



The 4Less Group, Inc.
Ticker: (OTC: FLES)

INITIAL
Corporate Profile

Sector: Consumer Discretionary
Industry: Auto Parts
Website: www.AutoParts4Less.com

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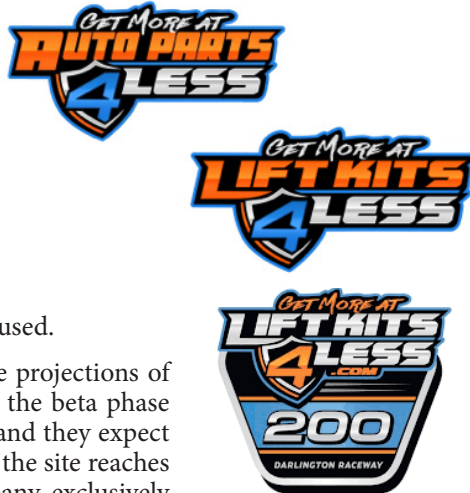
as of September 19, 2021

COMPANY BACKGROUND

The 4Less Group, Inc. (the "Company") is an auto parts e-commerce retailer and distributor incorporated in Las Vegas, Nevada, listed on the OTCQB under symbol FLES. The Company a technology-based organization coding e-commerce web sites serving the automotive parts industry. Originally selling aftermarket accessories products such as exhaust systems, suspension systems, wheels, tires, stereo systems, truck bed covers and shocks. In late 2015, the Company sold suspension lift kits and other aftermarket parts under the name Lift Kits 4Less on established marketplaces such as eBay and Amazon. In 2016, the Company generated \$2.4 million in topline sales. In November 2018, having increased topline sales to approximately \$8 million, the Company went through a reverse merger with The 4Less Group, Inc. and initially began trading on the OTC:Pink under the symbol (FLES). The Company transitioned from third party marketplaces with the funds received in the merger the company focused on the LiftKits4Less.com platform.

In 2019, the Company acquired URL AutoParts4Less.com and after 10 months of intensive code development on August 26th launched the beta version of their automotive parts multi-seller marketplace. The AutoParts4Less.com is a two sided platform that will be made up potentially thousands of unique sellers across the entire automotive parts industry. Sellers on the platform will be able to offer parts for boat, rv, motorcycle, snowmobile, side by side, power sports, semi-trucks, cars, trucks, combustion or electric new or used.

In official PR the company provided 2021 revenue projections of 13M-14M from their ongoing operations. During the beta phase the company's current SKU count is over 200,000 and they expect to increase the SKU count will into the millions as the site reaches maturity over the next year. Presently the Company exclusively deals in the aftermarket segment of the e-commerce auto equipment market, which is typically demanded in vehicle customization. The Company's revenue increased by 28% to \$6.31 million in the Six Months ended July 31, 2021 from \$4.9 million in the Six Months ended July 31,2020.



PRODUCTS

The Company specializes in e-commerce for aftermarket automobile parts market. These parts typically come from third party manufacturers and are used to customize vehicles or increase their performance. Examples of products include exhaust systems, suspension systems, vehicle lights, or off-road accessories. The 4Less Group offers parts for over 28 makes of vehicles and for over 100 models. There are products for 66 subcategories including wheels, electronics, and interior parts. The 4Less Group operates primarily two distinct websites: LiftKits4LESS.com, and Autoparts4LESS.com Management expects Autoparts4LESS will become their flagship website and will include the largest selection of parts. The websites include order customization and customer service live chat. There are also install videos, directions, and the installation process to help the customers and give a quality buying experience. An MVP version of AutoParts4LESS.com was officially launched on August 26th. The Company plans on adding features like a zip code locator to allow buyers to find options for local pickup to save on shipping, or a function that releases the seller's funds almost instantly (some marketplaces can hold funds for up to two

Key Statistics

Table with 2 columns: Metric and Value. Metrics include Price 9/17/2021, 52 Week High, 52 Week Low, Avg. Vol (3month), Market Cap (Interday)M, Price/Sales, Common Shares Outstanding (M), Float(M), EPS(ttm), and Beta (5y).

