

Listener Brands, Inc. (d/b/a Curlmix, Inc.)



C1 year PD
26.55% to 60.78%

- Revenue decline and a sharp profitability drop, with EBITDA margins falling from 69.2% in FY-23 to -82.8% in T9-24 as OPEX increased from \$0.45mn to \$4.2mn (YTD T9-24).
- Retail expansion into Ulta Beauty in '23. The market is saturated, and they have no IP. In '24 they borrowed \$3.75mn. As of today, they are technically insolvent.

Strengths

- Profitability Potential:** Achieved a high EBITDA margin of 69.2% in FY-23, significantly above the peer median of 12.3%. That was also the year that they got lots of publicity (e.g. Oprah, Shark Tank, etc)
- Innovation:** Developed and scaled unique products like the flaxseed gel, establishing differentiation in a competitive market, yet w/o IP.
- Market Recognition:** Featured in the Inc. 5000 list as one of the fastest-growing private companies and raised over \$4.5mn in crowdfunding (8k investors, in 60 days). Getting shelfspace in retail (Ulta Beauty) is a milestone in their evolution.

Challenges

- Liquidity & Competition:** Critically low current/quick ratio (0.15/0.15) in FY-23, far below peer medians (1.58 and 0.95). The market they are operating in is generally saturated and fiercely competitive - especially when trying to scale
- Leverage Risks:** The debt-to-assets ratio, is multiples away from their peers (21.2%), reflecting excessive reliance on debt. In FY-24 they needed to take on additional \$3.75mn in debt from 3 private lenders, to stay afloat. Debt > Assets for the past 3 years equates to insolvency, given they can hardly be considered a startup after 9 years in business.
- Revenue Volatility & Profitability:** Revenue dropped from \$5.56mn in FY-22 to \$2.94mn in T9-24, signaling demand or customer retention challenges. Declining revenue impacts operational and financial stability. Lloss in FY-24(A) of ~-\$3.5mn due to a ~10-fold increase in OPEX. Small entity - higher default risk.

Scorecard Summary

Financial vs Business Risk Weighting Factors					
Ownership		Private (Non-PE)			
Company Stage		Growth			
Financials		Partial			
	Weight	Score	Dimension	Weight	Score
Financial	20%	4.5	Liquidity	50%	<div><div></div></div> 1.4
			Leverage	25%	<div><div></div></div> 1.0
			Profitability	25%	<div><div></div></div> 2.0
Business	80%	5.2	Industry Risk	20%	<div><div></div></div> 6.3
			Competitive Position	50%	<div><div></div></div> 5.3
			Mgmt / Governance	30%	<div><div></div></div> 4.3
			Sponsor / Parent		
Modifiers	-2.4		Revenue Segment		<div><div></div></div> (1.1)
			Trend Analysis		<div><div></div></div> (0.33)
			Financial Flexibility		<div><div></div></div> (0.50)

Company Overview

Headquarters	Chicago, IL
Type	Private (Non-PE)
Employees	50 - 100
Year Founded	2015
Website	https://curlmix.com/
Business	Natural hair care for curly textures.
Revenues	\$4.6M

- Company Overview:** Listener Brands, Inc. (d/b/a CurlMix, Inc.) is a producer of natural hair care products tailored for curly and textured hair. The company emphasizes 'clean' ingredients and community engagement (e.g. crowdfunding).
- Product:** CurlMix's flagship Wash and Go System features shampoos, conditioners, and gels made with natural flaxseed. The 4C ONLY line caters specifically to coily hair textures, highlighting inclusivity in product offerings.
- Customers:** Serves a diverse customer base via its e-commerce platform (mainly) and retail distribution, with a focus on the U.S. curly hair market.
- Ownership:** Privately held, co-founded by CEO Kim Lewis, with additional funding from community-driven crowdfunding campaigns and more sophisticated investors (e.g. Ascentium Capital Loan, Channel Equipment Finance, Steans Family Foundation Loan)
- Debt Structure:** \$3.75mn in debt taken on 2024 - no further details provided.
- Approach:** This assessment is mainly based on FY-23, with FY-24 (annualized) representing an indicative trend/direction.
- Data Quality:** The information received to assess this tenant has been very very high level for FY-22 and FY-23 creating some noise related to these years - e.g. No Equity, Assets are (likely) understated, making it look like Debt-to-Asset ratio was actually improving over the years.
- OPEX:** Grew ~10-fold YTD T9-24, potentially du to increased demand, given PP&E, Inventory, and Operating Leases jointly increased by ~\$2.6mn in FY-24.

