



2023 Second Quarter Earnings

A Leading Retail Convenience Store Operator
A Fortune 500® Company



AUGUST 7, 2023

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, the Company’s expected financial and operational results and the related assumptions underlying its 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; the Company’s ability to maintain the listing of its common stock and warrants on the Nasdaq Stock Market; changes in its strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects and plans; expansion plans and opportunities; changes in the markets in which it competes; changes in applicable laws or regulations, including those relating to environmental matters; market conditions and global and economic factors beyond its control; 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 the Company 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. The Company does not undertake an obligation to update forward-looking information, except to the extent required by applicable law.

USE OF NON-GAAP MEASURES

The Company discloses 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. The Company believes that this information provides greater comparability regarding its 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”).

The Company uses and discloses EBITDA and Adjusted EBITDA each of which is a non-GAAP financial measure. The Company defines EBITDA as net (loss) 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.

The Company uses EBITDA and Adjusted EBITDA for operational and financial decision-making and believe these measures are useful in evaluating its performance because they eliminate certain items that it does not consider indicators of its operating performance. EBITDA and Adjusted EBITDA are also used by many of its investors, securities analysts, and other interested parties in evaluating its operational and financial performance across reporting periods. The Company believes that the presentation of EBITDA and Adjusted EBITDA provides useful information to investors by allowing an understanding of key measures that it uses internally for operational decision-making, budgeting, evaluating acquisition targets, and assessing its 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 its results as reported under GAAP. The Company strongly encourages investors to review its 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 the Company, may not be comparable to similarly titled measures reported by other companies. It therefore may not be possible to compare the Company’s use of these non-GAAP financial measures with those used by other companies.

A reconciliation of all non-GAAP measures disclosed in this presentation to their nearest respective GAAP measures can be found in the last slide of this presentation.

ARKO Overview

6TH LARGEST CONVENIENCE STORE CHAIN IN U.S.

- Large, Multi-State Convenience Store Operator with Majority of Profits Generated from Company Operated Stores
- Runway for Growth Through Continued Acquisitions and in-Store Marketing Initiatives
- Reputation as an Acquirer of Choice
- Diversified Both in Geography and Through Wholesale and Fleet Fueling Segments
- Founder-Led Experienced Management Team

24 Acquisitions

(Since 2013)



