

IMPRESO, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS

	<u>August 31,</u> <u>2020</u>	<u>August 31,</u> <u>2019</u>	<u>August 31,</u> <u>2018</u>
Current assets:			
Trade accounts receivable, net of allowance for doubtful accounts of \$603,660 as of August 31, 2020, \$679,275 as of August 31, 2019, and \$736,020 as of August 31, 2018	\$7,144,809	\$8,792,502	\$7,005,416
Inventories, net of allowances	19,386,811	20,723,656	21,344,452
Prepaid expenses and other	<u>352,840</u>	<u>359,967</u>	<u>485,587</u>
Total current assets	<u>26,884,460</u>	<u>29,876,125</u>	<u>28,835,455</u>
Property, plant, and equipment, at cost	26,121,156	21,706,492	19,985,746
Less accumulated depreciation	<u>(15,154,820)</u>	<u>(14,655,171)</u>	<u>(13,946,599)</u>
Net property, plant, and equipment	<u>10,966,336</u>	<u>7,051,321</u>	<u>6,039,147</u>
Noncurrent assets:			
Other assets - Deposits	<u>113,097</u>	<u>113,097</u>	<u>88,435</u>
Total assets	<u><u>37,963,893</u></u>	<u><u>37,040,543</u></u>	<u><u>34,963,037</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, 2020	August 31, 2019	August 31, 2018
Current liabilities:			
Checks issued in excess of funds held on deposit	\$ 1,487,092	\$ 2,481,879	\$ 2,236,313
Accounts payable	5,858,163	4,581,967	3,764,498
Accrued liabilities	1,965,662	1,961,340	1,235,984
Accrued sales rebates	3,945,997	3,598,077	4,243,576
Current maturities of long-term debt	435,894	439,532	382,588
Total current liabilities	13,692,808	13,062,795	11,862,959
Long-term liabilities:			
Long-term debt, net of current maturities	3,891,082	1,670,618	1,773,251
Line of credit	2,477,929	3,828,634	4,406,898
Deferred tax liability	486,854	527,312	664,479
Total liabilities	20,548,673	19,089,359	18,707,587
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, 2020, 2019, and 2018	52,928	52,928	52,928
Additional paid-in capital	6,353,656	6,353,656	6,353,656
Retained earnings	12,367,921	12,903,885	11,208,151
Stockholders' equity	18,774,505	19,310,469	17,614,735
Treasury stock (1,271,517 shares as of August 31, 2020, 2019, and 2018, at cost)	(1,359,285)	(1,359,285)	(1,359,285)
Total stockholders' equity	17,415,220	17,951,184	16,255,450
Total liabilities and stockholders' equity	37,963,893	37,040,543	34,963,037

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IMPRESO, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	2020	Years Ended August 31, 2019	2018
Net sales	\$ 96,151,574	\$ 115,265,459	\$ 101,331,030
Cost of sales	<u>85,772,467</u>	<u>102,383,448</u>	<u>89,060,043</u>
Gross profit	10,379,107	12,882,011	12,270,987
Selling, general and administrative expense	<u>10,233,642</u>	<u>10,164,984</u>	<u>9,714,026</u>
Operating income	<u>145,465</u>	<u>2,717,027</u>	<u>2,556,961</u>
Other expense (income):			
Interest expense	467,730	488,203	321,676
Other (income) expense, net	<u>203,281</u>	<u>114,994</u>	<u>36,707</u>
Total other expense (income), net	<u>671,011</u>	<u>603,197</u>	<u>358,383</u>
(Loss) income before income tax expense	<u>(525,546)</u>	<u>2,113,830</u>	<u>2,198,578</u>
Income tax expense:			
Current	47,614	386,461	314,302
Deferred	<u>(37,196)</u>	<u>31,635</u>	<u>376,718</u>
Total income tax expense	<u>10,418</u>	<u>418,096</u>	<u>691,020</u>
Net (loss) income	<u>\$ (535,964)</u>	<u>\$ 1,695,734</u>	<u>\$ 1,507,558</u>

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,		
	2020	2019	2018
Net (loss) income	\$ (535,964)	\$1,695,734	\$1,507,558
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities-			
Depreciation and amortization	629,073	735,540	862,790
Bad debt (recovery) expense	-	-	-
Deferred income tax expense	(37,196)	31,635	376,718
(Increase) decrease in trade accounts receivable	1,647,693	(1,787,086)	1,510,689
Decrease (increase) inventories	1,336,845	620,796	(7,996,158)
Decrease (increase) in prepaid expenses and other	7,127	125,620	595,762
(Increase) decrease in noncurrent assets	-	(24,662)	(28,614)
Increase (decrease) in accounts payable	1,276,196	817,469	383,353
(Decrease) increase in accrued liabilities	219,556	(115,914)	2,427,808
Net cash provided by (used in) operating activities	<u>4,543,330</u>	<u>2,099,132</u>	<u>(360,094)</u>
Cash Flows From Investing Activities			
Additions to property, plant and equipment	(4,414,664)	(1,720,745)	(2,909,873)
Net cash used in investing activities	<u>(4,414,664)</u>	<u>(1,720,745)</u>	<u>(2,909,873)</u>
Cash Flows From Financing Activities			
Checks issued in excess of funds on deposit	(994,787)	245,566	1,052,036
Borrowings on line of credit	100,593,257	115,828,786	106,177,881
Payments on line of credit	(101,943,962)	(116,407,050)	(105,903,433)
Borrowings on debt	2,514,252	395,062	2,145,922
Payments on debt	(297,426)	(440,751)	(202,439)
Net cash (used in) provided by financing activities	<u>(128,666)</u>	<u>(378,387)</u>	<u>3,269,967</u>
Net change in cash	-	-	-
Cash, beginning of year	-	-	-
Cash, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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