Source: Yahoo Finance / Nasdaq

Recent Highlights

September 15, 2021 The Company announced for the six months ended July 31, 2021 sales increased by approximately 28% from \$4,927,280 to \$6,315,457. It also reported that second quarter net sales decreased 12% from \$2,927,209 to \$2,586,673.

August 30, 2021 The 4Less Group Inc. announced the launch of a MVP (Minimal Viable Product) version of their autoparts4less.com website, the newest 4Less business enterprise, alongside LiftsKits4Less.com. The new marketplace is being built to provide a platform for trusted sellers from across the world to market and sell a wide range of automotive equipment for cars, trucks, motorcycles, boats and RVs.

June 21, 2021 The Company announced the expectation to launch a beta version of their multi-vendor automotive parts website portal, Autoparts4less.com. With currently approved sellers on the portal, the Company expects there will be approximately 2-3 million parts available for consumers to purchase as they move out of their MVP version. Over time, the parts list should continue to grow as more sellers are added.

April 5, 2021 The Company announced that their auto parts ecommerce website www.Lift-kits4less.com, which targets the aftermarket automotive parts for Jeep Truck and SUV vehicles, has seen a 196% increase in gross sales for the month of March 2021, as compared to the same month last year.

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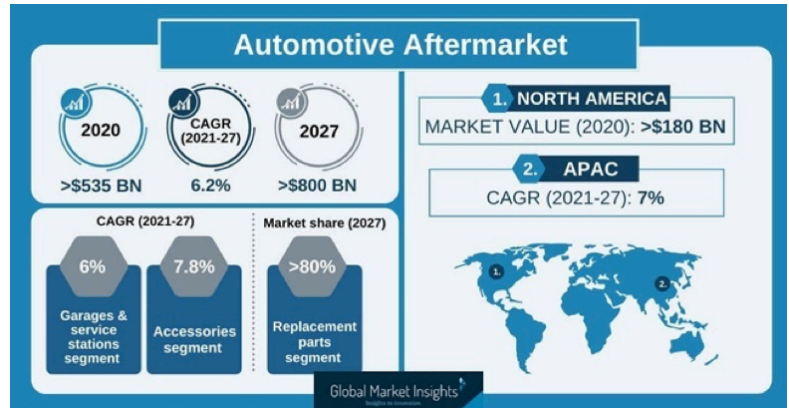
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weeks). The full version of the website will allow manufacturers to create accounts for easy onboarding of products, offer premium placement in search results, and give the ability to answer basic questions from purchasers and to promote discounts on products. The 4Less Group plans to eventually develop AutoParts4LESS.com into a standalone multi-vendor automotive parts marketplace. The Company will also keep improving the technological modules to increase visitor conversions.

### MARKET

The 4Less Group serves a very large and growing market of aftermarket automotive parts. According to an August 2021 research report by Global Market Insights, the global automotive aftermarket size exceeded \$535 billion in 2020 and is estimated to grow at a CAGR of 6.2% from 2021 to 2027. The market value in North America was over \$180 billion according to the same report. The Company focuses on the e-commerce section of the market. **The global e-commerce automotive aftermarket size was valued at \$53.78 billion in 2020 and is expected to grow at a CAGR of 14.6% from 2021 to 2028 according to a July 2021 report by Grand View Research. Consumers are drawn to e-commerce for easy access for affordable parts and a large selection of products which is driving the growth of the market. Traditional automotive retailers are adopting e-commerce models to tailor to market demands.**



