

October 16, 2024



# CCA Industries, Inc. Reports Results of Operations for the Quarter and Nine Months ended August 31, 2024

FORT WASHINGTON, Pa., Oct. 16, 2024 /PRNewswire/ -- CCA Industries, Inc. (OTC: CAWW), announced today its results for the three and nine months ended August 31, 2024. The results can be found in the chart below.

The net loss was \$444,878 for the three months ended August 31, 2024, compared to a loss of \$452,394 for the three months ended August 31, 2023. As shown in the chart below, EBITDA for the third quarter of fiscal 2024 was a loss of \$399,175 compared to an EBITDA loss of \$456,962 for the third quarter of fiscal 2023. Christopher Dominello, Chief Executive Officer, commented, "I don't believe EBITDA gives the full picture of the progress we are actually achieving at CCA. So, I thought it would be helpful for me to walk you through some of the specifics to help clarify our situation and why I am optimistic about our future.

But first, I would be remiss if I didn't start by thanking you, the shareholder, for your patience as we continue our substantial paradigm shift from a 100% brick-and-mortar retail company to a hybrid company through the growth of our online channels. It was a necessary move so we could take control of our future as opposed to being at the mercy of the retailers who forced low margins and the constant fear of being discontinued even when successful. The move towards a hybrid model increases our revenue's reliability and quality compared to operating in a brick-and-mortar environment. Now, this journey certainly has faced its challenges, and challenges remain. However, we feel that our initiatives will put CCA in a position of strength as we move into 2025 and beyond – increasing shareholder value.

When we started this business model shift, our primary focus was to decrease expenses while building an online/Amazon business as the insurance policy for brick-and-mortar retail. With regard to decreasing costs, we drove down our operating expenses from an average of approximately \$5.1M to around \$2.1M (a 60% reduction). We have grown our Amazon business from \$250K Gross Sales per year and negative profitability to over \$5M and double-digit positive profitability. With Amazon, we control the pricing, the placement, and the offering, which gives us some control over our destiny vs being at the mercy of brick-and-mortar retail and decisions that are outside our control.

We have found challenges with the Neutein rollout at CVS. No easy way to say it other than it has been less than desirable. Their initial order was substantially below the norm – ordering approximately 2 units per store, whereas a normal order would be in the 4-6 units per store range. It is impossible to advertise in that situation because if your ad works, it moves the unit off the shelf, and then the shelf is empty for 2-3 weeks until replenished. We are working with CVS on ways to address this issue, and they have been responsive.

Also, regarding Neutein, we had a meeting in Chicago with senior members at Walmart and were awarded the coveted open-call fast pass to present Neutein to the Walmart buyer. Mike Singletary, Dr. Mike Roussell, and I attended this meeting that was held at Walmart's headquarters. Last week, we received a "New item Submission Form" from Walmart, which is an encouraging next step but certainly not the finish line and shouldn't be taken as such.

Now, getting to profitability. Profitability can come from both expense reduction and/or revenue creation, and we have looked to do both.

Our most significant initiative for additional expense reduction is our move from three warehouses in two states to one warehouse in Kansas City. This has been a huge effort led by Steve Heit, our CFO, and it will reduce our freight, warehousing, delivery, and packing costs. We expect to see north of a 20% reduction in those sizeable cost buckets which will certainly help profitability as we move forward.

Our other initiative is increasing our prices across all our brands. This is a large paradigm shift that will come with some pain as we hold firm to the price increases and risk the possibility of discontinuation as we reject retail orders that are not at the new pricing. This is a necessity for CCA to be able to move forward, which led us to not expect to be profitable in the third quarter and possibly the fourth quarter as we make the tough moves for the right reasons. With that said, we do not have any brick-and-mortar retailer that makes up more than 15% of our business, making the move less risky. The primary beneficiary of the price increase will be our Amazon business, as it removes the price pressure on our items.

