



## Key Statistics

Symbol: CAW  
Fiscal Year: November 30  
Recent Price: \$3.60  
52-Week Price Range: \$2.25-\$3.81  
Shares Outstanding: 7,006,684  
FY16 Net Sales: \$19,610,234  
FY16 Net Income: \$1,181,210  
FY16 Diluted EPS: \$0.17

## Highlights

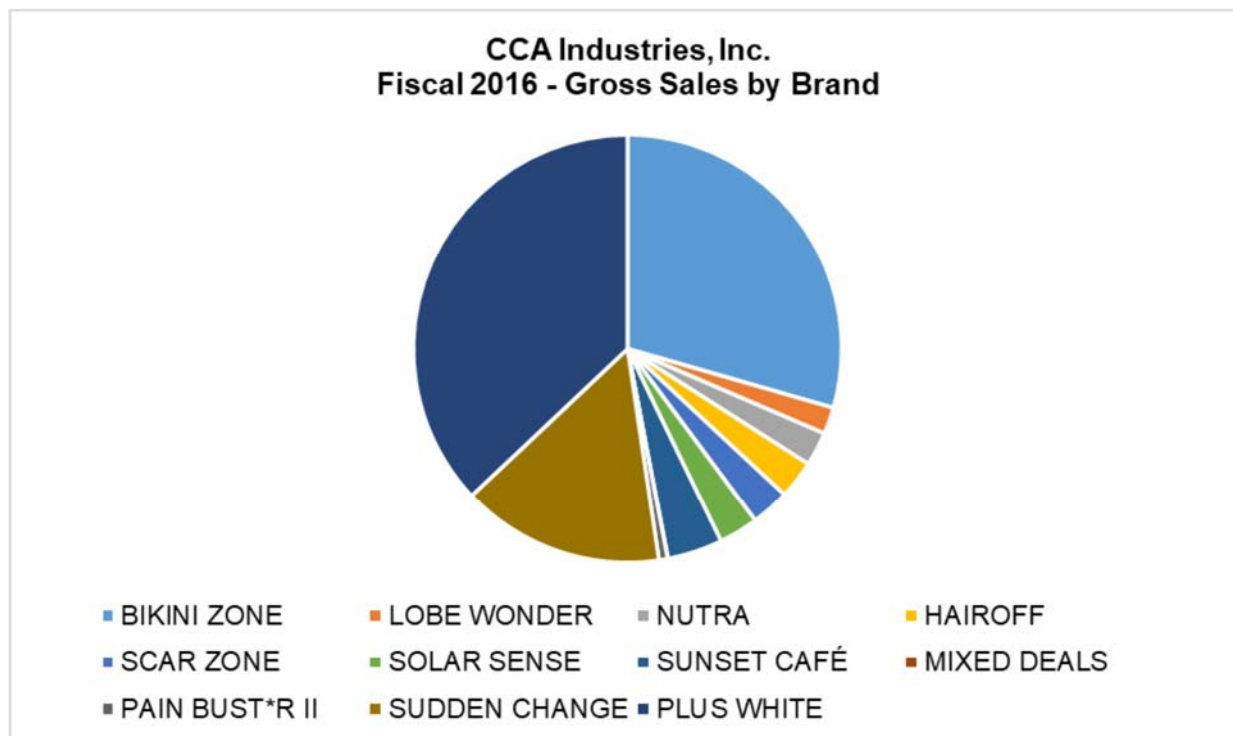
- CCA initiated a restructuring program in fiscal 2014, which returned the Company to profitability beginning in the first quarter of fiscal 2016 and positioned it for long-term sales and earnings growth.
- Results improved significantly in fiscal 2016 following completion of the restructuring plan—CCA was profitable in every quarter of the year and reported full-year earnings of \$0.17 per share and EBITDA of approximately \$2.8 million.
- Financial results continued to improve in the first half of fiscal 2017, with diluted earnings per share increasing 67% year over year in the second quarter and 44% in the first half. As of the fiscal 2017 second quarter, CCA had achieved six consecutive profitable quarters.
- Second quarter fiscal 2017 EBITDA was up 43% to approximately \$1.3 million year over year and the EBITDA margin expanded 510 basis points to 20.6%. For the first half of fiscal 2017, EBITDA was up 26% to approximately \$1.7 million.
- With the restructuring plan complete and financial pressures easing, CCA is now focused on strategic goals, including growing revenue and profitability and strengthening the balance sheet.
- Revenue growth strategies include product line extensions, product line additions by means of acquisitions and licenses, ecommerce sales, and more effective marketing of the Company's brands.
- Management anticipates continued profitability and improved cash flow in the second half of fiscal 2017.

