



THE CLOSET TRADING CO.

FRANCHISE OPPORTUNITY OVERVIEW



OVERVIEW

Why Resale/Consignment?:

The Resale Industry

Why The Closet Trading Company?:

Competitive Advantage

TCTC Takes Over E-Commerce:

COVID Response

Benefits of E-Commerce

All In The Details:

Role of The Owner

Investment Breakdown

Contact

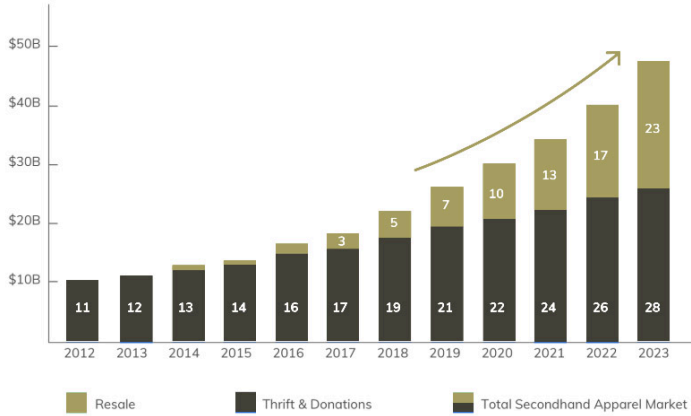




Why Resale/Consignment?: The Resale Industry

Secondhand Market Will Reach \$51B In 5 Years

Total Secondhand Apparel Market to Double in 5 Years With Resale Sector Driving the Growth¹



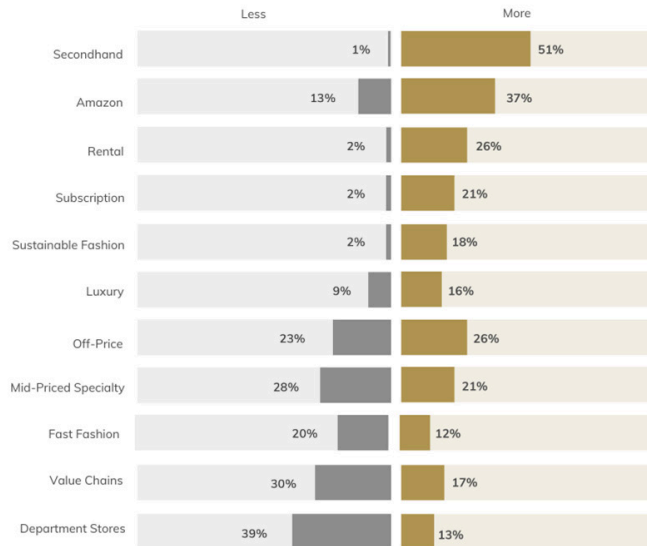
40%
of consumers
now consider the
resale value
of an item
before buying it.

Source: ThredUp 2019 Resale Report



The Shift to Secondhand

WHERE WILL YOU SPEND MORE OR LESS IN THE NEXT 5 YEARS?*



51%

of consumers plan to spend more on secondhand in the next 5 years.

Freshness Wins

Retailers offering the fun of new arrivals will own future market share.

4X

as many people plan to increase spending in secondhand versus fast fashion.

SUSTAINABILITY & CIRCULAR ECONOMY



- Sustainability is the current top buzzword in fashion and retail
- 74% of 18-29 year olds prefer to buy from sustainably conscious brands
- Resale plays a key role in creating a circular fashion future
- Choosing pre-loved retail combats harmful effects of textile waste

"By helping to increase the use of clothing, resale can play a key role in making fashion circular. Raising the average number of times clothing is worn is the most direct way to design out waste and pollution and capture value."

- Francois Souchet, The Ellen MacArthur Foundation's Make Fashion Circular Lead

64%

of women bought
or are now willing to buy
secondhand products

Resale has grown

21X

faster than the retail
apparel market over
the past three years.

