

CCA INDUSTRIES, INC.

500 OFFICE CENTER DRIVE, SUITE 400, FORT WASHINGTON, PA 19034

201-935-3232

WWW.CCAINVESTOR.COM

INVESTORRELATIONS@CCAINDUSTRIES.COM

Annual Report

For the period ending November 30, 2024 (the "Reporting Period")

Outstanding Shares

The number of shares outstanding of our Common Stock was:

6,593,982 as of November 30, 2024 *(Current Reporting Period Date or More Recent Date)*

6,593,982 as of November 30, 2024 *(Most Recent Completed Fiscal Year End)*

Shell Status

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes: ☐ No: ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

Change in Control

Indicate by check mark whether a Change in Control⁴ of the company has occurred during this reporting period:

Yes: ☐ No: ☒

⁴ "Change in Control" shall mean any events resulting in:

- (i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;
- (ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;
- (iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or
- (iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

1) Name and address(es) of the issuer and its predecessors (if any)

In answering this item, provide the current name of the issuer and names used by predecessor entities, along with the dates of the name changes.

CCA INDUSTRIES, INC.

Current State and Date of Incorporation or Registration: DELAWARE, MARCH 25, 1983

Standing in this jurisdiction: (e.g. active, default, inactive): ACTIVE

Prior Incorporation Information for the issuer and any predecessors during the past five years:

NO CHANGE

Describe any trading suspension or halt orders issued by the SEC or FINRA concerning the issuer or its predecessors since inception:

NONE

List any stock split, dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

NONE

Address of the issuer's principal executive office:

500 OFFICE CENTER DRIVE, SUITE 400, FORT WASHINGTON, PA 19034

Address of the issuer's principal place of business:

☒ *Check if principal executive office and principal place of business are the same address:*

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

No: ☒ Yes: ☐ If Yes, provide additional details below:

2) Security Information

Transfer Agent

Name: BROADRIDGE CORPORATE ISSUER SOLUTIONS, LLC

Phone: 877-830-4936

Email: _____

Address: 1155 LONG ISLAND AVENUE, ENGLEWOOD, NJ 11717

Publicly Quoted or Traded Securities:

The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.

Trading symbol:	<u>CAWW</u>	
Exact title and class of securities outstanding:	<u>COMMON STOCK</u>	
CUSIP:	<u>124867102</u>	
Par or stated value:	<u>\$0.01</u>	
Total shares authorized:	<u>15,000,000</u>	as of date: <u>NOVEMBER 30, 2024</u>
Total shares outstanding:	<u>6,593,982</u>	as of date: <u>NOVEMBER 30, 2024</u>
Total number of shareholders of record:	<u>74</u>	as of date: <u>August 31, 2024</u>

Please provide the above-referenced information for all other publicly quoted or traded securities of the issuer.

Other classes of authorized or outstanding equity securities that do not have a trading symbol:

The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g., preferred shares that do not have a trading symbol). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.

Exact title and class of the security:	<u>CLASS A COMMON STOCK</u>	
Par or stated value:	<u>\$0.01</u>	
Total shares authorized:	<u>5,000,000</u>	as of date: <u>NOVEMBER 30, 2024</u>
Total shares outstanding:	<u>967,702</u>	as of date: <u>NOVEMBER 30, 2024</u>
Total number of shareholders of record:	<u>1</u>	as of date: <u>NOVEMBER 30, 2024</u>

Please provide the above-referenced information for all other classes of authorized or outstanding equity securities.

Exact title and class of the security:	<u>PREFERRED STOCK, SENIOR REDEEMABLE SERIES B</u>	
Par or stated value:	<u>\$1.00</u>	
Total shares authorized:	<u>20,000,000</u>	as of date: <u>NOVEMBER 30, 2024</u>
Total shares outstanding:	<u>170,000</u>	as of date: <u>NOVEMBER 30, 2024</u>
Total number of shareholders of record:	<u>1</u>	as of date: <u>NOVEMBER 30, 2024</u>

Security Description:

The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:

1. For common equity, describe any dividend, voting and preemption rights.

COMMON SHARES ELECTED ONE MEMBER TO THE BOARD OF DIRECTORS. THE CLASS A SHAREHOLDERS ELECT TWO MEMBERS TO THE BOARD OF DIRECTORS. OTHERWISE, COMMON AND CLASS A HAVE THE SAME RIGHTS AS TO DIVIDEND AND ANY DISTRIBUTIONS.

2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.

THERE IS NO MINIMUM DIVIDEND. THE PREFERRED STOCK RECEIVES THE SAME DIVIDEND, IF ANY, AS THE COMMON STOCK. THE PREFERRED STOCK HAS TO BE REDEEMED AT THE VALUE OF \$3.50 PER SHARE, AND HAS PREFERENCE IN DISTRIBUTIONS PRIOR TO DISTRIBUTION TO ANY OTHER CLASS OF STOCK.

3. Describe any other material rights of common or preferred stockholders.

NONE

4. Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.

NONE

3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any changes to the total shares outstanding of any class of the issuer's securities in the past two completed fiscal years and any subsequent interim period.

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

A. Changes to the Number of Outstanding Shares for the two most recently completed fiscal years and any subsequent period.

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No: ☐ Yes: X (If yes, you must complete the table below)

Shares Outstanding <u>Opening Balance:</u> Date <u>11/30/2022</u> Common: 6,593,982 Preferred: <u>160,000 (NON-TRADING)</u> <u>CLASS A COMMON 967,702 (NON-TRADING)</u>			*Right-click the rows below and select "Insert" to add rows as needed.						
Date of Transaction	Transaction type (e.g., new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the	Individual/ Entity Shares were issued to. ***You must disclose the control person(s) for any entities listed.	Reason for share issuance (e.g. for cash or debt conversion) - OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.

					time of issua nce? (Yes/ No)				
<u>03/09/2023</u>	<u>NEW</u>	<u>5,000</u>	<u>PREFERR ED STOCK SERIES B</u>	<u>\$3.50</u>	<u>NO</u>	<u>LARRY WYSS</u>	<u>STOCK ISSUANCE</u>	<u>RESTRIC TED</u>	<u>UNREGI STERED</u>
<u>02/01/2024</u>	<u>NEW</u>	<u>5,000</u>	<u>PREFERR ED STOCK SERIES B</u>	<u>\$3.50</u>	<u>NO</u>	<u>LARRY WYSS</u>	<u>STOCK ISSUANCE</u>	<u>RESTRIC TED</u>	<u>UNREGI STERED</u>
<u>03/12/2024</u>	<u>STOCK OPTION GRANT ED</u>	<u>15,000</u>	<u>COMMON STOCK</u>	<u>\$0.66</u>	<u>NO</u>	<u>FRANK CORBISERIE</u>	<u>INCENTIVE STOCK OPTION</u>	<u>RESTRIC TED</u>	<u>UNREGI STERED</u>
<u>03/12/2024</u>	<u>STOCK OPTION GRANT ED</u>	<u>200,000</u>	<u>COMMON STOCK</u>	<u>\$0.66</u>	<u>NO</u>	<u>CHRISTOPHER DOMINELLO</u>	<u>INCENTIVE STOCK OPTION</u>	<u>RESTRIC TED</u>	<u>UNREGI STERED</u>
<u>03/12/2024</u>	<u>STOCK OPTION GRANT ED</u>	<u>100,000</u>	<u>COMMON STOCK</u>	<u>\$0.66</u>	<u>NO</u>	<u>STEPHEN HEIT</u>	<u>INCENTIVE STOCK OPTION</u>	<u>RESTRIC TED</u>	<u>UNREGI STERED</u>
<u>03/12/2024</u>	<u>STOCK OPTION GRANT ED</u>	<u>20,000</u>	<u>COMMON STOCK</u>	<u>\$0.66</u>	<u>NO</u>	<u>LUCY FIGUEIREDO</u>	<u>INCENTIVE STOCK OPTION</u>	<u>RESTRIC TED</u>	<u>UNREGI STERED</u>
<u>03/12/2024</u>	<u>STOCK OPTION GRANT ED</u>	<u>15,000</u>	<u>COMMON STOCK</u>	<u>\$0.66</u>	<u>NO</u>	<u>COLLEEN FOX</u>	<u>INCENTIVE STOCK OPTION</u>	<u>RESTRIC TED</u>	<u>UNREGI STERED</u>
<u>03/12/2024</u>	<u>STOCK OPTION GRANT ED</u>	<u>5,000</u>	<u>COMMON STOCK</u>	<u>\$0.66</u>	<u>NO</u>	<u>DENISE MUNNO</u>	<u>INCENTIVE STOCK OPTION</u>	<u>RESTRIC TED</u>	<u>UNREGI STERED</u>
<u>03/12/2024</u>	<u>STOCK OPTION GRANT ED</u>	<u>150,000</u>	<u>COMMON STOCK</u>	<u>\$0.66</u>	<u>NO</u>	<u>BRENT FUNSTON</u>	<u>NON- QUALIFIED STOCK OPTION</u>	<u>RESTRIC TED</u>	<u>UNREGI STERED</u>
<u>03/12/2024</u>	<u>STOCK OPTION GRANT ED</u>	<u>75,000</u>	<u>COMMON STOCK</u>	<u>\$0.66</u>	<u>NO</u>	<u>BRIAN HAVESON</u>	<u>NON- QUALIFIED STOCK OPTION</u>	<u>RESTRIC TED</u>	<u>UNREGI STERED</u>

<u>03/12/2024</u>	<u>STOCK OPTION GRANT ED</u>	<u>75,000</u>	<u>COMMON STOCK</u>	<u>\$0.66</u>	<u>NO</u>	<u>S. DAVID FINEMAN</u>	<u>NON- QUALIFIED STOCK OPTION</u>	<u>RESTRIC TED</u>	<u>UNREGI STERED</u>
Shares Outstanding on Date of This Report: <u>Ending</u> <u>Balance:</u> Date <u>11/30/2024</u> Common: 6,593,982 Preferred: <u>170,000 (NON-TRADING)</u> CLASS A COMMON: 967,702 (NON-TRADING)									

Example: A company with a fiscal year end of December 31st 2023, in addressing this item for its Annual Report, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2022 through December 31, 2023 pursuant to the tabular format above.

