

# ARKO

A Family of Community Brands

*Raymond James & Associates*  
*44<sup>th</sup> Annual Institutional Investors Conference*  
*March 6, 2023*



***A Leading Retail Convenience Store Operator***

***A Fortune 500® Company***



## 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, including the potential resurgence of the coronavirus (COVID-19) pandemic; 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, Adjusted EBITDA and Adjusted EBITDA, net of incremental bonuses, each of which is a non-GAAP financial measure. The Company defines 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. Adjusted EBITDA, net of incremental bonuses further adjusts Adjusted EBITDA by excluding incremental bonuses incurred for 2020 based on 2020 performance.

The Company uses EBITDA, Adjusted EBITDA and Adjusted EBITDA, net of incremental bonuses 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, Adjusted EBITDA and Adjusted EBITDA, net of incremental bonuses 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, Adjusted EBITDA and Adjusted EBITDA, net of incremental bonuses 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, Adjusted EBITDA and Adjusted EBITDA, net of incremental bonuses 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, Adjusted EBITDA and Adjusted EBITDA, net of incremental bonuses, 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.

## 6<sup>th</sup> Largest Convenience Store Chain in U.S.

**\$301.1 Million**

2022 Adjusted EBITDA <sup>1</sup>

**1,400+**

Company Operated Stores

**~\$1.65 Billion**  
Retail in Store Sales

**~2 Billion**  
Fuel Gallons Sold

Operating in  
**Over 30 States**

**Over 12,000**  
Employees

**~1.3 Million**  
Enrolled fas Rewards  
Loyalty Members

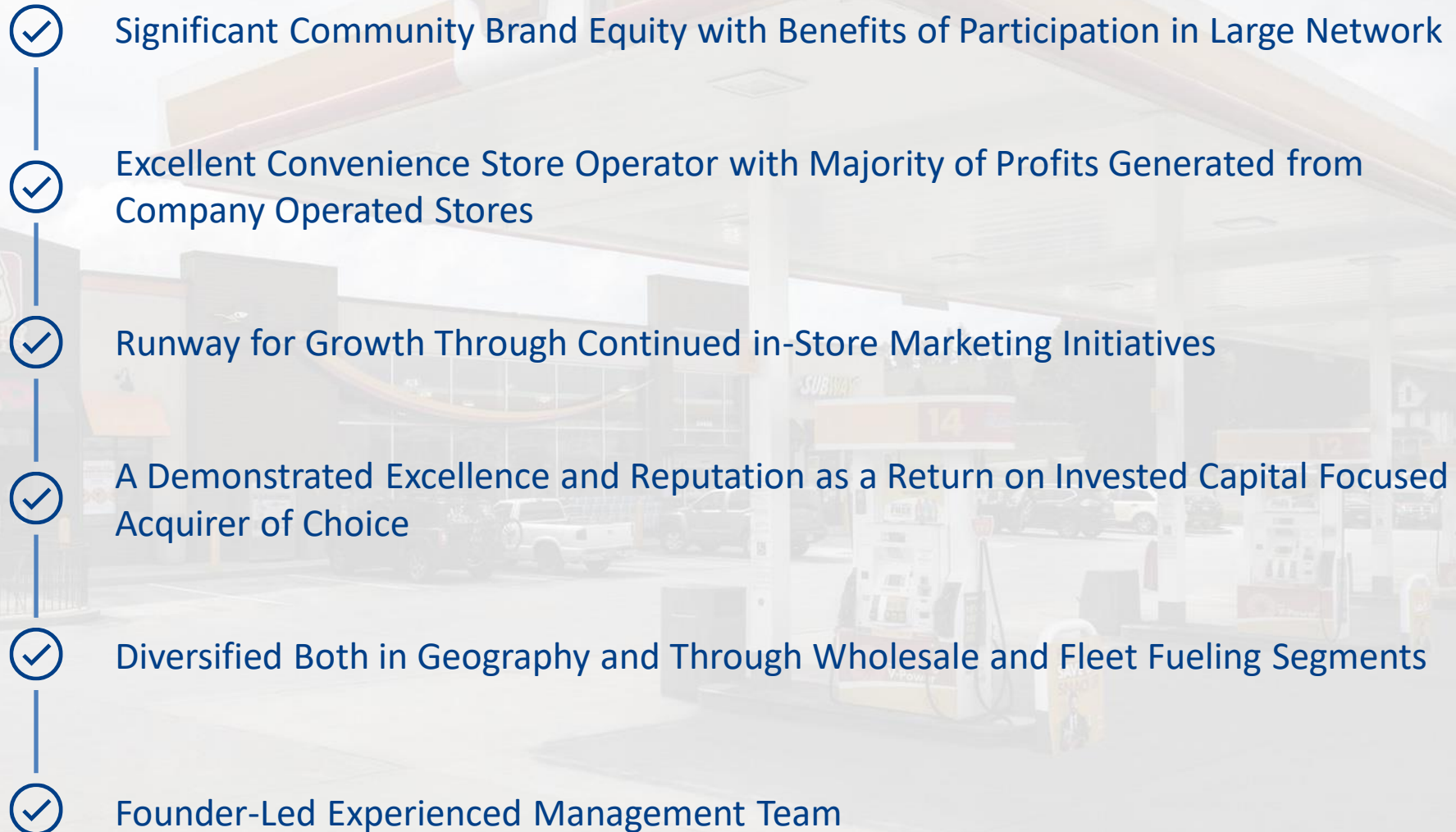
**24 Acquisitions**  
22 Closed since 2013; 2 Additional  
Pending Acquisitions

**Highly Experienced**  
In-house M&A Team

Wholesale Distribution to **1,674**  
**Independent Dealer** Locations and  
Operation of **183 Cardlock Locations**

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

## ARKO's Core Strengths

- 
- ✓ Significant Community Brand Equity with Benefits of Participation in Large Network
  - ✓ Excellent Convenience Store Operator with Majority of Profits Generated from Company Operated Stores
  - ✓ Runway for Growth Through Continued in-Store Marketing Initiatives
  - ✓ A Demonstrated Excellence and Reputation as a Return on Invested Capital Focused Acquirer of Choice
  - ✓ Diversified Both in Geography and Through Wholesale and Fleet Fueling Segments
  - ✓ Founder-Led Experienced Management Team



