

**BOWLIN TRAVEL CENTERS, INC.**

**Financial Statements**

**For the Quarterly Period Ended**

**April 30, 2019**

**(unaudited)**

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

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

	<u>April 30, 2019 (Unaudited)</u>	<u>January 31, 2019</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 3,948	\$ 4,445
Marketable securities	965	865
Accounts receivable	20	11
Inventories	4,389	3,810
Prepaid expenses	211	243
Prepaid income taxes	66	66
Interest receivable	2	5
Total current assets	<u>9,601</u>	<u>9,445</u>
Property and equipment, net	12,704	12,663
Right of use assets	976	—
Capital lease, net	297	320
Other assets	23	18
Investment in real estate	821	821
Total assets	<u>\$ 24,422</u>	<u>\$ 23,267</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 1,444	\$ 635
Current maturities of long-term debt	335	282
Current maturities of capital lease obligation	95	93
Accrued liabilities	609	1,111
Deferred revenue	29	42
Total current liabilities	<u>2,512</u>	<u>2,163</u>
Net deferred income tax liabilities	643	620
Lease liabilities	866	—
Capital lease obligation, less current maturities	202	227
Long-term debt, less current maturities	7,390	7,499
Total liabilities	<u>11,613</u>	<u>10,509</u>
Stockholders' equity:		
Preferred stock, \$0.001 par value; 1,000,000 shares authorized, none issued or outstanding at April 30, 2019 and January 31, 2019	—	—
Common stock, 0.001 par value; 10,000,000 shares authorized, 4,583,348 issued April 30, 2019 and January 31, 2019	5	5
Less: Treasury stock, 585,577 shares at April 30, 2019 and 581,576 shares at January 31, 2019	1	1
Common stock, 3,997,771 and 4,001,772 shares outstanding at April 30, 2019 and January 31, 2019, respectively	4	4
Additional paid in capital, net	9,031	9,041
Retained earnings	3,774	3,713
Total stockholders' equity	<u>12,809</u>	<u>12,758</u>
Total liabilities and stockholders' equity	<u>\$ 24,422</u>	<u>\$ 23,267</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	
	April 30, 2019 (Unaudited)	April 30, 2018 (Unaudited)
Gross sales	\$ 7,309	\$ 6,929
Less discounts on sales	81	73
Net sales	7,228	6,856
Cost of goods sold	4,055	3,985
Gross profit	3,173	2,871
General and administrative expenses	(2,713)	(2,552)
Depreciation and amortization	(292)	(254)
Operating income	168	65
Other non-operating income (expense):		
Interest income	5	3
Interest expense	(105)	(80)
Rental income	17	17
Total non-operating income (expense)	(83)	(60)
Income before income tax expense	85	5
Income tax expense	(24)	(6)
Net income (loss)	<u>\$ 61</u>	<u>\$ (1)</u>
Net income per share	<u>\$ 0.02</u>	<u>\$ 0.00</u>
Weighted average common shares outstanding	<u>4,006,248</u>	<u>4,026,020</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, 2019 (Unaudited)	April 30, 2018 (Unaudited)
Cash flows from operating activities:		
Net income	\$ 61	\$ (1)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	292	254
Deferred income taxes	23	22
Changes in operating assets and liabilities, net	603	(420)
Net cash provided by (used in) operating activities	979	(145)
Cash flows from investing activities:		
Purchases of property and equipment, net	(309)	(1,811)
Right of use assets	(976)	—
Franchise fee payment	(5)	—
Accrued interest receivable	3	(2)
Marketable securities, net	(100)	—
Net cash used in investing activities	(1,387)	(1,813)
Cash flows from financing activities:		
Payments on long-term debt	(56)	(76)
Payments for capital lease obligation	(23)	(21)
Proceeds from borrowing on long-term debt	—	1,662
Purchase of treasury stock	(10)	(25)
Net cash (used in) provided by financing activities	(89)	1,540
Net decrease in cash and cash equivalents	(497)	(418)
Cash and cash equivalents at beginning of period	4,445	4,033
Cash and cash equivalents at end of period	\$ 3,948	\$ 3,615

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 2019 and 2018 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, 2019. 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 4,001 of its outstanding common shares, as treasury stock, for the three months ended April 30, 2019 at an average price per share of approximately \$2.27 for a total repurchase of approximately \$9,075. The common shares issued and outstanding were reduced by 4,001 shares or \$4 (4,001 shares at \$0.001 per value per share), and additional paid in capital was reduced by approximately \$9,071. The reduction in shares issued and outstanding and additional paid in capital is reflected in the accompanying balance sheet.
3. On December 22, 2017, the U.S. enacted the Tax Cuts and Jobs Act (TCJA), which significantly changed U.S. tax law. The TCJA lowered the U.S. statutory federal income tax rate from 35% to 21% effective January 1, 2018.

The Company adjusted the deferred income tax assets and liabilities using the 21% rate as of the first quarter of fiscal year 2019. Management has determined that the TCJA adjustment should have been recorded as of and for the year ended January 31, 2018 and has restated its previously reported financial statements.

4. **Recent Accounting Pronouncements.** In February of 2016, the FASB issued Accounting Standards Update No. 2016-02, Leases (Topic 842). The guidance was issued to increase the transparency and comparability of lessees by recognizing lease assets and lease liabilities for all operating leases on the balance sheet with the exception of short-term leases (twelve months or less). The Company adopted the updated guidance on February 1, 2019 on a prospective basis and as a result, prior periods were not adjusted to reflect the impacts of the updated guidance. Upon adoption, the Company recorded \$976,000 and \$866,000 for operating lease assets and liabilities, respectively.