

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

	<b>Nine Months Ended September 30,</b>	
	<b>2017</b>	<b>2016</b>
Net revenue	\$44,780	\$40,370
Cost of goods sold	22,339	20,440
Gross profit	22,441	19,930
Selling, general and administrative expenses	15,500	15,378
Recapitalization expenses	--	804
(Gain) loss on disposal of property	(3)	81
Loss on prepayment of debt	--	474
Net interest expense	177	276
Income before provision for income taxes	6,767	2,917
Income tax expense	2,377	1,077
Net income	\$ 4,390	\$ 1,840
Weighted average number of common shares outstanding - basic and diluted	7,346	7,534
Net income per common share - basic and diluted	\$ 0.60	\$ 0.24

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

**Assets**

	<b>September 30,</b>	
	<b>2017</b>	<b>2016</b>
Cash and cash equivalents	\$ 6,891	\$ 2,881
Accounts receivable	459	318
Inventories	4,429	4,546
Prepays	102	53
Total current assets	11,881	7,798
Property and equipment, net	23,531	23,868
Other assets	42	41
Total assets	\$35,454	\$31,707

**Liabilities and Shareholders' Equity**

Accounts payable and accrued expenses	\$ 6,128	\$ 6,637
Current portion of long-term debt	353	345
Total current liabilities	6,481	6,982
Long-term debt (net of current portion and unamortized debt issuance costs)	4,779	5,112
Deferred rent payable	97	98
Deferred income taxes	2,243	2,205
Total liabilities	13,600	14,397
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	8,543	8,496
Retained earnings	14,643	10,146
	23,262	18,718
Less: treasury stock, at cost (261,888 shares)	(1,408)	(1,408)
Total shareholders' equity	21,854	17,310
Total liabilities and shareholders' equity	\$35,454	\$31,707

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

	<b>Nine Months Ended September 30,</b>	
	<b>2017</b>	<b>2016</b>
Cash flows from operating activities:		
Net income	\$4,390	\$1,840
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	568	496
Amortization of deferred borrowing costs	9	15
(Gain) loss on sale/disposal of property	(3)	81
Loss on prepayment of debt	--	474
Stock-based compensation	35	6
Deferred income taxes	(12)	38
Change in operating assets and liabilities:		
Inventories	(1,353)	(2,061)
Accounts payable and accrued expenses	1,131	809
Other operating assets and liabilities	(341)	(221)
Net cash flows provided by operating activities	4,423	1,477
Cash flows from investing activities:		
Additions to property and equipment	(217)	(2,300)
Net cash flows used for investing activities	(217)	(2,300)
Cash flows from financing activities:		
Borrowings of debt	--	4,900
Repayments of debt	(260)	(5,082)
Purchase and retirement of stock	--	(2,595)
Net cash flows used for financing activities	(260)	(2,777)
Net increase (decrease) in cash and cash equivalents	3,946	(3,600)
Cash and cash equivalents at beginning of period	2,945	6,481
Cash and cash equivalents at end of period	\$ 6,891	\$2,881