*****Control persons for any entities in the table above must be disclosed in the table or in a footnote here.**

Use the space below to provide any additional details, including footnotes to the table above:

B. Promissory and Convertible Notes

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer’s equity securities :

No: X Yes: ☐ (If yes, you must complete the table below)

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder. *** You must disclose the control person(s) for any entities listed.	Reason for Issuance (e.g. Loan, Services, etc.)
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____

*****Control persons for any entities in the table above must be disclosed in the table or in a footnote here.**

Use the space below to provide any additional details, including footnotes to the table above:

4) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. Ensure that these descriptions are updated on the Company's Profile on www.OTCMarkets.com.

- A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

SALES AND MARKETING OF HEALTH AND BEAUTY AIDS/PRODUCTS

- B. List any subsidiaries, parent company, or affiliated companies.

NONE

- C. Describe the issuers' principal products or services.

SKIN CARE, ORAL CARE, BRAIN HEALTH SUPPLEMENTS, BEAUTY PRODUCTS SOLD TO MASS MARKETS, CHAIN DRUG, FOOD AND ON-LINE THROUGH AMAZON.COM AND WALMART.COM

5) Issuer's Facilities

The goal of this section is to provide investors with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer. Describe the location of office space, data centers, principal plants, and other property of the issuer and describe the condition of the properties. Specify if the assets, properties, or facilities are owned or leased and the terms of their leases. If the issuer does not have complete ownership or control of the property, describe the limitations on the ownership.

RENT SHARED OFFICE SPACE AT 500 OFFICE CENTER DRIVE, SUITE 400, FORT WASHINGTON, PA 19034. ALL EMPLOYEES WORK FROM THEIR HOME AT THIS TIME.

6) All Officers, Directors, and Control Persons of the Company

Using the table below, please provide information, as of the period end date of this report, regarding all officers and directors of the company, or any person that performs a similar function, regardless of the number of shares they own.

In addition, list all individuals or entities controlling 5% or more of any class of the issuer's securities.

If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity. Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

The goal of this section is to provide investors with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial owners.

Names of All Officers, Directors, and Control Persons	Affiliation with Company (e.g. Officer Title /Director/Owner of 5% or more)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Names of control person(s) if a corporate entity
<u>CAPITAL PRESERVATION SOLUTIONS, LLC</u>	<u>DIRECTOR/5% OR MORE OWNER</u>	<u>PENN VALLEY, PA</u>	<u>967,702</u>	<u>CLASS A COMMON STOCK</u>	<u>100</u>	<u>BRENT FUNSTON AS MANAGING MEMBER</u>
<u>ESTATE OF LANCE FUNSTON</u>	<u>DIRECTOR/5% OR MORE OWNER</u>	<u>PENN VALLEY, PA</u>	<u>49,958</u>	<u>COMMON STOCK</u>	<u>.8%</u>	<u>BRENT FUNSTON AS EXECUTOR</u>
<u>CHRISTOPHER DOMINELLO</u>	<u>CHIEF EXECUTIVE OFFICER</u>	<u>HUNTINGDON VALLEY, PA</u>	<u>0</u>	<u>—</u>	<u>0</u>	<u>—</u>
<u>STEPHEN HEIT</u>	<u>CHIEF FINANCIAL OFFICER</u>	<u>LEWES, DE</u>	<u>31,805</u>	<u>COMMON STOCK</u>	<u>.5%</u>	<u>—</u>
<u>BRIAN HAVESON</u>	<u>DIRECTOR</u>	<u>WILMINGTON, DE</u>	<u>0</u>	<u>—</u>	<u>0</u>	<u>—</u>
<u>BRENT FUNSTON</u>	<u>CHAIRMAN OF THE BOARD</u>	<u>PENN VALEY, PA</u>	<u>0</u>		<u>0</u>	
<u>S. DAVID FINEMAN</u>	<u>DIRECTOR</u>	<u>PHILADELPHIA, PA</u>	<u>0</u>		<u>0</u>	
<u>CAPITAL PRESERVATION SOLUTIONS, LLC</u>	<u>DIRECTOR/5% OR MORE OWNER</u>	<u>PENN VALLEY, PA</u>	<u>450,000</u>	<u>COMMON STOCK</u>	<u>6.9%</u>	<u>BRENT FUNSTON AS MANAGING MEMBER</u>

Confirm that the information in this table matches your public company profile on www.OTCMarkets.com. If any updates are needed to your public company profile, log in to www.OTCIQ.com to update your company profile.

7) Legal/Disciplinary History

A. Identify and provide a brief explanation as to whether any of the persons or entities listed above in Section 6 have, in the past 10 years:

1. Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations);

NONE AS OF NOVEMBER 30, 2024

2. Been the subject of the entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, financial- or investment-related, insurance or banking activities;

NONE AS OF NOVEMBER 30, 2024

3. Been the subject of a finding, disciplinary order or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, a state securities regulator of a violation of federal or state securities or commodities law, or a foreign regulatory body or court, which finding or judgment has not been reversed, suspended, or vacated;

NONE AS OF NOVEMBER 30, 2024

4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above; or

NONE AS OF NOVEMBER 30, 2024

5. Been the subject of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

NONE AS OF NOVEMBER 30, 2024

6. Been the subject of a U.S Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S mail.

NONE AS OF NOVEMBER 30, 2024

- B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party to or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

8) Third Party Service Providers

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.

Confirm that the information in this table matches your public company profile on www.OTCMarkets.com. If any updates are needed to your public company profile, update your company profile.

Securities Counsel (must include Counsel preparing Attorney Letters).

Name: ALAN LIEBLICH, ESQ.
Address 1: BLANK ROME LLP
Address 2: ONE LOGAN SQUARE, 130 NORTH 18TH ST., PHILADELPHIA, PA 19103
Phone: 215-569-5693
Email: _____

Accountant or Auditor

Name: MATTHEW MCNAMARA, CPA
Firm: ASSURANCE DIMENSIONS
Address 1: 4920 WEST CYPRESS STREET, SUITE 102
Address 2: TAMPA, FL 33607
Phone: 813-443-5048
Email: _____

Investor Relations

Name: _____
Firm: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

All other means of Investor Communication:

X (Twitter): _____
Discord: _____
LinkedIn: _____
Facebook: _____
[Other] _____

Other Service Providers

Provide the name of any other service provider(s) that **that assisted, advised, prepared, or provided information with respect to this disclosure statement.** This includes counsel, broker-dealer(s), advisor(s), consultant(s) or any entity/individual that provided assistance or services to the issuer during the reporting period.

Name: _____
Firm: _____
Nature of Services: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

9) Disclosure & Financial Information

A. This Disclosure Statement was prepared by (name of individual):

Name: STEPHEN HEIT
Title: CHIEF FINANCIAL OFFICER
Relationship to Issuer: CHIEF FINANCIAL OFFICER

B. The following financial statements were prepared in accordance with:

- ☐ IFRS
☒ U.S. GAAP

C. The following financial statements were prepared by (name of individual):

Name: STEPHEN HEIT
Title: CHIEF FINANCIAL OFFICER
Relationship to Issuer: CHIEF FINANCIAL OFFICER

Describe the qualifications of the person or persons who prepared the financial statements:⁵ B.S. DEGREE IN BUSINESS ADMINISTRATION, MBA WITH A CONCENTRATION IN ACCOUNTING, ADDITIONAL GRADUATE WORK PROFESSIONAL ACCOUNTING, DOCTORAL STUDENT FOR DOCTOR OF BUSINESS ADMINISTRATION

Provide the following qualifying financial statements:

- Audit letter, if audited;
- Balance Sheet;
- Statement of Income;
- Statement of Cash Flows;
- Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- Financial Notes

FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED NOVEMBER 30, 2024 AND NOVEMBER 30, 2023, FILED WITH THE OTC ON FEBRUARY 28, 2025, ARE INCORPORATED BY REFERENCE.

Financial Statement Requirements:

- Financial statements must be published together with this disclosure statement as one document.
- Financial statements must be "machine readable". Do not publish images/scans of financial statements.

10) Issuer Certification

Principal Executive Officer:

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, CHRISTOPHER DOMINELLO certify that:

1. I have reviewed this Disclosure Statement for CCA INDUSTRIES, INC.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under

⁵ The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.

which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

FEBRUARY 28, 2025 [Date]

/s/ CHRISTOPHER DOMINELLO [CEO's Signature]

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

Principal Financial Officer:

I, STEPHEN HEIT certify that:

1. I have reviewed this Disclosure Statement for CCA INDUSTRIES, INC.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

FEBRUARY 28, 2025 [Date]

/s/ STEPHEN HEIT [CFO's Signature]

(Digital Signatures should appear as "/s/ [OFFICER NAME]")



CCA Industries, Inc.

Audited Financial Statements

As of and For the Years Ended November 30, 2024 and November 30, 2023

CCA INDUSTRIES, INC.
FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders
of CCA Industries, Inc.

Opinion

We have audited the accompanying financial statements of CCA Industries, Inc. (a Pennsylvania corporation), which comprise the balance sheet as of November 30, 2024, and the statement of operations, statement of shareholders' equity and statement of cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the 2024 financial statements referred to above present fairly, in all material respects, the financial position of CCA Industries, Inc. as of November 30, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CCA Industries, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of CCA Industries, Inc. as of November 30, 2023 were audited by other auditors whose report dated February 28, 2024 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CCA Industries, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.



