



CCA Industries, Inc.

Financial Statements (Unaudited)

As of and For the Three and Six Months Ended May 31, 2021 and May 31, 2020

CCA INDUSTRIES, INC.
FINANCIAL STATEMENTS

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CCA INDUSTRIES, INC.
BALANCE SHEETS

	May 31, 2021	November 30, 2020
	(Unaudited)	
ASSETS		
Current assets:		
Cash	\$ 1,770	\$ 116,412
Accounts receivable, net of allowances of \$6,854 and \$9,121, respectively	2,649,203	1,835,405
Inventories	2,531,558	2,789,189
Prepaid expenses and sundry receivables	117,388	125,621
Prepaid and refundable income taxes	110,926	132,074
Total Current Assets	5,410,845	4,998,701
Property and equipment, net of accumulated depreciation	497,600	741,726
Intangible assets, net of accumulated amortization	2,256,974	2,257,085
Deferred financing fees, net of accumulated amortization	42,471	13,035
Deferred income taxes	5,661,613	5,714,593
Other	354,550	360,751
Total Assets	\$ 14,224,053	\$ 14,085,891
LIABILITIES AND CAPITAL		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 1,870,370	\$ 1,629,212
Line of credit	607,378	645,547
Lease liability - right of use assets	529,356	520,922
Notes payable - current portion	162,084	785,150
Total Current Liabilities	3,169,188	3,580,831
Notes payable	298,172	-
Long-term lease liability - right of use assets	-	267,434
Long-term - other	147,853	147,853
Total Liabilities	3,615,213	3,996,118

CCA INDUSTRIES, INC.
BALANCE SHEETS

	May 31, 2021	November 30, 2020
	(Unaudited)	
Shareholders' Equity:		
Preferred stock, \$1.00 par, authorized 20,000,000 shares, Senior Redeemable Series B, 155,000 and 155,000 shares designated, issued and outstanding, respectively	155,000	155,000
Common stock, \$0.01 par, authorized 15,000,000 shares, issued and outstanding 6,578,982 and 6,563,982 shares, respectively	65,790	65,640
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	7,468,017	7,304,654
Retained earnings	2,910,356	2,554,802
Total Shareholders' Equity	10,608,840	10,089,773
Total Liabilities and Shareholders' Equity	\$ 14,224,053	\$ 14,085,891

See Notes to Financial Statements.

CCA INDUSTRIES, INC.
STATEMENTS OF OPERATIONS (UNAUDITED)

	Three Months Ended May 31,		Six Months Ended May 31,	
	2021	2020	2021	2020
Revenues:				
Sales of health and beauty aid products - net	\$ 4,371,849	\$ 3,273,956	\$ 7,278,440	\$ 7,130,040
Other income	-	3,000	3,000	8,000
Total Revenues	4,371,849	3,276,956	7,281,440	7,138,040
Costs and Expenses:				
Cost of sales	1,760,261	1,237,119	2,930,376	2,732,142
Selling, general and administrative expenses	1,964,689	1,885,626	3,759,130	4,088,578
Advertising, cooperative and promotional expenses	193,194	193,619	376,884	396,146
Research and development	15,000	37,000	30,000	98,575
Gain on extinguishment of debt	-	-	(316,400)	-
Interest expense	24,136	93,833	68,138	161,536
Total Costs and Expenses	3,957,280	3,447,197	6,848,128	7,476,977
Income (Loss) before provision for (benefit from)				
income taxes	414,569	(170,241)	433,312	(338,937)
Provision for (benefit from) income taxes	132,535	(21,429)	77,758	(46,543)
Net Income (Loss)	\$ 282,034	\$ (148,812)	\$ 355,554	\$ (292,394)
Earnings (Loss) per Share:				
Basic	\$ 0.04	\$ (0.02)	\$ 0.05	\$ (0.04)
Diluted	\$ 0.04	\$ (0.02)	\$ 0.05	\$ (0.04)
Weighted Average Common Shares Outstanding:				
Basic	7,546,684	7,531,684	7,541,409	7,531,684
Diluted	7,594,583	7,531,684	7,573,266	7,531,684

See Notes to Financial Statements.