1,547

Company-Operated Stores

~14,000

Employees

30+

States

Highly Experienced
In-house M&A Team



~1.48 Million
Enrolled *fas REWARDS*[®]
Loyalty Members



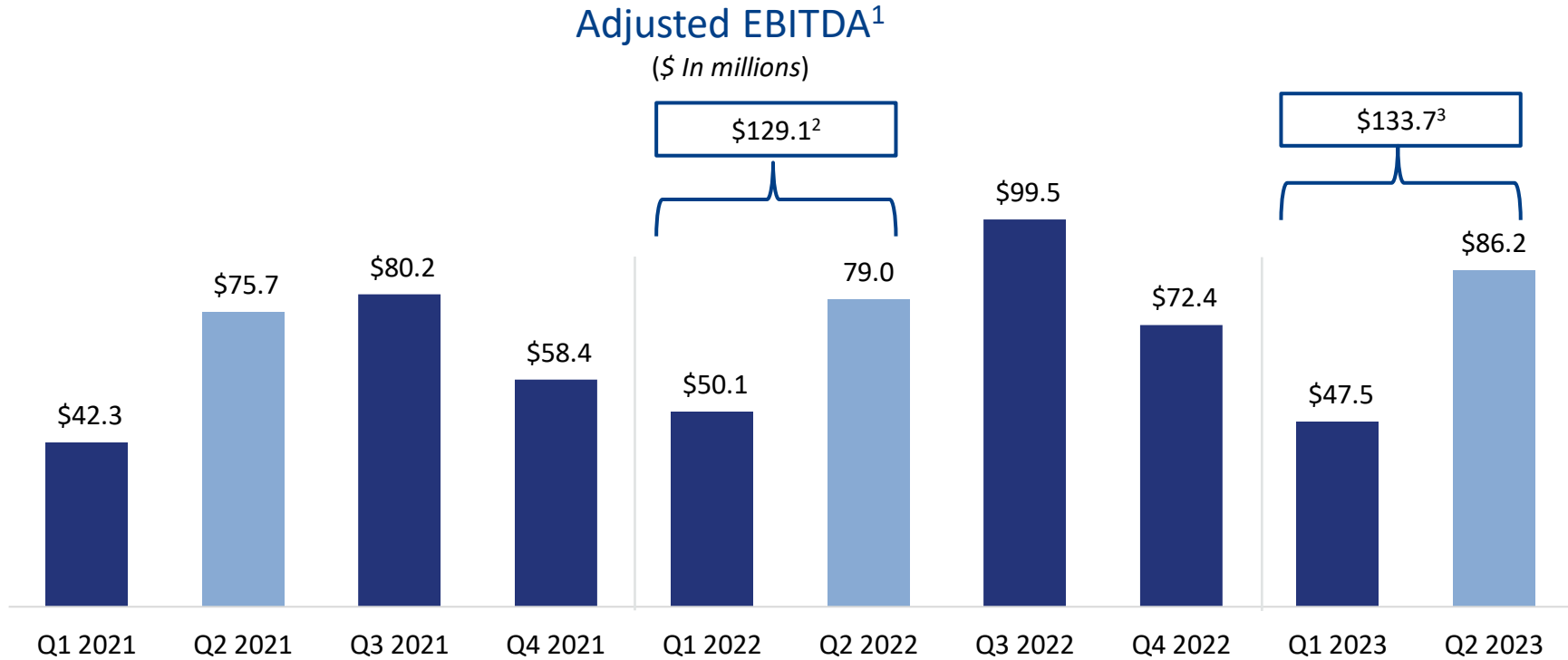
WHOLESALE DISTRIBUTION TO

1,824 Dealer Locations

Operation of **293 CARDLOCK LOCATIONS**

Strong Adjusted EBITDA Growth

Understanding seasonality: Based on the average from 2021 and 2022, Q1, Q2, Q3 and Q4 have historically represented 17%, 28%, 32% and 23% of annual Adjusted EBITDA contribution, respectively.

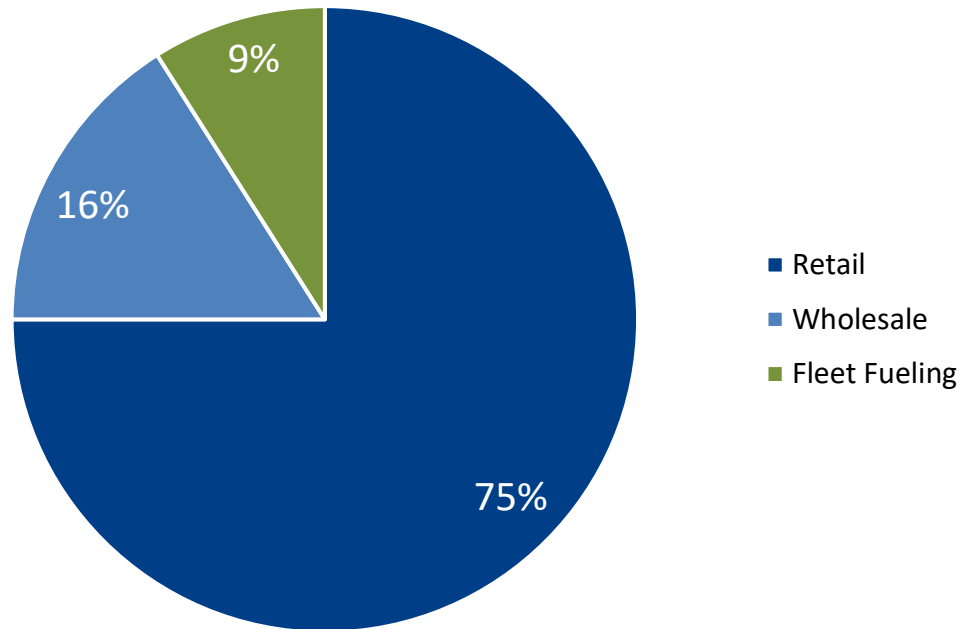


Retail fuel gross profit increased \$11.9 million and total retail gallons increased 15.9% in Q2 2023 compared to Q2 2022. Q2 2023 same-store retail fuel contribution declined \$5.2 million and retail fuel gallons declined 2.6% on a same store basis compared to Q2 2022. Q2 2023 retail cents per gallon on a same store basis was 40.3, compared to 41.4 in the prior year period, as we continue to cycle elevated cents per gallon from 2022.

1. Adjusted EBITDA is a non-GAAP financial measure. See Appendix for a reconciliation to the most comparable GAAP measures.
 2. Represents sum of Q1 2022 and Q2 2022 Adjusted EBITDA.
 3. Represents sum of Q1 2023 and Q2 2023 Adjusted EBITDA.

Majority of ARKO Profits from Operating Convenience Stores

Q2 2023 Operating Income by Segments¹



We believe that the stable, ratable cash flow from the wholesale and fleet fueling segments have enhanced our dealmaking flexibility and augments further investment in our core convenience store business.



RETAIL

75% of Q2 2023 profits from operating convenience stores.

Majority of retail profits from inside the store.

As of June 30, 2023, we operated **1,547** retail convenience stores.



WHOLESALE

As of June 30, 2023, we supplied fuel to **1,824** dealer locations.



