



吉通貿易株式会社

Yoshitsu Co., Ltd

(Nasdaq Ticker: TKLF)

Company Presentation

August 2022

Forward-Looking Statement

This presentation contains forward-looking statements that reflect our current expectations and views of future events, all of which are subject to risks and uncertainties. Forward-looking statements give our current expectations or forecasts of future events. You can identify these statements by the fact that they do not relate strictly to historical or current facts. You can find many (but not all) of these statements by the use of words such as “approximates,” “believes,” “hopes,” “expects,” “anticipates,” “estimates,” “projects,” “intends,” “plans,” “will,” “would,” “should,” “could,” “may” or other similar expressions in this presentation. These statements are likely to address our growth strategy, financial results and product and development programs. You must carefully consider any such statements and should understand that many factors could cause actual results to differ from our forward-looking statements. These factors may include inaccurate assumptions and a broad variety of other risks and uncertainties, including some that are known and some that are not. No forward-looking statement can be guaranteed and actual future results may vary materially. Factors that could cause actual results to differ from those discussed in the forward-looking statements include, but are not limited to: assumptions about our future financial and operating results, including revenue, income, expenditures, cash balances, and other financial items, our ability to execute our growth strategies, including our ability to meet our goals, current and future economic and political conditions, our capital requirements and our ability to raise any additional financing which we may require, our ability to attract customers and further enhance our brand recognition, our ability to hire and retain qualified management personnel and key employees in order to enable us to develop our business, trends and competition in the beauty and health products industry, and other assumptions described in this presentation underlying or relating to any forward-looking statements.

We describe certain material risks, uncertainties, and assumptions that could affect our business, including our financial condition and results of operations. We base our forward-looking statements on our management’s beliefs and assumptions based on information available to our management at the time the statements are made. We caution you that actual outcomes and results may, and are likely to, differ materially from what is expressed, implied or forecast by our forward-looking statements. Accordingly, you should be careful about relying on any forward-looking statements.

The forward-looking statements made in this presentation relate only to events or information as of the date on which the statements are made in this presentation. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events, or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read our prospectus and the documents that we refer to in this presentation and have filed as exhibits to the registration statement completely and with the understanding that our actual future results may be materially different from what we expect.

About Us

A Retailer and Wholesaler of Japanese Beauty, Health Product and Other Products

Headquartered in Tokyo



吉通貿易株式会社

16 Years of operating history



Diversified Products

Beauty Products

Health Products

Sundry Products

Other Products

Strong Global Business Network and Customer Base

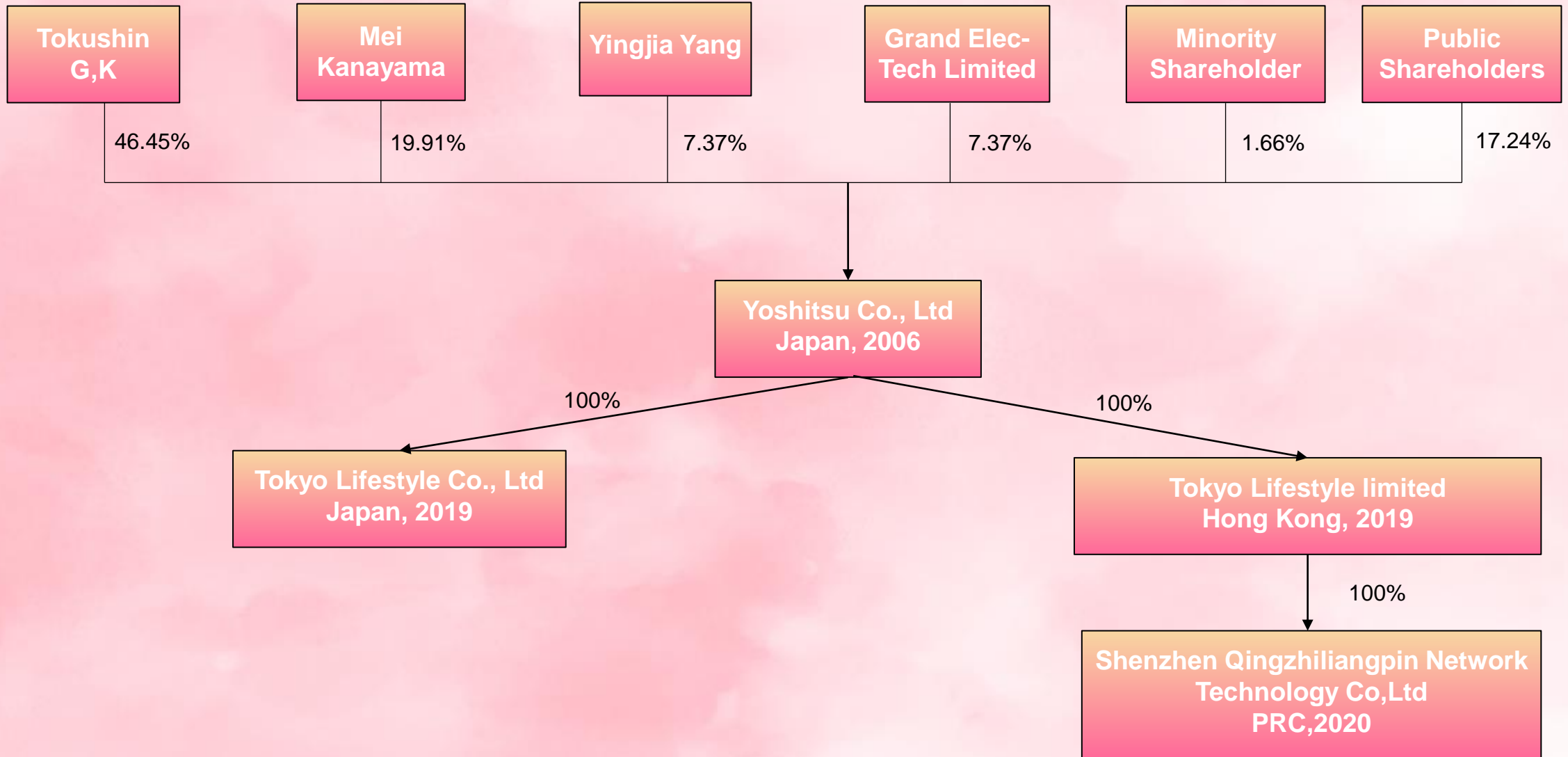
16 Directly-operated stores in Japan and Hong Kong

