

# Japan’s First All-in-One Gel with Effective Ingredient that Penetrates to the Dermis\*

## Notice on Launch of “shinpi<sup>st</sup>”

Kitanotatsujin Corporation (the “Company”) hereby announces the launch of sales of “shinpi<sup>st</sup>” (a quasi-drug), Japan’s first all-in-one dermis care gel, on August 17, 2021, as follows. This product is the Company’s first mass market product.

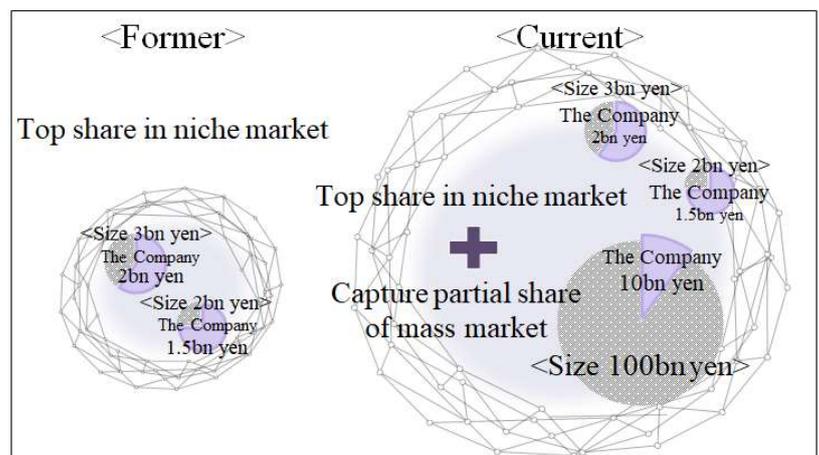
### 1. Shift in product strategy

In order to achieve its medium- to long-term targets of net sales of 100 billion yen and operating profit of 30 billion yen as soon as possible, the Company has adopted a strategy aimed at securing some market share for mass-market products, in addition to its existing strategy of focusing on securing a dominant market share in markets for niche products.

Thus far, the Company has developed a sales strategy that does not rely on brand strength or name recognition by accurately identifying

consumer needs in niche areas and delivering corresponding high-quality products to a specific target class of consumers only, with pinpoint accuracy. However, as smartphones, tablets, and other mobile devices have become more widespread and people’s access to information has increased with the growing use of the Internet, there have been signs of significant shifts in purchasing patterns, including the tendency among consumers to select the best products after comparing and considering multiple products. As a result of these changes in the market environment, the Company has judged that it is now possible to secure some share of the market for mass-market products without relying on brand strength and name recognition by developing high-quality products that capture the needs of consumers, as in the Company’s existing strategy. As such, the Company is currently developing mass-market products.

“shinpi<sup>st</sup>” reduces wrinkles and prevents discoloring with an active ingredient that penetrates to the dermis. As a result, this product is a quasi-drug all-in-one gel that is suitable for anti-aging care in accordance with the user’s age, while also caring for users’ skin in eight ways, including as a face serum, skin lotion, and milky lotion. This product was developed as the Company’s first product targeting the mass market, i.e., the “anti-aging” and “all-in-one gel” markets.



### 2. Market size

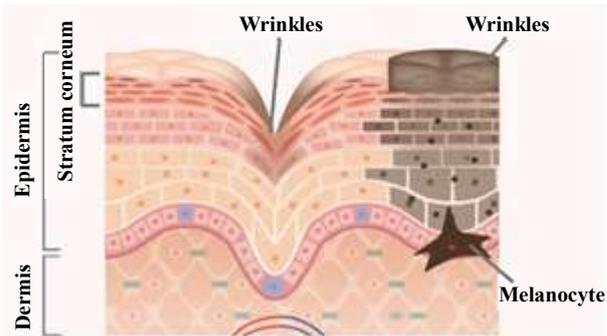
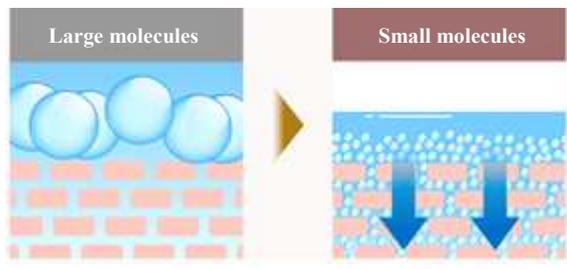
Consumers are becoming increasingly aware of the importance of skincare, such as reducing wrinkles and sagging skin, with the market for anti-aging products expected to grow to approximately 740 billion yen by 2021 following recent growth in demand for these products (“Functional Cosmetics Marketing Survey 2020-2021,” Fuji Keizai Co., Ltd., November 17, 2020).