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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CCA Industries, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CCA Industries, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Assurance Dimensions

Coral Springs, Florida

February 28, 2025

ASSURANCE DIMENSIONS, LLC

also d/b/a McNAMARA and ASSOCIATES, LLC

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"Assurance Dimensions" is the brand name under which Assurance Dimensions, LLC including its subsidiary McNamara and Associates, LLC (referred together as "AD LLC") and AD Advisors, LLC ("AD Advisors"), provide professional services. AD LLC and AD Advisors practice as an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable laws, regulations, and professional standards. AD LLC is a licensed independent CPA firm that provides attest services to its clients, and AD Advisors provide tax and business consulting services to their clients. AD Advisors, and its subsidiary entities are not licensed CPA firms.

CCA INDUSTRIES, INC.
BALANCE SHEETS

	November 30, 2024	November 30, 2023
ASSETS		
Current Assets:		
Cash	\$ 30,104	\$ 765,189
Accounts receivable, net of allowances for credit losses of \$2,649 and \$3,780, respectively	567,715	845,218
Inventories	1,682,209	1,655,739
Prepaid expenses and sundry receivables	423,141	210,645
Prepaid and refundable income taxes	5,193	12,015
Total Current Assets	2,708,362	3,488,806
Property and equipment, net of accumulated depreciation	5,766	8,666
Intangible assets, net of accumulated amortization	1,204,348	1,209,348
Asset held for sale	-	200,000
Deferred financing fees, net of accumulated amortization	23,002	42,714
Deferred income taxes	1,685,215	5,979,568
Other	-	248,871
Total Assets	\$ 5,626,693	\$ 11,177,973
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 1,440,806	\$ 1,482,084
Line of credit	721,885	61,030
Total Current Liabilities	2,162,691	1,543,114
Long-term - other	-	147,853
Total Liabilities	2,162,691	1,690,967
Commitments and Contingencies - See Note 12		

CCA INDUSTRIES, INC.
BALANCE SHEETS

	November 30, 2024	November 30, 2023
Shareholders' Equity:		
Preferred stock, \$1.00 par, authorized 20,000,000 shares, Senior Redeemable Series B, 170,000 and 165,000 shares designated, 170,000 and 165,000 shares issued and outstanding, respectively	170,000	165,000
Common stock, \$0.01 par, authorized 15,000,000 shares, issued and outstanding 6,593,982 and 6,593,982 shares, respectively	65,940	65,940
Class A common stock, \$0.01 par, authorized 5,000,000 shares, issued and outstanding 967,702 and 967,702 shares, respectively	9,677	9,677
Additional paid-in capital	7,856,553	7,764,819
Retained (deficit) earnings	(4,638,168)	1,481,570
Total Shareholders' Equity	3,464,002	9,487,006
Total Liabilities and Shareholders' Equity	\$ 5,626,693	\$ 11,177,973

See Notes to Financial Statements.

CCA INDUSTRIES, INC.
STATEMENTS OF OPERATIONS

	Years ended November 30,	
	2024	2023
Revenues:		
Sales of health and beauty aid products - net	\$ 7,737,598	\$ 10,486,620
less: cost of sales	2,727,315	4,077,566
Gross Profit:	\$ 5,010,283	\$ 6,409,054
Costs and Expenses:		
Selling, general and administrative expenses	5,645,232	7,363,654
Advertising, cooperative and promotional expenses	807,962	1,163,452
Research and development	38,702	11,714
Total Costs and Expenses	6,491,896	8,538,820
Impairment of Trademark	222,500	543,990
Interest expense	112,999	194,497
Other expense (income)	-	(2,409,411)
(Loss) before provision for income taxes	(1,817,112)	(458,842)
Provision for (benefit from) income taxes	4,302,626	(35,976)
Net (Loss)	\$ (6,119,738)	\$ (422,866)
(Loss) per Share:		
Basic	\$ (0.81)	\$ (0.06)
Diluted	\$ (0.81)	\$ (0.06)
Weighted Average Common Shares Outstanding:		
Basic	7,561,684	7,561,684
Diluted	7,561,684	7,561,684

See Notes to Financial Statements.

CCA INDUSTRIES, INC.
STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED NOVEMBER 30, 2024 AND 2023

	<u>PREFERRED STOCK</u>		<u>CLASS A COMMON STOCK</u>		<u>COMMON STOCK</u>		<u>ADDITIONAL</u>	<u>RETAINED</u>	<u>TOTAL</u>
	<u>SHARES</u>	<u>AMOUNT</u>	<u>SHARES</u>	<u>AMOUNT</u>	<u>SHARES</u>	<u>AMOUNT</u>	<u>PAID-IN</u>	<u>(DEFICIT)</u>	<u>SHAREHOLDERS'</u>
							<u>CAPITAL</u>	<u>EARNINGS</u>	<u>EQUITY</u>
Balance - November 30, 2022	160,000	\$ 160,000	967,702	\$ 9,677	6,593,982	\$ 65,940	\$ 7,738,495	\$ 1,904,436	\$ 9,878,548
Net loss for the year ended November 30, 2023	-	-			-	-	-	(422,866)	(422,866)
Stock-based compensation	-	-			-	-	26,324	-	26,324
Issuance of preferred stock	5,000	5,000			-	-	-	-	5,000
Balance - November 30, 2023	165,000	165,000	967,702	9,677	6,593,982	65,940	7,764,819	1,481,570	9,487,006
Net loss for the year ended November 30, 2024	-	-			-	-	-	(6,119,738)	(6,119,738)
Stock-based compensation	-	-			-	-	79,234		79,234
Issuance of preferred stock	5,000	5,000			-	-	12,500	-	17,500
Balance - November 30, 2024	170,000	\$ 170,000	967,702	\$ 9,677	6,593,982	\$ 65,940	\$ 7,856,553	\$ (4,638,168)	\$ 3,464,002

See Notes to Financial Statements.

CCA INDUSTRIES, INC.
STATEMENTS OF CASH FLOWS

	Years ended November 30,	
	2024	2023
Cash Flows from Operating Activities:		
Net (Loss)	\$ (6,119,738)	\$ (422,866)
Adjustments to reconcile net (loss) to net cash (used in) operating activities:		
Depreciation and amortization	6,070	5,204
Provision for credit losses	(1,131)	(672)
Deferred financing fees amortization	19,714	20,098
Stock-based compensation	79,234	26,324
Deferred income taxes	4,294,329	(42,149)
Gain on sale of business segment	-	(2,402,396)
Loss on impairment of trademark	222,500	543,990
Loss on disposal or sale of property, plant and equipment	-	(88,579)
Change in Operating Assets & Liabilities:		
Decrease in accounts receivable	278,657	268,551
(Increase) decrease in inventory	(26,470)	1,688,085
(Increase) in prepaid expenses and other receivables	(212,496)	(14,260)
Decrease in prepaid income and refundable income tax	6,822	2,899
Decrease in other assets	-	105,679
(Decrease) increase in accounts payable and accrued liabilities	(41,278)	102,423
Net Cash (Used In) Operating Activities:	(1,493,787)	(207,669)
Cash Flows from Investing Activities:		
Acquisition of property, plant and equipment	(3,172)	(2,019)
Refund of security deposits	101,018	-
Proceeds from sale of business segment	-	2,500,000
Net Cash Provided by Investing Activities	97,846	2,497,981
Cash Flows from Financing Activities:		
(Payoff of) prior line of credit, net	-	(1,681,839)
Proceeds from current line of credit, net	660,856	251,182
Payments of notes payable	-	(42,158)
Retirement of prior notes payable	-	(172,824)
Payment of deferred financing fees	-	(59,142)
Net Cash Provided By (Used in) Financing Activities	660,856	(1,704,781)
Net (Decrease) Increase in Cash	(735,085)	585,531
Cash at Beginning of Year	765,189	179,658
Cash at End of Period	\$30,104	\$ 765,189

CCA INDUSTRIES, INC.
STATEMENTS OF CASH FLOWS

	Years ended November 30,	
	2024	2023
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the year for:		
Interest	\$ 112,999	\$ 194,497
Income Taxes	\$ 1,000	\$ 3,284
Non-cash investing activities during the year:		
Recording of assets held for sale	\$ -	\$ 200,000
Non-cash financing activities during the year:		
Issuance of Preferred Stock for purchase of intangible asset	\$ 17,500	\$ 17,500

See Notes to Financial Statements.

CCA INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS

CCA Industries, Inc. (“CCA” or the “Company”) was incorporated in the State of Delaware on March 25, 1983. CCA conducts business as Core Care America.

CCA manufactures and distributes health and beauty aid products.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Estimates and Assumptions:

The financial statements include the use of estimates which management believes are reasonable. The process of preparing financial statements in conformity with accounting principles generally accepted in the United States (“GAAP”) requires management to make estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accounting estimates and assumptions are those that management considers to be most critical to the financial statements because they inherently involve significant judgment and uncertainties. All of these estimates and assumptions reflect management’s best judgment about current economic and market conditions and their effects on the information available as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

An accounting estimate is deemed to be critical if it is reasonably possible that a subsequent correction could have a material effect on future operating results or financial condition. The following are estimates that management has deemed to be critical:

1 - Allowance for Credit Losses - The Company recognizes an allowance for credit losses for financial assets carried at amortized cost to present the net amount expected to be collected as of the balance sheet date. Such allowance is based on the credit losses expected to arise over the life of the asset (contractual term) which includes consideration of prepayments and based on the Company’s expectations as of the balance sheet date. Assets are written off when the Company determines that such financial assets are deemed uncollectible or based on regulatory requirements, whichever is earlier. Write-offs are recognized as a deduction from the allowance for credit losses. Expected recoveries of amounts previously written off, not to exceed the aggregate of the amount previously written off, are included in determining the necessary reserve at the balance sheet date. The Company has tracked historical loss information for its trade receivables and compiled historical credit loss percentages for different aging categories (current, 1–30 days past due, 31–60 days past due, 61–90 days past due, and more than 90 days past due). Based on the historical information, the Company has reserved 0.35% for invoices currently due and 1-30 days past due, 0.50% for invoices 31-60 past due, 1.00% for invoices 61-90 days past due and 2.00% for invoices more than 90 days past due.