FLEET FUELING

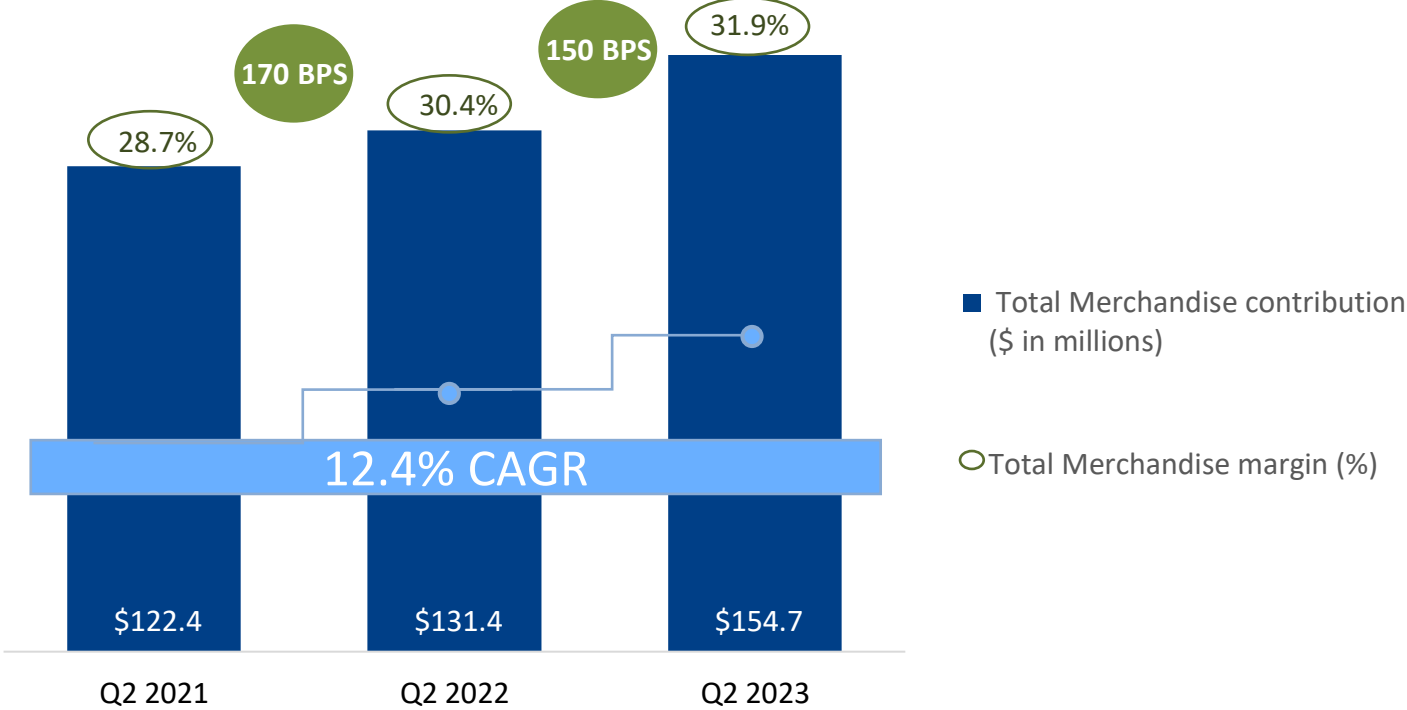
As of June 30, 2023, we operated **293** cardlock² locations.

1. Excluding intercompany charges by GPM Petroleum; After eliminating G&A, D&A and interest expenses, net related to segments.
2. Unstaffed fueling locations.



Strong Q2 2023 In-Store Performance

Total Merchandise



3.8%

Increase in Same Store Sales Excluding Cigarettes
(0.7% Increase In Same Store Sales)

130

Basis points increase in same store Merchandise Margin, to 31.9%

\$6.5M

Increase in same store Merchandise Contribution

Focus on Three Key Pillars

1

CORE DESTINATION CATEGORIES

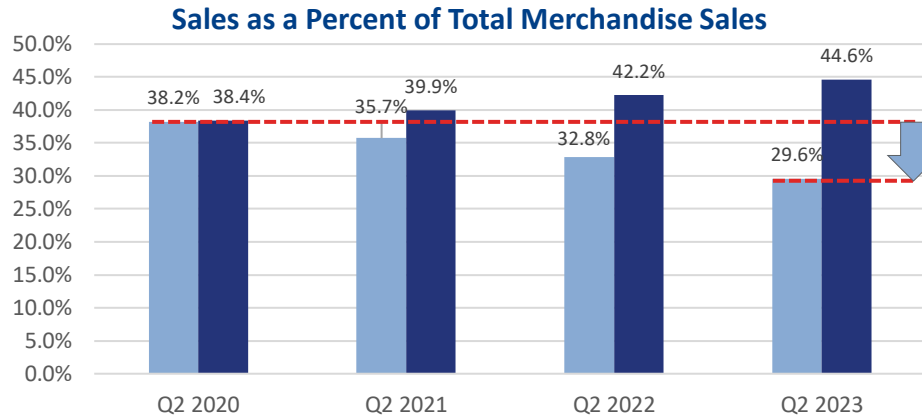
Core Destination Categories represented 54.7% of merchandise gross profit in Q2 2023 (vs. 47.3% in Q2 2020)