13 Franchise stores in the U.S., Canada, and U.K.

26 Online stores in Japan, China, and Korea

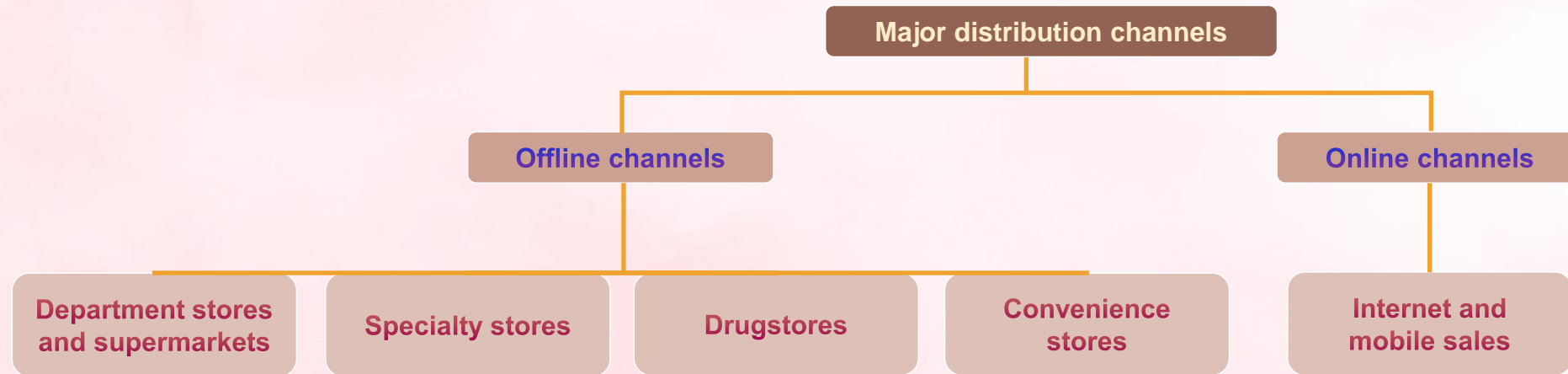
151 Wholesale customers

Corporate Structure

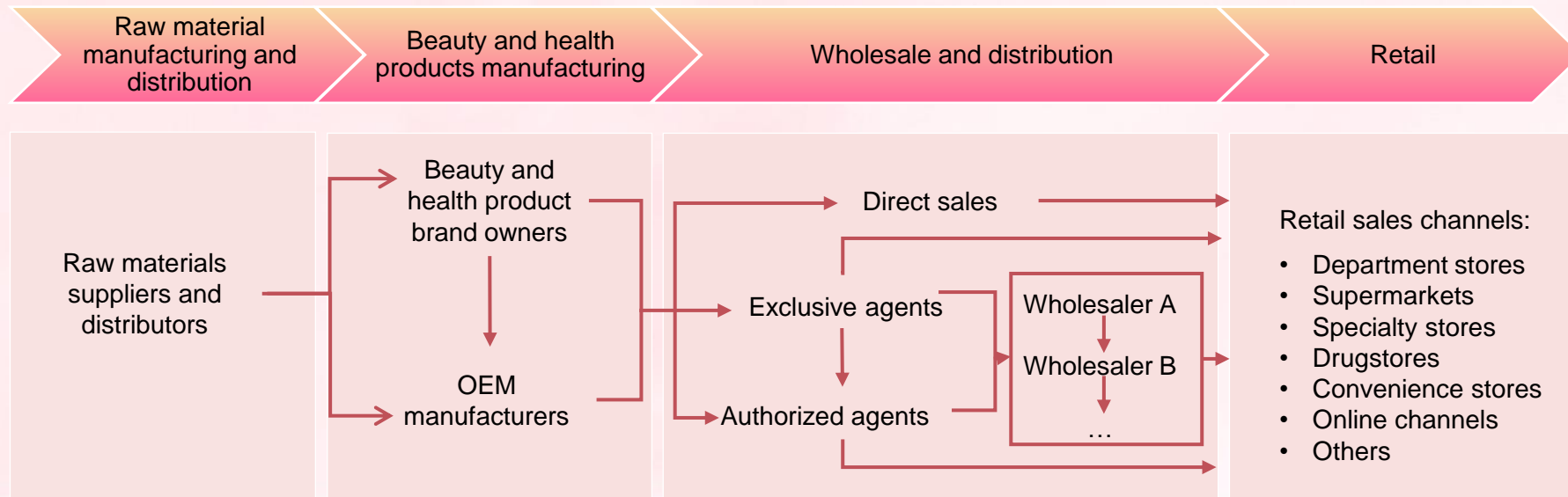


Industry Overview

Distribution Channels for Beauty and Health Products in Japan

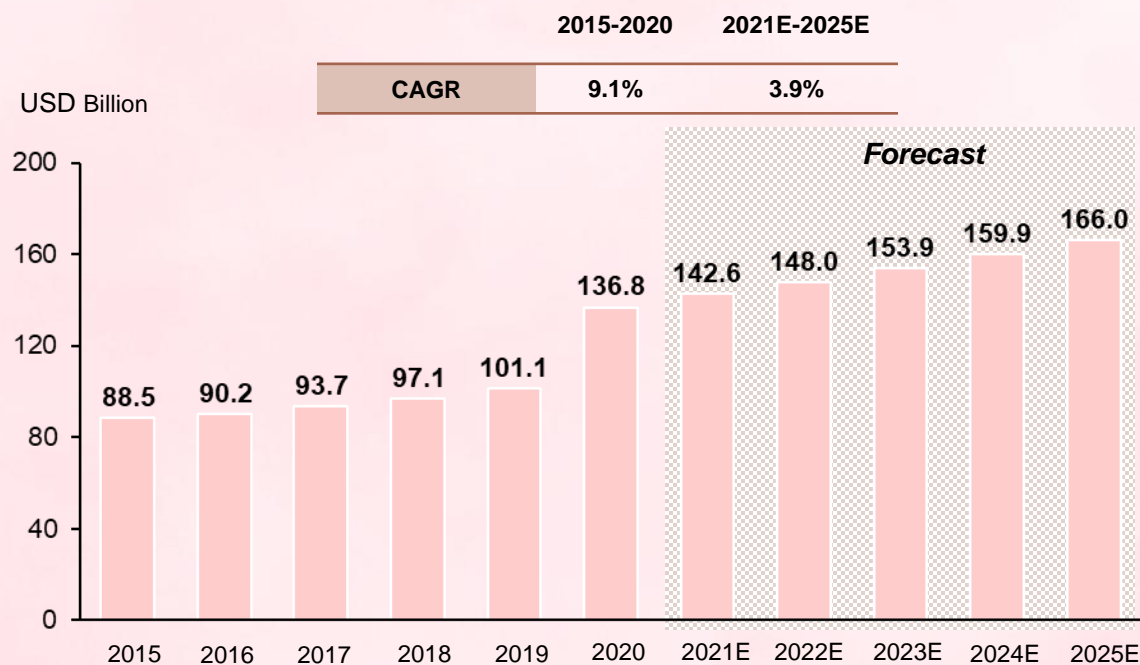


Value Chain of the Beauty and Health Products Market



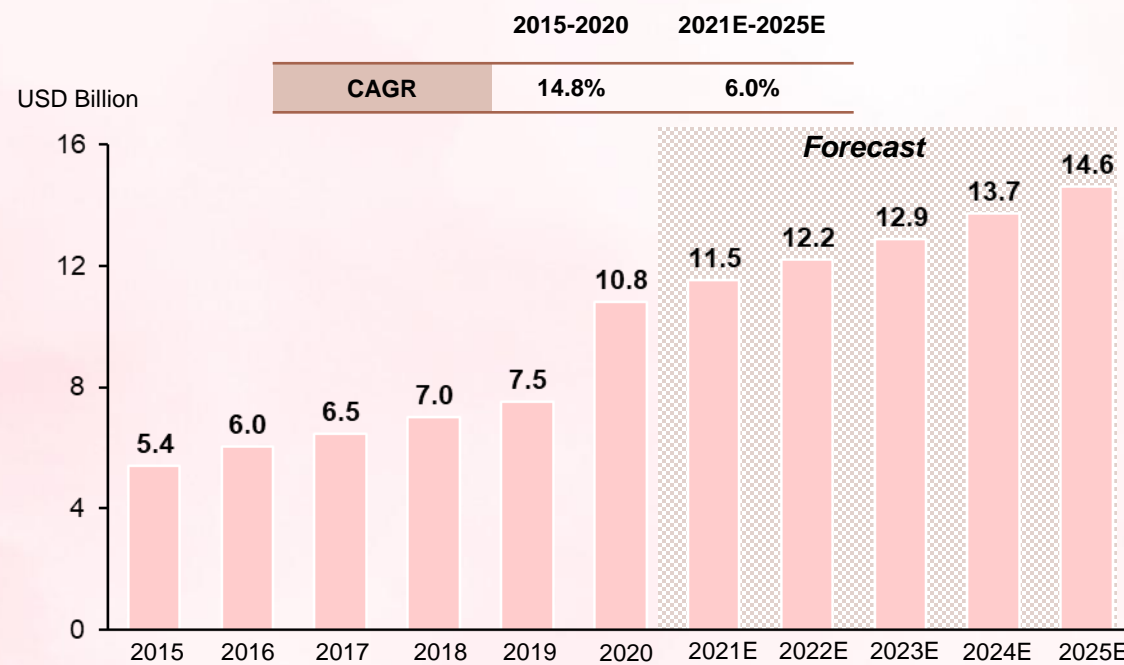
Industry Overview in Japan

Sales Value of Beauty and Health Products (Japan), 2015-2025E



- The beauty and health products market in Japan experienced a growth from **\$88.6 billion** in 2015 to **\$136.8 billion** in 2020, representing a **CAGR of approximately 9.1%**.

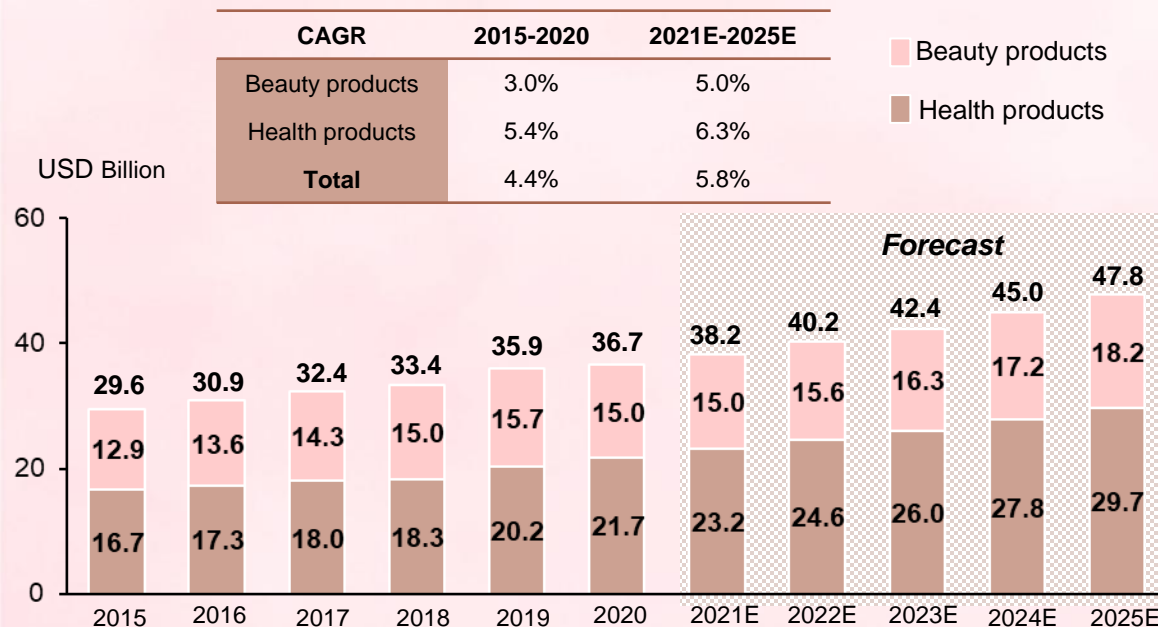