CCA INDUSTRIES, INC.
STATEMENTS OF SHAREHOLDERS' EQUITY (UNAUDITED)
FOR THE SIX MONTHS ENDED MAY 31, 2021

	<u>PREFERRED 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>PAID IN</u>	<u>EARNINGS</u>	<u>SHAREHOLDERS'</u>
					<u>CAPITAL</u>		<u>EQUITY</u>
Balance - December 1, 2020	155,000	\$ 155,000	7,531,684	\$ 75,317	\$ 7,304,654	\$ 2,554,802	\$ 10,089,773
Net income for the quarter ended February 28, 2021	-	-	-	-	-	73,520	73,520
Stock-based compensation	-	-	-	-	71,820	-	71,820
Exercise of stock option	-	-	15,000	150	29,850	-	30,000
Balance - February 28, 2021	155,000	\$ 155,000	7,546,684	\$ 75,467	\$ 7,406,324	\$ 2,628,322	\$ 10,265,113
Net income for the quarter ended May 31, 2021						282,034	282,034
Stock-based compensation					61,693		61,693
Balance - May 31, 2021	155,000	\$ 155,000	7,546,684	\$ 75,467	\$ 7,468,017	\$ 2,910,356	\$ 10,608,840

See Notes to Financial Statements.

CCA INDUSTRIES, INC.
STATEMENTS OF CASH FLOWS (UNAUDITED)

Six Months Ended May 31,
2021 2020

Cash Flows from Operating Activities:

Net Income (Loss) \$ 355,554 \$ (292,394)

Adjustments to reconcile net income (loss) to net cash provided by operating activities:

Depreciation and amortization	12,906	17,302
Provision for bad debt	(459)	(4,186)
Deferred financing fees amortization	30,949	39,103
Stock-based compensation	133,513	128,561
Deferred income taxes	52,980	(50,048)
Gain on debt extinguishment	(316,400)	-
Loss on disposal or sale of property, plant and equipment	3,413	2,072

Change in Operating Assets & Liabilities:

(Increase) decrease in accounts receivable	(813,340)	555,963
Decrease in inventory	257,631	82,526
Decrease in prepaid expenses and other receivables	8,234	157,387
Decrease in prepaid income and refundable income tax	21,148	1,075
Increase (decrease) in accounts payable and accrued liabilities	241,157	(558,876)
(Decrease) in net operating lease liability	(31,081)	-
Net Cash (Used In) Provided by Operating Activities:	<u>(43,795)</u>	<u>78,485</u>

Cash Flows from Investing Activities:

Acquisition of property, plant and equipment	-	(7,768)
Purchase of intangible assets	-	(1,204,353)
Refund of security deposits	6,201	-
Net Cash Provided by (Used In) Investing Activities	<u>6,201</u>	<u>(1,212,121)</u>

Cash Flows from Financing Activities:

(Payments to) proceeds from line of credit, net	(38,169)	1,270,522
Proceeds from notes payable	460,256	128,900
Payments of notes payable	(468,750)	-
Proceeds from exercise of Stock Option	30,000	-
Payment of deferred financing fees	(60,385)	-
Net Cash (Used In) Provided by Financing Activities	<u>(77,048)</u>	<u>1,399,422</u>
Net (Decrease) Increase in Cash	<u>(114,642)</u>	<u>265,786</u>

Cash at Beginning of Year 116,412 188,586

Cash at End of Period \$ 1,770 \$ 454,372

CCA INDUSTRIES, INC.
STATEMENTS OF CASH FLOWS (UNAUDITED)

	Six Months Ended May 31,	
	2021	2020
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the year for:		
Interest	\$ 68,138	\$ 161,536
Income Taxes	\$ 633	\$ 2,117
Non-cash investing activities during the year:		
Issuance of Preferred Stock for purchase of intangible asset	\$ -	\$ 542,500
Non-cash financing activities during the year:		
Extinguishment of Paycheck Protection Program Loan Debt	\$ 316,400	\$ -

See Notes to Financial Statements

CCA INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS

CCA Industries, Inc. (“CCA”) 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 Doubtful Accounts – The allowance for doubtful accounts is an estimate of the loss that could be incurred if our customers do not make required payments. Trade receivables are periodically evaluated by management for collectability based on past credit history with customers and their current financial condition. Changes in the estimated collectability of trade receivables are recorded in the results of operations for the period in which the estimate is revised. Estimates are made based on specific disputes and additional reserves for bad debt based on the accounts receivable aging ranging from 0.35% for invoices currently due to 2.00% for invoices more than ninety-days overdue. Trade receivables that are deemed uncollectible are offset against the allowance for uncollectible accounts. The Company generally does not require collateral for trade receivables.

