
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

COMMISSION FILE NUMBER 1-9Z40

APOLLO SHOES INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

MAINE	X8-061325
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
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Common Stock, Par Value, $1.00 per share	STUDS

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: NONE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

As of March 7, 2020, the aggregate market value of the registrant's voting stock held by non-affiliates of the registrant was approximately $24,315,000.

As of March 7, 2020, 8,105,000 shares of the registrant's Common Stock were issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Definitive Proxy Statement dated December 12, 2019 for the Annual Meeting of Shareholders to be held on Tuesday, February 4, 2020 at the End of the Universe Restaurant in downtown Shoetown.

APOLLO SHOES INC.

ANNUAL REPORT ON FORM 10-K

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This Annual Report on Form 10-K contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements with regard to the Company's revenues, earnings, spending, margins, cash flow, orders, inventory, products, actions, plans, strategies and objectives. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain the words "believe," "anticipate," "expect," "estimate," "intend," "plan," "project," "will be," "will continue," "will result," "could," "may," "might," or any variations of such words or other words with similar meanings. Any such statements are subject to risks and uncertainties that could cause the Company's actual results to differ materially from those discussed in such forward-looking statements. Prospective information is based on management's then current expectations or forecasts. Such information is subject to the risk that such expectations or forecasts, or the assumptions underlying such expectations or forecasts, become inaccurate.

ITEM 1. BUSINESS.

Apollo Shoes, Inc. (the "Company") is a planetary distributor specializing in technologically superior athletic podiatric products. The Company's brands-- ***SIREN***, ***SPOTLIGHT***, and ***SPEAKERSHOE***-- are used extensively in many athletic competitions, such as the Switzerland Watersports Games in Zurich. The Company is excited about this annual event that exhibits to the entire world the skills and spirit of outstanding Swiss aquatic athletes.

The Company's products are shipped to large and small retail outlets in a six-state area. The Company stocks a wide range of shoe products and has a large base of retail store customers. Apollo operates from a large office, operations, and warehouse facility in the Shoetown, Maine area.

Apollo Shoes, incorporated in the state of Delaware, is a public corporation. Its stock is traded in the over-the-counter market. No one presently owns more than 4 percent of the outstanding common stock. The company is subject to the reporting requirements of the Securities and Exchange Act of 1934.

Organization and Personnel

Apollo Shoes is a medium-sized corporation. It has over 200 employees organized in five departments headed by vice presidents.

Marketing

The marketing department handles advertising and direct contact with customers. The marketing department vice president supervises the sales staff, the advertising staff, and the customer relations staff.

Finance
The finance department has two subordinate offices—the treasurer and the controller. The treasurer supervises the cashiers and the cash management professionals. The controller's office has the following departments and personnel: billing department, accounts receivable/cash receipts department, accounts payable/cash disbursements department, inventory records department, payroll department, general ledger department, and financial statement department.

Information Systems
A significant reorganization and enhancement of the information systems department was implemented this past year. At present, the staff consists of a Director of IS (information systems), a systems development project manager and two programmer/analysts, an operations manager (who also serves as the librarian and control clerk), and two machine operators.

When the reorganized information systems department went into effect, the director was promoted to vice president. Apollo obtained a new wireless local area network (LAN) multiserver soon after and began testing the hardware and software. Since the new computer system was designed and customized to Apollo's needs, every effort was made to keep as many as possible of the procedures and business documents used in the old system. This made the transition to the new system easy on the employees, thus reducing training and employee objections to the changes.

Operations
The operations department contains production planning specialists and some production control professionals, who assist the marketing department in technical matters and assist customers with product specifications. Operations supervisors supervise hourly workers who move products from receiving, inventory, and shipping to serve customer demand. The department also supervises the timekeepers, who maintain the workers' time clocks and collect payroll time cards. The operations department contains the critical functions of purchasing, receiving, and shipping. Inventory storekeeping responsibility is also in this department, with some inventory managers. For reasons lost to history, the department also has the mailroom and the personnel department.

ITEM 2. PROPERTIES.

