UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2023.

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________.

Commission File Number 001-39828

ARKO
A Family of Community Brands

ARKO Corp.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**85-2784337**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**

8565 Magellan Parkway
Suite 400
Richmond, Virginia 23227-1150
(Address of Principal Executive Offices) (Zip Code)
(804) 730-1568
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, $0.0001 par value per share	ARKO	**Nasdaq Capital Market**
Warrants to purchase common stock	ARKOW	**Nasdaq Capital Market**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ NO

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) ☐ YES ☒ NO

As of August 4, 2023, the registrant had 118,656,855 shares of its common stock, par value $0.0001 per share ("common stock") outstanding.

TABLE OF CONTENTS

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains "forward-looking statements," as that term is defined under the Private Securities Litigation Reform Act of 1995 ("PSLRA"), Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements include statements about our expectations, beliefs or intentions regarding our product development efforts, business, financial condition, results of operations, strategies or prospects. You can identify forward-looking statements by the fact that these statements do not relate strictly to historical or current matters. Rather, forward-looking statements relate to anticipated or expected events, activities, trends or results as of the date they are made. Because forward-looking statements relate to matters that have not yet occurred, these statements are inherently subject to risks and uncertainties that could cause our actual results to differ materially from any future results expressed or implied by the forward-looking statements. Many factors could cause our actual activities or results to differ materially from the activities and results anticipated in forward-looking statements. These factors include those described below and in "Item 1A-Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2022 and this Quarterly Report on Form 10-Q, and described from time to time in our other filings with the Securities and Exchange Commission (the "SEC"). We do not undertake any obligation to update forward-looking statements, except to the extent required by applicable law. We intend that all forward-looking statements be subject to the safe-harbor provisions of the PSLRA. These forward-looking statements are only predictions and reflect our views as of the date they are made with respect to future events and financial performance.

Risks and uncertainties, the occurrence of which could adversely affect our business, include the following:

•changes in economic conditions and consumer confidence in the United States;

•our ability to make acquisitions on economically acceptable terms;

•our ability to successfully integrate acquired operations or otherwise realize the expected benefits from our acquisitions;

•our ability to successfully implement our organic growth strategies;

•labor, raw materials and building supply shortages and price fluctuations in the construction industry could delay or increase the costs of our store upgrade and remodel programs and our maintenance capital expenditures;

•changes in the wholesale prices of motor fuel;

•significant changes in the current consumption of, and related regulations and litigation related to, cigarettes and other tobacco products;

•significant changes in demand for fuel-based modes of transportation;

•the highly competitive industry characterized by low entry barriers in which we operate;

•negative events or developments associated with branded motor fuel suppliers;

•we depend on several principal suppliers for our fuel purchases and two principal suppliers for merchandise;

•a portion of our revenue is generated under fuel supply agreements with dealers that must be renegotiated or replaced periodically;

•the retail sale, distribution, transportation and storage of motor fuels is subject to environmental protection and operational safety laws and regulations that may expose us or our customers to significant costs and liabilities;

•business disruption and related risks resulting from global pandemics;

•failure to comply with applicable laws and regulations;

•the loss of key senior management personnel or the failure to recruit or retain qualified personnel;

•unfavorable weather conditions;

•we may be held liable for fraudulent credit card transactions on our fuel dispensers;

•payment-related risks that may result in higher operating costs or the inability to process payments;

•significant disruptions of information technology systems, breaches of data security or compromised data;

•evolving laws, regulations, standards, and contractual obligations related to data privacy and security regulations, and our actual or perceived failure to comply with such obligations;

•our failure to adequately secure, maintain, and enforce our intellectual property rights;

- third-party claims of infringement upon their intellectual property rights;
- our dependence on third-party transportation providers for the transportation of most of our motor fuel;
- our operations present risks which may not be fully covered by insurance;
- our variable rate debt;
- the agreements governing our indebtedness contain various restrictions and financial covenants;
- our principal stockholders and management control us, and their interests may conflict with yours;
- our corporate structure includes Israeli subsidiaries that may have adverse tax consequences and expose us to additional tax liabilities;
- we may not be able to maintain an effective system of internal control over financial reporting and we may not be able to accurately report our financial results or prevent fraud;
- the market price and trading volume of our common stock may be volatile and could decline significantly;
- if securities or industry analysts do not publish research, publish inaccurate or unfavorable research, or cease publishing research about us or the convenience store industry; and
- sales of a substantial number of shares of our common stock in the public market could cause the prices of our common stock to decline.

Table of Contents

PART I. FINANCIAL INFORMATION

Unless the context otherwise requires, all references in this Quarterly Report on Form 10-Q to the "Company," "ARKO," "we," "our," "ours," and "us" refer to ARKO Corp., a Delaware corporation, including our consolidated subsidiaries.

Item 1. Financial Statements

ARKO Corp.
Condensed Consolidated Balance Sheets
(Unaudited, in thousands)

	June 30, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 220,142	$ 298,529
Restricted cash	15,136	18,240
Short-term investments	3,319	2,400
Trade receivables, net	135,663	118,140
Inventory	256,116	221,951
Other current assets	101,435	87,873
Total current assets	731,811	747,133
Non-current assets:		
Property and equipment, net	748,697	645,809
Right-of-use assets under operating leases	1,418,902	1,203,188
Right-of-use assets under financing leases, net	174,221	182,113
Goodwill	277,795	217,297
Intangible assets, net	219,598	197,123
Equity investment	2,861	2,924
Deferred tax asset	57,007	22,728
Other non-current assets	40,565	36,855
Total assets	$ 3,671,457	$ 3,255,170
Liabilities		
Current liabilities:		
Long-term debt, current portion	$ 13,369	$ 11,944
Accounts payable	233,459	217,370
Other current liabilities	166,056	154,097
Operating leases, current portion	63,811	57,563
Financing leases, current portion	4,916	5,457
Total current liabilities	481,611	446,431
Non-current liabilities:		
Long-term debt, net	810,302	740,043
Asset retirement obligation	79,837	64,909
Operating leases	1,422,736	1,218,045
Financing leases	223,871	225,907
Other non-current liabilities	275,584	178,945
Total liabilities	3,293,941	2,874,280
Commitments and contingencies - see Note 12		
Series A redeemable preferred stock (no par value) - authorized: 1,000 shares; issued and outstanding: 1,000 and 1,000 shares, respectively; redemption value: $100,000 and $100,000, in the aggregate respectively	100,000	100,000
Shareholders' equity:		
Common stock (par value $0.0001) - authorized: 400,000 shares; issued: 125,269 and 124,727 shares, respectively; outstanding: 118,843 and 120,074 shares, respectively	12	12
Treasury stock, at cost - 6,426 and 4,653 shares, respectively	(53,804)	(40,042)
Additional paid-in capital	238,617	229,995
Accumulated other comprehensive income	9,119	9,119
Retained earnings	83,533	81,750
Total shareholders' equity	277,477	280,834
Non-controlling interest	39	56
Total equity	277,516	280,890
Total liabilities, redeemable preferred stock and equity	$ 3,671,457	$ 3,255,170

The accompanying notes are an integral part of these condensed consolidated financial statements.

ARKO Corp.
Condensed Consolidated Statements of Operations
(Unaudited, in thousands, except per share data)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022
Revenues:				
Fuel revenue	$ 1,957,100	$ 2,085,854	$ 3,618,764	$ 3,669,380
Merchandise revenue	484,561	431,751	884,849	798,736
Other revenues, net	27,480	22,658	53,904	44,958
Total revenues	2,469,141	2,540,263	4,557,517	4,513,074
Operating expenses:				
Fuel costs	1,801,103	1,955,019	3,338,985	3,425,668
Merchandise costs	329,903	300,387	607,226	559,180
Store operating expenses	218,002	178,077	410,685	344,615
General and administrative expenses	42,660	32,956	83,076	64,741
Depreciation and amortization	32,837	24,353	61,236	48,989
Total operating expenses	2,424,505	2,490,792	4,501,208	4,443,193
Other expenses, net	4,956	1,197	7,676	2,318
Operating income	39,680	48,274	48,633	67,563
Interest and other financial income	2,428	8,997	9,630	6,710
Interest and other financial expenses	(22,588)	(16,336)	(43,392)	(30,024)
Income before income taxes	19,520	40,935	14,871	44,249
Income tax expense	(5,014)	(9,157)	(2,856)	(10,162)
(Loss) income from equity investment	(27)	28	(63)	37
Net income	$ 14,479	$ 31,806	$ 11,952	$ 34,124
Less: Net income attributable to non-controlling interests	48	52	101	131
Net income attributable to ARKO Corp.	$ 14,431	$ 31,754	$ 11,851	$ 33,993
Series A redeemable preferred stock dividends	(1,434)	(1,434)	(2,852)	(2,852)
Net income attributable to common shareholders	$ 12,997	$ 30,320	$ 8,999	$ 31,141
Net income per share attributable to common shareholders - basic	$ 0.11	$ 0.25	$ 0.07	$ 0.25
Net income per share attributable to common shareholders - diluted	$ 0.11	$ 0.24	$ 0.07	$ 0.25
Weighted average shares outstanding:				
Basic	119,893	121,529	120,073	122,909
Diluted	121,280	130,558	120,767	123,245

The accompanying notes are an integral part of these condensed consolidated financial statements.

ARKO Corp.
Condensed Consolidated Statements of Changes in Equity
(Unaudited, in thousands)

	Common Stock		Treasury	Additional	Accumulated Other	Retained	Total	Non-	
	Shares	Par Value	Stock, at Cost	Paid-in Capital	Comprehensive Income	Earnings	Shareholders' Equity	Controlling Interests	Total Equity
Balance at April 1, 2022	123,190	$ 12	$ (13,084)	$ 220,449	$ 9,119	$ 24,993	$ 241,489	$ 243	$ 241,732
Share-based compensation	—	—	—	3,108	—	—	3,108	—	3,108
Distributions to non-controlling interests	—	—	—	—	—	—	—	(60)	(60)
Dividends on redeemable preferred stock	—	—	—	—	—	(1,434)	(1,434)	—	(1,434)
Dividends declared (2 cents per share)	—	—	—	—	—	(2,415)	(2,415)	—	(2,415)
Common stock repurchased	(3,115)	—	(26,954)	—	—	—	(26,954)	—	(26,954)
Net income	—	—	—	—	—	31,754	31,754	52	31,806
Balance at June 30, 2022	120,075	$ 12	$ (40,038)	$ 223,557	$ 9,119	$ 52,898	$ 245,548	$ 235	$ 245,783
Balance at April 1, 2023	120,305	$ 12	$ (42,352)	$ 234,158	$ 9,119	$ 74,143	$ 275,080	$ (45)	$ 275,035
Share-based compensation	—	—	—	4,555	—	—	4,555	—	4,555
Transactions with non-controlling interests	—	—	—	(96)	—	—	(96)	96	—
Distributions to non-controlling interests	—	—	—	—	—	—	—	(60)	(60)
Dividends on redeemable preferred stock	—	—	—	—	—	(1,434)	(1,434)	—	(1,434)
Dividends declared (3 cents per share)	—	—	—	—	—	(3,607)	(3,607)	—	(3,607)
Common stock repurchased	(1,499)	—	(11,452)	—	—	—	(11,452)	—	(11,452)
Vesting and settlement of restricted share units	37	—	—	—	—	—	—	—	—
Net income	—	—	—	—	—	14,431	14,431	48	14,479
Balance at June 30, 2023	118,843	$ 12	$ (53,804)	$ 238,617	$ 9,119	$ 83,533	$ 277,477	$ 39	$ 277,516

	Common Stock		Treasury	Additional	Accumulated Other	Retained	Total	Non-	
	Shares	Par Value	Stock, at Cost	Paid-in Capital	Comprehensive Income	Earnings	Shareholders' Equity	Controlling Interests	Total Equity
Balance at January 1, 2022	124,428	$ 12	$ —	$ 217,675	$ 9,119	$ 26,646	$ 253,452	$ 224	$ 253,676
Share-based compensation	—	—	—	5,882	—	—	5,882	—	5,882
Distributions to non-controlling interests	—	—	—	—	—	—	—	(120)	(120)
Dividends on redeemable preferred stock	—	—	—	—	—	(2,852)	(2,852)	—	(2,852)
Dividends declared (4 cents per share)	—	—	—	—	—	(4,889)	(4,889)	—	(4,889)
Common stock repurchased	(4,652)	—	(40,038)	—	—	—	(40,038)	—	(40,038)
Vesting of restricted share units	286	—	—	—	—	—	—	—	—
Issuance of shares	13	—	—	—	—	—	—	—	—
Net income	—	—	—	—	—	33,993	33,993	131	34,124
Balance at June 30, 2022	120,075	$ 12	$ (40,038)	$ 223,557	$ 9,119	$ 52,898	$ 245,548	$ 235	$ 245,783
Balance at January 1, 2023	120,074	$ 12	$ (40,042)	$ 229,995	$ 9,119	$ 81,750	$ 280,834	$ 56	$ 280,890
Share-based compensation	—	—	—	8,624	—	—	8,624	—	8,624
Transactions with non-controlling interests	—	—	—	(2)	—	—	(2)	2	—
Distributions to non-controlling interests	—	—	—	—	—	—	—	(120)	(120)
Dividends on redeemable preferred stock	—	—	—	—	—	(2,852)	(2,852)	—	(2,852)
Dividends declared (6 cents per share)	—	—	—	—	—	(7,216)	(7,216)	—	(7,216)
Common stock repurchased	(1,773)	—	(13,762)	—	—	—	(13,762)	—	(13,762)
Vesting and settlement of restricted share units	542	—	—	—	—	—	—	—	—
Net income	—	—	—	—	—	11,851	11,851	101	11,952
Balance at June 30, 2023	118,843	$ 12	$ (53,804)	$ 238,617	$ 9,119	$ 83,533	$ 277,477	$ 39	$ 277,516

The accompanying notes are an integral part of these condensed consolidated financial statements.

ARKO Corp.
Condensed Consolidated Statements of Cash Flows
(Unaudited, in thousands)

	For the Six Months Ended June 30, 2023	2022
Cash flows from operating activities:		
Net income	$ 11,952	$ 34,124
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	61,236	48,989
Deferred income taxes	(14,115)	2,671
Loss on disposal of assets and impairment charges	3,278	1,971
Foreign currency loss	58	228
Amortization of deferred financing costs and debt discount	1,213	1,262
Amortization of deferred income	(3,929)	(5,292)
Accretion of asset retirement obligation	1,118	829
Non-cash rent	6,558	3,737
Charges to allowance for credit losses	573	351
Loss (income) from equity investment	63	(37)
Share-based compensation	8,624	5,882
Fair value adjustment of financial assets and liabilities	(5,248)	(6,590)
Other operating activities, net	976	707
Changes in assets and liabilities:		
Increase in trade receivables	(18,173)	(31,491)
Increase in inventory	(8,208)	(35,947)
(Increase) decrease in other assets	(10,965)	7,607
Increase in accounts payable	14,580	46,407
Decrease in other current liabilities	(7,651)	(11,324)
Increase (decrease) in asset retirement obligation	46	(34)
Increase in non-current liabilities	4,000	8,112
Net cash provided by operating activities	$ 45,986	$ 72,162

The accompanying notes are an integral part of these condensed consolidated financial statements.

ARKO Corp.
Condensed Consolidated Statements of Cash Flows (cont'd)
(Unaudited, in thousands)

	For the Six Months Ended June 30, 2023	2022
Cash flows from investing activities:		
Purchase of property and equipment	$ (50,038)	$ (45,168)
Purchase of intangible assets	(35)	(125)
Proceeds from sale of property and equipment	296,485	7,261
Prepayment for business acquisition	—	(5,000)
Business acquisitions, net of cash	(481,636)	(6,853)
Decrease in investments, net	—	27,109
Repayment of loans to equity investment	—	174
Net cash used in investing activities	(235,224)	(22,602)
Cash flows from financing activities:		
Receipt of long-term debt, net	74,233	—
Repayment of debt	(10,511)	(6,093)
Principal payments on financing leases	(2,912)	(3,304)
Proceeds from sale-leaseback	80,397	—
Payment of Additional Consideration	—	(2,085)
Payment of Ares Put Option	(9,808)	—
Common stock repurchased	(13,563)	(40,038)
Dividends paid on common stock	(7,216)	(4,889)
Dividends paid on redeemable preferred stock	(2,852)	(2,852)
Distributions to non-controlling interests	—	(120)
Net cash provided by (used in) financing activities	107,768	(59,381)
Net decrease in cash and cash equivalents and restricted cash	(81,470)	(9,821)
Effect of exchange rate on cash and cash equivalents and restricted cash	(21)	(121)
Cash and cash equivalents and restricted cash, beginning of period	316,769	272,543
Cash and cash equivalents and restricted cash, end of period	$ 235,278	$ 262,601
Reconciliation of cash and cash equivalents and restricted cash		
Cash and cash equivalents, beginning of period	$ 298,529	252,141
Restricted cash, beginning of period	18,240	20,402
Cash and cash equivalents and restricted cash, beginning of period	$ 316,769	$ 272,543
Cash and cash equivalents, end of period	$ 220,142	$ 248,518
Restricted cash, end of period	15,136	14,083
Cash and cash equivalents and restricted cash, end of period	$ 235,278	$ 262,601

The accompanying notes are an integral part of these condensed consolidated financial statements.

ARKO Corp.
Condensed Consolidated Statements of Cash Flows (cont'd)
(Unaudited, in thousands)

	For the Six Months Ended June 30, 2023	2022
Supplementary cash flow information:		
Cash received for interest	$ 4,274	$ 107
Cash paid for interest	38,402	27,740
Cash received for taxes	512	78
Cash paid for taxes	20,845	4,797
Supplementary noncash activities:		
Prepaid insurance premiums financed through notes payable	$ 5,619	$ 2,279
Purchases of equipment in accounts payable and accrued expenses	9,367	10,857
Purchase of property and equipment under leases	3,034	10,363
Disposals of leases of property and equipment	2,669	404
Deferred consideration related to business acquisition	45,845	—

The accompanying notes are an integral part of these condensed consolidated financial statements.

ARKO Corp.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. General

ARKO Corp. (the "Company") is a Delaware corporation whose common stock, par value $0.0001 per share ("common stock"), and publicly-traded warrants are listed on the Nasdaq Stock Market ("Nasdaq") under the symbols "ARKO" and "ARKOW," respectively.

The Company's operations are primarily performed by its subsidiary, GPM Investments, LLC ("GPM"), a Delaware limited liability company. GPM is primarily engaged directly and through fully owned and controlled subsidiaries (directly or indirectly) in retail activity, which includes the operations of a chain of convenience stores, most of which include adjacent gas stations. The Company is also engaged in wholesale activity, which includes the supply of fuel to gas stations operated by third parties, and in fleet fueling, which includes the operation of proprietary and third-party cardlock locations (unstaffed fueling locations) and issuance of proprietary fuel cards that provide customers access to a nationwide network of fueling sites. As of June 30, 2023, GPM's activity included the operation of 1,547 retail convenience stores, the supply of fuel to 1,824 gas stations operated by dealers and the operation of 293 cardlock locations, throughout more than 30 states and the District of Columbia in the Mid-Atlantic, Midwestern, Northeastern, Southeastern and Southwestern United States ("U.S.").

The Company has four reportable segments: retail, wholesale, fleet fueling, and GPMP. Refer to Note 11 below for further information with respect to the segments.

2. Summary of Significant Accounting Policies

Basis of Presentation

All significant intercompany balances and transactions have been eliminated in the accompanying condensed consolidated financial statements, which are prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Interim Financial Statements

The accompanying condensed consolidated financial statements ("interim financial statements") as of June 30, 2023 and for the three and six months ended June 30, 2023 and 2022 are unaudited and have been prepared in accordance with GAAP for interim financial information and Regulation S-X set forth by the Securities and Exchange Commission (the "SEC") for interim reporting. In the opinion of management, all adjustments (consisting of normal and recurring adjustments except those otherwise described herein) considered necessary for a fair presentation have been included in the accompanying interim financial statements. However, they do not include all of the information and disclosures required by GAAP for complete financial statements. Therefore, the interim financial statements should be read in conjunction with the audited consolidated financial statements and accompanying notes of the Company included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 (the "annual financial statements").

The same significant accounting policies, presentation and methods of computation have been followed in these interim financial statements as were applied in the preparation of the annual financial statements.

Accounting Periods

The Company's fiscal periods end on the last day of the month, and its fiscal year ends on December 31. This results in the Company experiencing fluctuations in current assets and current liabilities due to purchasing and payment patterns which change based upon the day of the week. As a result, working capital can change from period to period not only due to changing business operations, but also due to a change in the day of the week on which each period ends. The Company earns a disproportionate amount of its annual operating income in the second and third quarters as a result of the climate and seasonal buying patterns of its customers. Inclement weather, especially in the Midwest and Northeast regions of the U.S. during the winter months, can negatively impact financial results.

Use of Estimates

In the preparation of interim condensed consolidated financial statements, management may make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include right-of-use assets and lease liabilities; impairment of goodwill, intangible, right-of-use and fixed assets; environmental assets and liabilities; deferred tax assets; and asset retirement obligations.

Cash and Cash Equivalents

The Company considers all unrestricted highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. Cash and cash equivalents are maintained at several financial institutions, and in order to have sufficient working capital on hand, the Company maintains concentrations of cash in several financial institutions in amounts that are above the FDIC standard deposit insurance limit of $250,000.

Revenue Recognition

Revenue is recognized when control of the promised goods or services is transferred to the customers. This requires the Company to identify contractual performance obligations and determine whether revenue should be recognized at a single point in time or over time, based on when control of goods and services transfers to a customer. Control is transferred to the customer over time if the customer simultaneously receives and consumes the benefits provided by the Company’s performance. If a performance obligation is not satisfied over time, the Company satisfies the performance obligation at a single point in time.

Revenue is recognized in an amount that reflects the consideration to which the Company expects to be entitled in exchange for goods or services.

When the Company satisfies a performance obligation by transferring control of goods or services to the customer, revenue is recognized against contract assets in the amount of consideration to which the Company is entitled. When the consideration amount received from the customer exceeds the amounts recognized as revenue, the Company recognizes a contract liability for the excess.

An asset is recognized related to the costs incurred to obtain a contract (e.g. sales commissions) if the costs are specifically identifiable to a contract, the costs will result in enhancing resources that will be used in satisfying performance obligations in the future and the costs are expected to be recovered. These capitalized costs are recorded as a part of other current assets and other non-current assets and are amortized on a systematic basis consistent with the pattern of transfer of the goods or services to which such costs relate. The Company expenses the costs to obtain a contract, as and when they are incurred, in cases where the expected amortization period is one year or less.

The Company evaluates if it is a principal or an agent in a transaction to determine whether revenue should be recorded on a gross or a net basis. In performing this analysis, the Company considers first whether it controls the goods before they are transferred to the customers and if it has the ability to direct the use of the goods or obtain benefits from them. The Company also considers the following indicators: (1) the primary obligor, (2) the latitude in establishing prices and selecting suppliers, and (3) the inventory risk borne by the Company before and after the goods have been transferred to the customer. When the Company acts as principal, revenue is recorded on a gross basis. When the Company acts as agent, revenue is recorded on a net basis.

Fuel revenue and fuel cost of revenue included fuel taxes of $307.2 million, $243.7 million, $571.5 million and $475.5 million for the three and six months ended June 30, 2023 and 2022, respectively.

Refer to Note 11 for disclosure of the revenue disaggregated by segment and product line, as well as a description of the reportable segment operations.

3. Acquisitions

Transit Energy Group, LLC

On March 1, 2023, the Company completed the acquisition of certain assets from Transit Energy Group, LLC and certain of its affiliated entities (collectively, “TEG”) pursuant to a purchase agreement entered on September 9, 2022, as amended (the “TEG Purchase Agreement”), including (i) 135 Company-operated convenience stores and gas stations, (ii) fuel supply rights to 181 dealer locations, (iii) a commercial, government, and industrial business, including certain bulk plants, and (iv) certain distribution and transportation assets, all in the southeastern United States (the “TEG Acquisition”).

The purchase price for the TEG Acquisition was approximately $370 million, as adjusted in accordance with the terms of the TEG Purchase Agreement, plus the value of inventory at the closing, of which $50 million was deferred and payable in two annual payments of $25 million, which the Company may elect to pay in either cash or, subject to the satisfaction of certain conditions, shares of common stock (the “Installment Shares”), on the first and second anniversaries of the closing. Pursuant to the TEG Purchase Agreement, at closing, ARKO and TEG entered into a registration rights agreement, pursuant to which ARKO agreed to prepare and file a registration statement with the SEC, registering the Installment Shares, if any, for resale by TEG.

