ARKO
A Family of Community Brands

Third Quarter 2022 Earnings Conference Call

November 8, 2022

6th Largest Retail Convenience Store Operator in the U.S.

A Fortune 500® Company

Safe Harbor Statement

FORWARD-LOOKING STATEMENTS

This document includes certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements may address, among other things, our expected financial and operational results and the related assumptions underlying our expected results. These forward-looking statements are distinguished by use of words such as “anticipate,” “aim,” “believe,” “continue,” “could,” “estimate,” “expect,” “intends,” “may,” “might,” “plan,” “possible,” “potential,” “predict,” “project,” “should,” “will,” “would” and the negative of these terms, and similar references to future periods. These statements are based on management’s current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from these expectations due to, among other things, changes in economic, business and market conditions; our ability to maintain the listing of our common stock and warrants on the Nasdaq Stock Market; changes in our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects and plans; expansion plans and opportunities; changes in the markets in which we compete; changes in applicable laws or regulations, including those relating to environmental matters; market conditions and global and economic factors beyond our control, including the potential adverse effects of the ongoing global coronavirus (COVID-19) pandemic on capital markets (including with respect to new variants of the virus), general economic conditions, unemployment and our liquidity, operations and personnel; and the outcome of any known or unknown litigation and regulatory proceedings. Detailed information about these factors and additional important factors can be found in the documents that ARKO files with the Securities and Exchange Commission, such as Form 10-K, Form 10-Q and Form 8-K. Forward-looking statements speak only as of the date the statements were made. ARKO does not undertake an obligation to update forward-looking information, except to the extent required by applicable law.

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. See the Appendix of this document for reconciliations of non-GAAP measures to the most comparable GAAP financial measures.

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Q3 2022 Recap: Strong Performance in Key Financial Metrics

Operating Income

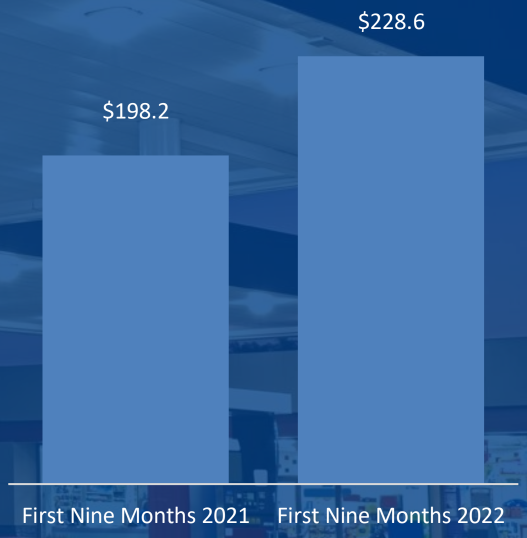
($ in Millions)

Q3 Adjusted EBITDA[1]

($ in Millions)

First Nine Months Adjusted EBITDA[1]

($ in Millions)



(1) *Adjusted EBITDA is a non-GAAP financial measure. See Appendix for a reconciliation to the most comparable GAAP measures.*

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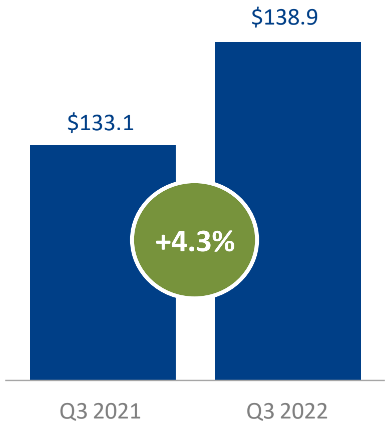
Continued Excellent In-Store Performance

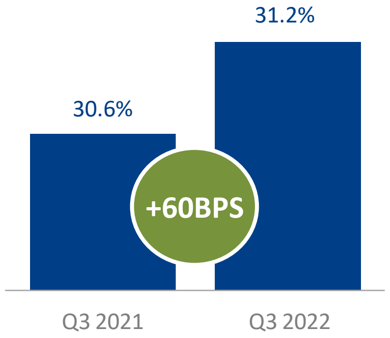
Excellent Same Quarter, y-o-y Growth in Merchandise Gross Profit and Merchandise Margin.