2 - Inventory Obsolescence Reserve – Management reviews the inventory records monthly. Management deems to be obsolete finished good items that are no longer being sold and have no possibility of sale within the ensuing twelve months. Components and raw materials are deemed to be obsolete if management has no planned usage of those items within the ensuing twelve months. In addition, management conducts periodic testing of inventory to make sure that the value reflects the lower of cost or net realizable value. If the value is below market, a provision is

CCA INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates and Assumptions: (Continued)

made within the inventory obsolescence reserve. This reserve is adjusted monthly, with changes recorded as part of cost of sales in the results of operations.

3 – Intangible assets are trademarks and patents that the Company acquires. The Company follows the guidance of Accounting Standards Codification (“ASC”) 360-10 and ASC 350 to determine when impairment indicators exist for its intangible assets. When impairment indicators exist, the Company at least annually makes a qualitative and quantitative estimate of the fair value of its intangible assets as compared to its carrying value. This determination requires significant judgment. In making this judgment, management evaluates external and internal factors, such as significant positive or adverse changes in the market environment in which the Company operates as well as projected cash flows pertaining to specific intangible assets. In making a judgment as to whether impairment indicators exist as at November 30, 2024, management concluded there was an impairment of the Solar Sense trademark. See Note 5 for further information regarding the Solar Sense trademark.

4 - The deferred taxes are an estimate of the future tax consequences attributable to the temporary differences between the carrying amounts of assets and liabilities as recorded on the Company’s financial statements and the carrying amounts as reflected on the Company’s income tax return. In addition, the portion of charitable contributions that cannot be deducted in the current period and are carried forward to future periods is also reflected in the deferred tax assets. A substantial portion of the deferred tax asset is due to the loss incurred in fiscal 2015 and prior years, the benefit of which will be carried forward into future tax years. Deferred tax assets and liabilities are valued using the tax rates expected to apply in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion, or all, of the deferred tax asset will not be realized. As of November 30, 2024, management has estimated that it will utilize the entire deferred tax asset in future years based on its belief that the Company will continue to be profitable and generate taxable income. However, profits can be impacted in the future if the Company’s sales decrease.

Revenue Related Reserves:

Consideration promised in the Company's contracts with customers is variable due to anticipated reductions such as sales returns, discounts and miscellaneous claims from customers. The Company estimates the most likely amount it will be entitled to receive and records an anticipated reduction against revenues, with an offsetting increase to accrued liabilities, at the time revenues are recognized.

1 - Returns reserve – The estimated return rate was 2.01% and 2.17% of the prior three months of gross sales as of November 30, 2024 and 2023, respectively. Management estimates that any returns of product received from customers are not placed back into inventory and are subsequently destroyed. Any changes in this accrued liability are recorded as a debit or credit to sales of health and beauty aid products - net, in the statement of operations. The Company may increase the reserve for returns in excess of the current estimated return rate for specific return circumstances. Please see Note 8 – Revenue Recognition for further information.

CCA INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2 - Cooperative advertising reserve – The cooperative advertising reserve is an estimate of the amount of the liability for the cooperative advertising agreements with the Company's customers. The reserve is recorded as an accrued expense. Management reviews the cooperative advertising agreements for the current fiscal year with its customers on a monthly basis and adjusts this reserve based on actual cooperative advertising events. The Company maintains an open liability for cooperative advertising contracts for which a customer has not claimed a deduction for the three years prior to the current fiscal year. Management evaluates the open liability for the prior three years on a monthly basis to determine if the liability continues to exist. Changes to the reserve are charged as a current period expense. Please see Note 8 – Revenue Recognition for further information.

Cash and Cash Equivalents:

For purposes of the statements of cash flows, the Company considers all highly liquid instruments with a maturity of three months or less at the purchase date and money market accounts to be cash equivalents. As of November 30, 2024 and 2023, the Company did not have any cash equivalents.

Accounts Receivable:

Accounts receivable are carried at the original amount less an estimate for credit losses. The Company maintains an allowance for credit losses which represents management's estimate of expected credit losses over the remaining expected life of the Company's financial assets measured at amortized cost and comprised of three main components: (i) historical collection performance, (ii) specific collection issues, (iii) current conditions, and reasonable and supportable forecasts about the future. If actual provision for credit losses differs from the reserves calculated based on historical trends and known customer issues and current conditions, an adjustment to the provision for credit losses is recorded in the period in which the difference occurs. Such adjustment could result in additional expenses or a reduction of expenses. The Company writes off accounts to the allowance when it has determined that collection is unlikely. Some of the factors considered in reaching this determination are (i) the apparent financial condition of the customer, (ii) the success the Company has in contacting and negotiating with the customer, (iii) the current state of the industry and (iv) the number of days the account has been outstanding. When the Company's collections does not correspond with historical performance, additional charges may be required. As of November 30, 2024 and 2023, the Company had \$2,649 and \$3,780, respectively, recorded as an allowance for credit losses. The income statement effect of all changes in the allowance for credit losses are recognized as provision for credit losses.

The Company manufactures and sells its products to a broad range of customers, primarily retail stores and direct to consumer through third party on-line marketplaces. Customers typically are provided with payment terms of 60 days. The Company has tracked historical loss information for its trade receivables and compiled historical credit loss percentages for different aging categories (current, 1–30 days past due, 31–60 days past due, 61–90 days past due, and more than 90 days past due).

Management believes that the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for trade receivables held at November 30, 2024 because the composition of the trade receivables at that date is consistent with that used in developing the historical credit-loss percentages (i.e., the similar risk characteristics of its customers and its lending practices have not changed significantly over time).

CCA INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable: (Continued)

Accounts receivable totaled \$570,364, less the allowance for expected credit losses of \$2,649 related to accounts receivable on November 30, 2024.

Inventories:

Inventories are stated at the lower of cost (weighted average) or net realizable value. Product returns deemed saleable are recorded in inventory when they are received at the lower of their original cost or net realizable value, as appropriate. Obsolete inventory is written off and its value is removed from inventory at the time its obsolescence is determined.

Property and Equipment and Depreciation and Amortization:

Property and equipment are stated at cost. The Company charges to expense repairs and maintenance items, while major improvements and betterments are capitalized.

When the Company sells or otherwise disposes of property and equipment items, the cost and related accumulated depreciation are removed from the respective accounts and any gain or loss is included in earnings.

Depreciation and amortization are provided utilizing the straight-line method over the following estimated useful lives or lease terms of the assets, whichever is shorter:

Computer equipment	5 -7 Years
Furniture and fixtures	3-10 Years
Tools, dies and masters	3 Years

Intangible Assets:

Intangible assets, which consist of patents and trademarks, are stated at cost. Patents are amortized on the straight-line method over a period of 17 years. Patents are reviewed for impairment annually or more frequently when events or changes in business indicate that the carrying amount may not be recoverable. Trademarks are indefinite-lived intangible assets and are reviewed for impairment annually or more frequently if impairment conditions occur. The Company recorded a charge of \$200,000 and \$548,990, respectively, against earnings for impairment of the Solar Sense trademark for the years ended November 30, 2024, and 2023. Please see Note 5 – Intangible Assets for further information.

Long-Lived Assets:

Long-lived assets are assets in which the Company has an economic benefit for longer than 12 months from the date of the financial statements. Long-lived assets include property and equipment, intangible assets, deferred financing fees, deferred income taxes and other assets. The Company evaluates impairment losses on long-lived assets used in operations when events and circumstances indicate that the asset might be impaired. If the review indicates that the carrying value of an asset will not be recoverable, based on a comparison of the carrying value of the asset to the undiscounted future cash flows, the impairment will be measured by comparing the carrying value of the asset to its fair value. Fair value will be determined based on projected future cash flows or appraisals. Impairments are recorded in the statement of operations as part of selling, general and administrative expenses. Please see Note 5 – Intangible Assets for further information regarding impairment charges for fiscal 204 and 2023.

CCA INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue:

The Company records deposits received from customers for orders that have not been shipped to the customers as deferred revenue. Orders that will ship less than twelve months from the date of the financial statements are recorded as a current liability. As of November 30, 2024 and 2023, the Company had a current liability from deferred revenues of \$0 and \$0, respectively.

Revenue Recognition:

The Company recognizes sales in accordance with ASC Topic 606 “Revenue Recognition”. Revenue is recognized at a point in time when control of the product transfers to the customer, typically upon shipment from the Company’s third-party logistics facility or directly from a supplier. Net sales comprise gross revenues less expected returns, trade discounts, customer allowances and various sales incentives. Included in sales incentives are coupons that the Company issues that are redeemed by its customers. Redemptions are handled by a coupon national clearing house. The Company also has estimated that there is an approximate six-week lag in coupon redemptions, with the estimated cost recorded as an accrued liability. Although no legal right of return exists between the customer and the Company, returns, including the return of unsold products, are accepted if it is in the best interests of the Company's relationship with the customer. The Company, therefore, records a reserve for returns based on the historical returns as a percentage of sales in the three preceding months, adjusting for returns that can be put back into inventory, and a specific reserve based on customer circumstances. Those returns which are anticipated to be taken as credits against the balances as of November 30, 2024 or are anticipated to be deducted from future invoices are included in accrued liabilities. Changes in the estimated coupon reserve and sales return reserve are recorded to sales of health and beauty aid products - net, in the statements of operations.

Cooperative advertising is accrued based on a combination of new contracts given to the customers in the current fiscal year, along with liabilities open from prior years. Specific new contracts in the current fiscal year are identified as sales incentives and those contracts reduce revenues for the current period. The balances for all years open are reduced throughout the year by either the customer advertising and submitting the proof according to the contract or by customer post audit adjustments that finalize any amount due. Any item open more than three years is closed unless management believes that a deduction may still be taken by the customer. The balance of the remaining open cooperative advertising is recorded as an accrued liability. The portion of cooperative advertising recorded as sales incentives was reduced by \$684 in the year ended November 30, 2024, to reduce open cooperative advertising contracts prior periods. The portion of cooperative advertising recorded as sales incentives was reduced by \$20,884 in the year ended November 30, 2023, to reduce open cooperative advertising contracts for prior periods.