The Company paid approximately $81.7 million of the non-deferred purchase price including the value of inventory and other closing adjustments, of which $55.0 million was financed with the Capital One Line of Credit (as defined in Note 4 below). An affiliate of Oak Street Real Estate Capital Net Lease Property Fund, LP (including its affiliates, "Oak Street"), under the Company's standby real estate purchase, designation and lease program agreement with Oak Street, dated as of May 3, 2021 (as amended, the "Program Agreement"), paid the balance of the non-deferred purchase price for fee simple ownership in 104 sites. At the closing, pursuant to the Program Agreement, the Company entered into a master lease with Oak Street for the sites Oak Street acquired in the transaction under customary lease terms. For accounting purposes, the transaction with Oak Street was treated as a sale-leaseback. Because the sale-leaseback was off-market, a financial liability of $51.6 million was recorded, resulting in interest expense recognized over the lease term. Additionally, right-of-use assets and operating lease liabilities of approximately $131.3 million were recorded in connection with the operating lease, after reducing for accounting purposes from the contractual lease payments the amount attributable to the repayment of the additional financing.

The details of the TEG Acquisition were as follows:

	Amount (in thousands)
Fair value of consideration transferred:	
Cash	$ 26,702
GPMP Capital One Line of Credit	55,000
Liability resulting from deferred purchase price	45,845
Receivable from TEG	(62)
Consideration provided by Oak Street	258,019
Total consideration	$ 385,504
Assets acquired and liabilities:	
Cash and cash equivalents	$ 379
Inventory	20,259
Other assets	1,304
Property and equipment, net	268,879
Intangible assets	20,000
Right-of-use assets under operating leases	69,254
Environmental receivables	2,664
Deferred tax asset	19,135
Total assets	401,874
Other liabilities	(2,087)
Environmental liabilities	(2,939)
Asset retirement obligations	(11,187)
Operating leases	(57,569)
Total liabilities	(73,782)
Total identifiable net assets	328,092
Goodwill	$ 57,412
Consideration paid in cash	$ 81,702
Consideration provided by Oak Street	258,019
Less: cash and cash equivalent balances acquired	(379)
Net cash outflow	$ 339,342

The initial accounting treatment of the TEG Acquisition reflected in these interim financial statements is provisional as the Company has not yet finalized the initial accounting treatment of the business combination, and, in this regard, has not finalized the valuation of some of the assets and liabilities acquired and the goodwill resulting from the TEG Acquisition, mainly due to the limited period of time between the TEG Acquisition closing date and the date of these interim financial statements. Therefore, some of the financial information presented with respect to the TEG Acquisition in these interim financial statements remains subject to change.

The Company included identifiable tangible assets and identifiable liabilities at their respective fair values based on the information available to the Company's management on the TEG Acquisition closing date, including, among other things, a preliminary valuation performed by external consultants for this purpose. The useful life of both the wholesale fuel supply contracts and the trade name was estimated at five years.

As a result of the preliminary accounting treatment of the TEG Acquisition, the Company recorded goodwill of approximately $57.4 million, of which $55.0 million was allocated to the GPMP segment and the remainder to the retail segment, and attributable to the opportunities to expand into new geographic locations and add a significant amount of volume to the GPMP segment. None of the goodwill recognized is tax deductible for U.S. income tax purposes.

Acquisition-related costs amounting to approximately $0.7 million and $2.9 million have been excluded from the consideration transferred and have been recognized as an expense within other expenses, net in the condensed consolidated statements of operations for the three and six months ended June 30, 2023, respectively. No acquisition-related costs were recognized for the three and six months ended June 30, 2022.

Results of operations for the TEG Acquisition for the period subsequent to the acquisition closing date were included in the condensed consolidated statement of operations for the three and six months ended June 30, 2023. For the period from the TEG Acquisition closing date through June 30, 2023, the Company recognized $317.1 million in revenues and $2.7 million of net loss related to the TEG Acquisition. For the three months ended June 30, 2023, the Company recognized $240.2 million in revenues and $2.7 million of net loss related to the TEG Acquisition.

WTG Fuels Holdings, LLC

On June 6, 2023, certain of the Company's subsidiaries completed the acquisition of certain assets from WTG Fuels Holdings, LLC and certain other sellers party thereto (collectively, "WTG") pursuant to an asset purchase agreement entered on December 6, 2022, including (i) 24 company-operated Uncle's convenience stores located across Western Texas, and (ii) 68 proprietary GASCARD-branded cardlock sites and 43 private cardlock sites for fleet fueling operations located in Western Texas and Southeastern New Mexico (the "WTG Acquisition").

The purchase price for the WTG Acquisition was approximately $140.0 million, plus the value of inventory at the closing. The Company paid approximately $29.9 million of the purchase price including the value of inventory and other closing adjustments, of which $19.2 million was financed with the Capital One Line of Credit (as defined in Note 4 below). Oak Street, under the Program Agreement, paid the balance of the purchase price for fee simple ownership in 33 properties. At the closing, pursuant to the Program Agreement, the Company entered into master leases with Oak Street for the sites Oak Street acquired in the transaction under customary lease terms. For accounting purposes, the transaction with Oak Street was treated as a sale-leaseback. Because the sale-leaseback was off-market, a financial liability of $28.8 million was recorded, resulting in interest expense recognized over the lease term. Additionally, right-of-use assets and operating lease liabilities of approximately $49.0 million were recorded in connection with the operating lease, after reducing for accounting purposes from the contractual lease payments the amount attributable to the repayment of the additional financing.

The details of the WTG Acquisition were as follows:

		Amount (in thousands)
Fair value of consideration transferred:		
Cash	$	10,653
GPMP Capital One Line of Credit		19,200
Payable to WTG		818
Consideration provided by Oak Street		115,041
Total consideration	$	145,712
Assets acquired and liabilities:		
Cash and cash equivalents	$	60
Inventory		5,694
Other assets		149
Property and equipment, net		128,396
Intangible assets		14,800
Right-of-use assets under operating leases		1,812
Environmental receivables		4
Total assets		150,915
Other liabilities		(598)
Environmental liabilities		(136)
Asset retirement obligations		(2,730)
Operating leases		(1,739)
Total liabilities		(5,203)
Total identifiable net assets		145,712
Goodwill	$	—
Consideration paid in cash	$	29,853
Consideration provided by Oak Street		115,041
Less: cash and cash equivalent balances acquired		(60)
Net cash outflow	$	144,834

The initial accounting treatment of the WTG Acquisition reflected in these interim financial statements is provisional as the Company has not yet finalized the initial accounting treatment of the business combination, and, in this regard, has not finalized the valuation of some of the assets and liabilities acquired and the goodwill resulting from the WTG Acquisition, mainly due to the limited period of time between the WTG Acquisition closing date and the date of these interim financial statements. Therefore, some of the financial information presented with respect to the WTG Acquisition in these interim financial statements remains subject to change.

The Company included identifiable tangible assets and identifiable liabilities at their respective fair values based on the information available to the Company's management on the WTG Acquisition closing date, including, among other things, a preliminary valuation performed by management. The useful life of the contracts related to the third-party cardlock sites, the customer relationships related to the proprietary cardlock sites and the proprietary fuel cards, the wholesale fuel supply contracts and the trade name was each estimated at five years.

The Company's preliminary accounting treatment of the WTG Acquisition resulted in no goodwill being recorded.

Acquisition-related costs amounting to approximately $1.8 million and $2.1 million have been excluded from the consideration transferred and have been recognized as an expense within other expenses, net in the condensed consolidated statements of operations for the three and six months ended June 30, 2023, respectively. No acquisition-related costs were recognized for the three and six months ended June 30, 2022.

Results of operations for the WTG Acquisition for the period subsequent to the acquisition closing date were included in the condensed consolidated statement of operations for the three and six months ended June 30, 2023. For the period from the WTG Acquisition closing date through June 30, 2023, the Company recognized $14.9 million in revenues and $0.2 million of net income related to the WTG Acquisition.

Pride Convenience Holdings, LLC

On December 6, 2022, the Company acquired all of the issued and outstanding membership interests in Pride Convenience Holdings, LLC, which operated at closing 31 convenience stores and gas stations in Connecticut and Massachusetts (the "Pride

Acquisition”). In the second quarter of 2023, the Company updated the initial accounting treatment of the Pride Acquisition, including the valuation of some of the assets acquired, liabilities assumed and the goodwill resulting from the acquisition. As a result, the Company primarily reduced property and equipment by approximately $4.7 million, increased accounts payable and other liabilities by a net $1.0 million, and increased the deferred tax asset by approximately $1.0 million. The adjustments to the assets acquired and liabilities assumed resulted in an increase in goodwill of approximately $3.1 million, of which $0.4 million was allocated to the GPMP segment and the remainder was allocated to the retail segment attributable to the opportunities to expand into new geographic locations. These adjustments resulted in a reduction in depreciation and amortization expenses recorded, approximately $0.2 million that related to amounts recorded for the year ended December 31, 2022 and approximately $0.6 million that related to the three months ended March 31, 2023.

Impact of Acquisitions (unaudited)

The unaudited supplemental pro forma financial information presented below was prepared based on the historical information of the Company and the acquired operations and gives pro forma effect to the acquisitions using the assumption that the WTG Acquisition, the TEG Acquisition, the Pride Acquisition and the acquisition of 184 Quarles cardlock sites and 46 dealer locations on July 22, 2022 (the “Quarles Acquisition”) had occurred at the beginning of each period presented below. The unaudited supplemental pro forma financial information does not give effect to the potential impact of current financial conditions, any anticipated synergies, operating efficiencies or cost savings that may result from the acquisitions or any integration costs. The unaudited pro forma financial information is not necessarily indicative of what the actual results of operations would have been had the acquisitions occurred at the beginning of each period presented below nor is it indicative of future results.

	For the Six Months Ended June 30, 2023	2022
	(unaudited) (in thousands)	
Total revenue	$ 4,969,737	$ 5,938,441
Net income	10,398	36,523

4. Debt

The components of debt were as follows:

	June 30, 2023	December 31, 2022
	(in thousands)	
Senior Notes	$ 444,033	$ 443,648
M&T debt	44,380	49,023
Capital One line of credit	331,303	256,430
Insurance premium notes	3,955	2,886
Total debt, net	$ 823,671	$ 751,987
Less current portion	(13,369)	(11,944)
Total long-term debt, net	$ 810,302	$ 740,043

On May 5, 2023, GPM Petroleum LP (“GPMP”) renewed the credit agreement governing its revolving credit facility with a syndicate of banks led by Capital One, National Association, to increase the aggregate principal amount of availability thereunder from $500 million to $800 million (as amended, the “Capital One Line of Credit”) and extend the maturity date from July 15, 2024 to May 5, 2028. At GPMP’s request, availability under the Capital One Line of Credit can be increased up to $1.0 billion, subject to obtaining additional financing commitments from current lenders or from other banks, and subject to certain other terms as detailed in the Capital One Line of Credit.

5. Leases

As of June 30, 2023, the Company leased 1,278 of the convenience stores that it operates, 209 dealer locations, 157 cardlock locations and certain office and storage spaces, including land and buildings in certain cases. Most of the lease agreements are for long-term periods, ranging from 15 to 20 years, and generally include several renewal options for extension periods for five to 25 years each. Additionally, the Company leases certain store equipment, office equipment, automatic tank gauges and fuel dispensers.

The components of lease cost recorded on the condensed consolidated statements of operations were as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022
	(in thousands)			
Finance lease cost:				
Depreciation of right-of-use assets	$ 2,785	$ 3,037	$ 5,638	$ 6,084
Interest on lease liabilities	4,142	4,260	8,304	8,631
Operating lease costs included in store operating expenses	45,752	34,358	87,336	68,653
Operating lease costs included in general and administrative expenses	587	351	1,121	738
Lease cost related to variable lease payments, short-term leases and leases of low value assets	711	569	1,401	1,213
Right-of-use asset impairment charges and loss (gain) on disposals of leases	1,994	—	1,454	—
Total lease costs	$ 55,971	$ 42,575	$ 105,254	$ 85,319

Supplemental balance sheet date related to leases was as follows:

	June 30, 2023	December 31, 2022
	(in thousands)	
Operating leases		
Weighted average remaining lease term (in years)	14.4	14.1
Weighted average discount rate	7.8 %	7.7 %
Financing leases		
Weighted average remaining lease term (in years)	23.1	23.4
Weighted average discount rate	7.2 %	7.2 %

As of June 30, 2023, maturities of lease liabilities for operating lease obligations and financing lease obligations having an initial or remaining non-cancellable lease terms in excess of one year were presented in the table below. The minimum lease payments presented below include periods where an option is reasonably certain to be exercised and do not take into consideration any future consumer price index adjustments for these agreements.

	Operating	Financing
	(in thousands)	
July 2023 through June 2024	$ 174,609	$ 21,279
July 2024 through June 2025	176,244	21,046
July 2025 through June 2026	176,841	20,914
July 2026 through June 2027	174,535	20,772
July 2027 through June 2028	171,421	20,860
Thereafter	1,688,912	414,378
Gross lease payments	$ 2,562,562	$ 519,249
Less: imputed interest	(1,076,015)	(290,462)
Total lease liabilities	$ 1,486,547	$ 228,787

6. Financial Derivative Instruments

The Company makes limited use of derivative instruments (futures contracts) to manage certain risks related to diesel fuel prices. The Company does not hold any derivatives for speculative purposes and it does not use derivatives with leveraged or complex features. The Company currently uses derivative instruments that are traded primarily over national exchanges such as the New York Mercantile Exchange (“NYMEX”). For accounting purposes, the Company has designated its derivative contracts as fair value hedges of firm commitments.

As of June 30, 2023, the Company had fuel futures contracts in place to hedge approximately 3.2 million gallons of diesel fuel for which the Company had a firm commitment to purchase. As of June 30, 2023 and December 31, 2022, the Company had asset derivatives with fair values of approximately $0.2 million and $0.5 million, respectively, recorded in other current assets and firm commitments with fair values of approximately $0.2 million and $0.5 million, respectively, recorded in other current liabilities on the condensed consolidated balance sheets.

As of June 30, 2023 and December 31, 2022, there was $0.2 million and $0.5 million, respectively, of cash collateral provided to counterparties that was classified as restricted cash on the condensed consolidated balance sheet. All cash flows associated with purchasing and selling fuel derivative instruments are classified as other operating activities, net cash flows in the condensed consolidated statements of cash flows.

7. Equity

The Company's board of directors (the "Board") declared and the Company paid a quarterly dividend of $0.03 per share of common stock on March 21, 2023 and on June 1, 2023, totaling $3.6 million each. The amount and timing of dividends payable on the common stock are within the sole discretion of the Board, which will evaluate dividend payments within the context of the Company's overall capital allocation strategy on an ongoing basis, giving consideration to its current and forecast earnings, financial condition, cash requirements and other factors. As a result of the aggregate amount of dividends paid on the common stock through June 30, 2023, the conversion price of the Company's Series A convertible preferred stock has been adjusted from $12.00 to $11.85 per share, as were the threshold share prices in the Deferred Shares agreement (as defined in Note 10). The Board declared a quarterly dividend of $0.03 per share of common stock, to be paid on September 1, 2023 to stockholders of record as of August 15, 2023.

In February 2022, the Board authorized a share repurchase program for up to an aggregate of $50 million of outstanding shares of common stock and in May 2023, the Board increased the size of the share repurchase program to $100.0 million. The share repurchase program does not have an expiration date. In the three and six months ended June 30, 2023, the Company repurchased approximately 1.5 million and 1.6 million shares of common stock, respectively, under the repurchase program for approximately $11.2 million and $11.9 million, or an average share price of $7.55 and $7.57, respectively.

8. Share-Based Compensation

The Compensation Committee of the Board has approved the grant of non-qualified stock options, restricted stock units ("RSUs"), and shares to certain employees, non-employees and members of the Board under the ARKO Corp. 2020 Incentive Compensation Plan (the "Plan"). Stock options granted under the Plan expire no later than ten years from the date of grant and the exercise price may not be less than the fair market value of the shares on the date of grant. Vesting periods are assigned to stock options and restricted share units on a grant-by-grant basis at the discretion of the Board. The Company issues new shares of common stock upon exercise of stock options and vesting of RSUs.

Additionally, a non-employee director may receive RSUs in lieu of up to 100% of his or her cash fees, which RSUs will be settled in common stock upon the director's departure from the Board or an earlier change in control of the Company.

Stock Options

The following table summarizes share activity related to stock options:

	Stock Options (in thousands)	Weighted Average Exercise Price	Weighted Average Fair Value	Remaining Average Contractual Term (Years)	Aggregate Intrinsic Value (in thousands)
Options Outstanding, December 31, 2022	897	$ 9.24		9.0	$ 77
Granted	409	8.58	3.27		
Options Outstanding, June 30, 2023	1,306	$ 9.03		8.9	$ —

The aggregate intrinsic value is the difference between the exercise price and the closing price of the Company's common stock on June 30, 2023 and December 31, 2022.

In the six months ended June 30, 2023, 352 thousand stock options vested.

As of June 30, 2023, total unrecognized compensation cost related to unvested stock options was approximately $2.3 million, which is expected to be recognized over a weighted average period of approximately 2.0 years.

The fair value of each stock option award is estimated by management on the date of the grant using the Black-Scholes option pricing model. The following table summarizes the assumptions utilized in the valuation of the stock option awards granted in the six months ended June 30, 2023:

Expected dividend rate	1.4 %
Expected stock price volatility	28.8 %
Risk-free interest rate	4.0 %
Expected term of options (years)	10.0

The expected stock price volatility is based on the historical volatility of the Company's stock price plus the Company's peer group's stock price for the period prior to the Company's listing on Nasdaq. The volatilities are estimated for a period of time equal to the expected term of the related option. The risk-free interest rate is based on the implied yield of U.S. Treasury zero-coupon issues with an equivalent remaining term. The expected term of the options represents the estimated period of time until exercise and is determined by considering the contractual terms, vesting schedule and expectations of future employee behavior.

Restricted Stock Units

The following table summarizes share activity related to RSUs:

	Restricted Stock Units (in thousands)	Weighted Average Grant Date Fair Value
Nonvested RSUs, December 31, 2022	3,115	$ 8.90
Granted	1,676	8.49
Released	(615)	9.00
Forfeited	(37)	9.22
Performance-based share adjustment	144	8.13
Nonvested RSUs, June 30, 2023	4,283	$ 8.70

In the six months ended June 30, 2023, 110,390 RSUs were issued to non-employee directors. These awards are included in the table above under restricted stock units. There were 272,476 and 198,170 RSUs issued to non-employee directors outstanding as of June 30, 2023 and December 31, 2022, respectively.

The fair value of RSUs released during the six months ended June 30, 2023 was $5.3 million.

In the six months ended June 30, 2023, the Company granted a target of 1,097,740 performance-based RSUs ("PSUs"). The PSUs were awarded to certain members of senior management and provide for cliff vesting, generally at the end of a three-year period, subject to the achievement of specific key financial metrics measured over such period. The number of PSUs that will ultimately vest is contingent upon the achievement of these key financial metrics at the end of the relevant performance period. The Company assesses the probability of achieving these metrics on a quarterly basis.

Given the Company's strong performance in 2022, in the first quarter of 2023, the Compensation Committee of the Board approved the adjustment of the performance criteria for 2022 such that the percentage of PSUs that vest with respect to the target amount for 2022 would be 125% instead of 100% and would be applied to all PSUs granted as part of the 2021 and 2022 long-term incentives. As a result, the number of PSUs was adjusted for the probability of achieving these metrics, resulting in additional expense of $0.1 million being recorded in the first quarter of 2023, based on the fair value at the adjustment approval date. For PSUs with market conditions, the Company recognizes the fair value expense ratably over the performance and vesting period.

As of June 30, 2023, total unrecognized compensation cost related to RSUs and PSUs was approximately $23.1 million, which is expected to be recognized over a weighted average period of approximately 1.9 years.

Compensation Cost

Total compensation cost recorded collectively for employees, non-employees and members of the Board for the three and six months ended June 30, 2023 and 2022 was $4.6 million, $3.1 million, $8.6 million and $5.9 million, respectively, and included in general and administrative expenses on the condensed consolidated statements of operations.

9. Earnings per Share

The following table sets forth the computation of basic and diluted net income per share of common stock:

	For the Three Months Ended June 30, 2023	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
	(in thousands)			
Net income available to common stockholders	$ 12,997	$ 30,320	$ 8,999	$ 31,141
Dividends on redeemable preferred stock	—	1,434	—	—
Net income available to common stockholders after assumed conversions	$ 12,997	$ 31,754	$ 8,999	$ 31,141
Weighted average common shares outstanding — Basic	119,893	121,529	120,073	122,909
Effect of dilutive securities:				
Restricted share units	1,387	668	694	336
Redeemable preferred stock	—	8,361	—	—
Weighted average common shares outstanding — Diluted	121,280	130,558	120,767	123,245
Net income per share available to common stockholders — Basic	$ 0.11	$ 0.25	$ 0.07	$ 0.25
Net income per share available to common stockholders — Diluted	$ 0.11	$ 0.24	$ 0.07	$ 0.25

The following potential shares of common stock have been excluded from the computation of diluted net income per share because their effect would have been antidilutive:

	As of June 30, 2023	As of June 30, 2022
	(in thousands)	
Stock options	1,306	897
Ares warrants	1,100	1,100
Public and Private warrants	17,333	17,333
Series A redeemable preferred stock	8,439	—
Ares Put Option	*	*

* Refer to the description of this instrument in Note 10.

The effect of the potential shares of common stock issuable upon conversion of the redeemable preferred stock was antidilutive for the three months ended June 30, 2023 and the six months ended June 30, 2023 and 2022, and such shares were excluded from the computation of diluted net income per share.

10. Fair Value Measurements and Financial Instruments

The fair value of cash and cash equivalents, restricted cash, short-term investments, trade receivables, accounts payable and other current liabilities approximated their carrying values as of June 30, 2023 and December 31, 2022 primarily due to the short-term maturity of these instruments. On October 21, 2021, the Company completed a private offering of $450 million aggregate principal amount of 5.125% Senior Notes due 2029 (the "Senior Notes"). Based on market trades of the Senior Notes close to June 30, 2023 and December 31, 2022 (Level 1 fair value measurement), the fair value of the Senior Notes was estimated at approximately $367.0 million and $354.7 million, respectively, compared to a gross carrying value of $450 million at June 30, 2023 and December 31, 2022. The fair value of the other long-term debt approximated their carrying values as of June 30, 2023 and December 31, 2022 due to the frequency with which interest rates are reset based on changes in prevailing interest rates. The fair value of fuel futures contracts was determined using NYMEX quoted values.

The contingent consideration from the acquisition of the business of Empire Petroleum Partners, LLC is measured at fair value at the end of each reporting period and amounted to $2.2 million and $3.7 million as of June 30, 2023 and December 31, 2022, respectively. The fair value methodology for the contingent consideration liability is categorized as Level 3 because inputs to the valuation methodology are unobservable and significant to the fair value adjustment. Approximately $0.1 million, $(0.5) million, $0.2 million and $(0.4) million were recorded as components of interest and other financial expenses (income) in the condensed consolidated statements of operations for the change in the fair value of the contingent consideration for the three and six months ended June 30, 2023 and 2022, respectively, and approximately $0.9 million, $0.5 million, $1.6 million and $0.5 million of income were recorded as components of other expenses, net in the condensed consolidated statements of operations for the three and six months ended June 30, 2023 and 2022, respectively.

The public warrants to purchase the Company's common stock (the "Public Warrants"), of which approximately 14.8 million were outstanding as of June 30, 2023, are measured at fair value at the end of each reporting period and amounted to $22.1 million and $25.9 million as of June 30, 2023 and December 31, 2022, respectively. The fair value methodology for the Public Warrants is categorized as Level 1. Approximately $0, $7.1 million, $3.8 million and $5.2 million were recorded as components of interest and other financial income in the condensed consolidated statements of operations for the change in the fair value of the Public Warrants for the three and six months ended June 30, 2023 and 2022, respectively.

The private warrants to purchase the Company's common stock (the "Private Warrants"), of which approximately 2.5 million were outstanding as of June 30, 2023, are measured at fair value at the end of each reporting period and amounted to $3.4 million and $4.5 million as of June 30, 2023 and December 31, 2022, respectively. The fair value methodology for the Private Warrants is categorized as Level 2 because certain inputs to the valuation methodology are unobservable and significant to the fair value adjustment. The Private Warrants have been recorded at fair value based on a Black-Scholes option pricing model with the following material assumptions based on observable and unobservable inputs:

	June 30, 2023
Expected term (in years)	2.5
Expected dividend rate	1.5 %
Volatility	44.5 %
Risk-free interest rate	4.7 %
Strike price	$ 11.50

For the change in the fair value of the Private Warrants, approximately $0.1 million, $1.2 million, $1.1 million and $0.9 million were recorded as components of interest and other financial income in the condensed consolidated statements of operations for the three and six months ended June 30, 2023 and 2022, respectively.

