UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K/A

(Amendment No. 1)

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 06, 2022

ARKO Corp.

(Exact name of Registrant as Specified in Its Charter)

Delaware	**001-39828**	**85-2784337**
(State or Other Jurisdiction of Incorporation)	**(Commission File Number)**	**(IRS Employer Identification No.)**
8565 Magellan Parkway **Suite 400** **Richmond, Virginia**		**23227-1150**
(Address of Principal Executive Offices)		**(Zip Code)**

Registrant's Telephone Number, Including Area Code: (804) 730-1568

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.0001 par value per share	ARKO	The NASDAQ Stock Market LLC
Warrants, each warrant exercisable for one share of Common Stock at an exercise price of $11.50	ARKOW	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Explanatory Note

This Current Report on Form 8-K/A (this "Amendment") is being filed as an amendment to the Current Report on Form 8-K filed by ARKO Corp., a Delaware corporation ("ARKO"), with the Securities and Exchange Commission on December 8, 2022 (the "Original Form 8-K"). The Original Form 8-K reported, among other matters, the completion of the Company's acquisition (such acquisition and related transactions, the "Pride Acquisition") of all of the issued and outstanding membership interests of Pride Convenience Holdings, LLC ("Pride").

This Amendment amends the Original Form 8-K solely to include the consolidated financial statements of Pride and pro forma financial information required by Items 9.01(a) and 9.01(b) of Form 8-K, respectively. No other amendments are being made to the Original Form 8-K.

Except as set forth in this Amendment, the disclosure contained in the Original Form 8-K remains unchanged, and this Amendment should be read together with the Original Form 8-K, which provides a more complete description of the Pride Acquisition.

The pro forma financial statements included in this Amendment has been presented for informational purposes only, is based on various adjustments and assumptions and is not necessarily indicative of what the Company's consolidated statement of operations or consolidated balance sheet would have been had the Pride Acquisition and other adjustments been completed as of the dates indicated, nor is such information necessarily indicative of what the Company's consolidated statement of operations or balance sheet will be for any future periods.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired.

The audited consolidated financial statements of Pride Stores, LLC and Affiliates as of and for the year ended December 30, 2021 are filed herewith as Exhibit 99.1 to this Current Report on Form 8-K/A and are incorporated herein by reference.

The unaudited consolidated financial statements of Pride Convenience Holdings, LLC and Subsidiaries as of and for the nine months ended September 30, 2022 are filed herewith as Exhibit 99.2 to this Current Report on Form 8-K/A and are incorporated herein by reference.

(b) Pro Forma Financial Information.

Unaudited pro forma condensed combined financial statements for the year ended December 31, 2021 and as of and for the nine months ended September 30, 2022 are filed herewith as Exhibit 99.3 to this Current Report on Form 8-K/A and are incorporated herein by reference.

(d) Exhibits.

Exhibit Number	Description
23.1	Consent of Independent Accountants
99.1	Audited consolidated financial statements of Pride Stores, LLC and Affiliates as of and for the year ended December 30, 2021
99.2	Unaudited consolidated financial statements of Pride Convenience Holdings, LLC and Subsidiaries as of and for the nine months ended September 30, 2022
99.3	Unaudited pro forma condensed combined financial statements for the year ended December 31, 2021 and as of and for the nine months ended September 30, 2022
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

			ARKO Corp.
Date:	February 21, 2023	By:	/s/ Arie Kotler
		Name:	Arie Kotler
		Title:	Chairman, President and Chief Executive Officer

Exhibit 23.1

Consent of Independent Accountants

We consent to the incorporation by reference in the Registration Statements on Form S-8 (File No. 333-261642) and on Form S-3 (File Nos. 333-252302 and 333-252106) of ARKO Corp. of our audit report dated February 9, 2023 as of and for the year ended December 30, 2021 with respect to the consolidated financial statements of Pride Stores, LLC and Affiliates, and of our review report dated February 9, 2023 as of and for the nine months ended September 30, 2022 with respect to the unaudited consolidated financial statements of Pride Convenience Holdings, LLC and Subsidiaries, both of which appear in this Current Report on Form 8-K/A.

/s/ Meyers Brothers Kalicka, P.C.

Meyers Brothers Kalicka, P.C.
Holyoke, Massachusetts
February 21, 2023

Exhibit 99.1

PRIDE STORES, LLC AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED DECEMBER 30, 2021

PRIDE STORES, LLC AND AFFILIATES
CONSOLIDATED FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

To the Members of
Pride Stores, LLC and Affiliates

Opinion

We have audited the accompanying consolidated financial statements of Pride Stores, LLC and Affiliates (the "Companies"), which comprise the consolidated balance sheet as of December 30, 2021, and the related consolidated statement of income, comprehensive income, changes in members' equity and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Pride Stores, LLC and Affiliates as of December 30, 2021, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Pride Stores, LLC and Affiliates and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Pride Stores, LLC and Affiliates ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

•Exercise professional judgment and maintain professional skepticism throughout the audit.

•Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

•Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Pride Stores, LLC and Affiliates internal control. Accordingly, no such opinion is expressed.

•Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

•Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pride Stores, LLC and Affiliates ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Emphasis of Matter - Sale

As discussed in Note 14 of the consolidated financial statements, a majority of the assets and related operations of the Companies were sold on December 31, 2021. Our opinion is not modified with respect to this matter.

/s/ Meyers Brothers Kalicka, P.C.

Meyers Brothers Kalicka, P.C.
Holyoke, Massachusetts
February 9, 2023

PRIDE STORES, LLC AND AFFILIATES

CONSOLIDATED BALANCE SHEET
DECEMBER 30, 2021

ASSETS

Current assets:		
Cash	$	7,293,866
Accounts receivable, trade		3,132,855
Inventories		4,125,438
Other current assets		1,769,996
Total current assets		16,322,155
Property and equipment, net		60,421,472
Total assets	$	76,743,627

LIABILITIES AND MEMBERS' EQUITY

Current liabilities		
Notes payable (Note 6)	$	14,778,317
Accounts payable, trade		8,961,653
Accrued compensation and benefits		4,404,102
Other current liabilities		2,888,916
Total current liabilities		31,032,988
Members' equity		
Members' equity		41,305,010
Non-controlling interests		4,405,629
Total members' equity		45,710,639
Total liabilities and members' equity	$	76,743,627

The accompanying notes are an integral part of these consolidated financial statements.

PRIDE STORES, LLC AND AFFILIATES

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 30, 2021

Revenues		
Fuel revenue	$	222,913,158
Merchandise revenue		53,224,369
Lottery, rental and other revenues		5,158,922
Total revenues		281,296,449
Operating expenses		
Fuel costs		193,708,199
Merchandise costs		35,246,760
Store operating costs		32,258,906
Administrative and general expenses		11,627,578
Depreciation		2,624,821
Interest expense		2,150,614
Total operating expenses		277,616,878
Income before other operating income		3,679,571
Other operating income - gain on sales of property and equipment		5,633,353
Income from operations before state income taxes		9,312,924
State tax expense		622,315
Consolidated net income		8,690,609
Less: net income attributable to non-controlling interests		(1,127,942)
Net income attributable to Pride Stores, LLC	$	7,562,667

The accompanying notes are an integral part of these consolidated financial statements.

PRIDE STORES, LLC AND AFFILIATES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 30, 2021

Consolidated net income	$	8,690,609
Other comprehensive income		
Change in value of interest rate swap		150,568
Consolidated comprehensive income		8,841,177
Less: comprehensive income attributable to the non-controlling interests (including change in swap)		(1,278,510)
Comprehensive income attributable to Pride Stores, LLC	$	7,562,667

The accompanying notes are an integral part of these consolidated financial statements.

PRIDE STORES, LLC AND AFFILIATES

CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY
FOR THE YEAR ENDED DECEMBER 30, 2021

	Non-Controlling Interests	Members' Equity	Total
Balance, beginning of year	$ 4,003,190	$ 36,675,121	$ 40,678,311
Net income	1,127,942	7,562,667	8,690,609
Other comprehensive income	150,568	-	150,568
Distributions to members	(876,071)	(2,932,778)	(3,808,849)
Balance, December 30, 2021	$ 4,405,629	$ 41,305,010	$ 45,710,639

There was no accumulated other comprehensive income as of December 30, 2021.

The accompanying notes are an integral part of these consolidated financial statements.

