



CCOM Group, Inc. Reports 2019 Second Quarter Results

HAWTHORNE, New Jersey (August 12, 2019) – CCOM Group, Inc. (“CCOM”) (OTC Pink: “CCOM,” “CCOMP”), announced its financial results for the quarter and six months ended June 30, 2019.

Results for the quarter ended June 30, 2019 compared to results for the same period in 2018:

- Sales increased 12.8% to \$32,689,122 from \$28,974,609
- Gross profit increased 9.8% to \$8,229,001 from \$7,496,549
- Selling, general and administrative expenses increased 9.3% to \$6,563,073 from \$6,006,236
- Operating income increased 11.8% to \$1,665,928 from \$1,490,313
- Net income increased 5.8% to \$1,288,227 from \$1,217,349; the 2019 amount includes a \$158,333 non-cash deferred income tax expense (with a corresponding decrease to CCOM’s deferred tax asset) and the 2018 amount includes a \$60,000 non-cash deferred income tax expense.
- Net income per share on a fully diluted basis remained \$0.13 per share

Results for the six months ended June 30, 2019 compared to results for the same period in 2018:

- Sales increased 11.6% to \$54,492,732 from \$48,820,916
- Gross profit increased 10.3% to \$14,337,141 from \$13,002,908
- Selling, general and administrative expenses increased 7.4% to \$12,894,737 from \$12,011,494
- Operating income increased 45.5% to \$1,442,404 from \$991,414
- Net income increased 45.9% to \$916,655 from \$628,478; the 2019 amount includes a \$158,333 non-cash deferred income tax expense (with a corresponding decrease to CCOM’s deferred tax asset) and the 2018 amount includes a \$60,000 non-cash deferred income tax expense.
- Net income per share on a fully diluted basis increased to \$0.09 per share from \$0.06 per share

About CCOM Group, Inc.

CCOM Group, Inc. (“CCOM”) distributes heating, ventilating and air conditioning equipment (HVAC), parts and accessories, whole-house generators, climate control systems, and plumbing and electrical fixtures and supplies, primarily in New Jersey, New York, Massachusetts and portions of eastern Pennsylvania, Connecticut and Vermont through its subsidiaries: Universal Supply Group, Inc., www.usginc.com, The RAL Supply Group, Inc., www.ralsupply.com, and S&A Supply, Inc., www.sasupplyinc.com. CCOM is headquartered in New Jersey, and, with its affiliates, operates out of 16 locations in its geographic trading area. For more information on CCOM’s operations, products and/or services, please visit www.ccomgrp.com.

For further information, please contact Peter D. Gasiewicz, Chief Executive Officer, or William Salek, Chief Financial Officer, at (973) 427-8224.

(Financial Highlights Follow)

CCOM GROUP, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets

	June 30, 2019 (Unaudited)	December 31, 2018
Assets		
Current assets:		
Cash	\$ 393,616	\$ 307,472
Accounts receivable, net of allowance for doubtful accounts of \$461,902 and \$497,526, respectively	14,920,365	11,384,957
Inventory	20,079,293	18,740,410
Prepaid expenses and other current assets	866,178	1,046,161
Total current assets	36,259,452	31,479,000
Property and equipment	899,718	612,600
Goodwill	1,416,929	1,416,929
Other assets - noncurrent	428,552	471,178
Deferred tax asset - noncurrent	2,541,667	2,700,000
	\$ 41,546,318	\$ 36,679,707
Liabilities and Stockholders' Equity		
Current liabilities:		
Borrowings under credit facility - revolving credit	\$ 17,515,039	\$ 13,476,541
Notes payable - current portion; includes related party notes of \$219,272 and \$211,226, respectively	312,070	264,266
Trade payables	5,508,800	5,655,011
Accrued liabilities	2,472,618	2,479,556
Income taxes payable	-	715
Total current liabilities	25,808,527	21,876,089
Notes payable, excluding current portion; includes related party notes of \$277,424 and \$389,109, respectively	620,405	602,887
Deferred tax liability - noncurrent	354,000	354,000
Total liabilities	26,782,932	22,832,976
Commitments and contingencies		
Stockholders' equity:		
Redeemable convertible preferred stock, \$.05 par value, 2,500,000 shares authorized, 284,612 shares issued and outstanding, liquidation preference of \$1,423,060	14,231	14,231
Common stock, \$.05 par value, 20,000,000 shares authorized, 9,154,928 shares issued and outstanding	457,746	457,746
Additional paid-in capital	12,596,853	12,596,853
Retained earnings	1,694,556	777,901
Total stockholders' equity	14,763,386	13,846,731
	\$ 41,546,318	\$ 36,679,707

