

**BOWLIN TRAVEL CENTERS, INC.**

**Financial Statements**

**For the Quarterly Period Ended**

**October 31, 2020**

**(unaudited)**

**150 Louisiana, NE Albuquerque, NM 87108 (505) 266-5985**

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**BOWLIN TRAVEL CENTERS, INC.**  
**Condensed Balance Sheets**  
(in thousands, except share data)

	October 31, 2020 (Unaudited)	January 31, 2020
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 7,301	\$ 4,745
Marketable securities	1,200	1,180
Accounts receivable	23	26
Current maturity of note receivable	5	6
Inventories	3,973	4,049
Prepaid expenses	196	261
Prepaid income taxes	—	46
Interest receivable	1	11
Total current assets	12,699	10,324
Property and equipment, net	12,289	12,491
Operating lease right of use assets	1,384	1,259
Finance lease, net	152	227
Intangible assets, net	37	18
Note receivable, less current maturities	19	21
Investment in real estate	821	821
Total assets	\$ 27,401	\$ 25,161
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 1,074	\$ 878
Current maturity of long-term debt	439	419
Current maturities of capital lease obligation	106	100
Accrued liabilities	1,443	1,182
Income taxes payable	71	—
Current operating lease liabilities	292	172
Deferred revenue	26	27
Total current liabilities	3,451	2,778
Net deferred income taxes liabilities	945	789
Operating lease liabilities	1,092	1,087
Finance lease obligation, less current maturities	47	127
Long-term debt, less current maturities	8,132	7,336
Total liabilities	13,667	12,117
Stockholders' equity:		
Preferred stock, \$0.001 par value; 1,000,000 shares authorized, none issued or outstanding at October 31, 2020 and January 31, 2020	—	—
Common stock, \$0.001 par value; 10,000,000 shares authorized, 4,583,348 issued and outstanding at October 31, 2020 and January 31, 2020	5	5
Less: Treasury stock, \$0.001 par value: 610,884 shares at October 31, 2020 and 602,829 shares at January 31, 2020	1	1
Common stock, 3,972,464 and 3,980,519 shares outstanding at October 31, 2020 and January 31, 2020, respectively	4	4
Additional paid in capital, net	8,954	8,978
Retained earnings	4,776	4,062
Total stockholders' equity	13,734	13,044
Total liabilities and stockholders' equity	\$ 27,401	\$ 25,161

See accompanying notes to condensed financial statements.

**BOWLIN TRAVEL CENTERS, INC.**  
**Condensed Statements of Income**  
(in thousands, except share and per share data)

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>October 31, 2020 (Unaudited)</u>	<u>October 31, 2019 (Unaudited)</u>	<u>October 31, 2020 (Unaudited)</u>	<u>October 31, 2019 (Unaudited)</u>
Gross sales	\$ 7,719	\$ 7,184	\$ 22,031	\$ 23,935
Less discounts on sales	81	95	239	277
Net sales	7,638	7,089	21,792	23,658
Cost of goods sold	3,768	3,953	10,606	13,071
Gross profit	3,870	3,136	11,186	10,587
General and administrative expenses	(3,145)	(2,721)	(9,089)	(8,747)
Depreciation and amortization	(285)	(292)	(854)	(873)
Operating income	440	123	1,243	967
Non-operating income (expense)				
Interest income	1	8	11	21
Interest expense	(99)	(110)	(310)	(318)
Loss on sale of assets	—	(14)	(9)	(80)
Other income	—	—	25	—
Rental income	9	13	28	45
Total non-operating income (expense)	(89)	(103)	(255)	(332)
Income before income tax expense	351	20	988	635
Income tax expense	(97)	(8)	(274)	(185)
Net income	<u>\$ 254</u>	<u>\$ 12</u>	<u>\$ 714</u>	<u>\$ 450</u>
Net income per share	<u>\$ 0.06</u>	<u>\$ 0.003</u>	<u>\$ 0.18</u>	<u>\$ 0.11</u>
Weighted average common shares outstanding	<u>3,987,016</u>	<u>3,999,469</u>	<u>3,987,016</u>	<u>3,999,469</u>

See accompanying notes to condensed financial statements.