2 - Inventory Obsolescence Reserve – Management reviews the inventory records on a monthly basis. 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 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.

CCA INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates and Assumptions (Continued)

3 - 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. 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 3.65% and 3.35% of gross sales as of May 31, 2021 and 2020, respectively. Management estimates that any returns of product received from customers are not placed back into inventory, and 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.

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.

CCA INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable:

Accounts receivable consist of trade receivables recorded at original invoice amount, less an estimated allowance for uncollectible amounts. Trade credit is generally extended on a short-term basis; thus, trade receivables do not bear interest. Trade receivables are periodically evaluated for collectability based on past credit history with customers and their current financial condition. Changes in the estimated collectability of trade receivables are recorded in the results of operations for the period in which the estimate is revised. Trade receivables that are deemed uncollectible are offset against the allowance for uncollectible accounts. The Company generally does not require collateral for trade receivables.

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.

Right of use assets are recorded for operating leases. The amount of the Right of use asset recorded is based on the present value of payments due over the life of the lease. The same amount is also recorded as a right of use asset liability.

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
Leasehold improvements and right of use assets	Term of the lease

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 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. There were no impairments recorded for the three and six months ended May 31, 2021 and 2020, respectively.

CCA INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Lived Assets:

Long-lived assets are assets in which the Company has an economic benefit for longer than twelve 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 discounted cash flows or appraisals. Impairments are recorded in the statement of operations as part of selling, general and administrative expenses.

Revenue Recognition:

The Company recognizes sales in accordance with Accounting Standards Codification (“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 our 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 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 May 31, 2021 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 Statement 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.

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 three months ended May 31, 2021 and 2020, included in selling, general and administrative expenses are fulfillment costs of \$232,748 and \$191,091, respectively. For the six months ended May 31, 2021 and 2020, included in selling, general and administrative expenses are fulfillment costs of \$455,423 and \$413,799, 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 cost to expense as incurred. Advertising, cooperative and promotional expenses for the three months ended May 31, 2021 and 2020 were \$193,194 and \$193,619, respectively. Advertising, cooperative and promotional expenses for the six months ended May 31, 2021 and 2020 were \$376,884 and \$396,146, 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 three months ended May 31, 2021 and 2020 were \$15,000 and \$37,000, respectively. Research and development costs for the six months ended May 31, 2021 and 2020 were \$30,000 and \$98,575, 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 asset 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 impacted 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 May 31, 2021 and November 30, 2020. 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.

CCA INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Earnings (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 earnings (loss) per share under the two-class method.

Stock Options:

ASC Topic 718, "Stock Compensation," requires stock grants to employees to be recognized in the statement of operations as noncash stock-based compensation based on their fair values. The Company issued stock options in December 2020; see Note 13 – Stock Compensation for details.

Risks and Uncertainties:

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus disease ("COVID-19") as a pandemic, which continues to spread throughout the U.S. COVID-19 is having an unprecedented impact on the U.S. economy as federal, state and local governments react to this public health crisis. As COVID-19 spread, consumer fear about becoming ill with the virus and recommendations and/or mandates from federal, state and local authorities to avoid large gatherings of people, restrict travel, or self-quarantine continued to increase, which has affected retailers, including those who sell the Company's products. As states continue to relax and then tighten restrictions, the Company is unsure if retail stores could be ordered to close, at what capacity, or how long such periods of store closures would be needed or mandated. The impacts of COVID-19 adversely affected the Company's revenues, earnings, liquidity and cash flows in fiscal 2020 and the first quarter of fiscal 2021, with little impact in the second quarter of fiscal 2021. However, the Company is not currently able to predict the full impact of COVID-19 on its future results of operations and cash flows.