Online Sales Value of Beauty and Health Products (Japan), 2015-2025E



- Online sales channels have shown a significant growth from **\$5.4 billion** in 2015 to **\$10.8 billion** in 2020 at a **CAGR of approximately 14.8%**.
- Online sales value of beauty and health products in Japan will reach **\$14.6 billion** by the end of 2025, representing a **CAGR of approximately 6.0%** from 2021 to 2025.

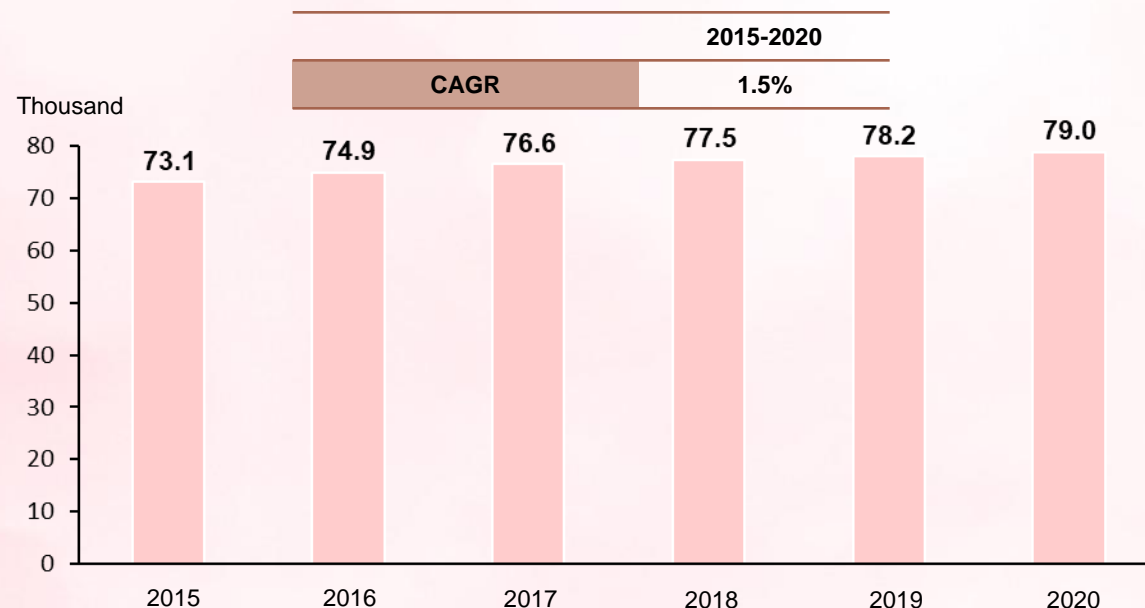
Industry Overview in Japan

Drugstore Sales of Beauty and Health Products (Japan), 2015-2025E



- The drugstore sales of beauty products and health products in Japan are projected to rise at a **CAGR of approximately 5.0% and 6.3%**, respectively, from 2021 to 2025, reaching **\$18.2 billion and \$29.7 billion**, respectively, by the end of 2025.