**BOWLIN TRAVEL CENTERS, INC.**  
**Condensed Statements of Stockholders' Equity**  
**(in thousands, except share data)**  
**For the nine months ended October 31, 2020**  
**(Unaudited)**

	<b>Number of shares of Common stock outstanding</b>	<b>Common stock, at par</b>	<b>Additional paid-in capital</b>	<b>Retained earnings</b>	<b>Total</b>
Balance at January 31, 2020	3,980,519	\$ 4	\$ 8,978	\$ 4,062	\$ 13,044
Net income	—	—	—	714	714
Purchase of treasury stock	<u>(8,055)</u>	<u>—</u>	<u>(24)</u>	<u>—</u>	<u>(24)</u>
Balance at October 31, 2020	<u>3,972,464</u>	<u>\$ 4</u>	<u>\$ 8,954</u>	<u>\$ 4,776</u>	<u>\$ 13,734</u>

See accompanying notes to condensed financial statements.

**BOWLIN TRAVEL CENTERS, INC.**  
**Condensed Statements of Cash Flows**  
(in thousands)

	<b>For the Nine Months Ended</b>	
	<b>October 31, 2020 (Unaudited)</b>	<b>October 31, 2019 (Unaudited)</b>
Cash flows from operating activities:		
Net income	\$ 714	\$ 450
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	854	873
Loss on sale of assets	9	80
Deferred income taxes, net	156	185
Changes in operating assets and liabilities, net	717	(110)
Net cash provided by operating activities	2,450	1,478
Cash flows from investing activities:		
Proceeds from sale of assets	3	65
Purchases of property and equipment, net	(608)	(825)
Accrued interest receivable	10	(5)
Marketable securities, net	(20)	(315)
Note receivable, net	3	(29)
Net cash used in investing activities	(612)	(1,109)
Cash flows from financing activities:		
Payments on long-term debt	(303)	(240)
Payments for finance lease obligation	(74)	(69)
Proceeds from borrowing on long-term debt	1,119	311
Purchase of treasury stock	(24)	(20)
Net cash provided by (used in) financing activities	718	(18)
Net increase in cash and cash equivalents	2,556	351
Cash and cash equivalents at beginning of period	4,745	4,445
Cash and cash equivalents at end of period	\$ 7,301	\$ 4,796

See accompanying notes to condensed financial statements.

## Notes to Condensed Financial Statements (Unaudited)

1. The condensed financial statements of Bowlin Travel Centers, Inc. (the "Company") as of and for the three months and nine months ended October 2020 and 2019 are unaudited and reflect all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of the financial position, operating results and cash flows for the interim periods. The interim financial statements should be read in conjunction with the audited financial statements and notes for the fiscal year ended January 31, 2020. Results of operations for interim periods are not necessarily indicative of results that may be expected for the fiscal year as a whole.
2. The Company repurchased 8,055 of its outstanding common shares, as treasury stock, for the nine months ended October 31, 2020 at an average price per share of approximately \$2.957 for a total repurchase of \$23,825. The common stock issued and outstanding was reduced by 8,055 shares or \$8 (8,055 shares at \$0.001 per value per share), and additional paid in capital was reduced by \$23,817. The reduction in shares issued and outstanding and additional paid in capital is reflected in the accompanying balance sheet.

On April 14, 2020, the Board of Directors voted to freeze the Company's approved stock repurchase program, due to the COVID-19 pandemic crises. The company believes it is in all shareholders' best interest that funds historically utilized for the repurchase program be used for operational expenses.

3. On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Security (CARES) Act to provide certain relief as a result of the COVID-19 pandemic. The primary provisions of the CARES Act applicable to the Company include relief for payroll and benefit costs, rent, utilities, and interest payments on debt obligations in place before February 15, 2020.

On April 17, 2020, the Company received loan proceeds of \$1.119 million pursuant to the Paycheck Protection Program (PPP) under the CARES Act. The economic uncertainty at that time made the loan necessary to support ongoing operations.

The loan which is in the form of a promissory note with WestStar Bank, bears an interest rate of 1% per annum, with a maturity date of April 6, 2022. Under the terms of the PPP loan, all or a portion of the principal may be forgiven if the loan proceeds are used for qualifying expenses as described in the CARES Act. The Company has applied the loan proceeds as specifically directed in order to meet the qualifications for full forgiveness, and will submit the loan forgiveness application prior to the mandated deadline.

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