Until February of 2019, the Company leased most of the properties that were used in its business. Its corporate headquarters relocated at that time to office facilities in Shoetown, Maine. At its corporate headquarters, the Company occupies approximately 10,000 square feet of space. A lease on an operations facility expires on June 30, 2020. This warehouse and distribution center is located approximately one mile from the Company headquarters and contains approximately 450,000 total square feet of usable space.

ITEM 3. LEGAL PROCEEDINGS.

On September 12, 2019, the Company agreed to settlement of a suit brought against the Company by a competitor for patent infringement for the Company's use of the Siren. While the Company denies any wrongdoing, the Company felt that the settlement would be preferable to a long litigation process. The final settlement totaled $11,695,000 ($19,172,000, net of a tax benefit of $7,477,000).

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

No matter was submitted during 2019 to a vote of security holders, through the solicitation of proxies or otherwise.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

The Company's common stock is quoted on the Security Traders, Underwriters, and Dealers System (STUDS) under the symbol APLS. The following table, derived from data supplied by STUDS, sets forth the quarterly high and low sale prices during 2019 and 2018.

	2019		2018	
	High	Low	High	Low
First	$14.625	$3.375	$4.00	$3.50
Second	$11.00	$2.625	$4.625	$4.25
Third	$8.25	$3.25	$8.125	$4.00
Fourth	$5.625	$3.125	$11.50	$5.00

The stock price at closing on December 31, 2019, was $3.25 per share.

As of December 31, 2019, there were approximately 15,342 holders of record of the Company's Common Stock including those shares held in "street name." The Company believes that it has in excess of 16,000 shareholders.

The Company has never paid cash dividends on its Common Stock and the Board of Directors intends to retain all of its earnings to finance the development and expansion of its business. However, there can be no assurance that the Company can successfully expand its operations, or that such expansion will prove profitable. Future dividend policy will depend upon the Company's earnings, capital requirements, financial condition, and other factors considered relevant by the Company's Board of Directors.

ITEM 6. SELECTED FINANCIAL DATA.

APOLLO SHOES, INC.
in thousands (except per share data)

Income Statement Data

	Year Ended December 31			
	2019	**2018**	**2017**	**2016**
Net Sales	$240,575	$236,299	$182,209	$138,920
Income Before Taxes	$26,337	$54,680	$2,226	$1,757
Income Taxes	$10,271	$21,634	$636	$502
Net Income	$4,371	$1,745	$1,590	$1,255
Earnings Per Share	$0.54	$0.22	$0.55	$0.44

Balance Sheet Data

	As of December 31,			
	2019	**2018**	**2017**	**2016**
Working Capital	$20,482	$16,866	($1,951)	($2,356)
Total Assets	$36,794	$21,304	$6,754	$6,062
Long-Term Debt	$0	$0	$0	$0
Shareholders' Equity	$22,119	$17,748	$5,470	$3,880

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

2019 Financial Results

Net sales for the year ended December 31, 2019 increased 2% to $240,575,000, when compared to the same period in 2018. The sales growth was primarily due to new products introduced during the 2019 fiscal year. The average selling price per product in the year ended December 31, 2019 increased approximately 2% from the year ended December 31, 2018.

Gross profit for the year ended December 31, 2019 was 41% of sales compared with 49% for the year ended December 31, 2018. The decrease was primarily due to higher prices charged by our suppliers for raw materials.

Selling, general and administrative expense for the year ended December 31, 2019 was 30% of net sales as compared to 26% for the year ended December 31, 2018. The increase of 16% to $71,998,000 was primarily the result of increases in staffing and increased professional expenses. The increased professional fees were primarily related to the settlement of litigation brought against us by a competitor. Rather than face a costly, lengthy litigation process, the Company decided to settle out of court. The Company vehemently denies any wrongdoing in the matter.

Liquidity and Capital Resources

The Company's principal source of operating funds has been from proceeds from short-term borrowing against a $50,000,000 line of credit. While the credit facility must be renewed each year, the Company foresees no problems with renewal for the foreseeable future.

The Company intends to use its capital resources to expand its operations facilities and to increase research and development in order to maintain its competitive advantage in podiatric technology. There are no other significant capital requirements identified at this time.