Financial Benchmarking & Debt Maturity Profile

# of Benchmarks:	20	Industry Median	Company Metric	Percentile Rank
Liquidity	Current Ratio	1.58	0.15	
	Quick Ratio	0.95	0.15	<div><div></div></div> 19%
Leverage	Net Debt / EBITDA	0.78	0.33	<div><div></div></div> 62%
	Debt to Assets	21.2%	661.3%	<div><div></div></div> 0%
Profitability	EBITDA Margin	12.3%	69.2%	<div><div></div></div> 100%
	ROCE %	23.6%	-302.1%	<div><div></div></div> 0%
	Revenue	\$13M	\$5M	
Industry Benchmarks - Primary: Personal Care Products				



Financial Statement Highlights

\$ '000s	(C)	(B)	(A)	Change	
	Dec-22	Dec-22	DEC-24 (A)	(C) to (B)	(B) to (A)
T12					
Income Statement					
Total Revenue	5,560	5,560	3,926		-29.4%
Gross Profit	4,002	4,002	2,300		-42.5%
Adjusted EBITDA	899	899	(3,250)		-461.5%
Gross Profit Margin	72.0%	72.0%	58.6%		(1340) bps
Net Income	899	899	(3,473)		-486.3%
Balance Sheet					
Cash And Cash Equivalents	253	253	346		36.8%
Total Current Assets	253	253	1,166		361.3%
Total Assets	253	253	3,049		1106.8%
Total Current Liabilities	1,603	1,603	1,997		24.6%
Total Debt	1,803	1,803	5,358		197.2%
Total Equity	-	-	(3,691)		n/a
Key Ratios					
Current Ratio	0.16	0.16	0.58		270.3%
Quick Ratio	0.16	0.16	0.19		22.7%
Net Debt / EBITDA	1.72	1.72	(1.54)		n/a
Debt to Assets	713.4%	713.4%	175.7%		(53773) bps
EBITDA Margin	16.2%	16.2%	-82.8%		(9893) bps
ROCE %	-66.6%	-66.6%	-312.3%		(24572) bps

- Revenue dropped by -29% from FY-22 (\$5.56mn) to FY-24(A) (\$3.9mn), as OPEX jumped by nearly 10x, eventually leading to an annualized loss of -\$3.7mn in FY-24(A).
- Total debt increased from \$1.24mn in FY-23 to \$5.36mn in T9-24, contributing to heightened leverage and negative equity.

Business Risk Highlights

- Industry:** The natural hair care market is experiencing growth, driven by a 6.1% CAGR (2024-2030). However, competition is intense with established players like SheaMoisture and Mielle Organics, who spend a lot of money defending their turf.
- Competitive Position:** CurlMix's focus on flaxseed-based products and natural ingredients provides differentiation but requires sustained innovation to compete effectively in a saturated market. They might have been using FY-24 to make the investments necessary to complete the respective orders after they got into Ulta Beauty. That is currently a suspicion, based on change in PP&E, Inventory, Operating Lease vs additional debt. If that's the case, then FY-25 shall be more revealing about their economic competitiveness.
- Management:** Co-founder and CEO Kim Lewis's leadership has driven significant brand recognition, but strategic adjustments are needed to address financial and operational risks - unless we are seeing the effects of such decisions in FY-24(A).
- PE Sponsor:** N/A