Core Destination Categories:

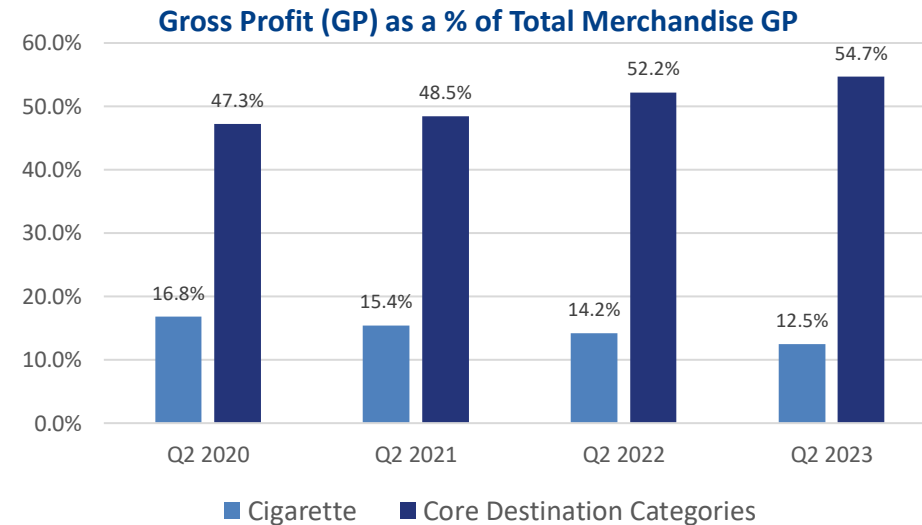
67%
Gross profit growth in Q2 2023 vs. Q2 2020

5.6%
Same-store sales growth in Q2 2023 vs. Q2 2022

160 bps
Margin expansion in Q2 2023 vs. Q2 2022



Cigarettes as % of Total Merchandise Sales Decreased 860bps



Core Destination Categories Performance In Detail

Represents same-store sales growth Q2 2023 vs. Q2 2022¹



12.2%
Candy



3.9%
Alternative Snacks



5.2%
Packaged Beverages



11.7%
Salty Snacks



7.3%
Packaged Sweet Snacks



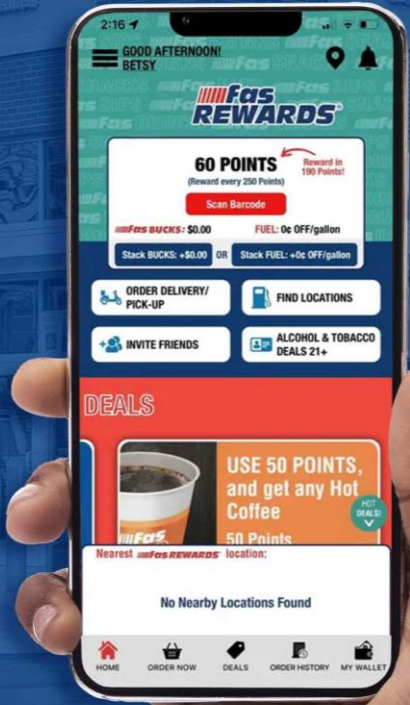
2.8%
Beer

1. Data is representative of ARKO category metrics, and not of the brands shown.

Focus on Three Key Pillars

2 LOYALTY

ARKO's newly upgraded *fas REWARDS*® loyalty program launched March 28, 2023. On May 17, 2023 we launched our 100 days of summer loyalty enrollment offer.



~1.48 Million
Enrolled members¹

>\$60
Average enrolled monthly spend vs. non-enrolled¹



205,234

Increase in enrolled marketable members since launch on March 28, 2023²

~37%

Increase enrolled marketable members Q2 2023 vs. Q2 2022

~6x more
Trips per month for enrolled members vs. non-enrolled members¹

1. For the second quarter of 2023 or as of June 30, 2023, as applicable.
2. As measured on July 31, 2023.

Focus on Three Key Pillars

3 FOOD AND BEVERAGE

ARKO continues to expand its branded food franchises, packaged, fresh, and frozen food offerings, including pizza, chicken, roller grills, and hot, cold, and frozen dispensed beverage offerings.

