

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