~50 Years Average Local Community Brand History



Return on Invested Capital  
Focused Acquiror of Choice

- ✓ Differentiated Strategy Preserves Long-Established Community Brand Equity
- ✓ Centralized Procurement and Merchandising Leverage Network Scale
- ✓ Optimized Purchasing and High-Performing In-Store Product Offerings Drive Return on Invested Capital
- ✓ Common Loyalty Program Enables Network-Wide Promotions, Marketing and Branding

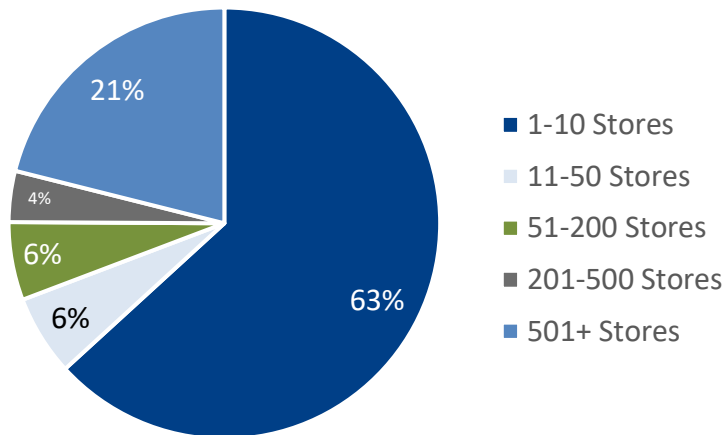
# Highly Fragmented Convenience Store Industry

150,174 convenience stores operate in the United States, a 1.5% increase from 2021.<sup>1</sup>

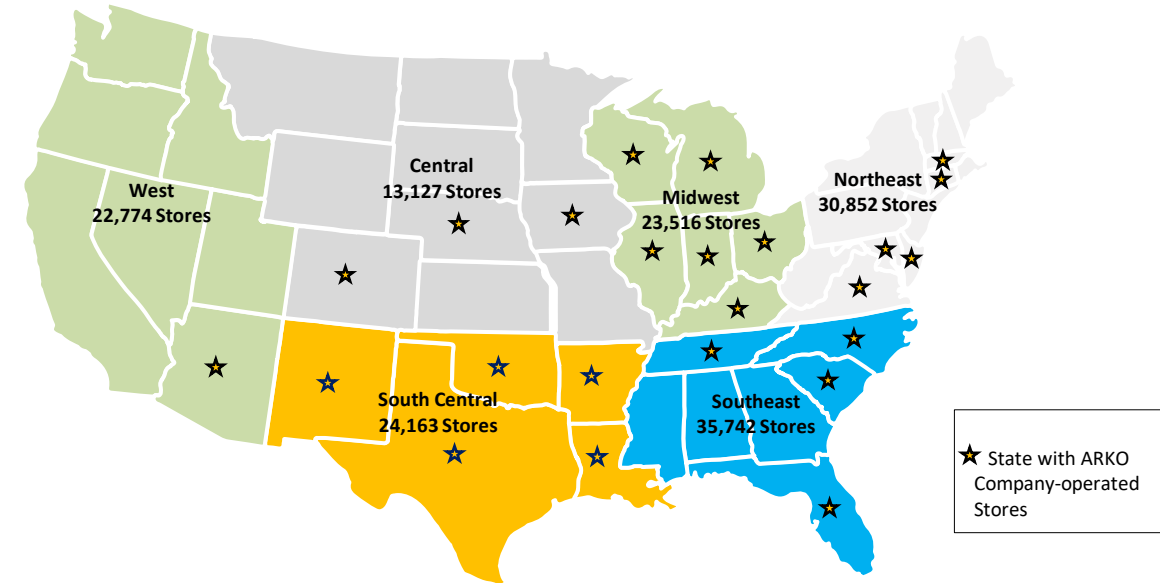
- **69.2%** of operators operate 50 stores or less.
- **60.2%** of operators – 90,423 stores – are single-store store operations.<sup>2</sup>
- **~21%** are nonfuel convenience stores.