Management believes that the effect of inflation on the business of the Company for the past three years has been minimal.

The Company believes that its current working capital of $20,482,000 and anticipated working capital to be generated by future operations will be sufficient to support the Company's working capital requirements for the foreseeable future.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

CONSOLIDATED STATEMENTS OF INCOME
APOLLO SHOES, INC.
in thousands (except per share data)

	For the year ended, December 31,	
	2019	2018
Net Sales (Note 2)	$240,575	$236,299
Cost of Sales	$141,569	$120,880
Gross Profit	$99,006	$115,419
Selling, General and Administrative Expenses	$71,998	$61,949
Interest Expense (Note 7)	$875	0
Litigation Expense (Note 10)	$19,172	0
Other Expense (Income)	($204)	($1,210)
Earnings from Continuing Operations Before Taxes	$7,165	$54,680
Income Tax Expense (Note 9)	$2,794	$21,634
Earnings from Continuing Operations	$4,371	$33,046
Discontinued Operations, Net of tax benefit		($31,301)
Net Income	$4,371	$1,745
Earnings Per Common Share		
From Continuing Operations	$0.54	$4.08
Other	($0.00)	($3.86)
Net Income	$0.54	$0.22
Weighted shares of common stock outstanding	8,105	8,105

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

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

APOLLO SHOES, INC.

in thousands

	As of December 31	
	2019	**2018**
Assets		
Cash	$3,245	$3,509
Accounts Receivable (Net of Allowances of $1,263 and 210, respectively) (Note 3)	15,148	2,738
Inventory (Note 4)	15,813	13,823
Prepaid Expenses	951	352
Current Assets	$35,157	$20,422
Property, Plant, and Equipment (Note 5)	1,174	300
Less Accumulated Depreciation	(164)	(31)
	$1,010	$269
Investments (Note 6)	573	613
Other Assets (Note 6)	54	0
Total Assets	$36,794	$21,304
Liabilities and Shareholders' Equity		
Accounts Payable and Accrued Expenses	$4,675	$3,556
Short-Term Liabilities (Note 7)	10,000	0
Current Liabilities	$14,675	3,556
Long-Term Debt (Note 7)	0	0
Total Liabilities	$14,675	3,556
Common Stock	8,105	8,105
Additional Paid-in Capital	7,423	7,423
Retained Earnings	6,591	2,220
Total Shareholders' Equity	$22,119	$17,748
Total Liabilities and Shareholders' Equity	$36,794	$21,304

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

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
APOLLO SHOES, INC.
in thousands

	Shares	Par Value ($1 per share)	Additional Paid-in Capital	Retained Earnings	Other	Total
Balance, December 31, 2017	2,873	$2,873	$2,122	$475	$0	$5,470
Net Income				$1,745		$1,745
Exercise of Stock Options	232	$232	$301			$533
Other	5,000	$5,000	$5,000			$10,000
Balance, December 31, 2018	8,105	$8,105	$7,423	$2,220	$0	$17,748
Net Income				$4,371		$4,371
Exercise of Stock Options	0	$0				$0
Other						$0
Balance, December 31, 2019	8,105	$8,105	$7,423	$6,591	$0	$22,119

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

APOLLO SHOES, INC.

in thousands

	For the year ended December 31,	
	2019	2018
Cash Flows from Operating Activities		
Net Income	$4,371	$1,745
Adjustments to Reconcile Net Income to Net Cash Provided		
Depreciation and Amortization	$133	$26
Changes in Operating Assets and Liabilities		
Decrease (Increase) in Current Assets		
Accounts Receivable	($12,410)	($2,073)
Inventory	($1,990)	($11,861)
Prepaid Expenses	($599)	($123)
Increase (Decrease) in Current Liabilities		
Accounts Payable and Accrued Expenses	$1,119	$5,504
Total Adjustments	($13,747)	($8,527)
Net Cash Provided by Operating Activities	($9,376)	($6,782)
Cash Flows from Investing Activities		
Capital Expenditures	($834)	($255)
Purchase of Other Assets	($54)	
Net Cash Provided by Investing Activities	($888)	($255)
Cash Flows from Financing Activities		
Proceeds from the Issuance of Debt	$10,000	
Proceeds from the Issuance of Common Stock		$10,533
Net Cash Provided by Financing Activities	$10,000	$10,533
Net Increase (Decrease) in Cash	($264)	$3,496
Cash at Beginning of Year	$3,509	$13
Cash at End of Year	$3,245	$3,509