The Haymaker Founders (as defined in Note 17 to the annual financial statements) will be entitled to up to 200 thousand shares of common stock to be issued subject to the number of incremental shares of common stock issued to the holders of the Series A redeemable preferred stock not being higher than certain thresholds (the "Deferred Shares"). The Deferred Shares are measured at fair value at the end of each reporting period and amounted to $1.3 million and $1.4 million as of June 30, 2023 and December 31, 2022, respectively. The fair value methodology for the Deferred Shares is categorized as Level 3 because inputs to the valuation methodology are unobservable and significant to the fair value adjustment. The Deferred Shares have been recorded at fair value based on a Monte Carlo pricing model with the following material assumptions based on observable and unobservable inputs:

	June 30, 2023
Expected term (in years)	3.9
Volatility	36.2 %
Risk-free interest rate	4.3 %
Stock price	$ 7.95

Approximately $0.1 million, $0.2 million, $0.1 million and $0.2 million were recorded as components of interest and other financial income in the condensed consolidated statements of operations for the change in the fair value of the Deferred Shares for the three and six months ended June 30, 2023 and 2022, respectively.

The Company entered into an agreement with Ares Capital Corporation ("Ares") and certain of its affiliates (the "Ares Put Option"), which guaranteed Ares a value of approximately $27.3 million (including all dividend payments received by Ares) at the end of February 2023 for the shares of common stock that the Company issued in consideration for its acquisition in December 2020 of equity in GPM (the "Ares Shares"). The Company and Ares agreed that in lieu of the Company issuing to Ares additional shares of common stock in accordance with the Ares Put Option or purchasing the Ares Shares, Ares would retain the Ares Shares, and the Company would pay approximately $9.8 million in cash to Ares in full satisfaction of the Company's obligations related to the Ares

Put Option. This payment was made on April 14, 2023 and the Ares Put Option agreement was terminated. The Ares Put Option was measured at fair value at the end of each reporting period and amounted to $8.6 million as of December 31, 2022.

Approximately $0, $1.6 million, $1.2 million and $0.5 million were recorded as components of interest and other financial expenses in the condensed consolidated statements of operations for the change in the fair value of the Ares Put Option for the three and six months ended June 30, 2023 and 2022, respectively.

11. Segment Reporting

The reportable segments were determined based on information reviewed by the chief operating decision maker for operational decision-making purposes and the segment information is prepared on the same basis that the Company's chief operating decision maker reviews such financial information. The Company's reportable segments are retail, wholesale, fleet fueling and GPMP. The Company defines segment earnings as operating income.

The retail segment includes the operation of a chain of retail stores, which includes convenience stores selling fuel products and other merchandise to retail customers. At its Company operated convenience stores, the Company owns the merchandise and fuel inventory and employs personnel to manage the store.

The wholesale segment supplies fuel to dealers, sub-wholesalers and bulk and spot purchasers, on either a cost plus or consignment basis. For consignment arrangements, the Company retains ownership of the fuel inventory at the site, is responsible for the pricing of the fuel to the end consumer, and shares the gross profit with the dealers.

The fleet fueling segment includes the operation of proprietary and third-party cardlock locations (unstaffed fueling locations), and commissions from the sales of fuel using proprietary fuel cards that provide customers access to a nationwide network of fueling sites.

The GPMP segment includes GPMP and primarily includes its sale and supply of fuel to GPM and its subsidiaries related to substantially all of its sites that sell fuel in the retail and wholesale segments, at GPMP's cost of fuel (including taxes and transportation) plus a fixed margin (currently 5.0 cents per gallon), and charges a fixed fee to sites in the fleet fueling segment and certain Company sites which are not supplied by GPMP (currently 5.0 cents per gallon sold). GPMP also supplies fuel to a small number of dealers and bulk and spot purchasers.

The "All Other" segment includes the results of non-reportable segments which do not meet both quantitative and qualitive criteria as defined under ASC 280, Segment Reporting. The Company revised the composition of the "All Other" segment in the third quarter of 2022 in conjunction with the closing of the Quarles Acquisition.

The majority of general and administrative expenses, depreciation and amortization, net other expenses, net interest and other financial expenses, income taxes and minor other income items including intercompany operating leases are not allocated to the segments.

With the exception of goodwill, assets and liabilities relevant to the reportable segments are not assigned to any particular segment, but rather, managed at the consolidated level. All reportable segment revenues were generated from sites within the U.S. and substantially all of the Company's assets were within the U.S.

Inter-segment transactions primarily included the distribution of fuel by GPMP to GPM and substantially all of its sites that sell fuel (both in the retail and wholesale segments) and charges by GPMP to sites that sell fuel in the fleet fueling segment. The effect of these inter-segment transactions was eliminated in the condensed consolidated financial statements.

For the Three Months Ended June 30, 2023	Retail	Wholesale	Fleet Fueling	GPMP	All Other	Total
			(in thousands)			
Revenues						
Fuel revenue	$ 1,015,365	$ 811,139	$ 121,146	$ 1,057	$ 8,393	$ 1,957,100
Merchandise revenue	484,561	—	—	—	—	484,561
Other revenues, net	18,997	6,110	1,676	277	420	27,480
Total revenues from external customers	1,518,923	817,249	122,822	1,334	8,813	2,469,141
Inter-segment	—	—	—	1,366,786	4,545	1,371,331
Total revenues from reportable segments	1,518,923	817,249	122,822	1,368,120	13,358	3,840,472
Operating income	77,857	6,767	9,344	27,008	138	121,114
Interest and financial expenses, net				(6,840)	—	(6,840)
Loss from equity investment					(27)	(27)
Net income from reportable segments						$ 114,247

For the Three Months Ended June 30, 2022	Retail	Wholesale	GPMP	All Other	Total
			(in thousands)		
Revenues					
Fuel revenue	$ 1,117,849	$ 966,434	$ 1,571	$ —	$ 2,085,854
Merchandise revenue	431,751	—	—	—	431,751
Other revenues, net	16,667	5,733	258	—	22,658
Total revenues from external customers	1,566,267	972,167	1,829	—	2,540,263
Inter-segment	—	—	1,738,243	302	1,738,545
Total revenues from reportable segments	1,566,267	972,167	1,740,072	302	4,278,808
Operating income	71,847	9,786	21,799	302	103,734
Interest and financial expenses, net			(1,819)	—	(1,819)
Income from equity investment				28	28
Net income from reportable segments					$ 101,943

For the Six Months Ended June 30, 2023	Retail	Wholesale	Fleet Fueling	GPMP	All Other	Total
			(in thousands)			
Revenues						
Fuel revenue	$ 1,858,838	$ 1,495,987	$ 248,640	$ 1,798	$ 13,501	$ 3,618,764
Merchandise revenue	884,849	—	—	—	—	884,849
Other revenues, net	37,552	12,601	2,627	447	677	53,904
Total revenues from external customers	2,781,239	1,508,588	251,267	2,245	14,178	4,557,517
Inter-segment	—	—	—	2,509,408	7,603	2,517,011
Total revenues from reportable segments	2,781,239	1,508,588	251,267	2,511,653	21,781	7,074,528
Operating income	119,488	14,317	17,768	49,630	462	201,665
Interest and financial expenses, net				(12,090)	—	(12,090)
Loss from equity investment					(63)	(63)
Net income from reportable segments						$ 189,512

For the Six Months Ended June 30, 2022	Retail	Wholesale	GPMP (in thousands)	All Other	Total
Revenues					
Fuel revenue	$ 1,972,516	$ 1,694,131	$ 2,733	$ —	$ 3,669,380
Merchandise revenue	798,736	—	—	—	798,736
Other revenues, net	32,991	11,455	512	—	44,958
Total revenues from external customers	2,804,243	1,705,586	3,245	—	4,513,074
Inter-segment	—	—	3,013,964	604	3,014,568
Total revenues from reportable segments	2,804,243	1,705,586	3,017,209	604	7,527,642
Operating income	117,526	17,199	42,406	604	177,735
Interest and financial expenses, net			(4,264)	—	(4,264)
Income tax benefit				177	177
Income from equity investment				37	37
Net income from reportable segments					$ 173,685

A reconciliation of total revenues from reportable segments to total revenues on the condensed consolidated statements of operations was as follows:

	For the Three Months Ended June 30, 2023	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
	(in thousands)			
Total revenues from reportable segments	$ 3,840,472	$ 4,278,808	$ 7,074,528	$ 7,527,642
Elimination of inter-segment revenues	(1,371,331)	(1,738,545)	(2,517,011)	(3,014,568)
Total revenues	$ 2,469,141	$ 2,540,263	$ 4,557,517	$ 4,513,074

A reconciliation of net income from reportable segments to net income on the condensed consolidated statements of operations was as follows:

	For the Three Months Ended June 30, 2023	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
	(in thousands)			
Net income from reportable segments	$ 114,247	$ 101,943	$ 189,512	$ 173,685
Amounts not allocated to segments:				
Store operating expenses	(3,604)	747	(6,281)	1,331
General and administrative expenses	(41,879)	(32,197)	(81,523)	(63,276)
Depreciation and amortization	(30,995)	(22,511)	(57,552)	(45,305)
Other expenses, net	(4,956)	(1,197)	(7,676)	(2,318)
Interest and other financial expenses, net	(13,320)	(5,822)	(21,672)	(19,654)
Income tax expense	(5,014)	(9,157)	(2,856)	(10,339)
Net income	$ 14,479	$ 31,806	$ 11,952	$ 34,124

12. Commitments and Contingencies

Environmental Liabilities and Contingencies

The Company is subject to certain federal and state environmental laws and regulations associated with sites at which it stores and sells fuel and other fuel products, as well as at owned and leased locations leased or subleased to dealers. As of June 30, 2023 and December 31, 2022, environmental obligations totaled $14.5 million and $12.1 million, respectively. These amounts were recorded as other current and non-current liabilities in the condensed consolidated balance sheets. Environmental reserves have been established on an undiscounted basis based upon internal and external estimates in regard to each site. It is reasonably possible that these amounts will be adjusted in the future due to changes in estimates of environmental remediation costs, the timing of the payments or changes in federal and/or state environmental regulations.

The Company maintains certain environmental insurance policies and participates in various state underground storage tank funds that entitle it to be reimbursed for environmental loss mitigation. Estimated amounts that will be recovered from its insurance policies and various state funds for the exposures totaled $7.8 million and $4.9 million as of June 30, 2023 and December 31, 2022, respectively, and were recorded as other current and non-current assets in the condensed consolidated balance sheets.

Asset Retirement Obligation

As part of the fuel operations at its operated convenience stores, at most of the other owned and leased locations leased to dealers, certain other dealer locations and proprietary cardlock locations, there are aboveground and underground storage tanks for which the Company is responsible. The future cost to remove a storage tank is recognized over the estimated remaining useful life of the storage tank or the termination of the applicable lease. A liability for the fair value of an asset retirement obligation with a corresponding increase to the carrying value of the related long-lived asset is recorded at the time a storage tank is installed. The estimated liability is based upon historical experience in removing storage tanks, estimated tank useful lives, external estimates as to the cost to remove the tanks in the future and current and anticipated federal and state regulatory requirements governing the removal of tanks, and discounted. The Company has recorded an asset retirement obligation of $80.4 million and $65.3 million at June 30, 2023 and December 31, 2022, respectively. The current portion of the asset retirement obligation is included in other current liabilities in the condensed consolidated balance sheets.

Program Agreement

On May 2, 2023, GPM, together with Oak Street, entered into a third amendment to the Program Agreement, which, among other things, (i) extended the term of the Program Agreement and the exclusivity period thereunder through September 30, 2024 and (ii) provides for up to $1.5 billion of capacity under the Program Agreement from the date of the third amendment through September 30, 2024, not including the funding for the WTG Acquisition.

Legal Matters

The Company is a party to various legal actions, as both plaintiff and defendant, in the ordinary course of business. The Company's management believes, based on estimations with support from legal counsel for these matters, that these legal actions are routine in nature and incidental to the operation of the Company's business and that it is not reasonably possible that the ultimate resolution of these matters will have a material adverse impact on the Company's business, financial condition, results of operations and cash flows.

13. Related Party Transactions

There have been no material changes to the description of related party transactions as set forth in the annual financial statements.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

You should read this discussion together with the unaudited Condensed Consolidated Financial Statements, related notes, and other financial information included elsewhere in this Quarterly Report on Form 10-Q together with our audited consolidated financial statements, related notes, and other information contained in our Annual Report on Form 10-K for the year ended December 31, 2022 (the "Form 10-K"). The following discussion contains assumptions, estimates and other forward-looking statements that involve a number of risks and uncertainties, including those discussed under "Risk Factors," in Part I, Item 1A of the Form 10-K and in Part II, Item 1A of this Quarterly Report on Form 10-Q and as described from time to time in our other filings with the Securities and Exchange Commission. These risks could cause our actual results to differ materially from those anticipated in these forward-looking statements.

Overview

ARKO Corp. was incorporated under the laws of Delaware on August 26, 2020. Our shares of common stock, $0.0001 par value per share ("common stock"), and publicly-traded warrants are listed on the Nasdaq Stock Market ("Nasdaq") and trade under the symbols "ARKO" and "ARKOW," respectively. GPM Investments, LLC, a Delaware limited liability company, which we refer to as GPM, is our operating entity and our indirect wholly owned subsidiary.

Based in Richmond, VA, we are a leading independent convenience store operator and, as of June 30, 2023, we were the sixth largest convenience store chain in the United States ("U.S.") ranked by store count, operating 1,547 retail convenience stores. As of June 30, 2023, we operated the stores under more than 25 regional store brands including 1-Stop, Admiral, Apple Market®, BreadBox, Corner Mart, Dixie Mart, ExpressStop, E-Z Mart®, fas mart®, fastmarket®, Flash Market, Handy Mart, Jetz, Jiffi Stop®, Jiffy Stop, Li'l Cricket, Market Express, Next Door Store®, Pride, Roadrunner Markets, Rose Mart, Rstore, Scotchman®, shore stop®, Town Star, Uncle's, Village Pantry® and Young's. As of June 30, 2023, we also supplied fuel to 1,824 dealers and operated 293 cardlock locations (unstaffed fueling locations). We are well diversified geographically and as of June 30, 2023, operated in more than 30 states and the District of Columbia in the Mid-Atlantic, Midwestern, Northeastern, Southeastern and Southwestern U.S.

Our primary business is the operation of convenience stores. As such, we derive a significant portion of our revenue from the retail sale of fuel and the products offered in our stores, resulting in our retail stores generating a large proportion of our profitability. Our retail stores offer a wide array of cold and hot foodservice, beverages, cigarettes and other tobacco products, candy, salty snacks, grocery, beer and general merchandise. We have foodservice offerings at approximately 1,260 company-operated stores. The foodservice category includes hot and fresh grab-n-go foods, deli, fried chicken, bakery, pizza, roller grill items and other prepared foods. In addition, at our stores, we operate approximately 150 branded quick service restaurants consisting of major national brands. We have 18 new Sbarro, the Original New York Pizza, locations and are currently working on additional new food offerings of this kind. Additionally, we provide a number of traditional convenience store services that generate additional income, including lottery, prepaid products, gift cards, money orders, ATMs, gaming, and other ancillary product and service offerings. We also generate revenues from car washes at approximately 90 of our locations. Our high value fas REWARDS® loyalty program with approximately 1.48 million currently enrolled members is available in the majority of our stores and offers exclusive savings on merchandise and gas to our customers. In the first quarter of 2023, we launched our new fas REWARDS app, which offers enrolled loyalty members a variety of new features, including exclusive in-app member only HOT deals not available in stores, order and delivery, age verified offers on tobacco and alcohol, and a store locator with current gas prices at GPM stores close to members. We believe that these features contributed significantly to the approximately 10.5% increase in our enrolled marketable membership since the end of the first quarter of 2023.

We also derive revenue from the wholesale distribution of fuel and the sale of fuel at cardlock locations, and we earn commissions from the sales of fuel using proprietary fuel cards that provide customers access to a nationwide network of fueling sites. We believe these revenues result in stable, ratable cash flows which can quickly be deployed to pursue accretive acquisitions and investments in our retail stores. Additionally, these locations contribute to our overall size, which leads to economies of scale with our fuel and merchandise vendors.

Our reportable segments are described below.

Retail Segment

The retail segment includes the operation of a chain of retail stores, which includes convenience stores selling fuel products and other merchandise to retail customers. At our convenience stores, we own the merchandise and fuel inventory and employ personnel to manage the store.

Wholesale Segment

The wholesale segment supplies fuel to dealers, on either a cost plus or consignment basis. For consignment arrangements, we retain ownership of the fuel inventory at the site, are responsible for the pricing of the fuel to the end consumer and share a portion of the gross profit earned from the sale of fuel by the consignment dealers. For cost plus arrangements, we sell fuel to dealers and bulk and spot purchasers on a fixed-fee basis. The sales price to the dealer is determined according to the terms of the relevant agreement with the dealer, which typically reflects our total fuel costs plus the cost of transportation and a margin, with us generally retaining the prompt pay discounts and rebates.

Fleet Fueling Segment

The fleet fueling segment includes the operation of proprietary and third-party cardlock locations (unstaffed fueling locations), and issuance of proprietary fuel cards that provide customers access to a nationwide network of fueling sites.

GPMP Segment

The GPMP segment includes the operations of GPM Petroleum LP, referred to as GPMP, which primarily sells and supplies fuel to GPM and substantially all of its subsidiaries that sell fuel in the retail and wholesale segments at GPMP's cost of fuel (including taxes and transportation) plus a fixed margin and a fixed fee charged to sites in the fleet fueling segment and certain Company sites which are not supplied by GPMP.

Trends Impacting Our Business

We have achieved strong store growth over the last decade, primarily by implementing a highly successful acquisition strategy. From 2013 through June 30, 2023, we completed 24 acquisitions. On June 6, 2023, we completed our acquisition from WTG Fuels Holdings, LLC of 24 company-operated Uncle's convenience stores located across Western Texas, 68 proprietary GASCARD-branded cardlock sites and 43 private cardlock sites for fleet fueling operations located in Western Texas and Southeastern New Mexico (the "WTG Acquisition"). On March 1, 2023, we completed our acquisition from Transit Energy Group, LLC of 135 Company-operated convenience stores and gas stations, 181 dealer locations, a commercial, government, and industrial business, and certain distribution and transportation assets (the "TEG Acquisition" and, together with the WTG Acquisition, the "2023 Acquisitions"). For additional information regarding the 2023 Acquisitions, please see Note 3 to our condensed consolidated financial statements contained in this Quarterly Report on Form 10-Q. In December 2022, we completed our acquisition of Pride Convenience Holdings, LLC, which operated at closing, 31 Pride retail convenience stores and had one store under construction at closing which is now opened (the "Pride Acquisition"), and in July 2022, we completed our acquisition of certain assets from Quarles Petroleum, Incorporated (the "Quarles Acquisition"), which included 121 proprietary Quarles-branded cardlock sites and 63 third-party cardlock sites for fleet fueling operations, and 46 dealer locations (collectively, the "2022 Acquisitions"). Our store count has grown from 320 sites in 2011 to 3,664 sites as of June 30, 2023, of which 1,547 were operated as retail convenience stores, 1,824 were locations at which we supplied fuel to dealers and 293 were cardlock locations. These strategic acquisitions have had, and we expect will continue to have, a significant impact on our reported results and can make period to period comparisons of results difficult. With our achievement of significant size and scale, we have enhanced our focus on organic growth, including implementing company-wide marketing and merchandising initiatives, which we believe will result in significant value accretion to our acquired assets.

The following table provides a history of our acquisitions, site conversions and site closings for the periods noted, for the retail, wholesale and fleet fueling segments:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
Retail Segment	**2023**	**2022**	**2023**	**2022**
Number of sites at beginning of period	1,531	1,396	1,404	1,406
Acquired sites	24	—	159	—
Newly opened or reopened sites	2	—	3	—
Company-controlled sites converted to consignment or fuel supply locations, net	(6)	(1)	(11)	(7)
Closed, relocated or divested sites	(4)	(7)	(8)	(11)
Number of sites at end of period	1,547	1,388	1,547	1,388

Wholesale Segment [1]	For the Three Months Ended June 30, 2023	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Number of sites at beginning of period [2]	1,841	1,625	1,674	1,628
Acquired sites [2]	9	—	190	—
Newly opened or reopened sites [3]	17	21	24	40
Consignment or fuel supply locations converted from Company-controlled sites, net	6	1	11	7
Closed, relocated or divested sites	(49)	(27)	(75)	(55)
Number of sites at end of period	1,824	1,620	1,824	1,620

1 Excludes bulk and spot purchasers.
2 As part of our review of the initial accounting for the TEG Acquisition, we have adjusted the number of sites acquired in the first quarter of 2023 to exclude 11 spot purchasers acquired, consistent with our historical methodology. There was no impact on our previously reported gallons sold or financial results.
3 Includes all signed fuel supply agreements irrespective of fuel distribution commencement date.

Fleet Fueling Segment	For the Three and Six Months Ended June 30, 2023
Number of sites at beginning of period	183
Acquired sites	111
Closed, relocated or divested sites	(1)
Number of sites at end of period	293

In recent years, the convenience store industry has focused on increasing and improving in-store foodservice offerings, including fresh foods, quick service restaurants or proprietary food offerings. We believe consumers may be more likely to patronize convenience stores that include such new and improved food offerings, which may also lead to increased inside merchandise sales or fuel sales for such stores. Our current foodservice offering, which varies by store, primarily consists of hot and fresh grab-n-go foods, deli, fried chicken, bakery, pizza, roller grill items and other prepared foods. We have historically relied upon a limited number of franchised quick service restaurants and in-store delis to drive customer traffic rather than other types of foodservice offerings. As a result, we believe that our under-penetration of foodservice presents an opportunity to expand foodservice offerings and margin in response to changing consumer behavior. In addition, we believe that continued investment in new technology platforms and applications to adapt to evolving consumer eating preferences, including contactless checkout, order ahead service, and delivery, will further drive growth in profitability.

Our results of operation are significantly impacted by the retail fuel margins we earn on gallons sold. These fuel margins can change rapidly as they are influenced by many factors including: the price of refined products; interruptions in supply caused by severe weather; supply chain disruptions; refinery mechanical failures; and competition in the local markets in which we operate.

The cost of our main products, gasoline and diesel fuel, is greatly impacted by the wholesale cost of fuel in the United States. We attempt to pass wholesale fuel cost changes through to our customers through retail price changes; however, we are not always able to do so. Competitive conditions primarily affect the timing of any related increase or decrease in retail prices. As a result, we tend to experience lower fuel margins when the cost of fuel is increasing gradually over a longer period and higher fuel margins when the cost of fuel is declining or more volatile over a shorter period of time. For the year ended December 31, 2022, we experienced historically high fuel margins as a result of the volatile market for gasoline and diesel fuel. In particular, in the first quarter of 2022, the war in Ukraine significantly affected market conditions and resulted in substantially higher fuel margins. Depending on future market and geopolitical conditions, the supply of fuel, including diesel fuel in particular, may become constrained. As such, we maintain terminal storage of diesel fuel for short-term supply needs for our fleet fueling sites.

Additionally, throughout 2022 and continuing in the first half of 2023, the U.S. economy continued to experience inflationary pressures, which increase the cost of the merchandise we purchase and reduce consumer purchasing power. We have mitigated a portion of these higher costs with retail price increases. If this trend continues or increases, it could negatively impact demand for our products and services, as well as seasonal travel patterns, which could reduce future sales volumes. Additionally, because of current labor market conditions and the prevailing wage rates in the markets in which we operate, we have voluntarily increased wages, which has increased our costs associated with recruiting and retaining qualified personnel, and may continue to do so in the future.

We also operate in a highly competitive retail convenience market that includes businesses with operations and services that are similar to those that we provide. We face significant competition from other large chain operators. In particular, large convenience store chains have increased their number of locations and remodeled their existing locations in recent years, enhancing their competitive position. We believe that convenience stores managed by individual operators who offer branded or non-branded fuel are also significant competitors in the market. The convenience store industry is also experiencing competition from other retail sectors including grocery stores, large warehouse retail stores, dollar stores and pharmacies.

We believe that we have a significant opportunity to increase our sales and profitability by continuing to execute our operating strategy, growing our store base in existing and contiguous markets through acquisitions, and enhancing the performance of current stores.