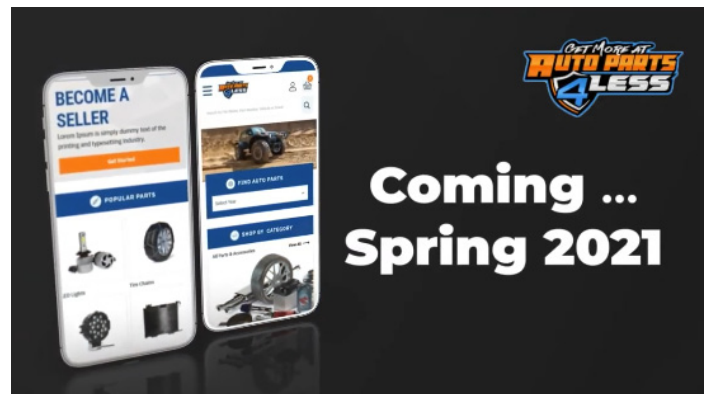
Market Size

### SALES AND DISTRIBUTION

57% of The 4Less Group's sales currently come from the Company's proprietary websites. The Company also sells through third party websites, predominantly eBay and Walmart.

The Company's distribution model is predominantly based on direct drop shipping. Approximately 80% of distribution is direct drop ship from manufacturers to customers, and about 15% is direct drop ship from warehouse inventory companies to customers. The rest is customer purchases directly from the Company warehouses.

The new flagship website is built as a marketplace. The Company plans to provide buyers access to numerous sellers and vice versa. The majority of revenues initially are expected to come from sales commissions, with advertising and services planned as big components of the revenue mix in the near future.



Coming ...  
Spring 2021

Company App for Sellers

### COMPETITION

The automotive parts, accessories and maintenance industry is highly competitive in name recognition, product availability, customer service, store location and price. The Company competes based on not only these features but also in merchandise quality, selection, product warranty, store layouts, convenience, trademarks, and service marks. The Company competes in the aftermarket auto parts industry, which consists of both the retail DIY and commercial do-it-for-me auto parts and products markets. The Company competes for buyers and website users against many e-commerce giants such as Amazon and eBay, and therefore faces challenges in gaining greater financial and operational resources than do its competitors. It has competitive advantage in providing value-added content on its websites, which include installation guides, install videos, high impact photos, order customization

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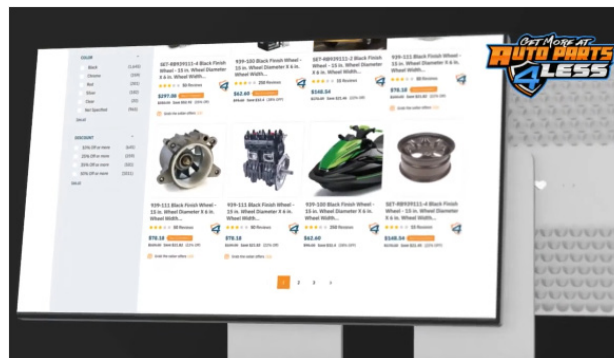
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and live chat with technical experts. Competitors range from national, regional and local auto parts chains, independently owned parts stores, online automotive parts stores or marketplaces, wholesale distributors, jobbers, repair shops, car washes and auto dealers. Furthermore, the Company faces competition from discount and mass merchandise stores, hardware stores, supermarkets, drugstores, convenience stores, home stores and various retailers that provide aftermarket vehicle parts and supplies, chemicals, accessories, tools and maintenance parts such as Walmart and Costco.



Looking to be the “Amazon” of Auto Parts Stores

### MANAGEMENT AND DIRECTORS

**Timothy G. Armes, Chairman, CEO, CFO & Secretary**, is an experienced Founder with extensive knowledge in the online media industry. Mr. Armes served as President and Chief Executive Officer of The 4Less Group since August 2011. He was previously an Auditor at Ernst & Young, and Founder, President & CEO at Jobs.com, one of the first online job bulletin boards that raised over \$100 million. Mr. Armes holds an accounting degree from the University of Texas at Austin and is a Certified Public Accountant since 1980.

