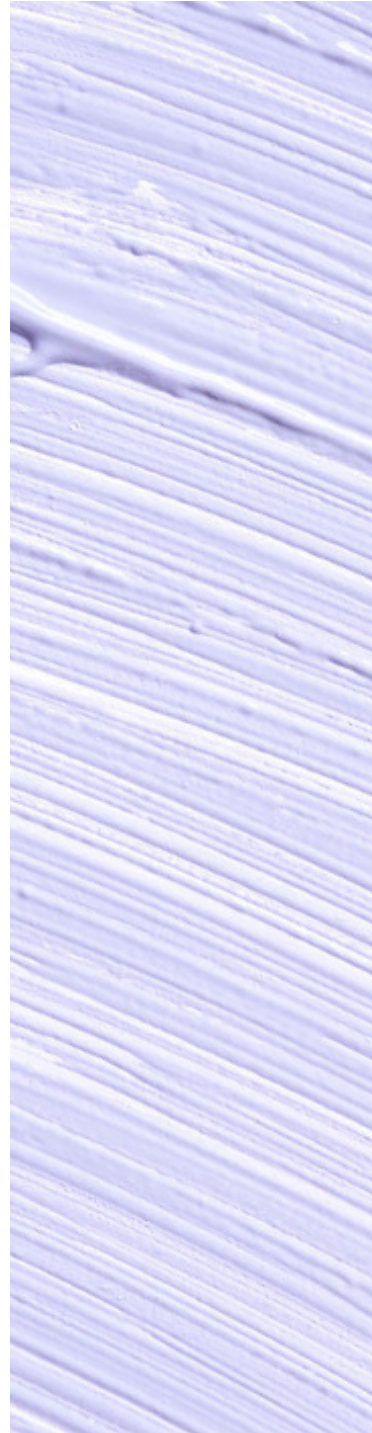


01

CHEMBOX BY CHEMCONNECT



Canadian Cosmetic Cluster



CHEM
CONNECT

WELCOME TO THE CHEMBOX REPORT

We are happy to provide you with the first ChemBox Report. This is a the overview of the launch. There will be a more detailed report in 6 months. ChemConnect continues to grow, we aim to provide more information about our users and their ingredient requirements. We at ChemConnect understand that statistics are essential for sustainable growth. We will continue tracking the data on usage and comparing survey results with actual usage.

The ChemBox Report will cluster users based on categories. For example, one category observed in the previous ChemBox editions is individuals with 5-10 years of formulation experience. Typically, they have worked for large corporations and big-name brands before starting their own companies. Usually, they formulate with 30-40 ingredients and only search for new products if they are forced to switch. The ChemBox ingredients are often new and would go otherwise unnoticed, as they have a well-established ingredient preference.

