

BOWLIN TRAVEL CENTERS, INC.

Financial Statements

For the Quarterly Period Ended

October 31, 2022

(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, 2022 (Unaudited)</u>	<u>January 31, 2022</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 7,317	\$ 8,130
Marketable securities	1,202	1,201
Accounts receivable	14	20
Current maturity of note receivable	9	8
Inventories	5,743	5,397
Prepaid income taxes	1	4
Prepaid expenses	345	284
Interest receivable	4	—
Total current assets	14,635	15,044
Property and equipment, net	11,990	12,197
Operating lease right of use assets	944	1,398
Finance lease, net	—	33
Intangible assets, net	40	41
Note receivable, less current maturities	5	9
Investment in real estate	297	716
Total assets	\$ 27,911	\$ 29,438
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 1,078	\$ 1,296
Current maturity of long-term debt	492	478
Current maturities of finance lease obligation	—	33
Accrued liabilities	1,649	3,269
Current operating lease liabilities	131	182
Income taxes payable	20	40
Deferred revenue	16	32
Total current liabilities	3,386	5,330
Net deferred income taxes liabilities	1,035	958
Operating lease liabilities	774	1,177
Long-term debt, less current maturities	6,063	6,426
Total liabilities	11,258	13,891
Stockholders' equity:		
Preferred stock, \$0.001 par value; 1,000,000 shares authorized, none issued or outstanding at October 31, 2022 and January 31, 2022	—	—
Common stock, \$0.001 par value; 10,000,000 shares authorized, 4,583,348 issued and outstanding at October 31, 2022 and January 31, 2022	5	5
Less: Treasury stock, \$0.001 par value: 636,619 shares at October 31, 2022 and 628,615 shares at January 31, 2022	1	1
Common stock, 3,946,729 and 3,954,733 shares outstanding October 31, 2022 and January 31, 2022, respectively	4	4
Additional paid in capital, net	8,833	8,874
Retained earnings	7,816	6,669
Total stockholders' equity	16,653	15,547
Total liabilities and stockholders' equity	\$ 27,911	\$ 29,438

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, 2022 (Unaudited)	October 31, 2021 (Unaudited)	October 31, 2022 (Unaudited)	October 31, 2021 (Unaudited)
Gross sales	\$ 9,187	\$ 9,767	\$ 32,851	\$ 33,584
Less discounts on sales	103	83	387	297
Net sales	9,084	9,684	32,464	33,287
Cost of goods sold	5,129	5,363	18,644	17,737
Gross profit	3,955	4,321	13,820	15,550
General and administrative expenses	(3,586)	(3,554)	(11,305)	(12,177)
Depreciation and amortization	(307)	(292)	(893)	(875)
Gain (loss) on sale of property and equipment	(8)	4	154	4
Operating income	54	479	1,776	2,502
Non-operating income (expense)				
Interest income	8	—	11	1
Interest expense	(62)	(79)	(223)	(246)
Rental income	7	17	28	55
Total non-operating income (expense)	(47)	(62)	(184)	(190)
Income before income tax expense	7	417	1,592	2,312
Income tax benefit (expense)	(46)	(110)	(445)	(615)
Net income	\$ (39)	\$ 307	\$ 1,147	\$ 1,697
Net income per share	\$ (0.01)	\$ 0.08	\$ 0.29	\$ 0.43
Weighted average common shares outstanding	3,952,528	3,967,441	3,952,528	3,967,441

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, 2022
(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, 2022	3,954,733	\$ 4	\$ 8,874	\$ 6,669	\$ 15,547
Net income	—	—	—	1,147	1,147
Purchase of treasury stock	<u>(8,004)</u>	<u>—</u>	<u>(41)</u>	<u>—</u>	<u>(41)</u>
Balance at October 31, 2022	<u>3,946,729</u>	<u>\$ 4</u>	<u>\$ 8,833</u>	<u>\$ 7,816</u>	<u>\$ 16,653</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, 2022 (Unaudited)	October 31, 2021 (Unaudited)
Cash flows from operating activities:		
Net income	\$ 1,147	\$ 1,697
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	893	875
(Gain) loss on sale of assets	(154)	(4)
Deferred income taxes, net	77	(45)
Changes in operating assets and liabilities, net	(2,273)	522
Net cash used in operating activities	(310)	3,045
Cash flows from investing activities:		
Proceeds from sale of assets	683	26
Purchases of property and equipment, net	(762)	(704)
Accrued interest receivable	(4)	1
Note receivable, net	3	6
Net cash used in investing activities	(80)	(671)
Cash flows from financing activities:		
Payments on long-term debt	(349)	(1,453)
Payments for finance lease obligation	(33)	(80)
Purchase of treasury stock	(41)	(54)
Net cash used in financing activities	(423)	(1,587)
Net (decrease) increase in cash and cash equivalents	(813)	787
Cash and cash equivalents at beginning of period	8,130	7,564
Cash and cash equivalents at end of period	\$ 7,317	\$ 8,351

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 2022 and 2021 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, 2022. 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 17, 2021 the Board of Director's voted to reinstate the Company's stock buyback program.

The Company repurchased 8,004 of its outstanding common shares, as treasury stock, for the nine months ended October 31, 2022 at an average price per share of approximately \$5.09 for a total repurchase of approximately \$40,740. The common stock issued and outstanding was reduced by 8,004 shares or \$8 (8,004 shares at \$0.001 per value per share), and additional paid in capital was reduced by \$40,732. The reduction in shares issued and outstanding and additional paid in capital is reflected in the accompanying balance sheet.
3. Investment in real estate: On June 9, 2022, the Company sold one of the subdivided quarter-acre residential lots of land in Alamogordo, New Mexico. The lot sold for \$19,900, the carrying value was \$11,748 and the selling costs were \$2,707. The gain on the sale of the lot was \$5,445.
4. On May 25, 2022, the Company sold the property in Edgewood, New Mexico for \$600,000. The carrying value was \$390,288 and the selling costs were \$52,097. The gain on the sale was \$157,615.