

CCOM GROUP, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets

	September 30, 2019 (Unaudited)	December 31, 2018
Assets		
Current assets:		
Cash	\$ 431,605	\$ 307,472
Accounts receivable, net of allowance for doubtful accounts of \$512,308 and \$497,526, respectively	12,433,274	11,384,957
Inventory	20,452,137	18,740,410
Prepaid expenses and other current assets	994,530	1,046,161
Total current assets	34,311,546	31,479,000
Property and equipment	916,992	612,600
Goodwill	1,416,929	1,416,929
Other assets - noncurrent	361,812	471,178
Deferred tax asset - noncurrent	2,383,334	2,700,000
	\$ 39,390,613	\$ 36,679,707
Liabilities and Stockholders' Equity		
Current liabilities:		
Borrowings under credit facility - revolving credit	\$ 14,653,786	\$ 13,476,541
Notes payable - current portion; includes related party notes of \$0 and \$211,226, respectively	94,166	264,266
Trade payables	5,664,526	5,655,011
Accrued liabilities	2,765,040	2,479,556
Income taxes payable	-	715
Total current liabilities	23,177,518	21,876,089
Notes payable, excluding current portion; includes related party notes of \$0 and \$389,109, respectively	318,921	602,887
Deferred tax liability - noncurrent	354,000	354,000
Total liabilities	23,850,439	22,832,976
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
Retained Earnings	2,471,344	777,901
Total stockholders' equity	15,540,174	13,846,731
	\$ 39,390,613	\$ 36,679,707

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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Sales	\$ 31,903,370	\$ 29,011,036	\$ 86,396,102	\$ 77,831,952
Cost of sales	<u>24,143,894</u>	<u>21,649,400</u>	<u>64,299,485</u>	<u>57,467,408</u>
Gross profit	7,759,476	7,361,636	22,096,617	20,364,544
Selling, general and administrative expenses	<u>6,658,897</u>	<u>6,334,549</u>	<u>19,553,634</u>	<u>18,346,043</u>
Operating income	1,100,579	1,027,087	2,542,983	2,018,501
Other income	49,594	49,597	157,902	207,410
Interest expense, net; includes related party interest of \$7,708 and \$15,099 for three months ended September 30, 2019 and 2018, respectively, and \$34,503 and \$48,314 for the nine months ended September 30, 2019 and 2018, respectively	<u>(192,767)</u>	<u>(204,446)</u>	<u>(595,992)</u>	<u>(564,567)</u>
Income from operations	957,406	872,238	2,104,893	1,661,344
Income tax expense	<u>180,618</u>	<u>143,111</u>	<u>411,450</u>	<u>303,739</u>
Net income	<u>\$ 776,788</u>	<u>\$ 729,127</u>	<u>\$ 1,693,443</u>	<u>\$ 1,357,605</u>
Income per common share:				
Basic	<u>\$ 0.08</u>	<u>\$ 0.08</u>	<u>\$ 0.18</u>	<u>\$ 0.14</u>
Diluted	<u>\$ 0.08</u>	<u>\$ 0.07</u>	<u>\$ 0.17</u>	<u>\$ 0.14</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,	
	2019	2018
Cash flows from operating activities:		
Net income	\$ 1,693,443	\$ 1,357,605
Adjustments to reconcile net income to net cash used in operating activities:		
Deferred income taxes	316,666	120,000
Provision for doubtful accounts	151,254	210,372
Depreciation	230,201	232,461
Net gain on sale of fixed assets	(2,225)	(17,756)
Changes in operating assets and liabilities		
Accounts receivable	(1,199,571)	(1,065,771)
Inventory	(1,711,727)	(936,051)
Prepaid expenses and other current assets	51,631	230,580
Other assets - noncurrent	109,366	63,334
Trade payables	9,515	(979,967)
Accrued liabilities	285,484	358,793
Income taxes payable	(715)	(18,085)
Net cash used in operating activities	(66,678)	(444,485)
Cash flows from investing activities:		
Additions to property and equipment	(337,549)	(91,603)
Proceeds from disposal of property and equipment	7,000	36,027
Net cash used in investing activities	(330,549)	(55,576)
Cash flows from financing activities:		
Repayments of notes payable: includes related party repayments of \$600,335 and \$145,190 respectively	(655,885)	(247,229)
Repayments of short term financing, related party	(500,000)	(1,500,000)
Issuance of short term financing, related party	500,000	1,500,000
Borrowings under credit facility - revolving credit, net	1,177,245	714,601
Net cash provided by financing activities	521,360	467,372
Increase (decrease) in cash	124,133	(32,689)
Cash - beginning of period	307,472	506,635
Cash - end of period	\$ 431,605	\$ 473,946