Next Steps in the ChemBox

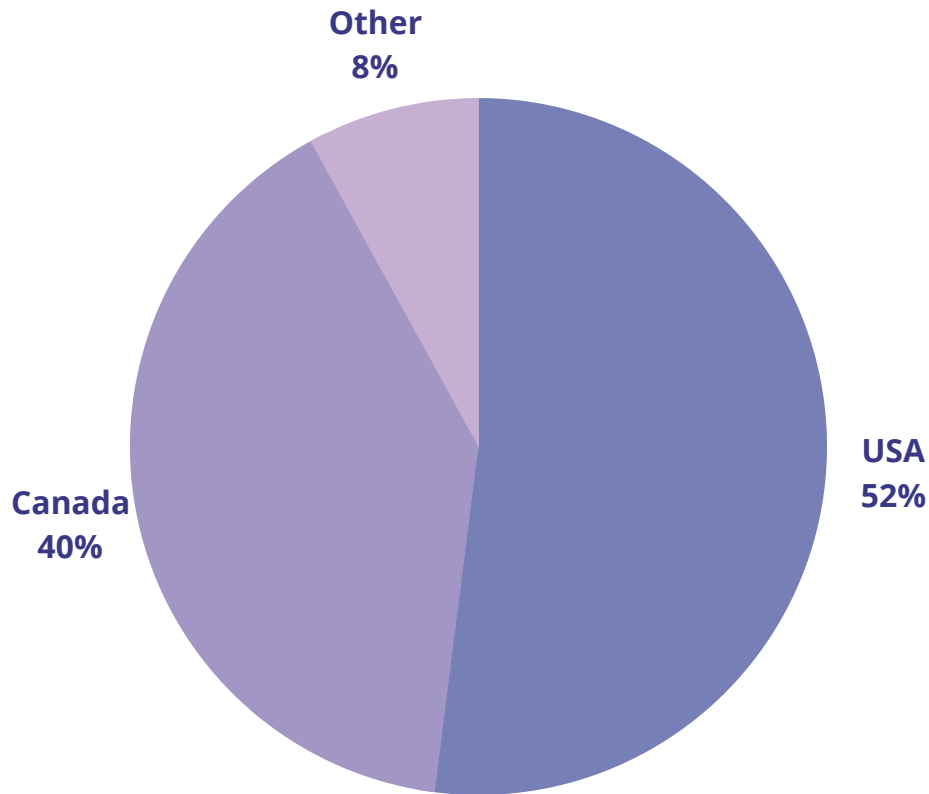
The ChemBoxes will be opened fully in the next month. Participants will begin making prototypes in the next 3 months. In 6 months from now they will begin to finalize the prototypes for final product.

Contacting the Participants

There will be a dedicated space online for reaching to the ChemBox participants. You can leave messages, discuss pricing and trouble shoot any issues. You will be provided the link by email.

