



CCOM Group, Inc. Reports 2018 Third Quarter Results

HAWTHORNE, New Jersey (November 14, 2018) – CCOM Group, Inc. (“CCOM”) (OTC Pink: “CCOM,” “CCOMP”), announced its financial results for the quarter and nine months ended September 30, 2018.

Results for the quarter ended September 30, 2018 compared to results for the same period in 2017:

- Sales increased 20.5% to \$29,011,036 from \$24,074,709
- Gross profit increased 18.9% to \$7,361,636 from \$6,191,020
- Selling, general and administrative expenses increased 12.2% to \$6,334,549 from \$5,647,981
- Operating income increased 89.1% to \$1,027,087 from \$543,039
- Net income increased to \$729,127 from \$304,850; the 2018 and 2017 amounts include a \$60,000 non-cash deferred income tax expense (with a corresponding decrease to CCOM’s deferred tax asset).
- Net income per share on a fully diluted basis increased to \$0.07 per share from \$0.03 per share

Results for the nine months ended September 30, 2018 compared to results for the same period in 2017:

- Sales increased 13.8% to \$77,831,952 from \$68,371,062
- Gross profit increased 12.7% to \$20,364,544 from \$18,065,036
- Selling, general and administrative expenses increased 9.1% to \$18,346,043 from \$16,810,245
- Operating income increased 60.9% to \$2,018,501 from \$1,254,791
- Net income increased 88.2% to \$1,357,605 from \$721,191; the 2018 and 2017 amounts include a \$120,000 non-cash deferred income tax expense (with a corresponding decrease to CCOM’s deferred tax asset).
- Net income per share on a fully diluted basis increased to \$0.14 per share from \$0.07 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

	September 30, 2018 (Unaudited)	December 31, 2017
Assets		
Current assets:		
Cash	\$ 473,946	\$ 506,635
Accounts receivable, net of allowance for doubtful accounts of \$683,549 and \$1,052,963, respectively	12,378,087	11,522,688
Inventory	17,167,567	16,231,516
Prepaid expenses and other current assets	891,165	1,121,745
Total current assets	30,910,765	29,382,584
Property and equipment	662,040	568,079
Goodwill	1,416,929	1,416,929
Other assets - noncurrent	361,041	424,375
Deferred tax asset - noncurrent	1,562,000	1,682,000
	\$ 34,912,775	\$ 33,473,967
Liabilities and Stockholders' Equity		
Current liabilities:		
Borrowings under credit facility - revolving credit	\$ 15,179,250	\$ 14,464,649
Notes payable - current portion; includes related party notes of \$207,893 and \$196,587, respectively	261,627	279,606
Trade payables	3,578,338	4,558,305
Accrued liabilities	2,524,017	2,165,224
Income taxes payable	403	18,488
Total current liabilities	21,543,635	21,486,272
Notes payable, excluding current portion; includes related party notes of \$443,015 and \$599,291, respectively	669,071	645,231
Deferred tax liability - noncurrent	567,000	567,000
Total liabilities	22,779,706	22,698,503
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	(935,761)	(2,293,366)
Total stockholders' equity	12,133,069	10,775,464
	\$ 34,912,775	\$ 33,473,967

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

	For The Three Months Ended September 30,		For The Nine Months Ended September 30,	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Sales	\$ 29,011,036	\$ 24,074,709	\$ 77,831,952	\$ 68,371,062
Cost of sales	<u>21,649,400</u>	<u>17,883,689</u>	<u>57,467,408</u>	<u>50,306,026</u>
Gross profit	7,361,636	6,191,020	20,364,544	18,065,036
Selling, general and administrative expenses	<u>6,334,549</u>	<u>5,647,981</u>	<u>18,346,043</u>	<u>16,810,245</u>
Operating income	1,027,087	543,039	2,018,501	1,254,791
Other income	49,597	46,965	207,410	155,622
Interest expense, net; includes related party interest of \$15,099 and \$21,781 for three months ended September 30, 2018 and 2017, respectively, and \$48,314 and \$65,766 for the nine months ended September 30, 2018 and 2017, respectively	<u>(204,446)</u>	<u>(172,473)</u>	<u>(564,567)</u>	<u>(488,618)</u>
Income from operations	872,238	417,531	1,661,344	921,795
Income tax expense	<u>143,111</u>	<u>112,681</u>	<u>303,739</u>	<u>200,604</u>
Net income	<u>\$ 729,127</u>	<u>\$ 304,850</u>	<u>\$ 1,357,605</u>	<u>\$ 721,191</u>
Income per common share:				
Basic	<u>\$ 0.08</u>	<u>\$ 0.03</u>	<u>\$ 0.14</u>	<u>\$ 0.08</u>
Diluted	<u>\$ 0.07</u>	<u>\$ 0.03</u>	<u>\$ 0.14</u>	<u>\$ 0.07</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 Nine Months Ended September 30,	
	2018	2017
Cash flows from operating activities:		
Net income	\$ 1,357,605	\$ 721,191
Adjustments to reconcile net income to net cash used in operating activities:		
Deferred income taxes	120,000	120,000
Provision for doubtful accounts	210,372	189,350
Depreciation	232,461	275,432
Net gain on sale of fixed assets	(17,756)	-
Changes in operating assets and liabilities		
Accounts receivable	(1,065,771)	(1,392,939)
Inventory	(936,051)	(1,752,642)
Prepaid expenses and other current assets	230,580	(266,546)
Other assets - noncurrent	63,334	(6,752)
Trade payables	(979,967)	766,382
Accrued liabilities	358,793	153,758
Income taxes payable	(18,085)	(27,188)
Net cash used in operating activities	(444,485)	(1,219,954)
Cash flows from investing activities:		
Additions to property and equipment	(91,603)	(106,281)
Proceeds from disposal of property and equipment	36,027	-
Net cash used in investing activities	(55,576)	(106,281)
Cash flows from financing activities:		
Repayments of notes payable: includes related party repayments of \$145,190 and \$230,886 respectively	(247,229)	(376,404)
Repayments of short term financing, related party	(1,500,000)	(1,500,000)
Issuance of short term financing, related party	1,500,000	1,500,000
Borrowings under credit facility - revolving credit, net	714,601	1,719,233
Net cash provided by financing activities	467,372	1,342,829
(Decrease) Increase in cash	(32,689)	16,594
Cash - beginning of period	506,635	448,758
Cash - end of period	\$ 473,946	\$ 465,352

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