

**BOWLIN TRAVEL CENTERS, INC.**

**Financial Statements**

**For the Quarterly Period Ended**

**July 31, 2020**

**(unaudited)**

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

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

	July 31, 2020 (Unaudited)	January 31, 2020
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 6,635	\$ 4,745
Marketable securities	1,195	1,180
Accounts receivable	20	26
Current maturity of note receivable	5	6
Inventories	3,946	4,049
Prepaid expenses	186	261
Prepaid income taxes	39	46
Interest receivable	4	11
Total current assets	12,030	10,324
Property and equipment, net	12,410	12,491
Operating lease right of use assets	1,224	1,259
Finance lease, net	178	227
Intangible assets, net	18	18
Note receivable, less current maturities	19	21
Investment in real estate	821	821
Total assets	\$ 26,700	\$ 25,161
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 989	\$ 878
Current maturity of long-term debt	434	419
Current maturities of capital lease obligation	104	100
Accrued liabilities	1,175	1,182
Current operating lease liabilities	232	172
Deferred revenue	21	27
Total current liabilities	2,955	2,778
Net deferred income taxes liabilities	959	789
Operating lease liabilities	991	1,087
Finance lease obligation, less current maturities	74	127
Long-term debt, less current maturities	8,241	7,336
Total liabilities	13,220	12,117
Stockholders' equity:		
Preferred stock, \$0.001 par value; 1,000,000 shares authorized, none issued or outstanding at July 31, 2020 and January 31, 2020	—	—
Common stock, \$0.001 par value; 10,000,000 shares authorized, 4,583,348 issued and outstanding at July 31, 2020 and January 31, 2020	5	5
Less: Treasury stock, \$0.001 par value: 610,884 shares at July 31, 2020 and 602,829 shares at January 31, 2020	1	1
Common stock, 3,972,464 and 3,980,519 shares outstanding at July 31, 2020 and January 31, 2020, respectively	4	4
Additional paid in capital, net	8,954	8,978
Retained earnings	4,522	4,062
Total stockholders' equity	13,480	13,044
Total liabilities and stockholders' equity	\$ 26,700	\$ 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		Six Months Ended	
	July 31, 2020 <u>(Unaudited)</u>	July 31, 2019 <u>(Unaudited)</u>	July 31, 2020 <u>(Unaudited)</u>	July 31, 2019 <u>(Unaudited)</u>
Gross sales	\$ 8,947	\$ 9,443	\$ 14,312	\$ 16,751
Less discounts on sales	<u>94</u>	<u>101</u>	<u>158</u>	<u>182</u>
Net sales	8,853	9,342	14,154	16,569
Cost of goods sold	<u>4,081</u>	<u>5,064</u>	<u>6,838</u>	<u>9,118</u>
Gross profit	4,772	4,278	7,316	7,451
General and administrative expenses	(3,473)	(3,313)	(5,944)	(6,026)
Depreciation and amortization	<u>(285)</u>	<u>(289)</u>	<u>(569)</u>	<u>(581)</u>
Operating income	1,014	676	803	844
Non-operating income (expense)				
Interest income	2	8	9	13
Interest expense	(101)	(102)	(210)	(208)
Loss on sale of assets	3	(65)	(9)	(65)
Other income	—	—	25	—
Rental income	<u>8</u>	<u>14</u>	<u>19</u>	<u>31</u>
Total non-operating income (expense)	<u>(88)</u>	<u>(145)</u>	<u>(166)</u>	<u>(229)</u>
Income before income tax expense	926	531	637	615
Income tax expense	(249)	(153)	(177)	(177)
Net income	<u>\$ 677</u>	<u>\$ 378</u>	<u>\$ 460</u>	<u>\$ 438</u>
Net income per share	<u>\$ 0.17</u>	<u>\$ 0.09</u>	<u>\$ 0.12</u>	<u>\$ 0.11</u>
Weighted average common shares outstanding	<u>3,993,926</u>	<u>4,002,379</u>	<u>3,993,926</u>	<u>4,002,379</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, 2020  
(Unaudited)

	Number of shares of Common stock outstanding	Common stock, at par	Additional paid-in capital	Retained earnings	Total
Balance at January 31, 2020	3,980,519	\$ 4	\$ 8,978	\$ 4,062	\$ 13,044
Net loss	—	—	—	460	460
Purchase of treasury stock	<u>(8,055)</u>	<u>—</u>	<u>(24)</u>	<u>—</u>	<u>(24)</u>
Balance at July 31, 2020	<u>3,972,464</u>	<u>\$ 4</u>	<u>\$ 8,954</u>	<u>\$ 4,522</u>	<u>\$ 13,480</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, 2020 (Unaudited)	July 31, 2019 (Unaudited)
Cash flows from operating activities:		
Net income	\$ 460	\$ 438
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	569	581
Loss on sale of assets	9	65
Deferred income taxes, net	170	177
Changes in operating assets and liabilities, net	289	427
Net cash provided by operating activities	1,497	1,688
Cash flows from investing activities:		
Proceeds from sale of assets	3	35
Purchases of property and equipment, net	(451)	(742)
Accrued interest receivable	7	(1)
Marketable securities, net	(15)	(315)
Note receivable, net	3	—
Net cash used in investing activities	(453)	(1,023)
Cash flows from financing activities:		
Payments on long-term debt	(200)	(138)
Payments for finance lease obligation	(49)	(46)
Proceeds from borrowing on long-term debt	1,119	311
Purchase of treasury stock	(24)	(12)
Net cash provided by financing activities	846	115
Net increase in cash and cash equivalents	1,890	780
Cash and cash equivalents at beginning of period	4,745	4,445
Cash and cash equivalents at end of period	\$ 6,635	\$ 5,225

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 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 six months ended July 31, 2020 at an average price per share of approximately \$2.957 for a total repurchase of \$23,825. The common stock issued and outstanding was 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 \$23,817. The reduction in shares issued and outstanding and additional paid in capital is reflected in the accompanying balance sheet.

On April 14, 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 economic uncertainty at that time 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 has applied the loan proceeds as specifically directed in order to meet the qualifications for full forgiveness, and will submit the loan forgiveness application prior to the mandated deadline.