

CCOM GROUP, INC. AND SUBSIDIARIES  
Condensed Consolidated Balance Sheets

	March 31, 2019 (Unaudited)	December 31, 2018
Assets		
Current assets:		
Cash	\$ 482,451	\$ 307,472
Accounts receivable, net of allowance for doubtful accounts of \$521,787 and \$497,526, respectively	10,686,015	11,384,957
Inventory	21,657,046	18,740,410
Prepaid expenses and other current assets	1,092,831	1,046,161
Total current assets	33,918,343	31,479,000
Property and equipment	612,440	612,600
Goodwill	1,416,929	1,416,929
Other assets - noncurrent	465,001	471,178
Deferred tax asset - noncurrent	2,700,000	2,700,000
	\$ 39,112,713	\$ 36,679,707
Liabilities and Stockholders' Equity		
Current liabilities:		
Borrowings under credit facility - revolving credit	\$ 16,740,418	\$ 13,476,541
Notes payable - current portion; includes related party notes of \$215,212 and \$211,226, respectively	268,026	264,266
Trade payables	5,481,148	5,655,011
Accrued liabilities	2,259,159	2,479,556
Income taxes payable	715	715
Total current liabilities	24,749,466	21,876,089
Notes payable, excluding current portion; includes related party notes of \$333,788 and \$389,109, respectively	534,088	602,887
Deferred tax liability - noncurrent	354,000	354,000
Total liabilities	25,637,554	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	406,329	777,901
Total stockholders' equity	13,475,159	13,846,731
	\$ 39,112,713	\$ 36,679,707

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

	For the Three Months Ended March 31,	
	<u>2019</u>	<u>2018</u>
Sales	\$ 21,803,610	\$ 19,846,307
Cost of sales	<u>15,695,470</u>	<u>14,339,948</u>
Gross profit	6,108,140	5,506,359
Selling, general and administrative expenses, net	<u>6,331,664</u>	<u>6,005,258</u>
Operating loss	(223,524)	(498,899)
Other income	57,351	74,375
Interest expense, net; includes related party interest of \$10,937 and \$14,506, respectively	<u>(187,019)</u>	<u>(164,347)</u>
Loss before income tax expense	(353,192)	(588,871)
Income tax expense	<u>18,380</u>	<u>-</u>
Net loss	<u>\$ (371,572)</u>	<u>\$ (588,871)</u>
Loss per common share:		
Basic and diluted	<u>\$ (0.04)</u>	<u>\$ (0.06)</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,	
	2019	2018
Cash flows from operating activities:		
Net loss	\$ (371,572)	\$ (588,871)
Adjustments to reconcile net loss to net cash used in operating activities:		
Provision for doubtful accounts	(7,708)	44,415
Depreciation	65,080	82,504
Net gain on sale of fixed assets	(2,225)	(11,187)
Changes in operating assets and liabilities		
Accounts receivable	706,650	1,062,632
Inventory	(2,916,636)	(6,041,949)
Prepaid expenses and other current assets	(46,670)	109,854
Other assets - noncurrent	6,177	45,724
Trade payables	(173,863)	3,746,332
Accrued liabilities	(220,397)	(368,166)
Income taxes payable	-	(12,583)
Net cash used in operating activities	(2,961,164)	(1,931,295)
Cash flows from investing activities:		
Additions to property and equipment	(69,695)	(13,384)
Proceeds from disposal of property and equipment	7,000	25,027
Net cash (used in) provided by investing activities	(62,695)	11,643
Cash flows from financing activities:		
Repayments of notes payable: includes related party repayments of \$51,335 and \$46,098 respectively	(65,039)	(96,661)
Issuance of short term financing, related party	-	500,000
Borrowings under credit facility - revolving credit, net	3,263,877	1,573,584
Net cash provided by financing activities	3,198,838	1,976,923
Increase in cash	174,979	57,271
Cash - beginning of period	307,472	506,635
Cash - end of period	\$ 482,451	\$ 563,906