



CCOM Group, Inc. Reports 2019 Results

HAWTHORNE, New Jersey (May 1, 2020) – CCOM Group, Inc. (“CCOM”) (OTC Pink: “CCOM,” “CCOMP”), announced its financial results for the year ended December 31, 2019.

Results for the year ended December 31, 2019 compared to results for the same period in 2018:

- Sales increased 8.6% to \$113,701,032 from \$104,657,935
- Gross profit increased 6.4% to \$29,016,775 from \$27,277,147
- Selling, general and administrative expenses increased 6.2% to \$26,375,014 from \$24,837,160
- Operating income increased 8.3% to \$2,641,761 from \$2,439,987
- Net income decreased 57.4% to \$1,308,234 from \$3,071,267; the 2019 amount includes a \$596,000 non-cash income tax expense and the 2018 amount includes a \$1,231,000 non-cash income tax benefit
- Net income per share on a fully diluted basis decreased to \$0.13 per share from \$0.32 per share

About CCOM Group, Inc.

CCOM Group, Inc. (“CCOM”) distributes heating, ventilating and air conditioning equipment (HVAC), parts and accessories, whole-house generators, climate control systems, and plumbing and electrical fixtures and supplies, primarily in New Jersey, New York, Massachusetts and portions of eastern Pennsylvania, Connecticut and Vermont through its subsidiaries: Universal Supply Group, Inc., www.usginc.com, The RAL Supply Group, Inc., www.ralsupply.com, and S&A Supply, Inc., www.sasupplyinc.com. CCOM is headquartered in New Jersey, and, with its affiliates, operates out of 16 locations in its geographic trading area. For more information on CCOM’s operations, products and/or services, please visit www.ccom-group.com.

For further information, please contact Peter D. Gasiewicz, Chief Executive Officer, or William Salek, Chief Financial Officer, at (973) 427-8224.

(Financial Highlights Follow)

CCOM GROUP, INC. AND SUBSIDIARIES
Consolidated Balance Sheets

	December 31, 2019	December 31, 2018
Assets		
Current assets:		
Cash	\$ 193,448	\$ 307,472
Accounts receivable, net of allowance for doubtful accounts of \$557,532 and \$497,526, respectively	11,260,382	11,384,957
Inventory	17,858,956	18,740,410
Prepaid expenses and other current assets	973,961	1,046,161
Total current assets	30,286,747	31,479,000
Property and equipment, net	1,009,524	612,600
Goodwill	1,416,929	1,416,929
Other assets - noncurrent	356,788	471,178
Deferred income tax asset - noncurrent	2,799,000	3,395,000
	\$35,868,988	\$37,374,707
Liabilities and Stockholders' Equity		
Current liabilities:		
Borrowings under credit facility - revolving credit	\$12,395,838	\$13,476,541
Notes payable, current portion; includes related party notes of \$0 and \$211,226, respectively	107,776	264,266
Trade payables	4,128,135	5,655,011
Accrued liabilities	2,657,118	2,479,556
Income taxes payable	24,625	715
Total current liabilities	19,313,492	21,876,089
Notes payable, non-current portion; includes related party notes of \$0 and \$389,109, respectively	351,531	602,887
Deferred income tax liability - noncurrent	354,000	354,000
Total liabilities	20,019,023	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	2,781,135	1,472,901
Total stockholders' equity	15,849,965	14,541,731
	\$35,868,988	\$37,374,707

CCOM GROUP, INC. AND SUBSIDIARIES
Consolidated Statements of Income

	For the Years Ended December 31,	
	2019	2018
Sales	\$113,701,032	\$104,657,935
Cost of sales	84,684,257	77,380,788
Gross profit	29,016,775	27,277,147
Selling, general and administrative expenses, net	26,375,014	24,837,160
Operating income	2,641,761	2,439,987
Other income	226,497	269,325
Interest expense, net; includes related party interest expense of \$34,503 and \$59,728, respectively	(748,440)	(745,019)
Income before income tax expense (benefit)	2,119,818	1,964,293
Income tax expense (benefit)	811,584	(1,106,974)
Net income	\$1,308,234	\$3,071,267
Income per common share:		
Basic	\$ 0.14	\$ 0.33
Diluted	\$ 0.13	\$ 0.32
Weighted average common shares outstanding:		
Basic	9,154,928	9,154,928
Diluted	9,439,540	9,439,540

CCOM GROUP, INC. AND SUBSIDIARIES
Consolidated Statements of Stockholders' Equity
For the Years Ended December 31, 2019 and 2018

	Number of shares		Redeemable Convertible Preferred Stock	Common Stock	Redeemable Convertible Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Total Stockholders' Equity
	Redeemable Convertible Preferred Stock	Common Stock							
Balance at December 31, 2017, as reported	284,612	9,154,928	\$ 14,231	\$ 457,746		\$12,596,853	\$(2,293,366)	\$10,775,464	
Impact of change to deferred taxes (See Note 1(r))							695,000	695,000	
Balance at December 31, 2017, as restated	284,612	9,154,928	\$ 14,231	\$ 457,746		\$12,596,853	\$(1,598,366)	\$11,470,464	
Net Income	-	-	-	-		-	3,071,267	3,071,267	
Balance at December 31, 2018	284,612	9,154,928	\$ 14,231	\$ 457,746		\$12,596,853	\$ 1,472,901	\$14,541,731	
Net Income	-	-	-	-		-	1,308,234	1,308,234	
Balance at December 31, 2019	284,612	9,154,928	\$ 14,231	\$ 457,746		\$12,596,853	\$ 2,781,135	\$15,849,965	

CCOM GROUP, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows

	For the Years Ended December 31,	
	2019	2018
Cash flows from operating activities:		
Net income	\$ 1,308,234	\$ 3,071,267
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred income tax expense (benefit)	596,000	(1,231,000)
Provision for doubtful accounts	295,476	334,558
Depreciation and amortization	319,042	298,654
Net gain on sale of property and equipment	(13,279)	(24,756)
Changes in operating assets and liabilities:		
Accounts receivable	(170,901)	(196,827)
Inventory	881,454	(2,508,894)
Prepaid expenses and other current assets	72,200	75,584
Other assets – noncurrent	114,390	(46,803)
Trade payables	(1,526,876)	1,096,706
Accrued liabilities	177,562	314,332
Income taxes payable	23,910	(17,773)
Net cash provided by operating activities	2,077,212	1,165,048
Cash flows from investing activities:		
Additions to property and equipment	(468,609)	(108,356)
Proceeds from disposal of property and equipment	37,000	43,027
Net cash used in investing activities	(431,609)	(65,329)
Cash flows from financing activities:		
Repayments of notes payable; includes related party repayments of \$600,335 and \$195,763, respectively	(678,924)	(310,774)
Repayments of short-term financing, related party	(500,000)	(1,500,000)
Issuance of short-term financing, related party	500,000	1,500,000
Repayments under credit facility - revolving credit, net	(1,080,703)	(988,108)
Net cash used in financing activities	(1,759,627)	(1,298,882)
Decrease in cash	(114,024)	(199,163)
Cash - beginning of year	307,472	506,635
Cash - end of year	\$ 193,448	\$ 307,472