Business Highlights

Our focus on our retail organic store growth strategy and the continuation of our accretive acquisition strategy positively impacted our results of operations for the second quarter of 2023. Merchandise contribution at same stores, the 2023 Acquisitions and the 2022 Acquisitions all contributed to the improvement in our results of operations for the second quarter of 2023, as compared to the second quarter of 2022 which was partially offset by less fuel contribution on a same store basis, primarily due to market conditions in the second quarter of 2022. Store operating expenses increased in the second quarter of 2023 as compared to the second quarter of 2022, primarily due to higher personnel costs. General and administrative expenses also increased in the second quarter of 2023 as compared to the second quarter of 2022, primarily as a result of expenses associated with the 2023 Acquisitions and the 2022 Acquisitions, wage increases, and an increase in share-based compensation expense.

Seasonality

Our business is seasonal, and our operating income in the second and third quarters has historically been significantly greater than in the first and fourth quarters as a result of the generally improved climate and seasonal buying patterns of our customers. Inclement weather, especially in the Midwest and Northeast regions of the U.S. during the winter months, can negatively impact our financial results.

Results of Operations for the three and six months ended June 30, 2023 and 2022

The period-to-period comparisons of our results of operations contained in this Management’s Discussion and Analysis of Financial Condition and Results of Operation have been prepared using our condensed consolidated interim financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q. The following discussion should be read in conjunction with such condensed interim consolidated financial statements and related notes.

Consolidated Results

The table below shows our consolidated results for the three and six months ended June 30, 2023 and 2022, together with certain key metrics.

	For the Three Months Ended June 30, 2023	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
		(in thousands)		
Revenues:				
Fuel revenue	$ 1,957,100	$ 2,085,854	$ 3,618,764	$ 3,669,380
Merchandise revenue	484,561	431,751	884,849	798,736
Other revenues, net	27,480	22,658	53,904	44,958
Total revenues	2,469,141	2,540,263	4,557,517	4,513,074
Operating expenses:				
Fuel costs	1,801,103	1,955,019	3,338,985	3,425,668
Merchandise costs	329,903	300,387	607,226	559,180
Store operating expenses	218,002	178,077	410,685	344,615
General and administrative expenses	42,660	32,956	83,076	64,741
Depreciation and amortization	32,837	24,353	61,236	48,989
Total operating expenses	2,424,505	2,490,792	4,501,208	4,443,193
Other expenses, net	4,956	1,197	7,676	2,318
Operating income	39,680	48,274	48,633	67,563
Interest and other financial expenses, net	(20,160)	(7,339)	(33,762)	(23,314)
Income before income taxes	19,520	40,935	14,871	44,249
Income tax expense	(5,014)	(9,157)	(2,856)	(10,162)
(Loss) income from equity investment	(27)	28	(63)	37
Net income	$ 14,479	$ 31,806	$ 11,952	$ 34,124
Less: Net income attributable to non-controlling interests	48	52	101	131
Net income attributable to ARKO Corp.	$ 14,431	$ 31,754	$ 11,851	$ 33,993
Series A redeemable preferred stock dividends	(1,434)	(1,434)	(2,852)	(2,852)
Net income attributable to common shareholders	$ 12,997	$ 30,320	$ 8,999	$ 31,141
Fuel gallons sold	588,174	484,834	1,091,434	941,726
Fuel margin, cents per gallon[1]	26.5	27.0	25.6	25.9
Merchandise contribution[2]	154,658	131,364	$ 277,623	$ 239,556
Merchandise margin[3]	31.9 %	30.4 %	31.4 %	30.0 %
Adjusted EBITDA[4]	86,242	79,045	133,726	$ 129,153

[1] Calculated as fuel revenue less fuel costs divided by fuel gallons sold.
[2] Calculated as merchandise revenue less merchandise costs.
[3] Calculated as merchandise contribution divided by merchandise revenue.
[4] Refer to "*Use of Non-GAAP Measures*" below for discussion of this non-GAAP performance measure and related reconciliation to net income.

Three Months Ended June 30, 2023 versus Three Months Ended June 30, 2022

For the three months ended June 30, 2023, fuel revenue decreased by $128.8 million, or 6.2%, compared to the second quarter of 2022. The decrease in fuel revenue was primarily attributable to a decrease in the average price of fuel compared to the second quarter of 2022 and fewer gallons sold at same stores in the second quarter of 2023 compared to the second quarter of 2022, which was partially offset by incremental gallons sold related to the 2023 Acquisitions and the 2022 Acquisitions.

For the three months ended June 30, 2023, merchandise revenue increased by $52.8 million, or 12.2%, compared to the second quarter of 2022, primarily due to the 2023 Acquisitions and the Pride Acquisition and an increase in same store merchandise revenues. Offsetting these increases was a decrease in merchandise revenue from underperforming retail stores that were closed or converted to dealers.

For the three months ended June 30, 2023, other revenue increased by $4.8 million, or 21.3%, compared to the second quarter of 2022, primarily due to additional revenue from the 2023 Acquisitions, the 2022 Acquisitions and greater lottery commissions.

For the three months ended June 30, 2023, total operating expenses decreased by $66.3 million, or 2.7%, compared to the second quarter of 2022. Fuel costs decreased $153.9 million, or 7.9%, compared to the second quarter of 2022 due to both fewer gallons sold and a lower average cost of fuel on a same store basis which were partially offset by incremental gallons related to the 2023 Acquisitions and the 2022 Acquisitions. Merchandise costs increased $29.5 million, or 9.8%, compared to the second quarter of 2022, primarily due to increased costs related to the 2023 Acquisitions and the Pride Acquisition and a corresponding increase in same store merchandise sales. For the three months ended June 30, 2023, store operating expenses increased $39.9 million, or 22.4%, compared to the second quarter of 2022 due to incremental expenses as a result of the 2023 Acquisitions, the 2022 Acquisitions and an increase in expenses at same stores.

For the three months ended June 30, 2023, general and administrative expenses increased $9.7 million, or 29.4%, compared to the second quarter of 2022, primarily due to approximately $7.1 million of expenses associated with the 2023 Acquisitions and the 2022 Acquisitions, annual wage increases and an increase of $1.4 million in share-based compensation expense primarily related to equity grants in the first quarter of 2023.

For the three months ended June 30, 2023, depreciation and amortization expenses increased $8.5 million, or 34.8%, compared to the second quarter of 2022 primarily due to assets acquired in the previous twelve month period, largely in connection with the 2023 Acquisitions and the 2022 Acquisitions.

For the three months ended June 30, 2023, other expenses, net increased by $3.8 million, compared to the second quarter of 2022 primarily due to an increase in acquisition costs and greater losses on disposal of assets and impairment charges in the second quarter of 2023, which was partially offset by higher income recorded for the fair value adjustment of contingent consideration in the second quarter of 2023.

Operating income was $39.7 million for the second quarter of 2023 compared to $48.3 million for the second quarter of 2022. The decrease was primarily due to an increase in depreciation and amortization expenses, share-based compensation expenses and other expenses, net.

For the three months ended June 30, 2023, interest and other financial expenses, net increased by $12.8 million compared to the second quarter of 2022, primarily related to a decrease of $6.6 million in income, net, recorded in the second quarter of 2023 compared to the prior year period, for fair value adjustments for the Ares Put Option, Public Warrants, Private Warrants and Deferred Shares (each as defined in Note 10 to the unaudited condensed consolidated financial statements contained in this Quarterly Report on Form 10-Q) and greater debt at higher rates outstanding in 2023, which was partially offset by additional interest income generated in the second quarter of 2023.

For the three months ended June 30, 2023, income tax expense was $5.0 million compared to income tax expense of $9.2 million for the three months ended June 30, 2022.

For the three months ended June 30, 2023 and 2022, net income attributable to the Company was $14.4 million and $31.8 million, respectively.

For the three months ended June 30, 2023, Adjusted EBITDA was $86.2 million compared to $79.0 million for the three months ended June 30, 2022. Incremental Adjusted EBITDA from the 2023 Acquisitions and the 2022 Acquisitions and increased merchandise contribution positively impacted Adjusted EBITDA for the second quarter of 2023, as compared to the second quarter of 2022, which was partially offset by approximately $13.3 million of lower fuel contribution from retail same stores and legacy wholesale sites. In addition, higher personnel costs at same stores and an increase in general and administrative expenses reduced Adjusted EBITDA for the second quarter of 2023. Refer to “Use of Non-GAAP Measures” below for discussion of this non-GAAP performance measure and related reconciliation to net income.

Six Months Ended June 30, 2023 versus Six Months Ended June 30, 2022

For the six months ended June 30, 2023, fuel revenue decreased by $50.6 million, or 1.4%, compared to the first half of 2022. The decrease in fuel revenue was primarily attributable to a decrease in the average price of fuel compared to the first half of 2022 and fewer gallons sold at same stores in the first half of 2023 compared to the first half of 2022, which was partially offset by incremental gallons sold related to the 2023 Acquisitions and the 2022 Acquisitions.

For the six months ended June 30, 2023, merchandise revenue increased by $86.1 million, or 10.8%, compared to the first half of 2022, primarily due to the 2023 Acquisitions and the Pride Acquisition and an increase in same store merchandise revenues. Offsetting these increases was a decrease in merchandise revenue from underperforming retail stores that were closed or converted to dealers.

For the six months ended June 30, 2023, other revenue increased by $8.9 million, or 19.9%, compared to the first half of 2022, primarily due to additional revenue from the 2023 Acquisitions, the 2022 Acquisitions and greater lottery commissions.

For the six months ended June 30, 2023, total operating expenses increased by $58.0 million, or 1.3%, compared to the first half of 2022. Fuel costs decreased $86.7 million, or 2.5%, compared to the first half of 2022 due to both fewer gallons sold and a lower average cost of fuel on a same store basis, which were partially offset by incremental gallons related to the 2023 Acquisitions and the 2022 Acquisitions. Merchandise costs increased $48.0 million, or 8.6%, compared to the first half of 2022, primarily due to increased costs related to the 2023 Acquisitions and the Pride Acquisition and a corresponding increase in same store merchandise sales. For the six months ended June 30, 2023, store operating expenses increased $66.1 million, or 19.2%, compared to the first half of 2022 due to incremental expenses as a result of the 2023 Acquisitions, the 2022 Acquisitions and an increase in expenses at same stores.

For the six months ended June 30, 2023, general and administrative expenses increased $18.3 million, or 28.3%, compared to the first half of 2022, primarily due to approximately $11.5 million in expenses associated with the 2023 Acquisitions and the 2022 Acquisitions, annual wage increases and an increase of $2.7 million in share-based compensation expense primarily related to equity grants in the first quarters of 2023 and 2022.

For the six months ended June 30, 2023, depreciation and amortization expenses increased $12.2 million, or 25.0%, compared to the first half of 2022 primarily due to assets acquired in the previous twelve month period, largely in connection with the 2023 Acquisitions and the 2022 Acquisitions.

For the six months ended June 30, 2023, other expenses, net increased by $5.4 million, compared to the first half of 2022 primarily due to an increase in acquisition costs and greater losses on disposal of assets and impairment charges in the first half of 2023 which was partially offset by higher income recorded for the fair value adjustment of contingent consideration in the first half of 2023.

Operating income was $48.6 million for the first half of 2023 compared to $67.6 million for the first half of 2022. The decrease was primarily due to an increase in depreciation and amortization expenses, share-based compensation expenses and other expenses, net.

For the six months ended June 30, 2023, interest and other financial expenses, net increased by $10.4 million compared to the first half of 2022, primarily related to a decrease of $1.9 million in income, net recorded for fair value adjustments for the Ares Put Option, Public Warrants, Private Warrants and Deferred Shares (each as defined in Note 10 to the unaudited condensed consolidated financial statements contained in this Quarterly Report on Form 10-Q) and greater debt at higher rates outstanding in 2023, which was partially offset by additional interest income generated in the first half of 2023.

For the six months ended June 30, 2023, income tax expense was $2.9 million compared to income tax expense of $10.2 million for the six months ended June 30, 2022.

For the six months ended June 30, 2023 and 2022, net income attributable to the Company was $11.9 million and $34.0 million, respectively.

For the six months ended June 30, 2023, Adjusted EBITDA was $133.7 million compared to $129.2 million for the six months ended June 30, 2022. Incremental Adjusted EBITDA from the 2023 Acquisitions and the 2022 Acquisitions and increased merchandise contribution positively impacted Adjusted EBITDA for the first half of 2023, as compared to the first half of 2022. These benefits were partially offset by approximately $27.9 million of lower fuel contribution from retail same stores and legacy wholesale sites, of which approximately $12.8 million was incurred in March 2023. In addition, higher personnel costs at same stores and an increase in general and administrative expenses reduced Adjusted EBITDA for the first half of 2023. Refer to “Use of Non-GAAP Measures” below for discussion of this non-GAAP performance measure and related reconciliation to net income.

Segment Results

Retail Segment

The table below shows the results of the retail segment for the three and six months ended June 30, 2023 and 2022, together with certain key metrics for the segment.

	For the Three Months Ended June 30, 2023	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
		(in thousands)		
Revenues:				
Fuel revenue	$ 1,015,365	$ 1,117,849	$ 1,858,838	$ 1,972,516
Merchandise revenue	484,561	431,751	884,849	798,736
Other revenues, net	18,997	16,667	37,552	32,991
Total revenues	1,518,923	1,566,267	2,781,239	2,804,243
Operating expenses:				
Fuel costs	913,437	1,025,811	1,681,245	1,802,696
Merchandise costs	329,903	300,387	607,226	559,180
Store operating expenses	197,726	168,222	373,280	324,841
Total operating expenses	1,441,066	1,494,420	2,661,751	2,686,717
Operating income	$ 77,857	$ 71,847	$ 119,488	$ 117,526
Fuel gallons sold	293,584	253,243	542,490	492,801
Same store fuel gallons sold decrease (%)[1]	(2.6 %)	(10.6 %)	(4.2 %)	(7.1 %)
Fuel margin, cents per gallon[2]	39.7	41.3	37.7	39.4
Same store merchandise sales increase (decrease) (%)[1]	0.7 %	(2.7 %)	2.1 %	(3.1 %)
Same store merchandise sales excluding cigarettes increase (%)[1]	3.8 %	1.4 %	5.6 %	0.8 %
Merchandise contribution[3]	$ 154,658	$ 131,364	$ 277,623	$ 239,556
Merchandise margin[4]	31.9 %	30.4 %	31.4 %	30.0 %

[1] Same store is a common metric used in the convenience store industry. We consider a store a same store beginning in the first quarter in which the store had a full quarter of activity in the prior year. Refer to "*Use of Non-GAAP Measures"* below for discussion of this measure.
[2] Calculated as fuel revenue less fuel costs divided by fuel gallons sold; excludes the estimated fixed margin or fixed fee paid to GPMP for the cost of fuel.
[3] Calculated as merchandise revenue less merchandise costs.
[4] Calculated as merchandise contribution divided by merchandise revenue.

The table below shows financial information and certain key metrics of recent acquisitions in the retail segment that do not have comparable information for the prior periods.

Table of Contents

	For the Three Months Ended June 30, 2023				For the Six Months Ended June 30, 2023			
	Pride [1]	TEG [2]	Uncle's (WTG) [3]	Total	Pride [1]	TEG [2]	Uncle's (WTG) [3]	Total
				(in thousands)				
Date of Acquisition:	Dec 6, 2022	Mar 1, 2023	Jun 6, 2023		Dec 6, 2022	Mar 1, 2023	Jun 6, 2023	
Revenues:								
Fuel revenue	$ 71,388	$ 99,128	$ 6,098	$ 176,614	$ 139,425	$ 131,202	$ 6,098	$ 276,725
Merchandise revenue	15,629	39,381	2,846	57,856	29,143	52,324	2,846	84,313
Other revenues, net	1,397	1,322	54	2,773	2,784	1,731	54	4,569
Total revenues	88,414	139,831	8,998	237,243	171,352	185,257	8,998	365,607
Operating expenses:								
Fuel costs	64,335	90,832	5,020	160,187	125,299	120,617	5,020	250,936
Merchandise costs	10,185	27,189	1,927	39,301	19,383	36,126	1,927	57,436
Store operating expenses	10,495	18,064	1,225	29,784	20,030	23,576	1,225	44,831
Total operating expenses	85,015	136,085	8,172	229,272	164,712	180,319	8,172	353,203
Operating income	$ 3,399	$ 3,746	$ 826	$ 7,971	$ 6,640	$ 4,938	$ 826	$ 12,404
Fuel gallons sold	19,387	30,165	1,714	51,266	37,278	40,057	1,714	79,049
Merchandise contribution [4]	5,444	12,192	919	18,555	9,760	16,198	919	26,877
Merchandise margin [5]	34.8 %	31.0 %	32.3 %		33.5 %	31.0 %	32.3 %	

[1] Pride Acquisition.

[2] Includes only the retail stores acquired in the TEG Acquisition.

[3] Includes only the retail stores acquired in the WTG Acquisition.

[4] Calculated as merchandise revenue less merchandise costs.

[5] Calculated as merchandise contribution divided by merchandise revenue.

Three Months Ended June 30, 2023 versus Three Months Ended June 30, 2022

Retail Revenues

For the three months ended June 30, 2023, fuel revenue decreased by $102.5 million, or 9.2%, compared to the second quarter of 2022. The decrease in fuel revenue was attributable to a $0.95 per gallon decrease in the average retail price of fuel in the second quarter of 2023 as compared to the second quarter of 2022, primarily due to market factors, as well as a decrease in gallons sold at same stores. For the second quarter of 2023, gallons at same stores decreased approximately 2.6%, or 6.4 million gallons. Partially offsetting these decreases, the 2023 Acquisitions and the Pride Acquisition contributed 51.3 million gallons sold, or $176.6 million in fuel revenue. Underperforming retail stores, which were closed or converted to dealers over the last 12 months in order to optimize profitability, also negatively impacted gallons sold during the second quarter of 2023.

For the three months ended June 30, 2023, merchandise revenue increased by $52.8 million, or 12.2%, compared to the second quarter of 2022. The 2023 Acquisitions and the Pride Acquisition contributed approximately $57.9 million of merchandise revenue. Same store merchandise sales increased $3.0 million, or 0.7%, for the second quarter of 2023 compared to the second quarter of 2022. Same store merchandise sales increased primarily due to higher revenue from the Company’s six core destination categories (packaged beverages, candy, salty snacks, packaged sweet snacks, alternative snacks and beer), other tobacco products and franchises as a result of marketing initiatives, including expanded category assortments, new franchise food offerings and investments in coolers and freezers, which was partially offset by lower revenue from cigarettes. In addition, there was a decrease in merchandise revenue from underperforming retail stores that were closed or converted to dealers.

For the three months ended June 30, 2023, other revenues, net increased by $2.3 million, or 14.0%, compared to the second quarter of 2022, primarily related to additional income from the 2023 Acquisitions and the Pride Acquisition and greater lottery commissions.

Retail Operating Income

For the three months ended June 30, 2023, fuel margin increased compared to the same period in 2022. Incremental fuel profit from the 2023 Acquisitions and the Pride Acquisition of approximately $19.0 million (excluding intercompany charges by GPMP) was partially offset by a decrease in same store fuel profit of $5.2 million (excluding intercompany charges by GPMP). Fuel margin per gallon at same stores for the second quarter of 2023 decreased to 40.3 cents per gallon from 41.4 cents per gallon for the second quarter of 2022 primarily due historically high fuel margins in 2022 principally as a result of the volatile market for gasoline and diesel fuel. A decrease in fuel profit related to underperforming retail stores that were closed or converted to dealers decreased fuel profit compared to the second quarter of 2022.

For the three months ended June 30, 2023, merchandise contribution increased $23.3 million, or 17.7%, compared to the same period in 2022, and merchandise margin increased to 31.9% as compared to 30.4% in the prior period. The increase was due to $18.6 million in merchandise contribution from the 2023 Acquisitions and the Pride Acquisition and an increase in merchandise contribution at same stores of $6.5 million. Merchandise contribution at same stores increased in the second quarter of 2023 primarily due to higher contribution from the Company's six core destination categories and franchises. Merchandise margin at same stores was 31.9% in the second quarter of 2023 compared to 30.6% in the second quarter of 2022.

For the three months ended June 30, 2023, store operating expenses increased $29.5 million, or 17.5%, compared to the three months ended June 30, 2022 primarily due to $29.8 million of expenses related to the 2023 Acquisitions and the Pride Acquisition and an increase of $3.2 million in expenses at same stores, mainly driven by approximately $4.2 million, or 6.5%, of higher personnel costs. The increase in store operating expenses was partially offset by underperforming retail stores that were closed or converted to dealers.

Six Months Ended June 30, 2023 versus Six Months Ended June 30, 2022

Retail Revenues

For the six months ended June 30, 2023, fuel revenue decreased by $113.7 million, or 5.8%, compared to the first half of 2022. The decrease in fuel revenue was attributable to a $0.57 per gallon decrease in the average retail price of fuel in the first half of 2023 as compared to the first half of 2022, primarily due to market factors, as well as a decrease in gallons sold at same stores. For the first half of 2023, gallons at same stores decreased approximately 4.2%, or 20.0 million gallons. Offsetting these decreases, the 2023 Acquisitions and the Pride Acquisition contributed 79.0 million gallons sold, or $276.7 million in fuel revenue. Underperforming retail stores, which were closed or converted to dealers over the last 12 months in order to optimize profitability, also negatively impacted gallons sold during the first half of 2023.

For the six months ended June 30, 2023, merchandise revenue increased by $86.1 million, or 10.8%, compared to the first half of 2022. The 2023 Acquisitions and the Pride Acquisition contributed approximately $84.3 million of merchandise revenue. Same store merchandise sales increased $16.7 million, or 2.1%, for the first half of 2023 compared to the first half of 2022. Same store merchandise sales increased primarily due to higher revenue from the Company's six core destination categories, other tobacco products and franchises as a result of marketing initiatives, including expanded category assortments, new franchise food offerings and investments in coolers and freezers, which was partially offset by lower revenue from cigarettes. In addition, there was a decrease in merchandise revenue from underperforming retail stores that were closed or converted to dealers.

For the six months ended June 30, 2023, other revenues, net increased by $4.6 million, or 13.8%, compared to the first half of 2022, primarily related to additional income from the 2023 Acquisitions, the Pride Acquisition and greater lottery commissions.

Retail Operating Income

For the six months ended June 30, 2023, fuel margin increased compared to the same period in 2022. Incremental fuel profit from the 2023 Acquisitions and the Pride Acquisition of approximately $29.7 million (excluding intercompany charges by GPMP) was partially offset by a decrease in same store fuel profit of $15.9 million (excluding intercompany charges by GPMP). Fuel margin per gallon at same stores for the first half of 2023 decreased to 37.8 cents per gallon from 39.5 cents per gallon for the first half of 2022 primarily due to historically high fuel margins in 2022 principally as a result of the volatile market for gasoline and diesel fuel, with the first quarter of 2022 particularly impacted by the war in Ukraine, which significantly affected market conditions and resulted in substantially higher fuel margins. A decrease in fuel profit related to underperforming retail stores that were closed or converted to dealers also partially offset the increase in fuel profit compared to the first half of 2022.

For the six months ended June 30, 2023, merchandise contribution increased $38.1 million, or 15.9%, compared to the same period in 2022, and merchandise margin increased to 31.4% as compared to 30.0% in the prior period. The increase was due to $26.9 million in merchandise contribution from the 2023 Acquisitions and the Pride Acquisition and an increase in merchandise contribution at same stores of $14.6 million. Merchandise contribution at same stores increased in the first half of 2023 primarily due to higher contribution from the Company's six core destination categories and franchises. Merchandise margin at same stores was 31.3% in the first half of 2023 compared to 30.1% in the first half of 2022.

For the six months ended June 30, 2023, store operating expenses increased $48.4 million, or 14.9%, compared to the six months ended June 30, 2022 primarily due to $44.8 million of expenses related to the 2023 Acquisitions and the Pride Acquisition and an increase of $9.2 million in expenses at same stores, including approximately $10.3 million or 8.0%, of higher personnel costs. The increase in store operating expenses was partially offset by underperforming retail stores that were closed or converted to dealers.