CHEMBOX REPORT STATISTICS

COUNTRY USERS

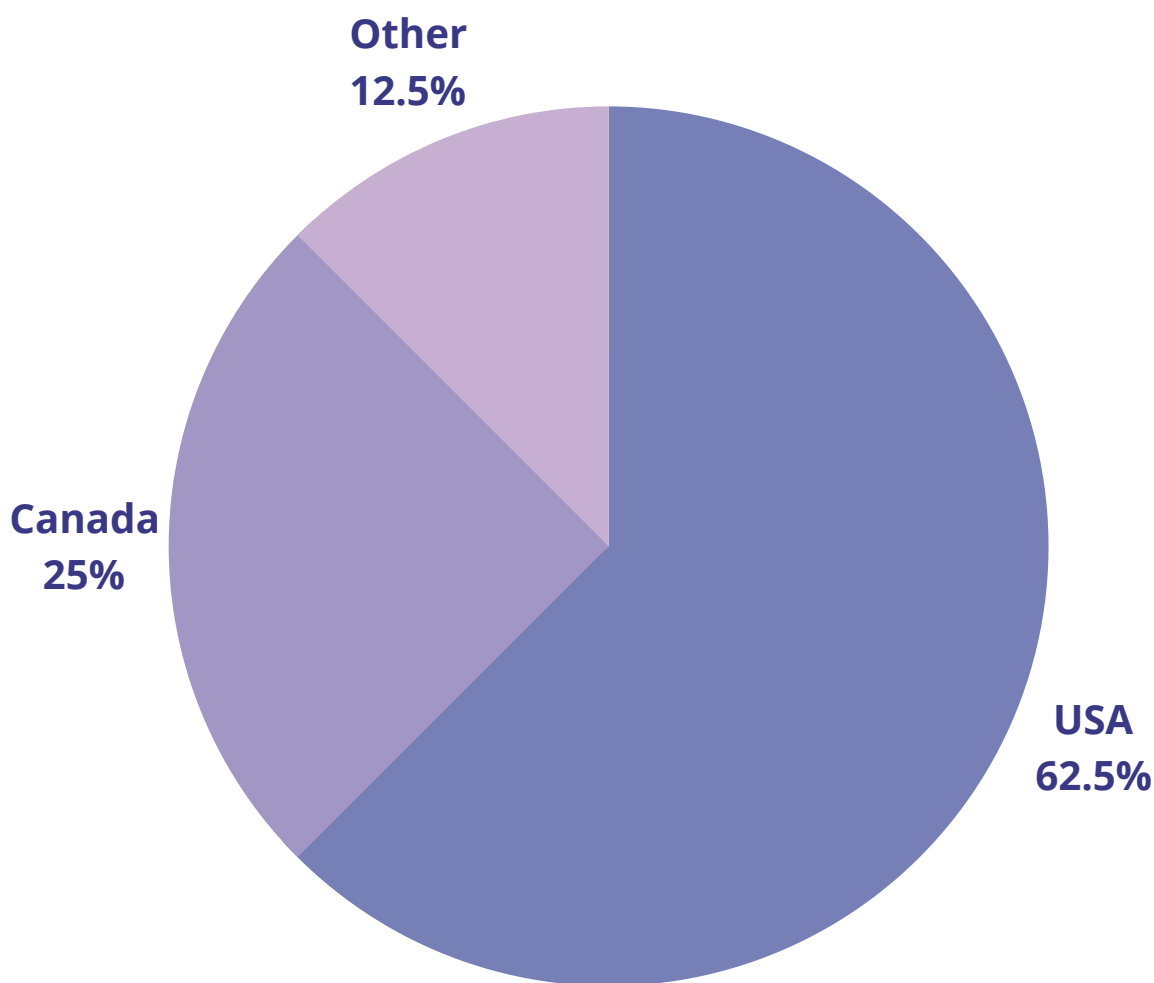


CHEMBOX PARTICIPANTS

This years ChemBox cycle has started very well. We have tracked users by country, how often they have repeat logins to the ingredient pages. We also tracked the clicks of the ingredients from both the website and the email campaigns. The amount of clicks do not equal to popularity. When first opened, ingredients that are uncommon will have more interest. Ingredients that have their purpose stated in the name such as a botanical oil or any ingredients that are commonly known, lead to less clicks. This is expected to change as the boxes are more used. in 3 month we will see ingredient clicks based on ingredients that are being used in formulation.

We also monitored the types of participant formulators manufactuers and brands. We have combined formulators and manufactures because we found that more labs are doing higher volumes and offering more turnkey options.