Furthermore, the market for all-in-one gels combining the functions of multiple skincare products has broken 100 billion yen, thanks to increasing demand for easy-to-use products that help people save time (“Cosmetics Marketing Survey 2020 No. 1,” Fuji Keizai Co., Ltd., March 19, 2020).

In response to this ongoing growth in the market, the Company is now releasing “shinpi<sup>st</sup>,” Japan’s first skincare quasi-drug that both reduces wrinkles and prevents discoloration. In doing so, the Company aims to stimulate new demand and increase its customer base.



### 3. Product details

Product name	Shinpist
Product summary	Japan's first all-in-one dermis care gel with an active ingredient that penetrates to the dermis, enabling it both to reduce wrinkles and prevent discoloration.
Product features	<p>(1) <u>Active ingredient penetrates to dermis</u>  Wrinkles, which become deeper and larger over time, and discoloration, which increases over time, arise in the "epidermis," the outermost layer of the skin, and the "dermis," the inner layer of the skin. Most skincare cosmetics thus far have focused only on the epidermis and the stratum corneum. "shinpist," however, uses a revolutionary new manufacturing process that combines low small molecules for approximately 70% of its active ingredient, enabling the active ingredients to penetrate to the dermis.</p>  <p>(2) <u>Active ingredients that reduce wrinkles and prevent discoloration</u>  "shinpist" is made with niacinamide, a medicated active ingredient recognized as effective in reducing wrinkles. The niacinamide in shinpist penetrates to the dermis, meaning that not only does it reduce deep dermis wrinkles by promoting the formation of collagen, but it also provides moisture to reduce fine wrinkles on the epidermis. Niacinamide also prevents discoloration, enabling users to maintain clear skin.</p>  <p>(3) <u>Penetration of active ingredient without affecting the skin</u>  "shinpist" is manufactured with a unique "three-phase emulsification technology" and does not use surfactants. This means that the composition of moisture and oil in "shinpist" gel is the same as that of human skin, so its ingredients can penetrate the skin without affecting it.</p>
Target consumers	Women between the ages of 30 and 89
Launch date	Tuesday, August 17, 2021 The Company began limited advance sales and pre-orders on July 15, 2021.
Classification	Quasi-drug
Unit price (after tax)	Regular price 7,865 yen Regular course 4,378 yen
Inquiries	Customer Contact Center, Kitanotatsujin Corporation Website: <a href="https://otoiawase.in">https://otoiawase.in</a>

### 4. Future outlook

The impact of the above on operating results has already been factored into consolidated and non-consolidated earnings forecasts for the fiscal year ending February 28, 2022, announced on April 14, 2021. However, the Company will promptly disclose information related to any future developments that require disclosure, such as the status of new customer acquisitions.

(Note) Terms and phrases in the text refer to the following.

* Japan's first	First sale in Japan of a quasi-drug all-in-one gel with the active ingredient niacinamide that uses three-phase emulsification and shape-restoration gel to reduce wrinkles and reduce skin darkening (limit the formation of melanin and prevent discoloration and freckles). (As of March 2021; Source: Toyo Shinyaku research)
Discoloration prevention	Limiting the formation of melanin and preventing discoloration and freckles
Penetration	Penetration of the medicated active ingredient niacinamide to the dermis
Anti-aging	Age-appropriate skincare