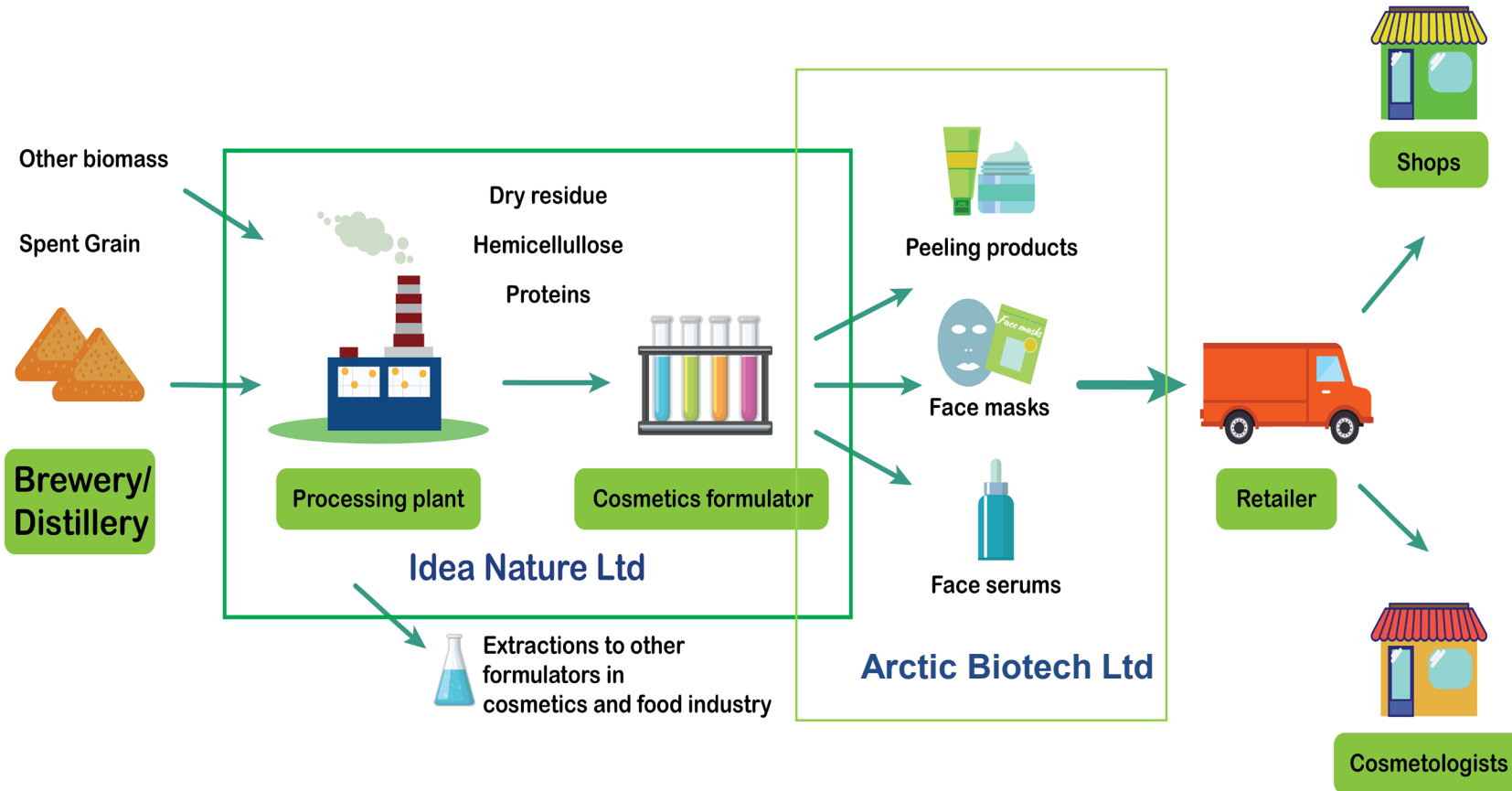


# Ingredients for cosmetics and food



## Background

- Valamo Winery and Distillery Ltd generates 320 t/annually (6 t weekly) of wet spent grain (65 % is absorbed water)
- Main fractions suitable as ingredients for cosmetics or food industry (% of wet spent grain): hemicellulose (10%), proteins ( 5 %), starch (> 2%), dried and milled spent grain
- Extraction using food grade enzyme ensures additionally to cosmetics it is suitable as food ingredient
- Idea Nature Ltd is possibly investing in extraction plant. Fractionation plant is versatile and suitable for extraction of valuables from various bio-sources: berries, herbs, also spent grain.
- Idea Nature Ltd is service providing formulator of cosmetics
- Arctic Biotech Ltd develops own cosmetic brand and commercialize products



## Key partners, activities and resources

### **Supply of biomass**

- Valamo Winery and Distillery Ltd– spent grain: preservation (acid and drying) and transport
- Herbs, berries and other biomass from the market

### **Idea Nature Ltd operations:**

#### **Extraction of ingredients – investment needed**

- Extraction reactors, equipped with heating/temperature control, dosing, pH measuring
- Downstream operations (filtration, centrifugation, etc)
- Preservation (drying or stabilization using chemicals) of ingredients before storage
- Packaging, storing and logistics

#### **Formulation of cosmetic products**

Idea Nature Ltd plans to enter also cosmetic formulators business

- Facilities for production of cosmetics formulation
- Packaging, storage and logistics of cosmetic products



## Value propositions

### **Distillery**

- Additional value from malt through better utilization of spent grain
- Reinforced sustainability message in branding whisky with better utilization of high quality resources
- Additional revenue from cosmetics

### **Consumer**

- Natural cosmetics with superior properties (depends on product)
- Products for environmentally conscious customers, branding as e.g. “Nothing is wasted”

### **B2B customer**

- Solution/service provider to improve biomass valorization and sustainability of customers business

### **Social benefits**

- Improved use of locally available resources
- Local value chains boosts local prosperity