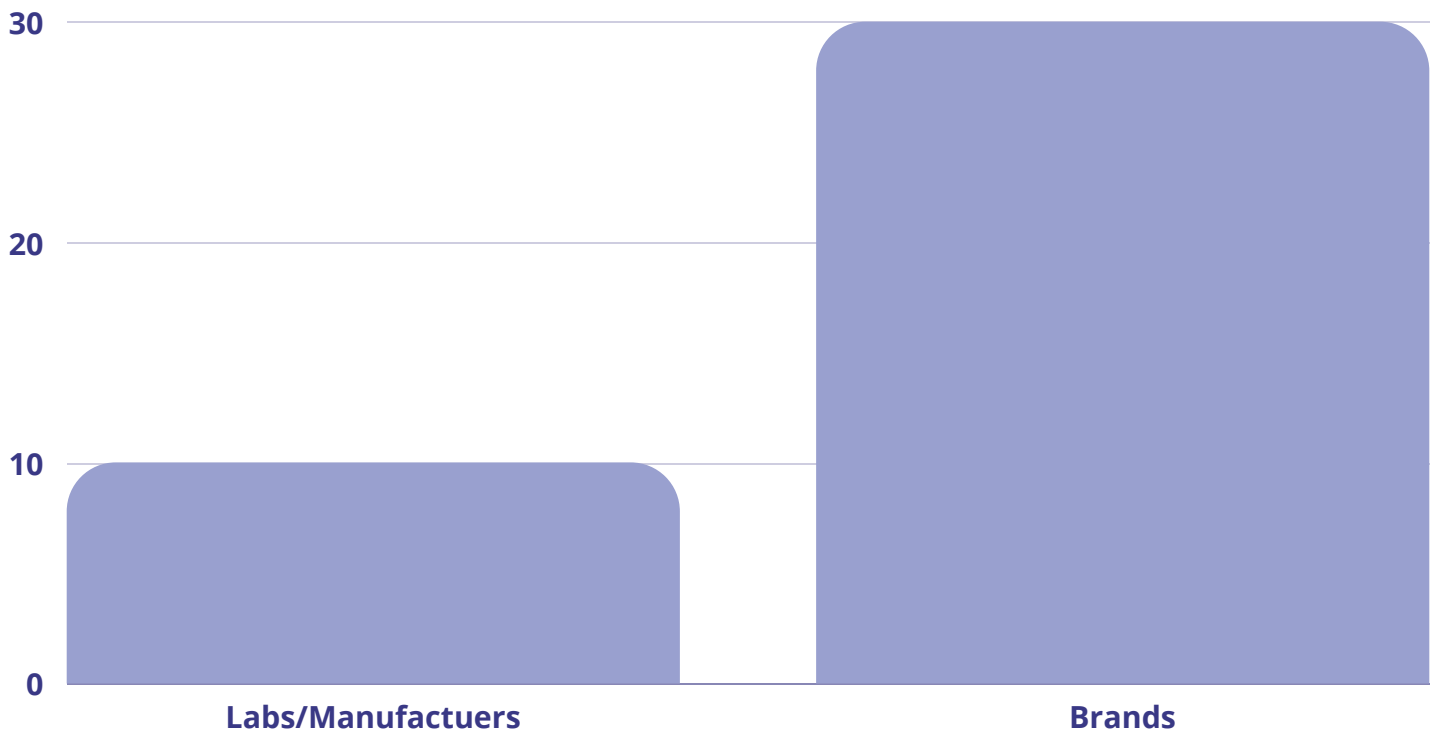
MOST COMMON REPEAT LOGINS FOR WEBSITE



CHEMBOX USERS IN OTHER COUNTRIES

The ChemBox was shipped to USA, Canada, UK, France, Netherlands, Australia, New Zealand and Singapore. There is growing popularity of the ChemBox in Europe, UK and Australia. These few companies were allowed to be part of the ChemBox as we plan to expand into those area in the future. Another area that we are hoping to expand into is Africa. We have a new partnership with the African Home and Beauty Cluster that is a great step to launching a ChemBox service in the Sub-Sahara Region. International clients make up 8% of the ChemBox but have higher interaction rates. They are heavy users with an average time of 5 minutes per page compared with 2.5 min average per page of a user from the USA. Language barriers are not to account for the longer reading time as all of our ChemBox participant are very fluent in English and mainly reside in english speaking countries. Some of the USA users have businesses in UAE and Nigeria.