Shipping Costs:

The Company has elected to account for shipping and handling activities as fulfillment costs, which are included in selling, general and administrative expenses as incurred. For the years ended November 30, 2024 and 2023, included in selling, general and administrative expenses are fulfillment costs of \$492,542 and \$609,092, respectively.

CCA INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs:

The Company's policy for financial reporting is to charge advertising costs to expense as incurred. Advertising, cooperative and promotional expenses for the years ended November 30, 2024 and 2023 were \$807,962 and \$1,163,452, respectively.

Research and Development Costs:

The Company's policy for financial reporting is to charge research and development costs to expense as incurred. Research and development costs for the years ended November 30, 2024 and 2023 were \$38,702 and \$11,714, respectively.

Income Taxes:

Income taxes are accounted for under ASC Topic 740 "Income Taxes", which utilizes the asset and liability method. Deferred tax assets and liabilities are recognized for future tax consequences attributable to the temporary differences between the carrying amounts of assets and liabilities as recorded on the Company's financial statements and the carrying amounts as reflected on the Company's income tax return. In addition, the portion of charitable contributions that cannot be deducted in the current period and are carried forward to future periods is also reflected in the deferred tax assets. A substantial portion of the deferred tax assets is due to the losses incurred in fiscal 2015 and prior years, the benefit of which will be carried forward into future tax years. Deferred tax assets and liabilities are valued using the tax rates expected to apply in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion, or all of the deferred tax asset will not be realized. Management has estimated that it will utilize the entire deferred tax asset in future years based on projections of future profits and generating taxable income. However, profits can be affected if the Company's sales decrease.

The Company previously adopted the provisions of ASC Subtopic 740-10-25, "Uncertain Tax Positions." Management believes that there were no unrecognized tax benefits, or tax positions that would result in uncertainty regarding the deductions taken, as of November 30, 2024 and 2023. ASC Subtopic 740-10-25 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities.

Tax Credits:

Tax credits, when present, are accounted for using the flow-through method as a reduction of income taxes in the years utilized.

(Loss) Per Common Share:

Basic earnings per share are calculated in accordance with ASC Topic 260, "Earnings Per Share", which is computed by dividing income available to common shareholders by the number of weighted average number of shares of common stock outstanding during the year. Diluted earnings per share is computed on the basis of the average number of common shares plus the potentially dilutive effect of any common stock equivalents using the "treasury stock method". Common stock equivalents consist of stock options. The Company's Senior Redeemable Series B Preferred Stock participates in dividends declared and paid by the Company as well as earnings of the Company but does not participate in the event of a loss, and therefore, the Company is not required to report (loss) earnings per share under the two-class method.

CCA INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Stock Options:

ASC Topic 718, “Stock Compensation,” requires stock grants to employees to be recognized in the statements of operations as noncash stock-based compensation based on their fair values. Please see Note 14 – Stock-Based Compensation for further information.

Risks and Uncertainties:

The Company maintains its cash in bank and financial institution deposits that at times may exceed federally insured limits. As of November 30, 2024 and 2023, the Company’s cash balance was in excess of FDIC insured levels by approximately \$0 and \$515,189, respectively. The Company has not experienced any losses in such accounts through November 30, 2024.

The United States had been experiencing a period of high inflation. This resulted in the United States Federal Reserve increasing interest rates. The higher interest rates impact the Company as borrowing costs under the line of credit increase. In addition, the high inflation has been reflected in higher manufacturing costs passed on to the Company by its contract manufacturers, which in turn increases the cost of goods. The Federal Reserve lowered interest rates in 2024, but has no plans for further decreases at this time.

In late February 2022, the Russian Federation commenced an invasion of the country of Ukraine. The United States Government and other western European nations responded by imposing economic sanctions on Russia. The Company cannot predict nor reasonably estimate the impact of the Russian invasion of Ukraine and any heightened geopolitical instability or results that may follow, including cyber disruptions or attacks, higher fuel costs, higher manufacturing costs and higher supply chain costs, or other effects. The Company does not have any customers in the Russian Federation.

Recent Accounting Pronouncements:

In November 2024, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2024-03, “Income Statement – Expense Disaggregation Disclosures” (Subtopic 220-40), which requires additional disclosures of purchases of inventory, employee compensation, total selling expenses, and an entity’s definition of selling expenses. ASU No. 2024-03 will be effective public business entities in the first annual reporting period beginning after December 15, 2026, and interim periods beginning after December 15, 2027. The adoption of this update will not have an impact on the Company’s financial statements.

In November 2023, the FASB issued ASU No. 2023-07, “Segment Reporting” (Topic 280), which requires enhancements to segment reporting for public entities. ASU No. 2023-07 is effective for fiscal years beginning after December 15, 2023. The Company has reviewed the disclosure requirements and determined that no additional disclosures will be required as the Company has only one reportable segment.

Effective January 1, 2023, the Company adopted ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts, and generally applies to financial assets measured at amortized cost. Financial assets measured at amortized

CCA INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements: (Continued)

cost will be presented at the net amount expected to be collected by using an allowance for credit losses. The Company adopted the standard using the modified retroactive approach, which did not affect retained earnings.

Management does not believe that any recently issued but not yet effective accounting standards, if adopted, would have a material effect on the accompanying financial statements.

NOTE 3 - INVENTORIES

The components of inventory consist of the following:

	November 30, 2024	November 30, 2023
Raw materials	\$ 336,915	\$ 237,683
Finished goods	1,345,294	1,418,056
	<u>\$ 1,682,209</u>	<u>\$ 1,655,739</u>

NOTE 4 - PROPERTY AND EQUIPMENT

The components of property and equipment consisted of the following:

	November 30, 2024	November 30, 2023
Furniture and equipment	\$ 104,966	\$ 103,470
Tools, dies and masters	21,415	19,740
	<u>126,381</u>	<u>123,210</u>
Less: Accumulated depreciation	120,615	114,544
Property and Equipment - Net	<u>\$ 5,766</u>	<u>\$ 8,666</u>

Depreciation expense for the years ended November 30, 2024 and 2023 amounted to \$6,070 and \$5,204, respectively. The Company disposed of fixed assets no longer used of \$0 and \$5,048, respectively, for the years ended November 30, 2024, and 2023.

CCA INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - INTANGIBLE ASSETS

Intangible assets consist of owned trademarks and patents for seven product lines.

	November 30, 2024	November 30, 2023
Patents and Trademarks	\$ 1,237,437	\$ 1,242,437
Less: Accumulated amortization	33,089	33,089
Intangible assets - net	<u>\$ 1,204,348</u>	<u>\$ 1,209,348</u>

Patents are amortized on a straight-line basis over their legal life of 17 years. Trademarks have an indefinite life and are reviewed annually for impairment or more frequently if impairment indicators occur. Amortization expense for the years ended November 30, 2024 and 2023 amounted to \$0 and \$0, respectively. Estimated amortization expenses for the years ending November 30, 2025, 2026, 2027, 2028 and 2029 are \$0 for each year.

In November 2023, as part of the review for impairment of intangible assets, the Company recorded a charge of \$543,990 against earnings for impairment of the Solar Sense trademark which is included in other expenses on the statement of operations for the year ended November 30, 2023. The Company determined that the entire Solar Sense trademark was impaired less than the estimated amount of \$200,000 it believed it could sell the trademark for. As of November 30, 2023, the Company reclassified the entire Solar Sense trademark as assets held for sale. The Company was unable to sell the trademark during fiscal year 2024, and recorded an additional impairment charge of \$222,500 as of November 30, 2024, which included an additional expense of \$22,500 charged in fiscal 2024. The impairment charge resulted in writing off the asset held for sale.

Effective October 1, 2023, the Company entered into an agreement with NFI, LLC for the sale of the Company's Bikini Zone brand business for \$2,500,000 plus inventory at cost. As part of that transaction, NFI, LLC acquired the Bikini Zone trademark. The Company recorded the sale of the trademark which had a net asset value of \$1,957 as part of the Company's intangible assets. The Company had a gain on the sale of the Bikini Zone business of \$2,402,396 which was recorded as other income for the year ended November 30, 2023.

NOTE 6 – CONTRACT LIABILITIES AND ACCRUED EXPENSES

The following are liabilities of the Company, recorded as an accrued expense as a result of the sale of products to its customers:

	November 30, 2024	November 30, 2023
Co-operative advertising contract liabilities	\$ 126,145	\$ 138,770
Returns and allowances accrual	65,408	145,292

CCA INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - DEBT AGREEMENT

On February 15, 2023, the Company entered into a Loan and Security Agreement (“Loan Agreement”) with Austin Financial Services, Inc., which provides for a revolving line of credit up to \$2,500,000. The line of credit bears interest at the greater of 7.0% or the prime rate plus 2.0%. The Loan Agreement has a maturity date of February 14, 2026, and requires an annual facility fee of 1.0% of the total commitment for the first year of the agreement and 0.9% for subsequent years, payable at the beginning of each year. In addition, there is a collateral management fee of .35% of the outstanding line of credit borrowed. Amounts available to be borrowed under the Loan Agreement equal the borrowing base, consisting of 80% of eligible accounts receivable and 50% of eligible inventory. There is a limit on the amount borrowed based on eligible inventory of \$1,225,000. The Loan Agreement contains customary representations, warranties, and covenants on the part of the Company. There are no financial covenants required of the Company by the Loan Agreement. The Loan Agreement is secured by a first priority perfected security interest in, and lien on, substantially all of the assets of the Company. On the closing date of February 15, 2023, the Company borrowed \$1,717,645 which was used to pay off the principal amounts due to M&T Bank under the Credit Agreement for the balance of the Term Note and the Revolving Line Note, plus accrued interest, and \$25,000 for the facility due to Austin Financial Services, Inc. As of November 30, 2024, there were borrowings of \$721,885 under the Loan Agreement which are due at maturity in February 2026 and are noted as a current liability on the accompanying balance sheets.

