

IMPRESO, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

ASSETS
(unaudited)

	February 29, 2024	August 31, 2023
Current assets:		
Cash	\$ 207,084	\$ 300,282
Trade accounts receivable, net of allowance for doubtful accounts of (\$577,052) as of February 29, 2024, and (\$802,052) as of August 31, 2023	12,035,085	13,122,237
Inventories, net of allowances	38,268,914	34,292,891
Prepaid expenses and other	778,183	384,264
Deferred income tax assets	<u> </u>	<u> </u>
Total current assets	<u>\$ 51,289,266</u>	<u>\$ 48,099,674</u>
Property, plant and equipment, at cost	29,553,863	29,180,749
Less accumulated depreciation	<u>(18,146,493)</u>	<u>(17,630,447)</u>
Net property, plant and equipment	<u>11,407,371</u>	<u>11,550,302</u>
Right-of-Use Operating Lease Assets	<u>18,828,708</u>	<u>19,947,263</u>
Noncurrent assets:		
Other assets	<u>\$ 226,820</u>	<u>\$ 224,187</u>
Total assets	<u><u>\$ 81,752,164</u></u>	<u><u>\$ 79,821,426</u></u>

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

	February 29, 2024	August 31, 2023
Current liabilities:		
Checks Issued in excess of cash	\$ 2,951,849	\$ 4,711,179
Accounts payable	5,417,499	5,593,784
Accrued liabilities	2,089,939	2,283,798
Accrued Sales Rebates	7,093,397	8,237,667
Current maturities of long-term debt	1,695,133	1,695,133
Current maturities of lease liabilities	2,825,733	2,825,733
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Total current liabilities	22,073,551	25,347,294
Long-term debt, net of current maturities	1,657,518	1,897,311
Lease Liabilities - Operating	16,498,093	17,615,392
Line of credit	14,811,812	8,295,243
Deferred tax liability	1,428,637	1,428,637
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Total liabilities	\$ 56,469,612	\$ 54,583,877
Stockholders' equity:		
Preferred stock, \$.01 par value; 5,000,000 shares authorized; 0 shares issued and outstanding	0	0
Common stock, \$.01 par value; 15,000,000 shares authorized; 5,292,780 issued and 4,021,263 outstanding	52,928	52,928
Additional paid-in capital	6,353,656	6,353,656
Retained earnings	20,235,254	20,190,250
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Stockholders' equity	26,641,838	26,596,834
Treasury stock (1,271,517 shares, at cost)	(1,359,285)	(1,359,285)
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Total stockholders' equity	\$ 25,282,553	\$ 25,237,549
Total liabilities and stockholders' equity	<u>\$ 81,752,164</u>	<u>\$ 79,821,426</u>

IMPRESO, INC. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	<u>Six Months Ended February 29, 2024</u>	<u>Twelve Months Ended August 31, 2023</u>
Net sales	\$ 62,848,211	\$ 143,720,176
Cost of sales	<u>54,955,816</u>	<u>122,302,142</u>
Gross profit	7,892,395	21,418,034
Loss on disposal of assets	-	-
Selling, general and administrative expenses	<u>7,216,554</u>	<u>19,043,511</u>
Operating income	675,841	2,374,523
Other expenses (income):		
Interest expense	646,557	1,042,472
Other (income) / expense, net	(15,719)	(249,293)
Total other expense, net	<u>630,838</u>	<u>793,179</u>
Income before income tax expense	45,003	1,581,344
Income tax expense:		
Current	-	542,311
Deferred	<u>-</u>	<u>-</u>
Total income tax expense	-	542,311
Net income	<u>\$ 45,003</u>	<u>\$ 1,039,033</u>

IMPRESO, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	<u>Six Months Ended February 29, 2024</u>	<u>Twelve Months Ended August 31, 2023</u>
Cash Flows From Operating Activities:		
Net income	\$ 45,003	\$ 1,039,033
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	516,046	1,402,940
Gain on disposal of property and equipment		(15,489)
Bad debt (Recovery) / Expense		
Increase / (Decrease) in provision of losses of inventory		
Deferred income tax expense		43,969
(Increase) / Decrease in trade accounts receivable	1,087,152	(1,353,255)
Noncash lease adjustment	(1,117,299)	493,862
(Increase) / Decrease in inventory	(3,976,023)	3,494,483
(Increase) / Decrease in prepaid expenses and other	(393,919)	428,566
(Increase) / Decrease in noncurrent assets	1,115,922	
(Decrease) / Increase in checks in excess of cash	(1,759,330)	
(Decrease) / Increase in accounts payable	(176,285)	(680,315)
(Decrease) / Increase in accrued liabilities	(1,338,129)	1,775,805
Net cash (used in) provided by operating activities	<u>(5,996,861)</u>	<u>6,629,599</u>
Cash Flows From Investing Activities:		
Additions to property, plant and equipment	(373,114)	(197,635)
Proceeds from sale of property, plant and equipment		
Net cash used in investing activities	<u>(373,114)</u>	<u>(197,635)</u>
Cash Flows From Financing Activities:		
Net borrowings / (payments) on line of credit	6,516,569	(5,109,941)
Net borrowings / (payments) on debt	(239,793)	(1,021,741)
Purchase of Treasury Stock	-	-
Net cash provided by (used in) financing activities	<u>6,276,777</u>	<u>(6,131,682)</u>
Net change in cash	(93,199)	300,282
Cash and cash equivalents, beginning of period	<u>300,282</u>	<u>-</u>
Cash and cash equivalents, end of period	<u>\$ 207,084</u>	<u>\$ 300,282</u>