

CCOM GROUP, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets

	<u>June 30,</u> <u>2020</u> (Unaudited)	<u>December 31,</u> <u>2019</u>
Assets		
Current assets:		
Cash	\$ 521,423	\$ 193,448
Accounts receivable, net of allowance for doubtful accounts of \$792,777 and \$557,532, respectively	12,712,215	11,260,382
Inventory	17,363,545	17,858,956
Prepaid expenses and other current assets	791,720	973,961
Total current assets	<u>31,388,903</u>	<u>30,286,747</u>
Property and equipment	1,070,912	1,009,524
Goodwill	1,416,929	1,416,929
Other assets - noncurrent	290,346	356,788
Deferred tax asset - noncurrent	2,640,667	2,799,000
	<u>\$ 36,807,757</u>	<u>\$ 35,868,988</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Borrowings under credit facility - revolving credit	\$ 11,942,152	\$ 12,395,838
Notes payable - current portion	1,456,409	107,776
Trade payables	3,665,493	4,128,135
Accrued liabilities	1,983,554	2,657,118
Income taxes payable	16,625	24,625
Total current liabilities	<u>19,064,233</u>	<u>19,313,492</u>
Notes payable, excluding current portion	1,295,789	351,531
Deferred tax liability - noncurrent	354,000	354,000
Total liabilities	<u>20,714,022</u>	<u>20,019,023</u>
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	3,024,905	2,781,135
Total stockholders' equity	<u>16,093,735</u>	<u>15,849,965</u>
	<u>\$ 36,807,757</u>	<u>\$ 35,868,988</u>

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>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Sales	\$ 26,685,479	\$ 32,689,122	\$ 49,094,282	\$ 54,492,732
Cost of sales	<u>20,022,336</u>	<u>24,460,121</u>	<u>36,516,628</u>	<u>40,155,591</u>
Gross profit	6,663,143	8,229,001	12,577,654	14,337,141
Selling, general and administrative expenses	<u>5,560,415</u>	<u>6,563,073</u>	<u>12,072,912</u>	<u>12,894,737</u>
Operating income	1,102,728	1,665,928	504,742	1,442,404
Other income	78,884	50,957	135,338	108,308
Interest expense, net; includes related party interest of \$0 and \$15,968 for three months ended June 30, 2020 and 2019, respectively, and \$0 and \$26,905 for the six months ended June 30, 2020 and 2019, respectively	<u>(87,658)</u>	<u>(216,206)</u>	<u>(219,211)</u>	<u>(403,225)</u>
Income from operations	1,093,954	1,500,679	420,869	1,147,487
Income tax expense	<u>162,033</u>	<u>212,452</u>	<u>177,099</u>	<u>230,832</u>
Net income	<u>\$ 931,921</u>	<u>\$ 1,288,227</u>	<u>\$ 243,770</u>	<u>\$ 916,655</u>
Income per common share:				
Basic	<u>\$ 0.10</u>	<u>\$ 0.14</u>	<u>\$ 0.03</u>	<u>\$ 0.10</u>
Diluted	<u>\$ 0.10</u>	<u>\$ 0.13</u>	<u>\$ 0.03</u>	<u>\$ 0.09</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,	
	2020	2019
Cash flows from operating activities:		
Net income	\$ 243,770	\$ 916,655
Adjustments to reconcile net income to net cash used in operating activities:		
Deferred income taxes	158,333	158,333
Provision for doubtful accounts	214,436	67,001
Depreciation	201,283	145,927
Net gain on sale of fixed assets	(2,000)	(2,225)
Changes in operating assets and liabilities		
Accounts receivable	(1,666,269)	(3,602,409)
Inventory	495,411	(1,338,883)
Prepaid expenses and other current assets	182,241	179,983
Other assets - noncurrent	66,442	42,626
Trade payables	(462,642)	(146,211)
Accrued liabilities	(673,564)	(6,938)
Income taxes payable	(8,000)	(715)
Net cash used in operating activities	(1,250,559)	(3,586,856)
Cash flows from investing activities:		
Additions to property and equipment	(200,923)	(236,001)
Proceeds from disposal of property and equipment	2,000	7,000
Net cash used in investing activities	(198,923)	(229,001)
Cash flows from financing activities:		
Repayments of notes payable: includes related party repayments of \$0 and \$103,639 respectively	(54,113)	(136,497)
Issuance of financing	2,285,256	
Repayments of short term financing, related party	-	(500,000)
Issuance of short term financing, related party	-	500,000
(Repayments) borrowings under credit facility - revolving credit, net	(453,686)	4,038,498
Net cash provided by financing activities	1,777,457	3,902,001
Increase in cash	327,975	86,144
Cash - beginning of period	193,448	307,472
Cash - end of period	\$ 521,423	\$ 393,616