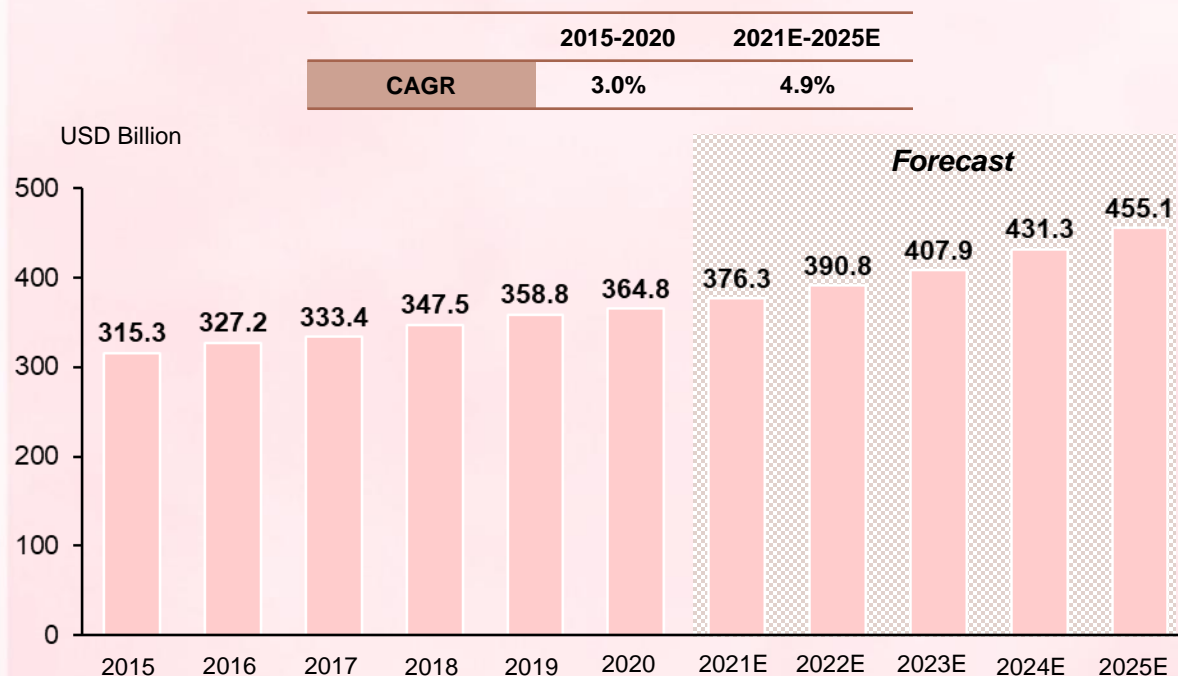
Number of Market Participants in Beauty and Health Products Market (Japan), 2015-2020



- The number of market participants in the beauty and health products market in Japan increased from **73.1 thousand** in 2015 to **79.0 thousand** in 2020, representing a **CAGR of approximately 1.5%**.

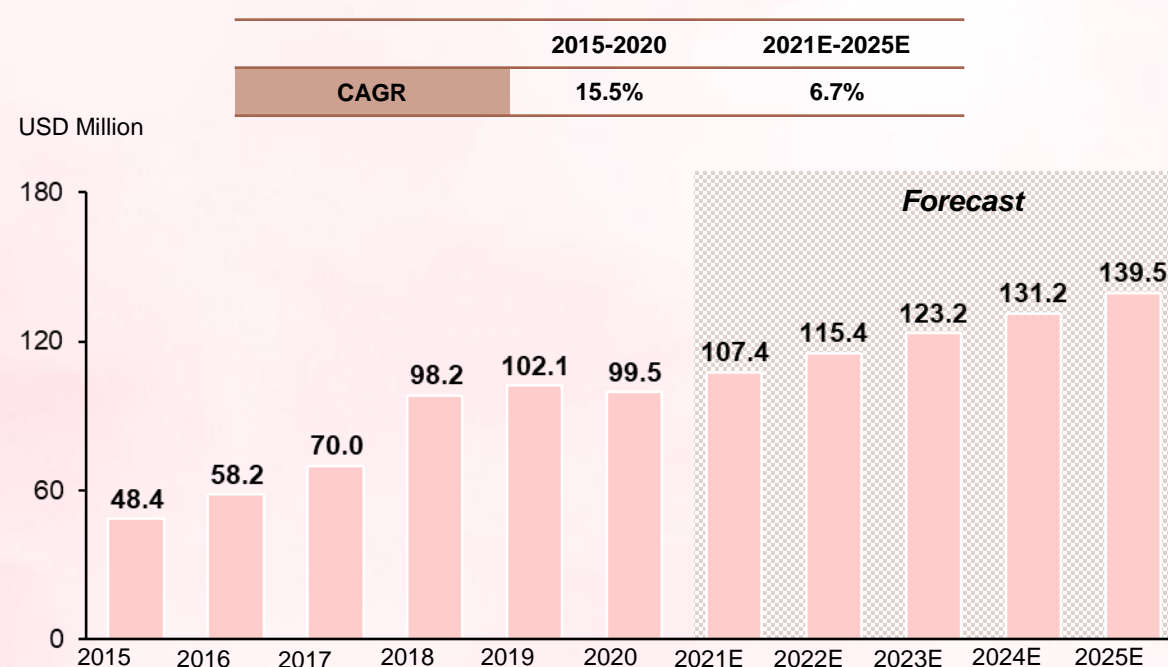
Industry Overview in North America

Sales Value of Beauty and Health Products
(North America), 2015-2025E



- The beauty and health products market in North America rose from **\$315.3 billion** in 2015 to **\$364.8 billion** in 2020, representing a **CAGR of approximately 3.0%**. The aging population served as one of the major growth drivers as it brought strong demand for anti-aging beauty products and health products.

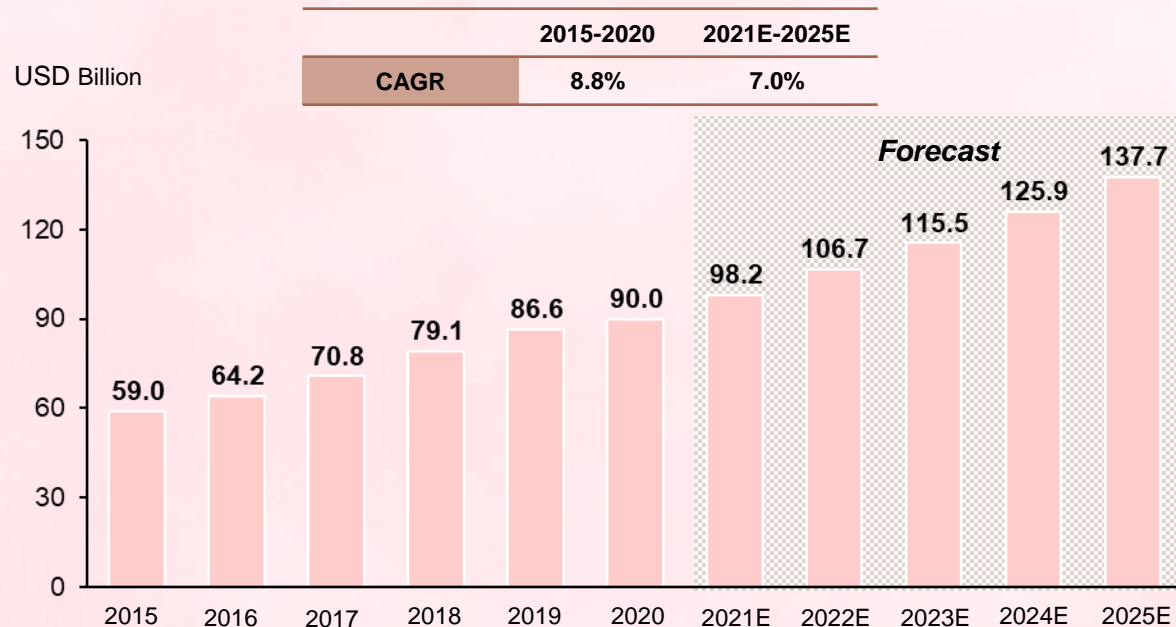
Retail Sales Value of Korean and Japanese Beauty and Health Products
(North America), 2015-2025E



- Retail sales value of Korean and Japanese beauty and health products in North America is expected to rise continuously with a **CAGR of approximately 6.7%** from **\$107.4 million** in 2021 to **\$139.5 million** in 2025.