PRIDE STORES, LLC AND AFFILIATES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 30, 2021

Cash flows from operating activities		
Net income from Pride Stores, LLC	$	7,562,667
Adjustments to reconcile net income to net cash provided by operating activities:		
Net income attributable to non-controlling interests		1,127,942
Depreciation		2,624,821
Gain on sales of property and equipment		(5,633,353)
Net changes in operating assets and liabilities:		
Accounts receivable, trade		(63,394)
Inventories		(371,353)
Other current assets		(241,017)
Accounts payable		2,148,869
Accrued compensation and benefits		4,404,102
Other current liabilities		2,146,117
Net cash provided by operating activities		13,705,401
Cash flows from investing activities		
Capital expenditures		(9,769,461)
Proceeds from sales of property and equipment		9,322,367
Purchase of investments		(5,036,989)
Sale of investments		11,832,454
Net cash provided by investing activities		6,348,371
Cash flows from financing activities		
Distributions to members		(3,808,849)
Repayments of notes payable		(11,897,204)
Net cash used in financing activities		(15,706,053)
Net increase in cash		4,347,719
Cash, beginning of year		2,946,147
Cash, end of year	$	7,293,866

Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	$	1,250,130
State taxes		78,315

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 30, 2021

1.Nature of business:

The consolidated financial statements include the following companies:

Two Trusts and an operating entity were established in 2012. One Trust owns all of the real estate included in Pride Convenience, Inc. and Pride Plazas, Inc. The other Trust owns all the real estate included in Pride Limited Partnership. The operating entity, Pride Stores, LLC owns all of the operating assets of Pride Convenience, Inc.

Pride Stores, LLC ("PSL") leases and operates retail gasoline stations and related convenience stores and liquor stores within Western Massachusetts and Northern Connecticut from affiliates. During 2021, PSL operated approximately 30 retail gasoline stations and convenience stores and two liquor stores. It also provides administrative support and management services to its affiliates. In addition, PSL provides construction and maintenance related services to its affiliates.

Pride Convenience, Inc. ("PCI") owns 14 retail gasoline stations and convenience stores which are leased to PSL.

Pride Plazas, Inc. ("PPI") owns two commercial rental properties and one retail gasoline station within Western Massachusetts. A small percentage of offices are leased to PSL.

Fleet Operations, Inc. ("FOI") owns transportation equipment and provides transportation services, primarily to PSL. As FOI primarily provides transportation services to Pride Stores, LLC, all FOI revenues are eliminated in the consolidated statement of income.

Pride Limited Partnership ("PLP") owns 21 properties within Western Massachusetts and Northern Connecticut which are leased to PSL and other third parties.

Pride CT, Inc. ("PCT") sells gasoline to PSL's Connecticut locations. As PCT buys and sells fuel to PSL, all PCT revenues are eliminated in the consolidated statement of income.

As of and for the year ended December 30, 2021, assets and revenues by entity were as follows:

	Assets	As a % of Consolidated Assets	Revenues	As a % of Consolidated Revenues
Pride Stores, LLC	$ 49,262,915	64%	$ 280,016,274	100%
Pride Convenience, Inc.	2,938,418	4%	83,433	0%
Pride Plazas, Inc.	9,229,633	12%	275,004	0%
Fleet Operations, Inc.	299,703	0%	-	0%
Pride CT, Inc.	765,996	1%	-	0%
Pride Limited Partnership	14,246,962	19%	921,738	0%
Total	$ 76,743,627	100%	$ 281,296,449	100%

2. Summary of significant accounting policies:

Principles of consolidation

The consolidated financial statements include the accounts of Pride Stores, LLC, and any variable interest entities ("VIEs") in which PSL is the primary beneficiary, including PCI, PPI, FOI, PLP and PCT, collectively referred to as "the Companies." All significant intercompany accounts and transactions have been eliminated.

The Companies follow accounting guidance related to consolidation of VIEs as required by the Financial Accounting Standards Board ("FASB"). The guidance requires an entity to analyze whether its variable interest gives it a controlling interest of a VIE and outlines what defines a primary beneficiary. The approach is qualitative in nature and focuses on identifying which company has both the power to direct the activities of a VIE that most significantly impact the entity's economic performance and the obligation to absorb losses of the entity or the right to receive benefits from the entity.

Fiscal year

The Companies' fiscal year for financial reporting is the 52 or 53 week period ending on the Saturday closest to December 31st. Due to the subsequent event as further described in Note 14, the fiscal year for financial reporting for 2021 is for the year ended December 30, 2021.

Accounts receivable

The Companies extend secured and unsecured credit to their customers in the ordinary course of business and record its receivable balance at the aggregate unpaid amount. The Companies continually monitor the accounts receivable for collectability and contacts the customers regarding any amounts over specified terms to assure collectability and adherence with prescribed credit limits and terms. Credit terms vary depending on the type of products being sold, the type of customer and the assessment of credit risk as defined by the Companies. In the event that service charges are applied, they begin accruing on the day after the invoice due date and typically accrue at 18% per annum or 1 ½ percent per month.

In the event that an accounts receivable balance becomes suspect, collection efforts are increased by way of additional customer contact, delivery restrictions and in extreme cases, collection attorneys.

The Companies consider accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required as of year end.

Inventories

Inventories are valued at the lower of cost or net realizable value. Cost of merchandise and fuel for resale inventories are determined by the first-in, first out ("FIFO") method.

2. Summary of significant accounting policies: (continued)

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Expenditures for additions, renewals, and betterments are capitalized. Expenditures for routine maintenance and repairs are charged to expense as incurred. Upon retirement or disposal of property and equipment, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is included in income. Depreciation is computed over the estimated useful lives of the assets for financial reporting purposes as follows:

	Years
Buildings and improvements	20-40
Machinery, equipment and computers	5-15
Transportation equipment and trucks	5-10

Long-lived assets

Identifiable long-lived assets are assessed for impairment at least annually and whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Important factors which could trigger an impairment review include significant underperformance relative to historical or projected future operating results, significant changes in the use of the acquired assets or the strategy for the overall business, and significant negative industry or economic trends. If indicators of impairment are present, management evaluates the carrying value of property and equipment in relation to the projection of future undiscounted cash flows of the underlying assets. Projected cash flows are based on historical results adjusted to reflect management's best estimate of future market and operating conditions which may differ from actual cash flow. No losses were recorded in 2021.

Derivative instruments

The Companies used derivatives to manage risks related to interest rate movements. Interest rate swap contracts designated and qualifying as cash flow hedges are reported at fair value. The gain or loss on the effective portion of the hedge initially is included as a component of other comprehensive income and is subsequently reclassified into earnings when interest on the related debt is paid. The Companies document their risk management strategy and hedge effectiveness at the inception of and during the term of each hedge. The Companies' interest rate risk management strategy is to stabilize cash flow requirements by maintaining interest rate swap contracts to convert variable-rate debt to a fixed rate. Effective November 22, 2021, the related debt was paid off resulting in the interest rate swap being eliminated.

2. Summary of significant accounting policies: (continued)

Revenue recognition

The Companies recognize revenue in the following manner:

Fuel revenue

Revenue from the sale of motor and commercial fuels is recognized at the point of sale or delivery as the performance obligation is deemed to be fulfilled and the customer takes ownership of the fuel and assumes the risk of loss. This revenue stream represents 79% of total revenues for the year ended December 30, 2021.

Merchandise revenue

Revenue from the sale of retail merchandise, meals, and beverages are recognized at the point of sale as the performance obligation is deemed to be fulfilled and the customer takes ownership of the merchandise, meal or beverages. This revenue stream represents 19% of total revenues for the year ended December 30, 2021.

Lottery, rental and other revenues

Lottery, rental and other revenues include net lottery sales, rental income, ATM surcharges, and parking booth income. Revenue is recognized at the point of sale for lottery tickets, ATM surcharges and parking booth income. Rental income is recognized monthly as the tenant utilizes the space. This revenue stream represents approximately 2% of total revenues for the year ended December 30, 2021.

Unredeemed gift certificates

Unredeemed gift certificates represent a contract liability established upon the purchase of gift certificates. Revenue from the sale of the gift certificates is recognized over time as they are redeemed, and the performance obligation is fulfilled. Breakage of gift certificates is assessed annually. At December 30, 2021, there were unredeemed gift certificates of $377,428, included in other current liabilities on the consolidated balance sheet.

Presentation of sales and fuels taxes

The States of Massachusetts and Connecticut impose sales tax of 6.25% and 6.35%, respectively, on all of the Companies' sales to non-exempt customers. The Companies collect the sales tax from customers and remit the entire amount to the States. The Companies' accounting policy for retail fuel sales tax is to include the tax collected and remitted to the States in retail fuel revenues and cost of sales.

The Companies' accounting policy for convenience store sales tax is to exclude the tax collected and remitted to the States from convenience store revenues and cost of sales.

The Companies report fuels taxes on sales transactions on a gross basis in the consolidated statement of income (included in both fuel revenue and fuel costs). Sales and operating revenue included sales-based taxes of approximately $36,100,000 for the year ended December 30, 2021.