56M

women bought secondhand
products in 2018,
up from 44M in 2017

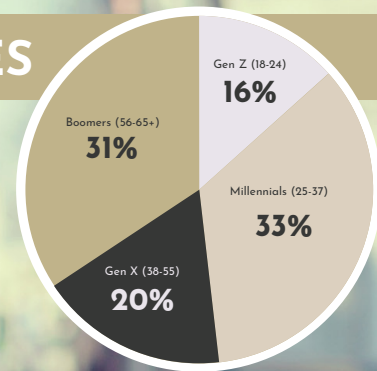
BREAKING BOUNDARIES

Millennials & Boomers
make up over

60%

of the resale market!

Source: ThredUp 2019 Resale Report





Why TCTC?: Competitive Advantage



PROVIDE A LUXURY BOUTIQUE EXPERIENCE

WITHOUT

LUXURY RETAIL OVERHEAD COSTS

WHAT SETS TCTC APART?

PERSONALIZED SHOPPING EXPERIENCES

TCTC stores are not reliant on solely foot traffic like most retail. When a new customer enters the store, the staff is trained to convert them to "clients." Once they have elevated to a client they can enroll in wish lists, and become part of our client books. Our trained stylists then work one-on-one with each client to let them know when their favorite brand or an item they may love has come into the store. So all it takes to get a repeat client is that first visit, and they're hooked!

IDEAL IN THE DIGITAL WORLD

The digital world is changing daily with endless connection potential - and so is the inventory at TCTC! While we do not sell clothing online, clients can follow their favorite store on Instagram to watch for that perfect pre-loved item! TCTC's corporate office provides social media content creation and strategy and digital marketing support, including website development and maintenance.



ALEXIS



FUELING THE ENTREPRENEURIAL SPIRIT

The Closet Trading Company is no stranger to this business with our 16 year history in California - but as a TCTC franchisee, you have the opportunity to be the first to bring this unique concept to your local market. The possibilities are endless and we're right by your side every step of the way!

BREAK THE MOLD

We don't want to keep you in a box! If you find a unique space that suits our model and is perfect for your local area, we will happily work with you to replicate our proven system but with all the charm and flair of your community.



WHY BLEND IN WHEN YOU WERE BORN TO STAND OUT? - DR. SEUSS



KEEPING IT CLASSY

The Closet Trading Company specializes in modern designer and luxury items, to uphold our standards as we expand across the country, we provide detailed systems and education so that we treat clients everywhere to the full TCTC experience. Our corporate headquarters provides training programs, webinars, monthly support calls, seasonal buying guides, access to our proprietary pricing database, fraud detection training and technology, and full accessibility to our team.

TCTC Takes Over E-Commerce



E-COMMERCE FOR THE WIN!

In response to COVID-19 and to increase value in the model, The Closet Trading Company has stepped into e-commerce for every location and our franchisees!

In the short time that we've been live, there have been some some big wins! Read on for some of the E-Perks we've seen so far with this pivot to our business model!

The screenshot shows the homepage of The Closet Trading Co. website. At the top is the logo 'TCTC THE CLOSET TRADING CO.' and a navigation menu with links: SHOP, SELL WITH US, WISHLIST, LOCATIONS, OUR STORY, PRESS, FASHION & LIFESTYLE. Below the navigation is a breadcrumb trail: HOME / SHOP / NEW ARRIVALS. The main heading is 'NEW ARRIVALS'. On the left side, there are four vertical menu items: COLLECTIONS, SHIPPING, RETURN POLICY, and AUTHENTICATION PROCESS, each with a downward arrow. On the right side, there are two dropdown menus: 'ALL NEW ARRIVALS' and 'DATE: NEW TO OLD'. The main content area displays a grid of clothing items. The first item is a dark green blouse with blue jeans, which has a black 'SOLD OUT' banner at the bottom. Other items include a grey long-sleeved top, a patterned dress, a pink tank top with white pants, a pink patterned jacket with denim shorts, a white skirt, a blue top, a striped robe, a black jacket with blue jeans, a patterned cardigan with tan pants, a blue and white striped dress, a black jacket with blue jeans, a blue and white striped shirt, a blue and white striped shirt, and a red top.