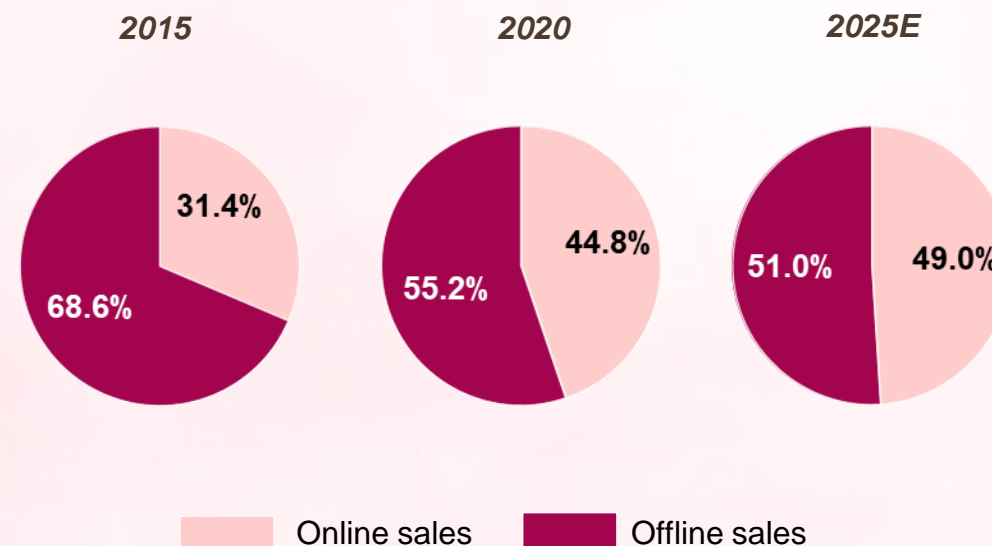
Industry Overview in the PRC

Sales Value of Beauty and Health Products
(the PRC), 2015-2025E



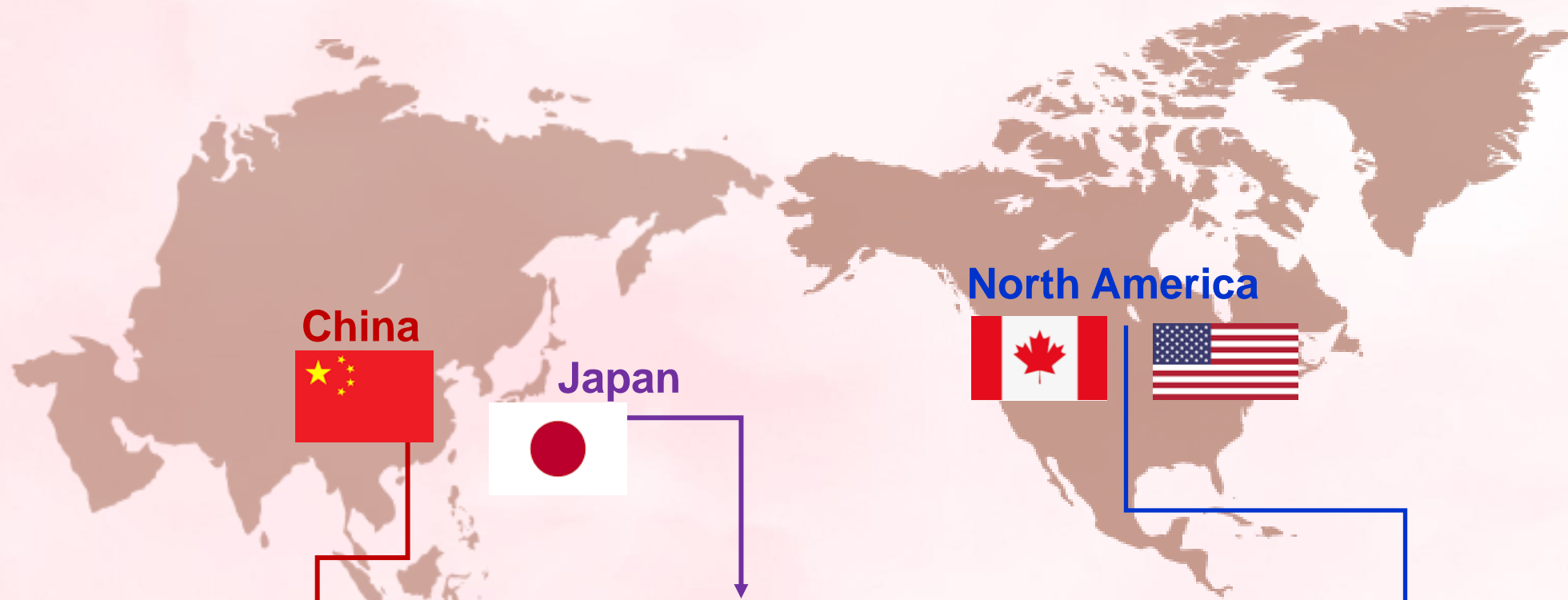
- Market size of beauty and health products by sales value rose rapidly from **\$59.0 billion** in 2015 to **\$90.0 billion** in 2020, representing a **CAGR of approximately 8.8%**.
- The skincare and cosmetics segment accounted for the largest proportion of the total beauty and health products market in the PRC and achieved the **fastest growth** among all beauty and health product segments from 2015 to 2020.
- Sales value of beauty and health products in the PRC will reach **\$137.7 billion** by the end of 2025, representing a **CAGR of approximately 7.0%** from 2021 to 2025.

Online and Offline Sales of Beauty and Health Products
in the PRC, 2015, 2020 & 2025E



- Online sales segment will increase to account for **49.0%** of the total beauty and health products market in the PRC by the end of 2025.

Market Drivers and Opportunities



China



Japan



North America



- Increasing disposable income
- Rapid growth of e-commerce
- Expanding share of beauty and health products for men
- Popularity of medical-grade products

- Aging population and rising healthcare awareness
- Expanding tourists' consumption

- Growing interests in natural, organic, and environmentally-friendly products
- Rising expenditure on anti-aging and multifunctional products

Investment Highlights

Diverse and High-Quality Product Offerings

1 Products

A Multi-Channel Distribution Network

2 Network

Proven Ability to Expand Rapidly While Maintaining Profitability

3 Capability

An Experienced Management Team

4 Team



吉通貿易株式会社

Our Growth Strategies

Expanding into New Markets by Opening New Stores

- Open 10 additional directly-operated physical stores in suburban areas surrounding Tokyo during the next five years.
- Add an aggregate of 10 new franchise stores in the U.S., Canada, Hong Kong, Australia, New Zealand, and the U.K. during the next five years.

Developing Our Own Private Label Products

- We have been exploring the possibility of adding facial masks, facial essences, T-shirts, other footwear, and face masks, among others.

Improving Customer Experience and Enhance Customer Loyalty

- Increase our fulfillment speed, improve the packaging of our products, and offer more customized services to our online store customers.
- Engage with our customers and receive real-time feedback on our product and services, and plan to refine our online store shopping experience by integrating our online stores with social media platforms and livestreaming e-commerce.

