

IMPRESO, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

ASSETS
(unaudited)

| | May 31, 2023 | Aug 31, 2022 |
|--|----------------------------|----------------------------|
| | <hr/> | <hr/> |
| Current assets: | | |
| Cash ¹ | \$ (3,839,594) | \$ (3,474,183) |
| Trade accounts receivable, net of allowance for doubtful accounts as of May 31, 2023 (\$803,284), and (\$806,505) as of August 31, 2022 | 11,796,554 | 11,693,283 |
| Inventories, net of allowances | 34,616,321 | 38,246,863 |
| Prepaid expenses and other | 773,305 | 646,956 |
| Deferred income tax assets | | |
| | <hr/> | <hr/> |
| Total current assets | 43,346,586 | 47,112,919 |
| | | |
| Property, plant and equipment, at cost | 30,597,146 | 29,447,767 |
| Less accumulated depreciation | <hr/> (18,132,275) | <hr/> (17,243,484) |
| | | |
| Net property, plant and equipment | <hr/> 12,464,871 | <hr/> 12,204,284 |
| | | |
| Noncurrent assets: | | |
| Other assets | <hr/> 167,671 | <hr/> 113,097 |
| | | |
| Total assets | <hr/> <u>\$ 55,979,127</u> | <hr/> <u>\$ 59,430,300</u> |

¹ Zero balance checking account less outstanding checks. (Account is never overdrawn.)

IMPRESO, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (CONTINUED)

LIABILITIES AND STOCKHOLDERS' EQUITY
(unaudited)

| | <u>May 31,</u> <u>2023</u> | <u>August 31,</u> <u>2022</u> |
|--|-------------------------------|----------------------------------|
| Current liabilities: | | |
| Accounts payable | \$ 3,554,266 | \$ 5,816,591 |
| Accrued liabilities | 1,959,765 | 1,918,613 |
| Accrued commissions | 8,560,798 | 5,933,223 |
| Current maturities of long-term debt | <u>1,149,713</u> | <u>1,149,713</u> |
| Total current liabilities | 15,224,542 | 14,818,140 |
| Long-term debt, net of current maturities | 3,116,569 | 3,538,054 |
| Line of credit | 9,680,843 | 14,673,439 |
| Deferred tax liability | <u>1,112,837</u> | <u>1,528,774</u> |
| Total liabilities | <u>29,134,791</u> | <u>34,558,407</u> |
| 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 |
| Retro adjustment to past retained earnings | | (1,012,868) |
| Prior retained earnings | 19,824,594 | 18,098,178 |
| Current retained earnings | <u>1,972,443</u> | <u>2,739,284</u> |
| Stockholders' equity | 28,203,622 | 26,231,178 |
| Treasury stock (1,271,517 shares, at cost) | <u>(1,359,285)</u> | <u>(1,359,285)</u> |
| Total stockholders' equity | <u>26,844,337</u> | <u>24,871,893</u> |
| Total liabilities and stockholders' equity | <u>\$ 55,979,128</u> | <u>\$ 59,430,300</u> |

IMPRESO, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

| | Nine Months Ended May 31, 2023 | Twelve Months Ended August 31, 2022 |
|--|---|--|
| Net sales | \$ 99,895,365 | \$ 112,359,993 |
| Cost of sales | 86,706,926 | 98,906,594 |
| Gross profit | 13,188,439 | 13,453,399 |
| Loss on disposal of assets | - | - |
| Selling, general and administrative expenses | 10,454,189 | 11,781,155 |
| Operating income | 2,734,250 | 1,672,244 |
| Other expenses (income): | | |
| Interest expense | (859,372) | (444,618) |
| Other (income) / expense, net | 95,120 | 58,713 |
| Gain from PPP Debt Forgiveness | - | 2,000,000 |
| Total other expense, net | (764,252) | 1,614,095 |
| Income before income tax expense | 1,969,998 | 3,286,339 |
| Income tax expense: | | |
| Current | (2,445) | 547,055 |
| Deferred | - | - |
| Total income tax expense | (2,445) | 547,055 |
| Net income | \$ 1,972,443 | \$ 2,739,284 |