

Don't eat it.
Enjoy it!



Business Report 2017-2018



Bugman's Best

bugmansbest.com

- Founded: 2017 - ongoing
Team: CEO and Chief of Economical Affairs Toivo Hursti, Graphics Designer, Chief of Marketing Matias Järvinen and the Development Director Aaron Uussaari
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Executive Summary

*Bugman's Best Oy (LLC) is a Finland based enterprise striving for a more sustainable way of life in the magnificently beautiful but barren Nordic countries by inventing and experimenting with the new way of food production: **insects**.*



In the Nordic countries the production of food is quite difficult and demanding for both: the environment and the people. Because temperatures are cold, and the growing season is so short not only is domestic food production costly in the Nordic countries, especially Finland, Norway and Iceland must rely on imported goods to feed their populations. Of course, importing tons of food by air freight increases the carbon footprint of every meal consumed in the Nordic countries.

That is true only about the traditional way of producing food: by growing crops on vast fields and raising large cattle animals. Bugman's Best offers an alternative way of producing food and allows for a more sustainable lifestyle. Producing and enjoying insect food may be the way of future living all around the world, and if Bugman's Best team has their say, it will be the future of food producing in the Nordic countries.

We at Bugman's Best want to bring the joy of insect food into every family in the Nordic countries. And produce an easy-to-approach insect product in the form of a nutritious and delicious snack bars using locally produced house crickets as a source for protein, iron, vitamins, and amino-acids. Bugman's Best combines the almost unbelievable pros of house crickets with pure and delicious ingredients creating a one of a kind product that will revolutionize snack time as we know it.

Bugman's Best is a Finnish startup trying to grow and expand. The will for growing is great amongst the founders, because one of the key objectives of Bugman's Best is to spread the message of insect food and to normalize eating insects in the Nordic diet.

The Bugman's Best team dares you to try the cuisine of the future, and to join the snack time revolution today along with us.



CEO's Forewords

It has been a great year to be CEO of Bugman's Best. Especially seeing our team coming together and solving even the hardest challenges we have faced.

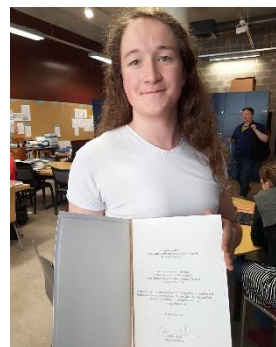


The team from left: Matias Järvinen (Graphics Designer & Chief of Marketing Matias), Toivo Hursti (CEO & Chief of Economical Affairs) and Aaron Uussaari (Development director).

I have learnt a lot about myself, my team and the business world as a whole and all these lessons will surely benefit me in the future. We have gotten much better at dealing with stressful situations and presenting our ideas. Still one of the most rewarding observations has been the change in people's attitude towards us and our product. We are now seen more as entrepreneurs than high schoolers and we have even gotten a little bit of a credibility amongst bigger companies. I'm definitely looking forward to these upcoming years as the CEO of Bugman's Best and we will be

sure to implement all the lessons learnt from our journey with the JA to use when facing even bigger challenges in the business world.

Toivo Hursti,
CEO of Bugman's Best LLC



Vision & Values

*Our mission is to bring **the joy of insect food** into every family in the Nordic countries.*

Our most important value is sustainability as it was the whole reason behind the idea of Bugman's Best. We wanted to make the world better by being more aware of the pollution and environmentally unstable meat production and giving an easy first step to stopping it. We value entrepreneurship which is why we constantly innovate more sustainable and effective ways to grow our crickets. One of our most

important goals is making our products tasty and delicious. We want people to eat our products not only because of environmental awareness but also because they like the taste.

Values of Bugman's Best are:

sustainability, **entrepreneurial approach** to problems, **youthfulness** and **delicious food**, and the company operates by fulfilling these values to the maximum.

Bugman's Best Oy offers an alternative way of producing food and allows for a more sustainable lifestyle.



Product: Cricket Bar

Producing and enjoying insect food may be the way of the future living all around the world, and if Bugman's Best team has their say, **it will be the future of food**

producing in the Nordic countries. We offer an easy-to-approach insect product in the form of a nutritious and delicious snack bars using locally produced House



crickets. Bugman's Best combines the almost unbelievable pros of house crickets with pure and delicious ingredients

creating a one of a kind product that will revolutionize snack time as we know it.

What Makes Crickets Special?

House cricket (*Acheta domesticus*) is a brown small grasshopper-esque insect that trumps red meat as a source of protein by a long shot. First of all crickets have way more protein (over 60%) than for example beef (approximately 25%) while also having all of the essential amino acids. Crickets also have omega 3 and 6 fatty acids, high amounts of calcium and vitamin B12 and more iron than spinach. Crickets have a rich nutty flavor that adds its own delicate touch to the earthy harmony of delightful flavours.



Healthiness of our granola bars is furthermore increased by the Finnish oats and the local sourced honey without forgetting healthy fats of almonds and peanuts.