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

2021 Split of Stores Count



Total store counts for NACS regions as of 12/22

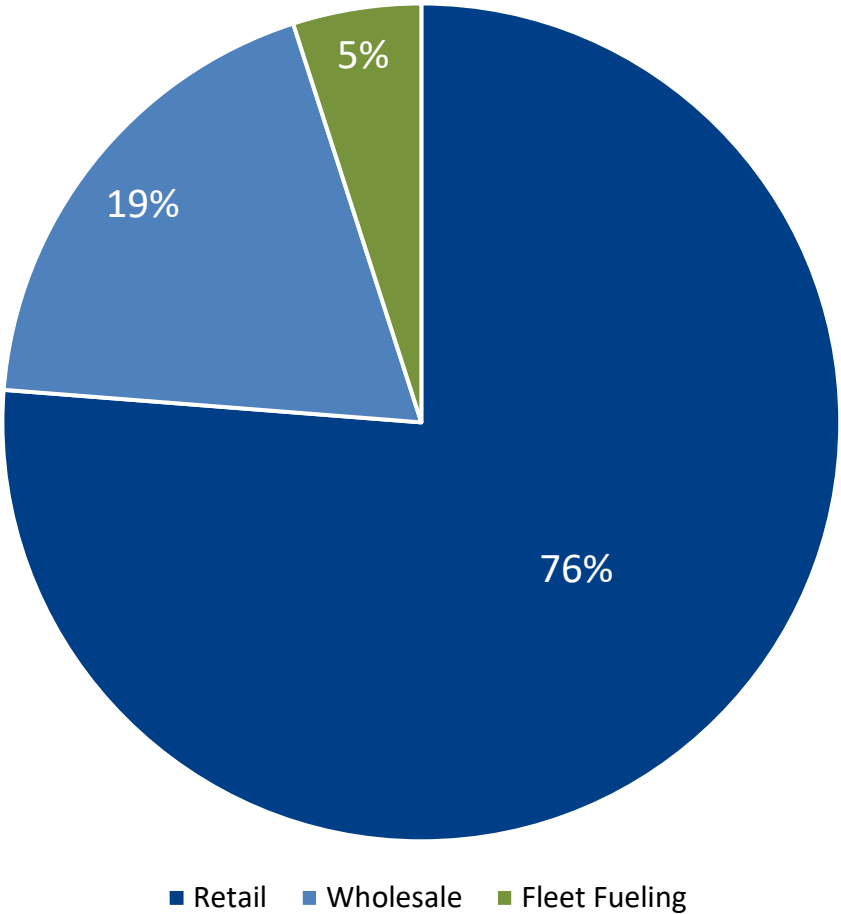


With ARKO's liquidity there are many opportunities for continued consolidation.

1. NACS "U.S. Convenience Store Count," Accessed 2/1/2023  
 2. All other data: NACS, "State of the Industry® Report of 2021 Data"

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.

2022 Operating Income by Segments<sup>1</sup>



## RETAIL

Majority of profits from operating convenience stores.

*As of December 31, 2022, we operated 1,404 retail convenience stores.*

## WHOLESALE

As of December 31, 2022, we supplied fuel to 1,674 independent dealer locations.

## FLEET FUELING

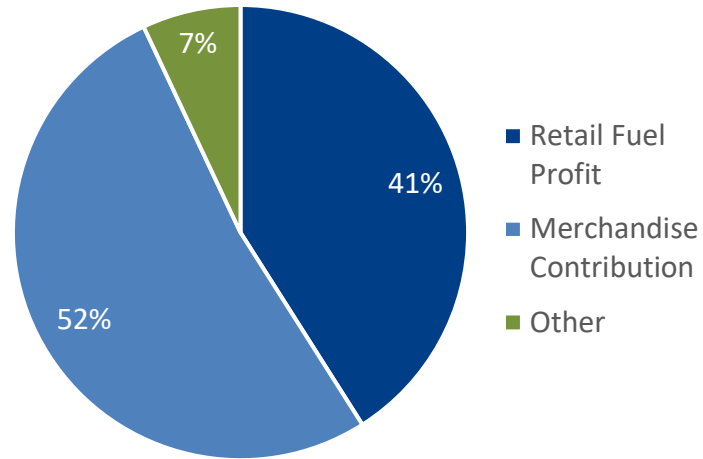
In July 2022, we added fleet fueling to our business. As of December 31, 2022, we operated 183 cardlock locations.