## Customer segments and product selling channels

### Markets:

- worldwide market for plant protein ingredients\* forecasted to be 15.6 billion U.S. dollars in 2026.
- The global market value for natural cosmetics and personal care forecasted 50.5 billion U.S. dollars for the year 2027

### **Valamo Winery and Distillery Ltd cosmetic products**

- To retailer→customer
- Own shop
- E-shop

### **Idea Nature Ltd**

#### Ingredients

- B2B: fairs, e-shop platform, direct B2B sales
- B2C: e-shops for home made cosmetics, recipes, containing extracted ingredients can be included.

#### Cosmetics

- through e-shops and/or distributed to conventional shops

Strong marketing in Asia, biggest market

\* <https://www.statista.com/>



Northern Periphery and Arctic Programme  
2014-2020



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## Cost structure

### **Valamo Winery and Distillery Ltd**

- Preservation of spent grain e.g. with formic acid
- Outbound of spent grain and inbound of products transport.
- Subcontracting extraction of ingredients, formulation of cosmetic product and packing.
- Marketing costs
- Outbound transport to customer

### **Idea Nature Ltd**

- Investments → depreciations
- Operational costs (staff, materials, equipment maintenance, etc.)
- Storage and logistics
- Marketing of ingredients and own cosmetic products



## Revenue streams

### **Valamo Winery and Distillery Ltd**

- Cosmetic product sales (size of product batches is to be defined)
- Excess spent grain sold to Idea Nature Ltd

### **Idea Nature Ltd**

- Services – extraction, cosmetics formulations for other brands
- Own sales of extracted ingredients for natural cosmetics, preliminary costs: peeling grains 3-6 €/kg, cereal proteins about 62-94 €/kg\*, berry extracts (e.g. blueberry, bilberry – about 60/kg), etc.
- Sales from own brand cosmetics

\* <https://www.makingcosmetics.com/>



## Challenges

- Costs of business start-up
- Small number of products does not generate enough revenue, large number needs high financial and human resources in product development and certification of them
- Thorough comparison of market product prices and production costs is not done yet, profitability not clear
- Time to market is several years due to investments needed and certification time span
- Competition in cosmetic products is high, marketing costs can be high