2. Summary of significant accounting policies: (continued)

Income tax
PCI, PPI, PCT and FOI, with the consent of their stockholders, have elected under the Internal Revenue Code to be S Corporations. In lieu of corporation income taxes, the stockholders are taxed on their proportionate share of the Companies' taxable income. Therefore, no provision or liability for federal income taxes has been included in the consolidated financial statements. Under provisions of the Massachusetts Tax Code, PCI, PPI, PCT and FOI are taxed at a reduced rate of 3%, if sales exceed $9,000,000 plus a tangibles tax. Accordingly, PCI, PPI, PCT and FOI recognize an expense and liability for the state of Massachusetts tax.

The State of Connecticut requires a pass-through entity ("PET") tax to be paid by the Companies at a rate of 7% for any Connecticut taxable income. The Companies have recorded this expense and liability in the consolidated financial statements.

The state of Massachusetts allows the Companies to elect a pass-through entity ("PTE") tax to be paid by the Companies at a rate of 5% for any Massachusetts taxable income. This tax was applicable in 2021. The Companies elected to file an entity tax return and have recorded this expense and liability in the consolidated financial statements.

PLP and PSL are organized as a limited partnership and a limited liability corporation, respectively, and are not taxed on their net income. The partners are liable for their taxes on their proportionate share of taxable income. No provision for federal income taxes is included for PLP and PSL. PLP and PSL have also elected to file Mass PTE tax returns and this tax expense and liability are included in these consolidated financial statements

The Companies have provisions for these state taxes of $622,315 for the year ended December 30, 2021.

Uncertain tax positions
Management has evaluated significant material tax positions against the criteria established by professional standards and believes there are no such tax positions requiring accounting recognition. The Companies' tax returns are subject to examination by taxing authorities for all years ended on or after December 31, 2018.

Deferred income taxes
Deferred taxes are calculated for certain transactions and events because of differing treatments under generally accepted accounting principles in the United States of America and the currently enacted tax laws of the State government. The cumulative effect of these temporary differences results in the recognition and measurement of deferred tax assets and liabilities in the accompanying consolidated balance sheet. The most significant difference relates to depreciation expense. A valuation allowance would be established to reduce deferred tax assets if it is more likely than not that all, or some portion of such deferred tax assets will not be realized.

Comprehensive income
The Companies' comprehensive income consists of net income and changes in fair value of the interest rate swap. Effective November 22, 2021, the related debt was paid off and the swap was terminated.

2. Summary of significant accounting policies: (continued)

Freight expense
It is the policy of the Companies to expense freight as incurred. Such amounts are included in fuel costs.

Advertising
The Companies expense advertising costs as incurred. Advertising expense for the year ended December 30, 2021 was $276,970.

Use of estimates
The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Recent accounting standards
In February 2016, the FASB issued accounting standards update (“ASU”) *2016-02, Leases*. As part of this new standard, there are significant changes that call for the treatment of current operating leases as capital leases, resulting in recognition by the lessee (the Companies) of a lease liability and a corresponding right-of-use asset. The lessor will recognize an asset representing its right to receive payments. The Companies are not required to apply the new standard until years beginning after December 15, 2021 (effective fiscal year ending December 31, 2022). The Companies may also early adopt the new standard. In preparation of this standard, management will be reviewing and evaluating all leases and reviewing its capitalization policy.

3.Accounting for variable interest entities ("vies"):

Generally accepted accounting principles provide a framework for identifying VIEs and determining when a company should include the assets, liabilities, noncontrolling interests and results of activities of any VIEs in its consolidated financial statement.

VIEs are primarily entities that (a) lack sufficient equity to finance their activities without additional subordinated financial support from other parties; (b) or whose equity holders as a group lack certain power, obligations or rights or (c) the equity holders do not have the obligation to absorb losses or the right to receive returns generated by its operations.

Consolidation of a VIE is required if a party with an ownership, contractual or other financial interest in the VIE (“a variable interest holder”) has both of the following characteristics: (1) has the power to direct the activities of the VIE that most significantly impact the VIE’s economic performance and (2) is obligated to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. A variable interest holder that consolidates the VIE is called the primary beneficiary.

Management has determined that PCI, PPI, FOI, PCT, and PLP are VIEs and that PSL is the primary beneficiary because PSL has the power to direct the activities of the VIE that most significantly impact the VIE’s economic performance. The affiliates of PSL are considered VIEs due to various intercompany financing, management, leasing and sales transactions with PSL.

3.Accounting for variable interest entities ("vies"): (continued)

The following table represents the VIEs' summarized balance sheet as of December 30, 2021, which have been consolidated in this financial statements:

	At December 30, 2021		
	Real Estate and Leasing	Fuel and Transportation	Total
Current assets	$ -	$ 619,456	$ 619,456
Property and equipment, net	59,857,914	446,243	60,304,157
Other assets (1)	1,585,763	-	1,585,763
Total assets	$ 61,443,677	$ 1,065,699	$ 62,509,376
Current liabilities (3)	$ 52,504,900	$ 787,079	$ 53,291,979
Long-term liabilities (1)	1,585,763	-	1,585,763
Total liabilities	54,090,663	787,079	54,877,742
Members' equity (2)	7,353,014	278,620	7,631,634
Total liabilities and members' equity	$ 61,443,677	$ 1,065,699	$ 62,509,376

(1) The balance of other assets and long-term liabilities includes $1,585,763 of intercompany notes receivables/payables which are eliminated in consolidation.

(2) The balance of members' equity includes $3,226,005 of equity which is eliminated in consolidation.

(3) Over $42,500,000 of this balance is eliminated in consolidation.

4. Inventories:

Inventories are comprised of the following at December 30, 2021:

Fuel for resale	$ 2,217,299
Merchandise for resale	1,908,139
Total inventories	$ 4,125,438

5. Property and equipment:

Major classes of property and equipment consist of the following at December 30, 2021:

Land and improvements	$ 41,436,963
Buildings and improvements	15,167,688
Machinery, equipment and computers	34,723,534
Transportation equipment and trucks	3,090,007
Total cost	94,418,192
Less: accumulated depreciation	(37,572,269)
Construction in progress	3,575,549
Property and equipment, net	$ 60,421,472

5. Property and equipment: (continued)

Depreciation expense was $2,624,821 for the year ended December 30, 2021.

Construction in progress at December 30, 2021 is associated with construction and improvements of retail gasoline stations and convenience stores. The estimated cost to complete these projects is $450,000 and all projects are expected to be ongoing through 2023.

6. Notes payable:

Notes payable consists of the following at December 30, 2021:

Note payable with an original balance of $25,500,000, due in 10 years on October 31, 2023; amortized based on a 15 year amortization; payable in monthly principal and interest installments of $215,490; interest is at a fixed rate of 5.94%. Guaranteed by a member and collateralized by certain assets of the Companies including real estate.	$	6,622,779
Note payable with an original balance of $10,000,000, due on December 28, 2025; amortized based on a 15 year amortization; payable in monthly principal and interest installments of $83,106; interest is at a fixed rate of 5.68%. In the event of prepayment of the note, a prepayment penalty based on the yield maintenance calculation will be assessed. Guaranteed by a member and collateralized by certain assets of the Companies including real estate.		8,155,538
Total notes payable, current	$	14,778,317

The agreements with the banks require that the Companies maintain certain financial and reporting covenants, the most restrictive is a minimum debt service coverage ratio of 1.25 to 1 and a tangible leverage ratio of no more than 3 to 1.

On December 31, 2021, the Companies subsequently paid off the balance of these notes with proceeds from the sale of the Companies as described in Note 14 and incurred a prepayment penalty of $824,145 which is included in interest expense.

7. Environmental liabilities:

The Companies have been designated as Potentially Responsible Parties ("PRP") and are, therefore, subject to liability for environmental remediation costs under the Massachusetts contingency plan. The Massachusetts contingency plan was developed to regulate the assessment and remediation of releases of petroleum products. The Companies are required to perform site remediation at certain facilities.

The Companies have accrued their best estimate of their remaining obligation with respect to these sites and have established a reserve of $500,000 at December 30, 2021, which is included in other current liabilities. Such accruals are adjusted as further information develops or circumstances change. Costs of future expenditures for environmental remediation obligations are not discounted to their present value. Recoveries of environmental costs from other parties are recorded when their receipt is deemed probable. While management believes the reserve is adequate, but not excessive, future facts and circumstances could impact management's assessment of the required reserve level.

The Companies are eligible for reimbursement from the State of Massachusetts 21J fund for costs incurred. As of December 30, 2021, the State had approved reimbursements to the Companies of $140,848, which is reflected in other current assets.

8. Lease income:

The Companies rent buildings and space to tenants on a month-to-month and long-term basis. Total rental income under the arrangements amounted to approximately $1,795,000 for the year ended December 30, 2021. Rental income consists of base rent as well as a percentage of gross receipts for certain tenants.