1. Excluding intercompany charges; After eliminating G&A, D&A and interest expenses, net related to segments

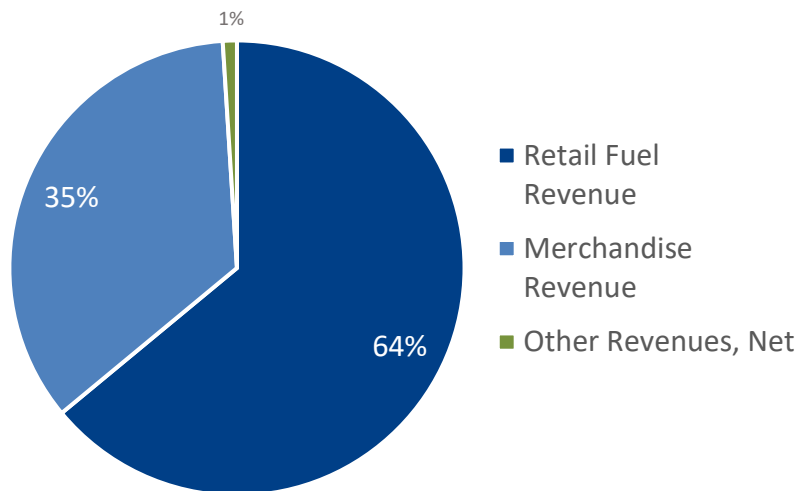


# Majority of ARKO's Profits From Retail In-Store Sales

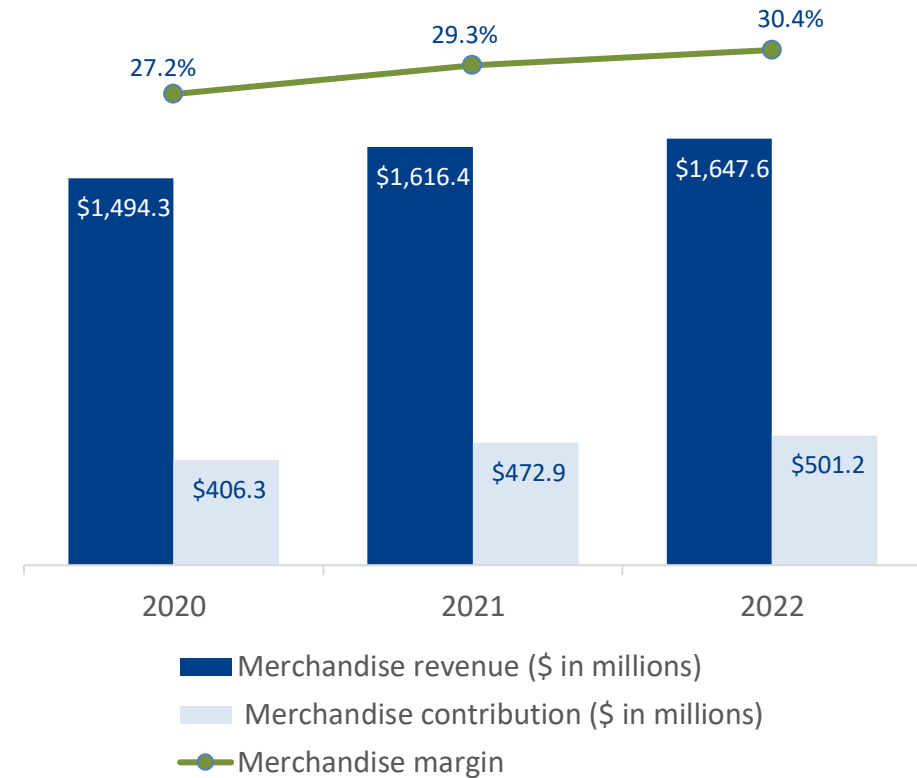
Gross Profit Average 2020-2022



Revenue Average 2020-2022



Merchandise



## Top 3 Pillars to Deliver Results

### CORE DESTINATION CATEGORIES

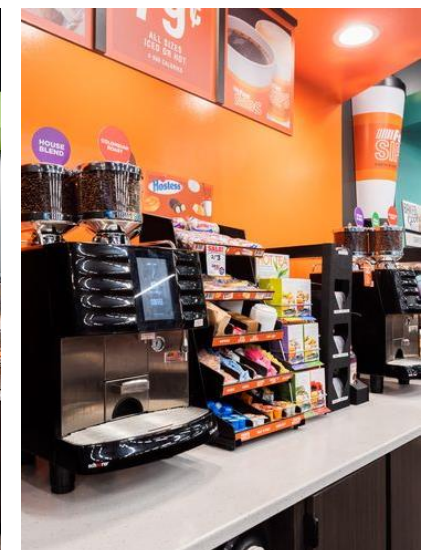
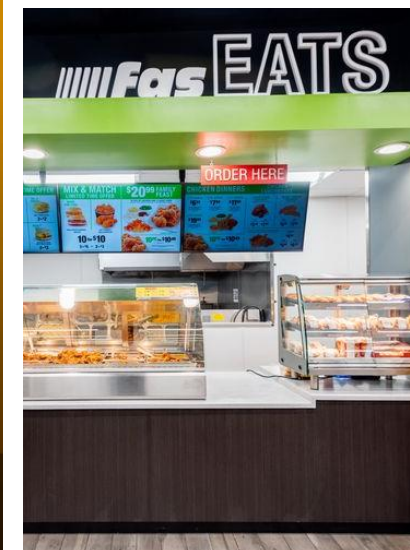
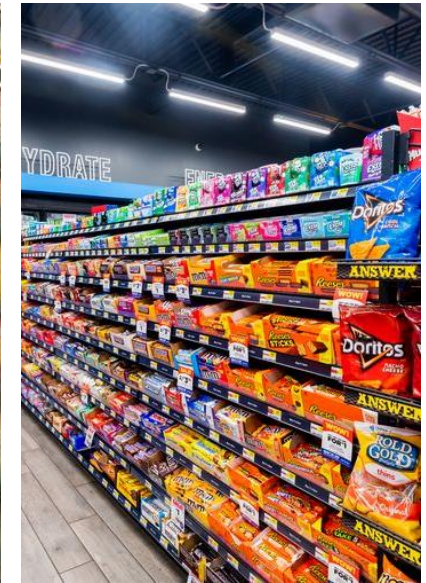
- Lead with assortment to ensure relevancy with today's convenience store shopper

### FOOD AND BEVERAGE

- Continue to enhance our customer value proposition in the food service and dispensed beverage categories
- Increase margins, trips, and average basket size
- Create a value proposition to position our stores as a food destination
- Expand bean to cup coffee offering
- Large runway to expand food offering

### fas REWARDS

- New app launch with key benefits
- Drive sales and profit through enrollment growth
- Develop personal relationships with our customers



# Continued Growth Through Acquisitions

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

24 Acquisitions since 2013

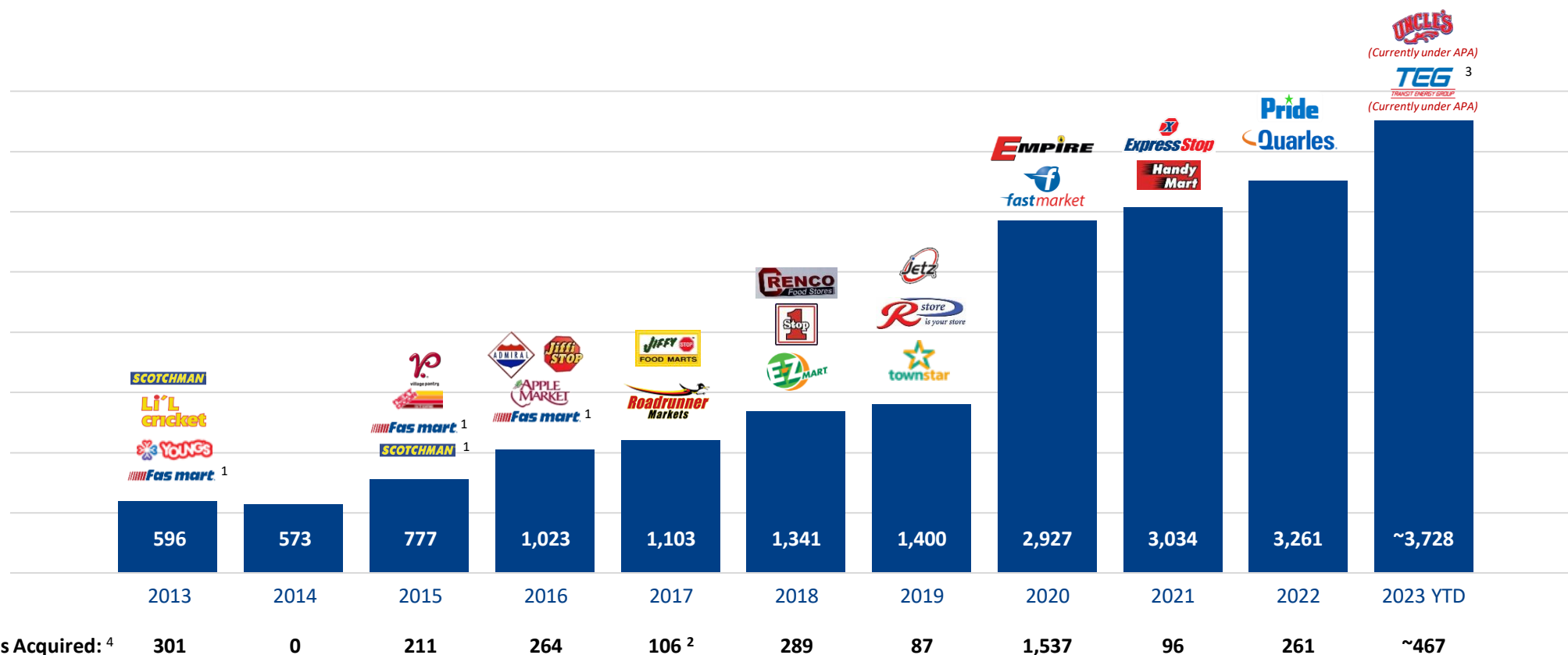
22 closed and 2 announced, pending closing

