

**REGIONAL BRANDS, INC.**  
**CONSOLIDATED BALANCE SHEET**

	<b>March 31,</b>	<b>December 31,</b>
	<b>2021</b>	<b>2020</b>
	<i>(Unaudited)</i>	
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 4,246,464	\$ 3,118,662
Short-term Investments	2,132,151	2,662,367
Accounts receivable	4,749,849	6,669,052
Inventories	674,696	731,787
Costs and estimated earning in excess of billings on uncompleted contracts	2,703,544	2,630,421
Prepaid expenses and other current assets	1,076,411	1,164,335
Total current assets	15,583,115	16,976,624
Equipment, net	459,404	512,215
Right of use assets	1,936,071	2,038,901
Intangibles, net of amortization	700,000	1,000,000
Goodwill	3,045,481	3,045,481
Other assets	552,721	554,332
Deferred taxes	1,044,647	1,044,647
<b>Total assets</b>	\$ 23,321,440	\$ 25,172,200
 <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 747,888	\$ 958,235
Accrued expenses and other current liabilities	267,374	466,945
Line of credit	-	1,637,622
Current portion of subordinated term note	62,500	-
Billings in excess of costs and estimated earning on uncompleted contracts	1,486,408	1,293,941
Current portion of lease liability	413,307	418,246
Total current liabilities	2,977,477	4,774,988
Lease liability	1,522,764	1,620,655
Subordinated term note	1,937,500	2,000,000
<b>Total liabilities</b>	6,437,741	8,395,643
<b>Commitments and contingencies</b>	-	-
<b>Stockholders' equity :</b>		
Common stock, \$.00001 par value, 50,000,000 shares authorized, 1,227,757 shares issued and outstanding	13	13
Additional paid-in capital	18,674,299	18,663,899
Accumulated deficit	(1,790,612)	(1,887,355)
Total stockholders' equity	16,883,699	16,776,556
<b>Total liabilities and stockholders' equity</b>	\$ 23,321,440	\$ 25,172,200

**REGIONAL BRANDS, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

	<b>Three Months Ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
	<i>(Unaudited)</i>	
Net sales	\$ 6,552,313	\$ 8,460,598
Cost of sales	4,469,668	5,910,650
Gross profit	2,082,645	2,549,948
Operating expenses:		
Selling	911,141	1,185,548
General and administrative	873,327	1,116,908
Amortization of intangible assets	300,000	300,000
Operating expenses	2,084,468	2,602,456
Operating income (loss)	(1,824)	(52,508)
Other (expense) income:		
Other income (expense)	150,456	(170,058)
Interest (expense)	(31,526)	(72,709)
Interest income	7,550	6,345
Dividends	13,086	27,066
Other income (expense)	139,567	(209,356)
Income (loss) before income taxes	137,744	(261,864)
Income tax (expense) benefit	(41,000)	58,719
Net income (loss)	96,744	(203,145)
Loss attributable to noncontrolling interest	-	10,904
Income (loss) attributable to common shareholders	\$ 96,744	\$ (192,240)

**REGIONAL BRANDS, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**Three Months Ended March 31, 2021 and 2020**

	<b>Three Months Ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
	<i>(Unaudited)</i>	
Cash flows from operating activities		
Net income (loss)	\$ 96,744	\$ (203,145)
Adjustments to reconcile net income (loss) to net cash provided by (used) in operating activities:		
Stock based compensation	10,400	10,400
Unrealized (gain) loss	(88,814)	127,010
Depreciation and amortization	66,317	79,187
Amortization and write-off of debt discount	-	46,102
Amortization of intangibles	300,000	300,000
Deferred taxes	-	(105,800)
Provision for bad debts	-	690
<u>(Increase) decrease from:</u>		
Accounts receivable	1,919,203	(81,343)
Inventories	57,092	84,280
Costs and estimated earnings in excess of billings	(73,123)	559,311
Prepaid and other assets	89,534	192,795
Accounts payable	(210,347)	(1,504,623)
Accrued expenses and other liabilities	(199,573)	(132,241)
Billings in excess of costs and estimated earnings on uncompleted contracts	192,467	(335,950)
Net cash provided by (used in) operating activities	2,159,900	(963,327)
Cash provided by (used in) investing activities		
Short- term investments	619,030	(497,610)
Purchases of equipment	(13,506)	(15,571)
Cash flows provided by (used in) investing activities	605,523	(513,181)
Cash flows used in financing activities		
Payments under Subordinated Term Note	-	(62,500)
Line of credit	(1,637,622)	912,624
Acquisition of Lorraine Party's interests:		
Membership interests in BRJ LLC	-	(1,350,224)
Subordinated Term Note held by BRJ Acquisition Partners	-	(291,776)
Lorraine Party's transactions	-	(1,642,000)
Distributions to noncontrolling interests	-	-
Cash flows used in financing activities	(1,637,622)	(791,876)
Net increase (decrease) in cash and equivalents	1,127,802	(2,268,384)
Cash and equivalents, beginning of period	3,118,662	6,314,326
Cash and equivalents, end of period	\$ 4,246,464	\$ 4,045,941

REGIONAL BRANDS, INC.  
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
Three Months Ended March 31, 2021 and 2020  
(Unaudited)

	Common Stock Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Noncontrolling Interest	Stockholders' Equity
<b>Balance at January 1, 2021</b>	1,227,757	\$ 13	\$ 18,663,899	\$ (1,887,355)	\$ -	\$ 16,776,556
Stock based compensation			\$ 10,400			\$ 10,400
Net income for period				\$ 96,744	\$ -	\$ 96,744
<b>Balance at March 31, 2021</b>	<u>1,227,757</u>	<u>\$ 13</u>	<u>\$ 18,674,299</u>	<u>\$ (1,790,612)</u>	<u>\$ -</u>	<u>\$ 16,883,700</u>
<b>Balance at January 1, 2020</b>	1,274,603	\$ 13	\$ 20,497,964	\$ (2,154,984)	\$ (190,553)	\$ 18,152,441
Stock based compensation			10,400		-	10,400
Net loss for period				\$ (158,712)	\$ (10,904)	(169,616)
Acquisition of Lorraine Party's interests			\$ (1,431,682)		\$ 201,457	\$ (1,230,225)
<b>Balance at March 31, 2020</b>	<u>1,274,603</u>	<u>\$</u>	<u>\$ 19,076,682</u>	<u>\$ (2,313,696)</u>	<u>\$ (0)</u>	<u>\$ 16,763,000</u>