Merchandise Contribution

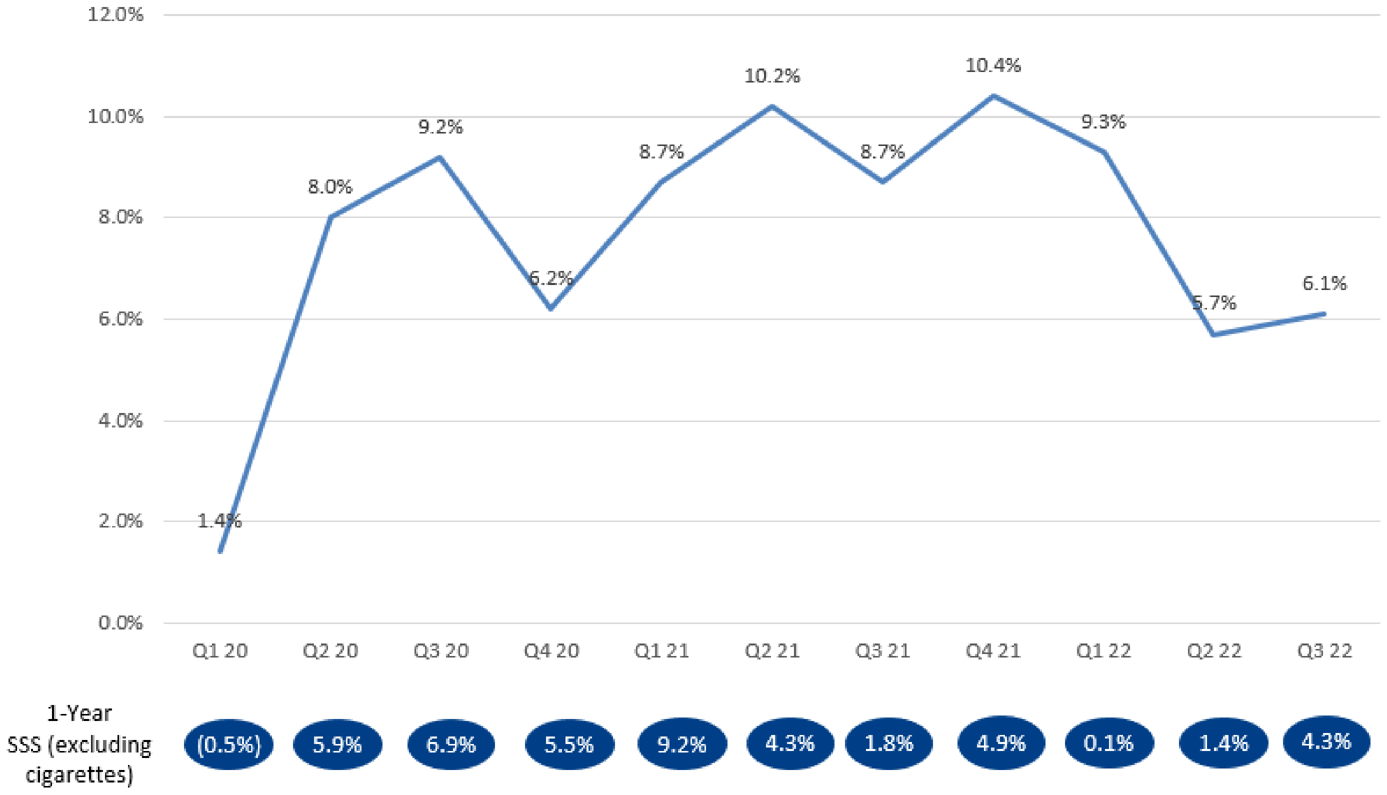
($ in Millions)



Merchandise Margin



2-Year Stack SSS (excluding cigarettes)[1]



(1) *Same store merchandise sales (excluding cigarettes) increase on a two-year stack basis is the same store merchandise sales (excluding cigarettes) increase in the current year period added to the same store merchandise sales (excluding cigarettes) increase in the prior year period.*

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Consistently Strong Fuel Results

Fuel Gross Profit

($ in Millions)

ARKO's strategy is to manage margin and volume in order to optimize overall fuel margin dollars, in a variety of price environments.

(1) *Includes Fleet Fuel segment.*

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ARKO's Systematic, Convenience Store Focused Growth Strategy

Quarles
Closed July 22, 2022

TEG
TRANSIT ENERGY GROUP
Announced September 12, 2022

Pride
Announced October 24, 2022

~180
Company-operated Stores

Three
New States
(Retail Segment)

~519M
Gallons[1]

~184
Fleet Fueling Sites

~246
Dealer Sites

$128M
GPM Closing Cash Consideration[2]

+

$50M
Two $25M Stock or Cash payments
(On 1st and 2nd Anniversaries of Close)[4]

→

$56.7M
Total Annualized Adjusted EBITDA[3]

(1) On annual basis based on seller information.

