



CCOM Group, Inc. Reports 2017 Second Quarter Results

HAWTHORNE, New Jersey (August 14, 2017) – CCOM Group, Inc. (“CCOM”) (OTC Pink: “CCOM,” “CCOMP”), announced its financial results for the quarter and six months ended June 30, 2017.

Results for the quarter ended June 30, 2017 compared to results for the same period in 2016:

- Sales increased 12.6% to \$26,624,977 from \$23,635,776
- Gross profit increased 7.3% to \$6,864,017 from \$6,394,947
- Selling, general and administrative expenses increased 4.6% to \$5,610,928 from \$5,364,632
- Operating income increased 21.6% to \$1,253,089 from \$1,030,315
- Net income increased 17.2% to \$1,066,070 from \$909,575; the 2017 amount includes a \$60,000 non-cash deferred income tax expense (with a corresponding decrease to CCOM’s deferred tax asset). There was no income tax expense in 2016.
- Net income per share on a fully diluted basis increased to \$0.11 per share from \$0.10 per share

Results for the six months ended June 30, 2017 compared to results for the same period in 2016:

- Sales increased 6.7% to \$44,296,353 from \$41,514,540
- Gross profit increased 4.7% to \$11,874,016 from \$11,335,938
- Selling, general and administrative expenses increased 3.1% to \$11,162,264 from \$10,825,833
- Operating income increased 39.5% to \$711,752 from \$510,105
- Net income increased 42.7% to \$416,341 from \$291,798; the 2017 amount includes a \$60,000 non-cash deferred income tax expense (with a corresponding decrease to CCOM’s deferred tax asset). There was no income tax expense in 2016.
- Net income per share on a fully diluted basis increased to \$0.04 per share from \$0.03 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 17 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

	<u>June 30,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
	(Unaudited)	
Assets		
Current assets:		
Cash	\$ 478,091	\$ 448,758
Accounts receivable, net of allowance for doubtful accounts of \$1,184,797 and \$1,078,613, respectively	12,923,595	10,788,257
Inventory	17,457,282	14,888,025
Prepaid expenses and other current assets	839,234	680,039
Total current assets	<u>31,698,202</u>	<u>26,805,079</u>
Property and equipment	655,697	756,050
Goodwill	1,416,929	1,416,929
Other assets - noncurrent	171,144	171,144
Deferred tax asset - noncurrent	2,256,500	2,316,500
	<u>\$ 36,198,472</u>	<u>\$ 31,465,702</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Borrowings under credit facility - revolving credit	\$ 16,422,081	\$ 13,417,855
Convertible notes payable; related party	100,000	-
Notes payable - current portion; includes related party notes of \$635,777 and \$176,283, respectively	780,924	353,208
Trade payables	4,922,633	3,852,007
Accrued liabilities	1,892,409	1,995,083
Income taxes payable	15,000	42,188
Total current liabilities	<u>24,133,047</u>	<u>19,660,341</u>
Convertible notes payable, excluding current portion-related party	-	100,000
Notes payable, excluding current portion; includes related party notes of \$750,000 and \$795,879, respectively	821,027	877,304
Deferred tax liability - noncurrent	567,000	567,000
Total liabilities	<u>25,521,074</u>	<u>21,204,645</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, 9,154,928 shares issued and outstanding	457,746	457,746
Additional paid-in capital	12,596,853	12,596,853
Accumulated deficit	(2,391,432)	(2,807,773)
Total stockholders' equity	<u>10,677,398</u>	<u>10,261,057</u>
	<u>\$ 36,198,472</u>	<u>\$ 31,465,702</u>

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

	For The Three Months Ended June 30,		For The Six Months Ended June 30,	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Sales	\$ 26,624,977	\$ 23,635,776	\$ 44,296,353	\$ 41,514,540
Cost of sales	<u>19,760,960</u>	<u>17,240,829</u>	<u>32,422,337</u>	<u>30,178,602</u>
Gross profit	6,864,017	6,394,947	11,874,016	11,335,938
Selling, general and administrative expenses	<u>5,610,928</u>	<u>5,364,632</u>	<u>11,162,264</u>	<u>10,825,833</u>
Operating income	1,253,089	1,030,315	711,752	510,105
Other income	59,372	45,988	108,657	89,505
Interest expense, net; includes related party interest of \$24,803 and \$37,398 for three months ended June 30, 2017 and 2016, respectively, and \$43,986 and \$67,064 for the six months ended June 30, 2017 and 2016, respectively	<u>(168,254)</u>	<u>(166,728)</u>	<u>(316,145)</u>	<u>(307,812)</u>
Income from operations	1,144,207	909,575	504,264	291,798
Income tax expense	<u>78,137</u>	<u>-</u>	<u>87,923</u>	<u>-</u>
Net income	<u>\$ 1,066,070</u>	<u>\$ 909,575</u>	<u>\$ 416,341</u>	<u>\$ 291,798</u>
Income per common share:				
Basic	<u>\$ 0.12</u>	<u>\$ 0.10</u>	<u>\$ 0.05</u>	<u>\$ 0.03</u>
Diluted	<u>\$ 0.11</u>	<u>\$ 0.10</u>	<u>\$ 0.04</u>	<u>\$ 0.03</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,	
	2017	2016
Cash flows from operating activities:		
Net income	\$ 416,341	\$ 291,798
Adjustments to reconcile net income to net cash used in operating activities:		
Deferred income taxes	60,000	-
Provision for doubtful accounts	125,946	71,216
Depreciation	190,328	177,625
Net gain on sale of fixed assets	-	(1,757)
Changes in operating assets and liabilities		
Accounts receivable	(2,261,284)	(2,002,287)
Inventory	(2,569,257)	(2,106,041)
Prepaid expenses and other current assets	(159,195)	(64,185)
Other assets - noncurrent	-	5,236
Trade payables	1,070,626	292,322
Accrued liabilities	(102,674)	390,226
Income taxes payable	(27,188)	-
Net cash used in operating activities	(3,256,357)	(2,945,847)
Cash flows from investing activities:		
Additions to property and equipment	(38,063)	(80,343)
Proceeds from disposal of property and equipment	-	8,847
Net cash used in investing activities	(38,063)	(71,496)
Cash flows from financing activities:		
Repayments of notes payable: includes related party repayments of \$586,385 and \$1,829,764 respectively	(680,473)	(1,913,740)
Issuance of notes payable, related party	1,000,000	2,750,000
Borrowings under credit facility - revolving credit, net	3,004,226	2,064,521
Net cash provided by financing activities	3,323,753	2,900,781
Increase (decrease) in cash	29,333	(116,562)
Cash - beginning of period	448,758	577,303
Cash - end of period	\$ 478,091	\$ 460,741