Wholesale Segment

The table below shows the results of the wholesale segment for the three and six months ended June 30, 2023 and 2022, together with certain key metrics for the segment.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022
Revenues:		(in thousands)		
Fuel revenue	$ 811,139	$ 966,434	$ 1,495,987	$ 1,694,131
Other revenues, net	6,110	5,733	12,601	11,455
Total revenues	817,249	972,167	1,508,588	1,705,586
Operating expenses:				
Fuel costs	800,286	951,779	1,474,977	1,667,282
Store operating expenses	10,196	10,602	19,294	21,105
Total operating expenses	810,482	962,381	1,494,271	1,688,387
Operating income	$ 6,767	$ 9,786	$ 14,317	$ 17,199
Fuel gallons sold – fuel supply locations	213,136	193,164	395,563	374,105
Fuel gallons sold – consignment agent locations	44,534	37,996	82,496	73,993
Fuel margin, cents per gallon[1] – fuel supply locations	5.9	7.2	6.0	7.1
Fuel margin, cents per gallon[1] – consignment agent locations	25.3	32.3	25.8	30.7

[1] Calculated as fuel revenue less fuel costs divided by fuel gallons sold; excludes the estimated fixed margin or fixed fee paid to GPMP for the cost of fuel.

The table below shows financial information and certain key metrics of recent acquisitions in the wholesale segment that do not have comparable information for the prior periods.

	For the Three Months Ended June 30, 2023				For the Six Months Ended June 30, 2023			
	Quarles [1]	TEG [2]	WTG [3]	Total	Quarles [1]	TEG [2]	WTG [3]	Total
				(in thousands)				
Date of Acquisition:	Jul 22, 2022	Mar 1, 2023	Jun 6, 2023		Jul 22, 2022	Mar 1, 2023	Jun 6, 2023	
Revenues:								
Fuel revenue	$ 19,564	$ 93,660	$ 648	$ 113,872	$ 37,327	$ 122,054	$ 648	$ 160,029
Other revenues, net	310	667	1	978	588	854	1	1,443
Total revenues	19,874	94,327	649	114,850	37,915	122,908	649	161,472
Operating expenses:								
Fuel costs	18,912	92,267	622	111,801	36,064	119,779	622	156,465
Store operating expenses	488	850	17	1,355	937	1,094	17	2,048
Total operating expenses	19,400	93,117	639	113,156	37,001	120,873	639	158,513
Operating income	$ 474	$ 1,210	$ 10	$ 1,694	$ 914	$ 2,035	$ 10	$ 2,959
Fuel gallons sold	5,936	35,508	218	41,662	11,443	45,987	218	57,648

[1] Quarles Acquisition; includes only the wholesale business acquired in the Quarles Acquisition.
[2] Includes only the wholesale business acquired in the TEG Acquisition.
[3] Includes only the wholesale business acquired in the WTG Acquisition.

Three Months Ended June 30, 2023 versus Three Months Ended June 30, 2022

Wholesale Revenues

For the three months ended June 30, 2023, fuel revenue decreased by $155.3 million, or 16.1%, compared to the second quarter of 2022, of which the majority was attributable to fuel supply locations. Wholesale revenues were negatively impacted by a decrease in the average price of fuel in the second quarter of 2023 as compared to the second quarter of 2022, which was partially offset by an

11.5% increase in gallons sold. Of total gallons sold, the 2023 Acquisitions and the Quarles Acquisition contributed approximately 41.7 million, which were offset by lower volumes at legacy wholesale sites.

Wholesale Operating Income

For the three months ended June 30, 2023, fuel contribution decreased approximately $2.5 million (excluding intercompany charges by GPMP). Approximately $5.4 million of total fuel contribution was attributable to the 2023 Acquisitions and the Quarles Acquisition. At fuel supply locations, fuel contribution decreased by $1.5 million (excluding intercompany charges by GPMP), and fuel margin decreased for the second quarter of 2023 as compared to the second quarter of 2022, primarily due to decreased prompt pay discounts related to lower fuel costs and lower volumes at legacy wholesale sites, which was partially offset by the contribution from the 2023 Acquisitions and the Quarles Acquisition. At consignment agent locations, fuel contribution decreased $1.0 million (excluding intercompany charges by GPMP), and fuel margin also decreased for the second quarter of 2023 as compared to the second quarter of 2022, primarily due to lower rack-to-retail margins and decreased prompt pay discounts related to lower fuel costs, which was partially offset by the contribution from the 2023 Acquisitions and the Quarles Acquisition.

For the three months ended June 30, 2023, store operating expenses decreased $0.4 million compared to the three months ended June 30, 2022.

Six Months Ended June 30, 2023 versus Six Months Ended June 30, 2022

Wholesale Revenues

For the six months ended June 30, 2023, fuel revenue decreased by $198.1 million, or 11.7%, compared to the first half of 2022, of which the majority was attributable to fuel supply locations. Wholesale revenues were negatively impacted by a decrease in the average price of fuel in the first half of 2023 as compared to the first half of 2022, which was partially offset by a 6.7% increase in gallons sold. Of total gallons sold, the 2023 Acquisitions and the Quarles Acquisition contributed approximately 57.6 million, which were offset by lower volumes at legacy wholesale sites.

Wholesale Operating Income

For the six months ended June 30, 2023, fuel contribution decreased approximately $4.3 million (excluding intercompany charges by GPMP). Approximately $7.7 million of total fuel contribution was attributable to the 2023 Acquisitions and the Quarles Acquisition. At fuel supply locations, fuel contribution decreased by $2.9 million (excluding intercompany charges by GPMP), and fuel margin decreased for the first half of 2023 as compared to the first half of 2022, primarily due to decreased prompt pay discounts related to lower fuel costs and lower volumes at legacy wholesale sites, which was partially offset by the contribution from the 2023 Acquisitions and the Quarles Acquisition. At consignment agent locations, fuel contribution decreased $1.4 million (excluding intercompany charges by GPMP) and fuel margin also decreased for the first half of 2023 as compared to the first half of 2022, primarily due to lower rack-to-retail margins and decreased prompt pay discounts related to lower fuel costs, which was partially offset by the contribution from the 2023 Acquisitions and the Quarles Acquisition.

For the six months ended June 30, 2023, store operating expenses decreased $1.8 million compared to the six months ended June 30, 2022.

Fleet Fueling Segment

The table below shows the results of the fleet fueling segment for the three and six months ended June 30, 2023, together with certain key metrics for the segment. Because we added the fleet fueling segment only upon consummation of the Quarles Acquisition in July 2022, there are no comparable period results for three and six months ended June 30, 2022.

	For the Three Months Ended June 30, 2023	For the Six Months Ended June 30, 2023
Revenues:	(in thousands)	
Fuel revenue	$ 121,146	$ 248,640
Other revenues, net	1,676	2,627
Total revenues	122,822	251,267
Operating expenses:		
Fuel costs	108,435	223,666
Store operating expenses	5,043	9,833
Total operating expenses	113,478	233,499
Operating income	$ 9,344	$ 17,768
Fuel gallons sold – proprietary cardlock locations	32,417	63,433
Fuel gallons sold – third-party cardlock locations	2,036	3,646
Fuel margin, cents per gallon[1] – proprietary cardlock locations	43.9	44.2
Fuel margin, cents per gallon[1] – third-party cardlock locations	7.7	4.9

[1] Calculated as fuel revenue less fuel costs divided by fuel gallons sold; excludes the estimated fixed fee charged by GPMP to sites in the fleet fueling segment.

The table below shows financial information and certain key metrics of recent acquisitions in the fleet fueling segment that do not have comparable information for the prior periods.

	For the Three Months Ended June 30, 2023			For the Six Months Ended June 30, 2023		
	Quarles [1]	WTG [2]	Total	Quarles [1]	WTG [2]	Total
			(in thousands)			
Date of Acquisition:	Jul 22, 2022	Jun 6, 2023		Jul 22, 2022	Jun 6, 2023	
Revenues:						
Fuel revenue	$ 115,986	$ 5,160	$ 121,146	$ 243,480	$ 5,160	$ 248,640
Other revenues, net	1,640	36	1,676	2,591	36	2,627
Total revenues	117,626	5,196	122,822	246,071	5,196	251,267
Operating expenses:						
Fuel costs	104,063	4,372	108,435	219,294	4,372	223,666
Store operating expenses	4,915	128	5,043	9,705	128	9,833
Total operating expenses	108,978	4,500	113,478	228,999	4,500	233,499
Operating income	$ 8,648	$ 696	$ 9,344	$ 17,072	$ 696	$ 17,768
Fuel gallons sold	32,988	1,465	34,453	65,614	1,465	67,079

[1] Includes only the fleet fueling business acquired in the Quarles Acquisition.
[2] Includes only the fleet fueling business acquired in the WTG Acquisition.

Three Months Ended June 30, 2023

Fleet Fueling Revenues

For the three months ended June 30, 2023, fuel revenue was primarily driven by the average price of diesel fuel in the second quarter of 2023.

Fleet Fueling Operating Income

For the three months ended June 30, 2023, fuel contribution was approximately $14.4 million (excluding intercompany charges by GPMP).

Table of Contents

Six Months Ended June 30, 2023

Fleet Fueling Revenues

For the six months ended June 30, 2023, fuel revenue was primarily driven by the average price of diesel fuel in the first half of 2023.

Fleet Fueling Operating Income

For the six months ended June 30, 2023, fuel contribution was approximately $28.2 million (excluding intercompany charges by GPMP).

GPMP Segment

The table below shows the results of the GPMP segment for the three and six months ended June 30, 2023 and 2022, together with certain key metrics for the segment.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022
	(in thousands)			
Revenues:				
Fuel revenue - inter-segment	$ 1,364,041	$ 1,738,243	$ 2,504,106	$ 3,013,964
Fuel revenue - external customers	1,057	1,571	1,798	2,733
Other revenues, net	277	258	447	512
Other revenues, net - inter-segment	2,745	—	5,302	—
Total revenues	1,368,120	1,740,072	2,511,653	3,017,209
Operating expenses:				
Fuel costs	1,338,489	1,715,672	2,456,786	2,969,654
General and administrative expenses	781	759	1,553	1,465
Depreciation and amortization	1,842	1,842	3,684	3,684
Total operating expenses	1,341,112	1,718,273	2,462,023	2,974,803
Operating income	$ 27,008	$ 21,799	$ 49,630	$ 42,406
Fuel gallons sold - inter-segment	532,050	481,794	982,269	939,467
Fuel gallons sold - external customers	397	431	680	827
Fuel margin, cents per gallon[1]	5.0	5.0	5.0	5.0

[1] Calculated as fuel revenue less fuel costs divided by fuel gallons sold.

Three Months Ended June 30, 2023 versus Three Months Ended June 30, 2022

GPMP Revenues

For the three months ended June 30, 2023, fuel revenue decreased by $374.7 million compared to the second quarter of 2022. The decrease in fuel revenue was attributable to a decrease in the average price of fuel, which was partially offset by an increase in gallons sold as compared to the second quarter of 2022.

For the three months ended June 30, 2023 and 2022, other revenues, net were each $0.3 million and primarily related to rental income from certain sites leased to dealers. Inter-segment other revenues, net related to the fixed fee primarily charged to sites in the fleet fueling segment (currently 5.0 cents per gallon sold), which began in July 2022.

GPMP Operating Income

Fuel margin increased by $2.5 million for the second quarter of 2023, as compared to the second quarter of 2022, primarily due to greater gallons sold to the retail and wholesale segments at a fixed margin.

For the three months ended June 30, 2023, total general, administrative, depreciation and amortization expenses were similar with those in the comparable prior year period.

Six Months Ended June 30, 2023 versus Six Months Ended June 30, 2022

GPMP Revenues

For the six months ended June 30, 2023, fuel revenue decreased by $510.8 million compared to the first half of 2022. The decrease in fuel revenue was attributable to a decrease in the average price of fuel, which was partially offset by an increase in gallons sold as compared to the first half of 2022.

For the six months ended June 30, 2023 and 2022, other revenues, net were $0.4 million and $0.5 million, respectively, and primarily related to rental income from certain sites leased to dealers. Inter-segment other revenues, net related to the fixed fee primarily charged to sites in the fleet fueling segment (currently 5.0 cents per gallon sold), which began in July 2022.

GPMP Operating Income

Fuel margin increased by $2.1 million for the first half of 2023, as compared to the first half of 2022, primarily due to greater gallons sold to the retail and wholesale segments at a fixed margin.

For the six months ended June 30, 2023, total general, administrative, depreciation and amortization expenses were similar with those in the comparable prior year period.

Use of Non-GAAP Measures

We disclose certain measures on a "same store basis," which is a non-GAAP measure. Information disclosed on a "same store basis" excludes the results of any store that is not a "same store" for the applicable period. A store is considered a same store beginning in the first quarter in which the store had a full quarter of activity in the prior year. We believe that this information provides greater comparability regarding our ongoing operating performance. Neither this measure nor those described below should be considered an alternative to measurements presented in accordance with generally accepted accounting principles in the United States ("GAAP").

We define EBITDA as net income before net interest expense, income taxes, depreciation and amortization. Adjusted EBITDA further adjusts EBITDA by excluding the gain or loss on disposal of assets, impairment charges, acquisition costs, other non-cash items, and other unusual or non-recurring charges. Each of EBITDA and Adjusted EBITDA is a non-GAAP financial measure.

We use EBITDA and Adjusted EBITDA for operational and financial decision-making and believe these measures are useful in evaluating our performance because they eliminate certain items that we do not consider indicators of our operating performance. EBITDA and Adjusted EBITDA are also used by many of our investors, securities analysts, and other interested parties in evaluating our operational and financial performance across reporting periods. We believe that the presentation of EBITDA and Adjusted EBITDA provides useful information to investors by allowing an understanding of key measures that we use internally for operational decision-making, budgeting, evaluating acquisition targets, and assessing our operating performance.

EBITDA and Adjusted EBITDA are not recognized terms under GAAP and should not be considered as a substitute for net income or any other financial measure presented in accordance with GAAP. These measures have limitations as analytical tools, and should not be considered in isolation or as substitutes for analysis of our results as reported under GAAP. We strongly encourage investors to review our financial statements and publicly filed reports in their entirety and not to rely on any single financial measure.

Because non-GAAP financial measures are not standardized, same store measures, EBITDA and Adjusted EBITDA, as defined by us, may not be comparable to similarly titled measures reported by other companies. It therefore may not be possible to compare our use of these non-GAAP financial measures with those used by other companies.

The following table contains a reconciliation of net income to EBITDA and Adjusted EBITDA for the three and six months ended June 30, 2023 and 2022.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022
	(in thousands)			
Net income	$ 14,479	$ 31,806	$ 11,952	$ 34,124
Interest and other financing expenses, net	20,160	7,339	33,762	23,314
Income tax expense	5,014	9,157	2,856	10,162
Depreciation and amortization	32,837	24,353	61,236	48,989
EBITDA	72,490	72,655	109,806	116,589
Non-cash rent expense (a)	3,760	1,791	6,558	3,737
Acquisition costs (b)	3,277	823	6,853	1,504
Loss on disposal of assets and impairment charges (c)	2,991	1,207	3,278	1,971
Share-based compensation expense (d)	4,555	3,108	8,624	5,882
Loss (income) from equity investment (e)	27	(28)	63	(37)
Adjustment to contingent consideration (f)	(922)	(526)	(1,624)	(526)
Other (g)	64	15	168	33
Adjusted EBITDA	$ 86,242	$ 79,045	$ 133,726	$ 129,153

(a)Eliminates the non-cash portion of rent, which reflects the extent to which our GAAP rent expense recognized exceeds (or is less than) our cash rent payments. The GAAP rent expense adjustment can vary depending on the terms of our lease portfolio, which has been impacted by our recent acquisitions. For newer leases, our rent expense recognized typically exceeds our cash rent payments, while for more mature leases, rent expense recognized is typically less than our cash rent payments.

(b)Eliminates costs incurred that are directly attributable to historical business acquisitions and salaries of employees whose primary job function is to execute our acquisition strategy and facilitate integration of acquired operations.

(c)Eliminates the non-cash loss (gain) from the sale of property and equipment, the loss (gain) recognized upon the sale of related leased assets and impairment charges on property and equipment and right-of-use assets related to closed and non-performing sites.

(d)Eliminates non-cash share-based compensation expense related to the equity incentive program in place to incentivize, retain, and motivate our employees, certain non-employees, and members of our board of directors (the “Board”).

(e)Eliminates our share of loss (income) attributable to our unconsolidated equity investment.

(f)Eliminates fair value adjustments to the contingent consideration owed to the seller for the 2020 acquisition of Empire.

(g)Eliminates other unusual or non-recurring items that we do not consider to be meaningful in assessing operating performance.

Liquidity and Capital Resources

Our primary sources of liquidity are cash flows from operations, availability under our credit facilities and our cash balances. Our principal liquidity requirements are the financing of current operations, funding capital expenditures, including acquisitions, and servicing debt. We finance our inventory purchases primarily from customary trade credit aided by relatively rapid inventory turnover, as well as cash generated from operations. Rapid inventory turnover allows us to conduct operations without the need for large amounts of cash and working capital. We largely rely on internally generated cash flows and borrowings, which we believe are sufficient to meet our liquidity needs for the foreseeable future.

Our ability to meet our debt service obligations and other capital requirements, including capital expenditures, as well as the cost of acquisitions, will depend on our future operating performance which, in turn, will be subject to general economic, financial, business, competitive, legislative, regulatory and other conditions, many of which are beyond our control. As a normal part of our business, depending on market conditions, we will from time to time consider opportunities to repay, redeem, repurchase or refinance our indebtedness. Changes in our operating plans, lower than anticipated sales, increased expenses, acquisitions, or other events may cause us to seek additional debt or equity financing in future periods. Additional debt financing could impose increased cash payment obligations, as well as covenants that may restrict our operations. There can be no guarantee that financing will be available on acceptable terms or at all.

As of June 30, 2023, we were in a strong liquidity position of approximately $822 million, consisting of approximately $220 million of cash and cash equivalents and approximately $602 million of availability under our lines of credit. This liquidity position currently provides us with adequate funding to satisfy our contractual and other obligations from our existing cash balances. As of June 30, 2023, we had no outstanding borrowings under our $140 million PNC Line of Credit (as defined below), $7.7 million of unused availability under the M&T equipment line of credit, described below, and $461.2 million of unused availability under our $800 million Capital One Line of Credit (as defined below), which may increase to $1.0 billion, subject to obtaining additional financing commitments from current lenders or other banks, and subject to certain other terms.

The Board declared, and the Company paid, dividends of $0.03 per share of common stock on both March 21, 2023 and June 1, 2023, totaling approximately $7.2 million. Additionally, the Board declared a quarterly dividend of $0.03 per share of common stock, to be paid on September 1, 2023 to stockholders of record as of August 15, 2023. The amount and timing of dividends payable on our common stock are within the sole discretion of our Board, which will evaluate dividend payments within the context of our overall capital allocation strategy on an ongoing basis, giving consideration to our current and forecast earnings, financial condition, cash requirements and other factors. There can be no assurance that we will continue to pay such dividends or the amounts of such dividends.

In May 2023, we announced that our Board authorized an increase to our share repurchase program from $50.0 million to up to an aggregate of $100.0 million of our outstanding shares of common stock. During the six months ended June 30, 2023, we repurchased approximately 1.6 million shares of common stock under the repurchase program for approximately $11.9 million, or an average share price of $7.57. The share repurchase program does not have a stated expiration date. Whether and the extent to which we repurchase shares depends on a number of factors, including our financial condition, capital requirements, cash flows, results of operations, future business prospects and other factors management may deem relevant. The timing, volume, and nature of repurchases are subject to market conditions, applicable securities laws, and other factors, and the program may be amended, suspended or discontinued at any time. Repurchases may be effected from time to time through open market purchases, including pursuant to a pre-set trading plan meeting the requirements of Rule 10b5-1(c)of the Exchange Act, privately negotiated transactions, pursuant to accelerated share repurchase agreements entered into with one or more counterparties, or otherwise.

To date, we have funded capital expenditures primarily through funds generated from operations, funds received from vendors, sale-leaseback transactions, the issuance of debt, and existing cash. Future capital required to finance operations, acquisitions, and raze-and-rebuild, functionally and fully remodel and update stores is expected to come from cash on hand, cash generated by operations, availability under lines of credit, and additional long-term debt and equipment leases, as circumstances may dictate. In both the short-term and long-term, we currently expect that our capital spending program will be primarily focused on expanding our store base through acquisitions, razing-and-rebuilding, remodeling and updating stores, and maintaining our owned properties and equipment, including upgrading all fuel dispensers to be EMV-compliant. We expect to spend a total of approximately $8 million in the current year to upgrade substantially all our fuel dispensers to be EMV-compliant. We do not expect such capital needs to adversely affect liquidity.

Cash Flows for the Six Months Ended June 30, 2023 and 2022

Net cash provided by (used in) operating activities, investing activities and financing activities for the six months ended June 30, 2023 and 2022 were as follows:

	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
	(in thousands)	
Net cash provided by (used in):		
Operating activities	$ 45,986	$ 72,162
Investing activities	(235,224)	(22,602)
Financing activities	107,768	(59,381)
Effect of exchange rates	(21)	(121)
Total	$ (81,491)	$ (9,942)

Operating Activities

Cash flows provided by operations are our main source of liquidity. We have historically relied primarily on cash provided by operating activities, supplemented as necessary from time to time by borrowings on our credit facilities and other debt or equity transactions to finance our operations and to fund our capital expenditures. Cash flow provided by operating activities is primarily impacted by our net income and changes in working capital.

For the six months ended June 30, 2023, cash flows provided by operating activities were $46.0 million compared to $72.2 million for the six months ended June 30, 2022. The decrease was primarily the result of approximately $6.5 million of higher net interest payments, approximately $15.6 million of higher net tax payments and the investment in working capital associated with the WTG Acquisition, which was partially offset by an increase in Adjusted EBITDA.

Investing Activities

Cash flows used in investing activities primarily reflect capital expenditures for acquisitions and replacing and maintaining existing facilities and equipment used in the business.

For the six months ended June 30, 2023, cash used in investing activities increased by $212.6 million compared to the six months ended June 30, 2022. For the six months ended June 30, 2023, we spent $50.0 million for capital expenditures, including the purchase of certain fee properties, upgrades to fuel dispensers and other investments in our stores. The net consideration paid for the recent acquisitions was $481.6 million, which included $373.0 million paid by Oak Street, reflecting our net cash outflow of $108.6 million.

Financing Activities

Cash flows from financing activities primarily consist of increases and decreases in the principal amount of our lines of credit and debt, distributions to non-controlling interests and issuance of common and preferred stock, net of dividends paid and common stock repurchases.

For the six months ended June 30, 2023, financing activities consisted primarily of net receipts of $63.7 million for long-term debt, $80.4 million of consideration paid by Oak Street related to the 2023 Acquisitions, which transactions with Oak Street were accounted for as sale-leasebacks (see Note 3 to our condensed consolidated financial statements contained in this Quarterly Report on Form 10-Q), payment of $9.8 million for the Ares Put Option, repayments of $2.9 million for financing leases, $7.2 million for dividend payments on common stock, $2.9 million for dividend payments on the Series A redeemable preferred stock and $13.6 million for common stock repurchases.

Credit Facilities and Senior Notes

Senior Notes

The Company has $450 million aggregate principal amount of 5.125% Senior Notes due 2029 (the “Senior Notes”). The Senior Notes are guaranteed, on an unsecured senior basis, by certain of the Company’s wholly owned domestic subsidiaries (the “Guarantors”). The indenture governing the Senior Notes contains customary restrictive covenants that, among other things, generally limit the ability of the Company and substantially all of its subsidiaries to (i) create liens, (ii) pay dividends, acquire shares of capital stock and make payments on subordinated debt, (iii) place limitations on distributions from certain subsidiaries, (iv) issue or sell the capital stock of certain subsidiaries, (v) sell assets, (vi) enter into transactions with affiliates, (vii) effect mergers and (viii) incur indebtedness. The Senior Notes and the guarantees rank equally in right of payment with all of the Company’s and the Guarantors’ respective existing and future senior unsubordinated indebtedness and are effectively subordinated to all of the Company’s and the Guarantors’ existing and future secured indebtedness to the extent of the value of the collateral securing such indebtedness; and are structurally subordinated to any existing and future obligations of subsidiaries of the Company that are not Guarantors.

Financing Agreement with PNC

GPM and certain subsidiaries have a financing arrangement (as amended, the “PNC Credit Agreement”) with PNC Bank National Association (“PNC”) to provide a line of credit with an aggregate principal amount of up to $140 million for purposes of financing working capital (the “PNC Line of Credit”).

The PNC Line of Credit bears interest, as elected by GPM at: (a) SOFR Adjusted plus Term SOFR (as defined in the agreement) plus a margin of 1.25% to 1.75% or (b) a rate per annum equal to the alternate base rate (as defined in the agreement) plus a margin of 0% to 0.50%. Every quarter, the SOFR margin rate and the alternate base rate margin rate are updated based on the quarterly average undrawn availability of the line of credit. The calculation of the availability under the PNC Line of Credit is determined monthly subject to terms and limitations as set forth in the PNC Credit Agreement, taking into account the balances of receivables, inventory and letters of credit, among other things. As of June 30, 2023, $7.3 million of letters of credit were outstanding under the PNC Credit Agreement.