In-House M&A Team

with Extensive Experience

20x Adj. EBITDA Growth since 2013

\$15mm 2013 Adj. EBITDA → \$301.1mm 2022 Adj. EBITDA <sup>5</sup>



1. Gas Mart, Road Ranger, Arey Oil, and Hurst Harvey stores rebranded post-closing under Company's existing brands.
2. Includes Broyles Hospitality locations as of the acquisition date, a seven unit Dunkin' franchisee in Tennessee and Virginia.
3. Includes TEG and WTG transactions anticipated to close in Q1 and Q2 2023
4. Includes wholesale and cardlocks
5. Adjusted EBITDA is a non-GAAP financial measure. See Appendix for a reconciliation to the most comparable GAAP measures.

UNCLE'S  
(Currently under APA)

TEG <sup>3</sup>  
(Currently under APA)

EMPIRE  
fastmarket

ExpressStop  
Handy Mart

Pride  
Quarles

RENCO  
Stop

Jetz  
R store  
townstar

JIFFY  
FOOD MARTS

ROADRUNNER  
Markets

Apple Market  
Fas mart <sup>1</sup>

SCOTCHMAN  
Fas mart <sup>1</sup>

SCOTCHMAN  
LI'L  
cricket  
YOUNG'S  
Fas mart <sup>1</sup>

## Four New Accretive Acquisitions Announced in 2022



CLOSED ON  
JULY 22, 2022

121 proprietary Quarles-branded cardlock sites and 63 third-party cardlock sites for fleet fueling operations, and 46 independent dealer locations



CLOSED ON  
DECEMBER 6, 2022

31 Convenience Stores and High-Volume Travel Centers in Connecticut and Massachusetts



ANNOUNCED  
SEPTEMBER 9, 2022

~135 company operated stores and ~190 independent dealer locations across the Southeast.

Acquisition anticipated to close in Q1 of 2023



ANNOUNCED  
DECEMBER 6, 2022

~24 company operated stores and ~109 cardlock sites in Western Texas and New Mexico.

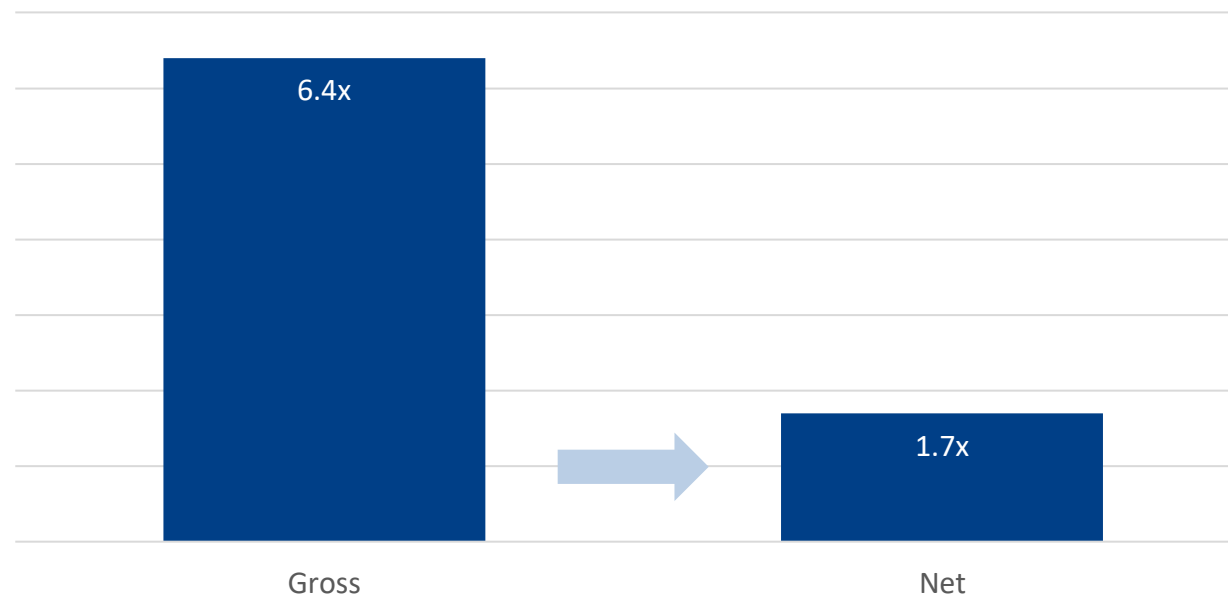
Acquisition anticipated to close in Q2 of 2023



# Strong Return on Invested Capital

ARKO has maintained purchase price discipline over time and focused intently on capturing cost savings and synergies post-transaction. Thorough diligence on the front-end has been key to avoid mis-pricing assets that erode the Company's ability to meet return hurdles. Looking forward, we believe that the scale of the platform will enable the Company to achieve greater levels of synergies.

Average ARKO Purchase Multiples from 2019-2021 <sup>1</sup>



~59%  
Return on  
Invested  
Capital <sup>1</sup>

1. Based on all 5 retail transactions (excludes 2020 Empire acquisition); "Net" multiple based on 2022 EBITDA and is illustrated as a weighted average across all transactions.