Recent Accounting Pronouncements:

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2016-02, Leases (Topic 842), which amends the existing accounting standards for lease accounting, including requiring lessees to recognize assets and liabilities for leases with lease terms of more than 12 months. The new guidance also requires additional disclosures about leases. The Company adopted the new standard on December 1, 2019 using the modified retrospective approach. Accordingly, prior period amounts were not revised and continue to be reported in accordance with ASC Topic 840 ("ASC 840"), the accounting standard then in effect. As part of our adoption, we elected the "package of practical expedients", as well as the hindsight practical expedient permitted under the new guidance, which, among other things, allowed the Company to continue utilizing historical classifications of leases as well as allowing us to combine lease and non-lease components of our real estate leases. We also elected to adopt the short-term lease exception for all leases with terms of 12 months or less and account for them using straight-line rent expense over the remaining life of the lease. As a result of the adoption of this guidance, we recorded ROU assets and lease liabilities related to our real estate operating leases of \$1,173,203 on December 1, 2019. The adoption of this standard did not materially impact retained earnings or our statement of operations and had no impact on cash flows.

CCA INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (Continued)

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

CCA INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INVENTORIES

The components of inventory consist of the following:

	May 31, 2021	November 30, 2020
Raw materials	\$ 280,645	\$ 283,485
Finished goods	2,250,913	2,505,704
	<u>\$ 2,531,558</u>	<u>\$ 2,789,189</u>

NOTE 4 - PROPERTY AND EQUIPMENT

The components of property and equipment consisted of the following:

	May 31, 2021	November 30, 2020
Furniture and equipment	\$ 108,489	\$ 151,020
Tools, dies and masters	15,320	142,681
Right of use assets	1,173,204	1,173,203
Leasehold improvements	-	2,932
	<u>1,297,013</u>	<u>1,469,836</u>
Less: Accumulated depreciation	799,413	728,110
Property and Equipment - Net	<u>\$ 497,600</u>	<u>\$ 741,726</u>

Depreciation expense for the three months ended May 31, 2021 and 2020 amounted to \$6,381 and \$7,538, respectively. Depreciation expense for the six months ended May 31, 2021 and 2020 amounted to \$12,887 and \$17,191, respectively. The Company had no fixed assets disposals for the three months ended May 31, 2021 and 2020. The Company disposed of fixed assets no longer used of \$172,824 and \$0, respectively, for the six months ended May 31, 2021 and 2020.

CCA INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - INTANGIBLE ASSETS

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

	May 31, 2021	November 30, 2020
Patents and Trademarks	\$ 2,404,445	\$ 2,404,445
Less: Accumulated amortization	147,471	147,360
Intangible assets - net	<u>\$ 2,256,974</u>	<u>\$ 2,257,085</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 three months ended May 31, 2021 and 2020 amounted to \$56 and \$56, respectively. Amortization expense for the six months ended May 31, 2021 and 2020 amounted to \$111 and \$111, respectively. Estimated amortization expenses for the years ending November 30, 2021, 2022, 2023, 2024 and 2025 are \$223, \$46, \$0, \$0 and \$0, respectively.

NOTE 6 – CONTRACT LIABILITIES

The following are liabilities of the Company as a result of the sale of products to its customers:

	May 31, 2021	November 30, 2020
Co-operative advertising contract liabilities	322,738	259,902
Returns and allowances accrual	157,164	164,702

NOTE 7 - ACCRUED EXPENSES

The following items which exceeded 5% of total current liabilities are included in accrued expenses as of:

	May 31, 2021	November 30, 2020
Co-operative advertising contract liabilities	\$ 322,738	\$ 259,902
Returns and allowances accrual	*	164,702

* represents less than 5% of total current liabilities.

