June 7, 2023

ARKO Corp. Closes 24th Acquisition Since 2013, Expands its Retail and Fleet Fueling Segments with Purchase of Uncle's Convenience Stores and GASCARD from WTG Fuels

Acquisition grows ARKO's Southwestern footprint in key Texas and New Mexico markets, increasing store count and significantly expanding the Company's fleet fueling operations.

RICHMOND, Va., June 07, 2023 (GLOBE NEWSWIRE) -- ARKO Corp. (Nasdaq: ARKO) ("ARKO" or the "Company"), a Fortune 500 company and one of the largest convenience store operators in the United States, announced today that ARKO has completed its previously announced acquisition (the "WTG Acquisition") of the retail and fleet fueling assets (the "WTG Business") of WTG Fuels Holdings, LLC ("WTG"), the owner of Uncle's Convenience Stores and GASCARD fleet fueling operations. This transaction marks the 24th acquisition for ARKO since 2013, and the second completed acquisition in the first six months of 2023.

"The WTG Acquisition fits squarely in our long-term growth strategy and our commitment to create value for our stockholders," said Arie Kotler, Chairman, President, and Chief Executive Officer of ARKO. "We believe we will add significant value to the WTG Business by leveraging our excellent integration capabilities, and we believe that the WTG Business will benefit considerably from our merchandizing and marketing initiatives. We expect that the WTG Business' robust diesel business will advance our fuel strategy to maximize fuel gross profit dollars. We believe that Uncle's and GASCARD are well-positioned to benefit from the scale and expertise at the heart of ARKO's operations, and we welcome them to our Family of Community Brands."

Founded in 1976, WTG is a leading Texas convenience store operator, with 24 company-operated Uncle's Convenience Stores across western Texas. This acquisition enhances ARKO's footprint in attractive markets and will bring the fas REWARDS® loyalty program and favorable assortment to a broader group of consumers. Uncle's stores are popular West Texas destinations that anchor their markets with convenient grocery, beer, and fresh food options. The WTG Business is known for its high-quality food, including Uncle's branded fresh food, Hunt Brothers® Pizza and Champs Chicken. Certain stores also have walk-in beer caves, and Uncle's has historically had very strong diesel sales, which accounts for over 33% of its overall fuel volume.

As part of the transaction, the Company has also acquired 68 proprietary GASCARD-branded fleet fueling cardlock sites and 43 private cardlock sites, one of the largest fleet fueling operations in West Texas. Nearly 75% of fuel sales by volume at the cardlock locations have been diesel. In addition, the WTG Business issues fuel cards that provide customers with access to a nationwide network of fueling sites. ARKO's fleet fueling segment expects to leverage its leading marketing and operations knowledge to manage fleet fueling sites and create value for customers. The WTG Acquisition also includes three land parcels and nine independent dealer locations.

The total purchase price for the WTG Acquisition was approximately $140.2 million plus the value of inventory at closing. ARKO financed from its own sources approximately $25.2 million of the cash consideration plus the value of inventory and other closing adjustments. The remaining approximately $115 million was funded by funds managed by Oak Street, a Division of Blue Owl Capital ("Oak Street"), as part of the existing agreement between the Company and Oak Street, according to which Oak Street acquired the majority of the real estate assets of the WTG Business concurrently with the closing of the transaction, and the Company now leases such real estate assets from Oak Street for $6.9 million in annual cash payments. As previously reported, on May 2, 2023, the Company amended its existing agreement with Oak Street, and, in addition to the funding for the WTG Acquisition, such agreement currently provides for an aggregate up to $1.5 billion of capacity from the date the amendment was signed through September 30, 2024.

Using estimated forward-looking non-GAAP measures, the Company expects that the WTG Acquisition will add approximately $14.9 million of adjusted EBITDA on an annualized basis after expected synergies.[i]

About ARKO Corp.

ARKO Corp. (Nasdaq: ARKO) is a Fortune 500 company that owns 100% of GPM Investments, LLC and is one of the largest operators of convenience stores and wholesalers of fuel in the United States. Based in Richmond, VA, our highly recognizable family of community brands offers delicious, prepared foods, beer, snacks, candy, hot and cold beverages, and multiple popular quick serve restaurant brands. Our high value fas REWARDS® loyalty program offers exclusive savings on merchandise and gas. We operate in four reportable segments: retail, which includes convenience stores selling merchandise and fuel products to retail customers; wholesale, which supplies fuel to independent dealers and consignment agents; GPM Petroleum, which sells and supplies fuel to our retail and wholesale sites and charges a fixed fee, primarily to our fleet fueling sites; and fleet fueling, which includes the operation of proprietary and third-party cardlock locations, and issuance of proprietary fuel cards that provide customers access to a nationwide network of fueling sites. To learn more about GPM stores, visit: www.gpminvestments.com. To learn more about ARKO, visit: www.arkocorp.com.

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, as well as the expected financial and other results of operations of the WTG Acquisition. 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

We define EBITDA as net income (loss) 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.

EBITDA and Adjusted EBITDA are not recognized terms under GAAP and should not be considered as a substitute for net income (loss) 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, 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.

Media Contact
Andrew Petro
Matter on behalf of ARKO
(978) 518-4531
apetro@matternow.com

Investor Contact
Ross Parman
ARKO Corp.
investors@gpminvestments.com

[i] 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 carve-out nature of this acquisition.

Source: ARKO CORP.