**Christopher Davenport, Founder & President**, has a history of implementing innovative technologies that bring people’s passions and needs to the forefront. Prior to founding The 4Less Corp, Mr. Davenport developed mobile dental services for several hundred thousand employees in the gaming industry on the Las Vegas strip. He utilized new technologies at the time such as filmless radiography, virtual patient charts and VPN networks to provide high quality healthcare. The mobile dental company expanded to the military, where Mr. Davenport won multiyear, multi-million dollars worth of medical and dental National Guard Medical Readiness contracts. Mr. Davenport received his MBA from University of California, Irvine.

**Bradley Berger, CTO**, joined the Company in 2018. He has extensive experience in building e-commerce brands.

**Hiren Modi, Head of Marketplace Development**, has over 20 years of professional experience in e-commerce, digital marketing, account management, business operations, sales & marketing, HR and recruitment. Hiren is owner of e-Commerce Pundit that employs over 400 tech and internet marketing professionals with offices in India and the USA as well.

**Dhaval Trivedi, Project Delivery Manager**, focuses on enriching e-commerce websites with mobile applications, ERP integration and CRM solutions.

**Anand Mistry, Head of Digital Marketing**, has professional experience in informational technology and services industry. He is skilled in landing page optimization, search engine optimization (SEO), website promotion, e-commerce, and social media optimization (SMO). Mr. Mistry also holds a Bachelor’s degree in Physics.

### FINANCIALS

The Company generates revenues from sale of products on various websites. For the Six Months ended July 31, 2021, the Company reported (unaudited) Total Revenue of \$6.31 million, Gross Profit of \$1.61 million, an Operating Loss of (\$2.67) million and a Net Loss of (\$2.31) million. This compares with Total Revenue of \$4.92 million, Gross Profit of \$1.49 million, Net Operating Loss of (\$1.25) million and Net Income of \$1.58 million in the previous Six Months ended July 31, 2020. The Company produced 28% revenue growth in the first half. For the last full fiscal year ended January 31, 2021, the Company’s Revenues were \$8.17 million, compared to \$8.18 million for the year ended January 31, 2020. The Gross Profit for the year ended January 31, 2021, was \$1.46 million, vs. \$1.91 million in the prior fiscal year. For the fiscal year ended January 31, 2021, the Company reported a Net Operating Loss of (\$2.14) million vs. (\$1.85) million in the previous fiscal year. The Company reported Net Income of \$1.18 million for the fiscal year ended January 31, 2021, due to a gain from a debt settlement, compared with a Net Loss of (\$3.87) million in the prior fiscal year ended January 31, 2020. As of July 31, 2021 (unaudited) the Company reported Total Current Assets of \$.72 million and Total Assets of \$1.85 million. At that date, Current Liabilities were \$4.93 million, Total Liabilities were \$6.15 million, Total Shareholder’s Deficit was (\$5.17) million and Total Liabilities and Stockholder’s Deficit was \$.85 million. The Company was able to increase its Paid in

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Capital by \$3.2 million primarily from the sale of Common Stock under the Regulation A offering during the first half ended July 31, 2021.

The Company had 3,326,914 shares of Common Stock outstanding as of September 10, 2021. It also had Outstanding 20,000 shares of Series B Preferred Stock; as well as 7,250 shares Outstanding of Series C Preferred Stock, which are convertible into Common Stock; and 870 Shares Outstanding of Series D Preferred Stock, as of that date.

The Company currently has a fully effective Regulation A offering outstanding, pursuant to current filings with the SEC, issuable into fully registered free trading common stock at \$2.00 per share. It also has an S-1 Registration Statement filing with the SEC, effective on August 18, 2021, for the sale of Common Stock with Triton Fund, under a Common Stock Purchase Agreement (CSPA) with Common Stock and Warrants to be purchased at a slight discount to the market price on the date of drawdown, should the Company elect to put the shares to the purchaser.



Corporate Contact Information



The 4Less Group, Inc.