CCA INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - DEBT AGREEMENT

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 provide for a Term Note of \$500,000 and a Revolving Line up to \$4,500,000. The proceeds of the loans were used to pay off the Company’s existing debit with PNC. The Term Note is 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 bears 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 is for one year and will be required to be renewed annually. The Revolving Line Note, Term Note and all other amounts due and owing under the Credit Agreements are 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 equal 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 contains customary representations, warranties and covenants on the part of the Company, including a financial covenant requiring the Company to maintain a fixed charge coverage ratio of no less than 1.10 to 1.0. The Credit Agreement also provides for events of default, including failure to repay principal and interest when due and failure to perform or violation of the provisions or covenants of the agreement, as a result of which amounts due under the Credit Agreement may be accelerated. 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. As of May 31, 2021, there were \$607,378 borrowed on the Revolving Line Note and \$460,256 borrowed on the Term Note.

On April 16, 2020, the Company entered into a term note (“PPP Loan”) with PNC Bank, National Association (“PNC”) in conjunction with the Paycheck Protection Program through the United States Small Business Administration (“SBA”). The PPP Loan provided for a term loan of \$316,400, with an interest rate of 1%. During the first six months of the loan, interest accrued, however no principal or interest payment was due. Part or all of the loan may be forgiven under the terms of the SBA program. The Company applied for forgiveness of the entire loan amount in the fourth quarter of fiscal 2020. On December 23, 2020, the Company was notified by PNC Bank that the Paycheck Protection Loan in the amount of \$316,400, and all accrued interest, had been forgiven by the United States Small Business Administration under the terms of the program. The amount of \$316,400 was recorded as other income in the first quarter of fiscal 2021.

On February 5, 2018, the Company entered into the Revolving Credit, Term Loan and Security Agreement (the “2018 Credit Agreement”) with PNC Bank, National Association (“PNC”). The 2018 Credit Agreement provided for a term loan in an amount of \$1,500,000 (the “Term Loan”) and a revolving line of credit up to a maximum of \$4,500,000 (the “2018 Revolving Loan” and together with the Term Loan, the “Loans”). The proceeds of the Loans were used to pay off the Company's existing debt with CNH Finance Fund I, L.P., formerly known as SCM Specialty Finance Opportunities Fund, L.P. (“CNH”), and for general working capital purposes. The Term Loan was payable in consecutive monthly installments of \$31,250 commencing March 1, 2018 and bears interest, at the election of the Company, at either the PNC base rate plus 1% or 30-, 60- or 90-day LIBOR rate plus 3.50%. All outstanding amounts under the 2018 Revolving Loan bear interest, at the election of the Company, at either the PNC base rate plus 0.25%

CCA INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - DEBT AGREEMENT (Continued)

or 30-, 60- or 90-day LIBOR rate plus 2.75%, payable monthly in arrears. The Company was also required to pay a quarterly unused line fee and collateral management fee. The commitment under the 2018 Credit Agreement expires three years after the Closing Date. The Loans and all other amounts due and owing under the 2018 Credit Agreement and related documents are 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 Loan equal 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 2018 Revolving Loan. "Borrowing Base" under the Credit Agreement means, generally, the amount equal to (i) 85% of the Company's eligible accounts receivable, plus (ii) 65% of the value of eligible inventory, less (iii) certain reserves. The 2018 Credit Agreement contains customary representations, warranties and covenants on the part of the Company, including a financial covenant requiring the Company to maintain a fixed charge coverage ratio of no less than 1.10 to 1.0. The 2018 Credit Agreement also provided for events of default, including failure to repay principal and interest when due and failure to perform or violation of the provisions or covenants of the agreement, as a result of which amounts due under the 2018 Credit Agreement may be accelerated.

NOTE 9 – 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:

	<u>Three Months Ended May 31,</u>		<u>Six Months Ended May 31,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Gross Sales	\$ 5,034,394	\$ 3,693,859	\$ 8,370,418	\$ 7,977,780
Less:				
Sales returns	249,878	189,700	291,636	261,181
Sales allowances	112,478	(7,338)	192,149	111,843
Coupon expense	74,019	26,016	107,363	47,498
Sales incentives, net	166,134	120,670	386,798	274,212
Cash discounts	60,036	90,855	114,031	153,006
Total	662,545	419,903	1,091,977	847,740
Net Sales	<u>\$ 4,371,849</u>	<u>\$ 3,273,956</u>	<u>\$ 7,278,440</u>	<u>\$ 7,130,040</u>

CCA INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 10 - OTHER INCOME

Other income consists of the following:

	Three Months Ended May 31,		Six Months Ended May 31,	
	2021	2020	2021	2020
Royalty income	\$ -	\$ 3,000	\$ 3,000	\$ 8,000
Extinguishment of debt	-	-	316,400	-
Other income	\$ -	\$ 3,000	\$ 319,400	\$ 8,000

As a result of the forgiveness of the loan under the Paycheck Protection Program, the Company recorded extinguishment of debt in the first quarter of fiscal 2021. See Note 8 – Debt Agreement for further information.