Enhancing Our Technology Platform and Infrastructure

- Invest in I.T. and equipment to enhance operational efficiency and reliability, improve customer experience, and reduce costs.
- Open a new distribution center in the U.S. in 2022 or 2023 to support and replenish inventory at our franchise stores in the U.S. and Canada.

Product Categories



Beauty Products :

- Cosmetics
- Skin care
- Cosmetic applicators
- Fragrance
- Body care
- Beauty products for men
- Beauty products for baby and children



Health Products :

- Over-the-counter drugs
- Nutritional supplements
- Medical supplies and devices



Sundry Products :

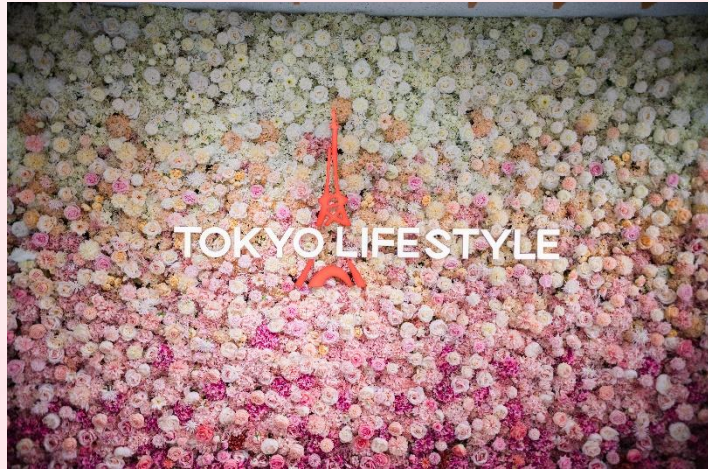
- Home goods



Other Products :

- Food
- Alcoholic beverages

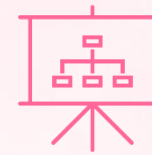
Physical Stores



11 physical stores in five cities in Japan and **5 physical stores** in Hong Kong under the names “Tokyo Lifestyle” and “東京生活館.”



- Product quality
- Front-end sales
- Customer service quality
- Shopping environment



- Rigorous analytical process to identify new store locations
- Busy commercial districts or popular tourist attractions
- Evaluation includes market characteristics, income and education levels

Online Stores

- **26 online stores** on our websites and various e-commerce marketplaces in Japan, China, and Korea



- Browsing
- Sales Functionalities
- Product Reviews
- Personalized Services



Distribution Centers
Third-Party Warehouses



Franchise Stores

Our franchisees are granted a revocable license and non-exclusive right to use certain of our trademarks, such as “東京生活館” and “REIWATAKIYA”.



8 franchise stores in the U.S.



New York City, New York



Los Angeles, California



4 franchise stores in Canada



Toronto, Ontario



Toronto, Ontario



1 franchise store in the U.K.



London, UK



London, UK

Distribution and Warehouse Management



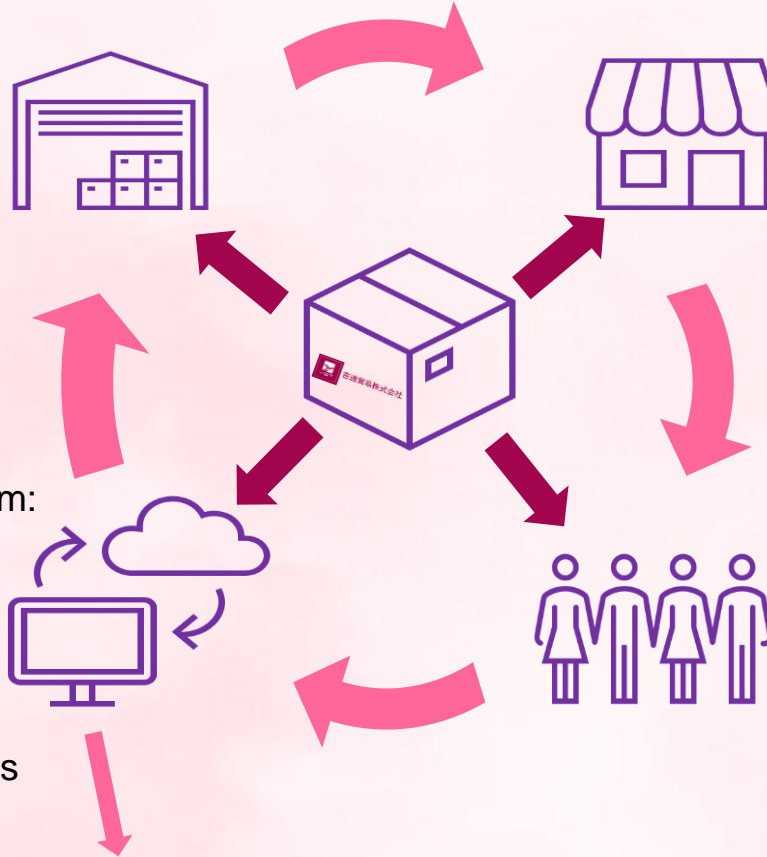
- Inventory is **bar-coded** and **tracked**



- **Real-time monitoring** of inventory levels across our distribution centers



- **Item tracking** at each distribution center



Monitor when the product is **packaged** and **picked up** by the third-party logistics companies

Closely monitor each step of the fulfillment process from:



- A purchase order is **confirmed**



- **Products located** in distribution centers

Repackage different types of products ordered by the same customer to our **standardized boxes** for optimized storage and sourcing in our distribution centers



Mei Kanayama

**Representative Director and Director
(Principal Executive Officer)**

- Mr. Kanayama has served as our representative director since June 2009 and a director since January 2008, and the representative director and director of Tokyo Lifestyle since October 2019.
- Mr. Kanayama served as the president of Hirona Co., Ltd. between May 2008 and March 2012.
- Mr. Kanayama served as a sales manager at Yonechiku Co., Ltd. between July 2000 and September 2007.

Youichiro Haga

**Director and Corporate Officer
(Principal Accounting and Financial Officer)**

- Mr. Haga has served as a director since June 2021 and a corporate officer since September 2020.
- Mr. Haga worked at MUFG Bank, Ltd. from April 1991 to August 2020, in various roles, including deputy branch manager, senior investigator, and investigator, among others.
- Mr. Haga received his law degree from Hitotsubashi University in 1991.

Board of Directors

Mei Kanayama

**Representative Director
and Director**
(Principal Executive Officer)

- Mr. Kanayama has served as our representative director since June 2009 and a director since January 2008, and the representative director and director of Tokyo Lifestyle since October 2019.
- Mr. Kanayama served as the president of Hirona Co., Ltd. between May 2008 and March 2012.
- Mr. Kanayama served as a sales manager at Yonechiku Co., Ltd. between July 2000 and September 2007.

Sen Uehara

Director

- Mr. Uehara has served as a director since March 2020.
- Mr. Uehara served as a department head of Yoshitsu, responsible for human resources and system, between September 2017 and February 2020.
- Mr. Uehara served as a manager at Otsuka Corporation (OTCMKTS: OSUKF), between April 2003 and July 2017.
- Mr. Uehara received his bachelor's degree in Economics from Musashi University in 2003.