(2) Excluding the purchase price for inventory.

(3) At this time, ARKO is unable to provide a quantitative reconciliation of estimated forward-looking non-GAAP performance measures without unreasonable efforts due to (i) Quarles – the carve out nature of the Acquisition; (ii) Pride – the acquired business does not currently have systems in place to produce complete and comparable financial statements showing the business based on current performance, and (iii) TEG- the acquired business includes multiple recently acquired stores and business segments without full-year historical financial statements within a consolidated entity.

(4) Subject to the satisfaction of certain conditions under the applicable purchase agreement.

Consummation of the TEG and Pride acquisitions is subject to customary conditions, including the absence of legal restraints and, for the TEG acquisition, the termination or expiration of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

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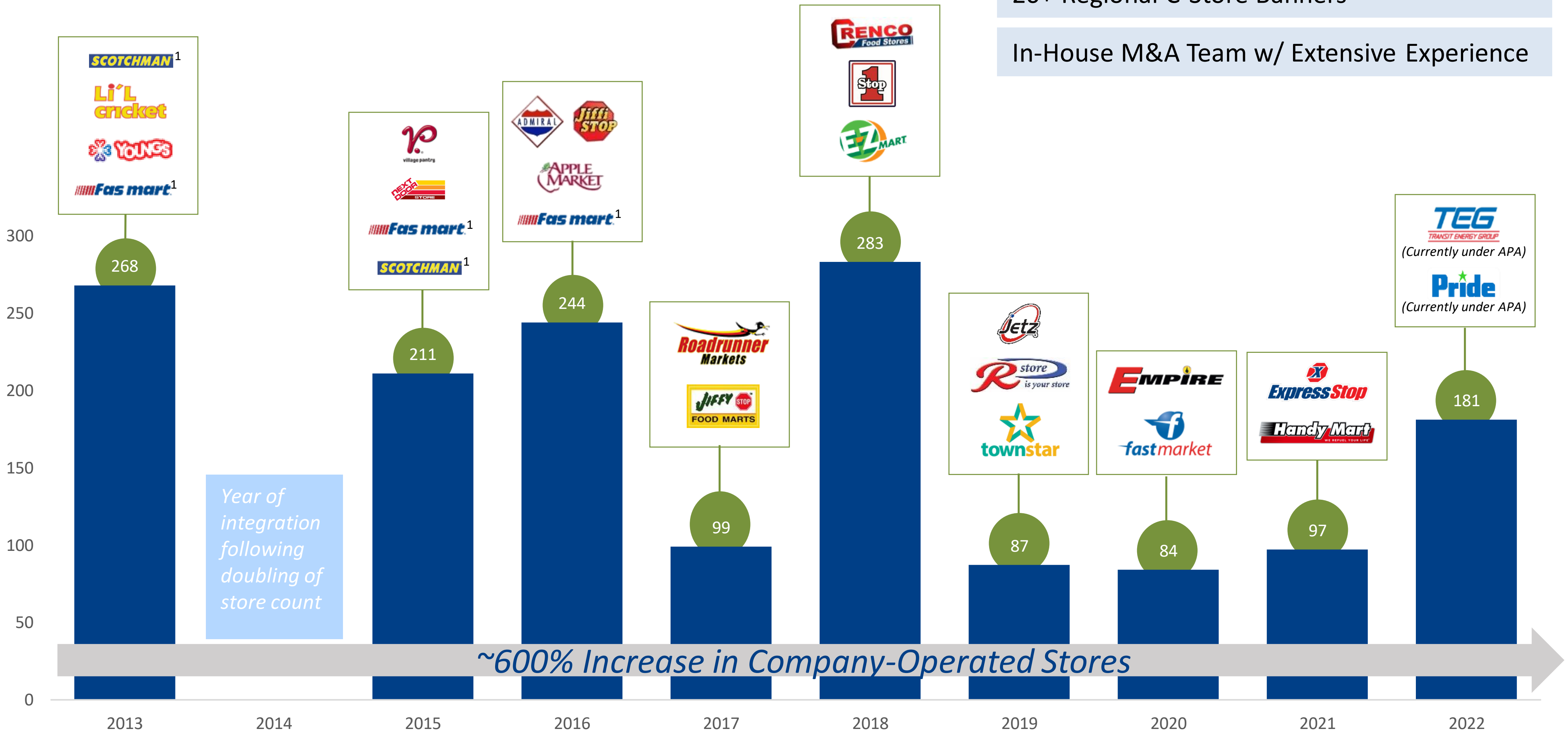
Continued Retail Store Growth Through Acquisitions

ARKO has consistently acquired quality assets at attractive multiples relative to publicly disclosed industry transactions. The Company has demonstrable price discipline and creative approaches to transaction structuring, which has historically resulted in attractive returns over time.

