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S.F.-based The Naked Market announces \$27.5M funding

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San Francisco food and beverage startup The Naked Market announced Thursday that it has raised \$27.5 million in Series A funding. Hong Kong-based Integrated Capital led the round with participation from Great Oaks Venture Capital, Pacific Tiger Group, Sope Creek Capital and Clearco.

The Naked Market was founded in 2019 by Harrison Fugman, Alex Kost and Tim Marbach to produce a suite of packaged goods and control all aspects of their creation — from the initial concept and food science to manufacturing, marketing and distribution. Its approach to operating multiple food brands instead of just one sets it apart from competitors in the food and beverage space.

Thus far they've created five unique food brands — including Flock Chicken Chips, AvoCrazy, Project Breakfast and Beach House Bowls — and are planning to launch another five in the first half of 2022. It recently debuted Rob's Backstage Popcorn, a collaboration with



THE NAKED MARKET

Harrison Fugman and Alex Kost, operational co-founders, The Naked Market, Nov. 2021

pop band the Jonas Brothers. In all of their products, a key factor is to offer the healthiest options possible, something that CEO Fugman recognized as being absent in most pre-packaged snacks.

Fugman most recently ran Credit Suisse's venture capital coverage team, but said in an email that he always pictured himself as an entrepreneur. "As a foodie and wellness maniac, I felt the need for better-for-you products in the market, and when I further diligenced the sector, I was blown away by the opportunity set for new age brands to disrupt incumbents," he said. Proprietary software is its key driver of innovation.

Named The Machine, The Naked Market's internal data collection tool leverages more than 15 million data points collated from online consumer review sources such as Shopify, direct customer feedback, Amazon, retail point of sale and search engine trends, to help the company inform the category opportunities that it will opt to pursue further.

"The end-to-end expertise, technology and infrastructure [helps to] create and launch brands in months — then quickly identify the winners (while shutting down the losers) and scaling them to become household brands in America," Fugman said in an email.

Investors have taken notice. "The Naked Market has built a unique portfolio model that allows the team to hone in on multiple food products that not only lead with superior flavor and better ingredients, but are at the forefront of trends as they emerge," Jeffrey Yam, executive director at Integrated Capital said in the press release. "The technology and infrastructure they have built to create and scale multiple brands is something we believe will catapult them to being the next big incumbent in the food and beverage sector."

Consumers can find The Naked Market's products online via each brand's direct-to-consumer websites. Some of them are also available through third-party marketplaces such as Amazon. A focus of 2022 is to break into more retail stores locally and nationally, which this funding round is intended to advance.

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