

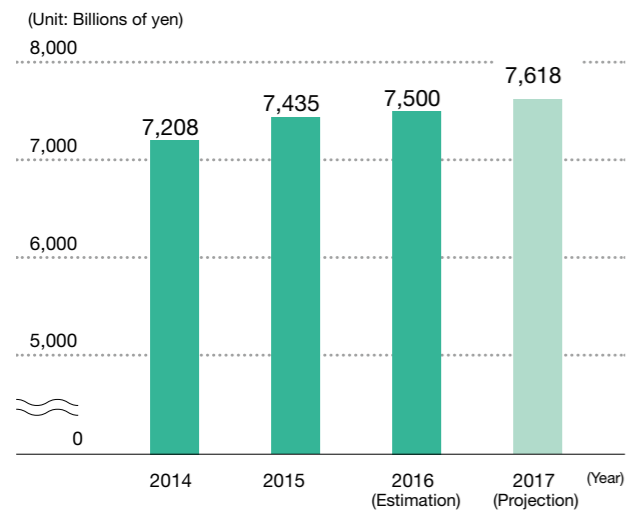
Healthcare & Skincare Business

The operation of our healthcare and skincare business is centered on Q'SAI Co., Ltd., our 100% subsidiary.

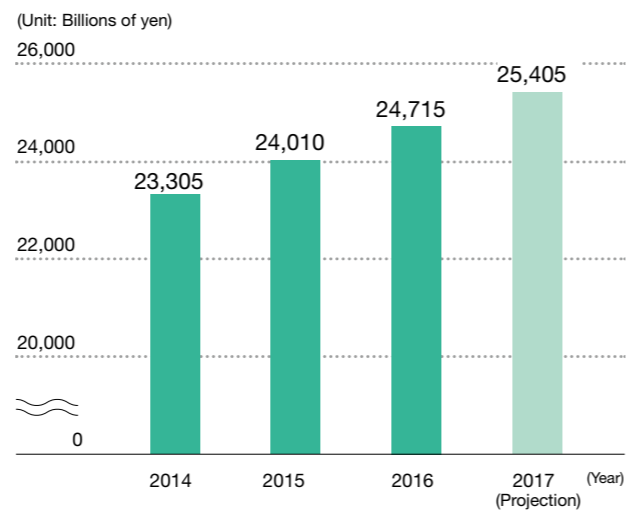
Market Sizes for Health Food and Cosmetics Products in Japan

Backed by consumers' increased consciousness toward health and beauty, the market sizes for health food and cosmetics products in Japan have seen continued growth every year.

Trends in Market Size of Health Food



Trends in Market Size of Cosmetics



(Source: Yano Research Institute Ltd., as of October 2017)

Channel Overview

Home Shopping

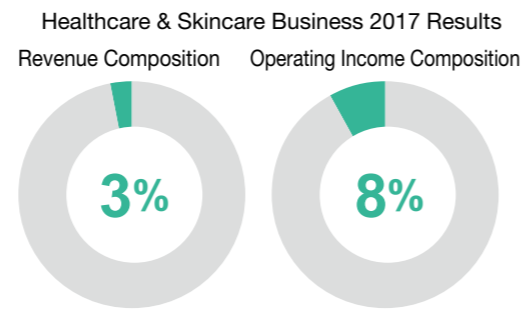
The home shopping channel accounts for about 90% of revenue. We continuously review our infomercial programs and broadcast slots to enhance consumer attraction. Call centers receive orders and provide guidance as a point of contact to provide sales support, spreading awareness of new products as well as proposing products that match consumer characteristics and needs. Sales promotion activities to existing consumers include value campaigns in our membership newsletter.