As a result of the sale of the Companies subsequent to year end as described in Note 14, the disclosure of anticipated rental income for the next five years is not considered necessary.

9. Operating leases:

The Companies have various operating lease agreements for buildings and equipment with terms ranging from 5 to 11 years. Net rent expense for these leases for the year ended December 30, 2021 was approximately $947,000.

As a result of the sale of the Companies subsequent to year end as described in Note 14, the disclosure of future minimum rental payments for the next five years is not considered necessary.

10. Retirement plan:

The Companies maintain a defined contribution 401(k) profit sharing plan (the "Plan"), covering substantially all employees, which provides for discretionary contributions based on eligible compensation. This Plan was closed to new entrants in 2006. The Companies made no contributions for the year ended December 30, 2021.

11. Franchise agreements:

The Companies have franchise agreements with Subway to operate fifteen Subway restaurants at retail convenience stores owned by the Companies for the year ended December 30, 2021.

The Subway agreements require payment of a franchise fee of 8% and an advertising fee of approximately 5% of gross revenues for each of the Subway restaurants. The franchise and advertising fees amounted to approximately $260,000 for the year ended December 30, 2021. The agreements expire through February 2035.

12. Concentrations:

Credit risk
The Companies maintain their cash balances in financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to $250,000. At various times during the year, balances may exceed the insured amounts. The Companies have not experienced any losses on these accounts and believe they are not exposed to any significant credit risk on cash.

Suppliers
The Companies purchased 78% of fuel for resale from one supplier for the year ended December 30, 2021.

13. Contingencies:

The Companies, from time to time, are party to various legal proceedings incidental to their business. Management believes that none of these legal proceedings will have a material adverse effect on the Companies consolidated financial position, results of operations or liquidity.

14. Subsequent events:

On December 23, 2021, the Companies entered into an Asset Purchase Agreement with a buyer to sell a majority of its operations including convenience stores and gas stations for approximately $245,900,000. The closing was consummated on December 31, 2021. Acquisition-related costs of approximately $400,000 are included in operating expenses in the Company's consolidated income statement for the year ended December 30, 2021.

On December 6, 2022, the buyer then sold all of its interests in the operating entities to an unrelated third party.

Management has evaluated subsequent events through February 9, 2023, the date which the consolidated financial statements were available to be issued.

Exhibit 99.2

PRIDE CONVENIENCE HOLDINGS, LLC
AND SUBSIDIARIES
(UNAUDITED)
CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2022
AND
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

PRIDE CONVENIENCE HOLDINGS, LLC AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Member of
Pride Convenience Holdings, LLC and Subsidiaries

We have reviewed the accompanying consolidated financial statements of Pride Convenience Holdings, LLC and Subsidiaries (the “Companies”), which comprise the consolidated balance sheet as of September 30, 2022, and the related consolidated statements of income, changes in member’s equity, and cash flows for the nine months then ended, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

Management’s Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Accountants’ Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the consolidated financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Pride Convenience Holdings, LLC and Subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Sale

As discussed in Note 15 of the consolidated financial statements, the Companies were sold on December 6, 2022. Our conclusion is not modified with respect to this matter.

/s/ Meyers Brothers Kalicka, P.C.

Meyers Brothers Kalicka, P.C.
Holyoke, Massachusetts
February 9, 2023

PRIDE CONVENIENCE HOLDINGS, LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET (UNAUDITED)
SEPTEMBER 30, 2022

See Independent Accountants' Review Report

ASSETS

Current assets		
Cash	$	4,879,031
Accounts receivable, trade		5,036,940
Inventories		4,746,328
Other current assets		1,273,729
Total current assets		15,936,028
Non-current assets		
Property and equipment, net		74,526,909
Goodwill		102,715,000
Other intangible assets		52,124,000
Total assets	$	245,301,937

LIABILITIES AND MEMBER'S EQUITY

Current liabilities		
Accounts payable, trade	$	10,130,500
Accrued compensation and benefits		600,922
Other current liabilities		1,195,664
Borrowings under line of credit		2,250,000
Notes payable (Note 7)		79,551,911
Total current liabilities		93,728,997
Member's equity		151,572,940
Total liabilities and member's equity	$	245,301,937

The accompanying notes are an integral part of these consolidated financial statements.

PRIDE CONVENIENCE HOLDINGS, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

See Independent Accountants' Review Report

Revenues		
Fuel revenue	$	245,494,518
Merchandise revenue		43,912,517
Lottery, rental and other revenues, net		4,636,048
Total revenues		294,043,083
Operating expenses		
Fuel costs		214,413,244
Merchandise costs		31,574,093
Store operating expenses		25,008,027
General and administrative expenses		6,401,522
Depreciation		1,923,373
Interest expense		2,659,138
Goodwill impairment charge		10,500,000
Total operating expenses		292,479,397
Income before other operating income		1,563,686
Other operating income - Gain on sales of property and equipment		116,352
Consolidated net income	$	1,680,038

The accompanying notes are an integral part of these consolidated financial statements.

PRIDE CONVENIENCE HOLDINGS, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN MEMBER'S EQUITY (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

See Independent Accountants' Review Report

		Member's Equity
Balance, January 1, 2022 **-** equity contribution for acquisition	$	242,101,061
Net income		1,680,038
Member's contributions		4,850,000
Return of capital to member		(85,908,159)
Member's distributions		(11,150,000)
Balance, September 30, 2022	$	151,572,940

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

See Independent Accountants' Review Report

Cash flows from operating activities		
Net income	$	1,680,038
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation		1,923,373
Write-off and amortization of debt issuance costs		1,531,822
Gain on sales of property and equipment		(116,352)
Goodwill impairment charge		10,500,000
Net changes in operating assets and liabilities, excluding the acquisition:		
Accounts receivable, trade		(5,036,940)
Inventories		(646,398)
Other current assets		219,141
Accounts payable		10,130,500
Accrued compensation and benefits		600,922
Other current liabilities		894,869
Net cash provided by operating activities		21,680,975
Cash flows from investing activities		
Payment due for acquisition		(3,846,595)
Purchase of property and equipment		(2,720,426)
Proceeds from sale of property and equipment		796,352
Net cash used in investing activities		(5,770,669)
Cash flows from financing activities		
Net borrowings on line of credit		2,250,000
Member's return of capital, net of contributions of $4,850,000		(81,058,159)
Member's distributions		(11,150,000)
Debt issuance costs		(1,531,822)
Proceeds from notes payable		80,551,911
Repayments of notes payable		(1,000,000)
Net cash used in financing activities		(11,938,070)
Net increase in cash		3,972,236
Cash, beginning of period		906,795
Cash, end of period	$	4,879,031
Supplemental disclosure of cash flow information		
Cash paid during the period for:		
Interest	$	1,127,316

The accompanying notes are an integral part of these consolidated financial statements.

1.Nature of business:

The consolidated financial statements include the following companies:

Pride Convenience Holdings, LLC. ("PCH") was established in October 2021 as a single member Limited Liability Company which is owned 100% by Pride Parent, LLC. PCH is the single member owner of the following operating limited liability companies:

Pride Operating, LLC. ("POL") formed in November 2021, leases and operates retail gasoline stations and related convenience stores and liquor stores within Western Massachusetts and Northern Connecticut from an affiliate. During 2022, POL operated 31 retail gasoline stations and convenience stores, 3 with a large diesel footprint to service commercial truckers and 1 liquor store.

Pride Real Estate, LLC. ("PRE") formed in October 2021, owns 29 retail gasoline stations and convenience stores which are leased to POL. In addition, PRE leases 2 locations from third parties that it subleases to POL.

Pride Logistics, LLC. ("PLL") formed in December 2021, owns transportation equipment and provides transportation services, exclusively to POL. As PLL provides transportation services to POL, all PLL revenues are eliminated in the consolidated statement of income.

Pride Transportation, LLC. ("PTL") formed in October 2021, sells gasoline exclusively to POL's Connecticut locations. As PTL buys and sells fuel to POL, all PTL revenues are eliminated in the consolidated statement of income.

Pride Management, LLC. ("PML") formed in October 2021, provides payroll services to the consolidated group.

All entities are referred to as "the Companies", within these financial statements.

As of and for the nine months ended September 30, 2022, assets and revenues by entity were as follows:

		Assets	As a % of Consolidated Assets		Revenues	As a % of Consolidated Revenues
POL	$	176,906,604	72.1%	$	294,043,083	100%
PRE		64,126,700	26.1%		-	0%
PLL		1,830,221	0.7%		-	0%
PTL		1,940,237	0.8%		-	0%
PML		498,175	0.2%		-	0%
Total	$	245,301,937	100.0%	$	294,043,083	100%

2. Summary of significant accounting policies:

Principles of consolidation

The consolidated financial statements include the accounts of Pride Convenience Holdings, LLC and Subsidiaries (Pride Operating, LLC, Pride Real Estate, LLC, Pride Logistics, LLC, Pride Transportation, LLC and Pride Management, LLC). All significant intercompany accounts and transactions have been eliminated.