For organic growth, Lobe Miracle has grown 267 percent over the last 3 years, going from \$300K to \$1.1M, and currently has a year-over-year growth rate of 42% percent with a profit margin of over 70%. We are leveraging this success with the launch of line extensions under the Lobe Miracle brand, starting with the Lobe Miracle Rejuvenating Serum, which will launch in the next 6-8 weeks. It will be incremental revenue to Lobe Miracle Patches, and leveraging the anchor product's success, we expect strong revenues and margins from the brand in 2025.

We are not out of the weeds yet but are very clear-eyed on what we need to do and where we are going. We have made great strides to date, and we feel our "go forward" strategy will take us to growth and profitability. The fourth quarter will likely also be a loss, but all the initiatives we are undertaking - and have completed - should lead to dramatic improvements in profitability in 2025 and beyond."

Further information, including the Unaudited Financial Statement for the third quarter, ended August 31, 2024, the Audited Financial Statements for the year ended November 30, 2023, and the Quarterly Disclosure Statement filed with the OTC, may be found on the Company's investor web site: [www.ccainvestor.com](http://www.ccainvestor.com)

CCA Industries, Inc. manufactures and markets health and beauty aids, each under its individual brand name. The products include, principally, "Plus White" toothpaste and teeth whiteners, "Nutra Nail" nail care treatments, "Porcelana" skin care products, "Scar Zone" scar treatment products, "Sudden Change" anti-aging skin care products, brands, "Hair Off" depilatory products, "Lobe Miracle" earlobe protection products and "Neutein" brain health supplements.

**Statements contained in the news release that are not historical facts are forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks and uncertainties, which would cause actual results to differ materially, from estimated results. No assurance can be given that the results in any forward-looking statement will be achieved, and actual results could be affected by one or more factors, which could cause them to differ materially. For these statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act.**

**CCA INDUSTRIES, INC.**  
**Financial Results (Unaudited)**

	Three Months Ended	
	August 31, 2024	August 31, 2023
Revenues	\$ 1,755,246	\$ 2,891,918
Net Losses:	\$ (444,878)	\$ (452,394)
Losses Per Share:		
Basic	\$ (0.06)	\$ (0.06)
Diluted	\$ (0.06)	\$ (0.06)
Weighted Average Common Shares Outstanding:		
Basic	7,561,684	7,561,684
Diluted	7,571,460	7,561,684
EBITDA *	\$ (399,175)	\$ (456,962)

\* Earnings before interest, taxes, depreciation and amortization

Reconciliation of Net Income to EBITDA:

Net Income	\$ (444,878)	\$ (452,394)
Provision for income taxes	16,169	(55,924)
Interest expense	28,004	50,054
Depreciation and Amortization	1,530	1,302
EBITDA	<u>\$ (399,175)</u>	<u>\$ (456,962)</u>

**CCA INDUSTRIES, INC.**  
**Financial Results (Unaudited)**

	Nine Months Ended	
	August 31, 2024	August 31, 2023
Revenues	\$ 6,100,393	\$ 8,353,598
Net Income	\$ (714,709)	\$ (868,521)
Earnings Per Share:		
Basic	\$ (0.09)	\$ (0.11)
Diluted	\$ (0.09)	\$ (0.11)

Weighted Average Common Shares Outstanding:

Basic		7,561,684		7,561,684
Diluted		7,671,565		7,561,684
EBITDA *	\$	(685,842)	\$	(873,429)

\* Earnings before interest, taxes, depreciation and amortization

Reconciliation of Net Income to EBITDA:

Net Income	\$	(714,709)	\$	(868,521)
Provision for income taxes		(61,259)		(154,473)
Interest expense		85,585		145,662
Depreciation and Amortization		4,541		3,903
EBITDA	\$	<u>(685,842)</u>	\$	<u>(873,429)</u>

View original content: <https://www.prnewswire.com/news-releases/cca-industries-inc-reports-results-of-operations-for-the-quarter-and-nine-months-ended-august-31-2024-302278498.html>

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