Youichiro Haga

**Director and Corporate
Officer**
**(Principal Accounting
and Financial Officer)**

- Mr. Haga has served as a director since June 2021 and a corporate officer since September 2020.
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- Mr. Haga received his law degree from Hitotsubashi University in 1991.

Yoji Takenaka

Independent Director

- Mr. Takenaka has served as our independent director since June 2021.
- Mr. Takenaka has been an attorney at Takenaka Law Office, which he founded, since April 2005.
- Mr. Takenaka worked as an attorney at Yamamoto Takayuki Law Office from April 1993 to March 2005.
- Mr. Takenaka received his bachelor's degree in Politics from Waseda University in 1986.

Tetsuya Sato

Independent Director

- Mr. Sato has served as our independent director since June 2021.
- Mr. Sato has served as the CFO of RSK Co., Ltd since July 2019.
- Mr. Sato served as president of WDM Co., Ltd between June 2017 and June 2019.
- Mr. Sato was in charge of business related to Nippon Telegraph and Telephone at Terrada Logicom Co., Ltd in Mitsubishi Corporation between January 2005 and May 2016.
- Mr. Sato received his Doctor of Business Administration degree from Josai International University in 2020.

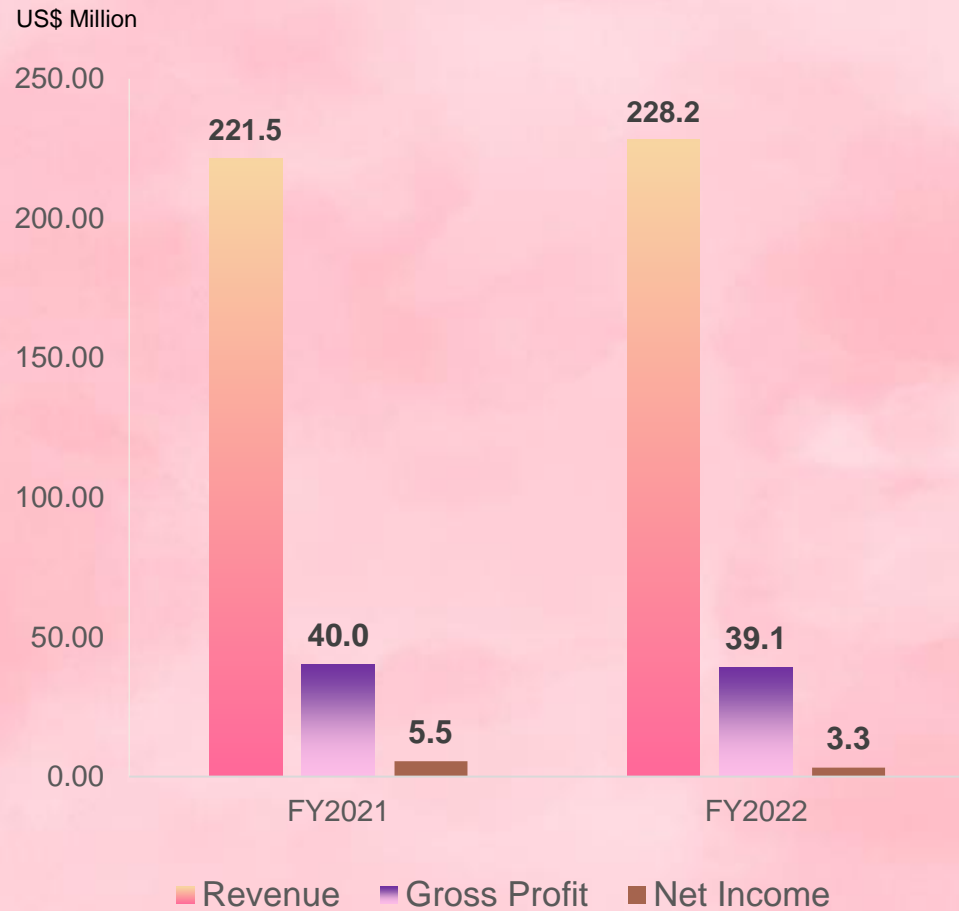
Yukihisa Kitamura

Independent Director

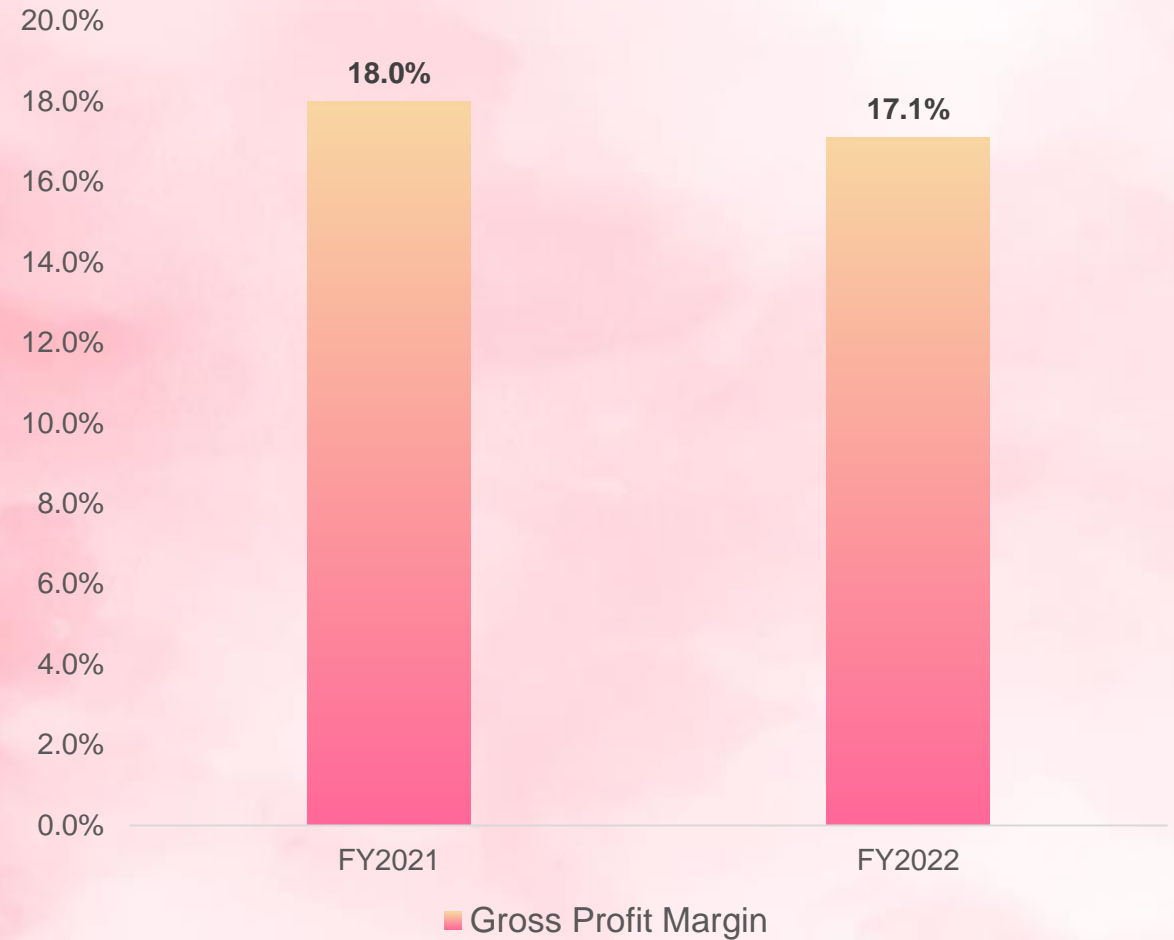
- Mr. Kitamura has served as our independent director since June 2021.
- Mr. Kitamura has worked at Josai University Educational Corporation since April 2012, and served as its administrative director since November 2016, chief official at the office of the chancellor between April 2013 and November 2016, vice-president at Josai International Center for the Promotion of Art & Sciences between September 2012 and March 2013, and assistant to the chancellor between April 2012 and August 2012.
- Mr. Kitamura received his Bachelor of Science in Literature and Science from Chiba University in 1971.

