

BOWLIN TRAVEL CENTERS, INC.

Financial Statements

For the Quarterly Period Ended

October 31, 2021

(unaudited)

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

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

	<u>October 31, 2021 (Unaudited)</u>	<u>January 31, 2021</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,351	\$ 7,564
Marketable securities	1,200	1,200
Accounts receivable	12	24
Current maturity of note receivable	7	8
Inventories	5,294	3,919
Prepaid income taxes	—	70
Prepaid expenses	215	249
Interest receivable	—	1
Total current assets	<u>15,079</u>	<u>13,035</u>
Property and equipment, net	12,198	12,311
Operating lease right of use assets	1,488	1,321
Finance lease, net	47	127
Intangible assets, net	41	37
Note receivable, less current maturities	11	16
Investment in real estate	725	729
Total assets	<u>\$ 29,589</u>	<u>\$ 27,576</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 1,945	\$ 949
Current maturity of long-term debt	474	457
Current maturities of finance lease obligation	—	94
Accrued liabilities	2,406	1,924
Current operating lease liabilities	251	167
Income taxes payable	313	—
Deferred revenue	20	30
Total current liabilities	<u>5,409</u>	<u>3,621</u>
Net deferred income taxes liabilities	940	985
Operating lease liabilities	1,199	1,115
Finance lease obligation, less current maturities	47	33
Long-term debt, less current maturities	6,541	8,012
Total liabilities	<u>14,136</u>	<u>13,766</u>
Stockholders' equity:		
Preferred stock, \$0.001 par value; 1,000,000 shares authorized, none issued or outstanding at October 31, 2021 and January 31, 2021	—	—
Common stock, \$0.001 par value; 10,000,000 shares authorized, 4,583,348 issued and outstanding at October 31, 2021 and January 31, 2021	5	5
Less: Treasury stock, \$0.001 par value: 624,658 shares at October 31, 2021 and 610,884 shares at January 31, 2021	1	1
Common stock, 3,958,690 and 3,972,464 shares outstanding October 31, 2021 and January 31, 2021, respectively	4	4
Additional paid in capital, net	8,900	8,954
Retained earnings	6,549	4,852
Total stockholders' equity	<u>15,453</u>	<u>13,810</u>
Total liabilities and stockholders' equity	<u>\$ 29,589</u>	<u>\$ 27,576</u>

See accompanying notes to condensed financial statements.

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

	Three Months Ended		Nine Months Ended	
	October 31, 2021 (Unaudited)	October 31, 2020 (Unaudited)	October 31, 2021 (Unaudited)	October 31, 2020 (Unaudited)
Gross sales	\$ 9,767	\$ 7,719	\$ 33,584	\$ 22,031
Less discounts on sales	83	81	297	239
Net sales	9,684	7,638	33,287	21,792
Cost of goods sold	5,363	3,768	17,737	10,606
Gross profit	4,321	3,870	15,550	11,186
General and administrative expenses	(3,554)	(3,145)	(12,177)	(9,089)
Depreciation and amortization	(292)	(285)	(875)	(854)
Operating income	475	440	2,498	1,243
Non-operating income (expense)				
Interest income	—	1	1	11
Interest expense	(79)	(99)	(246)	(310)
Gain (loss) on sale of assets	4	—	4	(9)
Other income	—	—	—	25
Rental income	17	9	55	28
Total non-operating income (expense)	(58)	(89)	(186)	(255)
Income before income tax expense	417	351	2,312	988
Income tax expense	(110)	(97)	(615)	(274)
Net income	<u>\$ 307</u>	<u>\$ 254</u>	<u>\$ 1,697</u>	<u>\$ 714</u>
Net income per share	<u>\$ 0.08</u>	<u>\$ 0.06</u>	<u>\$ 0.43</u>	<u>\$ 0.18</u>
Weighted average common shares outstanding	<u>3,967,441</u>	<u>3,987,016</u>	<u>3,967,441</u>	<u>3,987,016</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, 2021
(Unaudited)

	<u>Number of shares of Common stock outstanding</u>	<u>Common stock, at par</u>	<u>Additional paid-in capital</u>	<u>Retained earnings</u>	<u>Total</u>
Balance at January 31, 2021	3,972,464	\$ 4	\$ 8,954	\$ 4,852	\$ 13,810
Net income	—	—	—	1,697	1,697
Purchase of treasury stock	<u>(13,774)</u>	<u>—</u>	<u>(54)</u>	<u>—</u>	<u>(54)</u>
Balance at October 31, 2021	<u>3,958,690</u>	<u>\$ 4</u>	<u>\$ 8,900</u>	<u>\$ 6,549</u>	<u>\$ 15,453</u>

See accompanying notes to condensed financial statements.

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

	For the Nine Months Ended	
	October 31, 2021 (Unaudited)	October 31, 2020 (Unaudited)
Cash flows from operating activities:		
Net income	\$ 1,697	\$ 714
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	875	854
(Gain) loss on sale of assets	(4)	9
Deferred income taxes, net	(45)	156
Changes in operating assets and liabilities, net	522	717
Net cash provided by operating activities	3,045	2,450
Cash flows from investing activities:		
Proceeds from sale of assets	26	3
Purchases of property and equipment, net	(704)	(608)
Accrued interest receivable	1	10
Marketable securities, net	—	(20)
Note receivable, net	6	3
Net cash used in investing activities	(671)	(612)
Cash flows from financing activities:		
Payments on long-term debt	(1,453)	(303)
Payments for finance lease obligation	(80)	(74)
Proceeds from borrowing on long-term debt	—	1,119
Purchase of treasury stock	(54)	(24)
Net cash (used in) provided by financing activities	(1,587)	718
Net increase in cash and cash equivalents	787	2,556
Cash and cash equivalents at beginning of period	7,564	4,745
Cash and cash equivalents at end of period	\$ 8,351	\$ 7,301

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 2021 and 2020 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, 2021. Results of operations for interim periods are not necessarily indicative of results that may be expected for the fiscal year as a whole.

2. On December 18, 2020 the Board of Director's voted to reinstate the Company's stock buyback program.

The Company repurchased 13,774 of its outstanding common shares, as treasury stock, for the nine months ended October 31, 2021 at an average price per share of approximately \$3.932 for a total repurchase of \$54,157. The common stock issued and outstanding was reduced by 13,774 shares or \$14 (13,774 shares at \$0.001 per value per share), and additional paid in capital was reduced by \$54,143. The reduction in shares issued and outstanding and additional paid in capital is reflected in the accompanying balance sheet.

3. On April 8, 2021, the Company entered into a retail sales and incentive agreement with Arizona Fuel Distributors, L.L.C. to purchase Marathon brand fuels for the Company's five New Mexico location effective April 30, 2021. The retail sales and incentive agreement is for a period of ten years.

On April 9, 2021, The Company entered into a mutual termination agreement with its Marketer Petroleum Practices Act agreement with Western Refining Wholesale, L.L.C. effective April 29, 2021.