## Company Overview

CCA Industries was incorporated in Delaware in 1983 and does business as Core Care America. It operates in the fast-moving consumer goods sector and it has products in the health-and-beauty aids, over-the-counter drug remedies, cosmeceutical skin care, and oral care categories. All of CCA's products are manufactured by contract manufacturers, based on the Company's specifications and formulations.

## Company Overview (Continued)

CCA's brands include "Plus+White" (oral health-care and teeth-whitening products), "Sudden Change" (skin-care products), "Nutra Nail" (nail treatments), "Bikini Zone" (pre-and after-shave products), "Hair Off" (depilatories), "Solar Sense" (sun-care products), "Sunset Cafe" (perfumes), "Lobe Miracle" (ear-care product), and "Scar Zone" (scar-diminishing cream). As shown in Chart 1, CCA's biggest sellers in fiscal 2016 were its Bikini Zone, Plus White and Sudden Change brands.



On March 23, 2017, CCA Industries entered into a license agreement with Ultimark Products for the exclusive right to manufacture, market, and sell the "Porcelana" brand of skin care products, which are designed to reduce dark spots and even skin tone. Lance Funston, CCA's Chairman of the Board and Chief Executive Officer, is the Chairman of the Board and Chief Executive Officer of Ultimark.

CCA markets its products to major drug, food and mass-merchandise retail chains, and leading wholesale beauty aide distributors. During fiscal 2016, CCA's largest customers were Wal-Mart (approximately 38.7% of net sales), Walgreens (10.5%), Target (8.6%), CVS (3.9%), and Rite Aid (2.8%).

Including the principal members of management, on November 30, 2016, CCA had a total of 12 employees in the areas of sales, administration, marketing, accounting, and operations.

## Share Ownership/Control

CCA's Class A Shareholder, Capital Preservation Holdings, LLC, has the right to elect four members to the Board of Directors. Capital Preservation Holdings is controlled by Lance Funston, CCA's Chairman of the Board and Chief Executive Officer, and, as a result, is able to exert significant influence over the business. The holders of Common Stock have the right to elect three members to the Board of Directors.

As of April 17, 2017, Lance Funston owned approximately 14.1% of CCA's outstanding shares. In addition, he owns warrants to purchase 1,892,744 shares of the Company's common stock at a purchase price of \$3.17 per share. The warrants expire in September 2019 and can be exercised at any time in part or in full.

## Restructuring Plan Completed

Given annual net losses from continuing operations in fiscal years 2012, 2013 and 2014, in fiscal 2014, CCA initiated a restructuring program aimed at returning the Company to profitability and positioning it for long-term sales and earnings growth. The restructuring plan was completed in fiscal 2016.

As part of this restructuring plan, from fiscal 2014 to 2016, CCA outsourced order processing, invoicing, deduction management, and accounts receivable collections to The Emerson Group; reduced staffing from 98 to 12 employees; and eliminated under-performing individual product SKUs (stock keeping units). These changes enabled CCA to sharply cut costs, reduce inventory, operate more efficiently, and free up cash.

**Table 1**  
**CCA Industries, Inc.**

	<b>As of:</b>			
	<b><u>11/30/2015</u></b>	<b><u>5/31/2017</u></b>	<b><u>Change</u></b>	
Working capital	\$ (2,474,868)	\$ (147,227)	\$ (2,327,641)	
Inventories, net	\$ 3,236,802	\$ 2,203,387	\$ 1,033,415	
Accounts receivable	\$ 2,112,055	\$ 3,421,367	\$ (1,309,312)	

## Restructuring-Related and Other Cash Costs Declining Sharply

As shown in Table 2, restructuring costs, which included severance and facility exit costs, were significant, totaling \$2,289,406 and \$2,738,570 for fiscal 2015 and 2014, respectively. With completion of the program, they were reduced to \$0 in fiscal 2016.

Cash also was used to reduce accounts payable and accrued liabilities. As shown in Table 2, they declined nearly \$4.9 million from the end of fiscal 2014 to the end of fiscal 2016. They declined another \$456,163 in the first half of fiscal 2017.

**Table 2**  
**CCA Industries, Inc.**  
**Cost Reduction Trends**  
**Fiscal years end November 30**

<b>Period</b>	<b>Restructuring Costs (1)</b>	<b>Accounts Payable &amp; Accrued Liabilities (2)</b>
12 mo. ended Nov. 30, 2014	\$ 2,738,570	\$ 10,731,031
12 mo. ended Nov. 30, 2015	\$ 2,289,406	\$ 8,887,835
12 mo. ended Nov. 30, 2016	\$ -	\$ 5,879,882
6 mo. ended May 31, 2017	\$ -	\$ 5,423,719

(1) As shown on profit and loss statement

(2) Long term and short term, as of the end of the period

### **Return to Profitability in Fiscal 2016**

Largely because of the success of the restructuring plan, CCA returned to profitability beginning in the first quarter of fiscal 2016. For the full year fiscal 2016, CCA's net sales totaled \$19,610,234, income from continuing operations was \$1,192,684, earnings were \$0.17 per share, and EBITDA was \$2,791,118.