The screenshot shows a product page for 'REFORMATION 'AUSTIN' CORDUROY PANTS SIZE 28'. At the top is the logo 'TCTC THE CLOSET TRADING CO.' and a navigation menu with links: SHOP, SELL WITH US, WISHLIST, LOCATIONS, OUR STORY, PRESS, FASHION & LIFESTYLE. Below the navigation is a breadcrumb trail: HOME / NEW ARRIVALS / REFORMATION 'AUSTIN' CORDUROY PANTS SIZE 28. On the right side, there are two navigation links: '< PREVIOUS' and 'NEXT >'. The main content area features a large image of a woman wearing a white long-sleeved top and black corduroy pants. To the left of the main image are four smaller images showing different views of the pants. To the right of the main image, the product details are listed: 'HWKGGSE/AH', 'REFORMATION 'AUSTIN' CORDUROY PANTS SIZE 28', '\$68.00 ~~\$148.00~~', 'You Save 54% (\$80.00)', 'Size 28, Retail \$148', 'Condition: Good, gently worn condition with natural wear consistent with normal use.', 'Measurements: Rise: 11.25", Inseam: 28", Waist: 28", Hips: 39"', and a list of materials: '72% recycled cotton, 27% rayon, 1% polyester' and 'Corduroy'.

E-PERK #1: INCREASED REVENUE

Some locations have seen an increase of

50%

Gross Revenue!

All stores have enjoyed at least a 20% increase since the launch.



E-PERK #2: LOWER OVERHEAD

Sales are great, but the best part is that ONLINE sales cost the store next to nothing!

Corporate does all the heavy lifting

by providing website maintenance, advertising, and fulfillment infrastructure to franchisees.

Stores have the inventory, the space and the staff. Just send HQ photos of the items.

E-PERK #3: SMALLER FOOTPRINT

With the added value of e-commerce, we are able to scale the TCTC footprint down to only **1000 square feet**, bringing down build-out and real estate costs.



E-PERK #4: HIGH DEMAND

Demand for "deals" is stronger than ever, with consumers looking to get the most bang for their buck, and making luxury goods affordable and accessible is what we're all about!

E-PERK #5: INCREASING INVENTORY

With some economic uncertainty occurring during the pandemic, consumers are looking for ways to bring in extra income. Cleaning out their closets is a fun and easy way to make money without leaving their house. With **contactless home pick-ups**, we offer our customers the safest way to sell their lightly used items.

Since April, there has been more than

70% increase
in home pick-up requests compared to the same period last year.



E-PERK #6: SAFE SELLING

As always, we hold ourselves to the highest standards to protect our team and community. We quarantine and disinfect each item before it is available for sale, using both 395 steam and ultraviolet light treatment.

E-PERK #7: FASTER RAMP-UP

Franchisees can now **begin selling inventory online before their store ever opens**, helping to offset build-out costs and shortening the ramp up phase

E-PERK #8: ENDLESS OPPORTUNITY

E-commerce gives franchisees the ability to sell to TCTC clients throughout the country, well outside of their market, by marketing the webshop to our extensive customer database





All In The Details

ROLE OF THE OWNER

OPTIONAL OWNER EXPERIENCES:

- Hands-on owner/operator
- Semi-absentee ownership

RESPONSIBILITIES:

- Hiring and managing of staff
- Inventory management
- Marketing & community involvement
- Payroll and back office responsibilities
 - *Can outsource if needed*

IDEAL FRANCHISEE

OPTIONAL OWNER EXPERIENCES:

