

CCOM GROUP, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets

	<u>June 30,</u> 2019 (Unaudited)	<u>December 31,</u> 2018
Assets		
Current assets:		
Cash	\$ 393,616	\$ 307,472
Accounts receivable, net of allowance for doubtful accounts of \$461,902 and \$497,526, respectively	14,920,365	11,384,957
Inventory	20,079,293	18,740,410
Prepaid expenses and other current assets	866,178	1,046,161
Total current assets	36,259,452	31,479,000
Property and equipment	899,718	612,600
Goodwill	1,416,929	1,416,929
Other assets - noncurrent	428,552	471,178
Deferred tax asset - noncurrent	2,541,667	2,700,000
	\$ 41,546,318	\$ 36,679,707
Liabilities and Stockholders' Equity		
Current liabilities:		
Borrowings under credit facility - revolving credit	\$ 17,515,039	\$ 13,476,541
Notes payable - current portion; includes related party notes of \$219,272 and \$211,226, respectively	312,070	264,266
Trade payables	5,508,800	5,655,011
Accrued liabilities	2,472,618	2,479,556
Income taxes payable	-	715
Total current liabilities	25,808,527	21,876,089
Notes payable, excluding current portion; includes related party notes of \$277,424 and \$389,109, respectively	620,405	602,887
Deferred tax liability - noncurrent	354,000	354,000
Total liabilities	26,782,932	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	1,694,556	777,901
Total stockholders' equity	14,763,386	13,846,731
	\$ 41,546,318	\$ 36,679,707

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

	For The Three Months Ended		For The Six Months Ended	
	June 30,		June 30,	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Sales	\$ 32,689,122	\$ 28,974,609	\$ 54,492,732	\$ 48,820,916
Cost of sales	<u>24,460,121</u>	<u>21,478,060</u>	<u>40,155,591</u>	<u>35,818,008</u>
Gross profit	8,229,001	7,496,549	14,337,141	13,002,908
Selling, general and administrative expenses	<u>6,563,073</u>	<u>6,006,236</u>	<u>12,894,737</u>	<u>12,011,494</u>
Operating income	1,665,928	1,490,313	1,442,404	991,414
Other income	50,957	83,438	108,308	157,813
Interest expense, net; includes related party interest of \$15,968 and \$18,710 for three months ended June 30, 2019 and 2018, respectively, and \$26,905 and \$33,216 for the six months ended June 30, 2019 and 2018, respectively	<u>(216,206)</u>	<u>(195,774)</u>	<u>(403,225)</u>	<u>(360,121)</u>
Income from operations	1,500,679	1,377,977	1,147,487	789,106
Income tax expense	<u>212,452</u>	<u>160,628</u>	<u>230,832</u>	<u>160,628</u>
Net income	<u>\$ 1,288,227</u>	<u>\$ 1,217,349</u>	<u>\$ 916,655</u>	<u>\$ 628,478</u>
Income per common share:				
Basic	<u>\$ 0.14</u>	<u>\$ 0.13</u>	<u>\$ 0.10</u>	<u>\$ 0.07</u>
Diluted	<u>\$ 0.13</u>	<u>\$ 0.13</u>	<u>\$ 0.09</u>	<u>\$ 0.06</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,	
	2019	2018
Cash flows from operating activities:		
Net income	\$ 916,655	\$ 628,478
Adjustments to reconcile net income to net cash used in operating activities:		
Deferred income taxes	158,333	60,000
Provision for doubtful accounts	67,001	121,584
Depreciation	145,927	159,332
Net gain on sale of fixed assets	(2,225)	(16,756)
Changes in operating assets and liabilities		
Accounts receivable	(3,602,409)	(1,881,578)
Inventory	(1,338,883)	(2,363,303)
Prepaid expenses and other current assets	179,983	(11,931)
Other assets - noncurrent	42,626	45,542
Trade payables	(146,211)	(409,816)
Accrued liabilities	(6,938)	(80,590)
Income taxes payable	(715)	(18,085)
Net cash used in operating activities	(3,586,856)	(3,767,123)
Cash flows from investing activities:		
Additions to property and equipment	(236,001)	(37,703)
Proceeds from disposal of property and equipment	7,000	35,027
Net cash used in investing activities	(229,001)	(2,676)
Cash flows from financing activities:		
Repayments of notes payable: includes related party repayments of \$103,639 and \$95,327 respectively	(136,497)	(172,889)
Repayments of short term financing, related party	(500,000)	(500,000)
Issuance of short term financing, related party	500,000	1,000,000
Borrowings under credit facility - revolving credit, net	4,038,498	3,447,965
Net cash provided by financing activities	3,902,001	3,775,076
Increase in cash	86,144	5,277
Cash - beginning of period	307,472	506,635
Cash - end of period	\$ 393,616	\$ 511,912