Health benefits of cricket food does not stop at the level of an individual. It is also nectar for the planet. Insects and especially crickets are the most ecological and sustainable way to produce food. Crickets require 22 000 times less water and 600 times less feed than growing cows as well as producing little to nothing in regards of greenhouse emissions. They also require much less space than any other form of cattle making cricket farming suitable for urban environment such as ours.

First Year in Cricket Jumps

Our year has been quite busy with the JA and since we founded our LLC the opportunities have only increased. We started off our journey with a bang as we sold out our first product batch within the first 15 minutes during an open to public insect food convention at our cricket farm in October.

After that we have presented our idea, business and product as well as our growing



Finland's Minister of Education Sanni Grahn-Laasonen tasting the bar.





Still few instances stand out from the rest. For example the JA Finland finals in Kamppi shopping mall and the interview for Finland's leading news outlets such as MTV and YLE.

Another big process regarding Bugman's Best was the transition to a real registered business in February of 2018. This was a long process and we consulted many professionals regarding various matters of law during the different stages of the process. After the transition we have been able to cut our expenses significantly as we can purchase other ingredients directly from the wholesale instead of the supermarket.

It is also important to note that we have been noticed internationally throughout this year from global news outlets interview to international high school business competition Genius Olympiad in June where Bugman's Best represented Finland.

We used to grow our crickets in a recycled shipping container transformed into a cricket farming facility next to our school but as the demand grew bigger we built a bigger and more efficient state of the art farming facility ourselves.

During this JA-year we have learnt many big lessons about our team, ourselves as individuals and the business world as a whole. We have learnt how to manage time schedules and how to balance between school, free time and business and without these skills we wouldn't even have a successful business. Working in a new industry has also taught us a lot about the law regarding insect food, corporations and taxation.

Starting our JA-year none of us had any experience farming crickets or any insects so learning the ecological ways of growing food was our first lesson and one of the

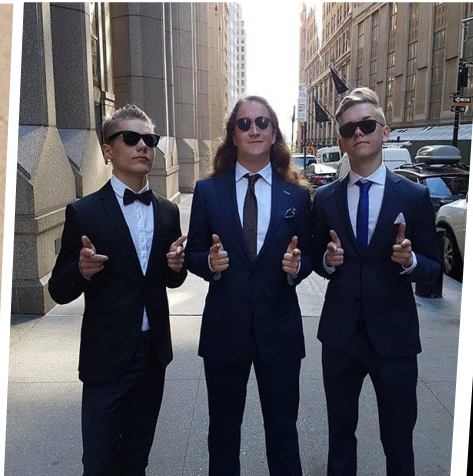


most important as it granted us with an advantage in the market.

Still one of the biggest lessons we've had is about how the food production chain works from the beginning to the end and how we could reduce the garbage and pollution

caused by it. Farming crickets and selling the final product has efficiently taught us both of the opposite ends of the chain.

Bugman's Best won the Grand Prize in Business -category at Genius Olympiad in June 2018 and took a deeper look at the business side of New York.
(16.6.2018)



Finance

Turnover **5 177,81 EUR**

Profit **2 933,18 EUR**

Units sold **2 040**

Currently we have sold 2040 cricket bars. We sell our products on our website (bugmansbest.com) and we have some distributors who sell our products. However vast majority of our sales occur on different kinds of events to which we are ordered from our website or by email. Our presence costs 100€ per 3 hours. Aforementioned price only includes us lecturing about crickets as foodstuff so products have to be bought separately. On top of the revenue it allows us to spread

our own story which is one of our biggest assets.

Cricket bars are also available through following distributors:

- Lahden Ruokapiiri RY (local eco-food distributor)
- Swinghill (Ski center cafe)
- Muurahaiskauppa (web store focused on insects)
- EBK-Honka areena (football-arena cafe)



- Kallio 24/7 (“hipster-item” web store)

Cricket bars cost 2,50€ per unit. Manufacturing expenses cover 43,4% of the price which means that we profit 1,42€ per unit sold. Sometimes we also bring

little sample bits of our products to events for free tastings. Their cost somewhat varies case by case. This will also be a great way for getting feedback from our new products when need to be (next product is scheduled to be published this autumn).