Financing Agreements with M&T Bank

GPM has a financing arrangement with M&T Bank to provide a three-year $20.0 million line of credit for purchases of equipment, which line may be borrowed in tranches, as described below, and an aggregate principal amount of $35.0 million of a real estate loan (the "M&T Term Loan"). As of June 30, 2023, approximately $7.7 million remained available under the line of credit.

Each additional equipment loan tranche will have a three-year term, payable in equal monthly payments of principal plus interest, and will accrue a fixed rate of interest equal to M&T Bank's three-year cost of funds as of the applicable date of such tranche, plus 3.00%. The M&T Term Loan bears interest at SOFR Adjusted (as defined in the agreement) plus 3.00%, matures in June 2026 and is payable in monthly installments based on a fifteen-year amortization schedule, with the balance of the loan payable at maturity.

Financing agreement with a syndicate of banks led by Capital One, National Association ("Capital One")

GPMP has a revolving credit facility with a syndicate of banks led by Capital One, National Association, in an aggregate principal amount of up to $800 million (the "Capital One Line of Credit"). At GPMP's request, the Capital One Line of Credit can be increased up to $1.0 billion, subject to obtaining additional financing commitments from current lenders or from other banks, and subject to certain terms as detailed in the Capital One Line of Credit. The revolving credit facility matures on May 5, 2028. As of June 30, 2023, approximately $338.3 million was drawn on the Capital One Line of Credit, and approximately $461.2 million was available thereunder.

The Capital One Line of Credit bears interest, as elected by GPMP at: (a) Adjusted Term SOFR (as defined in the agreement) plus a margin of 2.25% to 3.25% or (b) a rate per annum equal to the alternate base rate (as defined in the agreement) plus a margin of 1.25% to 2.25%. The margin is determined according to a formula in the Capital One Line of Credit that depends on GPMP's leverage. As of June 30, 2023, $0.5 million of letters of credit were outstanding under the Capital One Line of Credit.

Critical Accounting Policies and Estimates

For the six months ended June 30, 2023, there were no material changes to our critical accounting policies and estimates described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 that have had a material impact on our condensed consolidated financial statements and related notes.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Commodity Price Risk

We have limited exposure to commodity price risk as a result of the payment and volume-related discounts in certain of our fuel supply contracts with our fuel suppliers, which are based on the market price of motor fuel. Significant increases in fuel prices could result in significant increases in the retail price of fuel and in lower sales to consumers and dealers. When fuel prices rise, some of our dealers may have insufficient credit to purchase fuel from us at their historical volumes. In addition, significant and persistent increases in the retail price of fuel could also diminish consumer demand, which could subsequently diminish the volume of fuel we distribute. A significant percentage of our sales are made with the use of credit cards. Because the interchange fees we pay when credit cards are used to make purchases are based on transaction amounts, higher fuel prices at the pump and higher gallon movements result in higher credit card expenses. These additional fees increase operating expenses. In connection with the Quarles Acquisition, we began to make use of derivative commodity instruments to manage risks associated with an immaterial number of gallons designed to offset changes in the price of fuel that are directly tied to firm commitments to purchase diesel fuel.

Interest Rate Risk

We may be subject to market risk from exposure to changes in interest rates based on our financing, investing, and cash management activities. The Senior Notes bear a fixed interest rate, therefore, an increase or decrease in prevailing interest rates has no impact on our debt service for the Senior Notes. As of June 30, 2023, the interest rate on our Capital One Line of Credit was 7.7% and the interest rate on our M&T Term Loan was 8.3%. As of June 30, 2022, the interest rate on our Capital One Line of Credit was 3.6% and the interest rate on our M&T Term Loan was 4.8%. As of June 30, 2023, approximately 44% of our debt bore interest at variable rates, therefore, our exposure was marginally low. If our applicable interest rates increase by 1%, then our debt service on an annual basis would increase by approximately $3.7 million. Interest rates on commercial bank borrowings and debt offerings could be higher than current levels, causing our financing costs to increase accordingly. Although this could limit our ability to raise funds in the debt capital markets, we expect to remain competitive with respect to acquisitions and capital projects, as our competitors would likely face similar circumstances.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, have evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e)) under the Exchange Act as of the end of the period covered by this Quarterly Report on Form 10-Q. Our disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the Securities and Exchange Commission. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Based on management's evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2023.

Changes to the Company's Internal Control Over Financial Reporting

There have been no changes to the Company's internal control over financial reporting that occurred during the calendar quarter covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

During the reporting period covered by this Quarterly Report on Form 10-Q, there have been no material changes to the description of legal proceedings as set forth in our Annual Report on Form 10-K for the year ended December 31, 2022.

Item 1A. Risk Factors

During the reporting period covered by this Quarterly Report on Form 10-Q, there have been no material changes to our risk factors as set forth in our Annual Report on Form 10-K for the year ended December 31, 2022.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table presents our share repurchase activity for the quarter ended June 30, 2023 (dollars in thousands, except per share amounts):

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Maximum Dollar Value that May Yet Be Purchased Under the Plans or Programs (1)
April 1, 2023 to April 30, 2023	—	$ —	—	$ 10,295
May 1, 2023 to May 31, 2023	642,461	7.36	642,461	55,566
June 1, 2023 to June 30, 2023	844,888	7.69	844,888	49,071
Total	1,487,349	$ 7.55	1,487,349	$ 49,071

(1)All of the above repurchases were made on the open market at prevailing market rates plus related expenses under our stock repurchase program, which authorizes the repurchase of up to $100 million of our common stock. We publicly announced this program on February 23, 2022 and announced the increased amount authorized to be repurchased on May 16, 2023.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

During the three months ended June 30, 2023, none of our officers or directors adopted or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act or any “non-Rule 10b5-1 trading arrangement”, as defined in Item 408 of Regulation S-K.

Table of Contents

Item 6. Exhibits

Exhibit 3.1	Composite Amended and Restated Certificate of Incorporation of ARKO Corp.
Exhibit 10.1+	Second Amended and Restated Credit Agreement, dated May 5, 2023, by and among GPM Petroleum LP, the guarantors party thereto, Capital One, National Association, and the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K, filed on May 8, 2023).
Exhibit 10.2*+	Third Amendment dated as of May 2, 2023 to Standby Real Estate Purchase, Designation and Lease Program by and between GPM Investments, LLC and GPM Portfolio Owner LLC and Oak Street Real Estate Capital Fund VI OP, LP (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K, filed on May 8, 2023).
Exhibit 31.1	Certification by Arie Kotler, Chief Executive Officer, pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities and Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for the quarterly period ended June 30, 2023.
Exhibit 31.2	Certification by Donald Bassell, Chief Financial Officer, pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities and Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for the quarterly period ended June 30, 2023.
Exhibit 32.1	Certification by Arie Kotler, Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for the quarterly period ended June 30, 2023.
Exhibit 32.2	Certification by Donald Bassell, Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for the quarterly period ended June 30, 2023.
101	The following financial statements from the Company’s Form 10-Q for the quarter ended June 30, 2023, formatted in Inline XBRL: (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations, (iii) Condensed Consolidated Statements of Changes in Equity, (iv) Condensed Consolidated Statements of Cash Flows, and (v) Notes to Condensed Consolidated Financial Statements
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

+ Pursuant to Item 601(a)(5) of Regulation S-K, schedules and similar attachments to this exhibit have been omitted because they do not contain information material to an investment or voting decision and such information is not otherwise disclosed in such exhibit. The Company will supplementally provide a copy of any omitted schedule or similar attachment to the U.S. Securities and Exchange Commission or its staff upon request.

* Pursuant to Item 601(b)(10)(iv) of Regulation S-K, portions of this exhibit have been omitted because the Company customarily and actually treats the omitted portions as private or confidential, and such portions are not material. The Company will supplementally provide a copy of an unredacted copy of this exhibit to the U.S. Securities and Exchange Commission or its staff upon request.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: August 7, 2023		**ARKO Corp.**
	By:	/s/ Arie Kotler
	Name:	Arie Kotler
	Title:	President, Chief Executive Officer and Chairman of the Board (on behalf of the Registrant and as Principal Executive Officer)

Exhibit 3.1

THIS COMPOSITE AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF ARKO CORP. (THE "CORPORATION") REFLECTS THE PROVISIONS OF THE CORPORATION'S CERTIFICATE OF INCORPORATION AND ALL AMENDMENTS THERETO FILED WITH THE DELAWARE SECRETARY OF STATE THEREAFTER ON OR PRIOR TO JUNE 8, 2023, BUT IS NOT AN AMENDMENT AND/OR RESTATEMENT THEREOF.

COMPOSITE
AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION OF
ARKO CORP.

ARTICLE I
NAME

The name of this corporation is "ARKO Corp." (the "***Corporation***").

ARTICLE II
PURPOSE

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware, as amended (the "***DGCL***"). In addition to the powers and privileges conferred upon the Corporation by law and those incidental thereto, the Corporation shall possess and may exercise all the powers and privileges that are necessary or convenient to the conduct, promotion or attainment of the business or purposes of the Corporation.

ARTICLE III
REGISTERED AGENT

The address of the Corporation's registered office in the State of Delaware is 251 Little Falls Drive, in the City of Wilmington, County of New Castle, State of Delaware 19808, and the name of the Corporation's registered agent at such address is Corporation Service Company.

ARTICLE IV
CAPITALIZATION

Section 4.1. Authorized Capital Stock. The total number of shares of all classes of capital stock, each with a par value of $0.0001 per share, which the Corporation is authorized to issue is four hundred five million (405,000,000) shares, consisting of (a) four hundred million (400,000,000) shares of common stock (the "***Common Stock***"), and (b) five million (5,000,000) shares of preferred stock (the "***Preferred Stock***").

Section 4.2. Preferred Stock. The first series of Preferred Stock shall be designated as "***Series A Preferred Stock***" and shall consist of 1,000,000 shares of the authorized Preferred Stock. In addition, the board of directors of the Corporation (the "***Board***") is hereby expressly authorized to provide out of the unissued shares of the Preferred Stock for one or more series of Preferred Stock and to establish from time to time the number of shares to be included in each such series and to fix the voting rights, if any, designations, powers, preferences and relative, participating, optional, special and other rights, if any, of each such series and any qualifications, limitations and restrictions thereof, as shall be stated in the resolution or resolutions adopted by the Board providing for the issuance of such series and included in a certificate of designation (a "***Preferred Stock Designation***") filed pursuant to the

DGCL, and the Board is hereby expressly vested with the authority to the full extent provided by law, now or hereafter, to adopt any such resolution or resolutions.

Section 4.3. Rights and Options. The Corporation has the authority to create and issue rights, warrants and options entitling the holders thereof to acquire from the Corporation any shares of its capital stock of any class or classes, with such rights, warrants and options to be evidenced by or in instrument(s) approved by the Board. The Board is empowered to set the exercise price, duration, times for exercise and other terms and conditions of such rights, warrants or options; *provided*, *however*, that the consideration to be received for any shares of capital stock issuable upon exercise thereof may not be less than the par value thereof.

ARTICLE V
TERMS OF COMMON STOCK AND SERIES A PREFERRED STOCK

The terms and provisions of the Common Stock and Series A Preferred Stock are as follows:

Section 5.1. Dividends.

(a) Series A Preferred Stock.

(i) The holders of the then outstanding shares of Series A Preferred Stock (each, a "***Holder***," and collectively, the "***Holders***") shall be entitled to receive, when, if, and as declared by the Board, out of assets legally available therefor, in preference and priority to any declaration or payment of any dividend on the Common Stock (payable other than in Common Stock or other securities or rights convertible into or entitling the Holder thereof to receive, directly or indirectly, additional shares of Common Stock), dividends at the Dividend Rate for the Series A Preferred Stock. Such dividends shall be cumulative and accrue on a daily basis, payable and compounding on the last day of each calendar quarter (March 31, June 30, September 30 and December 31) on each share of Series A Preferred Stock from the Issue Date (as defined below) for such share of Series A Preferred Stock through the date such share is converted, repurchased or redeemed pursuant hereto (with the first dividend payment date for each such share to be the last day of the first complete calendar quarter following such share's Issue Date, *provided* that with respect to all shares of Series A Preferred Stock, such first dividend payment date shall not be later than [March 31,][1] 2021, and the final payment date shall be the date such share is converted, repurchased or redeemed), whether or not declared. "***Issue Date***", with respect to any share of Series A Preferred Stock, means the date on which such share of Series A Preferred Stock was issued, and "***Initial Issue Date***" means the date on which the first share of Series A Preferred Stock was issued by the Corporation. "***Dividend Rate***" means, with respect to each share of Series A Preferred Stock, an annual rate of 5.75%, subject to adjustment as described in subclause (ii) and (iii) below, on the then-applicable Liquidation Preference in respect of such share of Series A Preferred Stock.

(ii) If the Corporation fails to pay a dividend for any quarter on a dividend payment date in arrears in cash at the then-prevailing Dividend Rate in respect of the Series A Preferred Stock while any shares of Series A Preferred Stock are outstanding, then for purposes of calculating the accrual of unpaid dividends for such quarter then ended, dividends shall be calculated to have accrued at:

(A) for the first quarter for which the Corporation fails to pay the dividend in cash on the payment date at the end of such quarter (such quarter, the "***Grace Quarter***"), 5.75%,

(B) for any quarter other than the Grace Quarter, the then-prevailing Dividend Rate plus 300 basis points,

and such rate shall be the Dividend Rate for the following quarter (and, in the event of the Corporation's failure to pay dividends in cash for such following quarter, dividends for such quarter shall accrue at the rate calculated in accordance with subclause (B) above), *provided*, that, subject to clause (iii) below, in no event shall the Dividend Rate exceed an annual rate of 14.50%. The Dividend Rate shall revert to 5.75% upon the Corporation paying in cash all then-accrued and unpaid dividends on the Series A Preferred Stock. For the avoidance of doubt, there shall only be one Grace Quarter in total while any shares of Series A Preferred Stock remain outstanding.

1 If closes by 1/31/21; otherwise, will be 6/30/21.

(iii) In the event the Corporation (x) breaches any of the protective provisions set forth in Section 5.5 or (y) fails to redeem the Series A Preferred Stock upon the proper exercise of any redemption right by the Holders, then the Dividend Rate shall increase to an annual rate of 15.00% for so long as such breach or failure to redeem remains in effect.

(b) Common Stock. Subject to the prior preferential dividends of the Series A Preferred Stock set forth in Section 5.1(a), dividends may be paid on the then outstanding shares of Common Stock when, as, and if declared by the Board.

(c) Non-Cash Distributions. Whenever a dividend provided for in this Section 5.1 shall be payable in property other than cash, the value of such dividend shall be deemed to be the fair market value of such property, as determined in good faith by the Board.

Section 5.2. Liquidation Preference; Change of Control Put. If there is a Liquidation Event, the assets and funds of the Corporation available for distribution to stockholders shall be distributed as follows:

(a) Series A Preferred Stock. First, the Holders shall be entitled to receive with equal priority on a *pari passu* basis, out of the Corporation's assets legally available for distribution to the stockholders and prior to and before any payment or distribution made to the holders of shares of Common Stock then outstanding by reason of their ownership of such shares, an amount equal to the applicable Liquidation Preference for such Holders' shares of Series A Preferred Stock. If, upon the occurrence of any Liquidation Event, the Corporation's assets legally available for distribution are insufficient to permit the payment to the Holders of the full preferential amounts described in this Section 5.2(a), then all assets legally available for distribution to the stockholders pursuant to this Section 5.2(a) shall be distributed with equal priority on a *pari passu* basis, *pro rata*, among the Holders in proportion to the full preferential amounts which such Holders would be entitled to receive pursuant to this Section 5.2(a). "***Liquidation Preference***" means $100 per share of Series A Preferred Stock, *plus* all accrued and unpaid dividends thereon, if any, in each case, adjusted for any stock splits, reverse stock splits, stock dividends, and similar recapitalization events (each a "***Recapitalization Event***"). "***Original Issue Price***" means $100.00 per share of Series A Preferred Stock, adjusted for any Recapitalization Event.

(b) Remaining Assets. After the payment, or setting aside for payment, to the Holders of the full preferential amounts set forth in Section 5.2(a), the Corporation's entire remaining assets legally available for distribution to the stockholders shall be distributed *pro rata* to the holders of the Common Stock.

(c) Deemed Conversion Amount. Notwithstanding any provision in this Section 5.2, solely for purposes of determining the amount each Holder is entitled to receive with respect to a Liquidation Event or a Change of Control Put, each such Holder shall be deemed to have converted (regardless of whether such Holder actually converted) such Holder's shares of Series A Preferred Stock into shares of Common Stock immediately prior to the Liquidation Event or Change of Control if, as a result of a conversion, such Holder would receive, in the aggregate, an amount greater than the amount that would be distributed to such Holder (or, in the case of a Change of Control, paid to such holder pursuant to the Change of Control Put) if such Holder did not convert such shares of Series A Preferred Stock into shares of Common Stock. Where the consideration determined pursuant to this Section 5.2(c) would be greater, then such Holder shall receive a distribution (or payment, if the Holder has exercised the Change of Control Put) as if it had converted its shares of Series A Preferred Stock into Common Stock, and it shall not receive any distribution or other payment that it would otherwise have been entitled to receive as a Holder pursuant to Section 5.2(a) or pursuant to the Change of Control Put.

(d) Valuation of Non-Cash Assets in a Liquidation Event. If any assets of the Corporation distributed to stockholders in connection with a Liquidation Event are other than cash, then the value of such assets on the distribution date shall be their fair market value, as determined by the Board in good faith; *provided*, that any publicly-traded securities to be distributed to stockholders in a Liquidation Event shall be valued at the 10-Day VWAP of the securities, determined as of the day that is five trading days prior to the date of such distribution to the stockholders. As used in this Restated Certificate, (i) "***VWAP***" means the volume weighted average price of the applicable security for the specified number of consecutive trading days ending on such determination date (calculated as a single period) on Nasdaq or another stock exchange or, if not then listed, on such security's principal trading market, in any such case, as reported by Bloomberg or, if not available on Bloomberg, as reported by

Morningstar; and (ii) "***trading day***" means any day on which the exchange or system on which the applicable securities are traded is open; *provided* that "trading day" shall not include any day on which such security is (A) scheduled to trade on such exchange or system for less than 4.5 hours or (B) suspended from trading during the final hour of trading on such exchange or system (or if such exchange or system does not designate in advance the closing time of trading on such exchange or market, then during the hour ending at 4:00:00 p.m., New York time).

(e) Effecting a Liquidation Event.

(i) Unless otherwise provided by applicable law or court order, if there is a Liquidation Event, the Corporation shall require that the definitive agreement, plan of dissolution, or plan of merger, or consolidation, as applicable, for such event complies with this Section 5.2.

(ii) Following the occurrence of any Liquidation Event, the Corporation shall, to the extent that the Corporation has control over, or title to, the proceeds from the Liquidation Event, distribute such proceeds as promptly as commercially practicable in accordance with this Section 5.2, taking into account the terms and conditions of the Liquidation Event, including but not limited to, any earn-out or escrow provisions. Prior to the distributions to the stockholders set forth in this Section 5.2 in a Liquidation Event, the Corporation shall not expend or dissipate the assets of the Corporation or consideration, proceeds, or other assets received by the Corporation in such Liquidation Event, except (i) to discharge expenses incurred in the ordinary course of business, and (ii) as otherwise required by the definitive agreement(s) providing for such Liquidation Event, including but not limited to, the payment for the fees and expenses, if any, of bankers, accountants, and attorneys for the Corporation and its subsidiaries.

(iii) In the event of a Liquidation Event, if any portion of the consideration payable to the Corporation's stockholders is payable only upon satisfaction of contingencies (the "***Additional Consideration***"), the definitive agreement shall provide that (A) the portion of such consideration that is not Additional Consideration (such portion, the "***Initial Consideration***") shall be allocated among the holders of the Corporation's capital stock in accordance with Section 5.2(a), Section 5.2(b) and Section 5.2(c) as if the Initial Consideration were the only consideration payable in connection with such Liquidation Event; and (B) any Additional Consideration which becomes payable to the Corporation's stockholders upon satisfaction of such contingencies shall be allocated among the holders of the Corporation's capital stock in accordance with Section 5.2(a), Section 5.2(b) and Section 5.2(c) after taking into account the previous payment of the Initial Consideration (and any previously-paid Additional Consideration) as part of the same transaction. For the purposes of this Section 5.2(e)(iii), consideration placed into escrow or retained as a holdback to be available for satisfaction of indemnification or similar obligations in connection with such Liquidation Event shall be deemed to be Additional Consideration.

(f) Certain Definitions. For purposes of this Restated Certificate:

(i) "***Business Day***" means any day other than (a) a Saturday or a Sunday or (b) a day on which banking and savings and loan institutions are authorized or required by applicable law, rule, or regulation to be closed in New York City.

(ii) "***Change of Control***" means the following events, unless the holders of a majority of the then outstanding shares of Series A Preferred Stock, voting as a single class on an as converted basis, elect otherwise by written notice delivered to the Corporation:

(A) a "person" or "group" (within the meaning of Section 13(d)(3) of the Exchange Act), other than any Permitted Holder (unless the shares of Common Stock or shares of any other capital stock into which the Series A Preferred Stock is convertible cease to be listed for trading on any United States national securities exchange as a result of the acquisition of majority beneficial ownership by a Permitted Holder), the Corporation or its subsidiaries, has become the direct or indirect "beneficial owner" (determined in accordance with Rule 13d-3 under the Exchange Act) of the shares of the Corporation's voting securities representing more than fifty percent (50%) of the voting power of all of the Corporation's then-outstanding common equity (including then-outstanding preferred equity voting on an as-converted basis with the common equity);

(B) the acquisition of the Corporation by another person or entity by means of any transaction or series of related transactions to which the Corporation is party (including any stock acquisition, combination, reorganization, share exchange, merger, or consolidation), other than a transaction or series of related transactions in which the holders of the voting securities of the Corporation then outstanding immediately prior to such transaction or series of related transactions retain, immediately after such transaction or series of related transactions as a result of securities in the Corporation held by such holders, at least 50% of the total voting power represented by the then outstanding voting securities of the Corporation or such other surviving or resulting entity (or if the Corporation or such other surviving or resulting entity is a wholly-owned subsidiary immediately following such acquisition, its parent); or

(C) the sale, lease, transfer, exclusive and irrevocable license, or other disposition (but excluding a transfer or disposition by pledge or mortgage to a *bona fide* lender) of all or substantially all of the Corporation's assets and its subsidiaries, taken as a whole, by means of any transaction or series of related transactions, except where such sale, lease, transfer, exclusive and irrevocable license, or other disposition is to a subsidiary of the Corporation;

provided, *however*, that a merger or similar transaction effected exclusively for the purpose of changing the Corporation's domicile or corporate form shall not be deemed a Change of Control.

(iii) "***Change of Control Purchase Date***" means, with respect to each share of Series A Preferred Stock, the date on which the Corporation makes the payment in full of the Change of Control Price in connection with the Change of Control Put for such share to the holder thereof or to the transfer agent for the Series A Preferred Stock or other acceptable depositary, irrevocably, for the benefit of such holder.

(iv) "***Liquidation Event***" means the following events: (i) the liquidation, dissolution, or winding up of the Corporation, either voluntary or involuntary or (ii) a Change of Control.

(v) "***Permitted Holders***" means the Sponsor, the GPM Minority Investors (each as defined in that certain Business Combination Agreement, by and among Haymaker Acquisition Corp. II, ARKO Corp., Punch US Sub, Inc., Punch Sub Ltd., and Arko Holdings Ltd., dated as of September 8, 2020, as amended from time to time), Arie Kotler, Morris Willner, and their respective affiliates.

(vi) "***Person***" means any individual, corporation, estate, partnership, joint venture, association, joint-stock company, limited liability company, trust, unincorporated organization or any other entity.

(g) Change of Control Put.

(i) *Holder Rights Upon Change of Control*. Upon the occurrence of a Change of Control, each Holder may, at such Holder's election, require the Corporation to purchase (a "***Change of Control Put***") all or a portion of such Holder's shares of Series A Preferred Stock that have not been converted, at a purchase price per share of Series A Preferred Stock, payable in cash, equal to the greater of (A) the sum of (x) the product of 101% *multiplied by* the Original Issue Price, *plus* (y) all accrued but unpaid dividends in respect of such share as of the Change of Control Effective Date or (B) the amount payable in respect of such share pursuant to Section 5.2(c) (in each case, the "***Change of Control Price***"); *provided* that the Corporation shall only be required to pay the Change of Control Price to the extent such purchase can be made out of funds legally available therefor in accordance with Section 5.2(g)(vii).