106 West Mayflower Las Vegas, NV 89030 United States

E-mail: Corporate@The4LessCorp.com Phone: 1-702-267-6100

Mr. Timothy G. Armes - Chairman/CEO Mr. Christopher Davenport - President

GROWTH STRATEGY AND OUTLOOK

The Company plans to attract an increasing number of sellers to its marketplace, which will in turn provide customers with more options. The Company will also continue to develop best in-class technological modules to increase visitor conversions by adding features and services to the websites. The Company also plans on expanding the product offering in the niche websites to increase product variety. Current marketing strategy has primarily been organic, which accounts for approximately 75% of sales, with some marketing via Google reviews, Youtube channel, and Facebook advertising.

Going forward, the Company will be taking proactive measures to drive revenue growth, such as sourcing additional funding and reducing operating expenses. Once achieved, and assuming future capital raises are successful, the Company will be in a stronger position to grow its revenue streams and scale its business given the very large market size that they compete in. They only need a tiny slice of the market to become a more significant player. The Company's shares appear to be undervalued based on its strong revenue growth rate and its price to sales ratio of only 0.38.

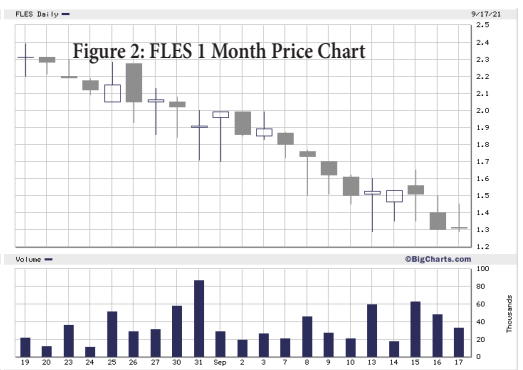
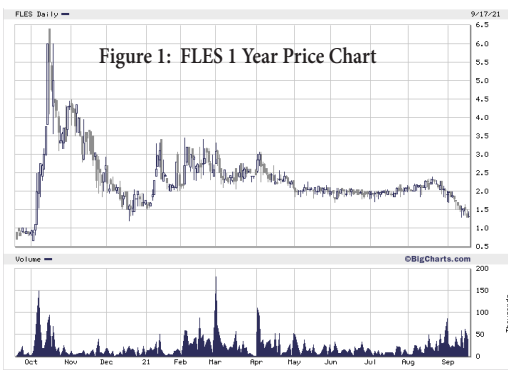


Table with 4 columns: Income Statement, 1/31/20, 1/31/21, 6 m 7/31/21. Rows include Revenue, Gross Profit, Operating Loss, Net Income Loss.

Table with 4 columns: Balance Sheet, 1/31/20, 1/31/21, as of 7/31/21. Rows include Current Assets, Total Assets, Total Liabilities, Total Shareholder's Equity.

Table with 4 columns: Cash Flow Statement, 1/31/20, 1/31/21, 6 m 7/31/21. Rows include Operating Cash Flow, Investing Cash Flow, Financing Cash Flow, Cash at end of period.

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## ADDITIONAL DISCLOSURES

### Receipt of Compensation:

The featured company engaged ASC for Corporate Profile coverage and has paid a fee of \$8500.

### Ownership and Material Conflicts of Interest:

The author(s) of this report does not hold a financial interest in the securities of this company.

### Position as an Officer or Director:

The author(s) does not act as an officer, director or advisory board member of the subject company.

### Market making:

The author(s) does not act as a market maker in the subject company's securities.

### Ratings Guide:

Banks or Investment Firms often rate companies as a BUY, HOLD or SELL. A BUY rating is often given when the security may deliver absolute returns of 15% or greater over the next 12 month period, and recommends that investors consider taking position assuming it meets their risk profile. A SELL rating is given when the security is expected to deliver negative returns over the next 12 months, while a HOLD rating implies flat returns over the next twelve months.

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