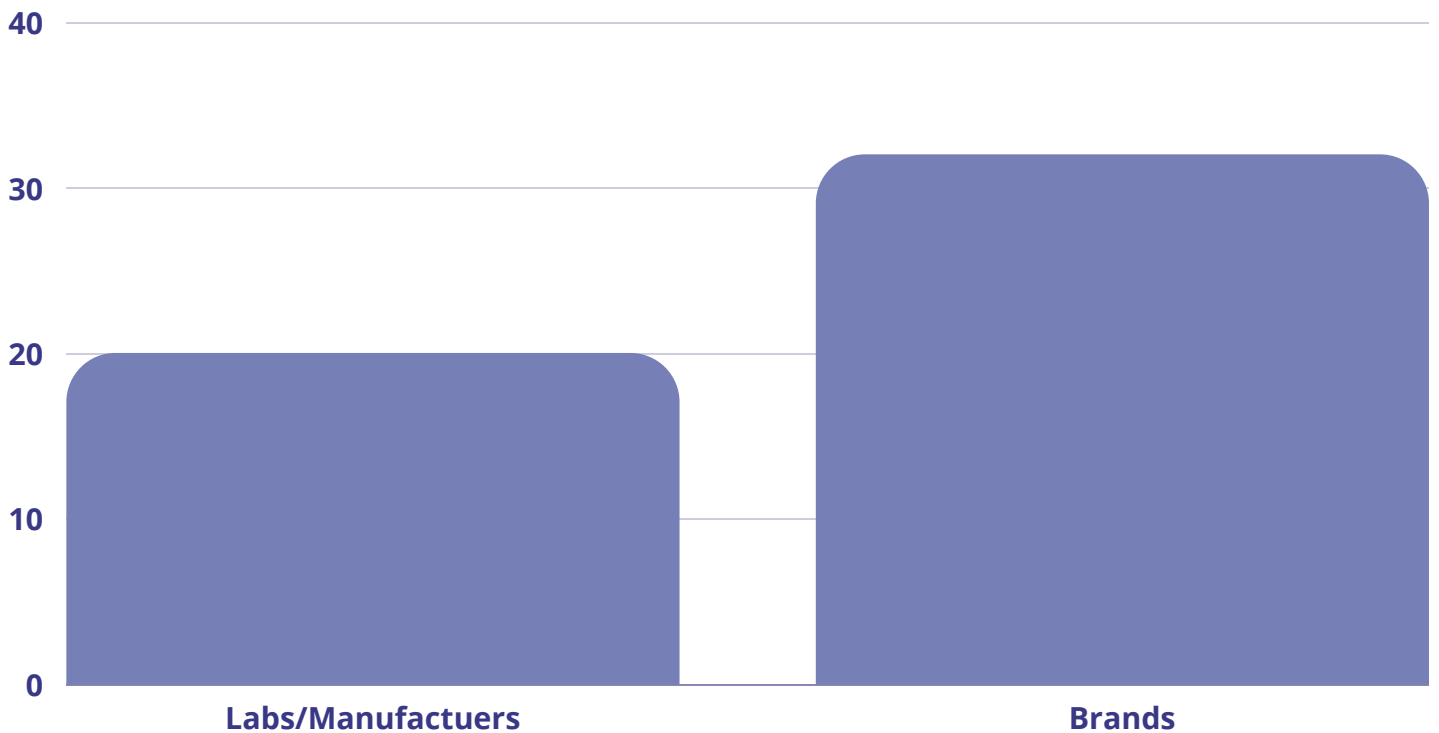
TYPES OF USERS IN THE CHEMBOX



THE CHEMBOX IN CANADA

The ChemBox has been growing in popularity in Canada. Due to certain government grants that help boost business there has been an increase in Cosmetic brands emerging. The pandemic also had a role to play. Many business professional saw this as a chance to work from home and develop a side project. These projects grew to be profitable businesses that allowed participants to quit other jobs. We saw formulators leave to work indecently. Canadian brands such as Barber and Co as well as the SunScreen Company both have stopped their private label capabilities to increase their own in-house brands. There is a real thirst for companies to create their own namesake brands. This is leading to a shortage of cosmetic scientists in the work place. There are job openings at most cosmetic manufacturers that we spoke with. Canada also has global ties through many countries due to increased immigration policy. Many companies are founded that create products for their own communities.

TYPES OF USERS IN THE CHEMBOX



THE CHEMBOX IN USA

The USA ChemBox campaign was very successful. There is a bigger population in the USA accounting for more users in America. Most brands are also part of the Cluster network. We have had 30 new companies in the ChemBox compared to last year's box. We will increase our numbers by 30% in each cycle. There are many new skincare brands that are emerging and they are very competitive with each other. This is why having access to the ChemBox is so important to them. Social media is a great tool to connect with brands, 90% of our new ChemBox participants are from social media referrals. The most active states for the ChemBox participants are California, New Jersey, Florida and Texas. There are 5000 active members in the Society of Cosmetic Chemists while there are 114,841 Beauty, Cosmetics & Fragrance Stores businesses in the US as of 2022, an increase of 2.7% from 2021. (IBIS World Report, 2022). This accounts for the gap between Labs and Cosmetic Brands.



EXAMPLE OF CHEMBOX PROFILE - MANUFACTURER

Established contract manufacturers in North America make a business of selling their stock formulas. The additional workload and marketing costs often discourage innovation. Consequently, when customers request new product development, they are swiftly redirected to the manufacturer's stock formulas. Manufacturers will try to convince clients that new products are not a worthy pursuit and that they should use their market-proven stock formulas. A big culprit behind this vicious cycle is the cost of new ingredients. Fortunately, we have been observing a new trend in the formulation market. Small labs and formulators are filling this space in the market and rapidly expanding their reach, indicating that we are on the cusp of a new era of cosmetic manufacturers.