On January 21, 2021, the Company entered into a Credit Agreement, General Security Agreement, Revolving Line Note and Term Note (collectively “Credit Agreements”) with M&T Bank. The Credit Agreements provided for a Term Note of \$500,000 and a Revolving Line of credit up to \$4,500,000 (“Revolving Line Note”). The proceeds of the loans were used to pay off the Company’s existing debit with PNC. The Term Note was payable in 35 consecutive monthly installments of \$14,651, consisting of both principal and interest commencing March 1, 2021, and a final payment equal to any remaining principal, accrued interest, costs and expenses. The Term Note bore interest at a fixed rate of 3.50% per annum. All outstanding amounts under the Revolving Line Note bear interest, at the election of the Company, at either the M&T Bank prime rate plus 2.0%, or the one-month LIBOR rate plus 2.75%, payable monthly in arrears. The commitment under the Revolving Line Note was for one year and was required to be renewed annually. M&T Bank agreed to extend the initial one-year period to April 25, 2022. The Revolving Line Note, Term Note and all other amounts due and owing under the Credit Agreements were secured by a first priority perfected security interest in, and lien on, substantially all of the assets of the Company. Amounts available for borrowing under the Revolving Line Note equaled the lesser of the Borrowing Base (as defined below), and \$4,500,000, in each case, as the same is reduced by the aggregate principal amount outstanding under the Revolving Line Note. “Borrowing Base” under the Credit Agreement means, generally, the amount equal to (i) 85% of the Company’s eligible accounts receivable, plus (ii) 50% of the value of eligible inventory, less (iii) certain reserves. The Credit Agreement contained customary representations, warranties and covenants on the part of the Company. On the Closing Date, the Company borrowed the entire \$500,000 Term Note and \$1,192,368 under the Revolving Line Note. These amounts were used, in part, to pay off the total amount due under the Company's 2018 Credit Agreement with PNC and to provide working capital to the Company. On February 15, 2023, the Company paid off the balance of the Term Note and Revolving Line Note.

CCA INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – REVENUE RECOGNITION

The Company's net sales comprise gross revenues less expected returns, trade discounts, customer allowances, coupon expense and various sales incentives. The following are the components of net sales that the Company recorded:

	Years ended November 30,	
	2024	2023
Gross Sales	\$ 8,421,212	\$ 11,572,404
Less:		
Sales returns	100,103	311,735
Sales allowances	221,082	402,420
Coupon expense	15,688	25,750
Sales incentives, net	279,428	211,290
Other deductions	(1,739)	32,173
Cash discounts	69,052	102,416
Total	683,614	1,085,784
Net Sales	\$ 7,737,598	\$ 10,486,620

NOTE 9 - 401(K) PLAN

The Company has a 401(K) Profit Sharing Plan for its employees. The plan requires six months of service in order to be eligible to participate. Employees must be 21 years or older to participate. Employees may make salary reduction contributions up to 25% of compensation not to exceed the federal government limits. The Plan allows for the Company to make discretionary contributions to match employee contributions up to 3% of compensation. The Company's matching contributions vest immediately at 100% with the employee. The Company made the following matching contributions:

	Years ended November 30,	
	2024	2023
Company contributions	\$ 12,580	\$ 19,531

NOTE 10 – EMPLOYEE RETENTION CREDIT

The Employee Retention Credit (originally under the CARES Act, and for purposes of the third and fourth calendar quarters of 2021, under IRC Section 3134) is a fully refundable payroll tax credit available for certain eligible employers that continued to compensate and/or provide medical insurance coverage for employees during 2021 and 2020. For the year ended November 30, 2023, the Company claimed total Employee Retention Credits of \$93,697 and received cash of \$93,697 of the total. The Company recognized those payroll tax credits in its statements of operations as selling, general and administrative expenses.

CCA INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 11 - INCOME TAXES

The Company previously adopted the provisions of ASC Subtopic 740-10-25, “Uncertain Tax Positions”. Management believes that there were no unrecognized tax benefits, or tax positions that would result in uncertainty regarding the deductions taken, as of November 30, 2024 and 2023. ASC Subtopic 740-10-25 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities.

Federal and state income tax returns for the years ended November 30, 2024, 2023, 2022, and 2021 remain open to assessment by the relevant tax jurisdictions. The Company has not received any notice that its tax returns are being reviewed by any federal or state tax authorities.

The Company values its deferred tax assets and liabilities using the tax rates expected to apply in the years in which those temporary differences are expected to be recovered or settled. The Company has valued its deferred tax assets and liabilities based on an estimated future tax rate of 23.73% for the year ended November 30, 2024. In November 2024, the Company recorded a valuation allowance of \$2,755,244 against the net operating loss carry forward to recognize the amount of loss that the Company estimates would not be used by November 30, 2033. This resulted in recording a provision for income tax of \$4,302,626 for the year ended November 30, 2024. As of November 30, 2024, the Company had federal and state net operating loss carry forwards of approximately \$26,242,103. The net operating loss carry forwards generated before 2017 of approximately \$22,900,000 will expire between 2033 and 2035. The balance of the federal net operating loss is available to the Company indefinitely to offset up to 80% of future taxable income each year.

The deferred compensation amount in the table below is from the issuance of stock options (see Note 14 - Stock-Based Compensation) and will be realized in future years if the options are exercised.

At November 30, 2024 and 2023, respectively, the Company had temporary differences arising from the following:

<u>Type</u>	<u>November 30, 2024</u>	<u>November 30, 2023</u>
	<u>Deferred Tax</u>	<u>Deferred Tax</u>
Depreciation	\$ (151,944)	\$ (13,620)
Reserve for bad debts	629	889
Reserve for obsolete inventory	57,758	69,604
Vacation accrual	6,393	7,395
Section 174 costs	16,499	7,251
Research and development credit carry forward	65,175	65,175
Deferred compensation	130,378	116,021
Charitable contributions	3,878	3,845
Section 263A costs	10,102	4,977
Operating loss carry forward	6,107,296	5,718,031
Gross deferred tax assets	6,246,164	5,979,568
less: valuation allowance	(4,560,949)	-
Net deferred tax assets	\$ 1,685,215	\$ 5,979,568

CCA INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 11 - INCOME TAXES (CONTINUED)

Income tax expense is made up of the following components:

	Years ended November 30,	
	2024	2023
Current tax - federal	\$ -	\$ -
Current tax - state & local	3,267	3,822
Deferred tax	4,299,359	(39,798)
Total income tax provision (benefit)	<u>\$ 4,302,626</u>	<u>\$ (35,976)</u>

Prepaid and refundable income taxes are made up of the following components:

Prepaid and refundable income taxes	Federal	State & Local	Total
November 30, 2024	\$ -	\$ 5,193	\$ 5,193
November 30, 2023	\$ -	\$ 12,015	\$ 12,015

A reconciliation of the (benefit from) provision for income taxes computed at the statutory rate to the effective rate for the years ended November 30, 2024 and 2023 is as follows:

	Year ended November 30, 2024		Year ended November 30, 2023	
	Amount	Percent of Pretax Income	Amount	Percent of Pretax
(Benefit from) income taxes at federal statutory rate	\$ (381,593)	21.00%	\$ (96,357)	21.00%
Changes in (benefit from) provision for income taxes resulting from:				
State income taxes, net of federal income tax benefit	(49,607)	2.73%	(11,609)	2.53%
Change in reserve for net operating carry forward loss	4,607,558	(253.56) %	-	-
Non-deductible expenses and other adjustments	126,268	(6.95) %	71,990	(15.69) %
Provision for (benefit from) income taxes at effective rate	<u>\$4,302,626</u>	<u>(236.78) %</u>	<u>\$ (35,976)</u>	<u>7.84%</u>

CCA INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Leases:

The Company had no long-term leases as of November 30, 2024 and November 30, 2023.

Royalty Agreements:

On September 1, 2022, the Company entered into an Endorsement Agreement with Michael Singletary (“Singletary”) for the Company’s Neutein brand. Mike Singletary had a profound impact on the sport of football, drafted by the Chicago Bears in 1981 and was the Bears’ first or second leading tackler each of his last 11 seasons. Selected to play in a team record of 10 Pro Bowls, Singletary was All-Pro eight times and All-NFC every year from 1983 until 1991. He entered the NFL Hall of Fame in 1998 and was a head coach of the San Francisco 49ers. Singletary is now a motivational speaker, author, grandfather, and ordained minister. He was also a contestant on the CBS reality series, Beyond the Edge. The Company agreed to pay Singletary \$1.00 for each bottle of Neutein sold. In addition, the Company agreed to make a donation to Changing Our Perspectives, Inc., a charity founded by Singletary. The agreement is for a term of five years and expires on September 1, 2027. Singletary and the Company each have the right to terminate the Endorsement Agreement early if certain events occur. The Endorsement Agreement provides for Singletary to make a certain amount of time available to the Company for media or publicity events as well as posting on social media regarding the Neutein brand. Singletary has an ownership interest in Para Bellum Partners, LLC, which licensed the Neutein brand to the Company. The Company incurred royalties of \$12,711 and \$2,396, respectively, for the years ended November 30, 2024 and 2023. The Company had unpaid royalties of \$271 and \$255, respectively, as of November 30, 2024 and 2023.

