

**BOWLIN TRAVEL CENTERS, INC.**

**Financial Statements**

**For the Quarterly Period Ended**

**April 30, 2020**

**(unaudited)**

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

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

	April 30, 2020 (Unaudited)	January 31, 2020
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 4,366	\$ 4,745
Marketable securities	1,185	1,180
Accounts receivable	25	26
Current maturity of note receivable	6	6
Inventories	4,437	4,049
Prepaid expenses	225	261
Prepaid income taxes	42	46
Interest receivable	5	11
Total current assets	10,291	10,324
Property and equipment, net	12,655	12,491
Operating lease right of use assets	1,196	1,259
Finance lease assets, net	202	227
Intangible assets, net	18	18
Note receivable, less current maturities	20	21
Investment in real estate	821	821
Total assets	\$ 25,203	\$ 25,161
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 1,037	\$ 878
Current maturities of long-term debt	431	419
Current maturities of finance lease obligation	102	100
Accrued liabilities	454	1,182
Current operating lease liabilities	175	172
Deferred revenue	18	27
Total current liabilities	2,217	2,778
Net deferred income tax liabilities	713	789
Operating lease liabilities	1,020	1,087
Finance lease obligation, less current maturities	101	127
Long-term debt, less current maturities	8,349	7,336
Total liabilities	12,400	12,117
Stockholders' equity:		
Preferred stock, \$0.001 par value; 1,000,000 shares authorized, none issued or outstanding at April 30, 2020 and January 31, 2020	—	—
Common stock, 0.001 par value; 10,000,000 shares authorized, 4,583,348 issued April 30, 2020 and January 31, 2020	5	5
Less: Treasury stock, 610,884 shares at April 30, 2020 and 602,829 shares at January 31, 2020	1	1
Common stock, 3,972,464 and 3,980,519 shares outstanding at April 30, 2020 and January 31, 2020, respectively	4	4
Additional paid in capital, net	8,954	8,978
Retained earnings	3,845	4,062
Total stockholders' equity	12,803	13,044
Total liabilities and stockholders' equity	\$ 25,203	\$ 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)

	Three Months Ended	
	April 30, 2020 (Unaudited)	April 30, 2019 (Unaudited)
Gross sales	\$ 5,365	\$ 7,309
Less discounts on sales	64	81
Net sales	5,301	7,228
Cost of goods sold	2,757	4,055
Gross profit	2,544	3,173
General and administrative expenses	(2,471)	(2,713)
Depreciation and amortization	(284)	(292)
Operating (loss) income	(211)	168
Other non-operating income (expense):		
Interest income	7	5
Interest expense	(109)	(105)
Loss on sale of assets	(12)	—
Other income	25	—
Rental income	11	17
Total non-operating income (expense)	(78)	(83)
(Loss) income before income tax benefit (expense)	(289)	85
Income tax benefit (expense)	72	(24)
Net (loss) income	\$ (217)	\$ 61
Net (loss) income per share	\$ (0.05)	\$ 0.02
Weighted average common shares outstanding	4,000,179	4,006,248

See accompanying notes to condensed financial statements.

**BOWLIN TRAVEL CENTERS, INC.**  
**Condensed Statements of Stockholders' Equity**  
 (in thousands, except share data)  
 For the three months ended April 30, 2020  
 (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, 2020	3,980,519	\$ 4	\$ 8,978	\$ 4,062	\$ 13,044
Net loss	—	—	—	(217)	(217)
Purchase of treasury stock	<u>(8,055)</u>	<u>—</u>	<u>(24)</u>	<u>—</u>	<u>(24)</u>
Balance at April 30, 2020	<u>3,972,464</u>	<u>\$ 4</u>	<u>\$ 8,954</u>	<u>\$ 3,845</u>	<u>\$ 12,803</u>

See accompanying notes to condensed financial statements.

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

	For the Three Months Ended	
	April 30, 2020 (Unaudited)	April 30, 2019 (Unaudited)
Cash flows from operating activities:		
Net (loss) income	\$ (217)	\$ 61
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	284	292
Loss on sale of assets	12	—
Deferred income taxes	(76)	23
Changes in operating assets and liabilities, net	(926)	(373)
Net cash (used in) provided by operating activities	(923)	3
Cash flows from investing activities:		
Purchases of property and equipment, net	(435)	(309)
Note receivable, net	1	(5)
Accrued interest receivable	6	3
Marketable securities, net	(5)	(100)
Net cash used in investing activities	(433)	(411)
Cash flows from financing activities:		
Payments on long-term debt	(94)	(56)
Payments for finance lease obligation	(24)	(23)
Proceeds from borrowing on long-term debt	1,119	—
Purchase of treasury stock	(24)	(10)
Net cash provided by (used in) financing activities	977	(89)
Net decrease in cash and cash equivalents	(379)	(497)
Cash and cash equivalents at beginning of period	4,745	4,445
Cash and cash equivalents at end of period	\$ 4,366	\$ 3,948

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 ended April 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 three months ended April 30, 2020 at an average price per share of approximately \$2.957 for a total repurchase of approximately \$23,825. The common shares issued and outstanding were 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 approximately \$23,817. The reduction in shares issued and outstanding and additional paid in capital is reflected in the accompanying balance sheet.

On April 24, 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 current economic uncertainty 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 17, 2022. It is payable monthly commencing in six months, and there is no prepayment penalty. 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 intends to apply the loan proceeds as specifically directed in order to meet the qualifications for full forgiveness. However, no assurance can be provided by the Company that it will be successful in its efforts to do so.

4. Subsequent Events, COVID-19 Pandemic. During this pandemic, the Company's travel centers have been classified as essential businesses (retail fuel centers), and have been allowed to remain open to the public. However, government mandated orders for shelter-in-place, quarantines, and other restrictions have had a material, adverse impact on travel. The Company does not yet know the full extent to which the COVID-19 pandemic will impact its operations, due to a high level of uncertainty nationwide as the economy begins to reopen under very strict guidelines.