NOTE 11 - 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:

	Three Months Ended May 31,		Six Months Ended May 31,	
	2021	2020	2021	2020
Company Contributions	\$ 13,255	\$ 12,245	\$ 28,048	\$ 30,268

CCA INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 12 - 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 May 31, 2021 and November 30, 2020. 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.

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 24.14% for the six months ended May 31, 2021.

The deferred compensation amount in the table below is from the issuance of stock options (see Note 15 - Stock-Based Compensation) and will be realized in future years if the options are exercised.

At May 31, 2021 and November 30, 2020, respectively, the Company had temporary differences arising from the following:

Type	May 31, 2021		November 30, 2020	
	Amount	Deferred Tax	Amount	Deferred Tax
Depreciation	\$ (542,635)	\$ (130,965)	\$ (514,968)	\$ (124,288)
Reserve for bad debts	8,662	2,091	9,121	2,201
Reserve for obsolete inventory	233,777	56,422	162,858	39,306
Vacation accrual	25,800	6,227	77,010	18,586
Research and development credit carry forward	-	65,175	-	65,175
Deferred compensation	470,404	113,532	447,238	107,941
Charitable contributions	17,710	4,274	41,130	9,927
Section 263A costs	54,687	13,199	60,252	14,542
Loss carry forward	23,249,566	5,531,659	23,460,349	5,581,203
Net deferred tax asset	<u>\$ 23,517,970</u>	<u>\$ 5,661,613</u>	<u>\$ 23,742,990</u>	<u>\$ 5,714,593</u>

Income tax expense (benefit) is made up of the following components:

	Three Months Ended May 31,		Six Months Ended May 31,	
	2021	2020	2021	2020
Current tax - Federal	\$ -	\$ -	\$ -	\$ -
Current tax - State & Local	1,120	787	2,239	1,575
Deferred tax	131,415	(22,216)	75,519	(48,118)
Total Income Tax Expense	<u>\$ 132,535</u>	<u>\$ (21,429)</u>	<u>\$ 77,758</u>	<u>\$ (46,543)</u>

CCA INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 12 - INCOME TAXES (CONTINUED)

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

Prepaid and refundable income taxes	Federal	State & Local	Total
May 31, 2021	\$ 103,040	\$ 7,886	\$ 110,926
November 30, 2020	\$ 122,582	\$ 9,492	\$ 132,074

A reconciliation of the provision for income taxes computed at the statutory rate to the effective rate for the three months ended May 31, 2021 and 2020 is as follows:

	<u>May 31, 2021</u>		<u>May 31, 2020</u>	
	Amount	Percent of Pretax Income	Amount	Percent of Pretax Income
Provision for (benefit from) income taxes at federal statutory rate	\$ 87,060	21.00%	\$ (35,751)	21.00%
Changes in provision for income taxes resulting from:				
State income taxes, net of federal income tax benefit	13,017	3.14%	(5,107)	3.00%
Non-deductible expenses and other adjustments	32,458	7.83%	19,429	-11.41%
Provision for (benefit from) income taxes at effective rate	<u>\$ 132,535</u>	<u>31.97%</u>	<u>\$ (21,429)</u>	<u>12.59%</u>

CCA INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 12 - INCOME TAXES (CONTINUED)

A reconciliation of the provision for income taxes computed at the statutory rate to the effective rate for the six months ended May 31, 2021 and 2020 is as follows:

	May 31, 2021		May 31, 2020	
	Amount	Percent of Pretax	Amount	Percent of Pretax
Provision for (benefit from) income taxes at federal statutory rate	\$ 90,996	21.00%	\$ (71,177)	21.00%
Changes in provision for income taxes resulting from:				
State income taxes, net of federal income tax benefit	13,606	3.14%	(10,168)	3.00%
Non-deductible expenses and other adjustments	(26,844)	-6.20%	34,802	-10.27%
Provision for (benefit from) income taxes at effective rate	\$ 77,758	17.95%	\$ (46,543)	13.73%

CCA INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 13 - 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 \$61,693 and \$63,527, respectively, for the three months ended May 31, 2021 and 2020 for all outstanding stock options granted. The Company recorded a charge against earnings in the amount of \$133,513 and \$128,561, respectively, for the six months ended May 31, 2021 and 2020 for all outstanding stock options granted.