Accounts receivable, trade

The Companies extend secured and unsecured credit to their customers in the ordinary course of business and record its receivable balance at the aggregate unpaid amount. The Companies continually monitor the accounts receivable for collectability and contacts the customers regarding any amounts over specified terms to assure collectability and adherence with prescribed credit limits and terms. Credit terms vary depending on the type of products being sold, the type of customer and the assessment of credit risk as defined by the Companies. In the event that service charges are applied, they begin accruing on the day after the invoice due date and typically accrue at 18% per annum or 1½ % per month.

In the event that an accounts receivable balance becomes suspect, collection efforts are increased by way of additional customer contact, delivery restrictions and in extreme cases, collection attorneys.

The Companies consider accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required as of September 30, 2022.

Inventories

Inventories are valued at the lower of cost or net realizable value. All fuel for resale inventories and cost of merchandise for resale inventories are determined by the first-in, first out ("FIFO") method.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Expenditures for additions, renewals, and betterments are capitalized. Expenditures for routine maintenance and repairs are charged to expense as incurred. Upon retirement or disposal of property and equipment, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is included in income. Depreciation is computed over the estimated useful lives of the assets for financial reporting purposes as follows:

	Years
Buildings	40
Improvements	10
Machinery and equipment	5-10
Computers	3
Transportation equipment and trucks	7

2. Summary of significant accounting policies: (continued)

Impairment of long-lived assets

Identifiable long-lived assets are assessed for impairment at least annually and whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Important factors which could trigger an impairment review include significant underperformance relative to historical or projected future operating results, significant changes in the use of the acquired assets or the strategy for the overall business, and significant negative industry or economic trends. If indicators of impairment are present, management evaluates the carrying value of property and equipment in relation to the projection of future undiscounted cash flows of the underlying assets. During October 2022, management entered into a purchase and sale agreement to sell the acquired interests of the Companies. The sale took place on December 6, 2022. Management evaluated the carrying value of the assets and determined there was a decline in value as the net book value of the underlying assets exceeded the selling price of the assets. An impairment charge against goodwill of approximately $10,500,000 was recorded during the nine months ended September 30, 2022.

Goodwill and other long-lived assets

The Companies account for goodwill and other indefinite life intangibles pursuant to ASC Topic 350, *Goodwill and Other Intangible Assets (ASC 350).* Under ASC 350, goodwill and intangible assets that have indefinite lives are required to be tested at least annually for impairment or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Companies had the following intangibles as of September 30, 2022:

Goodwill	$	102,715,000
Trade name		52,084,000
Franchise fees		40,000
Total	$	154,839,000

The Companies have elected not to amortize Goodwill. The trade name has an indefinite economic life therefore the Companies have not computed amortization on that asset. Franchise fees are amortized over the life of the agreement (36 years) using the straight-line method.

As noted above, there was an impairment charge of approximately $10,500,000 to Goodwill as of September 30, 2022. There were no impairment indicators related to other intangible assets (Trade Name and Franchise Fees) at September 30, 2022.

Debt issuance costs

Debt issuance costs incurred in connection with the issuance of notes payable are capitalized and amortized to expense over the term of the related debt. As a result of the sale of the Companies on December 6, 2022, as more fully described in Note 15, the remaining unamortized balance of $1,455,231 has been written off and is included in amortization expense for the nine months ended September 30, 2022. Total amortization expense and write-off for the nine months ended September 30, 2022 was $1,531,822 and is included in interest expense on the consolidated statement of income.

2. Summary of significant accounting policies: (continued)

Revenue recognition
The Companies recognize revenue in the following manner:

Fuel revenue
Revenue from the sale of motor and commercial fuels is recognized at the point of sale or delivery as the performance obligation is deemed to be fulfilled and the customer takes ownership of the fuel and assumes the risk of loss. This revenue stream represents approximately 83% of total revenues for the nine months ended September 30, 2022.

Merchandise revenue
Revenue from the sale of retail merchandise, meals, and beverages are recognized at the point of sale as the performance obligation is deemed to be fulfilled and the customer takes ownership of the merchandise, meal or beverages. This revenue stream represents approximately 15% of total revenues for the nine months ended September 30, 2022.

Lottery, rental and other revenues
Lottery, rental and other revenues include net lottery sales, rental income, ATM surcharges, and parking booth income. Revenue is recognized at the point of sale for lottery tickets, ATM surcharges and parking booth income. Rental income is recognized monthly as the tenant utilizes the space. This revenue stream represents approximately 2% of total revenues for the nine months ended September 30, 2022.

Unredeemed gift certificates
Unredeemed gift certificates represent a contract liability established upon the purchase of gift certificates. Revenue from the sale of the gift certificates is recognized over time as they are redeemed, and the performance obligation is fulfilled. Breakage of gift certificates is assessed annually. At September 30, 2022, there were unredeemed gift certificates of $269,844, included in other current liabilities on the consolidated balance sheet.

Presentation of sales and fuels taxes
The States of Massachusetts and Connecticut impose sales tax of 6.25% and 6.35%, respectively, on all of the Companies' sales to non-exempt customers. The Companies collect the sales tax from customers and remit the entire amount to the States. The Companies' accounting policy for retail fuel sales tax is to include the tax collected and remitted to the States in retail fuel revenues and cost of sales.

The Companies' accounting policy for convenience store sales tax is to exclude the tax collected and remitted to the States from convenience store revenues and cost of sales.

The Companies report fuels taxes on sales transactions on a gross basis in the consolidated statements of income (included in both net sales and cost of sales). Sales and operating revenue included purchased-based taxes of approximately $27,000,000 for the nine months ended September 30, 2022 .

Income tax
Pride Convenience Holdings, LLC is organized as a limited liability company ("LLC") and is taxed as a partnership. As such, the members are liable of federal and state income taxes on their respective share of income. Accordingly, no provision or liability for federal and state income taxes are included in these consolidated financial statements.

The state of Connecticut requires a pass-through entity tax ("PTE") to be paid by the Companies at a rate of 7% on all Connecticut source taxable income. There was no Connecticut taxable income for the nine months ended September 30, 2022.

2.Summary of significant accounting policies: (continued)

Uncertain tax positions
Management has evaluated significant material tax positions against the criteria established by professional standards and believes there are no such tax positions requiring accounting recognition. The Companies' tax returns will be subject to examination by taxing authorities.

Freight expense
It is the policy of the Companies to expense freight as incurred. Such amounts are included in fuel costs.

Advertising
The Companies expense advertising costs as incurred. Advertising expense for the nine months ended September 30, 2022 was $70,347.

Use of estimates
The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Recent accounting standards
In February 2016, the FASB issued accounting standards update ("ASU") *2016-02, Leases*. As part of this new standard, there are significant changes that call for the treatment of current operating leases as capital leases, resulting in recognition by the lessee (the Companies) of a lease liability and a corresponding right-of-use asset. The lessor will recognize an asset representing its right to receive payments. Companies are required to apply the new standard for periods beginning January 1, 2022. Transition guidance delays the requirements until 2023 for interim reporting and thus is not reflected in these consolidated financial statements. In preparation of this standard, management reviewed and evaluated all leases and reviewed its capitalization policy.

3.Business combination:

On December 31, 2021, the Companies entered into a Purchase Agreement with the owner of Pride Stores, LLC and Affiliates (the "Seller"). The Seller is engaged in the business of operating retail gasoline stations and related convenience and liquor stores within Massachusetts and Connecticut.

There are no acquisition-related costs included in operating expenses in the Companies' consolidated statement of income for the nine months ended September 30, 2022.

The Companies determined the fair values of the assets acquired and liabilities assumed with the assistance of a third-party valuation firm. Intangible assets recorded on the acquisition date include the trade name and franchise fees. These values were $52,084,000 and $40,000, respectively. The value of the trade name was determined using the relief from royalty method under the income approach. For the remaining assets and liabilities, the cost method was used to determine their respective values. The residual amount of the purchase price was allocated to goodwill in the amount of $113,215,000.