On March 23, 2017, the Company entered into a License Agreement (the “Agreement”) with Ultimark Products, Inc. (“Ultimark”) for the exclusive right to manufacture, market and sell the Porcelana brand of skin care products. The Company’s director and Chairman of the Board, Brent Funston, is also the Chairman of the Board of Ultimark. Porcelana is designed to reduce dark spots and brighten the skin. Under the Agreement, the Company acquired the exclusive right and license to use the Porcelana brand, formulas, packaging designs and trademarks (collectively, the “Porcelana Brand”) in connection with the design, development, manufacture, advertising, marketing, promotion, offering, sale and distribution of Porcelana products worldwide. The Company entered into a new License Agreement with Ultimark on July 17, 2020 for a term of ten years ending on June 30, 2030, which provided for a royalty rate of 10% on the gross sales of Porcelana. On May 25, 2022, The Company entered into a new License Agreement (“New Agreement”) with Ultimark that replaced the agreement entered into on July 17, 2020. The New Agreement provides for a royalty rate of 10% on the net sales of Porcelana and has a term of three years. Net sales was defined as gross sales, less returns, discounts and allowances. The Company incurred royalties of \$75,291 and \$128,140, respectively, for the years ended November 30, 2024 and 2023. The Company had unpaid royalties of \$15,353 and \$40,201, respectively, as of November 30, 2024 and 2023.

CCA INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 12 - COMMITMENTS AND CONTINGENCIES (Continued)

Royalty Agreements: (Continued)

On January 4, 2022, the Company entered into a License Agreement with Para Bellum Partners, LLC (“Para Bellum”) for the exclusive right to manufacture, market and sell the Neutein brand of brain health supplements. Christopher Dominello, the Company’s Chief Executive Officer, has an ownership interest in Para Bellum. Under the License Agreement, the Company acquired the exclusive right and license to use the Neutein brand, formulas, packaging designs and trademarks (collectively, the “Neutein Brand”) in connection with the design, development, manufacture, advertising, marketing, promotion, offering, sale and distribution of Neutein products in the United States and Canada. In addition, the Company agreed to purchase all good and saleable inventory of Neutein products in Para Bellum’s possession or control as of January 4, 2022 at Para Bellum’s cost without markup. The License Agreement has a term of three years ending December 31, 2024. The License Agreement may be renewed, at the Company’s option, for one additional three-year term. The Company exercised its option to renew the License Agreement. The License Agreement requires the Company to pay Para Bellum a royalty of 10% on the gross sales less returns (“Net Sales”) of Neutein products manufactured and sold under the License Agreement. Royalties are payable quarterly, commencing the first fiscal quarter in which Neutein products are sold pursuant to the License Agreement. There is no minimum royalty for any period under the Agreement. In addition, the Company had the option to purchase the Neutein Brand from Para Bellum during the term of the License Agreement for an amount equal to or greater than one and a half times the trailing twelve months Net Sales, but no less than \$2,000,000, subject to the negotiation of a definitive purchase agreement and sale agreement containing terms customary for transactions of such nature. The Company incurred royalties of \$21,892 and \$4,693, respectively, for the years ended November 30, 2024 and 2023. The Company had unpaid royalties of \$3,520 and \$1,525, respectively, as of November 30, 2024 and 2023.

The Company is not a party to any other license agreement that is currently material to its operations.

Employment Agreements:

On December 15, 2021, Christopher Dominello was appointed Chief Executive Officer by the Board of Directors. The Company entered into an Employment Agreement (“2021 Employment Agreement”) with Mr. Dominello on the same date which superseded the Employment Agreement dated April 1, 2020. The 2021 Employment Agreement provides for Mr. Dominello to be engaged as the Company’s Chief Executive Officer for a term continuing until December 31, 2023, with successive one-year terms unless notice is provided either by the Company or Mr. Dominello. Under the terms of the 2021 Employment Agreement, Mr. Dominello’s base salary is \$300,000 per annum, with a performance bonus of 5% of the Company’s EBITDA (earnings before interest, taxes, depreciation and amortization) to be paid after the end of each fiscal year. Mr. Dominello is eligible to participate in the Company’s equity compensation plans and other benefits as available to all employees of the Company. In the event of death, the 2021 Employment Agreement terminates. In the event of a disability that last more than ninety (90) days, the Company has the right to terminate the 2021 Employment Agreement. If the Company terminates Mr. Dominello for Cause (as defined in the 2021 Employment Agreement), or the Mr. Dominello terminates his employment in a manner not considered to be for Good Reason (as defined in the 2021 Employment Agreement), Mr. Dominello shall be entitled to receive all base salary and other benefits earned and accrued prior to the date of termination. If the Company terminates Mr. Dominello in a manner that is not for Cause or due to Mr. Dominello’s

CCA INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 12 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

Employment Agreements: (Continued)

death or disability, Mr. Dominello terminates his employment for Good Reason, or the Company does not renew the Employment Agreement after its expiration, the Executive shall be entitled to receive a single-sum payment equal to his unpaid base salary and other benefits earned and accrued prior to the date of termination and a single-sum payment of an amount equal to one and half times (a) the highest annual base salary amounts paid to Executive over the three calendar years prior to the date of termination, (b) if less than twelve months have elapsed from the date of this 2021 Employment Agreement and the date of termination, the highest base salary paid in any month times twelve, or (c) if less than twelve months have elapsed between December 15, 2021 and the date of termination, the highest base salary received in any month times twelve. In addition, Mr. Dominello is entitled to the same benefits if he terminates his employment with the Company in connection with a Change of Control (as defined in the Employment Agreement). In the event that the Company is sold during Mr. Dominello's employment term, or within six months after the expiration of Mr. Dominello's 2021 Employment Agreement, Mr. Dominello shall receive a bonus equal to 3% of the purchase price in excess of fifteen million dollars. Under the 2021 Employment Agreement, Mr. Dominello has agreed to non-competition and non-solicitation restrictions for a period of one year following the end of the term of his 2021 Employment Agreement.

An officer of the Company was terminated by the Company in October 2023. The Company and the officer mutually agreed to a severance of \$330,000, with \$90,000 paid in October 2023, and \$240,000 to be paid over a period of 52 payroll periods at the rate of \$4,615.39 per period. Payroll periods are every two weeks.

On March 21, 2011, the compensation committee of the Board of Directors, acting on behalf of the Company, entered into an Employment Agreement ("Employment Agreement") with Stephen A. Heit. Pursuant to his Employment Agreement, Mr. Heit has been engaged to continue to serve as the Company's Executive Vice President and Chief Financial Officer. The term of employment under Mr. Heit's Employment Agreement runs from March 21, 2011 through December 31, 2013 and has been continued thereafter for successive one-year periods unless the Company or the Executive chooses not to renew the respective Employment Agreement. Under the Employment Agreement, the base salary of Mr. Heit is \$250,000 per annum, and may be increased each year at the discretion of the Company's Board of Directors. Mr. Heit's base salary was increased to \$280,000, effective October 1, 2014, and was further increased to \$300,000, effective December 31, 2017. Effective July 21, 2024, Mr. Heit voluntarily reduced his compensation to \$180,000 per annum. Mr. Heit is eligible to receive an annual performance-based bonus under his Employment Agreement and entitled to participate in the Company equity compensation plans. In addition, Mr. Heit receives dental insurance and certain other benefits. In the event of termination of the Employment Agreement as a result of the disability or death of the Executive, the Executive (or his estate or beneficiaries) shall be entitled to receive all base salary and other benefits earned and accrued until such termination as well as a single-sum payment equal to the Executive's base salary and a single-sum payment equal to the value of the highest bonus earned by the Executive in the one-year period preceding the date of termination pro-rated for the number of days served in that fiscal year. If the Company terminates the Executive for Cause (as defined in the respective Employment Agreement), or the Executive terminates his employment in a manner not considered to be for Good Reason (as defined in the respective Employment Agreement), the Executive shall be entitled to receive all base salary and other benefits earned and accrued prior to the date of termination. If the Company terminates the Executive in a manner that is not for Cause or due to the Executive's death or disability, the Executive terminates his employment for Good Reason, or the

CCA INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 12 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

Employment Agreements: (Continued)

Company does not renew the Employment Agreement after December 31, 2013, the Executive shall be entitled to receive a single-sum payment equal to his unpaid base salary and other benefits earned and accrued prior to the date of termination and a single-sum payment of an amount equal to three times (a) the average of the annual base salary amounts paid to Executive over the three calendar years prior to the date of termination, (b) if less than three years have elapsed between March 21, 2011 and the date of termination, the highest base salary paid to the Executive in any calendar year prior to the date of termination, or (c) if less than twelve months have elapsed between March 21, 2011 and the date of termination, the highest base salary received in any month times twelve. In addition, the Executive is entitled to the same benefits if the Executive terminates his employment with the Company in connection with a Change of Control (as defined in the Employment Agreement). Under the Employment Agreement, the Executive has agreed to non-competition restrictions for a period of six months following the end of the term of his Employment Agreement, during which period the Executive will be paid an amount equal to his base salary for a period of six months, and an amount equal to the pro rata share of any bonus attributable to the portion of the year completed prior to the date of termination. The Executive has also agreed to confidentiality and non-solicitation restrictions under the Employment Agreements. The foregoing summary of the Employment Agreement is qualified in its entirety by the full text of the Employment Agreement, copies of which may be found in Form 8-K that was filed by the Company on March 21, 2011, with the United States Securities and Exchange Commission.

NOTE 13 – SHAREHOLDERS’ EQUITY, DIVIDENDS AND CAPITAL TRANSACTIONS

Preferred Stock

As of November 30, 2024 and 2023, the Company was authorized to issue 20,000,000 shares of preferred stock, with a par value of \$1 per share. As of November 30, 2024 and 2023, the Company had designated 170,000 and 165,000 shares, respectively, as Series B convertible preferred stock. As of November 30, 2024 and 2023, there were 170,000 and 165,000 shares, respectively, issued and outstanding. In February 2024 and February 2023, the Company approved the issuance of 5,000 shares of preferred stock senior redeemable series B to K.E.L.K. Corp., formerly known as Solar Sense Corporation ("Solar"), in accordance with the settlement agreement entered into in January 2020. The preferred stock has a stated minimum value of \$3.50 per share upon a liquidity event and has no voting rights. The preferred stock would be entitled to the same dividend paid to common stockholders. The settlement agreement provides that in the event that a liquidity event does not occur within two years after the date of the settlement agreement, Solar is entitled to be issued an additional 5,000 shares of preferred stock per year until a liquidity event occurs. The Company has the right to redeem the preferred stock at any time for the stated minimum value.