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

APOLLO SHOES, INC. (all amounts are thousands, except per share)

1. Summary of Significant Accounting Policies

Business activity The Company develops and markets technologically superior podiatric athletic products under various trademarks, including *SIREN*, *SPOTLIGHT*, and *SPEAKERSHOE*.

Marketable Securities Investments are valued using the market value method for investments of less than 20%, and by the equity method for investments greater than 20% but less than 50%.

Cash equivalents Cash equivalents are defined as highly liquid investments with original maturities of three months or less at date of purchase.

Inventory valuation Inventories are stated at the lower of First-in, First-out (FIFO) or market.

Property and equipment and depreciation Property and equipment are stated at cost. The Company uses the straight-line method of depreciation for all additions to property, plant and equipment.

Intangibles Intangibles are amortized on the straight-line method over periods benefited.

Net Sales Sales for 2019 and 2018 are presented net of sales returns and allowances of $4,500 and $900, respectively, and net of warranty expenses of $1,100 and $900, respectively.

Income taxes Deferred income taxes are provided for the tax effects of timing differences in reporting the results of operations for financial statements and income tax purposes, and relate principally to valuation reserves for accounts receivable and inventory, accelerated depreciation and unearned compensation.

Net income per common share Net income per common share is computed based on the weighted average number of common and common equivalent shares outstanding for the period.

Reclassification Certain prior year amounts have been reclassified to conform to the 2019 presentation.

2. Significant Customers

Approximately 15%, and 11% of sales are to one customer for years ended December 31, 2019 and 2018, respectively.

3. Accounts Receivable

Accounts Receivable consists of the following at December 31:

in thousands	**2019**
Trade Receivables	$16,411
Employee and Officer Receivables	0
	16,411
Less Allowance for Doubtful Accounts	(1,263)
Net Accounts Receivable	$ 15,148

Amount charged to bad debt expense for the year ended December 31, 2019 was $1,622. Write-offs for the year were approximately the same.

4. Inventories

Inventories consist of the following at December 31:

in thousands	**2019**
Siren	$3,098
Speaker	9,571
Spotlight	6,156
	18,825
Less Reserve for Inventory Obsolescence	(3,012)
Ending Inventory	$15,813

5. Property and equipment

Property is stated at cost net of accumulated depreciation. Property and Equipment at December 31 was as follows:

in thousands	**2019**
Land	$117
Buildings and Land Improvements	624
Machinery, Equipment and Office Furniture	433
Total Land, plant and equipment	1,174
Less Accumulated depreciation	(164)
Net Land, Plant and Equipment	$1,010

6. Investments and Other Assets

In order to receive a higher rate of return on its excess liquid assets, the Company invested approximately $600 to purchase a 35% share (Class A Common Stock) in the SHOCK-PROOF SOCKS Company in 2018. This investment is valued in the financial statements using the Equity method. SHOCK-PROOF SOCKS did not report net income and did not pay any dividends in 2018 and 2019. In addition, on December 31, 2019, the Company incurred approximately $54 in legal fees to register the patent for the *PHONESHOE*.

7. Debt

At December 31, 2019, the Company had $10,000 outstanding in short-term borrowings under a $50,000 secured revolving credit line with a local financial institution. The line of credit is secured by the Company's inventory. The interest rate charged on this agreement is the Prime Rate plus 3%. This credit line is evaluated annually on June 30 by the lending institution.

Annual maturities of debt obligations are as follows:

2020	$10,000

8. Commitments

Annual obligations under non-cancelable operating leases are as follows:

2020	$1,200
Thereafter	0

Rent expense charged to operations for the years ended December 31, 2019 and 2018 was $2,600and $3,700 million, respectively.