### **Strong Earnings Momentum in Second Quarter and First Half of Fiscal 2017**

CCA's financial results continued to improve in the first half of fiscal 2017. As highlighted in Table 3, revenues, which had declined from the prior year in fiscal 2015 and 2016 as CCA eliminated underperforming products, resumed year-over-year growth in the second quarter of fiscal 2017, increasing nearly 8%, and were relatively flat year over year in the year's first half. Diluted earnings per share increased 67% from the prior year in the second quarter and 44% in the first half, while EBITDA was up 43% to \$1,260,896 year over year in the second quarter and 26% to \$1,733,391 in the first half.

**Table 3**  
**CCA Industries**  
**Second Quarter and First Half Highlights**

	3 Mo. Ended 5/31,			% Chg	6 Mo. Ended 5/31,		
	<u>2016</u>	<u>2017</u>			<u>2016</u>	<u>2017</u>	
Total revenues	\$ 5,679,751	\$ 6,115,910	7.7%	\$ 10,364,195	\$ 10,385,060	0.2%	
Gross profit	\$ 3,557,692	\$ 3,769,930	6.0%	\$ 6,427,342	\$ 6,331,226	-1.5%	
Operating income	\$ 875,259	\$ 1,237,081	41.3%	\$ 1,363,839	\$ 1,687,633	23.7%	
Net income	\$ 423,677	\$ 698,550	64.9%	\$ 627,052	\$ 885,301	41.2%	
EBITDA	\$ 882,826	\$ 1,260,896	42.8%	\$ 1,379,267	\$ 1,733,391	23.6%	
Diluted EPS	\$ 0.06	\$ 0.10	66.7%	\$ 0.09	\$ 0.13	44.4%	
Gross margin	62.6%	61.6%		62.0%	60.9%		
Operating margin	15.4%	20.2%		13.2%	16.3%		
Net margin	7.5%	11.4%		6.1%	8.5%		
EBITDA margin	15.5%	20.6%		13.5%	16.7%		

As shown in Table 4, the fiscal 2017 second quarter was CCA's sixth consecutive profitable quarter.

**Table 4**  
**CCA Industries, Inc.**  
**Net Income (Loss) Trends**  
**Fiscal years end November 30**

	<b>2015</b>	<b>2016</b>	<b>2017</b>
First Quarter	\$57,608	\$203,369	\$186,752
Second Quarter	\$(1,586,718)	\$423,677	\$698,550
Third Quarter	\$49,889	\$321,367	
Fourth Quarter	\$(1,764,990)	\$232,797	

## Positive Cash Flow Generator in Fiscal 2016

The restructuring plan also had a positive effect on cash flow. In fiscal 2016, CCA's operations generated cash of \$744,280, which was a dramatic improvement from a cumulative use of cash of \$7,001,443 in fiscal 2014 and 2015. Capital spending in fiscal 2016 totaled \$113,701, resulting in "free" cash flow (cash generated by operations net of capital expenditures) of \$630,579 in that year. Ongoing capital expenditures requirements are expected to be modest, \$100,000 or less annually.

## Tax Loss Carryforwards

As of May 31, 2017, CCA had approximately \$25.1 million of tax loss carryforwards, mainly due to losses incurred in fiscal 2015 and prior years. As a result, CCA does not currently pay cash taxes.

## Balance Sheet Highlights

Like earnings and cash flow, CCA's balance sheet has also improved in recent reporting periods. While working capital was negative \$147,227 at the end of the second quarter of fiscal 2017, this was a significant improvement from negative working capital of \$2,474,868 at the end of fiscal 2015, helped, in part, by declines in inventory and in accounts payable and accrued liabilities.

As of May 31, 2017, CCA borrowings on a line of credit totaled \$3,530,239 and shareholders' equity was \$8,872,663.

## Positive Fiscal 2017 Financial Outlook

CCA anticipates that the positive trends reflected in fiscal 2016's results will continue in the second half of fiscal 2017.

## Strategic Goals

With the restructuring plan complete and financial pressures easing, as indicated by fiscal 2016 and first half fiscal 2017 results, CCA is now focused on strategic goals, including concentrating on three product categories, oral care, depilatory grooming, and skin care; accelerating revenue growth; and increasing cash flow. Revenue growth strategies include product line extensions, product line additions by means of acquisitions and licenses, ecommerce sales, and more effective marketing of the Company's brands. While most of the company's advertising is on cable and satellite television, it has begun to supplement these strategies with a social media presence.



