



## CCOM Group, Inc. Reports 2017 Third Quarter Results

HAWTHORNE, New Jersey (November 13, 2017) – CCOM Group, Inc. (“CCOM”) (OTC Pink: “CCOM,” “CCOMP”), announced its financial results for the quarter and nine months ended September 30, 2017.

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

- Sales increased 0.4% to \$24,074,709 from \$23,984,268
- Gross profit decreased 0.3% to \$6,191,020 from \$6,209,729
- Selling, general and administrative expenses increased 0.8% to \$5,647,981 from \$5,602,748
- Operating income decreased 10.5% to \$543,039 from \$606,981
- Net income increased 87.8% to \$304,850 from \$162,306; the 2017 amount includes a \$60,000 non-cash deferred income tax expense (with a corresponding decrease to CCOM’s deferred tax asset) and the 2016 amount includes a \$270,000 non-cash deferred income tax expense.
- Net income per share on a fully diluted basis increased to \$0.03 per share from \$0.02 per share

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

- Sales increased 4.4% to \$68,371,062 from \$65,498,808
- Gross profit increased 3.0% to \$18,065,036 from \$17,545,667
- Selling, general and administrative expenses increased 2.3% to \$16,810,245 from \$16,428,581
- Operating income increased 12.3% to \$1,254,791 from \$1,117,086
- Net income increased 58.8% to \$721,191 from \$454,104; the 2017 amount includes a \$120,000 non-cash deferred income tax expense (with a corresponding decrease to CCOM’s deferred tax asset) and the 2016 amount includes a \$270,000 non-cash deferred income tax expense.
- Net income per share on a fully diluted basis increased to \$0.08 per share from \$0.05 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](http://www.usginc.com), The RAL Supply Group, Inc., [www.ralsupply.com](http://www.ralsupply.com), and S&A Supply, Inc., [www.sasupplyinc.com](http://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](http://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, 2017 (Unaudited)	December 31, 2016
Assets		
Current assets:		
Cash	\$ 465,352	\$ 448,758
Accounts receivable, net of allowance for doubtful accounts of \$ 927,279 and \$1,078,613, respectively	11,991,846	10,788,257
Inventory	16,640,667	14,888,025
Prepaid expenses and other current assets	946,585	680,039
Total current assets	30,044,450	26,805,079
Property and equipment	638,811	756,050
Goodwill	1,416,929	1,416,929
Other assets - noncurrent	177,896	171,144
Deferred tax asset - noncurrent	2,196,500	2,316,500
	\$ 34,474,586	\$ 31,465,702
Liabilities and Stockholders' Equity		
Current liabilities:		
Borrowings under credit facility - revolving credit	\$ 15,137,088	\$ 13,417,855
Notes payable - current portion; includes related party notes of \$191,309 and \$176,283, respectively	302,345	353,208
Trade payables	4,618,389	3,852,007
Accrued liabilities	2,148,841	1,995,083
Income taxes payable	15,000	42,188
Total current liabilities	22,221,663	19,660,341
Convertible notes payable, excluding current portion-related party	-	100,000
Notes payable, excluding current portion; includes related party notes of \$649,967 and \$795,879, respectively	703,675	877,304
Deferred tax liability - noncurrent	567,000	567,000
Total liabilities	23,492,338	21,204,645
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	(2,086,582)	(2,807,773)
Total stockholders' equity	10,982,248	10,261,057
	\$ 34,474,586	\$ 31,465,702

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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Sales	\$ 24,074,709	\$ 23,984,268	\$ 68,371,062	\$ 65,498,808
Cost of sales	<u>17,883,689</u>	<u>17,774,539</u>	<u>50,306,026</u>	<u>47,953,141</u>
Gross profit	6,191,020	6,209,729	18,065,036	17,545,667
Selling, general and administrative expenses	<u>5,647,981</u>	<u>5,602,748</u>	<u>16,810,245</u>	<u>16,428,581</u>
Operating income	543,039	606,981	1,254,791	1,117,086
Other income	46,965	51,752	155,622	141,257
Interest expense, net; includes related party interest of \$21,781 and \$17,532 for three months ended September 30, 2017 and 2016, respectively, and \$65,766 and \$84,596 for the nine months ended September 30, 2017 and 2016, respectively	<u>(172,473)</u>	<u>(143,920)</u>	<u>(488,618)</u>	<u>(451,732)</u>
Income from operations	417,531	514,813	921,795	806,611
Income tax expense	<u>112,681</u>	<u>352,507</u>	<u>200,604</u>	<u>352,507</u>
Net income	<u>\$ 304,850</u>	<u>\$ 162,306</u>	<u>\$ 721,191</u>	<u>\$ 454,104</u>
Income per common share:				
Basic	<u>\$ 0.03</u>	<u>\$ 0.02</u>	<u>\$ 0.08</u>	<u>\$ 0.05</u>
Diluted	<u>\$ 0.03</u>	<u>\$ 0.02</u>	<u>\$ 0.08</u>	<u>\$ 0.05</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,	
	2017	2016
Cash flows from operating activities:		
Net income	\$ 721,191	\$ 454,104
Adjustments to reconcile net income to net cash used in operating activities:		
Deferred income taxes	120,000	270,000
Provision for doubtful accounts	189,350	187,261
Depreciation	275,432	269,209
Net gain on sale of fixed assets	-	(1,757)
Changes in operating assets and liabilities		
Accounts receivable	(1,392,939)	(1,424,818)
Inventory	(1,752,642)	(808,924)
Prepaid expenses and other current assets	(266,546)	(241,434)
Other assets - noncurrent	(6,752)	6,981
Trade payables	766,382	(104,783)
Accrued liabilities	153,758	525,392
Income taxes payable	(27,188)	(120)
Net cash used in operating activities	(1,219,954)	(868,889)
Cash flows from investing activities:		
Additions to property and equipment	(106,281)	(86,250)
Proceeds from disposal of property and equipment	-	8,847
Net cash used in investing activities	(106,281)	(77,403)
Cash flows from financing activities:		
Repayments of notes payable: includes related party repayments of \$1,730,886 and \$2,870,855 respectively	(1,876,404)	(3,095,137)
Issuance of notes payable, related party	1,500,000	2,750,000
Borrowings under credit facility - revolving credit, net	1,719,233	1,142,005
Net cash provided by financing activities	1,342,829	796,868
Increase (decrease) in cash	16,594	(149,424)
Cash - beginning of period	448,758	577,303
Cash - end of period	\$ 465,352	\$ 427,879