(ii) *Initial Change of Control Notice*. The Corporation shall, on or before the tenth Business Day prior to the date on which the Corporation anticipates consummating a Change of Control (or, if later, promptly after the Corporation discovers that a Change of Control may occur), send a written notice (the "***Initial Change of Control Notice***") to the Holders as they appear in the records of the Corporation, which notice shall contain: (a) briefly, the events causing such Change of Control; (b) the date on which the Change of Control is anticipated to be effected (or, if applicable, the date on which a Schedule TO or other schedule, form or report disclosing a Change of Control was filed); and (c) an estimated calculation of the Change of Control Price. No later than five Business Days after the delivery of the Initial Change of Control Notice, any Holder that desires to exercise its rights pursuant to Section 5.2(g)(i) shall notify the Corporation in writing thereof and shall specify (x) that such Holder is electing to exercise its rights pursuant to Section 5.2(g)(i), and (y) the number of shares of Series A Preferred Stock subject thereto (the "***Change of Control Put Exercise Notice***"). Each Holder may also exercise its right to convert any or all shares of Series A Preferred Stock pursuant to Section 5.3(a) until the later of the effective date of the Change of Control (the "***Change of Control Effective Date***") or five Business Days after the delivery of the Initial Change of Control Notice. A Holder that has delivered a Change of Control Put Exercise Notice with respect to any shares of Series A Preferred Stock may withdraw such Change of Control Put Exercise Notice by delivering a written notice of withdrawal to the Corporation by the close of business on the third Business Day before the Change of Control Effective Date.

(iii) *Final Change of Control Notice*. If a Holder elects to exercise its rights pursuant to Section 5.2(g)(i), within two Business Days following the Change of Control Effective Date, a final written notice shall be sent by or on behalf of the Corporation to the Holders as they appear in the records of the Corporation on such Change of Control Effective Date, which notice shall contain:

(A) a statement setting forth in reasonable detail the calculation of the Change of Control Price with respect to such holder; and

(B) the Change of Control Purchase Date, which shall be no later than 30 days after the Change of Control Effective Date; *provided*, that a reasonable amount of time shall be provided between delivery of such notice and the Change of Control Purchase Date to allow such Holder to comply with the instructions delivered pursuant to Section 5.2(g)(iii)(C) below; and

(C) the instructions a Holder must follow to receive the Change of Control Price in connection with such Change of Control.

(iv) *Change of Control Put Procedure*. To receive the Change of Control Price, a Holder must surrender to the Corporation at the office of the Corporation or of the transfer agent for the Series A Preferred Stock, in accordance with the instructions delivered pursuant to Section 5.2(g)(iii)(C), the certificates representing the shares of Series A Preferred Stock to be repurchased by the Corporation or an agreement satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection with any such certificates that have been lost, stolen, or destroyed, to the extent applicable. If a Holder delivers to the Corporation a withdrawal notice in accordance with the terms of clause (ii) above, withdrawing any share(s) of Series A Preferred Stock and such share(s) have been surrendered to the Corporation or its transfer agent, as applicable, then such share(s) will be returned to the Holder.

(v) *Delivery upon Change of Control Put*. Upon a properly exercised Change of Control Put, the Corporation (or its successor) shall deliver or cause to be delivered to the holder by wire transfer of immediately available funds to an account specified in writing by the Holder, the Change of Control Price for such Holder's shares of Series A Preferred Stock.

(vi) *Treatment of Shares*. Until a share of Series A Preferred Stock is purchased by the payment or deposit in full of the applicable Change of Control Price as provided in Section 5.2(g)(ix), such share of Series A Preferred Stock will remain outstanding and will be entitled to all of the powers, designations, preferences and other rights provided herein; *provided* that no such shares of Series A Preferred Stock with respect to which the Holder has elected the Change of Control Put may be converted into shares of Common Stock following the Change of Control Effective Date. For clarity, any shares of Series A Preferred Stock that a Holder does not subject to the Change of Control Put pursuant to this Section 5.2(g) shall remain outstanding.

(vii) *Sufficient Funds*. If the Corporation (or its successor) shall not have sufficient funds legally available under the DGCL to purchase all shares of Series A Preferred Stock that Holders have requested to be purchased under Section 5.2(g)(i) (the "***Required Number of Shares***"), the Corporation shall (i) purchase, *pro rata* among the Holders that have requested their shares be purchased pursuant to Section 5.2(g)(i), a number of shares of Series A Preferred Stock with an aggregate Change of Control Price equal to the amount legally available for the purchase of shares of Series A Preferred Stock under the DGCL and (ii) purchase any shares of Series A Preferred Stock not purchased because of the foregoing limitations at the applicable Change of Control Price as soon as practicable after the Corporation is able to make such purchase out of assets legally available for the purchase of such shares of Series A Preferred Stock. The inability of the Corporation (or its successor) to make a purchase payment for any reason shall not relieve the Corporation (or its successor) from its obligation to effect any required purchase when, as and if permitted by applicable law. If the Corporation fails to pay the Change of Control Price in full when due in accordance with this Section 5.2(g) in respect of some or all of the shares of Series A Preferred Stock to be repurchased pursuant to the Change of Control Put, the Corporation will pay dividends on such shares not repurchased in accordance with Section 5.1(a) through but not including the day upon which the Corporation pays the Change of Control Price in full in accordance with this Section 5.2(g).

(viii) *Change of Control Agreements*. The Corporation shall not enter into any agreement for a transaction constituting a Change of Control unless the acquiring or surviving Person in such Change of Control represents or covenants, in form and substance reasonably satisfactory to the Board acting in good faith, that at the closing of such Change of Control that such Person shall have sufficient funds (which may include cash and cash equivalents on the Corporation's balance sheet, the proceeds of any debt or equity financing, available lines of credit or uncalled capital commitments) to consummate such Change of Control and the payment of the Change of Control Price on the Change of Control Purchase Date in respect of shares of Series A Preferred Stock that have not been converted into Common Stock prior to the Change of Control Effective Date pursuant to Section 5.3.

(ix) With respect to any share of Series A Preferred Stock to be purchased by the Corporation pursuant to the Change of Control Put and which has been purchased in accordance with the provisions of this Section 5.2(g), or for which the Corporation has irrevocably deposited an amount equal to the Change of Control Price in respect of such share with the transfer agent or other acceptable depositary for the Series A Preferred Stock, (A) dividends shall cease to accrue on such share, (B) such share shall no longer be deemed outstanding and (C) all rights with respect to such share shall cease and terminate other than the rights of the holder thereof to receive the Change of Control Price therefor.

Section 5.3. Conversion. The Holders shall have the following rights:

(a) Optional Conversion. Each share of Series A Preferred Stock shall be convertible, at the option of the Holder thereof and at any time after the date of issuance of such share, into Common Stock. The number of fully paid and nonassessable shares of Common Stock into which a share of Series A Preferred Stock may be converted shall equal the Liquidation Preference for such Series A Preferred Stock *divided by* the Conversion Price for the Series A Preferred Stock in effect at the time of conversion (the "***Conversion Rate***"). "***Conversion Price***" means $12.00 per share for Series A Preferred Stock, adjusted for any Recapitalization Event as set forth herein.

(b) Automatic Conversion. Each share of Series A Preferred Stock shall automatically be converted into fully paid and nonassessable shares of Common Stock at the then-applicable Conversion Rate (an "***Automatic Conversion***") if, at any time during the Target Periods set forth in the table below, the VWAP of the Common Stock equals or exceeds the applicable Target Price (as set forth in the table below, adjusted for any Recapitalization Event), for any 20 trading days within a 30-trading day period ending during the Target Period; *provided* that the average daily trading volume for the Common Stock during such 30-trading day period is at least $7.5 million.

Target Period	**Target Price**
18-month anniversary of Closing to December 31, 2023	$ 18.00
January 1, 2024 – March 31, 2024	$ 15.50
April 1, 2024 – June 30, 2024	$ 16.00
July 1, 2024 – September 30, 2024	$ 16.50
October 1, 2024 – December 31, 2024	$ 17.00
January 1, 2025 – March 31, 2025	$ 17.50
April 1, 2025 – Maturity	$ 18.00

(c) Mechanics of Conversion. Before any Holder shall be entitled to convert shares of Series A Preferred Stock into whole shares of Common Stock pursuant to Section 5.3(a), and to receive any certificates or book-entry positions therefor, as applicable, the Holder shall give written notice to the Corporation at the office of the Corporation or of the transfer agent for the Series A Preferred Stock that the Holder elects to convert such shares of Series A Preferred Stock (the "***Optional Conversion Notice***"), which Optional Conversion Notice shall include a calculation of the number of Equity Interests that such Holder's Holder Group will beneficially own after giving effect to such conversion (on which the Corporation may rely) and, if such Holder's shares are certificated, shall either (i) surrender the certificate or certificates therefor, duly endorsed, at such office or (ii) notify the Corporation or its transfer agent that such certificates have been lost, stolen, or destroyed and execute an agreement satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection with such certificates (the documentation required by clause (i) or (ii), as applicable, along with the Optional Conversion Notice, the "***Required Optional Conversion Documents***"). Such conversion shall be deemed to have been made immediately prior to the close of business on the date of receipt of such Required Optional Conversion Documents, and the person or persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock on such date (the "***Share Delivery***

Date"); *provided*, *however*, that if the conversion is in connection with an underwritten offer of securities registered pursuant to the Securities Act of 1933, as amended (the "***Securities Act***") or a Liquidation Event, the conversion may, at the option of any Holder tendering Series A Preferred Stock for conversion, be conditioned upon the closing of such transaction or upon the occurrence of such event, in which case the person(s) entitled to receive shares of Common Stock issuable upon such conversion of the Series A Preferred Stock shall not be deemed to have converted such Series A Preferred Stock until immediately prior to the closing of such transaction or the occurrence of such event. As soon as practicable after the Share Delivery Date, but in any event within two (2) trading days thereof, the Corporation shall issue certificates or book-entry positions evidencing the shares of Common Stock issuable upon such conversion. Notwithstanding the foregoing, on the date of an Automatic Conversion, the then outstanding shares of Series A Preferred Stock shall be converted automatically without any further action by the Holders of such shares and whether or not any certificates representing such shares are surrendered to the Corporation or its transfer agent; *provided*, *however*, that, to the extent the shares are certificated, the Corporation shall not be obligated to issue certificates or book-entry positions evidencing the shares of Common Stock issuable upon such Automatic Conversion unless either (i) the certificates evidencing such shares of Series A Preferred Stock are surrendered, duly endorsed, to the Corporation at the office of the Corporation or the transfer agent for the Series A Preferred Stock, or (ii) the Holder notifies the Corporation or its transfer agent that such certificates have been lost, stolen, or destroyed and executes an agreement satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection with such certificates. On the date of the occurrence of an Automatic Conversion, each Holder shall be deemed to be the holder of record of the Common Stock issuable upon such conversion, notwithstanding that any certificates representing such shares of Series A Preferred Stock shall not have been surrendered at the office of the Corporation or the transfer agent for the Series A Preferred Stock, that notice from the Corporation shall not have been received by any holder of record of shares of Series A Preferred Stock, or that any certificates or book-entry positions evidencing such shares of Common Stock shall not then be actually delivered to such holder.

(d) Adjustments to Conversion Price.

(i) Adjustments for Subdivisions or Combinations of Common Stock. If the then outstanding shares of Common Stock shall be subdivided (by stock split, payment of a stock dividend, or otherwise), into a greater number of shares of Common Stock, the Conversion Price for the Series A Preferred Stock in effect immediately prior to such subdivision shall, concurrently with the effectiveness of such subdivision, be proportionately decreased. If the then outstanding shares of Common Stock shall be combined (by reclassification or otherwise) into a lesser number of shares of Common Stock, the Conversion Price for the Series A Preferred Stock in effect immediately prior to such combination shall, concurrently with the effectiveness of such combination, be proportionately increased. Any adjustment to the Conversion Price pursuant to this Section 5.3(d)(i) shall also result in a corresponding adjustment to any other price-based amounts herein (including the Target Price and any VWAP).

(ii) Adjustments for Subdivisions or Combinations of Series A Preferred Stock. If the then outstanding shares of Series A Preferred Stock shall be subdivided (by stock split, by payment of a stock dividend, or otherwise), into a greater number of shares of Series A Preferred Stock, the Original Issue Price and Liquidation Preference of the Series A Preferred Stock in effect immediately prior to such subdivision shall, concurrently with the effectiveness of such subdivision, be proportionately decreased. If the then outstanding shares of Series A Preferred Stock shall be combined (by reclassification or otherwise) into a lesser number of shares of Series A Preferred Stock, the Original Issue Price and Liquidation Preference of the Series A Preferred Stock in effect immediately prior to such combination shall, concurrently with the effectiveness of such combination, be proportionately increased.

(iii) Adjustments for Reclassification, Exchange and Substitution. Subject to Section 5.2, if the Common Stock issuable upon conversion of the Series A Preferred Stock shall be changed into the same or a different number of shares of any other class or classes of stock, whether by a Recapitalization Event or otherwise (other than a subdivision or combination of shares provided for in this Section 5.3(d)), then, in any such event, in lieu of the number of shares of Common Stock which the holders would otherwise have been entitled to receive each holder of Series A Preferred Stock shall have the right thereafter to convert such shares of Series A Preferred Stock into a number of shares of such other class or classes of stock which a holder of the number of shares of Common Stock deliverable upon conversion of Series A Preferred Stock immediately before that change would have been entitled to receive in such Recapitalization Event, all subject to further adjustment with respect to such other shares.

(iv) Adjustments for Common Stock Dividends. If the Corporation, at any time while shares of Series A Preferred Stock are outstanding, shall pay a dividend or make a distribution in cash, securities or other assets to the holders of the Common Stock on account of such shares of Common Stock, other than as described in the preceding clauses of this Section 5.3(d), then the Conversion Price shall be decreased (but not below zero), effective immediately after the effective date of such dividend or distribution, by the amount of cash and/or the fair market value (as determined by the Board, in good faith) of any securities or other assets paid on each share of Common Stock in respect of such dividend or distribution. Any adjustment to the Conversion Price pursuant to this Section 5.3(d)(iv) shall also result in a corresponding adjustment to any other price-based amounts herein (including the Target Price and any VWAP).

(v) Notice of Adjustments. Upon the occurrence of each adjustment or readjustment of the Conversion Price pursuant to this Section 5.3, the Corporation, at its expense, shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of Series A Preferred Stock, as applicable, a notice setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based.

(vi) Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of shares of Series A Preferred Stock. In lieu of any fractional shares to which the holder of Series A Preferred Stock would otherwise be entitled, the Corporation shall pay cash equal to such fraction *multiplied by* the then fair market value of a share of Common Stock as determined by the Board in good faith. The number of whole shares issuable to each holder of Series A Preferred Stock upon such conversion shall be determined on the basis of the number of shares of Common Stock issuable upon conversion of the total number of shares of such series being converted into Common Stock by such holder at that time.

(vii) Notices of Record Date. If the Corporation shall set a record date for the purpose of (i) entitling the holders of Common Stock to receive a dividend or other distribution (other than a cash dividend), (ii) consummating any Recapitalization Event (other than a subdivision or combination of its outstanding shares of Common Stock), or (iii) consummating a Liquidation Event pursuant to Section 5.2, then the Corporation shall mail to each Holder at the address of record of such Holder as set forth on the Corporation's books, at least 10 Business Days prior to the earliest date hereinafter specified, a notice stating the material terms of the proposed transaction and the date on which (x) a record is to be taken for the purpose of such dividend or distribution or (y) such Recapitalization Event or Liquidation Event is to take place and the date, if any is to be fixed, as of which holders of capital stock of record shall be entitled to exchange their shares of capital stock for securities or other property deliverable upon such Recapitalization Event or Liquidation Event.

(viii) Reservation of Common Stock Issuable Upon Conversion of Series A Preferred Stock; Status of Shares of Common Stock. The Corporation shall at all times reserve and keep available out of its authorized and unissued shares of Common Stock, solely for the purpose of effecting the conversion of the Series A Preferred Stock, such number of shares of its Common Stock as shall from time to time be sufficient to effect the conversion of all then outstanding shares of Series A Preferred Stock. If at any time the number of authorized and unissued shares of Common Stock shall not be sufficient to effect the conversion of all the then outstanding shares of Series A Preferred Stock, the Corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized and unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose. Each share of Common Stock delivered upon conversion of shares of Series A Preferred Stock of any Holder will be a newly issued or treasury share and will be duly and validly issued, fully paid, non-assessable, free from preemptive rights and free of any lien or adverse claim (except to the extent of any lien or adverse claim created by the action or inaction of such holder or the Person to whom such share of Common Stock will be delivered). If the Common Stock is then listed on any securities exchange, or quoted on any inter-dealer quotation system, then the Corporation will cause each such share of Common Stock, when so delivered, to be admitted for listing on such exchange or quotation on such system.

(ix) Taxes Upon Issuance of Common Stock. The Corporation will pay any documentary, stamp or similar issue or transfer tax or duty due on the issue of any shares of Common Stock upon conversion of the Series A Preferred Stock of any Holder, except any tax or duty that is due because such Holder requests those shares to be registered in a name other than such Holder's name.

(e) Bonus Shares. In connection with any optional conversion of Series A Preferred Stock by the Holder under Section 5.3(a) for which a notice of conversion is provided pursuant to Section 5.3(c) after June 1, 2027, but prior to August 31, 2027 (such notice of conversion provided during such period, the "***Bonus Share Exercise Notice***"), the Series A Preferred Stock shall be convertible into an additional number of shares of Common Stock, as set forth in the table below, per share of Series A Preferred Stock so converted, adjusted for any Recapitalization Event (the "***Bonus Shares***") if the Common Stock's VWAP for the 30 trading days (rounded to the nearest penny and adjusted for any Recapitalization Event) prior to June 1, 2027, is equal to an amount set forth in the table below:

30-Day VWAP	Bonus Shares
$18.00 or greater	Zero shares
$17.00 to $17.99	0.7 shares
$16.00 to $16.99	0.95 shares
$13.00 to $15.99	1.2 shares
$12.00 to $12.99	1.0 shares
Less than $12.00	Zero shares

Notwithstanding anything to the contrary, (i) in the event that an Initial Change of Control Notice under Section 5.2(g) has been delivered on or after the 30th trading day prior to June 1, 2027, and prior to the delivery of a Bonus Share Exercise Notice, the 30-Day VWAP in respect of such Bonus Share Exercise Notice shall be deemed to be the fair market value of a share of Common Stock implied by the transaction described in the Initial Change of Control Notice (as determined in good faith by the Board) and (ii) Bonus Shares that have not yet been issued shall be excluded from any as-converted basis or deemed conversion calculation performed hereunder (including pursuant to Section 5.2 and Section 5.4).

(f) Failure to Timely Convert.

(i) Buy-In. If within two trading days after the Corporation's receipt of the Required Optional Conversion Documents the Corporation shall fail to credit a Holder's balance account with the Corporation's transfer agent or issue and deliver a certificate to such Holder for the number of shares of Common Stock to which such Holder is entitled upon such Holder's conversion of shares of Series A Preferred Stock, and if on or after such trading day such Holder purchases (in an open market transaction or otherwise) shares of Common Stock to deliver in satisfaction of a sale by such Holder of the shares of Common Stock issuable upon such conversion that such Holder anticipated receiving from the Corporation (a "***Buy-In***"), then the Corporation shall, within two trading days after such Holder's request and in such Holder's discretion, either (i) pay cash to such Holder in an amount equal to such Holder's total purchase price (including brokerage commissions and out-of-pocket expenses, if any) for the shares of Common Stock so purchased (the "***Buy-In Price***"), at which point the Corporation's obligation to deliver such certificate (and to issue such Common Stock) shall terminate, or (ii) promptly honor its obligation to deliver to such Holder a certificate or certificates representing such Common Stock and pay cash to such Holder in an amount equal to the excess (if any) of the Buy-In Price over the product of (A) such number of shares of Common Stock, *multiplied by* (B) the price at which the sell order giving rise to such purchase obligation was executed. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Corporation's failure to timely deliver certificates representing shares of Common Stock upon conversion of the Series A Preferred Stock as required pursuant to the terms hereof.

(ii) Void Conversion Notice. If for any reason a Holder has not received all of the shares of Common Stock to which such Holder is entitled prior to the third trading day after the applicable Share Delivery Date with respect to a conversion of Series A Preferred Stock, then such Holder, upon written notice to the Corporation (with a copy to its transfer agent) delivered prior to the issuance of such shares of Common Stock, may void its Optional Conversion Notice with respect to, and retain or have returned, as the case may be, any shares of Series A Preferred Stock that have not been converted pursuant to such Holder's Option Conversion Notice; provided that the voiding of a Holder's Optional Conversion Notice shall not affect the Corporation's obligations to make any payments which have accrued prior to the date of such notice.

(g) Limitation on Conversion. Notwithstanding anything to the contrary contained herein, a Holder shall not be entitled to receive shares of Common Stock or any other "equity securities" (as defined in the Exchange Act) in the Corporation (together with Common Stock, "***Equity Interests***") upon conversion of the Series A Preferred Stock to the extent that such exercise or receipt would cause the Holder Group to become, directly or indirectly, a "beneficial owner" (within the meaning of Section 13(d) of the Exchange Act) of a number of Equity Interests of a class that is registered under the Exchange Act which exceeds the Maximum Percentage (as defined below) of the Equity Interests of such class that are outstanding at such time after giving effect to the conversion. This limitation on beneficial ownership may be increased, waived or terminated, in the Holder's sole discretion, upon not less than 61 days' prior written notice to the Corporation by the Holder; *provided* that any such increase, waiver or termination will apply only to the Holder providing such written notice and not to any other Holder. This limitation on beneficial ownership shall automatically terminate as of immediately prior to an Automatic Conversion. Any purported delivery of Equity Interests in connection with a conversion of Series A Preferred Stock prior to the termination of this restriction in accordance herewith shall be void and have no effect to the extent (but only to the extent) that such delivery would result in the Holder Group becoming the beneficial owner of more than the Maximum Percentage of the Equity Interests of a class that is registered under the Exchange Act that is outstanding at such time. If any delivery of Equity Interests owed to a Holder following conversion of Series A Preferred Stock is not made, in whole or in part, as a result of this limitation, the Corporation's obligation to make such delivery shall not be extinguished and the Corporation shall deliver such Equity Interests as promptly as practicable after the Holder gives notice to the Corporation that such delivery would not result in such limitation being triggered or upon termination of the restriction in accordance with the terms hereof.

For purposes of this Section 5.3(g), (i) the term "***Maximum Percentage***" shall mean 9.99% and (ii) the term "***Holder Group***" shall mean a Holder plus any other Person with which such Holder is considered to be part of a group under Section 13 of the Exchange Act and the rules and regulations thereunder or with which such Holder otherwise files reports under Sections 13 and/or 16 of the Exchange Act. In determining the number of Equity Interests of a particular class outstanding at any point in time, a Holder may rely on the number of outstanding Equity Interests of such class as reflected in (x) the Corporation's most recent Annual Report on Form 10-K or Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission, as the case may be, (y) a more recent public announcement by the Corporation or (z) a more recent notice by the Corporation or its transfer agent to the Holder setting forth the number of Equity Interests of such class then outstanding. For any reason at any time, upon written request of a Holder, the Corporation shall, within two Business Days of such request, confirm orally and in writing to such Holder the number of Equity Interests of any class then outstanding. The provisions of this Section 5.3(g) shall be construed, corrected and implemented in a manner so as to effectuate the intended beneficial ownership limitation herein contained.

Section 5.4. Voting.

(a) General. Subject to Section 5.4(c), except as set forth herein or as required by applicable law, the Holders and the holders of Common Stock shall vote as a single class on an as-converted basis. Each holder of shares of Common Stock shall be entitled to one vote per share of Common Stock then held. Subject to Section 5.4(c), each Holder shall be entitled to the number of votes equal to the number of shares of Common Stock into which the shares of Series A Preferred Stock held by such Holder would be converted as of the record date, without giving effect to any limitations on conversion by the Holder set forth in Section 5.3(g). Subject to Section 5.4(c), the Holders shall be entitled to vote on all matters on which the Common Stock shall be entitled to vote. Holders shall be entitled to notice of any stockholders' meeting in accordance with the Corporation's bylaws, as amended and/or restated from time to time (the "***Bylaws***"). Except as set forth herein or as required by applicable law, there shall be no series voting. Fractional votes shall not be permitted, and any fractional voting rights shall be disregarded.