- 6th Largest Convenience Store Chain in U.S.
- 21 Completed Acquisitions Since 2013
- 20+ Regional C-Store Banners
- In-House M&A Team w/ Extensive Experience



(1) Gas Mart, Road Ranger, Arey Oil, and Hurst Harvey stores rebranded post-closing under Company's existing brands.

Strategic, Accretive Transit Energy Group Planned Acquisition

Planned TEG transaction would expand ARKO's retail segment footprint into Alabama and Mississippi

Overview

- A leading regional convenience store and wholesale platform in the Southeast
- Complementary business model with integrated transportation operations
- GPM consideration of $60 million, plus two $25mm payments in stock or cash[1]
- Annualized adjusted EBITDA of $27 million, including synergies[2]

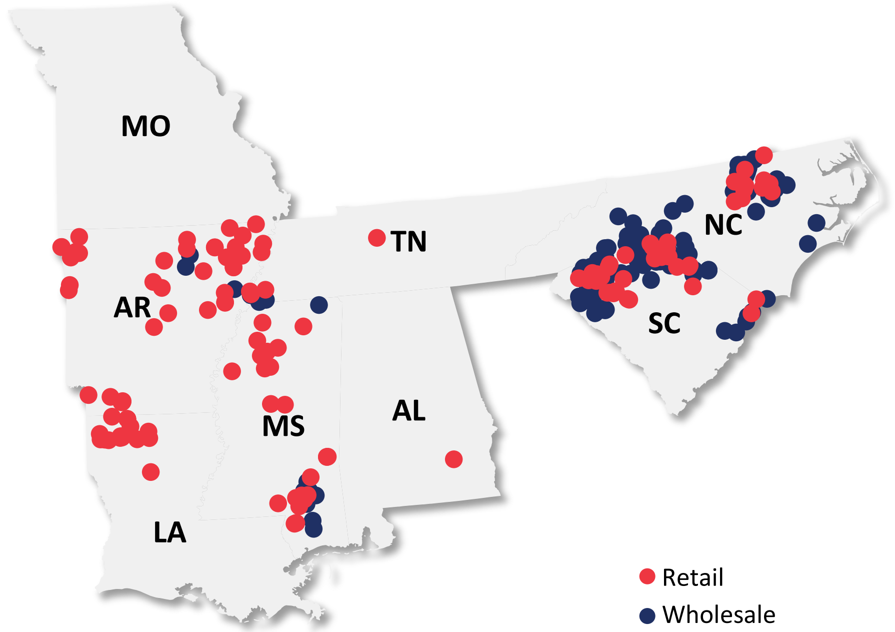
KPIs

~150 C-Stores
~200 Dealers
~285 Million Gallons

Purchase Multiple

4.0x
Post Synergies/Oak

350+ Retail and Wholesale Sites Across Southeast



(1) Reflects estimated purchase price; does not include any potential inventory payment at close. Stock payments subject to the satisfaction of certain conditions under the applicable purchase agreement.

(2) At this time, ARKO is unable to provide a quantitative reconciliation of estimated forward-looking non-GAAP performance measures without unreasonable efforts due to the fact that the acquired business includes multiple recently acquired stores and business segments without full-year historical financial statements within a consolidated entity.

Consummation of the TEG acquisition is subject to customary conditions, including the absence of legal restraints and the termination or expiration of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

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Planned Acquisition of Pride Convenience Holdings – A Leading Regional C-Store Operator

Planned Pride transaction expands ARKO's footprint into Massachusetts, making it the 34th state in which the Company will operate.