Our current footprint boasts¹:

- 150+ branded food franchises offerings
- 370+ roller grills
- 160+ hot grab-n-go units; 1,200+ cold grab-n-go units
- 160+ in-store deli's
- 700+ stores with bean-to-cup coffee, with 135 additional stores since Q1 2023

Delivering attractive results:

10.4%

Increase in same-store franchise food sales across all brands in Q2 2023 compared to Q2 2022

71.3%

Year-over-year change in coffee cups purchased by enrolled loyalty members – ~278,000 more units

13.4%

Year-over-year increase in retail grab-n-go sales, on a same-store basis

+~230

Stores targeted for bean-to-cup coffee expansion by the end of 2023

+~120

Stores targeted for roller grills by the end of 2023



Strong Early Results at Pride with the “ARKO Way”

31 stores in eastern Massachusetts and Connecticut acquired in December 2022, 1 New-To-Industry store opened in June 2023 (32 stores total). ARKO financed approximately \$30 million of the consideration from its own sources.

- **~1,000** merchandise items added per store
- Fuel strategy **centralized** to ARKO fuel team
- Merchandise margin **expanded 290 basis points** in Q2 2023 vs. Q1 2023
- For Q1 and Q2 of 2023, Pride generated approximately \$8.5M of Store-Level Adjusted EBITDA



GPM Investments Opens New Pride Convenience Store

Location includes Chester's Chicken restaurant, drive-thru, indoor and outdoor seating

New Pride Travel Center

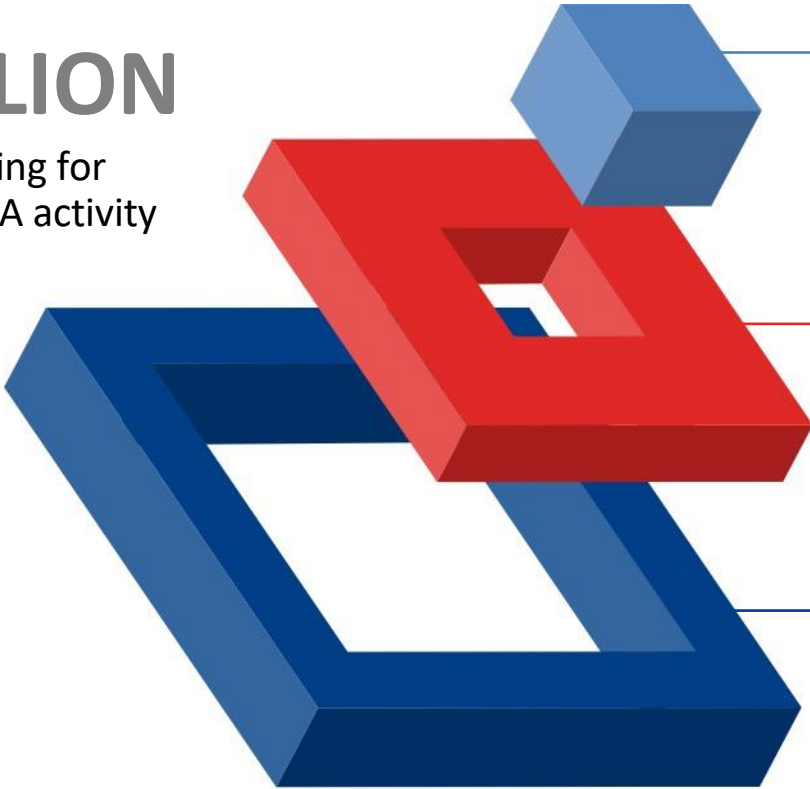
- New Pride Travel Center in South Windsor, CT, opened on June 30, 2023
- 4,860 sq ft. store with Chesters Chicken and Proprietary food offering, and a drive-through for added convenience, as well as forty parking spaces
- Twelve fuel pumps and four diesel pumps
- Ten high flow diesel pumps, Diesel Exhaust Fluid, and parking for twelve trucks



Key Financial Highlights – Strong Liquidity

OVER
\$2 BILLION

Available funding for
continued M&A activity



\$220M

Cash on hand

~\$602M

Approximate availability under
our lines of credit, as of June 30,
2023¹

UP TO
\$1.5B

Amended Oak Street
program agreement through
September 2024

Quarterly dividend
announced for Q3 2023

\$0.03/SHARE

AUTHORIZED UP TO

\$100 MILLION

Share repurchase program²

1. On May 5, 2023, GPM Petroleum renewed and extended its revolving credit facility. The credit line was increased by \$300 million to \$800 million, and its maturity was extended to May 2028. | 11
2. Remaining amount as of June 30, 2023 - ~\$49M.