Contract manufacturers are very picky with ingredients. They receive a lot of samples and have ingredients left over from various projects. They also have waiting lists for new clients to start new formulas. 70% of the brands on our list use a contract manufacturer to make their products. The increase in new companies puts stress on the manufacturers that can do medium to large run of cosmetics. This is a growing gap in our industry. Indie labs are popping up everywhere but once the company is passed the pilot phase they often need to wait to scale up their formulas and product runs.

**"Wellness is
the mindset
behind
product
development"**

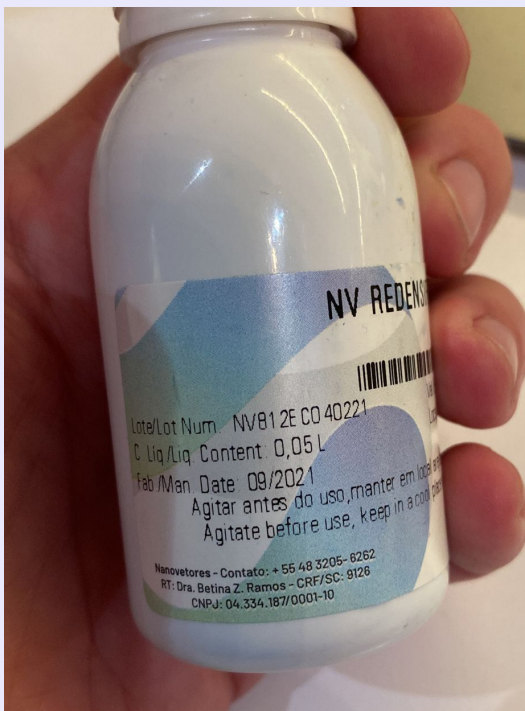


CHEMBOX IN ACTION

01

XO LABS CREATES COCOBERRY

Annie Graham from XO Labs used the ChemBox during her work on a new brand CocoBerry. CocoBerry hair products are formulated for curly hair. The products are made to the highest standard with the best ingredients. "When we were choosing a berry for Cocoberry - it wasn't hard to settle on the blueberry. It's beautiful, familiar and well known for all its healthy benefits." says CocoBerry Chemist Annie. She continues, "We use one of our favourite cosmetic active - NV Retinol because of the benefits of encapsulation. We found this to be a very important consideration for curly hair. It needs the moisture, but also the bounce. Also using Coconut and Berry was a great choice - it is a very nourishing and fun combination."



CHEMBOX IN ACTION

02 | INDIE COSMETIC LAB

This company is an excellent example of how access to the right ingredients can help a company grow and develop new products. Indie Cosmetic Lab based out of Los Angeles experienced growth due to the ChemBox and the Cluster. By accessing new ingredients they created new formulas, and under went a complete rebrand. One of our driving goals is to provide constant support for brands of all sizes. We will continue supporting ICLabs. Labs that work with indie brands have great potential in the market.



indiecosmeticslab

ICLab is here today because I put in the work AND some key people crossed my path and gave me a chance to show them what I can do.

Margarita with @canadiancosmeticcluster being one of them, along with people she's introduced to me (not sure I can mention you, but you know who you are !)