3. Business combination: (continued)

The following table summarizes the consideration paid to the Seller and the amounts of the assets acquired and liabilities assumed at the acquisition date:

Cash paid (equity infusion by member)	$	242,101,061
Payable to seller for post closing true up		3,846,595
Total consideration paid	$	245,947,656
Recognized amounts of identifiable assets acquired and liabilities assumed:		
Inventories	$	4,099,930
Cash		906,795
Prepaid expenses/other assets		1,492,870
Intangible assets		52,124,000
Property and equipment		74,548,000
Total assets acquired		133,171,595
Liabilities assumed		(438,939)
Total identifiable net assets		132,732,656
Goodwill		113,215,000
Total	$	245,947,656

4. Inventories:

Inventories are comprised of the following at September 30, 2022:

Fuel for resale	$	1,974,121
Merchandise for resale		2,772,207
Total inventories	$	4,746,328

5. Property and equipment:

Major classes of property and equipment consist of the following at September 30, 2022:

Land and improvements	$	36,585,000
Buildings and improvements		22,647,000
Machinery, equipment and computers		13,891,146
Transportation equipment and trucks		1,199,462
Total cost		74,322,608
Less: accumulated depreciation		(1,923,373)
Construction in progress		2,127,674
Property and equipment, net	$	74,526,909

Depreciation expense was $1,923,373 for the nine months ended September 30, 2022.

5. Property and equipment: (continued)

Construction in progress at September 30, 2022 includes several projects the Companies are currently working on, the largest being two new stations under development. The estimated cost to complete these projects is $9,600,000 and all projects are expected to be ongoing throughout 2023.

6. Borrowings under line of credit:

The Companies have a revolving line of credit with maximum borrowings of $15,000,000. Interest is payable monthly based on the 30-Day Security Overnight Financing Rate ("SOFR") rate plus a fixed margin. The SOFR rate was 3.134% and the fixed margin was 2.5% for a total rate of 5.634% at September 30, 2022.

Borrowings on this line of credit are collateralized by certain assets of the Companies including real estate. The outstanding balance at September 30, 2022 was $2,250,000. The agreement with the bank requires that the Companies maintain certain financial and reporting covenants on a quarterly and annual basis, the most restrictive is a minimum debt service coverage ratio of 1.30 to 1 and a lease adjusted leverage ratio of no more than 5.75 to 1.

In December 2022, the Companies subsequently paid off any outstanding balance on the line of credit with proceeds from the sale of the Companies, as described in Note 15.

7. Notes payable:

Notes payable consists of the following at September 30, 2022:

Note payable with an original balance of $80,000,000 due in 5 years on June 30, 2027; payable in quarterly fixed principal payments of $1,000,000 beginning September 30, 2022, interest is payable monthly based on the 30-Day SOFR rate plus a fixed margin. The loan is collateralized by certain assets of the Companies including real estate. Effective December 6, 2022, this note was paid in full (see Note 15).	$	79,000,000
Construction loan borrowing on several projects the Companies have in progress. Maximum borrowings on the loan are $30,000,000 and any funds not drawn down by June 30, 2024 are no longer available. Borrowings can be converted to term loans in specific amounts but must be converted by June 30, 2024. Interest is payable monthly based on the 30-Day SOFR rate plus a fixed margin. Any fees on any undrawn balances are paid quarterly in arrears. The loan is collateralized by certain assets of the Companies including real estate. Effective December 6, 2022, this note was paid in full (see Note 15).		551,911
Total notes payable	$	79,551,911

7. Notes payable: (continued)

The SOFR rate was 3.134% and the fixed margin was 2.5% for a total rate of 5.634% at September 30, 2022.

The agreements with the bank requires that the Companies maintain certain financial and reporting covenants on a quarterly and annual basis, the most restrictive is a minimum debt service coverage ratio of 1.30 to 1 and a lease adjusted leverage ratio of no more than 5.75 to 1.

8. Environmental liabilities:

The Companies are subject to laws and regulations relating to the protection of the environment. At times there could be a reserve for environmental liabilities for anticipated losses associated with environmental remediation obligations when such losses are probable. The Companies have reviewed their potential obligation and believe a reserve is not necessary at September 30, 2022. While management believes a reserve is not necessary, future facts and circumstances could impact management's assessment of the required reserve level.

9. Lease income:

The Companies rent buildings and space to tenants on a month-to-month and long-term basis. Total rental income under the arrangements amounted to approximately $740,000 for the nine months ended September 30, 2022. Rental income consists of base rent as well as a percentage of gross receipts for certain tenants.

10. Operating leases:

The Companies have two operating lease agreements for buildings with terms ranging from 9 to 20 years. Net rent expense for these leases for the nine months ended September 30, 2022 was approximately $201,000.

11. Retirement plan:

The Companies implemented a safe harbor 401(k) profit sharing plan (the "Plan") on May 1, 2022, whereby eligible employees who have completed 6 consecutive months of employment are eligible to participate in the Plan. Employee contributions may be made up to the maximum allowable under the Internal Revenue Code. The Companies will make a safe harbor matching contribution equal to 100% of employee salary deferrals that do not exceed 4% of their compensation. This safe harbor matching contribution is 100% vested. The Companies match weekly and approximately $84,200 was contributed from the inception of the Plan through September 30, 2022.

12. Franchise agreements:

The Companies have franchise agreements with Subway to operate fifteen Subway restaurants at retail convenience stores owned by the Companies as of September 30, 2022 .

The Subway agreements require payment of a franchise fee of 8% and an advertising fee of approximately 5% of gross revenues for each of the Subway restaurants. The franchise and advertising fees amounted to approximately $215,000 for the nine months ended September 30, 2022. The agreements expire through February 2035.

13. Concentrations:

Credit risk

The Companies maintain their cash balances in financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to $250,000. At various times during the period, balances may exceed the insured amounts. The Companies have not experienced any losses on these accounts and believe they are not exposed to any significant credit risk on cash.

Suppliers

The Companies purchased 70% of fuel for resale from one supplier for the nine months ended September 30, 2022.

14. Contingencies:

The Companies, from time to time, are party to various legal proceedings incidental to their business. Management believes that none of these legal proceedings will have a material adverse effect on the Companies consolidated financial position, results of operations or liquidity.

15. Subsequent events:

Pride Parent, LLC, the 100% owner of PCH, entered into a Purchase and Sale Agreement with GPM Investments, LLC (“Buyer”), in October 2022 to sell the entire interest of the Companies and the transaction was consummated on December 6, 2022. The purchase price was approximately $235,400,000 in exchange for the acquired interests of the subsidiaries of Pride Parent, LLC. As part of the transaction, the outstanding balances on the line of credit and notes payable were fully paid at the effective date of sale.

Management has evaluated subsequent events through February 9, 2023, the date which the consolidated financial statements were available to be issued.

Exhibit 99.3

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

On December 6, 2022 (the “Closing Date”), GPM Investments, LLC, a Delaware limited liability company (“GPM”) and indirect wholly owned subsidiary of ARKO Corp., a Delaware corporation (the “Company” or “ARKO”), completed its acquisition of all of the issued and outstanding membership interests of Pride Convenience Holdings, LLC, a Delaware limited liability company (“Pride”), pursuant to the Purchase and Sale Agreement, entered into on October 19, 2022 (as amended, the “Purchase Agreement”), by and between GPM and Pride Parent, LLC, a Delaware limited liability company (such acquisition, together with the other related transactions contemplated by the Purchase Agreement, the “Pride Acquisition”).

The accompanying unaudited pro forma condensed combined financial statements (the “pro forma financial statements”) have been prepared to reflect the effects of the Pride Acquisition on the consolidated financial statements of the Company as follows: (i) the unaudited pro forma condensed combined balance sheet (the “pro forma balance sheet”) is presented as if the Pride Acquisition had occurred on September 30, 2022; and (ii) the unaudited pro forma condensed combined statements of operations (the “pro forma statements of operations”) for the year ended December 31, 2021 and the nine months ended September 30, 2022 are presented as if the Pride Acquisition had occurred on January 1, 2021. The historical financial statements have been adjusted to reflect factually supportable items that are directly attributable to the Pride Acquisition and, with respect to the statements of operations only, that are expected to have a continuing impact on the combined results. The pro forma adjustments have been prepared based on assumptions that the Company believes are reasonable, but that are subject to change once additional information becomes available and the preliminary purchase price allocation for the Pride Acquisition is finalized.

The pro forma financial statements have been prepared using the acquisition method of accounting in Accounting Standards Codification 805, Business Combinations (“ASC 805”), with the Company treated as the acquirer. The acquisition method of accounting is dependent upon certain valuations that have yet to progress to a stage at which there is sufficient information for definitive measures. Accordingly, the pro forma adjustments are preliminary, have been made solely for the purpose of providing pro forma financial statements in accordance with the requirements of the Securities and Exchange Commission, and are subject to revision based on a final determination of fair value as of the date of the Pride Acquisition. Differences between these preliminary estimates and the final acquisition accounting may be material; therefore, the pro forma financial statements presented below is not necessarily indicative of what the combined company’s financial condition or results of operations would have been had the Pride Acquisition been completed on the applicable dates of these pro forma financial statements. In addition, the pro forma financial statements do not purport to project the future financial condition and results of operations of the combined company.

