

CCOM GROUP, INC. AND SUBSIDIARIES  
Condensed Consolidated Balance Sheets

	<u>June 30,</u> 2018 <u>(Unaudited)</u>	<u>December 31,</u> 2017
Assets		
Current assets:		
Cash	\$ 511,912	\$ 506,635
Accounts receivable, net of allowance for doubtful accounts of \$786,797 and \$1,052,963, respectively	13,282,682	11,522,688
Inventory	18,594,819	16,231,516
Prepaid expenses and other current assets	<u>1,133,676</u>	<u>1,121,745</u>
Total current assets	33,523,089	29,382,584
Property and equipment	681,269	568,079
Goodwill	1,416,929	1,416,929
Other assets - noncurrent	378,833	424,375
Deferred tax asset - noncurrent	<u>1,622,000</u>	<u>1,682,000</u>
	<u>\$ 37,622,120</u>	<u>\$ 33,473,967</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Borrowings under credit facility - revolving credit	\$ 17,912,614	\$ 14,464,649
Notes payable - current portion; includes related party notes of \$705,385 and \$196,587, respectively	769,462	279,606
Trade payables	4,148,489	4,558,305
Accrued liabilities	2,084,634	2,165,224
Income taxes payable	<u>403</u>	<u>18,488</u>
Total current liabilities	24,915,602	21,486,272
Notes payable, excluding current portion; includes related party notes of \$495,392 and \$599,291, respectively	735,576	645,231
Deferred tax liability - noncurrent	<u>567,000</u>	<u>567,000</u>
Total liabilities	<u>26,218,178</u>	<u>22,698,503</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	<u>(1,664,888)</u>	<u>(2,293,366)</u>
Total stockholders' equity	<u>11,403,942</u>	<u>10,775,464</u>
	<u>\$ 37,622,120</u>	<u>\$ 33,473,967</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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Sales	\$ 28,974,609	\$ 26,624,977	\$ 48,820,916	\$ 44,296,353
Cost of sales	<u>21,478,060</u>	<u>19,760,960</u>	<u>35,818,008</u>	<u>32,422,337</u>
Gross profit	7,496,549	6,864,017	13,002,908	11,874,016
Selling, general and administrative expenses	<u>6,006,236</u>	<u>5,610,928</u>	<u>12,011,494</u>	<u>11,162,264</u>
Operating income	1,490,313	1,253,089	991,414	711,752
Other income	83,438	59,372	157,813	108,657
Interest expense, net; includes related party interest of \$18,710 and \$24,803 for three months ended June 30, 2018 and 2017, respectively, and \$33,216 and \$43,986 for the six months ended June 30, 2018 and 2017, respectively	<u>(195,774)</u>	<u>(168,254)</u>	<u>(360,121)</u>	<u>(316,145)</u>
Income from operations	1,377,977	1,144,207	789,106	504,264
Income tax expense	<u>160,628</u>	<u>78,137</u>	<u>160,628</u>	<u>87,923</u>
Net income	<u>\$ 1,217,349</u>	<u>\$ 1,066,070</u>	<u>\$ 628,478</u>	<u>\$ 416,341</u>
Income per common share:				
Basic	<u>\$ 0.13</u>	<u>\$ 0.11</u>	<u>\$ 0.07</u>	<u>\$ 0.04</u>
Diluted	<u>\$ 0.13</u>	<u>\$ 0.11</u>	<u>\$ 0.06</u>	<u>\$ 0.04</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,	
	2018	2017
Cash flows from operating activities:		
Net income	\$ 628,478	\$ 416,341
Adjustments to reconcile net income to net cash used in operating activities:		
Deferred income taxes	60,000	60,000
Provision for doubtful accounts	121,584	125,946
Depreciation	159,332	190,328
Net gain on sale of fixed assets	(16,756)	-
Changes in operating assets and liabilities		
Accounts receivable	(1,881,578)	(2,261,284)
Inventory	(2,363,303)	(2,569,257)
Prepaid expenses and other current assets	(11,931)	(159,195)
Other assets - noncurrent	45,542	-
Trade payables	(409,816)	1,070,626
Accrued liabilities	(80,590)	(102,674)
Income taxes payable	(18,085)	(27,188)
Net cash used in operating activities	(3,767,123)	(3,256,357)
Cash flows from investing activities:		
Additions to property and equipment	(37,703)	(38,063)
Proceeds from disposal of property and equipment	35,027	-
Net cash used in investing activities	(2,676)	(38,063)
Cash flows from financing activities:		
Repayments of notes payable: includes related party repayments of \$95,327 and \$86,385 respectively	(172,889)	(180,473)
Repayments of short term financing, related party	(500,000)	(1,000,000)
Issuance of short term financing, related party	1,000,000	1,500,000
Borrowings under credit facility - revolving credit, net	3,447,965	3,004,226
Net cash provided by financing activities	3,775,076	3,323,753
Increase in cash	5,277	29,333
Cash - beginning of period	506,635	448,758
Cash - end of period	\$ 511,912	\$ 478,091