That's why this ICLab value is so important to me



MADE TO BE INCLUSIVE

CHEMBOX IN ACTION



03

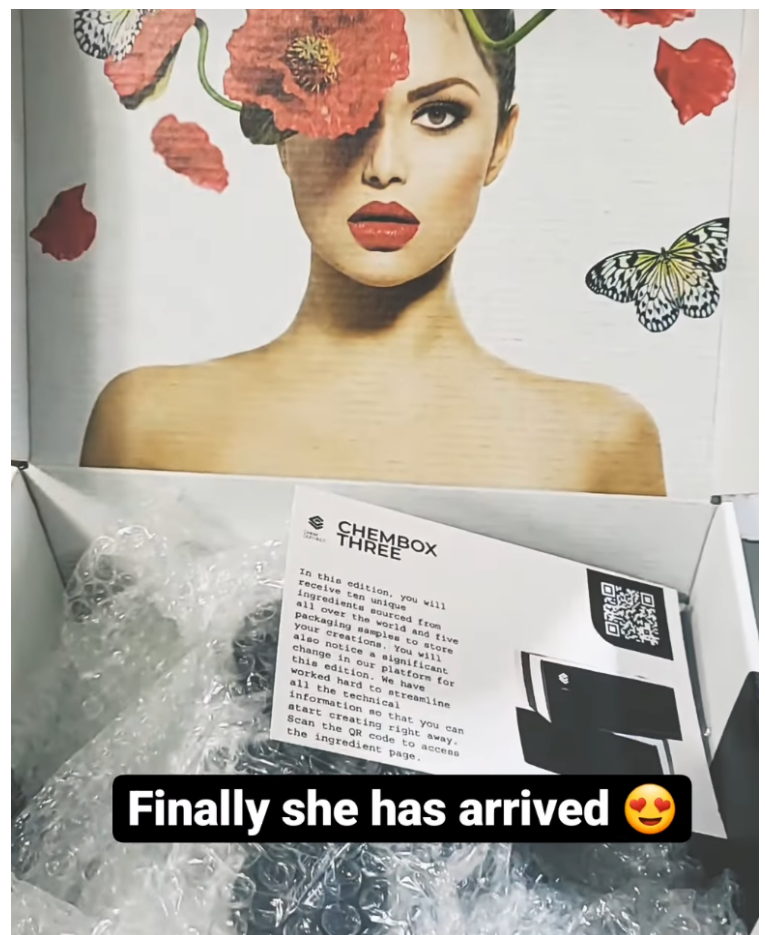
CANELA BATHNBODY

The Company Canela BathNBody enjoys the ChemBox and is always the first to order. They specialize in body and bath products. They have also rebranded after using the ChemBox and using new ingredients to upgrade their formulas.

04

BARBER AND CO

The ChemBox gave Barber and Co a chance to play around with new ingredients. They are excited to use the ingredients to make new products dedicated to men's skin and retail items for barber shops. This company has been a regular participant and their chemist is always looking for new formulations to make and test.



CHEMBOX IN ACTION

05

PERSEPHONE'S PURSE

The ChemBox gave company Peresphone's Purse a chance to develop new formulations and grow their business. The company has doubled their product line after joining the ChemBox.



CHEMBOX IN ACTION

06 GLOW ESSENTIALS

This lab loved formulating with the nano active retinol for their new skincare prototypes. This lab works with large manufacturers in China and connects USA clients to bigger product runs once they are ready. Like many labs, they also do stock formulations.



07

RELEVANT LABS

The ChemBox got to connect to a fantastic Chemist from Relevant Labs. This company specializes in formulations for skin and body care products. They have clients in Target and Ulta. They really enjoyed using the ingredients to create new prototypes.



CHEMBOX IN ACTION

08

UPCYCLED BEAUTY

Upcycled Beauty is an ingredient supplier that makes raw materials from only product waste from other industries such as the beer industry. After having three samples with ChemBox they have increased their North American presence. We helped connect them to a new distributor in North America and we are excited to see them succeed. The ChemBox is more than just sampling we can help you advance your raw materials.



by-product of beer production
rich in proteins, peptides amino
carbs

CHEMBOX IN ACTION

09 JAGUA BLUE POWDER

We had the pleasure of promoting Eco Flora Care's star ingredient Jagua Blue Powder. This ingredient was a hit for chemists. They enjoyed the ease of use and the stunning blue color. We also got to test which ChemBox Participants preferred the science of the ingredient over the ingredient history. You can use the ChemBox to get the data you need.