The pro forma financial statements should be read in conjunction with:

- The accompanying notes to the pro forma financial statements;
- The audited consolidated financial statements of the Company contained in its Annual Report on Form 10-K for the year ended December 31, 2021 and the accompanying notes thereto;
- The unaudited condensed consolidated financial statements of the Company contained in its Quarterly Report on Form 10-Q for the quarter ended September 30, 2022 and the accompanying notes thereto;
- Historical audited consolidated financial statements as of and for the year ended December 30, 2021 which consist of the audited consolidated financial statements of Pride Stores, LLC and Affiliates, which primarily included the operations acquired by Pride on December 31, 2021 under an asset and purchase agreement (“APA”), and the accompanying notes thereto, which are included as Exhibit 99.1 to the Company’s Current Report on Form 8-K/A with which these pro forma financial statements are filed; and
- Historical interim unaudited consolidated financial statements as of and for the nine months ended September 30, 2022 which consist of the unaudited consolidated financial statements of Pride Convenience Holdings, LLC and Subsidiaries and the accompanying notes thereto, which are included as Exhibit 99.2 to the Company’s Current Report on Form 8-K/A with which these pro forma financial statements are filed.

The unaudited pro forma condensed combined financial statements included herein does not give effect to any potential cost reductions or other operating efficiencies that could result from the Pride Acquisition.

ARKO Corp.
Unaudited Pro Forma Condensed Combined Balance Sheet
September 30, 2022
(in thousands)

	ARKO Corp. Historical	Pride Historical	Pro Forma Adjustments		ARKO Corp. Pro Forma Combined
Assets					
Current assets:					
Cash and cash equivalents	$ 283,375	$ 4,879	$ (1,288)	(a)	
			(30,669)	(b)	
			20,000	(c)	$ 276,297
Restricted cash	14,194	—	—		14,194
Short-term investments	2,122	—	—		2,122
Trade receivables, net	121,736	5,037	1,191	(a)	127,964
Inventory	224,545	4,746	380	(a)	229,671
Other current assets	98,842	1,274	(319)	(a)	99,797
Total current assets	744,814	15,936	(10,705)		750,045
Non-current assets:					
Property and equipment, net	591,024	74,527	130,054	(a)	
			(166,886)	(h)	628,719
Right-of-use assets under operating leases	1,127,100	—	107,824	(h)	1,234,924
Right-of-use assets under financing leases, net	185,518	—	—		185,518
Goodwill	197,711	102,715	(83,130)	(a)	217,296
Intangible assets, net	192,651	52,124	(50,300)	(a)	194,475
Equity investment	2,991	—	—		2,991
Deferred tax asset	17,773	—	6,527	(a)	24,300
Other non-current assets	29,683	—	38	(a)	29,721
Total assets	$ 3,089,265	$ 245,302	$ (66,578)		$ 3,267,989
Liabilities					
Current liabilities:					
Long-term debt, current portion	$ 11,477	$ 81,802	$ (81,802)	(c)	$ 11,477
Accounts payable	211,125	10,131	942	(a)	222,198
Other current liabilities	148,199	1,796	2,525	(a)	
			723	(h)	153,243
Operating leases, current portion	55,952	—	415	(h)	56,367
Financing leases, current portion	5,741	—	—		5,741
Total current liabilities	432,494	93,729	(77,197)		449,026
Non-current liabilities:					
Long-term debt, net	722,097	—	20,000	(c)	742,097
Asset retirement obligation	63,759	—	675	(a)	64,434
Operating leases	1,141,450	—	107,409	(h)	1,248,859
Financing leases	227,182	—	—		227,182
Other non-current liabilities	132,276	—	63	(a)	
			34,045	(h)	166,384
Total liabilities	2,719,258	93,729	84,995		2,897,982
Series A redeemable preferred stock	100,000				100,000
Shareholders' equity:					
Common stock	12	—	—		12
Treasury stock, at cost	(40,042)	—	—		(40,042)
Additional paid-in capital	226,808	—	—		226,808
Accumulated other comprehensive income	9,119	—	—		9,119
Retained earnings	73,990	—	—		73,990
Member's equity	—	151,573	(151,573)	(m)	—
Total shareholders' equity	269,887	151,573	(151,573)		269,887
Non-controlling interest	120	—	—		120
Total equity	270,007	151,573	(151,573)		270,007
Total liabilities, redeemable preferred stock and equity	$ 3,089,265	$ 245,302	$ (66,578)		$ 3,267,989

ARKO Corp.
Unaudited Pro Forma Condensed Combined Statement of Operations
Nine Months Ended September 30, 2022
(in thousands, except per share data)

	ARKO Corp. Historical	Pride Historical	Pro Forma Adjustments		ARKO Corp. Pro Forma Combined
Revenues:					
Fuel revenue	$ 5,648,954	$ 245,494	$ —		$ 5,894,448
Merchandise revenue	1,244,558	43,913	—		1,288,471
Other revenues, net	69,209	4,636	—		73,845
Total revenues	6,962,721	294,043	—		7,256,764
Operating expenses:					
Fuel costs	5,250,105	214,413	—		5,464,518
Merchandise costs	866,110	31,574	—		897,684
Store operating expenses	534,197	25,008	8,384	(h)	567,589
General and administrative expenses	100,695	6,402	—		107,097
Depreciation and amortization	75,050	1,923	426	(f)	
			199	(g)	77,598
Interest expense	—	2,659	(2,659)	(c)	—
Goodwill impairment charge	—	10,500	(10,500)	(l)	—
Total operating expenses	6,826,157	292,479	(4,150)		7,114,486
Other expenses (income), net	3,269	(116)	—		3,153
Operating income	133,295	1,680	4,150		139,125
Interest and other financial income	2,509	—	—		2,509
Interest and other financial expenses	(45,619)	—	(576)	(c)	
			(2,021)	(h)	
			(40)	(i)	(48,256)
Income before income taxes	90,185	1,680	1,513		93,378
Income tax expense	(31,060)	—	(798)	(j)	(31,858)
Loss from equity investment	(7)	—	—		(7)
Net income	$ 59,118	$ 1,680	$ 715		$ 61,513
Less: Net income attributable to non-controlling interests	182	—	—		182
Net income attributable to ARKO Corp.	$ 58,936	$ 1,680	$ 715		$ 61,331
Series A redeemable preferred stock dividends	(4,301)	—	—		(4,301)
Net income attributable to common shareholders	$ 54,635	$ 1,680	$ 715		$ 57,030
Net income per share attributable to common shareholders - basic	$ 0.45				$ 0.47
Net income per share attributable to common shareholders - diluted	$ 0.43				$ 0.46
Weighted average shares outstanding:					
Basic	121,950				121,950
Diluted	123,527				123,527

ARKO Corp.
Unaudited Pro Forma Condensed Combined Statement of Operations
Year Ended December 31, 2021
(in thousands, except per share data)

	ARKO Corp. Historical	Pride Historical	Pro Forma Adjustments		ARKO Corp. Pro Forma Combined
Revenues:					
Fuel revenue	$ 5,714,333	$ 222,913	$ —		$ 5,937,246
Merchandise revenue	1,616,404	53,224	—		1,669,628
Other revenues, net	86,661	5,159	(765)	(k)	91,055
Total revenues	7,417,398	281,296	(765)		7,697,929
Operating expenses:					
Fuel costs	5,275,907	193,708	—		5,469,615
Merchandise costs	1,143,494	35,247	—		1,178,741
Store operating expenses	630,518	32,259	10,500	(h)	
			(4,297)	(k)	668,980
General and administrative expenses	124,667	11,627	(1,525)	(e)	
			(400)	(k)	134,369
Depreciation and amortization	97,194	2,625	508	(f)	
			265	(g)	100,592
Interest expense	—	2,150	(2,150)	(c)	—
Total operating expenses	7,271,780	277,616	2,901		7,552,297
Other expenses (income), net	3,536	(5,633)	2,228	(d)	
			5,633	(k)	5,764
Operating income	142,082	9,313	(11,527)		139,868
Interest and other financial income	3,005	—	—		3,005
Interest and other financial expenses	(74,212)	—	(665)	(c)	
			(2,747)	(h)	
			(47)	(i)	(77,671)
Income before income taxes	70,875	9,313	(14,986)		65,202
Income tax expense	(11,634)	(622)	2,041	(j)	(10,215)
Income from equity investment	186	—	—		186
Net income	$ 59,427	$ 8,691	$ (12,945)		$ 55,173
Less: Net income attributable to non-controlling interests	229	1,128	(1,128)	(k)	229
Net income attributable to ARKO Corp.	$ 59,198	$ 7,563	$ (11,817)		$ 54,944
Series A redeemable preferred stock dividends	(5,735)	—	—		(5,735)
Net income attributable to common shareholders	$ 53,463	$ 7,563	$ (11,817)		$ 49,209
Net income per share attributable to common shareholders - basic	$ 0.43				$ 0.40
Net income per share attributable to common shareholders - diluted	$ 0.42				$ 0.39
Weighted average shares outstanding:					
Basic	124,412				124,412
Diluted	125,437				125,437

ARKO Corp.
Notes to Unaudited Pro Forma Condensed Combined Financial Statements

1. Basis of Presentation

The pro forma financial statements have been prepared to reflect the effects of the Pride Acquisition on the financial statements of the Company. The pro forma balance sheet is presented as if the Pride Acquisition had occurred on September 30, 2022. The pro forma statements of operations for the year ended December 31, 2021, and the nine months ended September 30, 2022, are presented as if the Pride Acquisition had occurred on January 1, 2021. The historical consolidated financial statements have been adjusted to reflect factually supportable items that are directly attributable to the Pride Acquisition and, with respect to the statements of operations only, that are expected to have a continuing impact on the combined results.