Highly Fragmented Convenience Store Industry

150,174 convenience stores operate in the United States, a 1.5% increase from 2021.^{1, 2}

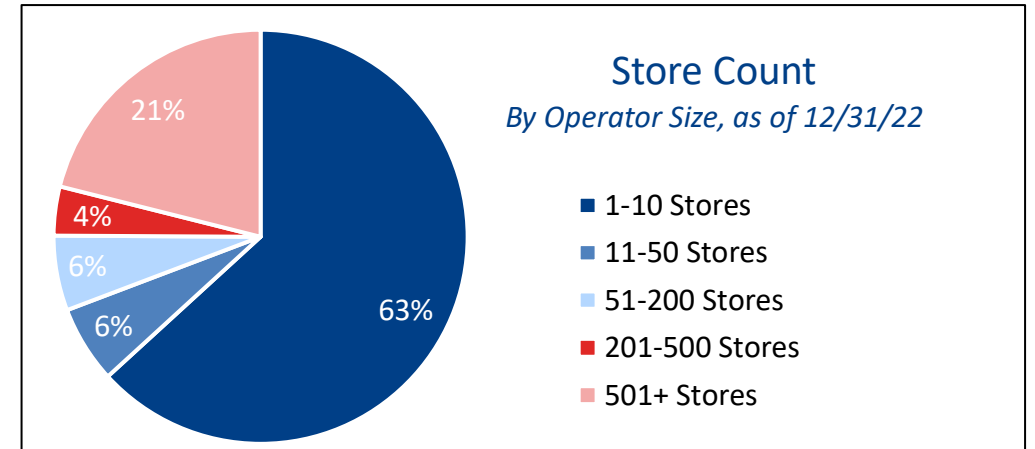
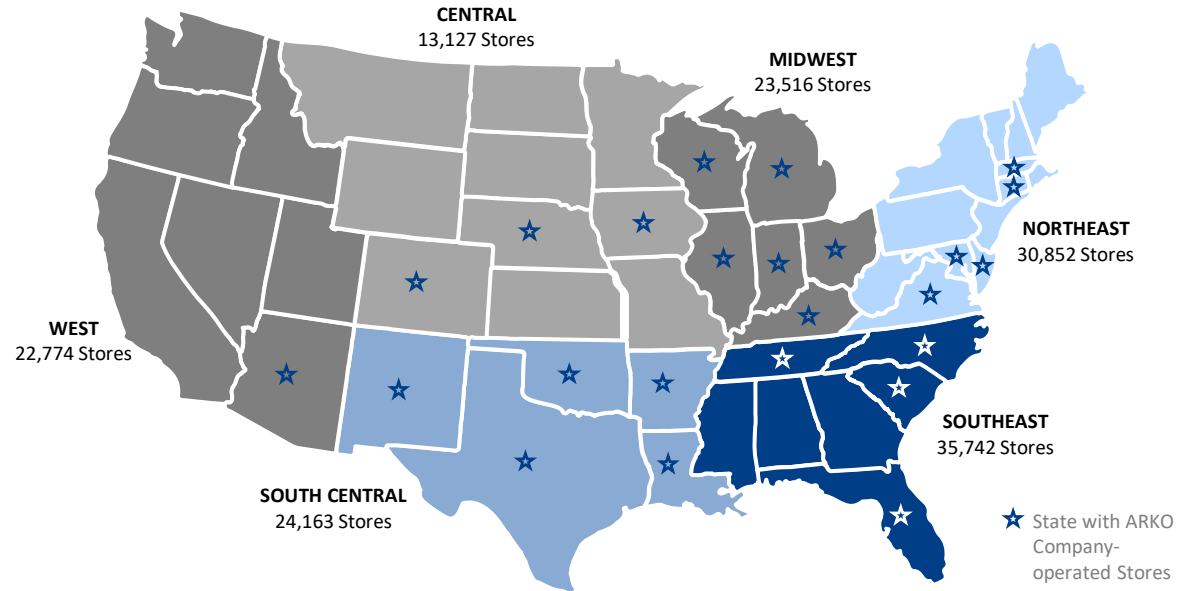
- **69.2%** of operators operate 50 stores or fewer.
- **60.2%** of operators – 90,423 stores – are single-store store operations.
- **~21%** are nonfuel convenience stores.

ARKO competes market-by-market and store-by-store, using scale to our advantage while pursuing our in-store and fuel strategies.

With ARKO's liquidity there are many opportunities for continued consolidation.



Total store counts for NACS regions as of December 31, 2022



ARKO's Retail Brand Footprint

- Highly successful strategy embracing well known regional convenience store brands with brand equity and long histories in their communities.
- We operate 1,547 retail convenience stores in more than 30 states under more than 25 regional store brands that have been in existence for an average of approximately 50 years.¹

Added 159 company operated stores year-to-date in 2023 through closed acquisitions.