There were no stock options granted in fiscal 2020. The fair value of the stock option grant in fiscal years 2021 was estimated on the date of the grant using a Black-Scholes valuation model and the assumptions in the following table:

Option Grant Date	Assumptions:			
	Risk-free Interest Rate	Dividend Yield	Stock Volatility	Option Term (years)
December 9, 2020	0.41%	0%	48.25%	5

On December 9, 2020, the Company granted non-qualified stock options for an aggregate of 50,000 shares to Michael Dunn, a director of the Company, at \$2.08 per share, which was the closing price of the Company’s stock on that day. The options vest twelve months after the date of grant. The options expire on December 9, 2025. The Company had estimated the fair value of the options granted to be \$43,500 as of the grant date.

In February 2021, Lance Funston (“Funston”), the Company’s Chairman of the Board and Chief Executive Officer, exercised stock options held by him for 15,000 shares, at the option price of \$2.00 per share. The incentive stock option award was granted to Funston on June 5, 2019. The option price of \$2.00 per share was the closing price of the stock on that day.

CCA INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 13 - STOCK-BASED COMPENSATION (Continued)

As of May 31, 2021, there were 1,006,500 stock options outstanding, of which there were 544,700 stock options that were exercisable. The total compensation cost of stock option awards that have not yet been recognized was \$405,229 as of May 31, 2021. The weighted average period over which the unrecognized compensation is expected to be recognized is 25 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, 2020	1,046,500	\$ 2.82	7.7	—
Granted	50,000	—		—
Exercised	15,000	—		—
Canceled or Forfeited	—	—		—
Outstanding at February 28, 2021	1,081,500	\$ 2.80	7.4	—
Granted	—	—		—
Exercised	—	—		—
Canceled or Forfeited	75,000	—		—
Outstanding at May 31, 2021	1,006,500	\$ 2.82	6.9	—

CCA INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 13 - STOCK-BASED COMPENSATION (Continued)

The following table summarizes information about currently outstanding and vested stock options at May 31, 2021:

Exercise Price	Number of Options Granted	Weighted- Average Remaining Term (years)	Number of Option Shares Vested
\$2.00	200,000	8.02	28,000
\$2.08	50,000	4.53	-
\$2.85	220,000	7.06	88,000
\$2.85	150,000	2.05	150,000
\$3.03	14,000	0.35	11,200
\$3.18	10,000	3.86	10,000
\$3.30	197,500	6.05	118,500
\$3.35	130,000	5.06	104,000
\$3.48	35,000	3.60	35,000
Total	<u>1,006,500</u>		<u>544,700</u>

CCA INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 14 - EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share is calculated using the average number of common shares outstanding. Diluted earnings (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”.

	Three Months Ended May 31,		Six Months Ended May 31,	
	2021	2020	2021	2020
Net income (loss)	\$ 282,034	\$ (148,812)	\$ 355,554	\$ (292,394)
Net income available to preferred shareholders	5,676	-	7,161	-
Net income available to common shareholders	\$ 276,358	\$ (148,812)	\$ 348,393	\$ (292,394)
Weighted average preferred shares outstanding - Basic	155,000	155,000	155,000	155,000
Weighted average common shares outstanding - Basic	7,546,684	7,531,684	7,541,409	7,531,684
Net effect of dilutive stock options and warrant	47,899	-	31,857	-
Weighted average common shares and common shares equivalent - Diluted	7,594,583	7,531,684	7,573,266	7,531,684
Earnings (Loss) per Share - common shareholders:				
Basic	\$ 0.04	\$ (0.02)	\$ 0.05	\$ (0.04)
Diluted	\$ 0.04	\$ (0.02)	\$ 0.05	\$ (0.04)