Common Stock

As of November 30, 2024 and 2023, the Company was authorized to issue 15,000,000 shares of common stock with a par value of \$0.01 per share, of which 6,593,982 was issued and outstanding as of November 30, 2024 and 2023.

CCA INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 13 – SHAREHOLDERS’ EQUITY, DIVIDENDS AND CAPITAL TRANSACTIONS (CONTINUED)

Class A Common Stock

As of November 30, 2024, and 2023, the Company was authorized to issue 5,000,000 shares of class A common stock with a par value of \$0.01 per share, of which 967,702 were issued and outstanding as of November 30, 2024, and 2023. The class A common stock has the right to elect a majority of the members of the board of directors and is convertible into common stock.

The Company issued stock options in fiscal 2023. See Note 15 – Stock-Based Compensation for further information.

There were no dividends issued by the Company in the fiscal years 2024 and 2023.

NOTE 14 - CONCENTRATION OF RISK

Most of the Company’s products are sold to major drug and food chain merchandisers, and wholesale beauty-aids distributors throughout the United States and Canada and direct to consumers through Amazon.com and Walmart.com.

During the fiscal years ended November 30, 2024 and 2023, certain customers each accounted for more than 5% of the Company’s net sales, as follows:

Customer	For the Years Ended November 30,	
	2024	2023
Walmart	16.5%	22.3%
Walgreens	6.5%	8.5%

The loss of any one of these customers could have a material adverse effect on the Company’s earnings and financial position.

The Company also sells its products online directly to consumers through Amazon.com, and other online outlets, which together comprise 58.1% of net sales.

During the fiscal years November 30, 2024, and 2023, certain products within the Company’s product lines accounted for more than 10% of the Company’s net sales as follows:

Category	Years ended November 30,	
	2024	2023
Skin care	39.80%	58.20%
Oral care	33.00%	30.10%
Ear Care	15.40%	10.10%

CCA INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 15 - STOCK-BASED COMPENSATION

On June 15, 2005, the shareholders approved an amended and Restated Stock Option Plan amending the 2003 Stock Option Plan (the "2005 Plan"). The 2005 Plan authorizes the issuance of up to one million shares of common stock (subject to customary adjustments set forth in the plan) pursuant to equity awards, which may take the form of incentive stock options, nonqualified stock options restricted shares, stock appreciation rights and/or performance shares. The 2005 Plan expired in April 2015, but awards made under the 2005 Plan prior to its expiration will remain in effect until such awards have been satisfied or terminated in accordance with the terms and provisions of the 2005 Plan. On August 13, 2015, the shareholders approved the 2015 CCA Industries, Inc. Incentive Plan (the "2015 Plan"). The 2015 Plan authorized the issuance of up to 700,000 shares of common stock (subject to customary adjustments set forth in the plan) pursuant to equity awards, which may take the form of incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock, performance shares and cash awards. On June 7, 2017, the shareholders approved the 2015 CCA Industries, Inc. Incentive Plan as Amended. The sole purpose of the amendment was to increase the shares available for issuance under the 2015 Plan from 700,000 to 1,400,000.

The Company adheres to the provisions of ASC Topic 718, "Stock Compensation," which requires an entity to recognize the grant-date fair value of stock options and other equity-based compensation issued to employees in the financial statements.

The Company recorded a charge against earnings in the amount of \$79,234 and \$26,324, respectively, for the years ended November 30, 2024 and 2023 for all outstanding stock options granted.

On March 12, 2024, the Board of Directors granted incentive stock options for an aggregate of 355,000 shares to six employees of the Company at \$0.66 per share, which was the closing price of the Company's stock on that day. The options vest in equal 20% increments beginning one year after the grant date, and for each of the four subsequent anniversaries of such date. The options expire on March 11, 2034.

On March 12, 2024, the Board of Directors granted non-qualified stock options for an aggregate of 300,000 shares to the three directors of the Company at \$0.66 per share, which was the closing price of the Company's stock on that day. The options vest 12 months after the date of grant and expire on March 11, 2029.

There were no stock options granted in fiscal 2023. The fair value of the stock option grants in fiscal year 2024 was estimated on the date of the grant using a Black-Scholes valuation model and the assumptions in the following table:

Assumptions:					
Option Grant Date	Risk-free Interest Rate	Dividend Yield	Stock Volatility	Option Term (years)	Average Forfeiture Rate
March 11, 2024	4.15%	0%	68.74%	10	61.50%
March 11, 2024	4.15%	0%	68.74%	5	61.50%

CCA INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 15 - STOCK-BASED COMPENSATION (CONTINUED)

As of November 30, 2024, there were 922,500 stock options outstanding, of which there were 267,500 stock options that were exercisable. The total compensation cost of stock option awards that have not yet been recognized was \$112,293 as of November 30, 2024. The weighted average period over which the unrecognized compensation is expected to be recognized is 43 months.

A summary of stock option activity for the Company is as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Term (years)	Aggregate Intrinsic Value
Outstanding at November 30, 2022	902,500	\$ 2.85	5.2	—
Granted	—	—		—
Exercised	—	—		—
Canceled or Forfeited	555,000	—		—
Outstanding at November 30, 2023	347,500	\$ 2.85	4.0	—
Granted	655,000	—		—
Exercised	—	—		—
Canceled or Forfeited	80,000	—		—
Outstanding at November 30, 2024	922,500	\$ 1.35	5.7	—

CCA INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 15 - STOCK-BASED COMPENSATION (CONTINUED)

A summary of the future amortization expense of stock options outstanding as of November 30, 2024 is as follows:

<u>For the years ending November 30,</u>			
<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
\$ 40,760	\$ 22,010	\$ 22,010	\$ 22,010

The following table summarizes information about currently outstanding and vested stock options at November 30, 2024:

Exercise Price	Number of Options Granted	Weighted Average Remaining Term (years)	Number of Option Shares Vested
\$0.66	355,000	9.28	-
\$0.66	300,000	4.28	-
\$2.00	40,000	4.51	40,000
\$2.85	67,500	3.55	67,500
\$3.30	62,500	2.55	62,500
\$3.35	62,500	1.56	62,500
\$3.48	35,000	0.10	35,000
Total	922,500		267,500

CCA INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 16 - (LOSS) PER SHARE

Basic (loss) per share is calculated using the average number of common shares outstanding. Diluted (loss) per share is computed on the basis of the average number of common shares outstanding plus the effect of outstanding stock options and warrants using the “treasury stock method”.

	Years ended November 30,	
	2024	2023
Net (loss)	\$ (6,119,738)	\$ (422,866)
Net income available to preferred shareholders	-	-
Net (loss) available to common shareholders	<u>\$ (6,119,738)</u>	<u>\$ (422,866)</u>
Weighted average preferred shares outstanding - Basic	<u>169,151</u>	<u>163,764</u>
Weighted average common and Class A shares outstanding - Basic	7,561,684	7,561,684
Net effect of dilutive stock options	-	-
Weighted average common shares and common shares equivalent - Diluted	<u>7,561,684</u>	<u>7,561,684</u>
(Loss) per share - common shareholders:		
Basic	\$ (0.81)	\$ (0.06)
Diluted	\$ (0.81)	\$ (0.06)

922,500 shares underlying stock options for the year ended November 30, 2024 and 347,500 shares underlying stock options for the year ended November 30, 2023 were excluded from the diluted (loss) per share because the effects of such shares were anti-dilutive. 170,000 shares of preferred stock for the year ended November 30, 2024 and 165,000 shares of preferred stock for the year ended November 30, 2023 were excluded as preferred stock does not participate in losses.

CCA INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 17 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

On January 4, 2022, the Company entered into a License Agreement with Para Bellum Partners, LLC (“Para Bellum”) for the exclusive right to manufacture, market and sell the Neutein brand of brain health supplements. Christopher Dominello, the Company’s Chief Executive Officer, has an ownership interest in Para Bellum. Please see Note 12 – Commitments and Contingencies, Royalty Agreements for further information regarding the License Agreement.

On March 23, 2017, the Company entered into a License Agreement (the “Agreement”) with Ultimark Products, Inc. (“Ultimark”) for the exclusive right to manufacture, market and sell the Porcelana brand of skin care products. The Company’s Chairman of the Board, Brent Funston, is also the Chairman of the Board and Chief Executive Officer of Ultimark. Please see Note 12 – Commitments and Contingencies, Royalty Agreements for further information regarding the License Agreement.

NOTE 18 – LIQUIDITY

For the years ended November 31, 2024 and 2023, the Company has reported net losses of \$6,119,738 and \$422,866, respectively. The Company’s ability to achieve profitability is dependent on continued business plan execution and growing the business. During 2024 and into 2025, management has continued to implement its business plan, working on improving profitability and liquidity. Furthermore, the Company anticipates renewing the loan agreement with its lender in February 2026.

NOTE 18 – SUBSEQUENT EVENTS

In February 2025, the Company approved the issuance of 5,000 shares of preferred stock senior redeemable series B to K.E.L.K. Corp., formerly known as Solar Sense Corporation (“Solar”), in accordance with the settlement agreement entered into in January 2020. The preferred stock has a stated minimum value of \$3.50 per share upon a liquidity event and has no voting rights. The preferred stock would be entitled to the same dividend paid to common stockholders. The settlement agreement provides that in the event that a liquidity event does not occur within two years after the date of the settlement agreement, Solar is entitled to be issued an additional 5,000 shares of preferred stock per year until a liquidity event occurs. The Company has the right to redeem the preferred stock at any time for the stated minimum value.

Subsequent events have been evaluated through February 28, 2025, the date of issuance of the financial statements for year ended November 30, 2024. There are no additional subsequent events to report.