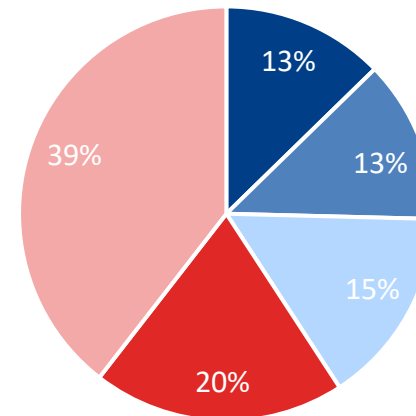
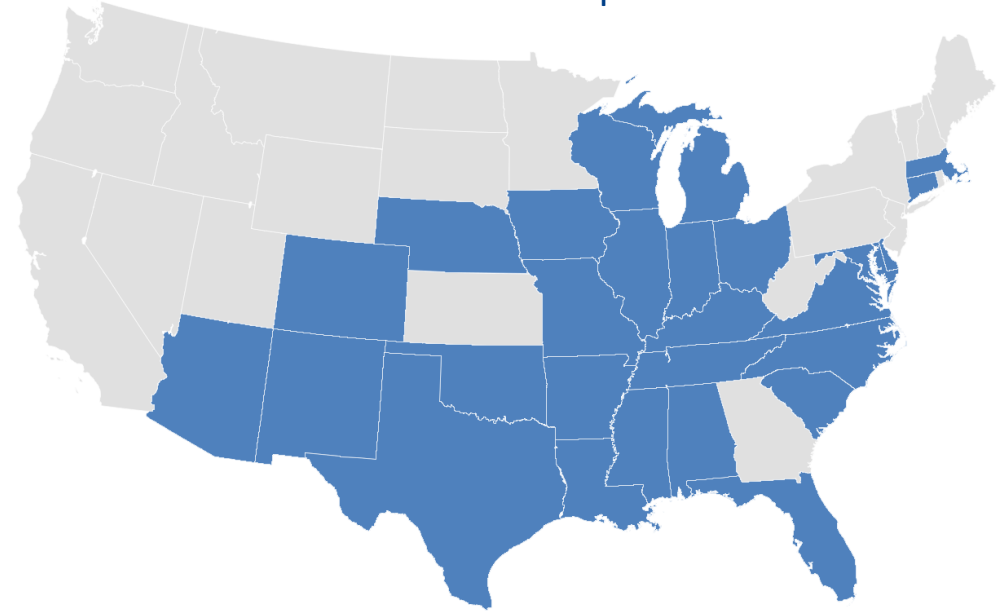
Overview:

- **~40%** of our retail stores are in areas with populations of fewer than 20,000 people.
- **~20%** of our retail stores are in areas with populations between 20,000 and 50,000 people.

Our focus on secondary and tertiary markets allows us to preserve “local” brand name recognition and align local market needs with capital investment.



ARKO's Retail Footprint



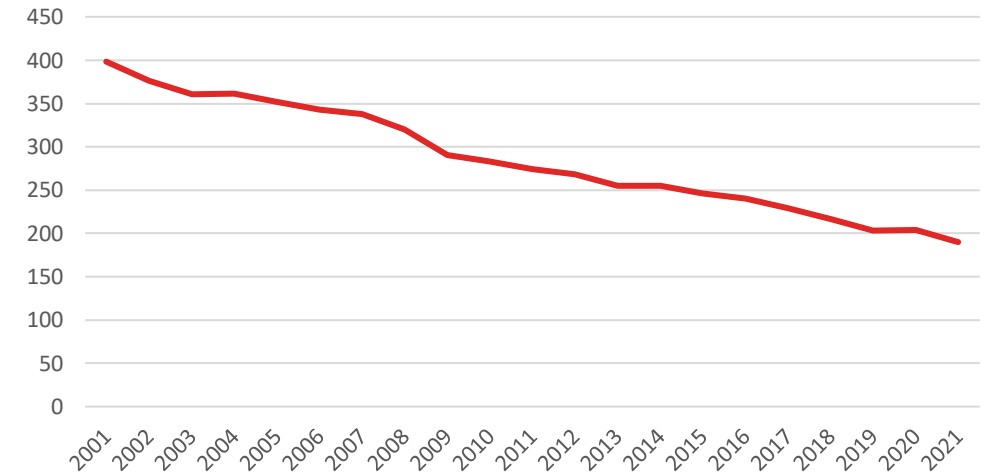
ARKO Stores By Area Population²

- Under 5,000 people
- 5,000 - 10,000
- 10,000 - 20,000
- 20,000 - 50,000
- Greater than 50,000