756,500 shares underlying stock options for the three and six months ended May 31, 2021 were excluded from the diluted income per share because the effects of such shares were anti-dilutive. 1,031,500 shares underlying stock options and 1,442,744 underlying warrants for the three and six months ended May 31, 2021 were excluded from the diluted loss per share because the effects of such shares were anti-dilutive. The warrants previously issued to Capital Preservation Solutions, LLC, an entity controlled by Lance Funston, the Company’s Chairman of the Board and Chief Executive Officer expired in March 2020. There were 1,442,744 shares underlying the warrants that were unexercised at the time of expiration. 155,000 shares of preferred stock were excluded for the three and six months ended May 31, 2020 as preferred stock does not participate in losses.

CCA INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 15 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company signed an agreement in December 2015 with Funston Media Management Services, Inc. The agreement provided for Funston Media Management Services, Inc. ("FMM") to provide consumer advertising purchasing services and brand management for a fee equal to 10.0% of the advertising costs with no minimum fee or monthly management fee. The agreement automatically renews unless canceled by the Company or Funston Media Management Services, Inc. The Company's board of directors agreed to an increased fee of 15.0%, effective December 2020. Under the agreement, the Company incurred costs of \$0 for the three and six months ended May 31, 2021. Under the agreement, the Company incurred costs of \$12,490 for the three months and \$24,650 for the six months ended May 31, 2020. As of May 31, 2021, there were no unpaid media charges and management fees due to FMM.

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 and Chief Executive Officer, Lance Funston, is also the Chairman of the Board and Chief Executive Officer 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. In addition, the Company purchased all good and saleable inventory of Porcelana products in Ultimark's possession or control as of April 1, 2017 at Ultimark's cost without markup. The Agreement has a term of one-year, effective March 1, 2017 and ending February 28, 2018. The Agreement may be renewed, at the Company's option, for up to two additional one-year terms. The Company renewed the Agreement for an additional term ending February 28, 2019. The Agreement required the Company to pay Ultimark a royalty of 10% on the gross sales of Porcelana products manufactured and sold under the Agreement. Royalties are payable quarterly, commencing the first fiscal quarter in which Porcelana products are sold pursuant to the Agreement. There is no minimum royalty for any period under the Agreement. In addition, the Company had the option to purchase the Porcelana Brand from Ultimark during the term of the Agreement for an amount not to exceed \$3.2 million, subject to a fairness opinion. The Company renewed the agreement for a second one-year term ending February 28, 2020, which also provided for the royalty rate to be decreased from 10% to 8%. In addition, the option to purchase provision was replaced with a right of first refusal to purchase the brand. 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 provides for a royalty rate of 10% on the gross sales of Porcelana products and eliminated the right of first refusal. The Company incurred royalties of \$63,479 and \$34,981, respectively, for the three months ended May 31, 2021 and 2020. The Company incurred royalties of \$105,631 and \$66,355, respectively, for the six months ended May 31, 2021 and 2020.

The Company rents space at 298 Tower Lane, Penn Valley, Pennsylvania for a monthly rental of \$3,000 per month, beginning in January 2021 in a building owned by Lance Funston, the Company's Chairman of the Board and Chief Executive Officer. There is no written lease for the facility. Previously, the Company rented office space at 193 Conshohocken State Road, Penn Valley, Pennsylvania for a monthly rental of \$6,000 per month during fiscal 2020 that was also owned by Lance Funston. The Company vacated the space at 193 Conshohocken State Road in December 2020. There was no written lease for the 193 Conshohocken Sate Road facility.

CCA INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 15 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS (Continued)

Jan Marie Hudson provides marketing consulting services to the Company for a retainer of \$8,000 per month. There is no written contract. Jan Marie Hudson is the daughter-in-law of Lance Funston, the Company's Chairman of the Board and Chief Executive Officer.

NOTE 16 – SUBSEQUENT EVENTS

Subsequent Events have been evaluated through July 15, 2021, the date of issuance of the financial statements for the quarter and six months ended May 31, 2021. There are no subsequent events to report.