9. Income taxes

The provision (benefit) for income taxes consists of the following for the years ended December 31:

	2019	2018
Current:		
Federal	$ 2,025	$ 873
State	365	154
	$ 2,390	$ 1,027
Deferred:		
Federal	$ 340	$ (42)
State	64	(7)
	$ 404	$ (49)
	$ 2,794	$ 978

Deferred income taxes are provided for the tax effects of timing differences in reporting the results of operations for financial statements and income tax purposes, and relate principally to valuation reserves for accounts receivable and inventory, accelerated depreciation and unearned compensation. A reconciliation of the statutory federal income tax provision to the actual provision follows for the years ended December 31:

	2019	2018
Federal Statutory Rate	34.0%	34.0%
State taxes, less federal benefit	6.0%	6.0%
Research and experimentation credit	(2.0%)	(1.4%)
Other	1.0%	1.0%
Effective Tax Rate	39.0%	39.6%

10. Litigation

On September 12, 2019, the Company agreed to settlement of a suit brought against the Company by a competitor for patent infringement for the Company's use of the *Siren*. While the Company denies any wrongdoing, the Company felt that the settlement would be preferable to a long litigation process. The total final statement impact of the settlement totaled $11,695 ($19,172 net of a tax benefit of $7,477).

11. Related-party transactions

On February 1, 2019, the Company purchased its operating facility and equipment from a company controlled by two previous directors and shareholders of the Company for $624. Currently, the Company leases a second facility and equipment from the same company for approximately $200 per month. The Company's lease ends in June 2020 at which time all operations will be moved to the central headquarters building.

12. Employee benefit plans

The Company sponsors a defined-contribution retirement plan covering substantially all of its earth employees. Contributions are determined at the discretion of the Board of Directors. Aggregate contributions made by the Company to the plans and charged to operations in 2019 and 2018 were $3,000 and $3,000, respectively.

13. Concentrations of credit risk

Financial instruments which potentially subject the Company to credit risk consist principally of trade receivables and interest-bearing investments. The Company sells a significant amount of its product to one retail distributor with sales operations located throughout North America, Europe and Asia Pacific. The Company is currently negotiating to increase its sales to that company, as well as enter into long-term relationships with two other large retail distributors. The Company performs on-going credit evaluations of all of its customers and generally does not require collateral. The Company maintains adequate reserves for potential losses and such losses, which have been minimal, have been included in management's estimates.

The Company places substantially all its interest-bearing investments with several major financial institutions. Corporate policy limits the amount of credit exposure to any one financial institution.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of APOLLO SHOES, INC.

We have audited the accompanying consolidated statements of financial condition of APOLLO SHOES, INC. as of December 31, 2019 and 2018 and the related consolidated statements of income, shareholders' equity, and cash flows for each of the two years in the period ended December 31, 2019. We have also audited management's assessment, included in the accompanying Management's Report on Internal Control Over Financial Reporting, that APOLLO SHOES, INC. maintained effective internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO criteria). APOLLO SHOES' management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of internal control over financial reporting. Our responsibility is to express an opinion on these financial statements, an opinion on management's assessment, and an opinion on the effectiveness of the company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audit of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of APOLLO SHOES, INC. as of December 31, 2019 and 2018 and the results of its operations and cash flows for each of the two years in the period ended December 31, 2019 in conformity with U.S. generally accepted accounting principles. Also in our opinion, APOLLO SHOES, INC. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on the COSO criteria.

Smith & Smith, CPA's

Shoetown, Maine
January 24, 2020

CORPORATE INFORMATION

Auditors

Smith & Smith, CPA's
31st Financial Avenue
Shoetown, ME 00002

Transfer Agent and Registrar

The Twenty-First National Bank of Maine is the Transfer Agent and Registrar for the Company's common stock and maintains shareholder accounting records. The Transfer Agent should be contacted on questions of changes in address, name or ownership; lost certificates and consolidation of accounts.

