

CCOM GROUP, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets

	September 30, 2020 (Unaudited)	December 31, 2019
Assets		
Current assets:		
Cash	\$ 286,554	\$ 193,448
Accounts receivable, net of allowance for doubtful accounts of \$793,952 and \$557,532, respectively	10,833,885	11,260,382
Inventory	19,055,708	17,858,956
Prepaid expenses and other current assets	699,968	973,961
Total current assets	30,876,115	30,286,747
Property and equipment	1,183,043	1,009,524
Goodwill	1,416,929	1,416,929
Other assets - noncurrent	247,314	356,788
Deferred tax asset - noncurrent	2,482,334	2,799,000
	\$ 36,205,735	\$ 35,868,988
Liabilities and Stockholders' Equity		
Current liabilities:		
Borrowings under credit facility - revolving credit	\$ 8,372,940	\$ 12,395,838
Notes payable - current portion	1,549,132	107,776
Trade payables	5,179,366	4,128,135
Accrued liabilities	2,376,126	2,657,118
Income taxes payable	-	24,625
Total current liabilities	17,477,564	19,313,492
Notes payable, excluding current portion	1,362,993	351,531
Deferred tax liability - noncurrent	354,000	354,000
Total liabilities	19,194,557	20,019,023
Commitments and contingencies		
Stockholders' equity:		
Redeemable convertible preferred stock, \$.05 par value, 2,500,000 shares authorized, 284,612 shares issued and (Repayments) borrowings under credit facility - revolving credit, net	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	3,942,348	2,781,135
Total stockholders' equity	17,011,178	15,849,965
	\$ 36,205,735	\$ 35,868,988

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>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Sales	\$ 28,185,554	\$ 31,903,370	\$ 77,279,836	\$ 86,396,102
Cost of sales	<u>20,784,055</u>	<u>24,143,894</u>	<u>57,300,683</u>	<u>64,299,485</u>
Gross profit	7,401,499	7,759,476	19,979,153	22,096,617
Selling, general and administrative expenses	<u>6,169,708</u>	<u>6,658,897</u>	<u>18,242,620</u>	<u>19,553,634</u>
Operating income	1,231,791	1,100,579	1,736,533	2,542,983
Other income	44,026	49,594	179,364	157,902
Interest expense, net; includes related party interest of \$0 and \$7,708 for three months ended September 30, 2020 and 2019, respectively, and \$0 and \$34,503 for the nine months ended September 30, 2020 and 2019, respectively	<u>(78,525)</u>	<u>(192,767)</u>	<u>(297,736)</u>	<u>(595,992)</u>
Income from operations	1,197,292	957,406	1,618,161	2,104,893
Income tax expense	<u>279,849</u>	<u>180,618</u>	<u>456,948</u>	<u>411,450</u>
Net income	<u>\$ 917,443</u>	<u>\$ 776,788</u>	<u>\$ 1,161,213</u>	<u>\$ 1,693,443</u>
Income per common share:				
Basic	<u>\$ 0.10</u>	<u>\$ 0.08</u>	<u>\$ 0.12</u>	<u>\$ 0.18</u>
Diluted	<u>\$ 0.09</u>	<u>\$ 0.08</u>	<u>\$ 0.12</u>	<u>\$ 0.17</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,	
	2020	2019
Cash flows from operating activities:		
Net income	\$ 1,161,213	\$ 1,693,443
Adjustments to reconcile net income to net cash used in operating activities:		
Deferred income taxes	316,666	316,666
Provision for doubtful accounts	274,627	151,254
Depreciation	309,633	230,201
Net gain on sale of fixed assets	(12,300)	(2,225)
Changes in operating assets and liabilities		
Accounts receivable	151,870	(1,199,571)
Inventory	(1,196,752)	(1,711,727)
Prepaid expenses and other current assets	273,993	51,631
Other assets - noncurrent	109,474	109,366
Trade payables	1,051,231	9,515
Accrued liabilities	(280,992)	285,484
Income taxes payable	(24,625)	(715)
Net cash provided by (used in) operating activities	2,134,038	(66,678)
Cash flows from investing activities:		
Additions to property and equipment	(228,920)	(337,549)
Proceeds from disposal of property and equipment	12,300	7,000
Net cash used in investing activities	(216,620)	(330,549)
Cash flows from financing activities:		
Repayments of notes payable: includes related party repayments of \$0 and \$600,335 respectively	(86,670)	(655,885)
Repayments of short term financing, related party		(500,000)
Issuance of financing	2,285,256	
Issuance of short term financing, related party		500,000
Borrowings under credit facility - revolving credit, net	(4,022,898)	1,177,245
Net cash (used in) provided by financing activities	(1,824,312)	521,360
Increase in cash	93,106	124,133
Cash - beginning of period	193,448	307,472
Cash - end of period	\$ 286,554	\$ 431,605