

CCOM GROUP, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets

	June 30, 2017 <u>(Unaudited)</u>	December 31, 2016 <u></u>
Assets		
Current assets:		
Cash	\$ 478,091	\$ 448,758
Accounts receivable, net of allowance for doubtful accounts of \$1,184,797 and \$1,078,613, respectively	12,923,595	10,788,257
Inventory	17,457,282	14,888,025
Prepaid expenses and other current assets	839,234	680,039
Total current assets	31,698,202	26,805,079
Property and equipment	655,697	756,050
Goodwill	1,416,929	1,416,929
Other assets - noncurrent	171,144	171,144
Deferred tax asset - noncurrent	2,256,500	2,316,500
	<u>\$ 36,198,472</u>	<u>\$ 31,465,702</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Borrowings under credit facility - revolving credit	\$ 16,422,081	\$ 13,417,855
Convertible notes payable; related party	100,000	-
Notes payable - current portion; includes related party notes of \$635,777 and \$176,283, respectively	780,924	353,208
Trade payables	4,922,633	3,852,007
Accrued liabilities	1,892,409	1,995,083
Income taxes payable	15,000	42,188
Total current liabilities	24,133,047	19,660,341
Convertible notes payable, excluding current portion-related party	-	100,000
Notes payable, excluding current portion; includes related party notes of \$750,000 and \$795,879, respectively	821,027	877,304
Deferred tax liability - noncurrent	567,000	567,000
Total liabilities	25,521,074	21,204,645
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
Accumulated deficit	(2,391,432)	(2,807,773)
Total stockholders' equity	10,677,398	10,261,057
	<u>\$ 36,198,472</u>	<u>\$ 31,465,702</u>

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

	For The Three Months Ended June 30,		For The Six Months Ended June 30,	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Sales	\$ 26,624,977	\$ 23,635,776	\$ 44,296,353	\$ 41,514,540
Cost of sales	<u>19,760,960</u>	<u>17,240,829</u>	<u>32,422,337</u>	<u>30,178,602</u>
Gross profit	6,864,017	6,394,947	11,874,016	11,335,938
Selling, general and administrative expenses	<u>5,610,928</u>	<u>5,364,632</u>	<u>11,162,264</u>	<u>10,825,833</u>
Operating income	1,253,089	1,030,315	711,752	510,105
Other income	59,372	45,988	108,657	89,505
Interest expense, net; includes related party interest of \$24,803 and \$37,398 for three months ended June 30, 2017 and 2016, respectively, and \$43,986 and \$67,064 for the six months ended June 30, 2017 and 2016, respectively	<u>(168,254)</u>	<u>(166,728)</u>	<u>(316,145)</u>	<u>(307,812)</u>
Income from operations	1,144,207	909,575	504,264	291,798
Income tax expense	<u>78,137</u>	<u>-</u>	<u>87,923</u>	<u>-</u>
Net income	<u>\$ 1,066,070</u>	<u>\$ 909,575</u>	<u>\$ 416,341</u>	<u>\$ 291,798</u>
Income per common share:				
Basic	<u>\$ 0.12</u>	<u>\$ 0.10</u>	<u>\$ 0.05</u>	<u>\$ 0.03</u>
Diluted	<u>\$ 0.11</u>	<u>\$ 0.10</u>	<u>\$ 0.04</u>	<u>\$ 0.03</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,	
	2017	2016
Cash flows from operating activities:		
Net income	\$ 416,341	\$ 291,798
Adjustments to reconcile net income to net cash used in operating activities:		
Deferred income taxes	60,000	-
Provision for doubtful accounts	125,946	71,216
Depreciation	190,328	177,625
Net gain on sale of fixed assets	-	(1,757)
Changes in operating assets and liabilities		
Accounts receivable	(2,261,284)	(2,002,287)
Inventory	(2,569,257)	(2,106,041)
Prepaid expenses and other current assets	(159,195)	(64,185)
Other assets - noncurrent	-	5,236
Trade payables	1,070,626	292,322
Accrued liabilities	(102,674)	390,226
Income taxes payable	(27,188)	-
Net cash used in operating activities	<u>(3,256,357)</u>	<u>(2,945,847)</u>
Cash flows from investing activities:		
Additions to property and equipment	(38,063)	(80,343)
Proceeds from disposal of property and equipment	-	8,847
Net cash used in investing activities	<u>(38,063)</u>	<u>(71,496)</u>
Cash flows from financing activities:		
Repayments of notes payable: includes related party repayments of \$586,385 and \$1,829,764 respectively	(680,473)	(1,913,740)
Issuance of notes payable, related party	1,000,000	2,750,000
Borrowings under credit facility - revolving credit, net	3,004,226	2,064,521
Net cash provided by financing activities	<u>3,323,753</u>	<u>2,900,781</u>
Increase (decrease) in cash	29,333	(116,562)
Cash - beginning of period	448,758	577,303
Cash - end of period	<u>\$ 478,091</u>	<u>\$ 460,741</u>