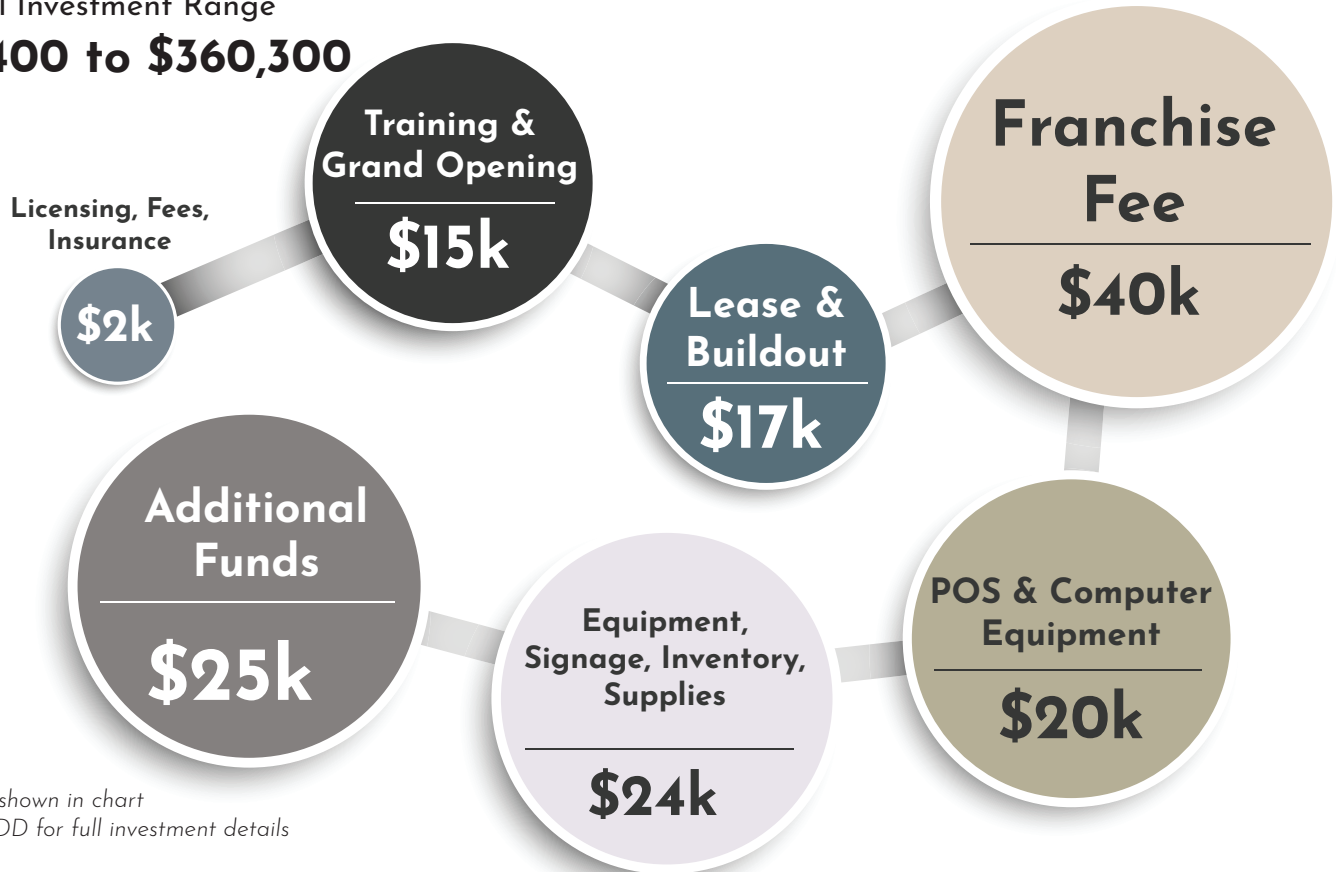
- Customer service oriented
- HR/Management experience is helpful
- Upstanding community member
- No retail experience required
- Identifies with and embraces TCTC's culture
- Early Adopter



INVESTMENT RANGE

Est. Total Investment Range

\$142,400 to \$360,300



*Low range shown in chart

**Refer to FDD for full investment details

A woman with blonde hair is shaking hands with another person over a laptop. The woman is wearing a dark blue top. The other person is wearing a grey sweater. A blue mug is on the desk next to the laptop. The background is a window with a view of a building.

LET'S TALK!

Johanna Zlenko
415-794-8083
johanna@theclosettradingco.com

www.tctcfranchise.com