

BOWLIN TRAVEL CENTERS, INC.

Financial Statements

For the Quarterly Period Ended

July 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>July 31, 2022 (Unaudited)</u>	<u>January 31, 2022</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 7,828	\$ 8,130
Marketable securities	1,201	1,201
Accounts receivable	21	20
Current maturity of note receivable	7	8
Inventories	5,767	5,397
Prepaid income taxes	—	4
Prepaid expenses	245	284
Interest receivable	2	—
Total current assets	15,071	15,044
Property and equipment, net	11,989	12,197
Operating lease right of use assets	954	1,398
Finance lease, net	—	33
Intangible assets, net	41	41
Note receivable, less current maturities	7	9
Investment in real estate	294	716
Total assets	\$ 28,356	\$ 29,438
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 1,301	\$ 1,296
Current maturity of long-term debt	497	478
Current maturities of finance lease obligation	5	33
Accrued liabilities	1,646	3,269
Current operating lease liabilities	119	182
Income taxes payable	122	40
Deferred revenue	11	32
Total current liabilities	3,701	5,330
Net deferred income taxes liabilities	961	958
Operating lease liabilities	796	1,177
Long-term debt, less current maturities	6,186	6,426
Total liabilities	11,644	13,891
Stockholders' equity:		
Preferred stock, \$0.001 par value; 1,000,000 shares authorized, none issued or outstanding at July 31, 2022 and January 31, 2022	—	—
Common stock, \$0.001 par value; 10,000,000 shares authorized, 4,583,348 issued and outstanding at July 31, 2022 and January 31, 2022	5	5
Less: Treasury stock, \$0.001 par value: 632,668 shares at July 31, 2022 and 628,615 shares at January 31, 2022	1	1
Common stock, 3,950,680 and 3,954,733 shares outstanding July 31, 2022 and January 31, 2022, respectively	4	4
Additional paid in capital, net	8,854	8,874
Retained earnings	7,854	6,669
Total stockholders' equity	16,712	15,547
Total liabilities and stockholders' equity	\$ 28,356	\$ 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		Six Months Ended	
	July 31, 2022 <u>(Unaudited)</u>	July 31, 2021 <u>(Unaudited)</u>	July 31, 2022 <u>(Unaudited)</u>	July 31, 2021 <u>(Unaudited)</u>
Gross sales	\$ 13,053	\$ 14,178	\$ 23,664	\$ 23,816
Less discounts on sales	190	132	284	214
Net sales	<u>12,863</u>	<u>14,046</u>	<u>23,380</u>	<u>23,602</u>
Cost of goods sold	7,279	7,180	13,515	12,373
Gross profit	5,584	6,866	9,865	11,229
General and administrative expenses	(4,266)	(5,151)	(7,719)	(8,624)
Depreciation and amortization	(295)	(292)	(587)	(583)
Gain (loss) on sale of property and equipment	157	1	162	1
Operating income	<u>1,180</u>	<u>1,424</u>	<u>1,721</u>	<u>2,023</u>
Non-operating income (expense)				
Interest income	3	—	4	1
Interest expense	(86)	(82)	(162)	(167)
Rental income	6	17	21	37
Total non-operating income (expense)	<u>(77)</u>	<u>(65)</u>	<u>(137)</u>	<u>(129)</u>
Income before income tax expense	1,103	1,359	1,584	1,894
Income tax expense	(266)	(361)	(399)	(504)
Net income	<u>\$ 837</u>	<u>\$ 998</u>	<u>\$ 1,185</u>	<u>\$ 1,390</u>
Net income per share	<u>\$ 0.21</u>	<u>\$ 0.25</u>	<u>\$ 0.30</u>	<u>\$ 0.35</u>
Weighted average common shares outstanding	<u>3,955,708</u>	<u>3,970,472</u>	<u>3,955,708</u>	<u>3,970,472</u>

See accompanying notes to condensed financial statements.

BOWLIN TRAVEL CENTERS, INC.
Condensed Statements of Stockholders' Equity
(in thousands, except share data)
For the six months ended July 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	—	—	—	1,185	1,185
Purchase of treasury stock	<u>(4,053)</u>	<u>—</u>	<u>(20)</u>	<u>—</u>	<u>(20)</u>
Balance at July 31, 2022	<u>3,950,680</u>	<u>\$ 4</u>	<u>\$ 8,854</u>	<u>\$ 7,854</u>	<u>\$ 16,712</u>

See accompanying notes to condensed financial statements.

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

	For the Six Months Ended	
	July 31, 2022 (Unaudited)	July 31, 2021 (Unaudited)
Cash flows from operating activities:		
Net income	\$ 1,185	\$ 1,390
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	587	583
(Gain) loss on sale of assets	(162)	(1)
Deferred income taxes, net	3	(30)
Changes in operating assets and liabilities, net	(1,886)	1,365
Net cash provided by (used in) operating activities	(273)	3,307
Cash flows from investing activities:		
Proceeds from sale of assets	683	11
Purchases of property and equipment, net	(444)	(407)
Accrued interest receivable	(2)	1
Note receivable, net	3	4
Net cash provided by (used in) investing activities	240	(391)
Cash flows from financing activities:		
Payments on long-term debt	(221)	(1,340)
Payments for finance lease obligation	(28)	(53)
Purchase of treasury stock	(20)	(25)
Net cash (used in) financing activities	(269)	(1,418)
Net increase in cash and cash equivalents	(302)	1,498
Cash and cash equivalents at beginning of period	8,130	7,564
Cash and cash equivalents at end of period	\$ 7,828	\$ 9,062

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 six months ended July 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 4,053 of its outstanding common shares, as treasury stock, for the six months ended July 31, 2022 at an average price per share of approximately \$5.00 for a total repurchase of \$20,284. The common shares issued and outstanding were reduced by 4,053 shares or \$4 (4,053 shares at \$0.001 per value per share), and additional paid in capital was reduced by approximately \$20,280. 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 sub-divided 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 sales was \$157,615.