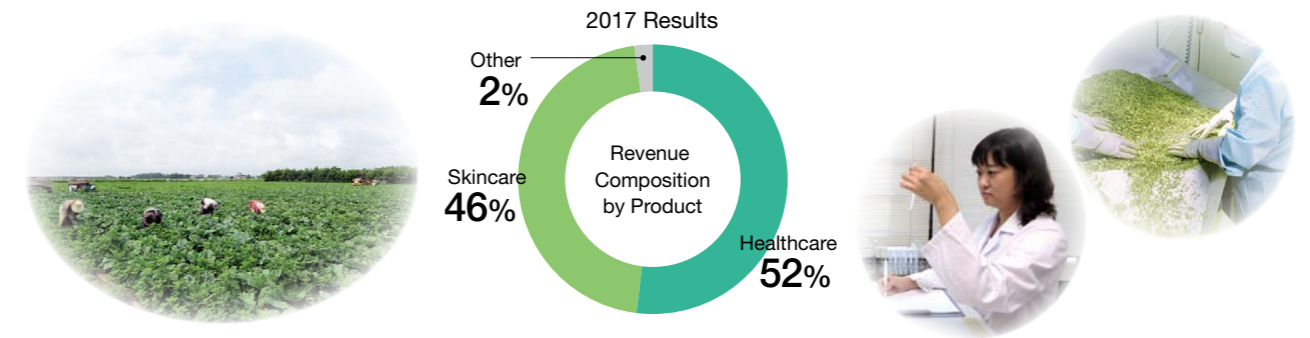
Infomercial program



At a call center



Product Overview



Healthcare Products

Kale Powder

Made with 100% domestic kale grown without agricultural chemicals or chemical fertilizers, this product is rich in β -carotene, calcium, potassium, vitamin C, dietary fiber, and other nutrients often lacking in diets. In 2017, the 35th year since the product's launch, Q'SAI Kale Powder was the No. 1¹ kale powder product for the 10th consecutive year.



¹ Survey by Yano Research Institute Ltd., calculating totals for product series on the basis of shipment value by manufacturers in the fiscal 2007-2016 kale powder market (as of November 2017)

Hiza Support Collagen

Foods with Function Claims

This product is Japan's first Food with Function Claims in the knee joint category. Containing the functional substance collagen peptide, Hiza Support Collagen displays effectiveness in helping knee joints bend and stretch. In the 10th year of its sales, the product took the No.1² spot in mail order sales of all collagen health food products in 2018. Many customers with knee joint-related concerns have experienced the efficacy of the product.



² Survey by Yano Research Institute Ltd., calculating totals for product series on the basis of shipment value by manufacturers in the fiscal 2007-2016 collagen health food mail order sales market (as of November 2017) (supplement types only) (including conventional products)

Skincare Products

Cola-Rich Series

The "Cola-Rich" series is a skin care series developed under the strict standard fostered in the health food field, "Only the products that customers can feel the benefits." We are striving to enrich this product line-up by launching products in 2017 such as "Cola-Rich Face Wash CC," a 5-in-1 serum face wash containing collagen, and "Placenta α ," an all-in-one beauty supplement, as well as other two products.

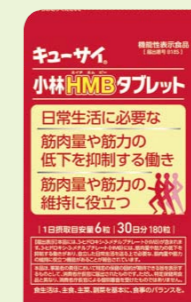


2017 New products

Kobayashi HMB tablets

Foods with Function Claims

Offered in an easy-to-swallow tablet form, this supplement suppresses the deterioration of muscular volume and strength to help maintain the muscular volume and strength needed in everyday living. The functional substance 3-Hydroxy 3-Methylbutyrate (HMB) is created within the body upon ingestion of leucine, a key amino acid in muscle formation, and has been reported to have functionality to help maintain the muscular volume and strength.



Cola-Rich Face Wash CC

This highly functional face wash combines five functions: cleansing, face wash, keratin care, skin treatment, and mud pack. Providing a unique balance of collagen and beauty pack mud, it yields a thick, springy, and finely creamy lather. Its four types of collagen and four types of beauty pack mud clean away every bit of dirt from the surface of skin, and supplement the moisturizing ingredients that are rinsed away by face-washing.



For details on the submitted claims of Foods for Specified Health Use, please visit <http://corporate.kyusai.co.jp/company/r-and-d/research/kinousei/>.