OVERVIEW

- A leading regional C-Store platform in the Northeast with 50 years of continuous operations and high brand equity
- High-volume travel centers with strong diesel mix
- Strong foodservice offering featuring a well-known fresh food selection supported by a centralized kitchen and bakery
- GPM Consideration of $28M[1]
- Annualized adjusted EBITDA of $12.2 million, including synergies[2]

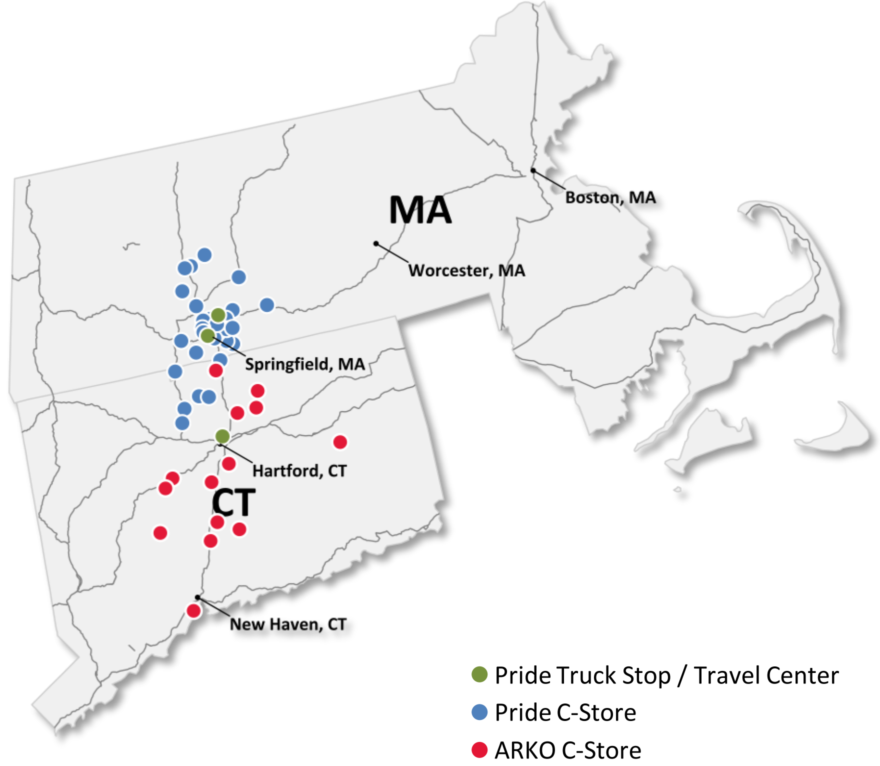
KPIs

- 31 C-Stores + Travel Centers
- 1 NTI (Construction July 22)
- ~74 Million Gallons

Purchase Multiple

2.3x
Post Synergies/Oak

31 Convenience Stores and High-Volume Travel Centers



(1) Reflects estimated purchase price; does not include any potential inventory payment at close.

(2) At this time, ARKO is unable to provide a quantitative reconciliation of estimated forward-looking non-GAAP performance measures without unreasonable efforts due to the fact that the acquired business does not currently have systems in place to produce complete and comparable financial statements showing the business based on current performance.

Consummation of the Pride acquisition is subject to customary conditions, including the absence of legal restraints.

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Strong Financial Position for Continued Long-Term Growth

Fourth quarterly Dividend announced

⬆50%

to $0.03/share

Ongoing up to

$50M

share repurchase program

$11M remaining

$683M

Availability under Oak Street program agreement

$678M = **$395M** + **$283M**

Approximate liquidity | Available on lines of credit | Cash & cash equivalents

$1.36B

Total dry powder for growth

Appendix

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Appendix

A FAMILY OF COMMUNITY BRANDS

Acquiring well-established chains with brand equity and longstanding ties to their communities are key to our model and performance.

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Appendix

Reconciliation of EBITDA and Adjusted EBITDA

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
	(in thousands)			
Net income	$ 24,994	$ 35,585	$ 59,118	$ 46,496
Interest and other financing expenses, net	19,796	14,428	43,110	55,042
Income tax expense	20,898	4,795	31,060	12,285
Depreciation and amortization	26,061	22,031	75,050	71,546
EBITDA	91,749	76,839	208,338	185,369
Non-cash rent expense (a)	1,977	1,424	5,714	4,773
Acquisition costs (b)	1,673	1,182	3,177	3,781
Loss on disposal of assets and impairment charges (c)	1,418	923	3,389	1,898
Share-based compensation expense (d)	3,145	1,613	9,027	4,127
Loss (income) from equity investment (e)	44	(85)	7	(105)
Adjustment to contingent consideration (f)	(1,550)	(1,740)	(2,076)	(1,740)
Internal entity realignment and streamlining (g)	408	—	408	-
Other (h)	604	27	637	100
Adjusted EBITDA	$ 99,468	$ 80,183	$228,621	$198,203

(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.
(e) Eliminates our share of (income) loss 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 non-recurring charges related to our internal entity realignment and streamlining.
(h) Eliminates other unusual or non-recurring items that we do not consider to be meaningful in assessing operating performance.