(b) Authorized Shares of Common Stock. Subject to Section 5.3(d)(viii), the number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares then outstanding) by the affirmative vote of the holders of a majority of the votes represented by all then outstanding shares of voting stock of the Corporation, irrespective of the provisions of Section 242(b)(2) of the DGCL.

(c) Voting Notices; Activation and Deactivation of Voting Rights. Notwithstanding anything to the contrary contained herein:

(i) The holders of Series A Preferred Stock shall be given notice by the Corporation of any meeting of stockholders or action to be taken by written consent in lieu of a meeting of stockholders as to which the holders of Common Stock are given notice at the same time as provided in, and in accordance with, the Bylaws; *provided* that notwithstanding any such notice, except as required by applicable law or as set forth in this Section 5.4(c), the holders of Series A Preferred Stock shall not be entitled to vote on any matter presented to the holders of Common Stock for their action or consideration unless and until the holders of a majority of the outstanding shares of Series A Preferred Stock provide written notification to the Corporation that such holders are electing, on behalf of all holders of Series A Preferred Stock, to activate their voting rights and thereby render the Series A Preferred Stock voting capital stock of the Corporation (such notice, a "***Series A Voting Activation Notice***"), as set forth in Section 5.4.

(ii) From and after delivery of a Series A Voting Activation Notice, all holders of Series A Preferred Stock shall be and continue to be entitled to vote their shares of Series A Preferred Stock in accordance with Section 5.4 unless and until such time, if at all, as the holders of at least a majority of the outstanding shares of Series A Preferred Stock provide further written notice to the Corporation that they elect to deactivate the voting rights attributable to the Series A Preferred Stock (such notice, a "***Series A Voting Deactivation Notice***"); *provided, however*, that neither the delivery of, or the failure to deliver, any notice under this Section 5.4(c) shall (i) in any way minimize or limit, or be deemed a waiver of, any other rights, powers, entitlements or preferences with respect to their shares of Series A Preferred Stock as set forth herein; (ii) diminish, modify or eliminate, in any way, any voting rights of the Series A Preferred Stock other than those set forth in Section 5.4; or (iii) constitute a reduction in the voting power of the holders of Series A Preferred Stock for any other purpose, including for determining the percent ownership of the Corporation's Common Stock on an as-converted basis. For the avoidance of doubt, there shall be no limit on the number or type (activation or deactivation) of notices that may be delivered under this Section 5.4(c), except that a Series A Voting Deactivation Notice shall only be effective if the then most recent notice given to the Corporation under this Section 5.4(c) shall have been a Series A Voting Activation Notice.

Section 5.5. Preferred Stock Protective Provisions. So long as any shares of Series A Preferred Stock remain outstanding, the Corporation shall not, without first obtaining the written consent or affirmative vote of the Holders of a majority of the then outstanding shares of Series A Preferred Stock, voting as a single class on an as-converted basis:

(a) permit the incurrence of any Indebtedness (as defined in the Ares Credit Agreement) if, immediately following the incurrence of such Indebtedness, the Total Leverage Ratio (as defined in the Ares Credit Agreement) would be greater than 7.00:1.00. "***Ares Credit Agreement***" means that certain Credit Agreement, dated as of February 28, 2020, by and among GPM Investments, LLC, the lenders signatory thereto, the guarantors signatory thereto, and Ares Capital Corporation, as administrative agent for the lenders, as amended through the Initial Issue Date;

(b) amend, alter, terminate, repeal, or waive (either directly or indirectly by merger, consolidation or otherwise) any provision of this Restated Certificate or the Bylaws, if such action would adversely and materially alter the rights, preferences, privileges, or powers of, or restrictions provided for the benefit to, the Series A Preferred Stock; or **(c)** authorize the creation of, or create (by reclassification, merger, or otherwise), or issue, or obligate itself to issue, any new class or series of equity security having rights, preferences or privileges with respect to dividends or payments upon liquidation senior to, or *pari passu* with, the Series A Preferred Stock.

Section 5.6. Status of Converted, Repurchased, or Redeemed Preferred Stock. If any shares of Series A Preferred Stock are converted to Common Stock or repurchased or redeemed by the Corporation, such shares of Series A Preferred Stock shall be canceled and shall not be re-issuable by the Corporation.

Section 5.7. Waiver. Any of the rights, powers, preferences, and other terms of the Series A Preferred Stock may be waived on behalf of all holders of Series A Preferred Stock by the written consent or affirmative vote of the Holders of a majority of the then outstanding shares of Series A Preferred Stock, voting as a single class on an as-converted basis.

Section 5.8. Residual Rights. All rights accruing to the Corporation's outstanding shares not expressly provided for to the contrary shall be vested in the Common Stock.

Section 5.9. Notices. Any notice required or permitted by the provisions of this Restated Certificate to be given to a holder of shares of Series A Preferred Stock or Common Stock shall be sent via overnight courier (including FedEx or UPS) to the address last shown on the Corporation's records or given by electronic communication in compliance with the provisions of the DGCL, and shall be deemed sent upon such sending or electronic transmission, and deemed to be delivered (i) in the case of electronic transmission, on the date sent or (ii) in the case of overnight courier, the following Business Day.

Section 5.10. Shorting. Each Holder, by its receipt of shares of Series A Preferred Stock, agrees and will be deemed to have agreed that such person and its controlled affiliates (1) will (a) not hold a "put equivalent position" (as such term is defined in Rule 16a-1(h) under the Securities Exchange Act of 1934, as amended and the rules and regulations promulgated thereto (the "***Exchange Act***")) (or other short position) in the Common Stock at the time of initial acquisition of any shares of Series A Preferred Stock and (b) not establish or increase any put equivalent position (or other short position) in the Common Stock at any time that such person holds any shares of Series A Preferred Stock for a period of one year after the Initial Issue Date and (2) during the period from the first anniversary of the Initial Issue Date to the second anniversary of the Initial Issue Date, will not hold, establish or increase any put equivalent position (or other short position) in the Common Stock that is, in the aggregate, in excess of 50% of the shares of Common Stock then held by such Holder on an as-converted basis. The restrictions described in clause (1)(b) of the preceding sentence shall also apply (notwithstanding the time limitation at the end of clause (1)(b)), and no holder of shares of Series A Preferred Stock (nor any affiliate thereof) shall sell any shares of Common Stock, during the 60 trading day period ending on June 1, 2027.

Section 5.11. Redemption by Corporation or at the Option of Holders.

(a) General. The Corporation may not redeem shares of Series A Preferred Stock in a manner other than as described in this Section 5.11. Unless prohibited by Delaware law governing distributions to stockholders, shares of Series A Preferred Stock shall be redeemed by the Corporation at a price equal to the Liquidation Preference thereof as of the Redemption Date (as defined below) (the "***Redemption Price***"). At any time on or after August 31, 2027, (i) Holders of at least a majority of the then outstanding shares of Series A Preferred Stock may deliver written notice requesting redemption of all or a portion of shares of Series A Preferred Stock (the "***Redemption Request***") on any date not less than 30 days after delivery of the Redemption Request and (ii) the Corporation may deliver to the holders of Series A Preferred Stock a notice to effect a redemption of all or any portion of the shares of the Series A Preferred Stock on a date not more than 60 days after the delivery of such Redemption Notice, whether or not a Redemption Request has been delivered by the Holders. The date of such redemption provided in a Redemption Request or notice from the Corporation shall be referred to as a "***Redemption Date***." On the Redemption Date, the Corporation shall redeem, on a *pro rata* basis in accordance with the number of shares of Series A Preferred Stock owned by each Holder, the outstanding shares of Series A Preferred Stock (or a portion thereof, if so requested in the Redemption Request or the Redemption Notice delivered pursuant to clause (ii) of the second sentence of this Section 5.11(a)). If, on the Redemption Date, Delaware law governing distributions to stockholders prevents the Corporation from redeeming all shares of Series A Preferred Stock to be redeemed, the Corporation shall ratably redeem the maximum number of shares that it may redeem consistent with such law, and shall redeem the remaining shares as soon as it may lawfully do so under such law. In the event of a redemption of shares of Series A Preferred Stock pursuant to this Section 5.11, the conversion rights of the shares designated for redemption in such Redemption Notice shall terminate at the close of business on the last day preceding the Redemption Date, unless the Redemption Price is not fully paid on such Redemption Date, in which case the conversion rights for such shares shall continue until such price is paid in full.

(b) Redemption Notice. The Corporation shall send written notice (the "***Redemption Notice***") of any optional redemption by the Holders or mandatory redemption by the Corporation (in each case, pursuant to Section 5.11(a)) to each Holder not less than 10 days prior to the Redemption Date. Each Redemption Notice shall state:

(i) the number of shares of Series A Preferred Stock held by the Holder that the Corporation shall redeem on the Redemption Date specified in the Redemption Notice;

(ii) the Redemption Date and the Redemption Price;

(iii) the date upon which the holder's right to convert such shares terminates (as determined in accordance with Section 5.11(a)); and

(iv) for Holders of shares in certificated form, that the Holder is to surrender to the Corporation, in the manner and at the place designated, his, her or its certificate or certificates representing the shares of Series A Preferred Stock to be redeemed.

(c) Surrender of Certificates; Payment. On or before the applicable Redemption Date, each Holder to be redeemed on such Redemption Date, unless such holder has exercised his, her or its right to convert such shares as provided in Section 5.3(a), shall, if a Holder of shares in certificated form, surrender the certificate or certificates representing such shares (or, if such registered Holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate) to the Corporation, in the manner and at the place designated in the Redemption Notice, and thereupon the Redemption Price for such shares shall be payable to the order of the person whose name appears on such certificate or certificates as the owner thereof. In the event less than all of the shares of Series A Preferred Stock represented by a certificate are redeemed, a new certificate, instrument, or book entry representing the unredeemed shares of Series A Preferred Stock shall promptly be issued to such holder.

(d) Failure to Redeem. If any shares of Series A Preferred Stock are not redeemed for any reason on any Redemption Date (including, for the avoidance of doubt, by reason of the Corporation being prohibited by Delaware law governing distributions to stockholders) all such unredeemed shares shall remain outstanding and entitled to all the rights and preferences provided herein, and the Dividend Rate shall increase as provided in the definition of such term.

(e) Rights Subsequent to Redemption. If the Redemption Notice shall have been duly given, and if on the applicable Redemption Date the entirety of the Redemption Price payable upon redemption of all of the shares of Series A Preferred Stock to be redeemed on such Redemption Date is paid or tendered for payment or deposited with an independent payment agent so as to be available therefor in a timely manner, then notwithstanding that any certificates evidencing any of the shares of Series A Preferred Stock so called for redemption shall not have been surrendered, dividends with respect to such shares of Series A Preferred Stock shall cease to accrue after such Redemption Date (or, if such amount is paid or tendered after the Redemption Date, then as of such later date) and all rights with respect to such shares shall forthwith after the Redemption Date (or such later date, in the circumstances described in the preceding parenthetical) terminate, except only the right of the Holders to receive the Redemption Price without interest upon surrender of any such certificate or certificates therefor.

Section 5.12. Transfer Restrictions. Shares of Series A Preferred Stock may not be transferred for three years following the Initial Issue Date without the prior written consent of the Corporation (not to be unreasonably withheld, conditioned, or delayed). After such date, shares of Series A Preferred Stock may be transferred without the consent of the Corporation (subject to compliance with applicable securities laws).

Section 5.13. Specific Performance. The Corporation agrees that irreparable damage would occur to the Holders in the event that any of the provisions of this Article V were not performed in accordance with their specific terms or were otherwise breached (including the requirement to obtain consent to any action requiring consent of Holders in accordance with Section 5.5), and the Corporation agrees that, without the necessity of posting bond or other undertaking, a Holder shall be entitled to specific performance of the terms of this Article V, this being in addition to any other remedies to which a holder is entitled at law or equity, and in the event that any action or suit is brought in equity to enforce the provisions of this Article V, the Corporation will not allege, and the Corporation hereby waives, the defense or counterclaim that there is an adequate remedy at law.

ARTICLE VI
BOARD OF DIRECTORS

Section 6.1. Board Powers. The business and affairs of the Corporation shall be managed by, or under the direction of, the Board. In addition to the powers and authority expressly conferred upon the Board by statute, this Restated Certificate or the Bylaws, the Board is hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation, subject, nevertheless, to the provisions of the DGCL, this Restated Certificate, and any Bylaws adopted by the stockholders of the Corporation; *provided, however*, that no Bylaws hereafter adopted by the stockholders of the Corporation shall invalidate any prior act of the Board that would have been valid if such Bylaws had not been adopted.

Section 6.2. Number, Election and Term.

(a) The number of directors of the Corporation shall be not less than three. The exact number of directors shall be fixed from time to time by the action of a majority of the entire Board, *provided* that no decrease in the number of directors shall shorten the term of any incumbent director.

(b) Subject to Section 6.5, commencing with the 2023 annual meeting of the stockholders of the Corporation, directors shall be elected annually for terms of one year and shall hold office until the next succeeding annual meeting and until the election and qualification of their respective successors in office, subject to their earlier death, resignation, retirement, disqualification or removal. Notwithstanding the foregoing, directors elected at the 2021 annual meeting of the stockholders of the Corporation shall hold office until the 2024 annual meeting of the stockholders of the Corporation; directors elected at the 2022 annual meeting of the stockholders of the Corporation shall hold office until the 2025 annual meeting of the stockholders of the Corporation; directors previously assigned by the Board to serve as "Class III directors" shall hold office until the 2023 annual meeting of the stockholders of the Corporation, and, in each case, until the election and qualification of their respective successors in office, subject to their earlier death, resignation, retirement, disqualification or removal.

(c) Subject to Section 6.5, a director shall hold office until the annual meeting for the year in which his or her term expires and until his or her successor has been elected and qualified, subject, however, to such director's earlier death, resignation, retirement, disqualification or removal.

(d) Unless and except to the extent that the Bylaws shall so require, the election of directors need not be by written ballot. The holders of shares of Common Stock shall not have cumulative voting rights with regard to election of directors.

Section 6.3. Newly Created Directorships and Vacancies. Subject to Section 6.5, vacancies and newly created directorships resulting from any increase in the authorized number of directors elected by all of the stockholders having the right to vote as a single class may be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director. Subject to Section 6.5, any director elected or appointed to fill a vacancy not resulting from an increase in the number of directors shall have the same remaining term as that of his or her predecessor.

Section 6.4. Removal. Subject to Section 6.5, any or all of the directors may be removed from office at any time, with or without cause and only by the affirmative vote of holders of a majority of the voting power of all then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class.

Section 6.5. Preferred Stock – Directors. Notwithstanding any other provision of this ARTICLE VI, and except as otherwise required by law, whenever the holders of one or more series of the Preferred Stock shall have the right, voting separately by class or series, to elect one or more directors, the term of office, the filling of vacancies, the removal from office and other features of such directorships shall be governed by the terms of such series of the Preferred Stock as set forth in this Restated Certificate (including any Preferred Stock Designation).

ARTICLE VII
BYLAWS

In furtherance and not in limitation of the powers conferred upon it by law, the Board shall have the power and is expressly authorized to adopt, amend, alter or repeal the Bylaws. The affirmative vote of a majority of the Board shall be required to adopt, amend, alter or repeal the Bylaws. The Bylaws also may be adopted, amended, altered or repealed by the stockholders; *provided, however*, that in addition to any vote of the holders of any class or series of capital stock of the Corporation required by law, by this Restated Certificate (including any Preferred Stock Designation), or by the Bylaws, the affirmative vote of the holders of at least a majority of the voting power of all then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required for the stockholders to adopt, amend, alter or repeal the Bylaws; and *provided further, however*, that no Bylaws hereafter adopted by the stockholders shall invalidate any prior act of the Board that would have been valid if such Bylaws had not been adopted.

ARTICLE VIII
SPECIAL MEETINGS OF STOCKHOLDERS; ACTION BY WRITTEN CONSENT

Section 8.1. Special Meetings. Subject to the rights, if any, of the holders of any outstanding series of the Preferred Stock, and to the requirements of applicable law, special meetings of stockholders of the Corporation may be called only by the Chairman of the Board, Chief Executive Officer of the Corporation, or the Board pursuant to a resolution adopted by a majority of the Board, and the ability of the stockholders of the Corporation to call a special meeting is hereby specifically denied. Except as provided in the foregoing sentence, special meetings of stockholders of the Corporation may not be called by another person or persons.

Section 8.2. Advance Notice. Advance notice of stockholder nominations for the election of directors and of business to be brought by stockholders before any meeting of the stockholders of the Corporation shall be given in the manner provided in the Bylaws.

Section 8.3. Action by Written Consent. Any action required or permitted to be taken by the stockholders of the Corporation must be effected by a duly called annual or special meeting of such stockholders and may not be effected by written consent of the stockholders.

ARTICLE IX
LIMITED LIABILITY; INDEMNIFICATION

Section 9.1. Limitation of Director and Officer Liability. A director or officer of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director or officer, as applicable, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL as the same exists or may hereafter be amended. Any amendment, modification, repeal or elimination of the foregoing sentence shall not affect its application with respect to an act or omission by a director or officer occurring before such amendment, modification, repeal or elimination.

Section 9.2. Indemnification and Advancement of Expenses.

(a) To the fullest extent permitted by applicable law, as the same exists or may hereafter be amended, the Corporation shall indemnify and hold harmless each person who is or was made a party or is threatened to be made a party to or is otherwise involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (a "***proceeding***") by reason of the fact that he or she is or was a director or officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, other enterprise or nonprofit entity, including service with respect to an employee benefit plan (an "***indemnitee***"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent, or in any other capacity while serving as a director, officer, employee or agent, against all liability and loss suffered and expenses (including, without limitation, attorneys' fees, judgments, fines, ERISA excise taxes and penalties and amounts paid in settlement) reasonably incurred by such indemnitee in connection with such proceeding. The Corporation shall to the fullest extent not prohibited by applicable law pay the expenses (including attorneys' fees) incurred by an indemnitee in defending or otherwise participating in any proceeding in advance of its final disposition; provided, however, that, to the extent required by applicable law, such payment of expenses in advance of the final disposition of the proceeding shall be made only upon receipt of an undertaking, by or on behalf of the indemnitee, to repay all amounts so advanced if it shall ultimately be determined that the indemnitee is not entitled to be indemnified under this Section 9.2 or otherwise. The rights to indemnification and advancement of expenses conferred by this Section 9.2 shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators. Notwithstanding the foregoing provisions of this Section 9.2(a), except for proceedings to enforce rights to indemnification and advancement of expenses, the Corporation shall indemnify and advance expenses to an indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board.

(b) The rights to indemnification and advancement of expenses conferred on any indemnitee by this Section 9.2 shall not be exclusive of any other rights that any indemnitee may have or hereafter acquire under law, this Restated Certificate, the Bylaws, an agreement, vote of stockholders or disinterested directors, or otherwise.

(c) Any repeal or amendment of this Section 9.2 by the stockholders of the Corporation or by changes in law, or the adoption of any other provision of this Restated Certificate inconsistent with this Section 9.2, shall, unless otherwise required by law, be prospective only (except to the extent such amendment or change in law permits the Corporation to provide broader indemnification rights on a retroactive basis than permitted prior thereto), and shall not in any way diminish or adversely affect any right or protection existing at the time of such repeal or amendment or adoption of such inconsistent provision in respect of any proceeding (regardless of when such proceeding is first threatened, commenced or completed) arising out of, or related to, any act or omission occurring prior to such repeal or amendment or adoption of such inconsistent provision.

(d) This Section 9.2 shall not limit the right of the Corporation, to the extent and in the manner authorized or permitted by law, to indemnify and to advance expenses to persons other than indemnitees.

ARTICLE X
CORPORATE OPPORTUNITY

To the extent allowed by law, the doctrine of corporate opportunity, or any other analogous doctrine, shall not apply with respect to the Corporation or any of its officers or directors, or any of their respective affiliates, in circumstances where the application of any such doctrine would conflict with any fiduciary duties or contractual obligations they may have as of the date of this Restated Certificate or in the future, and the Corporation renounces any expectancy that any of the directors or officers of the Corporation will offer any such corporate opportunity of which he or she may become aware to the Corporation, except, the doctrine of corporate opportunity shall apply with respect to any of the directors or officers of the Corporation with respect to a corporate opportunity that was offered to such person solely in his or her capacity as a director or officer of the Corporation and (i) such opportunity is one the Corporation is legally and contractually permitted to undertake and would otherwise be reasonable for the Corporation to pursue and (ii) the director or officer is permitted to refer that opportunity to the Corporation without violating any legal obligation.

ARTICLE XI
AMENDMENT OF RESTATED CERTIFICATE

The Corporation reserves the right at any time and from time to time to amend, alter, change or repeal any provision contained in this Restated Certificate (including any Preferred Stock Designation), and other provisions authorized by the laws of the State of Delaware at the time in force that may be added or inserted, in the manner now or hereafter prescribed by this Restated Certificate and the DGCL; and, except as set forth in ARTICLE IX, all rights, preferences and privileges of whatever nature herein conferred upon stockholders, directors or any other persons by and pursuant to this Restated Certificate in its present form or as hereafter amended are granted subject to the right reserved in this ARTICLE XI.

ARTICLE XII

EXCLUSIVE FORUM FOR CERTAIN LAWSUITS

Section 12.1. Forum.

(a) Unless the Corporation consents in writing to the selection of an alternative forum, to the fullest extent permitted by law, the Court of Chancery of the State of Delaware (or, if that court lacks subject matter jurisdiction, another federal or state court situated in the State of Delaware) shall be the sole and exclusive forum for any stockholder (including a beneficial owner) to bring (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim against the Corporation, its directors, officers or employees arising pursuant to any provision of the DGCL or this Restated Certificate or the Bylaws, or (iv) any action asserting a claim against the Corporation, its directors, officers or employees governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Section 12.1(a).

(b) Unless the Corporation consents in writing to the selection of an alternative forum, to the fullest extent permitted by law, the federal district courts of the United States situated in the State of Delaware shall be the exclusive forum for the resolution of any complaint asserting a cause of action under the Securities Act and the Exchange Act. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the corporation shall be deemed to have notice of and consented to the provisions of this Section 12.1(b).

Section 12.2. Consent to Jurisdiction. If any action the subject matter of which is within the scope of Section 12.1 is filed in a court other than a court located within the State of Delaware (a "***Foreign Action***") in the name of any stockholder, such stockholder shall be deemed to have consented to (i) the personal jurisdiction of the state and/or federal courts (as applicable) located within the State of Delaware in connection with any action brought in any such court to enforce Section 12.1 (an "***FSC Enforcement Action***") and (ii) having service of process made upon such stockholder in any such FSC Enforcement Action by service upon such stockholder's counsel in the Foreign Action as agent for such stockholder.

Section 12.3. Severability. If any provision or provisions of this ARTICLE XII shall be held to be invalid, illegal or unenforceable as applied to any person or entity or circumstance for any reason whatsoever, then, to the fullest extent permitted by law, the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this ARTICLE XII (including, without limitation, each portion of any sentence of this ARTICLE XII containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) and the application of such provision to other persons or entities and circumstances shall not in any way be affected or impaired thereby. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this ARTICLE XII.

* * *

Exhibit 31.1

CERTIFICATION

I, Arie Kotler, certify that:

(1)I have reviewed this Quarterly Report on Form 10-Q of ARKO Corp.;

(2)Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3)Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4)The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a)Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b)Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c)Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d)Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5)The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a)All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b)Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

	/s/ Arie Kotler
Date: August 7, 2023	Arie Kotler
	President, Chief Executive Officer and Chairman of the Board

Exhibit 31.2

CERTIFICATION

I, Donald Bassell, certify that:

(1)I have reviewed this Quarterly Report on Form 10-Q of ARKO Corp.;

(2)Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3)Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4)The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a)Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b)Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c)Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d)Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5)The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a)All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b)Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2023

/s/ Donald Bassell

Donald Bassell

Chief Financial Officer

Exhibit 32.1

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant section 906 of the Sarbanes-Oxley Act of 2002, I, Arie Kotler, Chief Executive Officer of ARKO Corp. (the “Company”), hereby certify that:

The Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 (the “Form 10-Q”) of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 7, 2023

/s/ Arie Kotler

Arie Kotler
President, Chief Executive Officer and Chairman of the Board

Exhibit 32.2

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant section 906 of the Sarbanes-Oxley Act of 2002, I, Donald Bassell, Chief Financial Officer of ARKO Corp. (the "Company"), hereby certify that:

The Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 (the "Form 10-Q") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 7, 2023

/s/ Donald Bassell
Donald Bassell
Chief Financial Officer