



**FOR IMMEDIATE RELEASE**

**Canadian Venture Exchange: FYT**

## **Fytokem Capitalizing on Market Trends**

### **- Natural Products Enjoying Increasing Penetration into High-End, Prestigious Cosmetics Lines -**

**Saskatoon, Saskatchewan, May 23, 2001** – Fytokem Products Inc. (Fytokem), a leading discoverer and developer of therapeutic plant extracts and bioactive molecules, today announced that a new, third-party study conducted by respected U.S. research institute The Freedonia Group confirms that the primary market for Fytokem's science – the Personal Care Industry (PCI) and in particular "cosmeceuticals" – is already a multi-billion dollar market that is expected to grow exponentially.

"Cosmeceuticals" are cosmetic products that have scientifically proven functionality. Fytokem's line of plant-extract products that fit into this category are typically extremely effective, but much safer to use than synthetic or animal-based products. Fytokem products that fall into this category of products include Fytokem's Willowherb™ line of anti-irritants and its Tyrostat™ skin-whitening product.

The following is an excerpt from the study conducted by The Freedonia Group, published in the *Chemical Online* newsletter (Reprinted by permission. © 2001, Vert Tech LLC. All rights reserved):

#### **Cosmeceuticals to reach \$4.3 billion**

*Demand for cosmeceutical products is projected to increase 7.6 percent per annum to \$4.3 billion in 2005. Growth will be driven by a stream of new and innovative products in response to demands of an aging populace for more effective appearance-enhancing and age-defying preparations. The value of chemicals used in these cosmeceutical formulations is expected to advance 9.2 percent per year to \$1 billion in 2005.*

*Intensifying competition in most cosmeceutical product segments will prompt producers to continue focusing on unique active ingredients to differentiate their offerings. Accordingly, demand for chemicals is expected to grow faster than shipments of end-use preparations, with the cost of chemicals increasing its share of the total production value of cosmeceuticals to 24 percent in 2005.*

*The rapid migration of the newest value-added chemical ingredients from inclusion in professional or prestige products to the shelves of mass merchandisers represents one of the most striking transformations in the cosmeceutical market over the past decade. The speed of the transition reflects the dependence of most end users on new product launches to capture market share...*

*Skin care will continue to dominate cosmeceutical product demand, accounting for 60 percent of the total in 2005. Improved formulations, increasing concerns about sun damage and the entry of the relatively affluent baby boomer generation into middle age (when age-related changes in skin and hair accelerate) will promote the wider use of value-added age-defying and sun-protecting products...*

*Introduction of new cosmeceutical chemicals providing unique benefits often initiates a rapid surge in demand. Chemicals which are projected to record double-digit growth through 2005 due to their novel or improved performance include...a wide range of botanical and herbal extracts which have crossed over from the nutraceutical industry and bring with them an established reputation of safety and health benefits.*

"Fytokem is well-positioned to capitalize on this impressive growth trend in cosmeceuticals demand, both currently and over the long term," said President and CEO of Fytokem Products Inc. Mr. Art Hesje. "The quality of our original science differentiates us from our competitors and attracts customers to Fytokem. Moreover, the quality products derived from Canadian plants in general have a particular appeal to the industry because of Canada's international image as a large, clean country with pristine natural resources in abundance. It is very important to note that this trend towards all-natural bio-actives is occurring not only in the PCI market but also in the pharmaceutical, bio-industrial and other markets with significant market opportunity as well. While our primary focus is currently the PCI market, we are working on products that target these other large markets which are already aware of the benefits of our science."

Mr. Hesje also provided new examples of companies who have recently begun using Fytokem products, including the following:

- **Merle Norman** has placed multiple orders for Fytosoothe™, (Canadian Willowherb™) for use in a rejuvenating facial cream to its prestigious Luxiva line of products.
- **Just** is a Swiss-based company using Canadian Willowherb™ for its free-radical and anti-inflammatory properties to boost the effectiveness of its After-sun Hydrating Balm. Many in the PCI consider *Just's* products to be cutting edge.
- **Antonio Puig** is a Spanish company which is doing well with its exclusive Vitesse anti-aging line containing Tyrostat™. The line contains an anti-aging hand lotion and an anti-aging facial preparation.

#### **About The Freedonia Group**

The Freedonia Group is a leading international business research company publishing more than 1,500 research reports since its founding in 1985. Each of its studies provides an unbiased outlook and reliable assessment of an industry. Customers range in size, from global conglomerates to one-person consulting firms. More than 90% of the industrial companies in the Fortune 500 use The Freedonia Group's research to help with their strategic planning.

#### **About Fytokem Products Inc.**

Fytokem Products Inc. is a Canadian life sciences company engaged in the discovery and commercialization of novel Function-Certified™ plant-based substances – extracts, phytochemicals and bioactive molecules – for use as ingredients in personal care, nutraceutical, pharmaceutical and bio-industrial products, both domestically and internationally. Fytokem has applied for several scientific patents, and has developed a proprietary commercial scale manufacturing process.

Fytokem's common shares trade on the Canadian Venture Exchange under the symbol FYT; the Company has 14,462,121 shares outstanding.

The Canadian Venture Exchange has neither approved nor disapproved the information herein contained.

-30-

#### **For more information, please contact:**

Art Hesje  
 President and CEO  
**Fytokem Products Inc.**  
 306-668-2552 tel  
 306-978-2436 fax  
[ahesje@fytokem.com](mailto:ahesje@fytokem.com)  
[www.fytokem.com](http://www.fytokem.com)

Wayne Hendry  
 Investor Relations  
**The Equicom Group Inc.**  
 416-815-0700 ext. 238 tel  
 416-815-0080 fax  
[whendry@equicomgroup.com](mailto:whendry@equicomgroup.com)  
[www.investorlook.com](http://www.investorlook.com)