

IMPRESO, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS

	August 31, 2019	August 31, 2018	August 31, 2017
	<u> </u>	<u> </u>	<u> </u>
Current assets:			
Trade accounts receivable, net of allowance for doubtful accounts of \$679,275 as of August 31, 2019, \$736,020 as of August 31, 2018, and \$239,441 as of August 31, 2017	\$8,792,502	\$7,005,416	\$8,516,105
Inventories, net of allowances	\$20,723,656	\$21,344,452	\$13,348,294
Prepaid expenses and other	\$359,967	\$485,587	\$1,081,349
Deferred income tax assets	-	-	\$240,429
	<u> </u>	<u> </u>	<u> </u>
Total current assets	<u>\$29,876,125</u>	<u>\$28,835,455</u>	<u>\$23,186,177</u>
Property, plant, and equipment, at cost	\$21,706,492	\$19,985,746	\$18,464,840
Less accumulated depreciation	<u>(14,655,171)</u>	<u>(13,946,599)</u>	<u>(14,442,709)</u>
	<u> </u>	<u> </u>	<u> </u>
Net property, plant, and equipment	<u>\$7,051,321</u>	<u>\$6,039,147</u>	<u>\$4,022,131</u>
Noncurrent assets:			
Other assets	<u>\$113,097</u>	<u>\$88,435</u>	<u>\$59,821</u>
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u><u>\$37,040,543</u></u>	<u><u>\$34,963,037</u></u>	<u><u>\$27,268,129</u></u>

The accompanying notes are an integral part of the consolidated financial statements.

IMPRESO, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)
LIABILITIES AND STOCKHOLDERS' EQUITY

	August 31, 2019	August 31, 2018	August 31, 2017
Current liabilities:			
Checks issued in excess of funds held on deposit	\$2,481,879	\$2,236,313	\$1,184,277
Accounts payable	\$4,581,967	\$3,764,498	\$3,381,145
Accrued liabilities	\$1,961,340	\$1,235,984	\$675,502
Accrued commissions	\$3,598,077	\$4,243,576	\$2,406,316
Current maturities of long-term debt	<u>\$439,532</u>	<u>\$382,588</u>	<u>\$86,380</u>
Total current liabilities	\$13,062,795	\$11,862,959	\$7,733,620
Long-term liabilities:			
Long-term debt, net of current maturities	\$1,670,618	\$1,773,251	\$125,976
Line of credit	\$3,828,634	\$4,406,898	\$4,132,450
Deferred tax liability	<u>\$527,312</u>	<u>\$664,479</u>	<u>\$528,191</u>
Total liabilities	<u>\$19,089,359</u>	<u>\$18,707,587</u>	<u>\$12,520,237</u>
Stockholders' equity:			
Preferred stock, \$.01 par value; 5,000,000 shares authorized; 0 shares issued and outstanding	-	-	-
Common stock, \$.01 par value; 15,000,000 shares authorized; 5,292,780 issued; 4,021,263 outstanding as of August 31, 2019, 2018, and 2017	\$52,928	\$52,928	\$52,928
Additional paid-in capital	\$6,353,656	\$6,353,656	\$6,353,656
Retained earnings	<u>\$12,903,885</u>	<u>\$11,208,151</u>	<u>\$9,700,593</u>
Stockholders' equity	\$19,310,469	\$17,614,735	\$16,107,177
Treasury stock (1,271,517 shares as of August 31, 2019, 2018, and 2017, at cost)	<u>(\$1,359,285)</u>	<u>(\$1,359,285)</u>	<u>(\$1,359,285)</u>
Total stockholders' equity	<u>\$17,951,184</u>	<u>\$16,255,450</u>	<u>\$14,747,892</u>
Total liabilities and stockholders' equity	<u><u>\$37,040,543</u></u>	<u><u>\$34,963,037</u></u>	<u><u>\$27,268,129</u></u>

The accompanying notes are an integral part of the consolidated financial statements.

IMPRESO, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended August 31,		
	2019	2018	2017
Net sales	\$ 115,265,459	\$ 101,331,030	\$ 87,048,181
Cost of sales	102,383,448	89,060,043	78,291,148
Gross profit	12,882,011	12,270,987	8,757,033
Loss on disposal of assets	-	-	34,857
Selling, general and administrative expense	10,164,984	9,714,026	8,300,209
Operating income	2,717,027	2,556,961	421,967
Other (income) expense:			
Interest expense	488,203	321,676	217,262
Other (income) expense, net	114,994	36,707	2,143
Total other (income) expense, net	603,197	358,383	219,405
Income before income tax expense	2,113,830	2,198,578	202,562
Income tax expense:			
Current	386,461	314,302	22,742
Deferred	31,635	376,718	85,265
Total income tax expense	418,096	691,020	108,007
Net income	\$ 1,695,734	\$ 1,507,558	\$ 94,555

The accompanying notes are an integral part of the consolidated financial statements.

IMPRESO, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended August 31,		
	2019	2018	2017
Net income	\$1,695,734	\$1,507,558	\$ 94,555
Adjustments to reconcile net income to net cash provided by (used in) operating activities-			
Depreciation and amortization	735,540	862,790	335,956
Bad debt (recovery) expense	-	-	(81,199)
Loss (gain) on disposal of property, plant and equipment	-	-	34,857
Deferred income tax expense	31,635	376,718	85,265
(Increase) decrease in trade accounts receivable	(1,787,086)	1,510,689	(661,028)
Decrease (increase) inventories	620,796	(7,996,158)	411,443
Decrease (increase) in prepaid expenses and other	125,620	595,762	(532,522)
(Increase) decrease in noncurrent assets	(24,662)	(28,614)	25,000
Increase (decrease) in accounts payable	817,469	383,353	1,322,118
(Decrease) increase in accrued liabilities	(115,914)	2,427,808	255,880
Net cash provided by (used in) operating activities	<u>2,099,132</u>	<u>(360,094)</u>	<u>1,290,325</u>
Cash Flows From Investing Activities			
Additions to property, plant and equipment	(1,720,745)	(2,909,873)	(125,254)
Net cash used in investing activities	<u>(1,720,745)</u>	<u>(2,909,873)</u>	<u>(125,254)</u>
Cash Flows From Financing Activities			
Checks issued in excess of funds on deposit	245,566	1,052,036	103,503
Borrowings on line of credit	115,828,786	106,177,881	96,184,833
Payments on line of credit	(116,407,050)	(105,903,433)	(97,325,966)
Borrowings on debt	395,062	2,145,922	0
Payments on debt	(440,751)	(202,439)	(127,441)
Net cash (used in) provided by financing activities	<u>(378,387)</u>	<u>3,269,967</u>	<u>(1,165,071)</u>
Net change in cash	-	-	-
Cash, beginning of year	-	-	-
Cash, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of the consolidated financial statements.