Purchase price based on store-level EBITDA.

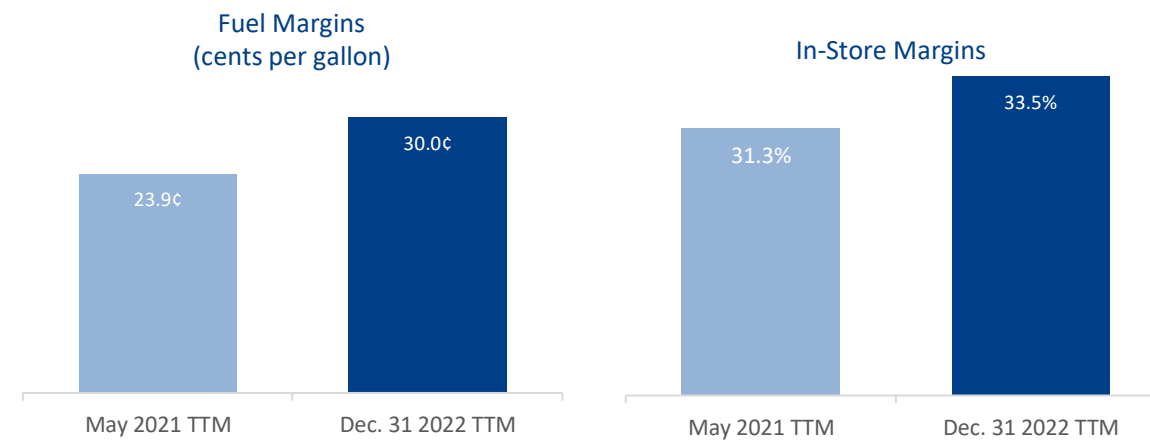
Before incremental G&A expenses from acquisitions; capital reduced by value structured real estate financing.

## ARKO's Disciplined Approach to M&A



# ARKO's Scale and Purchasing Power are Used to Significantly Improve the Performance of Acquired Operations

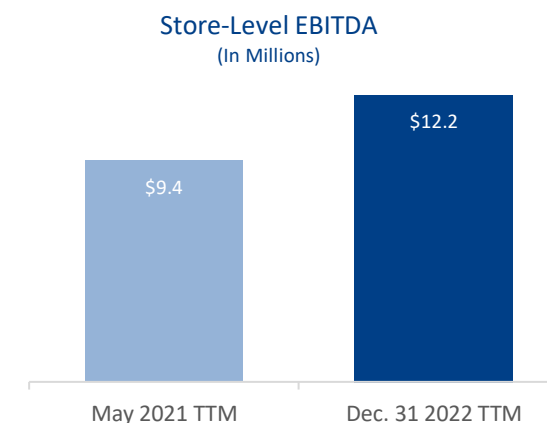
- **36 stores** in eastern North Carolina
- Acquired November 2021
- Purchase Price: **~\$113 million** out of which Oak Street paid ~\$100 million in consideration for sites leased at closing to ARKO
- **+700 average** merchandise items added per store
- Fuel strategy **centralized** to ARKO fuel team



**Multiple reduction as synergies are realized:**

**1.3x → 1x**

**96% Return on Invested Capital**



**RAPID INTEGRATION, STRONG PERFORMANCE**

Positive impact from historically high rack-to-retail margins, fuel volatility

**\$20 Million**

FY 2022 Adjusted EBITDA  
(Since July 2022)

**46%**

Return on Invested Capital  
on First 5.3 Months of Operations

The fleet fueling business generated:

**\$149.9 Million**

Q4 2022 Fuel Revenue

**\$16.9 Million**

Q4 2022 Fuel Contribution <sup>1</sup>

**\$270.7 Million**

FY 2022 Fuel Revenue

**\$27.8 Million**

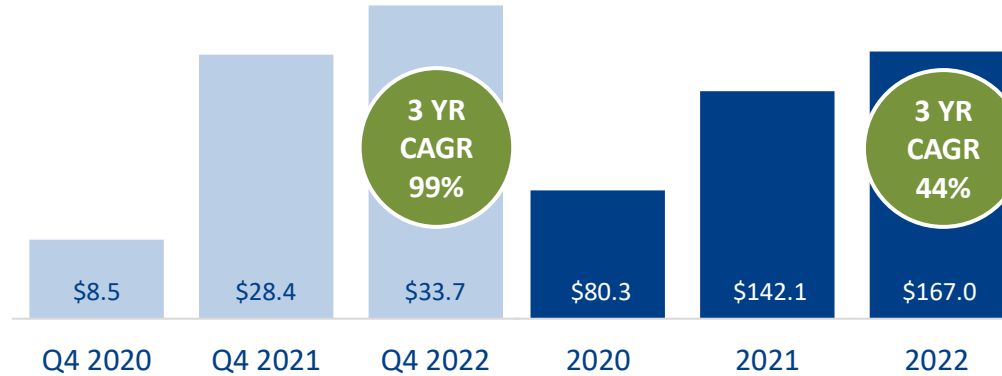
FY 2022 Fuel Contribution <sup>1</sup>

Expanded ARKO's supply and distribution capabilities

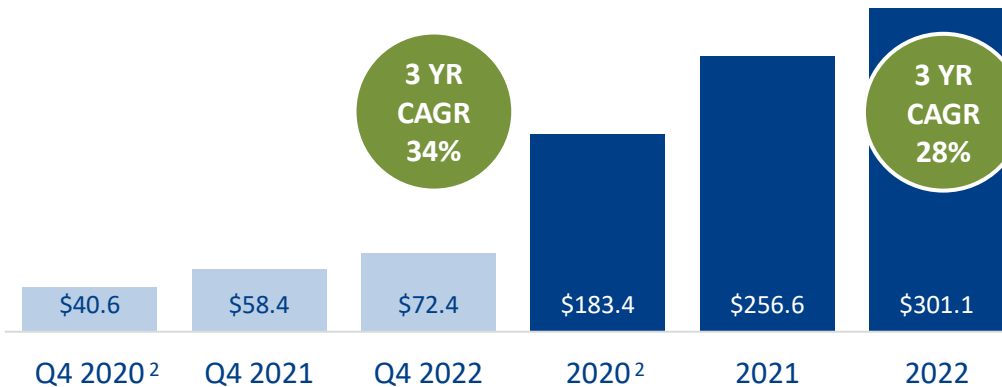
Unconcentrated commercial customer base in  
transportation, construction, industrial and other industries