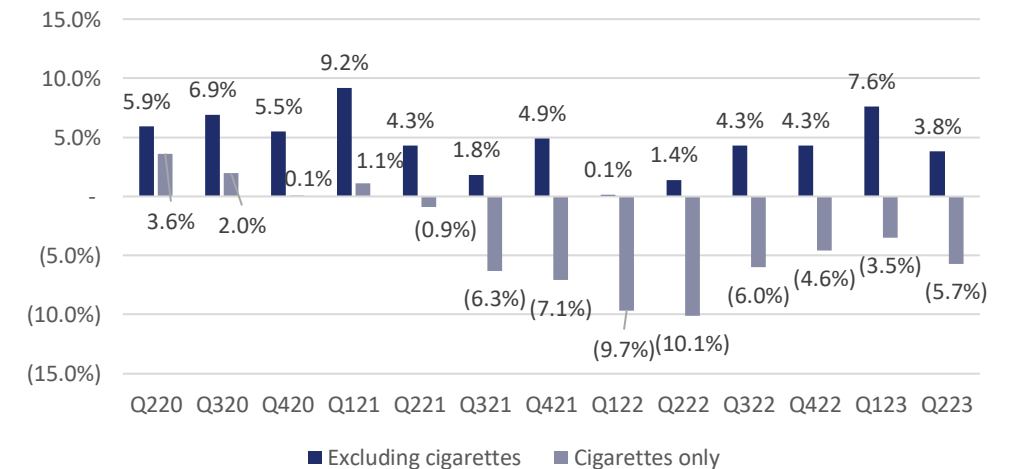
Appendix: Cigarette Performance

- ARKO’s marketing and merchandising initiatives intentionally focus on our Core Destination Categories
- **We measure our retail success on our ability to grow sales and profitability in our Core Destination Categories**
- We believe same store sales, excluding Cigarettes, is an important metric
- ARKO has executed its strategy, growing merchandise gross profit while decreasing its exposure to Cigarettes
- At the same time, **Core Destination Categories**, as a percent of total merchandise sales, have **increased** from 38.4% in Q2 2020 to **44.6%** in Q2 2023
 - Percent of merchandise gross profit has increased to **54.7%**
 - The gross margin in Core Destination Categories has expanded approximately 546 basis points, while Cigarettes gross margin has expanded by approximately 148 basis points from Q2 2020 to Q2 2023
- At the same time, Cigarettes, as a percent of merchandise sales, have decreased from 38.2% in Q2 2020 to 29.6% in Q2 2023
 - Cigarettes gross profit, as a percent of total merchandise gross profit, has decreased from 16.8% to 12.5%

Domestic Cigarettes Sold (sticks in billions)⁽¹⁾



ARKO Same-store Merchandise Sales Growth



Appendix: Reconciliation of EBITDA and Adjusted EBITDA

Reconciliation of EBITDA and Adjusted EBITDA

	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
						(in thousands)				
Net income (loss)	\$ 14,479	\$ (2,527)	\$ 12,860	\$ 24,994	\$ 31,806	\$ 2,318	\$ 12,931	\$ 35,585	\$ 25,573	\$ (14,662)
Interest and other financing expenses, net	20,160	13,602	16,295	19,796	7,339	15,975	16,165	14,428	11,997	28,617
Income tax expense (benefit)	5,014	(2,158)	4,497	20,898	9,157	1,005	(651)	4,795	8,212	(722)
Depreciation and amortization	32,837	28,399	26,702	26,061	24,353	24,636	25,648	22,031	25,273	24,242
EBITDA	<u>72,490</u>	<u>37,316</u>	<u>60,354</u>	<u>91,749</u>	<u>72,655</u>	<u>43,934</u>	<u>54,093</u>	<u>76,839</u>	<u>71,055</u>	<u>37,475</u>
Non-cash rent expense (a)	3,760	2,798	2,189	1,977	1,791	1,946	1,586	1,424	1,578	1,771
Acquisition costs (b)	3,277	3,576	4,985	1,673	823	681	1,585	1,182	1,988	611
Loss (gain) on disposal of assets and impairment charges (c)	2,991	287	2,342	1,418	1,207	764	(514)	923	(400)	1,375
Share-based compensation expense (d)	4,555	4,069	3,134	3,145	3,108	2,774	1,677	1,613	1,488	1,026
Loss (income) from equity investment (e)	27	36	67	44	(28)	(9)	(81)	(85)	(26)	6
Adjustment to contingent consideration (f)	(922)	(702)	(128)	(1,550)	(526)	—	—	(1,740)	—	—
Internal entity realignment and streamlining (g)	—	—	67	408	—	—	—	—	—	—
Other (h)	64	104	(577)	604	15	18	26	27	34	39
Adjusted EBITDA	<u>\$ 86,242</u>	<u>\$ 47,484</u>	<u>\$ 72,433</u>	<u>\$ 99,468</u>	<u>\$ 79,045</u>	<u>\$ 50,108</u>	<u>\$ 58,372</u>	<u>\$ 80,183</u>	<u>\$ 75,717</u>	<u>\$ 42,303</u>

(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 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 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.

A Family of Community Brands

