



CCOM Group, Inc. Reports 2015 Second Quarter Results

HAWTHORNE, New Jersey (August 13, 2015) – CCOM Group, Inc. (“CCOM”) (OTC Pink: “CCOM,” “CCOMP”), announced its financial results for the quarter ended June 30, 2015.

Results for the quarter ended June 30, 2015 compared to results for the same period in 2014:

- Sales decreased 6.4% to \$22,324,307 from \$23,858,421
- Gross profit decreased 3.8% to \$5,866,657 from \$6,101,342
- Selling, general and administrative expenses increased 3.4% to \$5,046,574 from \$4,878,432 (2014 selling, general and administrative expenses include a one-time real estate tax refund of \$285,897)
- Operating income decreased 32.9% to \$820,083 from \$1,222,910
- Net income decreased 36.2% to \$712,309 from \$1,117,153 (2014 results include the one-time real estate tax refund of \$285,897 referred to above)
- Net income per share on a fully diluted basis decreased to \$0.08 from \$0.12 per share

Results for the six months ended June 30, 2015 compared to results for the same period in 2014:

- Sales decreased 5.3% to \$37,880,569 from \$39,984,121
- Gross profit decreased 1.1% to \$10,477,983 from \$10,599,577
- Selling, general and administrative expenses increased 2.0% to \$10,247,903 from \$10,051,700 (2014 selling, general and administrative expenses include a one-time real estate tax refund of \$285,897)
- Operating income decreased 58.0% to \$230,080 from \$547,877
- Net income decreased 89.5% to \$35,750 from \$341,171 (2014 results include the one-time real estate tax refund of \$285,897 referred to above)
- Net income per share on a fully diluted basis decreased to \$0.00 from \$0.04 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, appliances 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, American/Universal Supply Division, www.ausupplyinc.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, 2015	December 31, 2014
	<u>2015</u>	<u>2014</u>
Assets		
Current assets:		
Cash	\$ 435,547	\$ 238,696
Accounts receivable, net of allowance for doubtful accounts of \$999,187 and \$892,960, respectively	10,966,600	9,654,270
Inventory	14,956,608	14,121,649
Prepaid expenses and other current assets	985,453	730,299
Deferred tax asset	160,000	160,000
Total current assets	<u>27,504,208</u>	<u>24,904,914</u>
Property and equipment	883,630	962,504
Goodwill	1,416,929	1,416,929
Other assets - noncurrent	12,385	43,246
Deferred tax asset - noncurrent	2,056,500	2,056,500
	<u>\$ 31,873,652</u>	<u>\$ 29,384,093</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Borrowings under credit facility - revolving credit	\$ 13,766,919	\$ 11,940,419
Notes payable - current portion; includes related party notes of \$1,656,411 and \$150,298, respectively	1,819,445	302,877
Convertible notes payable, related party	200,000	-
Trade payables	4,369,160	4,760,291
Accrued liabilities	1,794,671	1,388,238
Income taxes payable	-	16,087
Total current liabilities	<u>21,950,195</u>	<u>18,407,912</u>
Convertible notes payable, excluding current portion-related party	-	200,000
Notes payable, excluding current portion; includes related party notes of \$305,170 and \$1,134,934, respectively	544,783	1,433,257
Deferred tax liability - noncurrent	567,000	567,000
Total liabilities	<u>23,061,978</u>	<u>20,608,169</u>
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, 9,154,953 shares issued and outstanding	457,747	457,747
Additional paid-in capital	12,596,866	12,596,866
Accumulated deficit	(4,257,170)	(4,292,920)
Total stockholders' equity	<u>8,811,674</u>	<u>8,775,924</u>
	<u>\$ 31,873,652</u>	<u>\$ 29,384,093</u>

CCOM Group, Inc.
Condensed Consolidated Statements of Operations
(Unaudited)

	For The Three Months Ended June 30,		For The Six Months Ended June 30,	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Sales	\$ 22,324,307	\$ 23,858,421	\$ 37,880,569	\$ 39,984,121
Cost of sales	<u>16,457,650</u>	<u>17,757,079</u>	<u>27,402,586</u>	<u>29,384,544</u>
Gross profit	5,866,657	6,101,342	10,477,983	10,599,577
Selling, general and administrative expenses, net	<u>5,046,574</u>	<u>4,878,432</u>	<u>10,247,903</u>	<u>10,051,700</u>
Operating income	820,083	1,222,910	230,080	547,877
Other income	31,631	53,733	76,503	101,690
Interest expense, net; includes related party interest of \$29,617 and \$29,992 for three months ended June 30, 2015 and 2014, respectively, and \$59,215 and \$60,440 for the six months ended June 30, 2015 and 2014, respectively	<u>(139,405)</u>	<u>(148,990)</u>	<u>(270,833)</u>	<u>(287,396)</u>
Income before income tax expense	712,309	1,127,653	35,750	362,171
Income tax expense	-	10,500	-	21,000
Net income	<u>\$ 712,309</u>	<u>\$ 1,117,153</u>	<u>\$ 35,750</u>	<u>\$ 341,171</u>
Income per common share:				
Basic	<u>\$ 0.08</u>	<u>\$ 0.12</u>	<u>\$ 0.00</u>	<u>\$ 0.04</u>
Diluted	<u>\$ 0.08</u>	<u>\$ 0.12</u>	<u>\$ 0.00</u>	<u>\$ 0.04</u>
Weighted average shares outstanding:				
Basic	<u>9,154,953</u>	<u>9,154,953</u>	<u>9,154,953</u>	<u>9,154,953</u>
Diluted	<u>9,439,565</u>	<u>9,439,565</u>	<u>9,439,565</u>	<u>9,439,565</u>

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

	For The Six Months Ended	
	June 30,	
	2015	2014
Cash flows from operating activities:		
Net income	\$ 35,750	341,171
Adjustments to reconcile net income to net cash used in operating activities:		
Deferred income taxes	-	21,000
Provision for doubtful accounts	135,387	217,580
Depreciation	155,457	146,813
Net gain on sale of fixed assets	-	(4,300)
Changes in operating assets and liabilities		
Accounts receivable	(1,447,716)	(1,538,816)
Inventory	(834,959)	(1,467,151)
Prepaid expenses and other current assets	(255,154)	(187,656)
Other assets - noncurrent	30,861	97,500
Trade payables	(391,131)	411,632
Accrued liabilities	406,433	(31,658)
Income taxes payable	(16,087)	3,715
Net cash used in operating activities	(2,181,159)	(1,990,170)
Cash flows from investing activities:		
Additions to property and equipment	(48,332)	(225,637)
Proceeds from disposal of property and equipment	-	4,300
Net cash used in investing activities	(48,332)	(221,337)
Cash flows from financing activities:		
Repayments of notes payable: includes related party repayments of \$1,573,651 and \$1,068,007 respectively	(1,650,158)	(1,116,353)
Issuance of notes payable, related party	2,250,000	1,000,000
Borrowings under credit facility - revolving credit, net	1,826,500	2,221,901
Net cash provided by financing activities	2,426,342	2,105,548
Increase (decrease) in cash	196,851	(105,959)
Cash - beginning of period	238,696	377,461
Cash - end of period	\$ 435,547	271,502