The pro forma financial statements have been prepared using the acquisition method of accounting in ASC 805, Business Combinations, with the Company treated as the acquirer. The acquisition method of accounting is dependent upon certain valuations and other studies that have yet to progress to a stage where there is sufficient information for definitive measures. Accordingly, the pro forma adjustments are preliminary, have been made solely for the purpose of providing pro forma financial statements in accordance with the requirements of the Securities and Exchange Commission, and are subject to revision based on a final determination of fair value as of the date of acquisition. Differences between these preliminary estimates and the final acquisition accounting may be material; therefore, the pro forma financial statements presented below are not necessarily indicative of what the combined company’s financial condition or results of operations would have been had the Pride Acquisition been completed on the applicable dates of this pro forma financial statements. In addition, the pro forma financial statements do not purport to project the future financial condition and results of operations of the combined company.

2. Estimated Consideration and Preliminary Purchase Price Allocation

The total purchase price for the Pride Acquisition was approximately $230.0 million plus the value of inventory at closing and subject to certain other closing adjustments. The Company financed approximately $30.0 million of the cash consideration plus the value of inventory and other closing adjustments with cash on hand and borrowings under GPM Petroleum LP’s revolving credit facility with a syndicate of banks led by Capital One, National Association (the “GPMP Capital One Line of Credit”). Oak Street Real Estate Capital Net Property Fund, LP (“Oak Street”), under the Company’s standby real estate purchase, designation and lease program agreement with Oak Street, dated as of May 3, 2021 (as amended, the “Program Agreement”), paid the remaining consideration to acquire the entity holding certain real estate assets immediately prior to the closing of the Pride Acquisition. At the closing, pursuant to the Program Agreement, the Company entered into a master lease with Oak Street for the sites Oak Street acquired in the transaction under customary lease terms.

The Company has performed a preliminary valuation of the fair value of the assets acquired and liabilities assumed. The following table summarizes the preliminary allocation of the purchase price of the Pride Acquisition:

		Amount (in thousands)
Fair value of consideration transferred:		
Cash	$	10,669
GPMP Capital One Line of Credit		20,000
Payable to Pride Parent, LLC		3,055
Consideration provided by Oak Street		201,654
Total consideration	$	235,378
Assets acquired and liabilities:		
Cash and cash equivalents	$	3,591
Trade receivables		6,228
Inventory		5,126
Other assets		951
Property and equipment		204,581
Right-of-use assets under operating leases		2,245
Intangible assets		1,824
Environmental receivables		42
Deferred tax asset		6,527
Total assets		231,115
Accounts payable		(11,073)
Other liabilities		(1,259)
Environmental liabilities		(70)
Asset retirement obligations		(675)
Operating leases		(2,245)
Total liabilities		(15,322)
Total identifiable net assets		215,793
Goodwill	$	19,585

The initial accounting treatment of the Pride Acquisition reflected in these pro forma financial statements is provisional as the Company has not yet finalized the initial accounting treatment of the business combination, and in this regard, has not finalized the valuation of some of the assets and liabilities acquired and the goodwill resulting from the Pride Acquisition, mainly due to the limited period of time between the Closing Date and the date of these pro forma financial statements. Therefore, some of the financial information presented with respect to the Pride Acquisition in these pro forma financial statements remains subject to change.

3. Pro Forma Adjustments and Assumptions

The pro forma adjustments are based on currently available information and certain assumptions that the Company believes are reasonable. The actual effects of the Pride Acquisition may differ materially from the pro forma adjustments included herein. However, management believes that the assumptions used to prepare the pro forma adjustments provide a reasonable basis for presenting the significant effects of the Pride Acquisition and that the pro forma adjustments are factually supportable, give appropriate effect to the expected impact of events that are directly attributable to the Pride Acquisition, and reflect those items expected to have a continuing impact on the Company. The pro forma financial statements may not be indicative of the results that actually would have occurred if the Company had completed the Pride Acquisition on the dates indicated or that could be achieved in the future.

The following pro forma adjustments, as applicable, are included in the pro forma financial statements:

(a)Reflects the adjustment of the historical carrying amount of Pride's assets acquired and liabilities assumed as of September 30, 2022 to the preliminary estimated fair value of the assets acquired and liabilities assumed as of the Closing Date.

(b)Reflects the recognition of the preliminary purchase price, including cash consideration paid of $232.3 million, net of $201.7 million proceeds from Oak Street treated as a sale-leaseback for accounting purposes.

(c)Certain adjustments that are directly related to the Pride Acquisition were made to debt and debt related accounts. The adjustments were as follows:

1. A $20.0 million increase to long-term debt which reflects the draw from the GPMP Capital One Line of Credit.
2. The elimination of Pride's indebtedness of $81.8 million, which was not assumed by the Company.
3. Elimination of historical interest expense and recording of the interest expense associated with the new debt as discussed in Note 2 to these pro forma financial statements. The following table summarizes the change in estimated interest expense:

	Nine Months Ended September 30, 2022	Year Ended December 31, 2021
	(in thousands)	
Estimated interest expense	$ 576	$ 665
Less historical interest expense	(2,659)	(2,150)
Total	$ (2,083)	$ (1,485)

(d)Reflects incremental amount of estimated transaction costs incurred or to be incurred related to the Pride Acquisition that are not already reflected in the historical financial statements. The transaction costs have been recorded in the pro forma statement of operations for the year ended December 31, 2021 as the costs would have been incurred shortly after the transaction and are one-time in nature.

(e)Reflects the reduction of compensation expense for former management personnel of Pride who were not retained by the Company at the Closing Date.

(f)The following table summarizes the change in estimated depreciation expense:

	Nine Months Ended September 30, 2022	Year Ended December 31, 2021
	(in thousands)	
Estimated depreciation expense	$ 2,349	$ 3,133
Less historical depreciation expense	(1,923)	(2,625)
Total	$ 426	$ 508

(g)On the Closing Date, the useful life of the tradename acquired was five years. The following table summarizes the change in estimated amortization expense:

	Nine Months Ended September 30, 2022	Year Ended December 31, 2021
	(in thousands)	
Estimated amortization expense	$ 199	$ 265
Less historical amortization expense	—	—
Total	$ 199	$ 265

(h)For accounting purposes, the transaction with Oak Street was treated as a sale-leaseback. Because the sale-leaseback was off-market, a financial liability of $34.8 million was recorded, resulting in interest expense recognized over the lease term. Additionally, the right-of-use assets and operating lease liabilities of approximately $105.5 million were recorded in connection with the operating lease, after reducing for accounting purposes from the contractual lease payments the amount attributable to the repayment of the additional financing. In addition, reflects the establishment of $2.2 million of right-of-use assets and operating lease liabilities for assumed existing leases with certain other third-parties. The following table summarizes the change in the estimated lease expense:

	Nine Months Ended September 30, 2022	Year Ended December 31, 2021
	(in thousands)	
Estimated lease expense	$ 8,585	$ 11,447
Less historical lease expense	(201)	(947)
Total	$ 8,384	$ 10,500

(i)Reflects the increase in interest expense associated with the asset retirement obligation.

(j)The pro forma income tax adjustments included in the pro forma statement of operations for the nine months ended September 30, 2022 and for the year ended December 31, 2021 reflect the income tax effects of the Pride historical income before taxes and the pro forma adjustments presented. The tax rate applied was 25%.

(k)Reflects adjustments for related results of operations and properties and vehicles not acquired by Pride from Pride Stores, LLC as of December 31, 2021 under the APA, such as income and expenses associated with such properties and vehicles owned by Pride Stores, LLC, as well as transaction costs incurred related to the APA.

(l)Reflects adjustment for $10.5 million goodwill impairment charge recorded for the nine months ended September 30, 2022.

(m)Reflects the elimination of the historical equity balance of Pride.