1. Excludes the estimated fixed fee paid to GPMP for the cost of fuel

## Operating Income (\$ in millions)



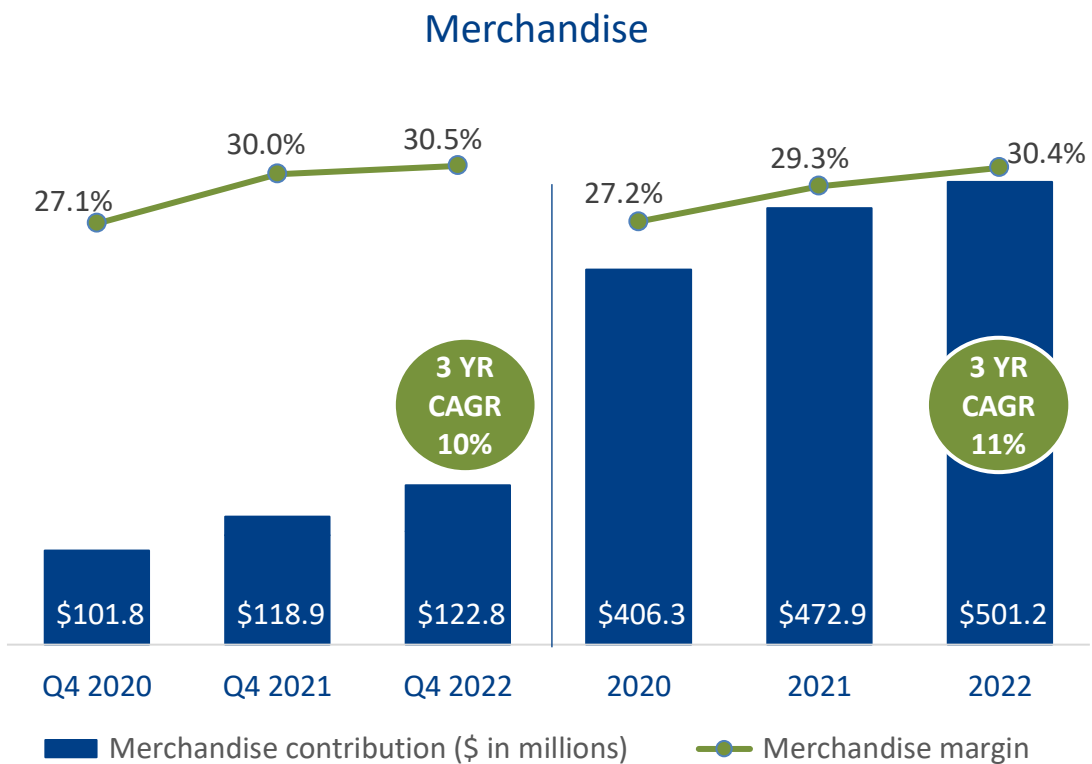
## Adjusted EBITDA <sup>1</sup> (\$ in millions)



- Adjusted EBITDA is a non-GAAP financial measure. See Appendix for a reconciliation to the most comparable GAAP measures.
- Adjusted EBITDA, net of incremental bonuses based on 2020 performance