The Twenty-First National Bank of Maine
Shareholder Correspondence
Post Office Box 1
Shoetown, ME 00002

Form 10-K

For a copy of the Form 10-K Annual Report, filed with the Securities and Exchange Commission write to:

Office of Investor Relations
Apollo Shoes Inc.
100 Shoe Plaza
Shoetown, ME 00001

Annual Meeting

The Annual Meeting of Shareholders was held at 10:00 a.m., local time, on Tuesday, February 19, 2019 at the End of the Universe Restaurant in downtown Shoetown. Shareholders of record on February 5, 2019 were entitled to vote at the meeting.

The PHONESHOE, SIREN, SPEAKERSHOE, and the SPOTLIGHT Designs are registered trademarks of Apollo Shoes, Inc.

BOARD OF DIRECTORS

Larry Lancaster
Chairman, President and CEO
APOLLO SHOES, INC.

Eric. P. Unum
Vice-President - Finance

***Fritz Brenner**
(Audit Committee)
President
The Widget Corporation

***Ivan Gorr**
President
Far More Drugs, Inc.

***Harry Baker**
Executive Vice President and Treasurer
Iguana Growers of America Inc.

***Theodore Horstmann**
(Audit Committee)
Minister of Commerce
Anglonesia

***Dr. Josephine Mandeville, CPA**
(Audit Committee Chair)
Professor of Accountancy and Typing
Graduate School of Business and Clerical Skills

* External Directors

CORPORATE OFFICERS

Larry Lancaster
Chairman, President and CEO

Joe Bootwell
Executive Senior Vice President and CFO

Fred Durkin
Vice-President - Marketing

Daisy Gardner
Vice-President - Operations

Eric. P. Unum
Vice-President - Finance

Sue D. Fultz
Vice-President - Legal Affairs

Mary Costain
Treasurer

Jeff Chesnut
Secretary

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS

Smith and Smith, CPAs, withdrew as the Company's auditors after completing the 2019 audit. The auditors expressed concerns about "mutually incongruent goals."
The Company is considering legal action against the firm.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The president, Larry Lancaster, is both chairman of the board of directors and President and chief executive officer (CEO). Eric Unum (Vice-President – Finance) is also a member of the board, along with five outside (independent) directors who never worked for the Apollo organization. Three outside board members constitute the audit committee of the board.

ITEM 11. EXECUTIVE COMPENSATION
(Approximate amounts expressed *in thousands*)

Larry Lancaster, Chairman, President and CEO	$2,500
Sue D. Fultz, Vice-President - Legal Affairs	1,500
Joe Bootwell, Executive Senior Vice President and CFO	1,200
Fred Durkin, Vice-President – Marketing	1,000
Eric. P. Unum, Vice-President – Finance	590
Daisy Gardner, Vice-President – Operations	410

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

Currently, no management personnel hold stock ownership in the Company.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

On February 1, 2019, the Company purchased its operating facility and equipment from a company controlled by two previous directors and shareholders of the Company for $623. Currently, the Company leases a second facility and equipment from the same company for approximately $200 per month. The Company's lease ends in June 2020 at which time all operations will be moved to the central headquarters building. The two previous directors are no longer associated with Apollo Shoes.

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

QUARTERLY RESULTS OF OPERATIONS (Unaudited)

2019	**March 31**	**June 30**	**September 30**	**December 31**	**Total**
Net Sales	$58,236	$59,759	$60,239	$62,341	$240,575
Gross Profit	$24,372	$24,996	$24,356	$25,282	$99,006
S,G, & A Expenses	$16,478	$17,695	$17,347	$20,478	$71,998
Net Income	$4,815	$4,454	($7,785)	$2,887	$4,371
Earnings Per Share	$0.59	$0.55	($0.96)	$0.36	$0.54

The Company filed one 8-K dealing with the withdrawal of its auditor on January 30, 2020. It is incorporated in this document by reference.

CERTIFICATIONS

We, Larry Lancaster and Joe Bootwell, certify that:

1. We have reviewed this annual report on Form 10-K of Apollo Shoes, Inc.;

2. Based on our knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on our knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. We are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. We have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 1, 2020

Larry Lancaster

Larry Lancaster
Chairman of the Board of Directors,
President and CEO

Joe Bootwell

Joe Bootwell
Executive Senior Vice-President and CFO