**Table 5**  
**CCA Industries**  
**Selected Historical Financial Data**

	12 Months Ended November 30,					6 Mo. Ended	6 Mo. Ended
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>5/31/16</u>	<u>5/31/17</u>
Net sales	\$ 32,340,314	\$ 28,763,369	\$ 30,120,299	\$ 24,753,950	\$ 19,610,234	\$ 10,355,449	\$ 10,376,913
Income (loss) from continuing operations	\$ (3,065,470)	\$ (3,511,282)	\$ (2,803,428)	\$ (3,256,632)	\$ 1,192,684	\$ 639,987	\$ 885,301
Income (loss) from discontinued operations	\$ 3,530,922	\$ (2,681,966)	\$ (5,996,041)	\$ 12,421	\$ (11,474)	\$ (12,935)	\$ -
Net income (loss)	\$ 465,452	\$ (6,193,248)	\$ (8,799,469)	\$ (3,244,211)	\$ 1,181,210	\$ 627,052	\$ 885,301
<b>EPS - continuing operations</b>							
Basic earnings (loss) per share	\$ (0.43)	\$ (0.50)	\$ (0.40)	\$ (0.46)	\$ 0.17	\$ 0.09	\$ 0.13
Diluted earnings (loss) per share	\$ (0.43)	\$ (0.50)	\$ (0.40)	\$ (0.46)	\$ 0.17	\$ 0.09	\$ 0.13
<b>EPS - discontinued operations</b>							
Basic earnings (loss) per share	\$ 0.50	\$ (0.38)	\$ (0.86)	\$ -	\$ -	\$ -	\$ -
Diluted earnings (loss) per share	\$ 0.50	\$ (0.38)	\$ (0.86)	\$ -	\$ -	\$ -	\$ -
Avg basic shares	7,054,442	7,037,694	7,006,684	7,006,684	7,006,684	7,006,684	7,006,684
Avg diluted shares	7,054,442	7,037,694	7,006,684	7,006,684	7,021,764	7,088,115	7,006,684
<b>Balance Sheet stats</b>							
Working capital	\$ 22,668,426	\$ 12,911,553	\$ 900,826	\$ (2,474,868)	\$ (1,453,941)	\$ (2,921,289)	\$ (147,227)
Total assets	\$ 35,271,109	\$ 26,345,749	\$ 21,732,592	\$ 19,150,559	\$ 17,238,232	\$ 18,646,624	\$ 17,977,383
Total liabilities	\$ 11,023,133	\$ 9,283,383	\$ 12,166,638	\$ 12,761,418	\$ 9,329,341	\$ 11,489,460	\$ 9,104,720
Shareholders' equity	\$ 24,247,976	\$ 17,062,366	\$ 9,565,954	\$ 6,389,141	\$ 7,908,891	\$ 7,157,164	\$ 8,872,663

## Supplementary Information

### CCA INDUSTRIES, INC.

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#### Use of Non-GAAP Financial Information

To supplement the Company's financial results presented in accordance with U.S. generally accepted accounting principles ("GAAP"), the non-GAAP financial measure of EBITDA (defined by the Company as earnings before interest, taxes, depreciation and amortization) is referenced in this document. A reconciliation of EBITDA to net income, the most directly comparable GAAP measure, is included in Table 6.

The Company believes that the presentation of this supplemental non-GAAP financial measure assists investors in comparing the Company's core performance by excluding items that it believes are not indicative of the Company's underlying operating performance. Company management also reviews this non-GAAP measure internally to evaluate the Company's performance and manage its operations. The Company cautions investors to carefully evaluate the financial results calculated in accordance with GAAP. Non-GAAP financial measures are not intended to be considered in isolation and are not a substitute for, or superior to, financial measures calculated in accordance with GAAP.

**Table 6**  
**CCA Industries**  
**Reconciliation of EBITDA to Net Income**

	<b>12 Months Ended</b>	<b>Three Months Ended*</b>		<b>Six Months Ended*</b>	
	<b>11/30/2016</b>	<b>5/31/2017</b>	<b>5/31/2016</b>	<b>5/31/2017</b>	<b>5/31/2016</b>
Net income	\$ 1,181,210	\$ 698,550	\$ 423,677	\$ 885,301	\$ 627,052
Interest expense	\$ 588,656	\$ 123,077	\$ 197,216	\$ 274,238	\$ 341,543
Provision for income tax	\$ 939,407	\$ 415,454	\$ 242,862	\$ 528,094	\$ 371,559
Depreciation & amortization expense	\$ 81,845	\$ 23,815	\$ 19,071	\$ 45,758	\$ 39,113
EBITDA	\$ 2,791,118	\$ 1,260,896	\$ 882,826	\$ 1,733,391	\$ 1,379,267

\*Unaudited

#### Safe Harbor Statement

Statements contained in this fact sheet 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. Such risks and uncertainties are detailed in the Company's filings with the Securities and Exchange Commission. 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.

September 2017