

**Calloway's Nursery, Inc.**  
**Condensed Consolidated Statements of Income (Unaudited)**  
**(amounts in thousands, except per share amounts)**

	<b>Six Months Ended June 30,</b>	
	<b>2017</b>	<b>2016</b>
Net revenue	\$37,077	\$32,919
Cost of goods sold	18,261	16,280
Gross profit	18,816	16,639
Selling, general and administrative expenses	10,700	10,600
Recapitalization expenses	--	785
(Gain) loss on disposal of property	(2)	83
Loss on prepayment of debt	--	58
Net interest expense	118	204
Income before provision for income taxes	8,000	4,910
Income tax expense	2,783	1,802
Net income	\$ 5,217	\$ 3,108
Weighted average number of common shares outstanding - basic and diluted	7,346	7,630
Net income per common share - basic and diluted	\$ 0.71	\$ 0.41

**Calloway's Nursery, Inc.**  
**Condensed Consolidated Balance Sheets (Unaudited)**  
**(amounts in thousands, except share amounts)**

**Assets**

	<b>June 30,</b>	
	<b>2017</b>	<b>2016</b>
Cash and cash equivalents	\$10,059	\$ 8,803
Accounts receivable	235	173
Inventories	4,016	3,928
Prepays	95	209
Total current assets	14,405	13,113
Property and equipment, net	23,592	23,736
Other assets	42	41
Total assets	<u>\$38,039</u>	<u>\$36,890</u>

**Liabilities and Shareholders' Equity**

Accounts payable and accrued expenses	\$ 7,809	\$ 7,064
Current portion of long-term debt	351	1,092
Total current liabilities	8,160	8,156
Long-term debt (net of current portion and unamortized debt issuance costs)	4,865	7,901
Deferred rent payable	97	94
Deferred income taxes	2,247	2,167
Total liabilities	15,369	18,318
Commitments and contingencies		
Shareholders' equity:		
Common stock (\$.01 par value; 30,000,000 shares authorized; 7,607,848 shares issued)	76	76
Additional paid-in capital	8,531	8,490
Retained earnings	15,471	11,414
	24,078	19,980
Less: treasury stock, at cost (261,888 shares)	(1,408)	(1,408)
Total shareholders' equity	22,670	18,572
Total liabilities and shareholders' equity	<u>\$38,039</u>	<u>\$36,890</u>

**Calloway's Nursery, Inc.**  
**Condensed Consolidated Statements of Cash Flows (Unaudited)**  
**(amounts in thousands)**

	<b>Six Months Ended June 30,</b>	
	<b>2017</b>	<b>2016</b>
Cash flows from operating activities:		
Net income	\$5,217	\$3,108
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	374	322
Amortization of deferred borrowing costs	6	13
(Gain) loss on sale/disposal of property	(2)	82
Loss on prepayment of debt	--	58
Stock-based compensation	23	--
Deferred income taxes	(8)	--
Change in operating assets and liabilities:		
Inventories	(940)	(1,442)
Accounts payable and accrued expenses	2,812	1,235
Other operating assets and liabilities	(110)	(236)
Net cash flows provided by operating activities	<u>7,372</u>	<u>3,140</u>
Cash flows from investing activities:		
Additions to property and equipment	<u>(85)</u>	<u>(1,995)</u>
Net cash flows used for investing activities	<u>(85)</u>	<u>(1,995)</u>
Cash flows from financing activities:		
Borrowings of debt	--	4,900
Repayments of debt	(173)	(1,121)
Purchase and retirement of stock	<u>--</u>	<u>(2,602)</u>
Net cash flows provided by (used for) financing activities	<u>(173)</u>	<u>1,177</u>
Net increase in cash and cash equivalents	7,114	2,322
Cash and cash equivalents at beginning of period	<u>2,945</u>	<u>6,481</u>
Cash and cash equivalents at end of period	<u>\$10,059</u>	<u>\$8,803</u>