

CCOM GROUP, INC. AND SUBSIDIARIES  
Condensed Consolidated Balance Sheets

	March 31, 2018 (Unaudited)	December 31, 2017
Assets		
Current assets:		
Cash	\$ 563,906	\$ 506,635
Accounts receivable, net of allowance for doubtful accounts of \$1,079,877 and \$1,052,963, respectively	10,415,641	11,522,688
Inventory	22,273,465	16,231,516
Prepaid expenses and other current assets	1,011,891	1,121,745
Total current assets	34,264,903	29,382,584
Property and equipment	562,758	568,079
Goodwill	1,416,929	1,416,929
Other assets - noncurrent	378,651	424,375
Deferred tax asset - noncurrent	1,682,000	1,682,000
	\$ 38,305,241	\$ 33,473,967
Liabilities and Stockholders' Equity		
Current liabilities:		
Borrowings under credit facility - revolving credit	\$ 16,038,234	\$ 14,464,649
Notes payable - current portion; includes related party notes of \$701,958 and \$196,587, respectively	760,729	279,606
Trade payables	8,304,637	4,558,305
Accrued liabilities	1,797,058	2,165,224
Income taxes payable	5,905	18,488
Total current liabilities	26,906,563	21,486,272
Notes payable, excluding current portion; includes related party notes of \$548,042 and \$599,291, respectively	645,085	645,231
Deferred tax liability - noncurrent	567,000	567,000
Total liabilities	28,118,648	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	(2,882,237)	(2,293,366)
Total stockholders' equity	10,186,593	10,775,464
	\$ 38,305,241	\$ 33,473,967

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

	For the Three Months Ended March 31,	
	<u>2018</u>	<u>2017</u>
Sales	\$ 19,846,307	\$ 17,671,376
Cost of sales	<u>14,339,948</u>	<u>12,661,377</u>
Gross profit	5,506,359	5,009,999
Selling, general and administrative expenses, net	<u>6,005,258</u>	<u>5,551,336</u>
Operating loss	(498,899)	(541,337)
Other income	74,375	49,285
Interest expense, net; includes related party interest of \$14,506 and \$19,183, respectively	<u>(164,347)</u>	<u>(147,891)</u>
Loss before income tax expense	(588,871)	(639,943)
Income tax expense	-	9,786
Net loss	<u>\$ (588,871)</u>	<u>\$ (649,729)</u>
Loss per common share:		
Basic and diluted	<u>\$ (0.06)</u>	<u>\$ (0.07)</u>
Weighted average shares outstanding:		
Basic and diluted	<u>9,154,928</u>	<u>9,154,928</u>

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

	For The Three Months Ended March 31,	
	2018	2017
Cash flows from operating activities:		
Net loss	\$ (588,871)	\$ (649,729)
Adjustments to reconcile net loss to net cash used in operating activities:		
Provision for doubtful accounts	44,415	63,946
Depreciation	82,504	94,871
Net gain on sale of fixed assets	(11,187)	-
Changes in operating assets and liabilities		
Accounts receivable	1,062,632	970,734
Inventory	(6,041,949)	(3,632,118)
Prepaid expenses and other current assets	109,854	54,395
Other assets - noncurrent	45,724	-
Trade payables	3,746,332	1,188,011
Accrued liabilities	(368,166)	(237,200)
Income taxes payable	(12,583)	(40,737)
Net cash used in operating activities	(1,931,295)	(2,187,827)
Cash flows from investing activities:		
Additions to property and equipment	(13,384)	(25,263)
Proceeds from disposal of property and equipment	25,027	-
Net cash provided by (used in) investing activities	11,643	(25,263)
Cash flows from financing activities:		
Repayments of notes payable: includes related party repayments of \$46,098 and \$42,762 respectively	(96,661)	(87,121)
Issuance of short term financing, related party	500,000	500,000
Repayments under credit facility - revolving credit, net	1,573,584	1,718,532
Net cash provided by financing activities	1,976,923	2,131,411
Increase (decrease) in cash	57,271	(81,679)
Cash - beginning of period	506,635	448,758
Cash - end of period	\$ 563,906	\$ 367,079