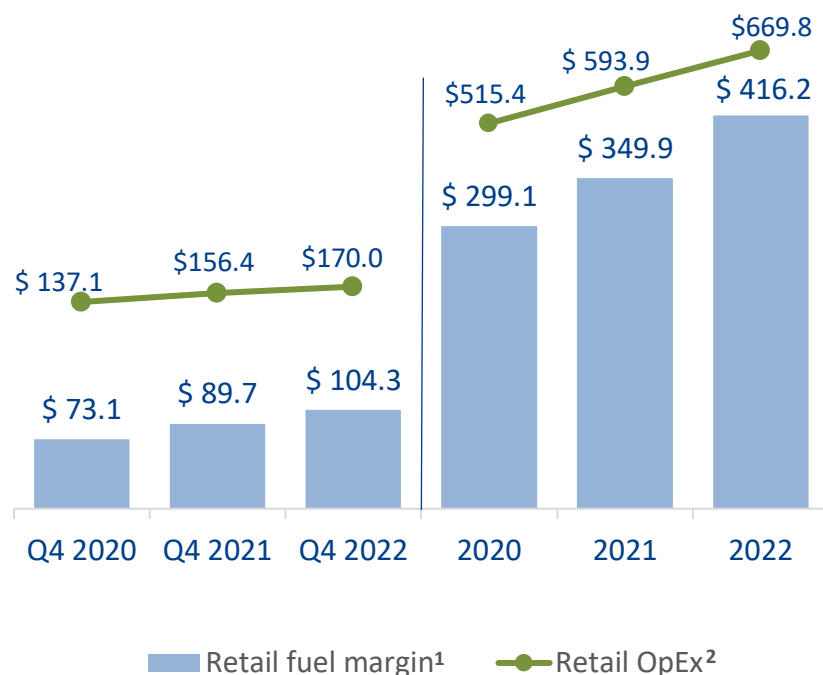




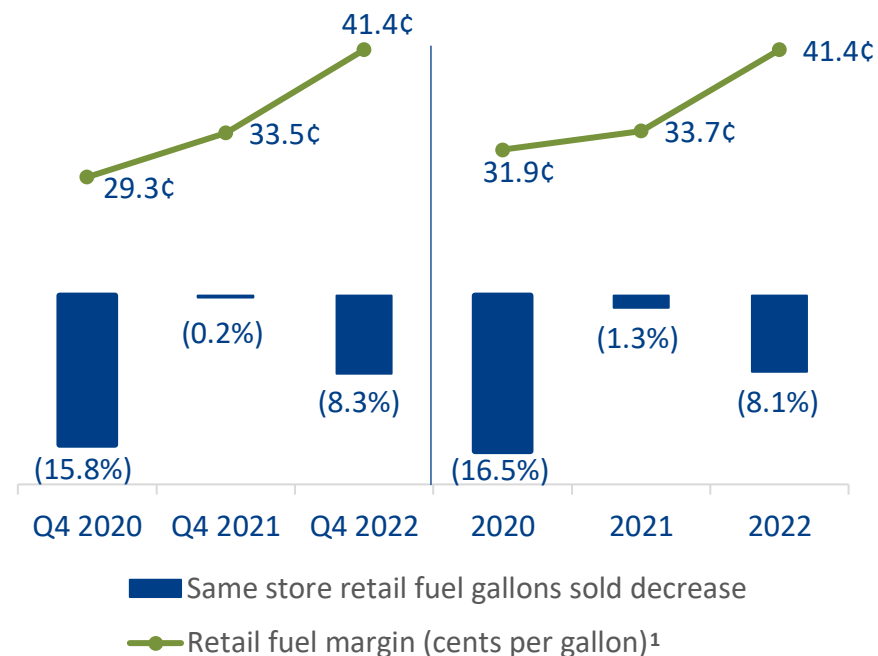
ARKO's strategy is to manage margin and volume in order to maximize fuel gross profit, in a variety of price environments while remaining competitively priced.

## Retail Fuel Margin and Retail OpEx

(\$ In millions)



## Retail Fuel Margin (cents per gallon) and Same Store Gallons Sold



1. Excluding intercompany charges

2. OpEx does not include D&A

*As of December 31, 2022*

$$\begin{array}{ccccc} \$299\text{M} & + & \$376\text{M} & = & \$675\text{M} \\ \text{Cash \& cash equivalents} & & \text{Available on lines of credit} & & \text{Approximate liquidity} \end{array}$$

**~\$575M<sup>1</sup>**

Availability under Oak Street program agreement

**~\$1.25B**

Total dry powder for growth

Quarterly dividend announced  
for Q1 2023

**\$0.03/share**

Ongoing Up To

**\$50M**

Share repurchase program <sup>2</sup>

1. Availability expected to remain after the closing of TEG and WTG acquisitions
2. Remaining amount - ~\$10.3M.

## Environmental Sustainability

### Building a Sustainable Future

We aim to incorporate environmental considerations and improve our environmental performance across all areas of operation.

### Responsible Resource Management

We are committed to managing the environmental impact of our operations and incorporating sustainable management practices that promote the responsible use of natural resources, particularly surrounding fuel storage.

## Social responsibility

### Promoting Our People

We invest in our people's wellbeing, professional and personal growth and in increasing employee retention. We invest in creating and maintaining a work environment in which employees can thrive and achieve success.

### Protecting Our Customers

We are committed to creating a comfortable and safe environment for our customers, implementing strict fuel storage protocols, and investing in protecting the privacy of our customers through robust data-security measures.

### Diversity, Equity, and Inclusion

We implement measures to ensure fair and equal opportunity in all of our employment practices and we consistently work to promote diversity, equity and inclusion across our entire workforce and activities.

## Governance

### Business Ethics

We are committed to conducting our operations honestly, transparently and ethically, both inside and outside of our company, and implementing responsible marketing practices for our products.





# APPENDIX: Reconciliation of EBITDA, Adjusted EBITDA and Adjusted EBITDA Net of Incremental Bonuses

	For the Three Months Ended December 31,			For the Year Ended December 31,		
	2022	2021 (in thousands)	2020	2022	2021 (in thousands)	2020
<b>Net income (loss)</b>	\$ 12,860	\$ 12,931	\$ (6,170)	\$ 71,978	\$ 59,427	\$ 30,639
Interest and other financing expenses, net	16,295	16,165	20,480	59,405	71,207	49,905
Income tax expense (benefit)	4,497	(651)	(6,670)	35,557	11,634	(1,499)
Depreciation and amortization	26,702	25,648	24,340	101,752	97,194	74,396
<b>EBITDA</b>	60,354	54,093	31,980	268,692	239,462	153,441
Non-cash rent expense (a)	2,189	1,586	1,876	7,903	6,359	7,051
Acquisition costs (b)	4,985	1,585	2,691	8,162	5,366	6,031
Loss (gain) on disposal of assets and impairment charges (c)	2,342	(514)	495	5,731	1,384	6,060
Share-based compensation expense (d)	3,134	1,677	1,504	12,161	5,804	1,891
Loss (income) from equity investment (e)	67	(81)	834	74	(186)	1,269
Fuel taxes paid in arrears (f)	—	—	—	—	—	819
Adjustment to contingent consideration (g)	(128)	—	(861)	(2,204)	(1,740)	(1,287)
Internal entity realignment and streamlining (h)	67	—	—	475	—	—
Other (i)	(577)	26	34	60	126	302
<b>Adjusted EBITDA</b>	\$ 72,433	\$ 58,372	\$ 38,553	\$ 301,054	\$ 256,575	\$ 175,577
Incremental bonuses (j)	—	—	2,029	—	—	7,815
<b>Adjusted EBITDA, net of incremental bonuses</b>	<u>\$ 72,433</u>	<u>\$ 58,372</u>	<u>\$ 40,582</u>	<u>\$ 301,054</u>	<u>\$ 256,575</u>	<u>\$ 183,392</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 the payment of historical fuel tax liabilities owed for multiple prior periods.

(g) Eliminates fair value adjustments to the contingent consideration owed to the seller for the 2020 Empire Acquisition and owed by the seller in the 2019 acquisition of 64 sites from a third party.

(h) Eliminates non-recurring charges related to our internal entity realignment and streamlining.

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

(j) Eliminates incremental bonuses based on 2020 performance.