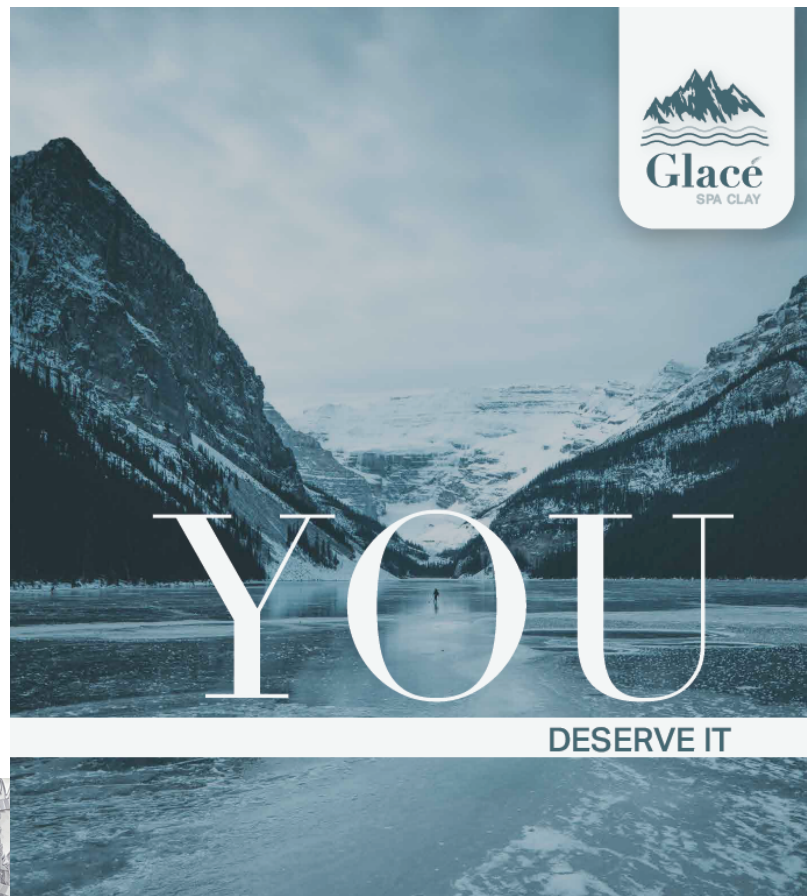
Liked by crafting_cosmetics and others

CHEMBOX IN ACTION

10

GLACIAL BAY CLAY - REBRANDING

One of our ChemBox success stories was Glacial Bay Clay. We not only had them in the ChemBox but we did the entire rebrand for their raw material. Packaging matters and chemists definitely gravitate towards beautiful samples.



CHEMBOX FORMULATORS

Formulators are the backbone of the ChemBox. Whether they are independent formulators or chemists for bestselling cosmetic brands, the industry needs developers to create new products. They pour their hearts and souls into the making of their products. And we at ChemConnect like to shine a spotlight on them in every **ChemBox Report**.

HAYLEY PERI
DANDI DAY

EVITA ASARE
JOESPHS LAB

AJ ADDAE
SULA LABS

RONALDA YOUNG
OUSPIQUE LABS

ÉLIANE TREADWELL
RELEVANT LABS

CHEMBOX BRANDS

Brands are the main ChemBox clients they make up 69% of the ChemBox Participant. We are very proud to see familiar brands use the ChemBox each cycle. But we also love seeing new brands use the ChemBox for the first time. We like to take a moment to highlight some of our new brands in this **ChemBox Report**.

ME-IL SKINCARE

ZEN ETHER

HIGH ON LOVE

MALTE

REVIV SERUMS



THANK YOU!

Thank you for your ongoing support of ChemConnect's ChemBox. The future is full of exciting new opportunities. The world is changing, and ChemConnect is working to support companies with solutions for this new world. Our motto at ChemConnect - Together We Can Grow. Our goal is to connect brands to suppliers and ingredients. Regardless of your school of thought on matters of cosmetic development, whether you are passionate about clean beauty or all about synthetics - we want to create a supportive space for you.

[JOIN CHEMCONNECT](#)