUSINESS UPDATE**

### **Kirkman Brand**

As previously communicated in January, our overall Kirkman brand grew +6% in 2023 vs. 2022. Through February 2024, Kirkman growth continues as our business is up nearly 10% year-to-date vs. prior year. Our growth is being driven in our largest channel, which includes our Domestic wholesalers and professional accounts. We

continue to partner with our large accounts, iHerb, Full Script, and Emerson Ecologics to drive our B2B business.

We are moving to a new website platform for the Kirkman brand that will have more robust marketing tools, so we're looking forward to driving more traffic and revenue through our website, which is our highest margin business. This new site should be live later this month. We will also be participating in the upcoming White Label Expo show this May in Las Vegas with the goal of mining white label / contract manufacturer leads.

Our lead story for the IPO will be marketing and selling the only 'certified' prenatal supplement on the marketplace and taking full advantage of the first market-mover opportunity. 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, label, box and product insert. The U.S. prenatal 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. We will be partnering with Market Performance Group in taking the prenatal product to market via eCommerce to start, before taking the product to big-box retailers.

## Hemptown Naturals Brand

In addition to launching Hemp Stix, D9 gummies, and more recently D9 Drink Enhancers in order to utilize our license agreement with the Trailer Park Boy, we're investigating other hemp related opportunities. A pilot production run was completed for flavored hemp-derived blunts, and we're also looking into a hemp seed opportunity for the home-grow market. Continuing to add incremental products without a significant outlay of capital is one of our key working principles to properly monetize the license agreement with the Trailer Park Boys.

As an incentive to our shareholders, we are continuing to offer a special promotion for the new D9 Trailer Park Boys Drink Enhancers. Buy 3 or more Drink Enhancers and

receive \$10 off. Please use the 'InvestorPromo2' discount code upon check-out at [www.hemptownnaturals.com](http://www.hemptownnaturals.com) to receive your promotional incentive.

We did participate in Champs with the Trailer Park Boys in February, and we will be participating in the ASD show in March to further drive awareness and sales.

## CONCLUSION

Overall, we continue to work very diligently to provide the SEC with all the required documentation to approve our S-1. We feel that replacing our auditor was an absolute must-do. We understand this is taking a little longer than expected, but please know we're doing everything within 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.**

** KIRKMAN®**