CCOM GROUP, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(Unaudited)

	For The Three Months Ended		For The Six Months Ended	
	June 30,		June 30,	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Sales	\$ 32,689,122	\$ 28,974,609	\$ 54,492,732	\$ 48,820,916
Cost of sales	<u>24,460,121</u>	<u>21,478,060</u>	<u>40,155,591</u>	<u>35,818,008</u>
Gross profit	8,229,001	7,496,549	14,337,141	13,002,908
Selling, general and administrative expenses	<u>6,563,073</u>	<u>6,006,236</u>	<u>12,894,737</u>	<u>12,011,494</u>
Operating income	1,665,928	1,490,313	1,442,404	991,414
Other income	50,957	83,438	108,308	157,813
Interest expense, net; includes related party interest of \$15,968 and \$18,710 for three months ended June 30, 2019 and 2018, respectively, and \$26,905 and \$33,216 for the six months ended June 30, 2019 and 2018, respectively	<u>(216,206)</u>	<u>(195,774)</u>	<u>(403,225)</u>	<u>(360,121)</u>
Income from operations	1,500,679	1,377,977	1,147,487	789,106
Income tax expense	<u>212,452</u>	<u>160,628</u>	<u>230,832</u>	<u>160,628</u>
Net income	<u>\$ 1,288,227</u>	<u>\$ 1,217,349</u>	<u>\$ 916,655</u>	<u>\$ 628,478</u>
Income per common share:				
Basic	<u>\$ 0.14</u>	<u>\$ 0.13</u>	<u>\$ 0.10</u>	<u>\$ 0.07</u>
Diluted	<u>\$ 0.13</u>	<u>\$ 0.13</u>	<u>\$ 0.09</u>	<u>\$ 0.06</u>
Weighted average shares outstanding:				
Basic	<u>9,154,928</u>	<u>9,154,928</u>	<u>9,154,928</u>	<u>9,154,928</u>
Diluted	<u>9,439,540</u>	<u>9,439,540</u>	<u>9,439,540</u>	<u>9,439,540</u>

CCOM GROUP, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	For The Six Months Ended	
	June 30,	
	2019	2018
Cash flows from operating activities:		
Net income	\$ 916,655	\$ 628,478
Adjustments to reconcile net income to net cash used in operating activities:		
Deferred income taxes	158,333	60,000
Provision for doubtful accounts	67,001	121,584
Depreciation	145,927	159,332
Net gain on sale of fixed assets	(2,225)	(16,756)
Changes in operating assets and liabilities		
Accounts receivable	(3,602,409)	(1,881,578)
Inventory	(1,338,883)	(2,363,303)
Prepaid expenses and other current assets	179,983	(11,931)
Other assets - noncurrent	42,626	45,542
Trade payables	(146,211)	(409,816)
Accrued liabilities	(6,938)	(80,590)
Income taxes payable	(715)	(18,085)
Net cash used in operating activities	(3,586,856)	(3,767,123)
Cash flows from investing activities:		
Additions to property and equipment	(236,001)	(37,703)
Proceeds from disposal of property and equipment	7,000	35,027
Net cash used in investing activities	(229,001)	(2,676)
Cash flows from financing activities:		
Repayments of notes payable: includes related party repayments of \$103,639 and \$95,327 respectively	(136,497)	(172,889)
Repayments of short term financing, related party	(500,000)	(500,000)
Issuance of short term financing, related party	500,000	1,000,000
Borrowings under credit facility - revolving credit, net	4,038,498	3,447,965
Net cash provided by financing activities	3,902,001	3,775,076
Increase in cash	86,144	5,277
Cash - beginning of period	307,472	506,635
Cash - end of period	\$ 393,616	\$ 511,912