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ARKO to Acquire Fleet Fueling Cardlock and Fuel Distribution Business of Quarles Petroleum

RICHMOND, Va., Feb. 23, 2022 (GLOBE NEWSWIRE) -- ARKO Corp. (Nasdaq: ARKO), one of the largest convenience store operators and petroleum wholesalers in the United States, announced today that GPM, a subsidiary of ARKO, has entered into an agreement with Quarles Petroleum Inc. ("Quarles") for the acquisition of certain assets, including 121 branded and 64 contracted cardlock sites, which are strategically located unmanned fuel sites located on high-traffic corridors in the mid-Atlantic region, at which customers purchase fuel with fleet cards.

Quarles is the largest fleet fueling cardlock operator on the U.S. east coast, with operations in Virginia, North Carolina, Maryland, Pennsylvania, and the District of Columbia. Quarles services a diverse base of commercial customers across multiple industries, meeting their fueling needs at easily accessible commercial sites.

"We believe that this high-volume, 24/7/365 business in prime locations cannot be replicated today, and will drive strategic growth," said Arie Kotler, President and CEO of ARKO. "The acquisition of these assets complements and expands our core wholesale strategy, adding a mature fleet fueling platform and boosting our supply and distribution capabilities within our 33 states and Washington, D.C. fuel supply footprint."

This acquisition is part of ARKO's strategic focus on growth and generating long-term shareholder value with its dual convenience and wholesale platform. At the time of signing an asset purchase agreement, using estimated forward-looking non-GAAP measures, the Company expects that this acquisition will add approximately \$17.3 million of adjusted EBITDA on an annualized basis after incremental rent of approximately \$7.7 million to be paid to Oak Street Real Estate Capital, LLC, the private equity real estate firm who will fund approximately \$130 million of the purchase price.¹ The acquisition will add approximately 200 million gallons to the approximately 2 billion gallons ARKO currently sells annually.

"Quarles has focused on building a commercial fleet fueling business with expanded site access, superior quality fuels and fleet card features that provide fleet operators with a comprehensive fueling solution," said Paul Giambra, President and CEO of Quarles Petroleum. "Quarles and ARKO share a commitment to excellent service and providing the best possible solutions for our customers."

The closing of the transaction is subject to fulfillment of conditions precedent and the completion of various transition planning matters. The transaction is expected to close during the second quarter of 2022. There is no certainty that the transaction will close.

About ARKO Corp.

ARKO Corp. (Nasdaq: ARKO) owns 100% of GPM Investments, LLC and is one of the largest operators of convenience stores 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 three reportable segments: retail, which includes convenience stores selling fuel products and other merchandise to retail customers; wholesale, which supplies fuel to independent dealers and consignment agents; and GPM Petroleum, which sells and supplies fuel to our retail and wholesale sites. To learn more about GPM stores, visit: www.gpminvestments.com. To learn more about ARKO, visit: www.arkocorp.com.

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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 assumes no obligation to update forward-looking information, except as 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.

¹ 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.