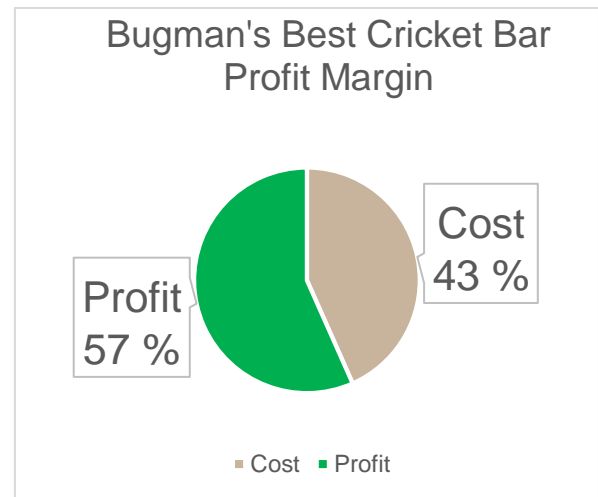
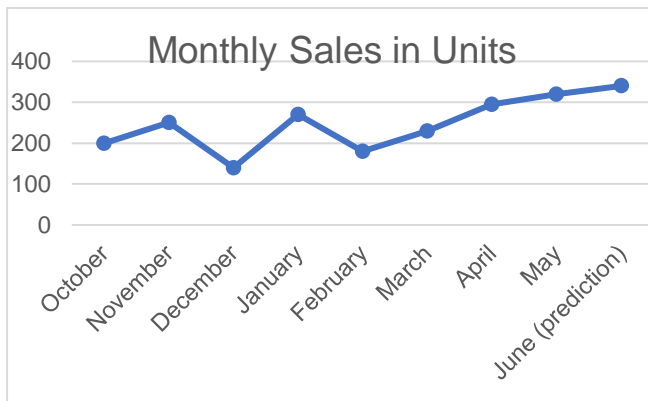
Following graphs and charts explain the financial affairs of Bugman’s Best.

Balance Sheet 14.06.2018			
Assets	Value in EUR	Liabilities	Value in EUR
Currency		Bank Overdraft	0
Cash in Bank	2490,40	Loans	0
Cash in Hand	553	Creditors	71,07
Receivables	355,34	Corporation Tax Payable	746,87(reducible)
Total Currency	3398,74	VAT Due	28,2
Properties		Total Liabilities	846,14
Real Estate	8728,26		
Machinery	203,05		
Total Properties	3931,31		
Total Assets	7330,05		

Profits/losses statement 14.06.2018		Value in EUR
Total Revenue	€	5177,81
Outside Investors	€	1600
Cost of Goods Sold	€	2210,94
Gross Profits	€	4566,87
Expenses		
Machinery	€	240,52
Legal Fees	€	380
Marketing	€	167,98
Banking Fees	€	44
Total Expenses	€	832,5



Net profit (before taxes)	€	3734,37
Corporate tax (20%)	€	746,87
Net profit	€	2987,50



Market analysis

The industry for insect food in the Nordic countries is such a young one, that the competition is still developing quickly, and new business are forming rapidly. There are only few major businesses in the market at the moment.

The major player in our field is the company called EntoCube Oy which is one of the first businesses in Finland. We have cooperated with EntoCube in various instances. There are also other more minor businesses on the market like Entis, Biotus and Pohjolan Hyönteistalous.

One of the curveballs of our industry are the food industry giants such as Fazer and Leader who have jumped on the cricket bandwagon. Their advantage is of course existing and established means of production and large amounts of capital.

University of Turku claims that Finnish people are the most open to eating insect food as a part of their diet in the whole Europe. That also reflects on the legislative decision of the Finnish government in 2017 to differ from



European Union law that prohibits the commercial use of insects as food.

Bugman's Best Oy focuses currently on the domestic market and operates under the legislative and social atmosphere of Finland. Our business still has potential to spread the idea of sustainable eating and future of snacks overseas.



Prospects

In the near future we focus on expanding our product family outside of granola bars while also providing customers with a nut-free option which has been in great demand.

For example we are currently experimenting with honeybee larvae cookies. Aforementioned larvae is a by-product of bee farming and a part of it is considered waste because farmers get way more larvae than they can afford to grow. This allows us to buy them fairly cheaply from our local honey provider. This product is to be launched before Christmas.

We will build our own cricket farming facility in the summer of 2018. That allows us to be less dependent on external suppliers while also reducing expenses of our cricket products. There are also a couple of companies from whom we will be able to buy crickets in case something goes wrong or if our need of crickets exceeds the maximum production rate of our facility.

One of our major long term goals is to sell 10 000 units monthly. This should be accomplished at some point in the year

2019. That would allow us to pay ourselves and to hire one outside employee.

During the year 2020 we will look to expand out of Finland mainly in Scandinavian countries. Bugman's Best Oy focuses currently on the domestic market and operates under the legislative and social atmosphere of Finland. Our business still has potential to spread the idea of sustainable eating and future of snacks overseas.

Many of Bugman's Best's values like: **pure and natural materials**, **innovation** and **entrepreneurial attitude** are distinctively Nordic, and we see a possibility for expanding to other Nordic countries. The obstacle standing in our way is the EU legislation that prohibits insect foods. Sweden, Denmark, and Iceland are all EU-countries and are bound by EU legislation. Norway isn't an EU-member, but it has harmonized its legislation considering food and feed to EU-law. We must wait and lobby the benefits of insect food as loud as humanly possible.

*This above all:
We will focus on improving our company and product one bite at the time while also learning from every mistake. Crickets are the ecological, exceptionally nutritious and most of all delicious superfood of the future and we will do our very best to bring that scenario to the present moment!*

