



CCOM Group, Inc. Reports 2014 Second Quarter Results

HAWTHORNE, New Jersey (August 14, 2014) – CCOM Group, Inc. (“CCOM”) (OTC Pink: “CCOM,” “CCOMP”), announced its financial results for the quarter ended June 30, 2014.

Results for the quarter ended June 30, 2014 compared to results for the same period in 2013:

- Sales decreased 2.4% to \$23,858,421 from \$24,443,817
- Gross profit increased 4.6% to \$6,101,342 from \$5,834,727
- Selling, general and administrative expenses decreased 6.0% to \$4,878,432 (after taking into account a one-time real estate tax refund of \$285,897) from \$5,188,210
- Operating income increased 89.2% to \$1,222,910 from \$646,517
- Net income increased to \$1,117,153 (including the one-time real estate tax refund of \$285,897) from \$549,762
- Net income per share on a fully diluted basis increased to \$0.12 from \$0.06 per share

Results for the six months ended June 30, 2014 compared to results for the same period in 2013:

- Sales decreased 7.4% to \$39,984,121 from \$43,173,255
- Gross profit decreased 0.6% to \$10,599,577 from \$10,658,974
- Selling, general and administrative expenses decreased 5.5% to \$10,051,700 (after taking into account the one-time real estate tax refund of \$285,897) from \$10,631,793
- Operating income increased to \$547,877 from \$27,181
- Net income increased to \$341,171 (including the one-time real estate tax refund of \$285,897) from a net loss of \$(182,215)
- Net income per share on a fully diluted basis increased to \$0.04 from \$(0.02) 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, 2014 (Unaudited)	December 31, 2013
Assets		
Current assets:		
Cash	\$ 271,502	\$ 377,461
Accounts receivable, net of allowance for doubtful accounts of \$806,025 and \$658,765, respectively	11,050,358	9,729,122
Inventory	13,816,423	12,349,272
Prepaid expenses and other current assets	1,252,757	1,065,101
Deferred tax asset	200,000	200,000
Total current assets	26,591,040	23,720,956
Property and equipment	974,513	865,764
Goodwill	1,416,929	1,416,929
Other assets - noncurrent	10,218	107,718
Deferred tax asset - noncurrent	2,016,500	2,016,500
	\$ 31,009,200	\$ 28,127,867
Liabilities and Stockholders' Equity		
Current liabilities:		
Borrowings under credit facility - revolving credit	\$ 14,174,489	\$ 11,952,588
Notes payable - current portion; includes related party notes of \$644,424 and \$638,779, respectively	795,126	776,746
Trade payables	3,719,513	3,307,881
Accrued liabilities	1,632,900	1,664,558
Income taxes payable	17,890	14,175
Total current liabilities	20,339,918	17,715,948
Convertible notes payable, excluding current portion-related party	200,000	200,000
Notes payable, excluding current portion; includes related party notes of \$1,211,580 and \$1,285,232, respectively	1,554,427	1,659,235
Deferred tax liability - noncurrent	559,000	538,000
Total liabilities	22,653,345	20,113,183
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	(4,712,989)	(5,054,160)
Total stockholders' equity	8,355,855	8,014,684
	\$ 31,009,200	\$ 28,127,867

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>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Sales	\$ 23,858,421	\$ 24,443,817	\$ 39,984,121	\$ 43,173,255
Cost of sales	<u>17,757,079</u>	<u>18,609,090</u>	<u>29,384,544</u>	<u>32,514,281</u>
Gross profit	6,101,342	5,834,727	10,599,577	10,658,974
Selling, general and administrative expenses, net	<u>4,878,432</u>	<u>5,188,210</u>	<u>10,051,700</u>	<u>10,631,793</u>
Operating income	1,222,910	646,517	547,877	27,181
Other income	53,733	63,907	101,690	113,429
Interest expense, net; includes related party interest of \$29,992 and \$34,055, for the three months ended June 30, 2014 and 2013, respectively and \$60,440 and \$67,464 for the six months ended June 30, 2014 and 2013, respectively	<u>(148,990)</u>	<u>(150,162)</u>	<u>(287,396)</u>	<u>(301,825)</u>
Income (loss) before income tax expense	1,127,653	560,262	362,171	(161,215)
Income tax expense	<u>10,500</u>	<u>10,500</u>	<u>21,000</u>	<u>21,000</u>
Net income (loss)	<u>\$ 1,117,153</u>	<u>\$ 549,762</u>	<u>\$ 341,171</u>	<u>\$ (182,215)</u>
Income (loss) per common share:				
Basic	<u>\$ 0.12</u>	<u>\$ 0.06</u>	<u>\$ 0.04</u>	<u>\$ (0.02)</u>
Diluted	<u>\$ 0.12</u>	<u>\$ 0.06</u>	<u>\$ 0.04</u>	<u>\$ (0.02)</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>9,448,010</u>	<u>9,439,565</u>	<u>9,154,953</u>

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

	For The Six Months Ended	
	June 30,	
	2014	2013
Cash flows from operating activities:		
Net income (loss)	\$ 341,171	\$ (182,215)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Deferred income taxes	21,000	21,000
Provision for doubtful accounts	217,580	165,375
Depreciation	146,813	164,900
Net gain on sale of fixed assets	(4,300)	(9,259)
Changes in operating assets and liabilities		
Accounts receivable	(1,538,816)	(629,729)
Inventory	(1,467,151)	(796,034)
Prepaid expenses and other current assets	(187,656)	309,572
Other assets - noncurrent	97,500	65,343
Trade payables	411,632	(371,392)
Accrued liabilities	(31,658)	13,441
Income taxes payable	3,715	-
Net cash used in operating activities	(1,990,170)	(1,248,998)
Cash flows from investing activities:		
Additions to property and equipment	(225,637)	(42,757)
Proceeds from disposal of property and equipment	4,300	50,647
Net cash (used in) provided by investing activities	(221,337)	7,890
Cash flows from financing activities:		
Repayments of notes payable: includes related party repayments of \$1,068,007 and \$1,058,435 respectively	(1,116,353)	(1,160,142)
Issuance of notes payable, related party	1,000,000	1,000,000
Borrowings under credit facility - revolving credit, net	2,221,901	1,553,656
Net cash provided by financing activities	2,105,548	1,393,514
(Decrease) increase in cash	(105,959)	152,406
Cash - beginning of period	377,461	297,128
Cash - end of period	\$ 271,502	\$ 449,534