Financial Highlights

Revenue, Gross Profit and Net Income

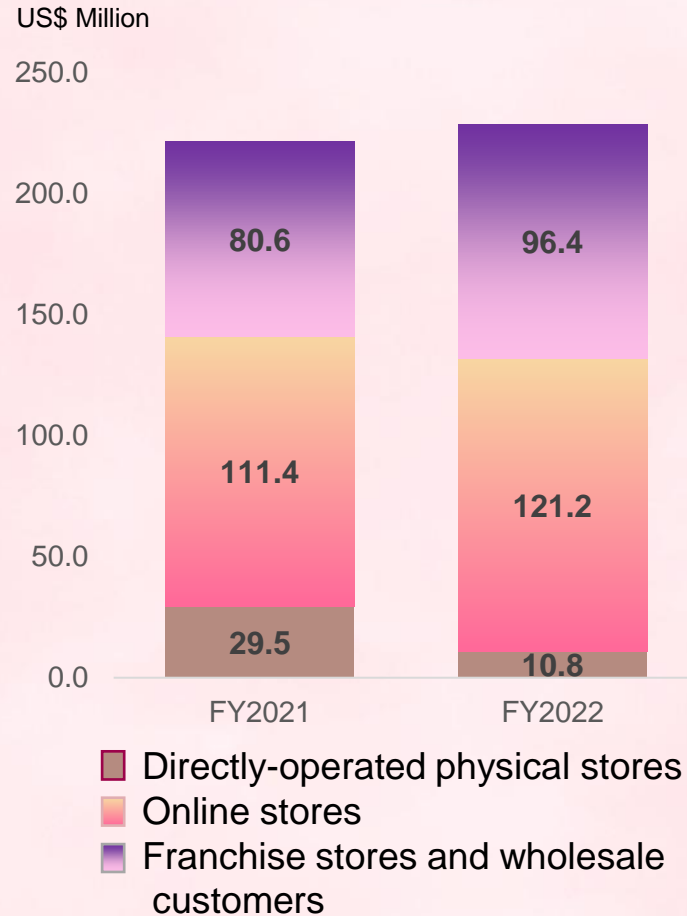


Gross Profit Margin

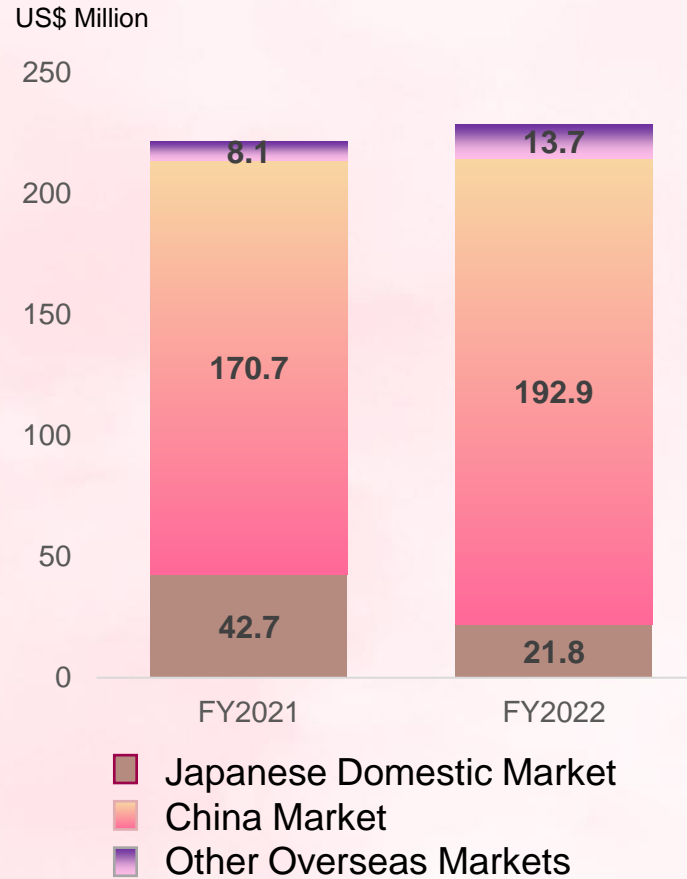


Financial Highlights

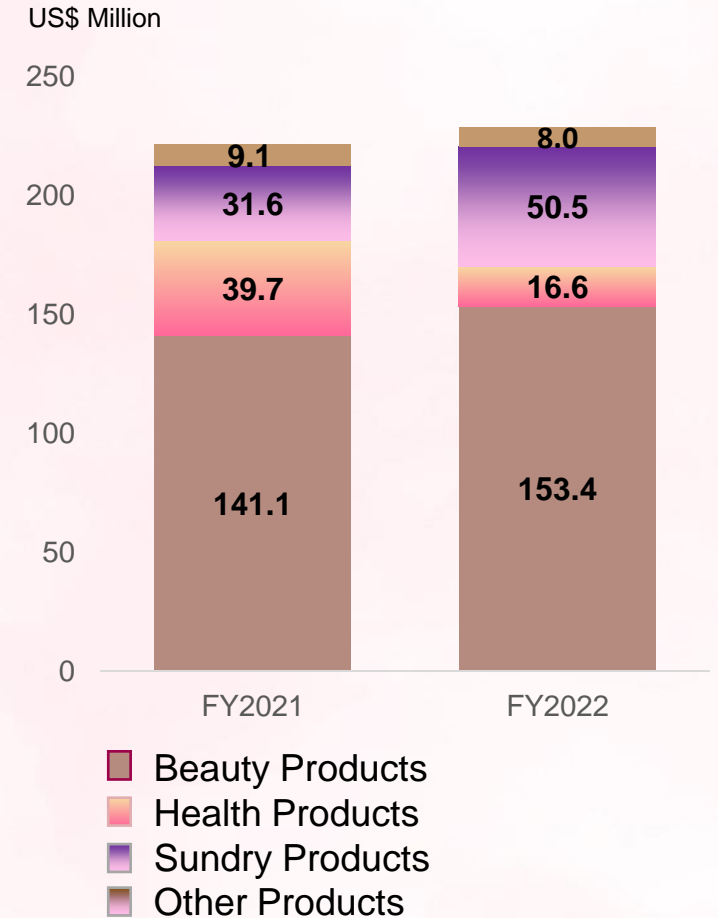
Revenue by Distribution Channels



Revenue by Geographic Areas



Revenue by Product Categories





吉通貿易株式会社

Yoshitsu Co., Ltd

Email: ir@ystbek.co.jp

Address: Harumi Building,
2-5-9 Kotobashi,
Sumida-ku, Tokyo, 130-0022
Japan



Investor Relations

Ascent Investor Relations LLC

Tina Xiao

President

Email: tina.xiao@ascent-ir.com

Tel: +1-917-609-0333

Address: 733 Third Avenue, 16th Floor New
York, NY 10017 USA